

**Response from London Tenants Federation to Levelling Up, Housing and Communities Committee
Call for Evidence: The finances and sustainability of the social housing sector.**

London Tenants Federation

London Tenants Federation (LTF) is a membership organisation bringing together a range of borough, neighbourhood and London-wide federations and organisations of tenants (including leaseholders) of social housing providers (both council and housing association). Our membership also includes the London Federation of Housing Cooperatives and the National Federation of Tenant Management Organisations. Together these organisations form our decision-making membership focused on strategic housing, planning and regeneration policy.

We also have individual tenants' and residents' associations, tenant-managed organisations and cooperative members. These along with individual social housing tenants are able to engage in a wide range of LTF meetings and events that feed into the LTF members' decision-making processes.

LTF members engage in Examinations in Public of the London Plan, respond to regional and national consultations related to housing, planning and regeneration and at times are invited to engage in London Assembly Housing and Planning Committee meetings. LTF is a member of the London Housing Panel.

We often produce tenant-led policy alternatives, significantly including the London Tenants Manifesto for a Positive Future for Social Housing in London (published in January 2021).

We are submitting a single response which contributes to the discussion of the following questions:

- *Does the cross-subsidy model, by which market housing helps pay for social and affordable housing, have any continuing viability?
- *The Secretary of State has specified that more resources need to be directed towards maintaining and improving the existing stock. How feasible is this for social housing providers?
- *The Affordable Homes Programme includes a high proportion of shared ownership properties. To what extent is this form of tenure desirable for potential purchasers and for social housing providers?
- *Is the current Departmental policy on social housing and affordable homes appropriately focused?
- *Is the current range of grant funding available appropriate to address the issues and challenges that the social housing sector faces?

Response

The finances and sustainability of the social housing sector are matters of great importance to LTF members. They decide the future upkeep and even existence of our homes.

We hope the committee will conduct a close study of these matters and make recommendations which guarantee a better future for social rented housing, for the sake of those who live in it and those who do not currently live in it but whose needs it best serves.

Tenants have experienced changes to public housing over the past 40 years. These changes include severe cuts in public funding and the failure of the market alternative to deliver the homes that most people can really afford.

One of the things we argue for is a return to large-scale publicly funded provision of good quality social rented homes, where people can comfortably raise their families and from which household members can play an active role in their communities.

This approach looks to sustainability in its widest sense: economic, environmental and social.

Between 2005 and 2018, an additional 397,000 homes were built in London. Just 12 per cent were social rented, an average of 3,801 each year (Annual Monitoring reports of the London Plan). In 2019/20, of 38,577 homes of all types delivered in London, 30,387 were market homes. Only 822 were social rented ('Only two per cent of new and additional homes delivered in London in 2019/20 were social rented', LTF, November 16, 2022).

The Mayor of London's assessment of Londoners' housing needs in 2017, the last time such an assessment was completed, showed that to address existing unmet need and that of newly forming households in the capital, a total of 65,878 additional homes would have to be built each year from 2016-41. 30,972 (47 per cent) would have to be social rented. London's unmet housing need was 78 per cent social rented (2017 London Strategic Housing Market Assessment). There is no doubt that the need has only grown since then.

The contrast between what is needed and what is being built is clear. In addition, social tenants' rents contribute to paying off interest on loans taken out by their landlords to build new homes, many if not most of them not social rented. This takes money away from the amount available for upkeep and refurbishment of social tenants' homes.

Between 1980/81 and 2019/20, 311,305 London homes were sold via Right to Buy, 42 per cent of them (130,748) now being privately let (Inside Housing: 'London Councils Spend £22 million a year renting Right to Buy homes').

Stock transfer of council homes to housing associations, driven particularly through the government's Decent Homes programme, took place mainly in the 2000s. We assess that more than 188,500 London council homes were transferred to housing associations by 2010. It is therefore very important that these landlords are able to successfully look after our homes.

Since 1997, 55,000 London council homes on 166 estates have been demolished and 131,000 tenants and leaseholders have been displaced (Professor Loretta Lees's ESRC grant funded research: Gentrification, displacement and impacts of council estate renewal on 21st century London). Over 35,000 homes on 100 plus London estates are at risk of demolition (Estate Watch).

19,960 London social rented homes were converted to 'affordable' rents from 2012-20 (GLA Affordable Housing Statistics).

All these factors have reduced the number of desperately needed social rented homes in London.

In 1981, 35 per cent of London homes were social rented (mostly council). By 2019, the capital's total housing stock had grown by around a million, yet the number of social rented homes had fallen by 146,000. Just 23 per cent of all London homes are now social rented (MHCLG table 100: number of dwellings by tenure and district). Despite its greater insecurity, lower level of regulation and higher cost, 27 per cent of London households live in private rented homes.

This comes at a time when high costs of buying and renting privately, and reduced incomes, higher costs of living and greater job insecurity for many people on below median incomes, mean social

rented housing is the only kind which meets their needs. For the three months ending February 2023, the highest unemployment estimate in the UK was London at 4.7 per cent (Labour market in the regions of the UK: April 2023, ONS).

Unfortunately at the same time public subsidy has been increasingly levered in to prop up a failing housing market through schemes such as Help to Buy, Starter and First Homes, and shared ownership. All these types of home are far beyond the pockets of most Londoners.

As highlighted in the Chartered Institute of Housing's UK Housing Review 2020, the government provides three times more subsidy to prop up private market priced housing than it does for all types of housing described as 'affordable' including shared ownership. Distribution of planned government subsidy for new housing 2019-24 was £53.14 billion for private market, first time buyers and infrastructure; £17.98 billion for affordable and low cost home ownership.

The March 2020 budget promised additional funding for affordable housing. This amounts to a £0.5 billion annual increase for 2021-26, compared to the previous three years but does little to change the overall picture.

The question of shared ownership needs to be considered in the context of the whole concept of 'affordable' housing. At one time 'affordable housing' just meant council or housing association homes with low rents. With the introduction of intermediate housing, key worker housing, affordable rent, London Living Rent, London Affordable Rent, shared ownership and even types of home for outright sale being considered 'affordable', the term has lost any relationship to housing supplied on the basis of need and at rents people on median to low incomes can afford. London Living Rent, for example, is aimed at households earning up to £60,000 a year who want to buy a home. Shared ownership is aimed at households earning up to £90,000 a year.

Yet councils, housing associations, and other developers can meet their obligations to build affordable housing by producing any of these types of housing.

Shared ownership has always been the most popular choice for developers in terms of delivery of affordable housing, more accurately described in this case as sub-market. The promise, however, that this housing type is a stepping-stone to full ownership has always been challenged. And increasingly the tenure has been exposed as creating hardship for shared owners, in terms of the cost of repairs, the security of the tenure and purchasers' ability to sell.

So from every point of view providing shared ownership in preference to social rented housing is a poor option.