

Reversing the loss of social housing via estate regeneration in London:

*Towards alternative strategies
to meet the need for
social housing*

Gerald Koessl and Marjorie Mayo

**Housing is a
human right**

Unite the Union would like to record its sincere thanks to **Gerald Koessl** and **Marjorie Mayo** for carrying out the research and writing this report.

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Introduction

As the housing crisis has deepened across the country, the right to a safe, secure and affordable home for all has climbed up the political agenda. Disgracefully, the Governments' response to this has been to continue with a range of failed policies that only serve to increase housing costs, further reduce our social housing stock and increase the power of already exploitative landlords. This is no solution to the very real problems facing 'generation rent' or the need to end the use of housing as an asset or investment rather than a home to live in.

Unite has many members working in the housing sector and our young members have highlighted the need to secure decent homes for all as a campaign priority. Meanwhile, our Community members – particularly in London – have been active protesting, demonstrating, occupying and mobilising resistance in the fight against the on-going destruction of London's social housing and 'class cleansing' of our capital.

Our 'A home is a human right' charter brings together policy, research and academic arguments supporting tenants rights, access to housing benefit and housing support services and – most importantly – the need to urgently increase the number of homes councils are building for social rent. Across our nations and particularly in London, there has not only been a loss of social rented homes through the corrosive 'Right to Buy' programme but further as a consequence of estate 'regenerations' that do not replace like with like. Instead they seek to push out generations of local people in established communities in order to 'gentrify' whole areas of our inner cities, making them homes only for rich individuals, corporations and hedge funds looking for investment opportunities. Replacing social rent with so-called 'affordable' housing is no answer to our housing crisis. We are in desperate need of estate regeneration, but this must be an investment that benefits current residents, bringing genuine improvements to areas and the opportunity of a stable, safe home for those in need today, our children and future generations to come.

Our nations, cities and towns are stronger for having mixed communities at their heart. London has a proud reputation for being inclusive and diverse, welcoming people from across the globe. But if we do not act soon our city will become the exclusive domain of the very richest – some areas of London are already the sole preserve of those on the highest incomes. But a home is a human right – no matter what your income.

We hope that the research and argument in this report is of use to all who work in or care about meeting our housing needs for today and generations to come. Investment in housing is a major driver in economic regeneration; it can and should create decent jobs, apprenticeships, tax revenues and hope as well as homes. Our struggle for decent homes is a just one and not simply to address an obvious and genuine need for affordable council housing but for stronger more inclusive, communities.

It's our duty to resist the ideological destruction of our existing housing stock and our responsibility to lead the debate, argue the case and campaign with our communities in support of future generations alongside those in need today. I'm confident that this report – and the Unite charter – will be helpful to all in this struggle.



Steve Turner

Unite, Assistant General Secretary

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1. The loss of social housing in London: The crisis to be tackled

London is experiencing increasingly serious housing problems. Insufficient homes are being built, and too many of those that are being built are way beyond the means of those who need them most. According to KPMG a first-time buyer now needs an annual income of £77,000 to get on the housing ladder in London, compared with an average annual wage in London of just £27,999. Unable to afford to buy a home, or to compete for the already inadequate and currently shrinking supply of social housing, more and more people are renting privately, too often paying exorbitant rents for poor quality dwellings. Low wages and restrictions on social security have been adding to the problems caused by rising housing costs, leading to evictions and homelessness, with increasing numbers of households being squeezed out of London altogether. And these processes of social cleansing are being exacerbated by estate regeneration schemes that have led to the net loss of some 8,000 social rented homes already. All in all, this is a crisis situation for Londoners, affecting whole communities. This makes it an issue for trade unionists in those local communities and beyond.

2. This scoping exercise

This scoping exercise reviews the data on the loss of SOCIAL housing with a particular focus on the losses being experienced as a result of estate regeneration. In this report a key distinction is drawn - between SOCIAL housing i.e. housing that meets social needs – and so-called 'affordable' housing. In London, so-called 'affordable rents, pitched at 80% of market rents, are effectively unaffordable for those in need of social housing in the capital.

The aim of this scoping exercise has been to update the data contained in the London Assembly report 'Knock it Down or Do it Up?', published in February 2015, taking account of recent

developments and trends, setting these losses within the context of wider housing trends.

