



The London Housing Strategy

Introduction and General Observations

G15 is a group of London housing associations and comprises:

A2 Dominion Group	Metropolitan Housing Trust
Affinity Sutton	Notting Hill Housing
AmicusHorizon Group	Network Housing Group
Catalyst Housing Group	Peabody
Circle Anglia	Southern Housing Group
East Thames Group	The Hyde Group
Family Mosaic	The L&Q Group
Genesis Group	

This document provides an initial response from G15 to the London Mayor's draft housing strategy (draft for consultation with the London Assembly and functional bodies).

We very much welcome the Mayor's commitment to improving housing across London and putting forward initiatives aimed at "unlocking" the housing market and addressing consequences of the economic downturn.

Market conditions and the operating environment for housing associations are changing rapidly. We acknowledge the challenge in ensuring that the strategy is sufficiently flexible and adaptable to respond to these changes.

Current economic conditions have, however, provided an opportunity to re-evaluate the models for delivering social housing. G15 Chief Executives have met the Mayor's Housing Director, Richard Blakeway, and briefed him on their proposals (the "fourth way for the third sector"), centred around:

- Higher grant rates - the current sales / low cost home ownership cross-subsidy model does not work in the current environment
- Increased flexibility on rents.
- Creation of mixed communities by stimulating new, intermediate rent housing which offers a range of rents to people on different incomes.
- Not encouraging home ownership for those who can barely afford it, but allow people the flexibility to move between ownership and rent, as their circumstances change.
- Offer people the option but not the obligation to buy at some time in the future when able to do so, as well as provide the option to move from ownership into rent if those circumstances change.
- Re-examination of the nature of government investment.
- Responsible lending to the sector.

We are encouraged by the early direction of the London HCA and their willingness to consider new and flexible approaches.

We would encourage the Mayor and his Housing team to continue the dialogue with G15 organisations as the strategy and more detailed plans evolve.

1. Providing more homes

- 1.1 We welcome the Mayor's commitment to providing 50,000 affordable homes across London over the next three years.
- 1.2 We note the change from a percentage affordable housing target to the negotiation of individual borough targets. As well as ensuring that the negotiated targets will in aggregate deliver at least 50,000 new homes, it is important that individual targets avoid any further concentration of social rented housing in areas where there are already high levels.
- 1.3 We welcome the Mayor's commitment to provide more family-sized homes, with 42% of new social rented and 16% of intermediate homes having three bedrooms or more.
- 1.4 We welcome the commitment to provide more homes meeting the access, space and adaptability needs of disabled and older people, particularly in view of demographic trends.
- 1.5 We are pleased that the Mayor intends to work closely with the newly-established Homes and Communities Agency to evaluate the resilience of existing investment models, together with options for new models, able to adapt to changes in the market. We would urge the Mayor to canvass ideas and opinions from G15 as part of this process.
- 1.6 We welcome the recognition that London needs mixed and balanced communities and the role of mixed tenure developments. We would welcome more details on how this might be achieved.

2. Helping Londoners to become home owners

- 2.1 We support the aim of increasing access to home ownership and low cost opportunities. This should be implemented in a way that does not lead to people over-stretching their finances, and the strategy could usefully address ways of supporting such people – for example, helping associations to meet the costs of allowing shared equity purchasers to reduce the size of their stakes. G15 organisations have sold shared ownership homes responsibly. We have our own financial vetting processes and have not let people over-borrow.
- 2.2 We note the introduction of the 'First Steps' programme, which widens the eligibility of traditional low cost home ownership schemes to joint incomes of up to £72,000.
 - We welcome recognition of the need to increase the upper household income threshold. We note that there is still significant demand for low cost home ownership products.

- We recognise this is an opportunity to simplify choice and improve access and information, so that first-time buyers could visit their local estate agents and find out about schemes that are available to them. We are concerned, however, that this may over-complicate the market and potentially further confuse lenders and buyers, especially in the current climate where there is limited mortgage availability. The strategy could usefully address ways in which we might overcome financial institutions' reluctance to provide mortgage finance for low cost home ownership, for example by tackling their concerns about the risks involved and by encouraging them to set up centres of expertise to deal with requests from would-be purchasers.
- We support a London-specific plan, but this requires agreement and 'buy in' from all key stakeholders.
- Any new scheme would require clear guidelines.
- We note that the Mayor and HCA London Board recently unveiled the 'Up2U' scheme, a £42 million initiative to help Londoners into home ownership, and offering occupiers a discounted rent (at 80% of the market rate) until they are in a position to buy. We are encouraged that the Mayor has recognised the urgency in progressing initiatives.

3. Improving the social rented sector

- 3.1 The target of 60% of the 50,000 new affordable homes to be social rented (previous target 70%) may be challenging in the current economic climate, which affects cross-subsidy from sales and LCHO, as well as section 106 arrangements. We would welcome further detail on how this might be achieved. As outlined in our introduction, we advocate higher grant rates to secure new affordable homes in the capital.
- 3.2 We welcome support for schemes to convert temporary accommodation into permanent social homes.
- 3.3 We welcome 1,250 new supported homes for older and vulnerable Londoners between 2008 and 2011. We believe even more may be required to support London's ageing population.
- 3.4 We support the Mayor's drive to increase opportunities and incentives for mobility across geographical boundaries and tenures. Flexibility is the key. We look forward to seeing the details showing us how this may be achieved.
- 3.5 Recognition of the link between housing and worklessness is welcomed and we are encouraged by references to schemes aimed at increasing economic activity.

