

G15 Response

1. Introduction

1.1 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	

G15 makes a significant contribution to London life. Collectively, G15 associations house around one in ten Londoners and manage around 410,000 homes. We build 14,000–15,000 new homes every year. We invest over £25m annually in economic and community development to create thriving, sustainable neighbourhoods across the capital.

1.2 This document provides a response from G15 to the Mayor’s London Housing Strategy. It builds on our comments submitted in response to the earlier draft (for consultation with the London Assembly and functional bodies) at the invitation of the Mayor’s Housing Director, Richard Blakeway.

2. Key Points

2.1 We support the Mayor’s overall vision and commitment to improving housing across the capital and creating opportunities for Londoners to improve their quality of life. We welcome the direction of the strategy and many of its proposals.

2.2 We welcome recognition that London’s housing market has a unique set of characteristics. Key issues to be addressed are:

- Delivering more good quality homes
- Increasing opportunities for social and geographical mobility
- Funding new homes and improvements to existing stock. We are concerned at potential reductions in public investment in future years. The recent government announcement on their plans to offer a minus 2% rent floor in the event of RPI being negative in September 2009, will not support associations in delivering new homes and investing in communities. . If this is applied to some, but not all, by the Regulator, it will penalise the better performing associations.

2.3 We believe that G15 associations have a key role in delivering much-needed homes across the capital – both now and in the future. We recognise that the Mayor wants to put in place a “new architecture for delivery”, centred around

increased responsibility for the delivery of new homes to London's boroughs. Housing associations have, over a number of years, delivered large-scale building programmes. We have the resources, access to finance and skills to continue to do this and to move quickly. G15 organisations have a good history of working with local authorities and we look forward to continuing and expanding our partnerships.

- 2.4 We recognise that the current administration has been in office for a relatively short time and is still learning about the housing association sector. We would like to offer our assistance and accumulated experience on what works well in the sector. The strategy refers in a number of places to the reform and future of the social housing sector. There are a number of areas where G15 would welcome further debate and changes, e.g. around the rent structuring regime, funding model, and the re-letting systems and processes. However, more radical proposals are made, including stock rationalisation, ensuring that "the majority on Boards is made up of elected councillors and tenants", "bringing homes into local authority ownership so that they operate as ALMOs" and "transforming them where possible into Community Land Trusts". These proposals are in direct conflict with the status of associations as independent, not-for-profit entities and would jeopardise much of the excellent work that G15 organisations and the sector as a whole are engaged in. Many associations are long-standing charities with a history going back more than 100 years and we strongly oppose any proposals to bring associations into the public sector. We encourage the Mayor's team to engage further with G15 in this area.
- 2.5 Market conditions and the operating environment for housing associations have continued to change rapidly over recent months and we are pleased that the Mayor has put forward initiatives aimed at "unlocking" the housing market and addressing the consequences of the economic downturn. We acknowledge the challenge in ensuring that the strategy remains sufficiently flexible and adaptable to respond to these changes.
- 2.6 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, on a number of occasions over recent months and briefed him on their proposals, centred around:
- Higher grant rates - the current sales / low cost home ownership cross-subsidy model does not work in the current environment. The subsidy system should be more flexible.
 - Increased flexibility on rents – control over rents is a barrier to associations providing the flexibility that the market is looking for.
 - Creation of mixed communities by stimulating new, intermediate rent housing which offers a range of rents to people on different incomes.
 - Alternatives to owner occupation for people on modest and higher incomes
 - A more varied tenure offer
 - Providing people with the flexibility to move between ownership and rent, as their circumstances change
 - An allocations system which delivers more mobility for tenants

- Re-examination of the nature of government investment.
- Responsible lending to the sector.

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

- 2.7 We welcome commitment to new targets and initiatives outlined in the strategy, particularly around overcrowding, under-occupation and retrofitting older stock to appropriate environmental standards. The strategy could usefully provide more information on how these are to be delivered and a financial commitment to support organisations in achieving these aims.
- 2.8 We encourage the Mayor and his Housing team to continue the dialogue with G15 organisations as the strategy and more detailed plans evolve.

