

London Sustainable Development Commission's (LSDC) response to the London Housing Strategy

Introduction

The Mayor's Housing Strategy is a welcome piece of work as it recognises the current financial issues that Londoners face. The credit crunch, falling house prices and rising unemployment have all had a devastating impact on the housing market. However, the creation of the Homes and Communities Agency and the investment levels it brings with it, presents an ideal opportunity for the Mayor to begin to address the present challenges.

Raising aspirations, promoting opportunity

The LSDC recognises that removal of the 50% target will allow for a greater degree of partnership working with the boroughs and participation. There is, nevertheless concern that boroughs may choose not to fully engage in the process. It is noted that only two thirds of London boroughs have agreed to report on the number of affordable homes they provide, which indicates that the approach of a 'voluntary engagement' by boroughs may be ineffective. An option for the Mayor would be to review all development schemes in each borough and set a target of affordable housing for each scheme. There should also be a recognition that the Mayor may need to retain plans to 'instruct' boroughs on the direction if participation does not work.

As cited in the strategy, East London has been identified as the area of the capital with the greatest potential for housing growth, representing 51 per cent of London's total capacity. The lack of targets would mean that more than 10,000 homes would be built in Newham and Tower Hamlets, two boroughs that already have significant levels of social and economic challenges. The provision of an increasing number of housing in these areas, presents concerns for the LSDC. The Mayor would need to ensure that investment and appropriate strategies (i.e. LDA Investment Strategy) follow the increase in affordable housing in East London, to ensure that these boroughs are able to thrive and become welcoming areas for new communities.

Developing new investment models

The LSDC welcomes the role of the HCA in evaluating the resilience of existing investment models. The HCA will also need to accept that difficult times require radical solutions, which are arrived at quickly and therefore there will be little time to dwell too long on proposed new models.

Many housing providers have seen grant levels reduce and access to private finance tighten and this has caused an increased reliance on receipts from low cost home ownership products and outright sale, to

cross subsidise the delivery of social housing. At a time when the building industry needs a boost and good value sites are becoming available, housing providers are struggling to build social housing.

An immediate task for the HCA should be to review the current grant levels with an aim of creating greater flexibility on grant rates. This will ensure that the target of 50,000 homes can be delivered without an over reliance on other products.

Enhancing opportunities for Londoners

The proposal to assess future eligibility for low costs home ownership products in terms of income rather than employment is very encouraging. The LSDC welcomes this recognition that London needs a range of skills to help our economy and that this can only be done, by supporting workers from all industries. In addition take up of low cost home ownership products by traditional 'key workers' has, in some areas, been poor and by broadening the definition more Londoners will become eligible for this product.

Increasing the income cap from £60,000 to £72,000 is also positive as it will allow many middle-income families who missed out on home ownership to access help to get on to the housing ladder. The downside is that almost 90% of London households have incomes of less than £72,000 per year, which means that the available funding will be less targeted to those most in need.

However the strategy appears to change the balance of investment to put more emphasis on home ownership (and therefore less on the social rented sector) than previously. This will have implications for income inequality, as the poorest households in London tend to rent rather than own their homes. For this reason the LSDC would urge caution in over promoting home ownership in the current climate and ask that the Mayor seeks to boost the rented sector, until confidence in the market returns. Many Londoners who are unable to purchase their own homes aspire to live in social housing and this is largely because it is seen as a higher quality product than the private rented sector. Efforts should therefore be put into developing a high quality, aspirational private rented market, with regulations similar to that of social housing. This will ensure that all tenants receive a good standard of housing management and service from their landlords, regardless of sector or tenure.

Whilst there has been a harmonisation of rents across public sector housing this has not been the case in the private rented market. The Mayor rightly acknowledges that private rents are prohibitively higher for Londoners. One approach to resolving this would be to equalise rents between the private sector and social housing sector. This would create a move towards a more co-ordinated housing sector.

It should also be noted that temporary accommodation rents commence at approximately £190pw and rise to around £300pw. This is much higher than both the public and private rented sector. Much of the rent in temporary accommodation is paid by housing benefit (to private landlords) and therefore residents who aim to work are unable to do so. Again, the Mayor with his new housing powers should consider an immediate review of the rent levels for temporary accommodation and,

as an interim, should consider a rent subsidy for those tenants who wish to work.

First Step

The complexity of the range of intermediate housing products has rightly been identified and the First Step housing programme is welcomed as an umbrella product. Whilst the timescale for First Step is not stated in the strategy, it would be encouraging if this happens soon in order to provide immediate help and clarity for Londoners. The launch of First Step should be combined with a public information exercise about low cost ownership products for prospective buyers.

