

# The Pro-housing Alliance

## Recommendations for the Reform of UK Housing Policy - Supplement

# Housing Crisis in London

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**C<sub>2</sub>O** futureplanners



# Executive Summary

- London's housing crisis is a dramatic illustration of the failure of national housing policies over the past 30 years with consequently high 'exported costs' and personal debt
- Generally housing costs in London are about 50% higher than national and childcare costs much higher than elsewhere
- There is expected to be an increase of 30-34,000 households in London each year for the next 25 years, a high proportion of them single person households
- There is also an especially urgent need for four to six bedroomed social rented homes
- In 2007-10 the delivery of new and additional social-rented housing was only 47% of the London Plan target and only 24% of evidenced need
- The owner-occupancy rate in London is lower than the national rate of 72% and is only 40% in inner London, placing huge pressures on the rented sectors
- The private rented sector, which includes the worst conditions and the least secure tenures, is 23% in London compared to 10% nationally
- It is widely accepted that the official definition of 'affordable' is misleading in that it is not evidence-based and much housing so described is not remotely affordable to the majority of London's poorer households
- An evidence-based definition of 'affordable' was worked out in 2008, and the present Mayor undertook publicly at a Mayoral Candidates meeting to adopt it but has not done so (see Appendix 2)
- Lower quartile weekly rents in the private rented sector vary by borough from £700 to £231 and are much higher than any other UK region
- By 2006 the ratio of households on waiting lists to per annum letting of social homes had reached over eleven to one
- In London the number of households on waiting lists doubled between 1997 and 2010 (to 362,000 or 11.2% of all households) – the increase was greatest in the inner London boroughs
- This represents over 20% of all households on the national waiting list
- The income of London households is more polarised than that of any other region with the poorest 5% poorer than any other region except the East Midlands
- Homes at 80% of market rent are, in reality, accessible only to the top third of London households and should not be described as 'affordable'
- There is an increasing 'slippage' between official targets for social-rented housing, which are not being met, and evidenced need – this works to 'define away' the problem to some extent

- In addition the official targets do not factor in replacement needs for housing demolished – in 2008-10 27% of the new social rented output was needed for replacement alone
- In 2006 the GLA target was 20,800 social rented homes a year to house overcrowded families and cope with increased demand
- The previous target output of 50% 'affordable homes' has now been effectively abandoned and the 'affordable homes' target reduced to 13,200 per year – in 2010/11 fewer than 6,500 social rented homes were completed
- Street homelessness increased in 2011 by 8% over the past year to about 4,000
- A recent Shelter report predicts that by 2016 at least ten boroughs will have become largely unaffordable to poorer households
- Whereas in 2010 67% of neighbourhoods in inner London were affordable it is predicted that this will fall to 20% by 2016
- In 2007 the median house price to average earnings ratio reached 8.3 and there has been only a relatively small change since then
- The number of housing benefit claimants in London (820,000) is far higher than in any other region, reflecting the high cost of housing in London
- The condition of the London stock is worse than national in several respects such as state of repair, security and energy efficiency
- The rate of overcrowding in London is twice as high as that anywhere else, over 25% in nine boroughs, and is rising fast – this is likely to be one factor in causing consequent adverse health and educational effects
- In 2010/11 the delivery of new social rented homes was only about one quarter of the estimated need worked out in the early 2000s
- There are over 80,000 empty homes in London
- The effects of these housing failures on the lives of many Londoners are set out in Appendix 1

# 1 - General

This Supplement focuses exclusively on the serious and worsening housing crisis in London. It takes the capital as a case study to show how the more than three decades of inadequate and misguided housing policies discussed in the UK Pro-Housing Alliance (PHA) *Recommendations for the Reform of UK Housing Policy* have resulted in widespread shortage, unaffordability and overcrowding. Thirty years of national economic policies resulting in private profit and public loss have left deeper scars on the homes of London's poorest citizens than elsewhere in the UK. Some of these adverse outcomes are cross-referenced to the recommendations in the PHA policy statement.

