

# Consultation Response Draft London plan

From the Shelter policy library

September 2002

[www.shelter.org.uk](http://www.shelter.org.uk)

© 2004 Shelter. All rights reserved. This document is only for your personal, non-commercial use. You may not copy, reproduce, republish, post, distribute, transmit or modify it in any way.

This document contains information and policies that were correct at the time of publication.

# Shelter

## Summary

The London Plan represents a unique opportunity to shape the future of the Capital and to ensure that it continues to thrive. The vision it sets out is of a world-class city - vibrant, successful, efficient and socially inclusive. Shelter strongly endorses this vision.

Central to this vision is the provision of sufficient homes - and in particular affordable homes - to meet current needs and to accommodate the future growth in London's population. This is vital, not just for meeting the Capital's housing needs, but also to deliver the kind of mixed and sustainable communities and the economic and social well being on which its future depends. Shelter welcomes the strategy set out for delivering these homes in the draft London Plan (DLP). Underpinning this is the target that 50 per cent of all new developments must be affordable. We strongly support this target and believe the evidence shows that it can be achieved, as long as the Government makes the necessary public subsidy available to underpin it.

Shelter believes there is an opportunity for the Mayor and the GLA, not just to use the formal powers available through the planning process, but also to take a key strategic lead in developing the policies needed to deliver the kind of change in housing outcomes encompassed within the DLP's vision. This means working with other bodies - local authorities, central government, registered social landlords, the private, public, voluntary and community sectors - to deliver new solutions to the Capital's housing problems.

We welcome the priority given to housing in the Mayor's recent public statements and the commitment that is being shown by these bodies to working in partnership with each other. Two key areas in which we believe the Mayor and the GLA could take a strong lead are in developing a London-wide strategy for tackling the Capital's temporary accommodation crisis and in setting out a new strategic approach to rejuvenating the private rented sector.

## Background

It is important to consider the housing aspects of the DLP in context. The shortage of affordable housing is blighting the lives of many Londoners and is perhaps the greatest threat to the Capital's future economic and social well being.

On the one hand, there is a crisis of housing need with record numbers of homeless households living in temporary housing - more than 54,000 according to the GLA's latest estimates - and over 200,000 households on council waiting lists. In the twenty-first century, in a city as prosperous as London, it is a scandal that over 8,000 homeless households, many of them families with children are forced to live in bed and breakfast hotels. With over 40 per cent of children in London living in poverty and London including

16 of the most socially deprived local authorities in the country, improving housing outcomes is not just essential for its own sake - it is vital for delivering on wider social policy objectives to tackle social exclusion, promote opportunity and end child poverty.

At the same time, the increasing gap between supply and demand has fuelled an escalation in house prices that means that owner occupation is no longer an affordable option for many people on low and middle incomes. The result is that London is faced with the reality that many of the people who drive its economy and provide essential services - teachers, nurses, police, cleaners, porters - can no longer afford to live there.

This is primarily the result of fewer homes being built due to a long term decline in housing investment. At the same time, the haemorrhaging of stock through the Right to Buy has contributed to a net loss of some 6,000 affordable homes per annum in recent years. The situation is further exacerbated by the failure of the private rented sector to meet the needs of people on low incomes as rents increase and landlords refuse to let to people on Housing Benefit. When coupled with a growing population, it is not surprising that London faces a housing crisis. The publication of the DLP represents an opportunity to make inroads into this crisis.

It is vital not to see this as a choice between providing affordable housing for 'key' workers on moderate incomes and homeless households in temporary accommodation. Both must be provided for and we have been encouraged by recent statements from the Mayor in which he has placed tackling homelessness at the top of his list of priorities.

The remainder of this submission is divided into two main sections. The first looks at progress against the proposals we made in our response to Towards the London Plan. More detailed information is contained in that response and in our submission to the Mayor's Housing Commission. The second section sets out where we believe the Mayor and the GLA, working with others, can make a difference outside the London Plan process.

A separate submission dealing with more detailed planning issues has been made on behalf of the Chartered Institute of Housing, the London Housing Federation, a consortium of RSLs and Shelter by the planners, Tetlow King.

## **Shelter's previous recommendations**

### **1. The London Plan's assessment of the capital's future housing requirement must take full account of the backlog of unmet housing need.**

Shelter strongly welcomes the acceptance of the Mayor's Housing Commission's assessment of the backlog of housing need and the policy objective that it should be tackled by the provision of 11,200 affordable housing units per year over a 10 year period.