Improving homes, transforming neighbourhoods

The need for more family housing accommodation has rightly been identified in the Strategy, together with the conversions of existing social housing. The latter would be especially welcome for overcrowded households who wish to remain together.

However, the Mayor would need to provide further information about sources of funding for conversions, as these can be particularly costly to undertake.

The LSDC welcomes the need to ensure that new homes are designed and built to meet minimum standards as set out in Code for Sustainable Homes (CSH). Given the pressing urgency to tackle climate change and housing conditions a CSH Level 3 target may be insufficient and we suggest that developers should be asked to achieve CSH Level 4. Larger new developments should provide Combined Heat and Power (CHP) as this would enable them to more easily achieve a Level 4 rating. Energy and water efficient units will also bring economic, environment and social benefits as the cost of running the home is minimised.

Consolidation of design standards, polices through the launch of London Housing Design guide is welcomed. LSDC awaits timetable details of the Housing Design Guide and Better Neighbourhoods programme.

The environmental commitments in the draft strategy are largely unchanged from the previous draft strategy, though less detail/context is provided. The LSDC would like to reinforce that good environmental practice e.g. water and energy efficient homes will bring the economic and social benefits to help the most disadvantaged through this credit crunch and beyond. The Commission strongly welcomes the focus in the draft strategy on climate change. We are keen to support programmes and initiatives, which help all Londoners' tackle this issue in their homes.

We are aware of the GLA family's work in this field some of which is referred to in the draft. It is critical to provide clear and simple advice to owner-occupiers, private landlords and social landlords about how to

improve the energy efficiency of existing homes as well as on new homes. We also support the impact this would have on reducing fuel poverty.

We are also keen at looking at ways of retrofitting housing and building new housing to cope with higher temperatures to avoid the additional carbon emissions that would arise from an increase in the use of domestic air conditioning systems.

We also support a focus on helping people adapt their lifestyles in the forthcoming strategies the Mayor will be providing on Climate Change and Energy and Climate Change Adaptation.

Access to home ownership

As pointed out in the strategy, for people wanting to access low cost home ownership the picture is one of complexity and confusion. Over the years there have been many products each differing slightly from the last and renamed. Today it is unclear how many products currently exist; the associated funding for each product; and the boroughs in which the products are available.

The take up of Social Homebuy (SHB) which allows residents to buy their own home has been low (only 62 completions in the first six months) but this is only in part to do with the fact that some residents do not wish to buy their existing home. A key reason for the poor uptake of the scheme is the level of discount available compared to the Right to Buy (RTB). Under RTB the discount level is between £16,000 to £38,000. Under the SHB the discount is significantly reduced at £9,000 to £16,000. This low discount means that very few tenants would have the income levels needed to buy under SHB. A key challenge for the HCA will be to review the current levels of discount available under the SHB scheme. However, this would need to be balanced against the growing decline in social housing stock that an increased discount would cause.

More promising is that applications for the Open Market Homebuy and New Build Homebuy schemes have soared. In the third quarter of 2008, there were over 17,000 applications (*source Regeneration & Renewal Dec 08*). Both of these products, which are offered to all first time buyers, offer affordable funding which is especially necessary in the current climate. If the Mayor does not wish to see the existing pool of social housing diminish then consideration should be given to the continued investment in both these products.

Maximising delivery, optimising value for Money

Handy person services in London and their funding are good examples of maximising delivery and optimising value for Money. Handyperson Services support elderly and vulnerable people by carrying out small

improvements and repairs to their homes. There are a number of these projects in London including those implemented in the boroughs of Lewisham, Ealing and Greenwich. The service usually covers the whole of a borough and specifically targets residents over the age of 60, or those residents considered vulnerable due to a disability. The project supports elderly and/or vulnerable residents who are council or other private-sector tenants (except those in Housing Association homes), as well as those living in their own home who do not have anyone to help them with small repairs and improvements to their homes. The overall aim of the project is to assist in maintaining safe and independent living for these residents. See link for further details:

http://www.londonsdc.org/documents/research/LSDC_Virtuous_Cycles_Final_Report.pdf - page 8 onwards

This type of service makes a huge difference in terms of local quality of life for vulnerable residents and the LSDC believe that the housing strategy would benefit from including the role of such services and measures to limit the current instability of funding for such services.

The LSDC welcomes the development of community land trusts and would ask that this is progressed in the Housing Strategy and particularly in reference to the legacy of the Olympics.

Consultation

The LSDC welcomes the three-month public consultation exercise and suggest that housing providers should be asked to seek views from their residents about key points in the strategy. This can be done via websites, public consultation or as part of day-to-day engagement with their customers.