3. Raising aspirations, promoting opportunity

3.1 Rethinking London's Housing

- 3.1.1 We welcome the Mayor's commitment to providing 50,000 affordable homes (including 30,000 social rented) across London between 2008 and 2011. We would highlight that rent reductions in 2010/11 are likely to impact on the sector's ability to help deliver this. As implementation of the strategy would appear likely to result in higher levels of expenditure for associations, this makes the 'funding equation' for providing new affordable homes even more difficult to reconcile.
- 3.1.2 We note the change from a percentage affordable housing target to the negotiation of individual borough targets, based on their capacity to deliver and the circumstances of each local area. In striving to meet this overall target, we are pleased that the Mayor recognises the need to avoid any further concentration of social rented housing in areas where there are already high levels and that a more radical view of delivery is required to achieve his aim of creating mixed and sustainable communities.
- 3.1.3 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. Funding, as described in 2.1.1 above, remains an issue. Plans should also recognise other forecast changes in demographics, such as an increase in the number of lone-person households.
- 3.1.4 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. We would ask the Mayor to clarify how these might be funded and to provide a financial commitment to assist organisations in making necessary adaptations.

3.2 Helping homeowners and first-time buyers

3.2.1 We support the aim of increasing access to home ownership and low cost opportunities. Whilst identifying with the Mayor's assertion that home-ownership remains the tenure of choice for middle income Londoners, we believe that this is partly due to the lack of viable options, including a strong intermediate rental market. We would encourage the Mayor to work with housing associations to strengthen these alternatives.

3.2.2 It is important that schemes are implemented in a way that does not lead to people over-stretching their finances and we are pleased that the strategy recognises this. We all have a strong track record in ensuring home owners do not overstretch and this is regulated and has hence led to very low arrears.

3.2.3 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 £74,800. There is still significant demand for low cost home ownership products.

- We welcome recognition of the need to further increase the upper household income threshold, in recognition of London's unique circumstances.
- We are pleased that the Mayor recognised the need to act quickly and, with the support of the HCA, launched G15 member, London and Quadrant's 'UpToYou' scheme. G15 looks forward to working with the Mayor on future initiatives.
- We welcome the Mayor's commitment to bring the intermediate market into the mainstream. This is an opportunity to simplify choice, enhance flexibility and improve access and information. We note that results of the IPSOS Mori survey commissioned by the GLA to inform the strategy, revealed a large degree of confusion amongst potential first-time buyers. Whilst acknowledging the broad principles that will guide the development of any new products under the 'First Steps' umbrella, there remains some concern that this may further over-complicate the market and potentially further confuse lenders and buyers, especially in the current climate where there is limited mortgage availability.
- We are pleased that the strategy recognises the relatively low risk of lending to shared owners and commits to working with traditional lenders to raise their awareness about this. The strategy could usefully address what else could be done to address concerns, for example by encouraging lenders to set up centres of expertise to deal with requests from would-be purchasers. G15 believes that state-owned banks could also play a useful role in this area and would encourage the Mayor to pursue this.

3.3 Improving the social rented sector

3.3.1 We welcome the Mayor's target to halve severe overcrowding in the social rented sector by 2016. Housing associations are already committed to reducing overcrowding and are implementing schemes to tackle under-occupation.