In line with the view of the Homelessness Directorate set out in the report More than a roof, we believe that there is a need for further research to establish the extent of 'hidden homelessness' - those sleeping on the floors of friends and relatives or concealed from official homelessness statistics in other ways. The 11,200 figure does not take account of these households.

## **2. The London Plan must include a target for the provision of affordable housing.**

Shelter supports the DLP's strategic target of producing a minimum of 10,000 affordable homes per year from 2004. We also strongly support the target that 50 per cent of new development should be affordable, with 35 per cent for social renting and 15 per cent intermediate housing. We believe that the Three Dragons/ Nottingham Trent University analysis and the experience of London boroughs such as Hammersmith and Fulham and Camden shows that the 50 per cent target can be achieved. Shelter supports the Mayor's case to the Government for releasing the public subsidy needed to underpin this.

The DLP acknowledges that, due to limits on capacity, the amount of affordable housing provided will fall short of meeting need. We therefore believe it is essential that the Mayor takes a strategic lead in developing policies to boost the provision of affordable housing outside the planning process (see below).

## **3. The Mayor should use his powers to stem the losses of affordable housing as a result of regeneration schemes. These losses are exacerbating the shortage of affordable housing and add significantly to the need for new affordable housing.**

We welcome the statement that 'in reviewing UDPs the boroughs should include policy preventing the loss of housing without its planned replacement at existing or higher densities' and 'resist the loss of hostels, staff accommodation and shared accommodation that meets an identified need, unless the existing floor space is satisfactorily re-provided to an equivalent or greater standard.' We also support indications in the Housing Corporation's London Investment Strategy that it would not fund projects that lead to the loss of existing affordable housing.

## **4. There should be a review of the household growth projections before the draft London Plan is published to ensure that the housing requirement is as accurate and up to date as possible.**

The DLP includes a revised estimate for future housing demand which adjusts the figure for household formation downwards by 11,100. This is based on the premise that fewer single households are forming as demand is driven by 'mainly young single international in-migrants' who are not able, and would not want to, form separate households. Shelter believes it is important to explore the assumptions behind this and to assess whether, for example, high rents are forcing people to share who would otherwise form separate

households. We are in the process of commissioning a study from the University of Cambridge's Centre for Housing and Planning Research to examine this issue. The study will also look at the implications of larger average households and the affects this may have on decent housing standards in London. We will gladly share the findings of this work with the GLA.

**5. If the draft London Plan still has a gap between the revised housing capacity and housing requirement (including the backlog of unmet need) then the assumptions about growth and the proposal that London can meet all its housing needs within the Greater London boundary must be reviewed.**

The Plan acknowledges the gap between annual capacity at 23,000 and housing requirements at 31,900 and states that a new capacity study will be carried out within three years. Up to date information on housing need will be important in accessing the progress that has been made in the interim period. Shelter welcomes the proposal in the Regional White Paper that the new regional assemblies should have an important strategic housing role. We note that the Mayor is pressing for this to be implemented in London as soon as possible. Balancing issues of housing supply and demand across London and the South East will require strong political leadership at a regional level.

**6. Affordable housing should be built within wider developments, not separate from other housing on the same site. Wherever possible, such housing should be built side by side with private housing. This would promote mixed communities and enable social housing tenants to be a part of wider communities.**

The Plan states that in reviewing their UDPs, boroughs should include policies to ensure that new developments offer a range of housing choices in terms of the mix of housing sizes and types, taking account of the housing requirements of different groups, such as students, older people, families with children and people willing to share accommodation. Shelter welcomes this although we would like to see further guidance on how the tenure mix should be determined.