This update has predominantly drawn upon web based information, starting from the data available via the London Development Data Base, which has been analysed at borough level. This analysis has been complemented by data available via the Department for Communities and Local Government, in particular data about housing construction and population changes. London-wide data, especially data on rent models in new developments has been used from Greater London Authority (GLA) statistics. Moreover, overall tenure changes, including the increasing reliance on private renting, have been identified from the latest Headline report based on the English Housing Survey (2013/14). Wherever possible, these data sources have identified changes in regard to housing association developments. And distinctions have been drawn between SOCIAL and 'affordable' housing. Statistical data returns, an annual online survey completed by all English private registered providers of social housing (i.e. predominantly housing associations) proved not to be of immediate relevance for this exercise, but may provide a useful resource for further research on this topic.

This has been supplemented by examining data available via other major voluntary sector players, such as Shelter. However, as Shelter, like other players, is predominantly using publicly available data for their analysis too, primary data sources have been the ones mainly consulted. Finally, the scoping exercise has tried to identify available data on cases where redevelopments have been challenged, including by the London Tenants Federation and Defend Council Housing.

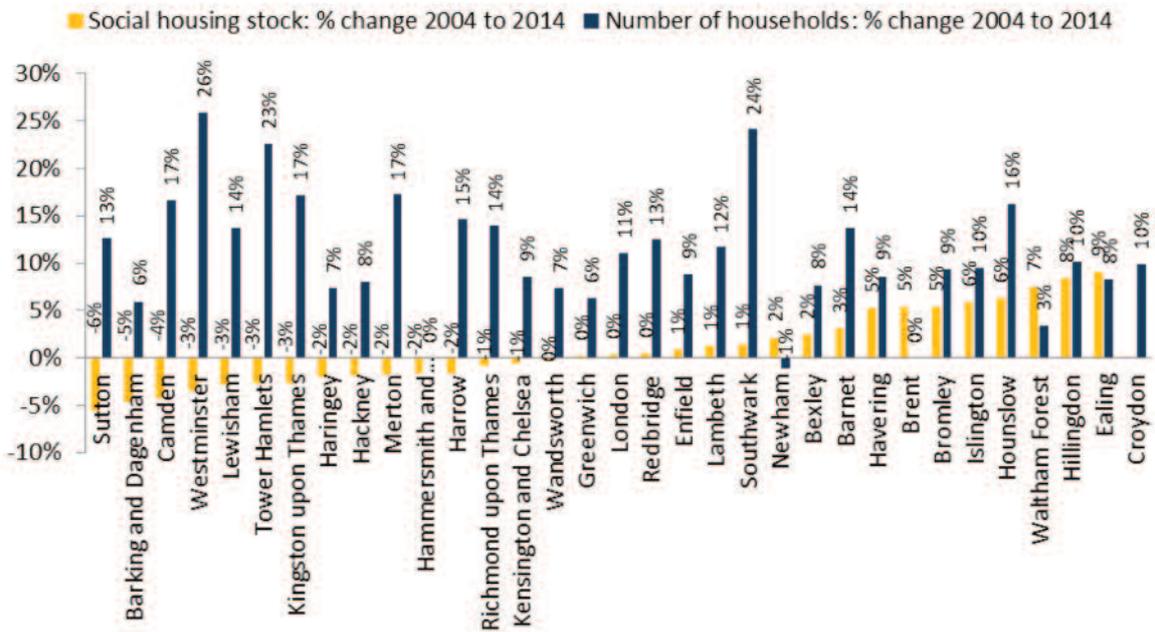
The scoping exercise includes reflections on the need to address the effects of recent and proposed legislative changes, as set out in the Queen's Speech following the 2015 General Election, including additional requirements for the Right to Buy (for housing associations) AND additional changes to the benefits system, including additional reductions of caps. These changes can be expected to further impact upon the affordability of social housing, in practice. In contrast, in conclusion, the need for an alternative approach is provided in outline summary, including the case for devolving powers and resources to enable such alternative strategies to be developed and implemented both locally and London-wide.