- 3.3.2 We support the aim of creating economically diverse and sustainable communities. The combination of a greater tenure mix and sub-market rent mix would encourage a wider cross-section of people into social housing communities, supporting local economic life. An example of this in practice is the redevelopment of the Page Road estate where one member Association is replacing 150 poor quality homes with 320 new ones with a mix of affordable rent, intermediate rent, shared ownership and outright sale. This is being done in partnership with the Council and residents and is turning a run down estate into a local asset, encouraging investment by neighbouring owners. This would start to bridge the gap between the social and market sectors, increase social mobility and enable people to move more easily, without losing their community ties. Re-letting processes are, however, anchored in varied local nomination agreements and this restricts associations' ability to create mixed and sustainable communities. We welcome the Mayor's intention to re-examine allocation policies.
- 3.3.3 We support the Mayor's target of providing 1,250 new supported homes between 2008 and 2011. We share the view that many people with support needs can live in general needs housing with floating support. The Strategy does not address how particularly vulnerable groups, e.g. people with substance misuse, single homeless, might be funded and whether incentives might be placed on local authorities to keep 'Supporting People' funding available. We would like to see additional reference to and plans for more challenging groups.
- 3.3.4 The strategy could usefully explore further options around older people's housing and opportunities for investing in sheltered housing in need of modernisation or reconfiguration. This initiative could be linked into under occupation incentives allowing stock to be freed up.
- 3.3.5 We welcome the Mayor's drive to increase opportunities and incentives for mobility across geographical boundaries.
- 3.3.6 G15 organisations fully support the Mayor's assertion that social landlords play a key role in promoting opportunities and improving life chances for both their tenants and local communities across London.
- 3.3.7 We very much welcome the strategy's assertion that social housing has historically provided a secure platform of stability and affordability from which individuals and families can improve their lives, and more recently, has become characterised by lower levels of employment and other social problems. Whilst security and subsidised rents will not in all cases provide an incentive to access opportunities, and in particular to enter employment, a stable home can be an important base for finding work and there can be a negative impact of housing insecurity on family life. This is why more housing is needed.
- 3.3.8 Recognition of the link between housing and worklessness is welcomed. With a sense of purpose comes self-confidence, economic independence and the ability to take part fully in community life. Housing associations are addressing this issue and a large number have been doing so for many years. For example, one G15 member has a network of community learning centres and

has developed holistic employment support programmes that enable over 500 people per year to access employment and over 1,500 to achieve qualifications. This is, however, a multi-faceted issue; individuals may not work for a variety of reasons (e.g. lone parent, caring for a relative, disabled) and often experience multiple, overlapping barriers to employment. The complexity of the benefits system and problems encountered when moving in and out of work can also act as an obstacle.

- 3.3.9 We agree that housing associations are well placed to support tenants into employment. We have difficulty, however in accessing the funding available at central, regional and local level because we are not regarded as providers of employment-related services and, as a result, use our own funds to carry out this work. The work needed to improve self-esteem and confidence as a basis for accessing opportunities can often be very intensive, requiring long term one-to-one work with individuals and families. This means that these services are often unable to meet the outputs required to deliver many programmes where the focus is on placing people into work in very short timescales. No additional funding is provided for the additional skills training that many of these customers require. We would welcome a commitment from the Mayor to support our work in this area and give us access to current funding. We also hope that this will lead to greater involvement from social landlords in the formation and strategic direction of new programmes to tackle worklessness.
- 3.3.10 We note the proposal to use equity shares in housing assets as an incentive for engagement in employment or training and would welcome further indication of how this might work in practice and within a broader package of incentives available to all social tenants.
- 3.3.11 The strategy refers to the wider reform of the social housing sector and raises questions around tenancy reform and affordable rents in perpetuity. These are complex issues and merit fuller consideration and assessment than is possible within the confines of this response. We welcome the Mayor's call for a debate and G15 would be pleased to engage further on this.

3.4 Improving the private rented sector

- 3.4.1 We welcome the commitment to providing more good quality, private rented homes and encouraging more institutional investment in the sector. The private rented sector plays a vital role in sustaining the dynamism of the capital's economy and responding to the demands of a flexible and mobile labour market.
- 3.4.2 We agree that the use of the private rented sector for vulnerable and homeless people has the potential to lessen the unrealistic demands on the social rented sector. However, many people will need support, some on a permanent basis, and there is concern that funding for 'floating' support is not guaranteed. The strategy has no action plan to suggest how the incentive of using private sector housing is matched by revenue funding to provide tailored support.
- 3.4.3 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.

4. Improving homes, transforming neighbourhoods

4.1 Designing better homes

4.1.1 The Mayor prescribes the use of the London Housing Design Guide to drive up quality standards and to inform investment decisions. We support the Mayor's aims of providing the adaptability, accessibility and flexibility for 21st Century living and a high quality urban realm. We are, however, keen to see a 'level playing field', where all private developers and housing associations are required to meet the same standards in the same timeframes. If the private sector is exempt, associations will not be able to compete on land and development opportunities.

