

Vwbf study trip

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LONDON

“The London Housing Strategy evidence base”

- Introduction to the Greater London Authority and the London Housing Strategy (LHS)
- Three areas of the evidence base:
 - Housing need
 - Housing supply (including the Right to Buy)
 - Housing costs and affordability (including housing for ‘key workers’)

The GLA group



GREATER **LONDON** AUTHORITY



LONDON ASSEMBLY

MPA
Metropolitan Police Authority



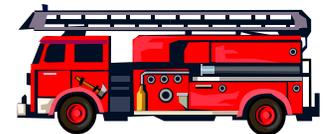
 Transport for London

LONDON
DEVELOPMENT
AGENCY



L F E P A

LONDON FIRE & EMERGENCY PLANNING AUTHORITY



London – in context

- London:
 - accounts for 18% of economic activity for the whole UK
 - has a higher average income per person than any other UK region, but also has high income inequality
 - has the highest unemployment rate of any UK region
 - Has a much more diverse population
 - Has a younger age structure of the population

Homelessness

- 29,000 households accepted as homeless by London local authorities in each of the past five years
- Represents one quarter of all homeless acceptances for the whole of England
- 310,000 households on London local authorities' housing registers

Fall in size of the social housing sector

- The size of the social housing sector has fallen from 35% of housing stock in 1984 to 24% today
- New building by housing associations has not made up for the loss of local authority homes
- The number of local authority homes has fallen because:
 - Minimal new house-building by local authorities
 - Stock transfer to housing associations
 - The most important reason is numbers lost to the private sector through the Right to Buy

The Right to Buy (1)

- Right to Buy (RTB) introduced in 1980
- Rationale: Gives an opportunity to own their home to thousands of people who would not otherwise be able to afford
- 280,700 local authority homes in London sold under RTB since 1980
- Represents around 9% of all London's homes
- Only applies to local authority tenants. Housing association tenants have the more restrictive Right to Acquire (since 1996)

The Right to Buy (2)

- Local authority tenants have the right to buy their homes at a discount on the market value
- They must have lived at their home for a certain period (the “qualification period”)
- The longer the person has been a tenant, the higher the discount, *up to a maximum*
 - Maximum discount in South East England is normally £38,000 (55,500 EURO)
 - Maximum discount reduced to £16,000 (23,400 EURO) in London from January 2005

Rents are expensive too

- Average private sector rents are the highest in the country.
 - An average weekly rent for a 2-bedroom property in London is £239 per week (349 EURO)
- For comparison, the average weekly local authority rent is £69 (101 EURO) in London and the average housing association rent, £75 (109 EURO).

Key workers (1)

- Response to the problem of recruiting and keeping key public sector staff, who cannot afford housing
- Schemes only apply in London, the South East and East of England, where costs of housing are high
- Can help key workers buy a home or rent a home at an affordable price

Key workers (2)

- To qualify, the applicant must:
 - be employed in a qualifying key worker profession
 - have a household income not more than £60,000 (87,700 EURO)
 - have at least 5 years to serve before retirement

Key workers (3)

- The types of scheme available are:
 - Loans of up to £50,000 (73,100 EURO) to buy a home on the open market (key workers are expected to raise a mortgage of at least 75% of the property's value).
 - Shared ownership of newly built properties, where the key worker buys at least 25% of the home and pays reduced rent on the remaining share.
 - 'Intermediate renting', where the rent is set at a level between private and social rents, and the property is owned by a housing association.

And finally..... the challenge

- The supply of housing in London is not meeting housing needs. There are serious problems of housing affordability.
 - The Mayor has set a target of 31,090 new homes in each of the next 10 years to meet existing and new housing need
 - 50% of new homes must be affordable
 - Other main aims of the Strategy are to create sustainable communities and to work towards all homes being in a good condition