3. Initial findings

Population and tenure changes in London

London's population has been growing rapidly over the last decade. As figure 1 shows, in 2014 there were 11% more households in London than there were in 2004. The development of social housing stock has not kept up with household and population changes in this period, remaining almost at the same level as it was in 2004 (increasing by just 0.4%). However, the change in the number of households as well as the changes in social housing stock vary greatly by borough. In 15 London boroughs social housing stock has actually declined and in 18 boroughs social housing stock has increased. But even where housing stock has actually increased, these increases have in most cases been far below the change in the number of households; only in two boroughs (in Ealing and Waltham Forest) has the increase in housing stock surpassed the increase in households between 2004 and 2014.

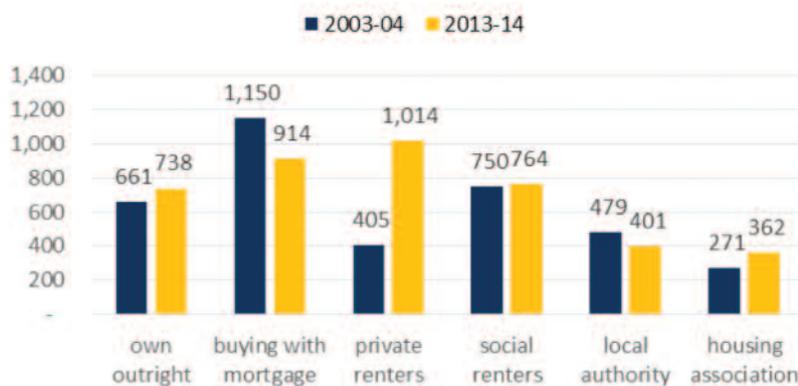
Fig. 1: Social housing stock and household change in London
(local authority and housing association)



Source: CLG Household estimates and projections 1981-2033 and CLG Table 115 on dwelling stock

Over the course of this period, London’s households have also experienced a tenure shift, with more than double as many private rented households in 2014 (1m) than there were in 2004 (405,000). As figure 2 below illustrates, although the overall number of social renters in London has increased marginally in this period from 750,000 to 764,000, the actual proportion of social renters has declined, mainly as a result of the overall increase of London’s population. While in 2004 around 25% of all Londoners rented either from a council or a housing association, the proportion has dropped to 22% in 2014. Given the current undersupply of social homes in London, this proportion is likely to decline even further. Before turning specifically to the redevelopment of housing estates in London and its implications for the provision of social homes, the following section will briefly outline the changing characteristics in the supply of new social homes in London.

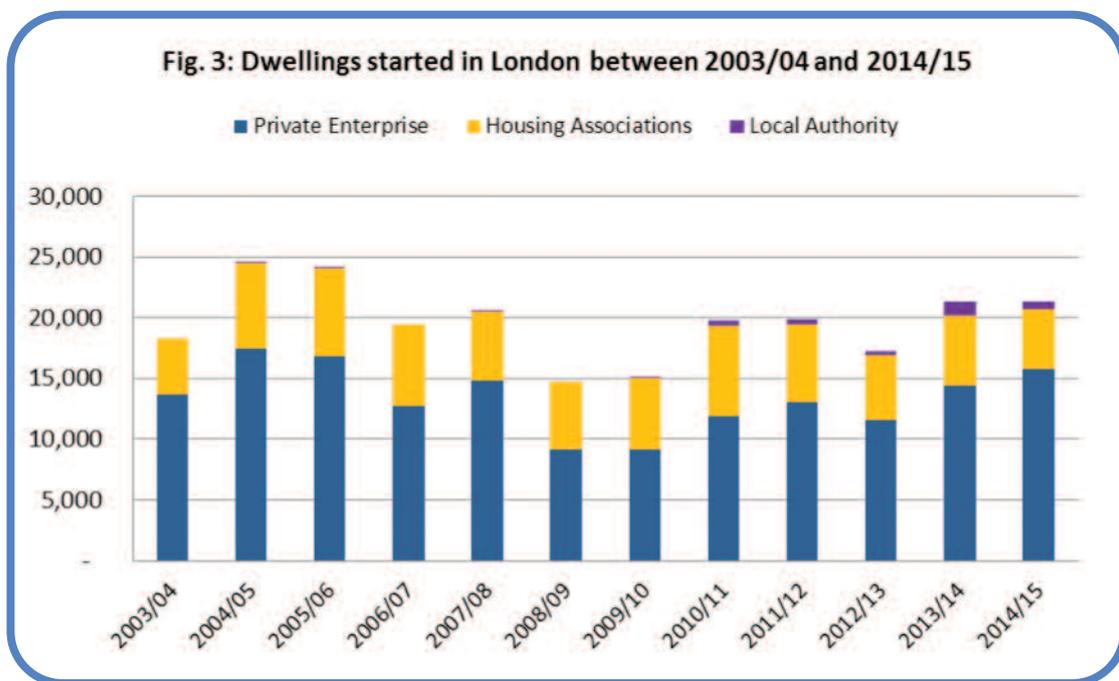
Fig. 2: Tenure shift in London
(1,000 households)