## **Shelter's other proposals for supporting the London Plan**

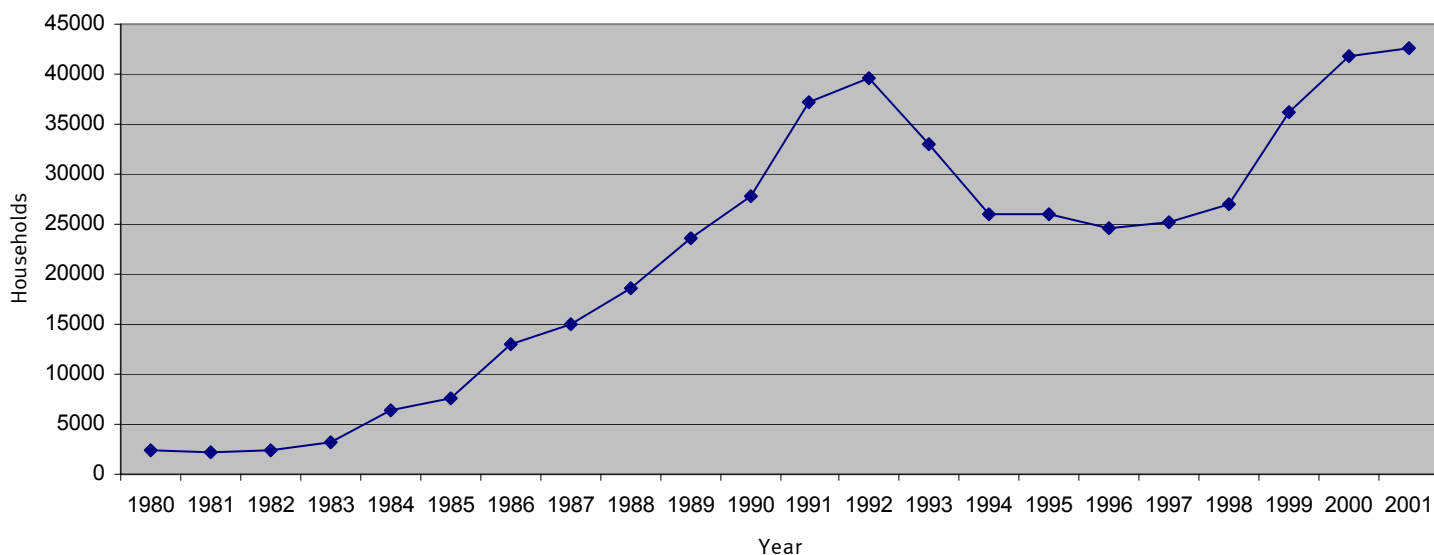
To meet London's housing needs, Shelter believes that the Mayor and the GLA should take a strong strategic lead in working outside the London Plan process to develop policies to provide more affordable homes part of the answer.

## **Tackling the temporary accommodation crisis**

The GLA's latest figures show that there are currently record numbers of more than 54,000 homeless households in temporary housing in London. This figure has doubled since 1996/97. Homeless households are being forced to spend increasingly long periods of time - often up to two or three years - in this kind of accommodation. Often, it can often

only be secured outside of London, with a resulting loss of contact with support networks for those households who have to leave their local area.

### Temporary Accommodation in London 1980-2001



The worst form of temporary accommodation is bed and breakfast - which accounts for more than 8,000 of these households. The effects of living in such housing, particularly for children, can be severe and has been shown to cause health problems, impact on educational attainment and impair development. The length of time spent in temporary housing can also lead to problems in settling into new and longer term housing.

Shelter has strongly welcomed the Government's target to end the use of bed and breakfast for families with children by 2004 and acknowledges the efforts being made by the boroughs to meet it. However, we believe the use of temporary accommodation in the Capital has reached crisis point. Ultimately, tackling this requires significant new public investment in affordable housing. However, in the meantime, Shelter believes that the Mayor and the GLA should take a strong lead in developing a London-wide strategy for reducing the use of temporary accommodation. This should focus on ensuring adequate supply at decent standards in appropriate localities and promote voluntary mobility. It should also ensure that homeless households can access local public services and additional support. The advent of the Homelessness Act, and the work being done by local authorities in carrying out reviews and developing strategies for tackling homelessness, provides an opportunity to pull together a London-wide response and to identify where different agencies can contribute.

## Modernising the private rented sector

The private rented sector plays an important part in meeting both housing demand and need in London. In March 2000, 15.4 per cent of London's dwellings were privately rented, catering for a wide range of needs that reflect the demography of the Capital: expensive luxury and corporate lettings; tenancies at market rents let to households including young professionals and Housing Benefit claimants; regulated tenancies often accommodating elderly households; and houses in multiple occupation, generally offering poor quality but relatively quick access.

Shelter's research indicates that, nationally, around 10,000 potentially 'affordable' homes are in effect being lost due to the failure of the sector to cater effectively for those in need, primarily as a result of the inefficiency of Housing Benefit which often does not cover rents and is leading many landlords to withdraw altogether from renting to those on Housing Benefit. These problems are particularly acute in the Capital.