In many respects the housing crisis in the capital is more serious than anywhere else in the country and the results, some discussed in this Supplement, include housing costs about 50% higher than the national average (Centre for Economic and Social Inclusion 2011), childcare costs much higher than elsewhere, poorer health and welfare outcomes, frequent unmanageable debts for the poorest citizens, additional pressures on law and order budgets, less than optimal returns for educational investment, difficulties in the recruitment and retention of key low paid workers and the widespread undermining of the social fabric and community life by a mounting tide of enforced relocations.

This Supplement will first set out the evidence of the growing crisis, by borough where practicable, and then indicate ways forward. It will also show in Appendix 1 the many ways in which the crisis is having grievous effects on the quality of life, health and education of countless Londoners.

## 2 - Evidence of the Crisis

### London's housing – general

A recent review of housing in London (GLA 2009, Chapter 11) outlined the demographic pressures facing the capital. There is expected to be an increase of 30-34,000 households per year in London over the next 25 years – although this will itself clearly be conditioned partly by housing supply. Housing completions had been rising strongly in London from about 20,000 in 1998 to 25,570 in 2007/8, a very large majority of it market or intermediate housing. The delivery of 'affordable' housing was up to 38% in 2007/8, an increase from 32% in 2005/6, but this must be treated with caution as the official use of the word 'affordable' does not reflect any evidence-based definition of affordability – it seems simply to mean 'x% below market value' (see Recommendation 3 of the Pro-housing Alliance *Recommendations for the Reform of UK Housing Policy* concerning the need for an evidence-based definition). In addition many of these homes are not additions to the stock but replacements for obsolete stock.

A good general account of London's housing stock and problems was given in a recent report (Fenton et al. 2008). The capital's tenure mix is quite different from the rest of England. The differences are most marked in Inner London where, in 2003-5, the owner-occupancy rate was below 40% (as against 72% nationally). The 'social rented' sector (local authority plus RSLs) was also almost 40% against about 18% nationally. Perhaps the most striking difference lay in the size of the private rented sector – about 23% compared to about 10% nationally. Since this sector includes the highest percentage of unfit housing it is likely that overall the condition of the London stock is worse than the national stock.

The profile of 2007/08 rents set out in the paper shows an especially large deviation from national in the private rented sector (Fenton, *ibid*). Here average rents were of the order of £190 per week, much higher than even the most expensive region outside London. Moreover the gap between private sector rents and social sector rents was much higher in London than elsewhere – placing a big premium on ability to access a local authority or RSL tenancy. This is shown by the rapidly rising ratio of households on the waiting list to lettings over the period 2003-6. In 2003 this ratio had been less than seven to one. By 2006 it was over eleven to one – over twice the ratio in the rest of England.

The urgent need for more genuinely affordable social housing in London (Recommendations 3 and 9), in the face high house prices and high private sector rents, is made more evident when the socio-economic characteristics of London's tenants are considered. The Family Resources Survey cited in Fenton et al. (*ibid* 2008) shows that the income distribution of London households is more polarised than that in any other region. The poorest 5% are poorer in absolute terms than anywhere else except in the East Midlands. Taken in conjunction with the high housing costs this places these poor households in an especially vulnerable situation and perhaps helps

to explain the very high rate of overcrowding in London since so many poor households cannot access homes of a suitable size. The need for more four to six bedroom homes is especially urgent (Boff 2011).