Source: English Housing Survey – headline report 2013/14

The provision of social homes in London

The number of households in London has been growing by about 34,500 per year between 2004 and 2014¹. The construction of new homes has been lagging far behind this figure, with only around 20,000 new dwellings started per year, across all tenures, as figure 3 demonstrates. While between 2004 and 2010, virtually no new dwellings were started by local authorities, there has been an increase in recent years, with 630 new dwellings started by local authorities in London in 2014/15. However, this only represents around 3% of all new developments started within this year. The majority of social housing has been built by housing associations, with around 5,000 new dwellings started per year over the last ten years. And while there have not been any significant changes in dwellings started in the social sector, there have been more significant changes in the type of social rented homes being started, especially since 2011/12, as a result of a new funding framework.

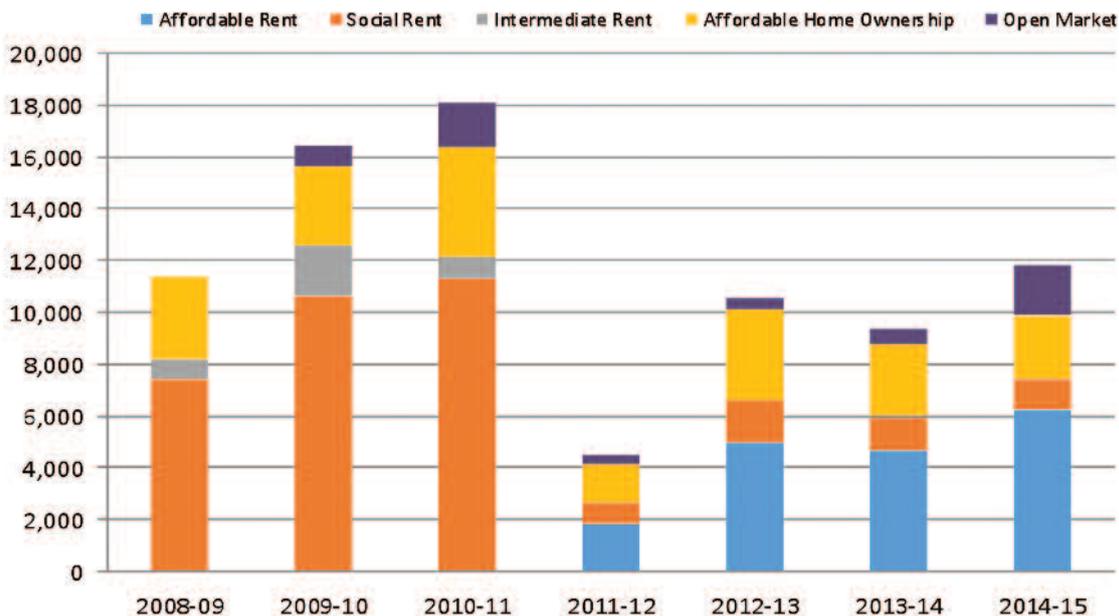


Source: CLG Table 253 – Housing starts and completions

The financing of social homes in London works through funding of the Greater London Authority's Affordable Homes Programme. Funding cuts to the affordable housebuilding budget of around 60% in 2010 and the introduction of new rent models have impacted on the provision of social housing in London. As figure 4 below shows, housing starts of social rented homes in London have dropped from a little more than 11,000 in the year 2010/11 to only 842 in the following year. And despite an increase of new housing starts in the 'affordable rent' category, overall housing starts funded by the GLA have remained low.