The report of a Commission established by Shelter with the support of the Joseph Rowntree Foundation<sup>1</sup> made a number of recommendations to modernise the sector. The Commission included representatives from landlords and tenants organisations, as well as a range of other interests. It reached a high degree of consensus about the measures needed to improve standards and supply in the sector, showing what could be achievable through a partnership-based approach.

Many of the Commission's recommendations are aimed at central Government (see Annex A). However, we believe there is scope for the London Plan to set out a stronger role for the sector, which could contribute much more both to meeting housing need and to providing intermediate housing for those on moderate incomes. To determine the extent of the contribution the sector could make, the Plan should require the GLA to work with the boroughs to undertake a mapping exercise to identify the following:

- Where private rented accommodation is situated.
- Which groups are living in this accommodation.
- The rents and quality of that accommodation.

We also believe there is scope for the Mayor and the GLA to take a strong lead on developing a more strategic approach to the sector. He could play a key role in attracting institutional investment and could also promote policies and initiatives aimed at improving standards such as accreditation schemes and tenancy deposit schemes. In this way, we believe the sector could play a significantly enhanced role in meeting the Capital's housing needs.

## Reforming the Right to Buy

Our last response discussed the impact of the Right to Buy on the supply of affordable housing in London. Since then, we have published a new report which sets out what we believe is a compelling case for reforming the scheme:<sup>2</sup>

- It is exacerbating the shortage of affordable housing
- The high public expenditure costs associated with the scheme are an inefficient use of public funds
- It is increasingly concentrating the lowest income households in the least popular housing, undermining the Government's social inclusion, opportunity and neighbourhood renewal agendas
- As has been widely reported in the media, there is growing evidence that the scheme is being unacceptably exploited

Our report estimates that, as a result of sales under the Right to Buy, by 2005/06 around 4,000 fewer lettings per year will be made by local authorities in London and the South East alone than is the case currently.<sup>3</sup> The cumulative loss of lettings in these areas over the period up to 2005/06 can be estimated at more than 13,000 and the cost of building new affordable housing to compensate for this at over £1 billion.

Although reforming the Right to Buy would not, on its own, be enough to tackle the shortfall in the supply of affordable housing, it could have a significant impact on the supply of lettings, particularly in areas where shortages are most severe. We believe it must therefore be part of the equation for increasing the supply of affordable homes in the Capital and recommend the following:

- Temporary withdrawal of the discounts available under the scheme in London and the South East and other areas of severe shortage, with an option for individual authorities to apply for the discounts to be withdrawn in their areas.
- A comprehensive policy review with the aim of identifying the most effective way of enabling tenants to accumulate assets without reducing the supply of affordable housing.
- Specific measure to stop the scheme being abused.

We hope the Mayor and the GLA can play an active role in championing the case for reforming a policy that is clearly frustrating the achievement of the vision set out in the DLP.



## ANNEX A: PROPOSALS FOR MODERNISING THE PRIVATE RENTED SECTOR

Shelter's private rented sector commission recommended a package of proposals designed to promote a more modern, consumerist approach to the PRS including:

- A new tax transparent vehicle to encourage institutional investment in the sector.
- Tax credits to encourage landlords to provide accommodation at sub-market rents for defined period.<sup>4</sup>

Between them, we believe these two measures would open up a significant new source of supply of intermediate market housing, suitable for key workers and others on moderate incomes who are unable to afford owner-occupation.

The report also included proposals to:

- Improve the Housing Benefit system by improving administration, simplifying the system of non-dependant deductions, reforming the current system of rent restrictions and moving away from the current verification framework to focus on large scale fraud.
- Introduce a new concept of 'fit and proper' landlords backed up by a statutory code of practice with tenants, as consumers, in a position to challenge poor standards.<sup>5</sup>

In addition, we believe the private rented sector's contribution can be enhanced by:

- Ensuring improvement of the worst housing in the sector through licensing of houses in multiple occupation.
- Improving access to the sector for low income households by increasing access to deposit guarantee schemes.

### End Notes:

1 Private renting: A new settlement, Shelter, May 2002

2 Time for a change: Reforming the Right to Buy, Shelter, September 2002

3 This calculation is based on current rates of sale and turnover of stock

4 A recent report published by the ODPM Fiscal policy options to promote affordable housing makes a similar recommendation and argues that, if linked to measures to increase land supply, this could significantly increase the supply of affordable housing.

5 This proposal is compatible with the proposals set out to reform landlord and tenant law in the recent consultation by the Law Commission Renting Homes 1: Status and Security