4. Improving the private rented sector

- 4.1 We welcome the commitment to providing more good quality, private rented homes and encouraging more institutional investment in the sector.
- 4.2 We support expansion of intermediate rented sector. This is very important – both in providing choice and a range of affordable option for customers and

supporting a more robust housing model. It is important that careful consideration is given to how this housing would be accessed.

5. Designing better homes

- 5.1 The Mayor encourages the use of the London Housing Design Guide to drive up quality standards and to inform decisions. We are keen to see a 'level playing field', where private developers and housing associations are required to meet standards.
- 5.2 We are pleased at the recognition that much of the best designed affordable housing is developed directly by housing associations.
- 5.3 We welcome the commitment to improve overall space standards across all tenures, but would like to see a financial commitment to ensure that this can be achieved.
- 5.4 The Mayor would like all new homes to be built to Lifetime Homes Standard and at least 10% to be wheelchair accessible or easily adaptable for wheelchair users. We recognise the value in this ambition, but would like to see a financial commitment to ensure that this can be achieved. We would encourage the Mayor's team to engage in further debate with the sector around standards.
- 5.5 We agree that designing out crime is a key priority. New homes need to be supported with infrastructure to help reduce the risk of crime e.g. youth services.
- 5.6 We agree that housing associations should be involved at an earlier stage of design and planning and that management and maintenance teams should also play a role. We would welcome further details on how this might operate in practice.

6. Producing greener homes

- 6.1 We welcome a climate change mitigation and energy strategy as a framework to help housing organisations take action on the greening of new and existing homes.
- 6.2 We are committed to doing everything in our power to meet the Greater London Authority's target of cutting carbon emissions by 60% by 2025. This is vital if social housing communities are to be sustainable, thriving places to live and our low income residents are to avoid increasing fuel poverty.
 - We believe that London's social landlords face a bill running into billions of pounds if they are to meet this target. This is over and above their existing planned expenditure on improvements. It is clear that this cannot be delivered without a commitment to provide the necessary financial support – very few housing associations have the financial capacity to achieve this without government funding.
 - This is a challenge that can only be met by powerful partnership working from social landlords, national, regional and local government, utility firms and residents themselves. We would like to see a commitment to

engaging and mobilising all partners who need to come together to achieve this.

- We would like to see a commitment to ensuring that people living in London have the information and motivation to change their behaviour and adapt their lifestyles to take action to reduce energy consumption.
- Timing is crucial and if we are to meet these targets, we need initiatives to be introduced quickly.

6.3 We commend the Mayor for looking to move beyond the Decent Homes Standard and deliver higher environmental standards for London's homes and neighbourhoods. We believe that these plans compliment any national government proposals. It is unclear how these improvements will be financed and we would ask the Mayor to commit to financial support in this area.

7. Bringing empty homes back into use

7.1 We support the Mayor's efforts to conduct an audit of abandoned homes and to bring long-term empty homes back into use.

8. Delivering across London

8.1 We note that the Mayor will work with the London HCA to develop new investment models, partnerships and approaches to delivering his housing aspirations. We would urge the Mayor to involve associations in exploring new models and delivery mechanisms, to clarify their role and contribution.

8.2 We note that the Mayor supports changes to how affordable housing is delivered - with a move from grant to investment based models. This recognises that the current model for delivering affordable housing does not work in the current economic climate. We would encourage the Mayor to engage further with G15 on alternative models and how these might work in practice.

We would point out that section 106 arrangements provided a significant proportion of social housing in London prior to the 'credit crunch', with consequences in terms of types and size of units provided and the difficulties of influencing design, the quality of finish and management arrangements. Moving forward, housing associations need to play a lead role and a key issue is accessing land at the beginning of development projects. As part of the thinking around new models, we would ask the Mayor to consider how this might be achieved.

8.3 The draft strategy acknowledges that current economic conditions have severely restricted developers' ability to raise capital to fund new development and peoples' ability to access mortgages. We would welcome the Mayor's support in encouraging financial institutions to assist in 'unlocking' the housing market, through access to mortgages, and to engage in responsible lending with the social housing sector.

8.4 We welcome the draft strategy's proposals to kick-start house building market by using HCA money to gap-fund developments at risk of being mothballed,

in return for equity stakes - to ensure that London's housing supply pipeline is maintained.

9. Delivering locally

- 9.1 We share the Mayor's recognition of the importance of tackling homelessness, reducing rough sleeping and the numbers of households in temporary accommodation.
- 9.2 We welcome the Mayor's ambition to improve the quality of housing advice, ensuring supported housing services are available across London. There is a strong case for helping applicants understand the options available in the private sector as well as the social rented sector.
- 9.3 We support the Mayor's view that acquisitions of newly-built homes should only be undertaken where the quality, mix and location are appropriate.

We would also emphasise:

- 9.4 The impact of nominations on the creation of sustainable neighbourhoods and balanced communities. This highlights the need for a review of access arrangements, especially with the creation of a new intermediate market.
- 9.5 The importance of avoiding onerous S106 agreements during the market downturn. These can make schemes unviable or existing schemes unsaleable.

G15

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