1: Based on CLG Household estimates and projections 1981-2033

Fig. 4: GLA funded housing starts on site in London between 2008/09 and 2014/15



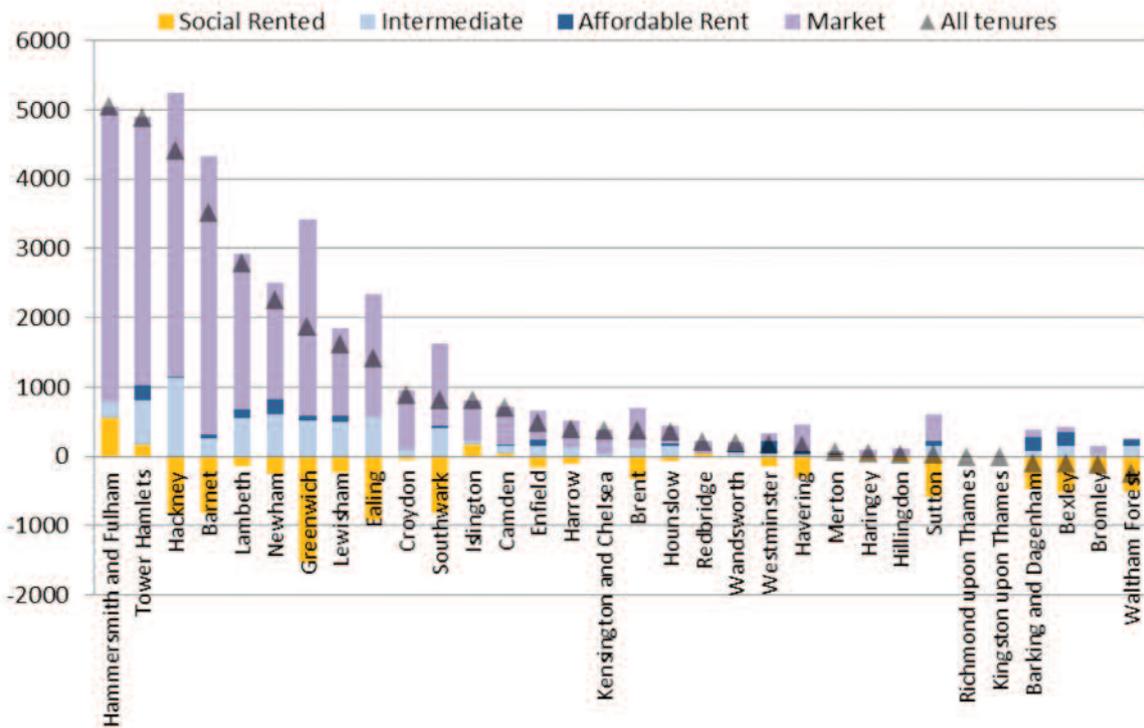
Source: GLA Funded Housing Starts on Site and Completions - London

An analysis by the London Tenants Federation of the London Plan Annual Monitoring Report 2015 shows that there is a big mismatch between the targets set in the London Plan and the actual delivery of social and affordable housing. For example, the number of social and affordable rented homes delivered in 2013/14 was 4,221 (including 3,701 social rented and 520 affordable-rented homes). This represents only 53% of the initial target (LTF 2015).

Estate redevelopment

The reduction in social rented homes and the increase of the affordable rent model has also occurred in estate redevelopments. However, the biggest change in estate redevelopments over the last ten years has been the large amount of added market rented homes. There are however big variations as to the impact of estate redevelopments on the net number of residential units in different tenures in different boroughs. Figure 5 provides an overview of these changes. Most crucially, the net number of social rented homes as a result of estate redevelopments has declined in 25 boroughs, has remained the same in one borough and only increased in six boroughs. The biggest losses of social rented homes have occurred in Greenwich, Hackney, Barnet, Ealing and Southwark, where the net losses range from 1,500 to 800 residential units. The loss of social rented homes in these boroughs has partly been offset by a net gain in intermediate and affordable rented homes. The only boroughs where the net number of social rented homes have actually increased as a result of estate redevelopments between 2004 and 2014 are Hammersmith and Fulham (+549), Tower Hamlets (+158), Islington (+174), Redbridge (+45), Camden (+32) and Merton (+11).