The London Tenants Federation (LTF) pointed out in May 2011 that in 2010 only 4,625 social-rented homes were completed in London. This is 16,115 short of meeting evidenced need and only 43% of the current London Plan target (LTF 2011a). It represented only 19% of all new housing in the capital. Only five boroughs met the planned targets, thirteen delivered 25% or less of the target and five delivered none at all. The LTF argues, quoting the income needed to access homes at 80% of 'market rent', that about half the homes deemed to be 'affordable' simply are not to the large majority of London households. All the evidence shows that the only type of housing genuinely affordable to the vast majority of Londoners is social rented housing. The LTF representative from Lambeth concluded:

*We are being conned by any talk of 'affordable housing', it is a meaningless phrase designed to let politicians off the hook...what we have here is a squeezed bottom half which leaves people in overcrowded homes, in homes that are much more expensive than they can actually afford and inexorably forces those on low incomes out of London.*

(London Tenants Federation 2011a)

In a letter to the Mayor dated 5 May 2011 the LTF pointed out that with so-called 'affordable tenancies' set at 80% of market rent, a household income of £44,500 would be required compared to the London median household income level of about £33,000 unequivalised and £30,000 equivalised. In effect this means that only the top third of London households will be able to afford such rents without recourse to housing benefit. This raised the issue of whether such housing should be officially defined as 'affordable'. The letter also pointed out that the social housing delivery was much further below target in east London (meeting only 23% of the London Plan target), where household incomes are on average lower, compared to west London (79% of the London Plan target).

In a later Press Release (LTF 2011b) the Federation pointed out that the target to deliver 30,000 social rented homes over the period 2008-12 set out in the London Housing Strategy was not only very unlikely to be achieved but anyway would not remotely meet the real needs identified in previous GLA assessments. Data for social-rented housing delivery 2007-10 shows that the total built for London as a whole was 47% of the London Plan target but only 24% of evidenced need. For west London these proportions were 76% and 39% and for East London 31% and 16%. This increasing 'slippage' between official 'targets' (which were met in only two boroughs anyway) and evidenced need is insidious. It is an aspect of a widely discernable trend to 'define away' real needs whether in housing or other areas of social policy.

Another point made by the LTF is that the London Housing Strategy delivery targets do not factor in the replacement homes that will be needed for those to be demolished and replaced. Of the 13,570 new social-rented homes delivered in 2008-10, 3,657

(27%) were replacements for demolished homes. Clearly unless this need is factored in the delivery targets are once again misleading in relation to the real needs.

While many households in social rented homes aspire to become owner-occupiers in London this course has become prohibitively expensive for many; this applies also to the HomeBuy and shared ownership schemes. Sales of former council houses and flats have tailed off sharply since the mid 2000s and the sale discount available to Londoners has fallen even more steeply. The overall effect of all these factors is that very large numbers of London households are trapped in a private rented sector that is subject to rapidly rising rents and where the security of tenure and the average conditions are worse than in other rented sectors.

## **Numbers of households on Waiting Lists – excluding transfers**

Waiting lists are not an exact measure of housing need as many include households who have managed to house themselves and exclude a probably larger number who have not applied to be on a list as they can see no prospect of getting housed that way. Nevertheless the general trends in the figures are highly significant.

In England the number of households on Waiting Lists rose from 1,022,000 in 1997 to 1,752,000 in 2010 (8.1% of all households) – an increase of 71%. In London the rise was from 181,000 to 362,000 (11.2% of all households) – an exact doubling of the 1997 number in thirteen years and over 20% of the national need as expressed by this indicator. This increase was particularly marked, for Inner London, in Haringey (+340%), Newham (+320%), Southwark (+292%), Tower Hamlets (+287%), Westminster (+247%), Wandsworth (+222%) and Lambeth (+210%). Some of the Outer London boroughs such as Barking and Dagenham, Barnet, Bromley, Kingston upon Thames and Redbridge had even steeper percentage rises but in general the absolute figures were lower in outer London. Nevertheless this is a serious situation and may well reflect the movement of more vulnerable households from inner London to the outer suburbs when faced by the rapidly rising housing costs in the inner boroughs, many of which are subject to gentrification and the commercial redevelopment of areas that were previously devoted to lower cost housing. If so this often has adverse effects on social networks and disrupts children's education.