4.1.2 Our key comments on the London Housing Design Guide are:

- 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.
- 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.
- There is a risk that the cost of development increases and, unless grant levels increase, the number of units developed falls.
- We welcome movement to Code 4 of the Code for Sustainable Homes as standard.
- Integration and simplification of standards is crucial if LHDG is to work effectively
- The Standards could usefully include reference to communal and estate management facilities.
- It is not clear whether the Standards are based on research and whether they reflect what people living in London really want.
- We would encourage the Mayor's team to engage in further debate with the sector around standards.

4.2 Producing Greener Homes

4.2.1 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. To achieve this, the focus must be on refurbishing homes so that they have lower energy demand, and educating people to change their behaviour towards energy use.

- 4.2.2 We welcome the Mayor's recognition of the importance of retrofitting existing homes and his work with partners to bring together a mainstream retrofit programme. Conservative estimates, worked out by G15 members, to meet carbon reduction targets, sit somewhere between £25-30,000 per property. This figure does not include any additional costs such as disruption to the tenant or the need to temporarily rehouse tenants to carry out more invasive works. We believe that London's social landlords face a bill running into billions of pounds if they are to meet this carbon emissions 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 long-term financial support and it is unlikely that any housing association has the financial capacity to achieve this without government funding. Increased flexibility on rents would enable associations to meet a greater proportion of this cost.
- 4.2.3 G15 organisations support the development of a pan-London retrofit programme and are keen to play a central and active part – to deliver 'quick wins' and ensure that the 'whole house' retrofit measures benefit Londoners as early as possible.
- 4.2.4 Addressing behavioural change is a fundamental part of the strategy for reducing carbon emissions in our homes. However, simply providing energy advice is not enough to create a change in habits and behaviour. As social landlords we have been engaging with our residents for many years on many issues, and in more recent years on energy efficiency and fuel poverty. It is clear that to integrate energy-saving behaviours into people's lifestyles, face-to-face and direct engagement is more effective than the simple provision of information and this should inform the Mayor's thinking and approach in this area. G15 organisations are ideally placed to deliver these services.
- 4.2.5 G15 organisations are doing a lot of innovative and forward-thinking work in this area. We have been developing our expertise in renewable technologies, retrofitting and whole-house low-carbon refurbishment for many years, but lack of finance continues to inhibit more comprehensive and large-scale plans. We continue to explore new models and mechanisms such as the 'Pay as you Save' or EScO model. This is, however, 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 develop appropriate funding and delivery models and plans that will allow us to lead the way in reducing carbon emissions in London's homes.
- 4.2.6 Timing is crucial and if we are to meet carbon reduction targets, we need initiatives to be introduced quickly. These must be capable of being replicated on a large-scale.

- 4.2.7 We commend the Mayor for looking to move beyond the Decent Homes Standard and deliver higher environmental standards for London's homes and neighbourhoods. These plans should, however, compliment any national government plans in this area and regulations laid down by the Tenant Services Authority. It is unclear how these improvements will be financed and we would ask the Mayor to commit to financial support in this area.
- 4.2.8 We believe that the Mayor should encourage public and private housing organisations to engrain environmental sustainability into their businesses. Funding could be linked to commitments in this area.

4.3 Revitalising homes and communities

- 4.3.1 We support the Mayor's aim of creating successful, strong and sustainable communities in which people are proud to live. We agree that a more stringent local focus is required to ensure an appropriate tenure mix and that new social homes are not built predominantly in areas where concentrations already exist. Tenure mix is an important, but not the sole ingredient in creating economically diverse and sustainable communities. This needs to be supported by an appropriate housing management model and community investment.
- 4.3.2 We support the Mayor's efforts to conduct an audit of abandoned homes and to bring long-term empty homes back into use.
- 4.3.3 We welcome exploration into methods of devolving ownership and control of local assets to communities. Community Land Trusts are one option; we note that there is a perception that this model is complex and we believe that the sector needs further clarification and guidance on how these might operate successfully in the capital. We would encourage the Mayor to engage with the sector to look at how alternative models could be developed.