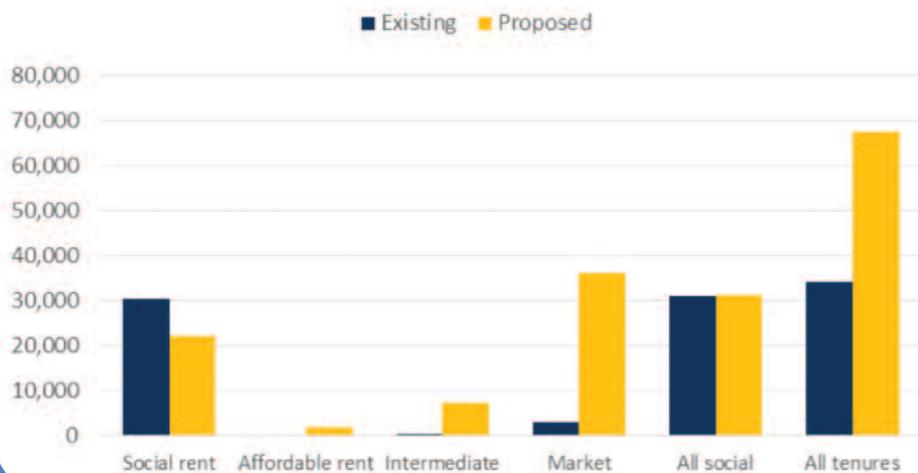
Fig. 5: Net residential units from estate redevelopments
(between 2004 and 2014)



Source: GLA / London Development Database

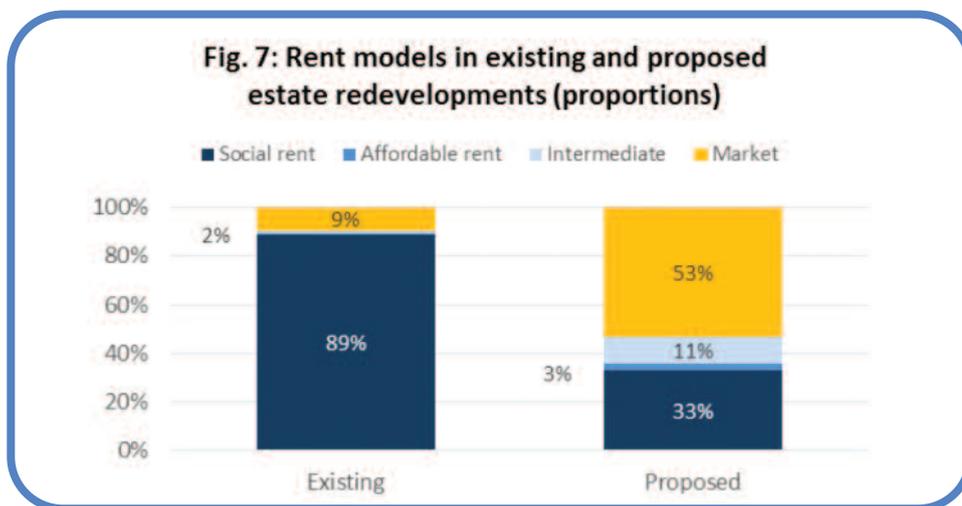
As figure 6 summarises, in total, estate redevelopments in London between 2004 and 2014 have led to a net increase of 33,388 homes across all tenures, from 34,213 to 67,601 units. Yet this rise is a result of a combination of a net increase of market rented homes (+32,977), of homes that fall into the affordable rent category (+1,786) and of intermediate rented homes (+6,921). In the same period, estate redevelopments in London have led to a loss of 8,296 of social rented homes. Interestingly, the number of all social homes, which includes all three social rent models (social, affordable, intermediate) has remained about the same.

Fig. 6: Changing tenures on London's estate redevelopments



Source: GLA / London Development Database

Put differently, these tenure changes mean that redeveloped estates will predominantly consist of private tenants (53%), of a third (33%) of social tenants, and of 14% of affordable and intermediate tenants, as figure 7 clarifies. This represents a major tenure shift on London’s housing estates, where almost 9 in 10 (89%) of existing tenants were/are social tenants and only 9% tenants renting at market rates, with the remainder (2%) being tenants at affordable rents.