## **Street Homelessness in London**

The charity Broadway maintains a database and produces annual and quarterly reports on the number of people sleeping on the streets in London. In their 2011 Annual Report almost 4,000 people were known to be sleeping rough or had been during the year - an increase of 8% since 2010. About half of these were from the UK and the rest from a wide variety of other countries, notably from Poland. The incidence of rough sleepers is most marked in Westminster with 683 people on the streets (Broadway 2011). It is the Mayor of London's policy to end rough sleeping by 2012 but there is currently little sign that this target will be reached.

Street homelessness is a devastating issue for those concerned and the health outcomes are known to be highly adverse. But in terms of numbers the problem is a small one and the tendency to equate 'the housing problem' with rough sleeping can work to mask the larger reality that literally millions of households, including a high proportion in London, lack a warm, safe, decent, affordable and non-overcrowded home. This latter group, not yet accurately measured, should be seen as the true measure of housing policy malfunction. Even if the Mayor's target is achieved the housing crisis remains.

## **Affordability - rents**

There is a growing literature to show that housing unaffordability is in itself a health risk. A recent study in Australia (Bentley et al. 2011) analysed the responses of over 10,000 people aged 24-65 who participated in the Household Income and Labour Dynamics in Australia study from 2001-2007. For individuals living in the bottom 40% of the household income spectrum the move from affordable to unaffordable housing was associated with poorer mental health as measured by the Short Form 36 Mental Component Summary. High housing costs were affecting the capacity to purchase food, meet travel costs, pay utility bills and meet health costs. This confirms the findings of a number of earlier studies listed by the researchers.

Median weekly rents in London vary enormously by borough. Taking a 3-room home as a standard the rents vary from £950 in Kensington and Chelsea and £725 in Westminster down to £219 in both Bexley and Havering. Even more significant the lower quartile rent (homes that might be accessed by the poorest quarter of households) varies from a prohibitive £700 and £595 in the two most expensive boroughs down to £231 in the 'least expensive' inner London borough – Lewisham. Even in this borough rent must take a very high proportion of income and/or the reliance on housing benefit must be extremely costly to the Exchequer. Median rents in the outer boroughs are, in general, rather lower and vary from £354 in Richmond upon Thames down to the £219 figure quoted above. Effectively this means that there is no part of London that can be regarded as 'cheap' to live in.

The most recent *Focus on London* (GLA 2009) shows the rise in median weekly rent by property size between 2002 and 2008. All sizes of property were on a strongly upward curve. The median rent for 4-bedroom properties had reached £450 per week and that for 3-bedroom homes £350 per week.

A Buy-to-let Index released by LSL Property Services in May 2011 showed that rental rises in London have been '... soaring at the fastest pace in the country...', had increased by 7.9% in the previous year to an average of £988 per month and had reached an all-time high. This gives landlords a total annual return of 5.1%. The conclusion was that with the continuing shortage of mortgage funds for purchasing homes '...for long-term investors not looking to see profits immediately, the buy-to-let sector is an attractive proposition'. Moreover '...healthy demand for the limited supply of rental accommodation is driving up rents...' The document concedes that rental arrears were at a historic high with 11.8% of all UK rents unpaid but this was attributed

partly to renters booking holidays. In the longer term there would need to be vigilance by landlords as 'the changing employment situation' will hamper many tenants in paying their rent.

A recent study for Shelter (Fenton 2010) includes a table of the London local authorities ranked by the proportion of properties remaining affordable in 2016 following the current LHA cuts. In ten boroughs a fifth or less of properties would remain affordable thus effectively excluding the poor from these areas. In only six boroughs would the affordable proportion be 50% or over – unless the movement out of households from more expensive boroughs had bid up the rents in these 'more affordable' boroughs.