5. Maximising delivery, optimising value for money

5.1 Delivering across London

- 5.1.1 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 have been encouraged by the initial progress made by the HCA. We would urge the Mayor to canvass ideas and opinions from G15 as part of this process.
- 5.1.2 The strategy refers to a new "architecture for delivery" and we note the Mayor's plans to devolve increased responsibility for the delivery of new homes to London's boroughs, based on the assertion that they are best placed to assess the mix of homes required to meet local needs and aspirations, within the context of their community plans and place-making role. This would be backed up by a 'settlement', similar to the French system of 'delegation contracts', to determine numbers, mix, location and providers of homes.

- 5.1.3 G15 associations have a key role to play in delivery of much-needed new homes in the capital. We have, over a number of years, delivered large-scale building programmes and built up an in-depth knowledge of local areas. In the current climate, housing associations have been the only delivery mechanism of affordable housing. We have the resources, access to finance and skills to continue to do this and to move quickly. G15 organisations have a good history of working with local authorities and we look forward to continuing and expanding our partnerships
- 5.1.4 The strategy could usefully clarify any responsibilities which might come with increased local authority powers, such as a requirement to bring forward more public sector land and redundant sites for development.
- 5.1.5 We welcome recognition that the London housing market has unique characteristics and that certain national schemes, e.g. Homebuy, National Clearing Housing and mortgage rescue schemes, require adaptation for large numbers of Londoners to benefit.
- 5.1.6 The strategy states that there is a case for giving associations greater freedom from the public sector, such as set rents outside the rent restructuring process or to take responsibility for their own lettings policy. We support greater freedoms and would be keen to explore further the benefits of this with the Mayor and his officers. However, it also suggests more radical changes, including stock rationalisation, ensuring that “the majority on Boards is made up of elected councillors and tenants”, “bringing homes into local authority ownership so that they operate as ALMOs” and transforming them where possible into Community Land Trusts”. These proposals are in direct conflict with the status of associations as independent, not-for-profit entities and would jeopardise much of the excellent work that G15 organisations and the sector as a whole are engaged in. Many associations are long-standing charities with a history going back more than 100 years and we strongly oppose any proposals to bring associations into the public sector. G15 organisations have strong governance structures and Boards with an appropriate range of backgrounds and skills - to ensure the effective stewardship of substantial private borrowing as well as public funds. We have a strong track record in delivering new homes and building thriving communities and believe that our independence is a key factor behind our achievements. We recognise that the current administration has been in office for a relatively short time and would welcome the chance to discuss the important role the housing association sector has played in developing and managing homes within London over many years and its ability to deliver the mayor’s programme contained within the paper. We would like to offer our assistance and accumulated experience on what might work well in the sector and would encourage the Mayor’s team to engage further with G15 in this area.
- 5.1.7 In the light of likely reductions in public spending in future years, we welcome recognition that more innovative funding and delivery mechanisms will be required. G15 organisations believe they have a key role in the delivery of much-needed homes across the capital – both now and in the future.

5.2 Delivering locally

- 5.2.1 G15 associations are committed to working with London's boroughs to reduce the numbers of households in temporary accommodation through 'Our Offer to London'. This is our long-term commitment to improving housing options through more focused partnership working and we are pleased that the Mayor's strategy recognises the depth and comprehensiveness of our plan.
- 5.2.2 As an example of what we are doing, one member of G15 has launched a dedicated Housing Options and Advice Team. This team will visit all urgent overcrowding/under occupation or health and disability transfer applicants to assess their circumstances and have one to one conversations about the options available.
- 5.2.3 Another member has built long-term partnerships to tackle the social, economic and physical regeneration of the Woolwich Arsenal, a deprived area of the capital. To make its mixed tenure development a success the association has focused on the delivery of integrated tenure management, community engagement and capacity building. This has created 328 new homes, with a further 300 due to complete in 2010 providing a range of opportunities for rent and ownership, which recognise the aspirations of all residents for affordable high-quality and attractive places to live.
- 5.2.4 We would welcome a pan London Choice Based Lettings scheme. This is central to encouraging mobility and creating a rehousing system that really works for the benefit of Londoners.

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