Source: GLA / London Development Database

Hence, while estate redevelopments have meant a densification and an overall increase of homes, this increase has mainly come as a result of an increasing number of so-called 'affordable', intermediate but especially of market rented homes. Crucially, so-called 'affordable' and intermediate rents can be considerably higher than social rents (ranging up to 80% of market rents), making them unaffordable to households on lower incomes.

Concerns about the social viability of estate redevelopment schemes, in particular for social tenants, are increasingly being expressed by tenants' groups and housing activists across London, such as 'Save our West Hendon' or 'E15'. Another major concern in regard to the delivery of new social and affordable rented homes is related to the planning permissions of local councils. Instead of councils building homes, planning permissions can oblige private developers to build a certain number of social and affordable homes as part of the wider development. However, what has been happening increasingly, lately, is that if private developers argue that an agreed number or proportion of social homes would make their projects unprofitable, they can have this obligation removed or downgraded. This usually happens via so-called 'financial viability assessments', with the potential result that either the proportion of social homes is negotiated downwards or removed altogether. A recent BBC Radio 4 investigation into this issue has identified that in many cases these viability assessments are not transparent enough and also that many local councils simply do not have adequate financial and human resources to engage in negotiations with large developers to properly assess the correctness of these viability assessments. Two examples of where this has been happening are a large redevelopment scheme in Earl's Court and also a development at Greenwich Peninsula (BBC Radio 4, 2015).

4. Setting the policy implications of the findings in their wider policy context; Identifying policy issues to be explored in greater depth

The London Assembly's report 'Knock it Down or Do it Up?', published in February 2015, identified the challenges and dilemmas inherent in attempting to renovate social housing estates within the current policy context- particularly the accompanying financial constraints. That report's recommendations include valuable proposals for critically assessing the need for regeneration, planning and implementing schemes in partnership with tenants and residents and ensuring that leaseholders are fairly treated. Whilst recognising the need for supporting policy developments, at both London-wide and national levels, however, the London Assembly's report leaves the wider policy context to be considered elsewhere. But unless this wider context is effectively addressed, London's housing crisis can be expected to deteriorate even further, the predominance of market-driven factors continuing to result in social cleansing.

As the IPPR report (published in March 2015) also reveals, the 'City Village' redevelopments being proposed could be expected to exacerbate processes of social cleansing, as rents would rise and 'right to buy' leaseholders could have their properties compulsorily purchased but then find themselves unable to afford to buy into the new 'City Villages'. The proposals in the Queen's Speech would further compound the crisis in the availability of genuinely affordable social housing. These proposals include plans extend the right to buy to some 500,000 housing association tenants, thereby further reducing the stock. And in addition, the new Housing Bill will require local authorities to sell off their most valuable council homes whenever these become vacant. The local authorities will then be required to build replacement homes with the proceeds. But this requirement is impossible in practice, as almost three quarters of councils that responded to a Local Government Association survey pointed out, arguing that they would only be able to replace half or fewer of the homes that would be sold as a result of this new bill.

In contrast, this scoping exercise identifies the central importance of setting estate regeneration strategies within the context of wider policies to:

- manage market pressures, safeguarding public interests in rising land and property values
- increase the supply and
- reduce the loss of social housing
- safeguard the interests of tenants in the private sector as well as those in the socially rented sector
- reverse so-called 'welfare reforms' such as the 'spare room subsidy', the 'bedroom tax', the housing benefit cap, the total benefit cap, reductions in the local housing allowance and non-dependent reductions and
- Ensure that tenants and residents have access to information and advice, to enable their voices to be heard effectively.

Managing market pressures

Policies would need to include new powers and mechanisms for controlling the profits to be realised from rising land values together with ways of ensuring benefits for the public sector (e.g. via effectively taxing profits from rising land values.) There would need to be taxes on land banks, with compulsory purchase powers to ensure that land could be released for development. Effective controls on rents and strengthened security for tenants would also be essential components of any strategy to manage the market pressures that have been incentivising social cleansing via estate regeneration schemes.