It should be noted that a project was undertaken for London Citizens in 2008 to determine the evidenced Z2K Housing Affordability Standard (Recommendation 3). Using the Minimum Income Standard methodology, assuming payment of the London Living Wage and costing all necessary non-housing expenditures from the cheapest possible local provider, the sum left over each week for housing costs taking a two-adult, two-children household living in Stepney was £135 (Ambrose 2008, see Appendix 2). Using the latest GLA data the median rent for a 3-room home in Tower Hamlets is £360. It is evident that in order to access housing very high numbers of households must be heavily reliant on housing benefits or are skimping on other necessary expenditure such as on food, heating and recreation.

The Z2K Housing Affordability Standard was set out publicly at the London Citizens Mayoral Candidates Meeting held in Central Hall, Westminster, London in April 2008 (see <http://www.humanrightstv.com/london-citizens/a-better-housed-london/305>). This was one of the proposals that Boris Johnson undertook publicly at the meeting to accept and work with (see <http://www.humanrightstv.com/london-citizens/a-more-welcoming-london/326&vpage=0>). He has not done so.

## **Affordability – prices**

The Zacchaeus 2000 Trust *Memorandum to the Prime Minister on Unaffordable Housing* (Z2K 2005) set out the reasons for the steep rise in house prices in the period since financial deregulation in the 1980s released a flood of mortgage lending. The rise was especially marked from the late 1990s and led to the crisis of affordability about which the Memorandum warned.

According to the Nationwide regional historical index of house prices, which takes Q1 1973 as 100, house prices have risen faster in London than in any other UK region except Northern Ireland. The index for London had risen to 428.2 at the beginning of 2011. It peaked at 453.7 at the end of 2007, fell to 362.5 in 2009 and now has regained most of the lost ground. In 1973 the average London price was £66,948 and in early 2011 it was £286,658.

The mix-adjusted average price of both new and existing homes in London rose sharply from 2002 to about the last quarter of 2007, when average values of £320-

330,000 were reached. With the sudden onset of the financial crisis and the drying up of mortgage funds, a direct consequence of the lending flood, first new homes then existing homes began a sharp fall in value (Recommendation 11). This has stabilized in the ensuing period and prices in some sub-markets are now rising strongly although this has not yet been seen across the board (GLA 2009).

The impact of the lending boom was most dramatic in London. At or soon after the peaking of prices the median price to earnings ratio for London as a whole reached 8.3. But this figure concealed some wide variations. In fourteen boroughs the ratio was in excess of 10 with Kensington and Chelsea the highest at 24.8. Even in the 'cheapest' borough (Tower Hamlets) the ratio was 7.1. In real terms such ratios largely exclude first time buyers or anyone near the margins of access to owner-occupancy. The result has been increased pressure on all rented sectors.

The financial crisis and the subsequent more cautious behaviour of lenders has added to the problems of first time buyers. By early 2009 much higher deposits were being asked for, up to 25% of the sale price, and the average deposit rose to over 100% of average first time buyer incomes. A total of 9,300 house purchase loans were made to London purchasers in 2009, Q1 (GLA 2009). The median age of the borrower was 35, the median income £50,503, the median proportion of value advance 72% and the median income multiple 3.11. Clearly the vast majority of these loans were to well-off borrowers trading up rather than to first time buyers. The consequence is that very large numbers of potential buyers have been forced to look to the rental sectors for housing.

Given that the evidence-based Z2K Housing Affordability Standard worked out for the Stepney household earning the London Living Wage allowed £135 per week for housing costs (Appendix 2) it is clear that such a household would be totally incapable of servicing a mortgage loan to access owner-occupancy in these market conditions.

## **Benefit claimants**

According to the Department of Work and Pensions data, as at February 2011, there were nearly 820,000 claimants of Housing Benefit in London; 420,000 in inner London and 400,000 in the outer boroughs. This number was far higher than the next highest standard region. It was also much higher than in 2006 when it stood at 688,000 (GLA 2006) and when it was conceded that in at least one borough it did not cover the rent for 75% of those in the private rented sector. In 2011 the highest recipient boroughs were Hackney, Lambeth and Southwark (boroughs where gentrification has been especially prevalent). In outer London Brent, Croydon and Enfield had especially high numbers of HB claimants.

