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CASE FOR INVESTMENT IN LONDON'S AFFORDABLE HOUSING IS OVERWHELMING – G15 REPORT

An independent report published today by the g15 group of housing associations concludes that the case for government investment in affordable housing in London is overwhelming.

The report, which was produced by the London School of Economics and Political Science, was commissioned by the g15 to clarify the case for investment in affordable housing in London and the reasons why government funding remains core to success.

Taking the Replacement London Plan of providing 13,000 affordable homes each year as its starting point, the report focuses on three main criteria for allocating subsidy: housing need; the wider benefits of affordable housing to the health of the economy and the public purse; and the issue of housing numbers.

On all three criteria, LSE researchers found, the case for investment in London is particularly compelling.

The report also concludes that:

- There is a strong case for including need as a core criterion for allocating capital grant for housing investment.
- Without London's contribution, neither the national pledge of 150,000 affordable homes during this Parliament nor longer term housing objectives is achievable.
- Affordable housing investment in London will be used more intensively than elsewhere and will have greater impact on reducing the need for public money by alleviating social costs.
- Investment in affordable housing in London helps to support the broader economy, creating spillover benefits for the rest of the country.
- The successful delivery of affordable housing needs subsidy and London has a relatively greater need for subsidised housing than the rest of the country.

Stephen Howlett, chief executive of London housing association Peabody and outgoing chair of g15, said:

"The report clearly sets out the pressing need for affordable housing in London and the far-reaching social and economic benefits of investment."

Mr Howlett said that while G15 associations are trying to make the most of the new system, it doesn't enable them to provide affordable housing for larger families particularly in central London where market rents are so high and the proposed benefits system does not provide the safety net that it has in the past.

"We want to work with government to find new ways of providing the homes London so badly needs. To raise the necessary income to fund capital investment in new affordable housing we would have preferred a system that allows us to charge slightly higher rents for all our tenants, not the new system which leads to much higher rents for just our new tenants."

Boris Johnson, the Mayor of London, said:

"Not only does London have the greatest need for more affordable housing but there is also indisputable evidence that the wider UK economy benefits most when investment goes into the capital's housing stock. In addition, focussing on London has a greater impact on reducing welfare costs. Put together, these arguments make the most compelling case for the

government to concentrate its housing programme where it will deliver the greatest returns for all."

Christine Whitehead, Professor of Housing Economics at LSE, said:

"London not only has the greatest need for affordable housing but also the greatest capacity to build especially in the current uncertain environment."

Baroness Jo Valentine, Chief Executive of London First, said:

"London has a significant shortage of housing – particularly affordable housing. For the capital to maintain its position as a strong source of economic growth it needs key people on low and medium incomes not to be pressed out of the market."

The report will be launched and debated this afternoon at an LSE London seminar at the London School of Economics and Political Science. The event – which includes responses from Richard Blakeway and Stephen Howlett – will bring together government and stakeholders to discuss how to take the initiative forward.

An executive summary of the report, *The Case for Investing in London's Affordable Housing*, is attached, along with an invitation to the LSE London seminar.

ENDS

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Notes for editors

The g15

The g15 is the group of London's largest 15 housing associations. Its goal is to create balanced and sustainable communities throughout London. Collectively g15 members house one in 10 Londoners and manage more than 500,000 homes in London. www.g15.org.uk

MEMBERS: A2 Dominion, Affinity Sutton, Amicus Horizon, Catalyst Housing Group, Circle Anglia, East Thames Group, Family Mosaic, Genesis, The Hyde Group, L&Q, Metropolitan Housing Partnership, Network Housing Group, Notting Hill Housing, Peabody and Southern Housing Group.

The London School of Economics and Political Science

The London School of Economics and Political Science (LSE) studies the social sciences in their broadest sense, with an academic profile spanning a wide range of disciplines, from economics, politics and law, to sociology, information systems and accounting and finance.

The School has an outstanding reputation for academic excellence and is one of the most international universities in the world. Its study of social, economic and political problems focuses on the different perspectives and experiences of most countries. From its foundation LSE has aimed to be a laboratory of the social sciences, a place where ideas are developed, analysed, evaluated and disseminated around the globe. Visit <http://www.lse.ac.uk> for more information.