Increasing the supply and reducing the loss of genuinely affordable social housing

There is widespread political commitment to increasing the supply of new built housing, including via increasing densities to meet rising demand for housing in London. Building more housing will not, in itself, address the need for social housing, however – on the contrary, as the discussion of City Villages demonstrated, new build homes may contribute to rising prices, thereby exacerbating the problem. So measures have to include ways of ensuring adequate resources for building, improving and managing social housing, including via:

- raising the cap on local authorities' powers to borrow and
- providing resources to housing associations to enable them to provide genuinely affordable social housing without having to resort to financing their operations via engaging in more profitable developments, including via estate regeneration schemes.

Additional funds could be made available via a Local Housing Development Fund (as proposed by the RIBA's Future Homes Commission, 2012) to be financed via local authority pension funds. In addition to local authority built homes, at least 20%-40% of privately developed schemes need to be for social rent and these provisions need to apply to developments involving change of uses (currently exempt from such planning controls).

Additional powers would be needed here too then, and powers devolved in order for such strategies to be developed and implemented across London. These powers would need to include the ability to raise additional resources, such as via a revaluation of council tax bands/ reforming local authority finances more widely.

Meanwhile the loss of social housing needs to be stemmed as a matter of urgency. Legislation would be required to end the Right to Buy, and to ensure that ex-council houses being re-let privately should be offered to local authorities at a fixed price that reflects the original price plus any improvements and inflation, so that they could be re-let at social rents. In addition, so-called 'affordable' rents (i.e. 80% of market rents in London) should be ended and housing associations enabled to access resources for investment in housing without being pressured to further increase the number of 'affordable' rented homes, which, as this paper has demonstrated, are not

affordable to lower-income households. This would be essential, if housing associations' involvement in regeneration schemes were to be able to ensure the benefits for existing tenants, as well as for others in need of social housing.

Safeguarding the interests of tenants in the private sector as well as those in the socially rented sector

In parallel, the interests of private tenants need to be safeguarded. This is a key component of controlling the market pressures that have been squeezing people out of inner London. A five year freeze on rent increases beyond inflation would be a start. Tenants also need increased security of tenure, with effective ways of ensuring that landlords provide decent standards of maintenance and repairs, without tenants risking eviction, should they voice complaints. This should be accompanied by proper safety and decency standards. Compulsory purchase powers need to be streamlined here too, to deal with landlords who fail to meet a Decent Homes Standard.

Resources could be provided to support such measures, and other forms of social housing, including co-operative housing e.g. by ending tax relief on Buy-to-Let mortgages, with funds being redeployed to promote other forms of social housing such as co-operatives and co-housing initiatives.

Protecting tenants from destitution, rent arrears and evictions

An effective housing strategy needs to be accompanied by reversing so-called 'welfare reforms' such as the housing benefit cap, the 'spare room subsidy' / i.e. the bedroom tax, the total benefit cap (including current proposals for changes to this cap) and cuts in council tax benefits. These so-called 'welfare reforms', along with sanctions in relation to unemployment benefits, have been causing destitution, putting tenants at risk of falling behind with their rent, and getting into arrears, thereby risking eviction. Together these factors have been exacerbating the processes of social cleansing that this scoping paper has set out to investigate. Safeguarding social housing in London requires a comprehensive strategic approach, addressing these wider pressures on tenants' and residents' incomes as part of wider strategies for social justice agendas.

Enabling tenants and residents to exercise their voices

Finally, tenants and residents need to be at the centre, at every stage, from assessing the need for housing and for redevelopment, through the planning and implementation stages, with their voices effectively heard on housing management issues on a continuing basis. There needs to be recognition and support for tenants and residents organisations at local and London wide levels, bringing together the voices of private tenants and social housing tenants and residents. And tenants and residents need access to information and advocacy, to enable them to access their rights, through the provision of local advice and legal aid – part of wider discussions about

safeguarding democratic rights. Here too, strategic approaches need to be developed and implemented at both local and London-wide levels.

These are essential ingredients of any serious attempt to reverse the loss of social housing via estate regeneration in London. The necessary powers need to be devolved to the GLA as a matter of priority, to enable a newly elected Mayor and Assembly develop such an alternative strategy, giving Londoners effective democratic voices over the future of our city.

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