The DWP Information Directorate Work and Pensions Longitudinal Study shows that in August 2007 very high proportions of children in London were living in households claiming benefits. This figure was as high as 45.7% in Tower Hamlets, 43.1% in Islington and was over 30% in eight other boroughs. Thus in about one third of London boroughs getting on for a third of children are living in households claiming

benefits. In contrast only about 10% or less of children in Kingston upon Thames and Richmond upon Thames were in this situation.

The impact on the lives of lower income people resulting from the changes in housing support payments has been discussed in a recent report (Fenton 2011). By applying the Local Housing Allowance maxima to a large number of small neighbourhoods in London Fenton finds that whereas 75% of these areas were affordable to low-income households in 2010, the immediate effect of the introduction of the new maxima was to make only 51% of them affordable in 2011. As the changes work through, and landlords respond to the changes with rent adjustments, only 36% of these areas will be affordable in 2016. Fenton concludes that within five years most inner London boroughs are likely to be almost entirely unaffordable to benefit-reliant households and the areas that do remain affordable, already characterized by multiple deprivation and high unemployment, will house ever increasing numbers of poor and vulnerable households. Whereas in 2010 67% of inner London neighbourhoods were affordable this will fall to 20% in 2016. The corresponding figures for the outer London neighbourhoods were 79% and 44%. The boroughs most seriously affected are likely to be Hammersmith and Fulham, Islington, Kensington and Chelsea and Westminster in all of which less than 10% of neighbourhoods are predicted to be affordable. (Recommendation 2)

Fenton's conclusion is bleak:

*We conclude that the reforms will intensify the spatial concentration of disadvantage in the city and increase the segregation of poor and better-off households within London.*

These predictions, if correct, will redraw the map of multiple deprivation. They imply a large-scale migration of many thousands of poorer households from inner to outer London (and some to elsewhere) and in a sense may be seen as gentrification on a city-wide scale with all its attendant hardship and disruption. The more highly segregated city that will emerge seems to be the antithesis of 'the Big Society'.

A London Councils Briefing Paper (*The impact of housing benefit changes in London* – see also London Councils 2010) has reached similar if less detailed conclusions. It envisages that large areas of central London will become 'no-go' areas to poorer tenants in the private rented sector. It also points out that because of the high rental profile of London, and the disproportionately high percentage of total Housing Benefit it attracts, of the total savings of £55 million the changes will produce in 2011/12 as much as £37.3 million will come from London. This is 68% of the total saving although London accounts for only 16.9% of the sector nationally. The Briefing Paper quotes DWP's own data to show that by October 2013 over 159,000 London households will face a reduction in the LHA they receive and almost 10,000 households will be forced to relocate. It also predicts that many households who opt to stay in their present location, even with reduced LHA, are likely to relocate to somewhere smaller and thus to increase the incidence of overcrowding.

Other serious adverse effects are discussed. A survey of London private sector landlords showed that 60% of landlords would not reduce rents for households with lower LHAs. When the shortfall in rent passed £20 per week the landlord would be looking to evict or not renew the tenancy. The result is that 82,000 households across London will be at risk of losing their homes. In the face of these changes the majority of landlords surveyed would be looking to reduce their portfolios. Finally the out-migration of poorer households would not be only to the outer London suburbs. To meet their legal duties boroughs might be looking to re-locate households in areas such as Luton, Slough or Reading where, in response, rents might rise with increased demand. It is significant that Hastings Borough Council has already discussed the effects that the changes might have on demand for their housing stock by low income families from London when the town already faces severe problems of multiple deprivation.

In an internal paper (Westminster Council 2011) Westminster note that the changes will increase pressure on the Discretionary Housing Payment fund. Assuming that all family households suffering a more than 20% cut in HB will be forced to move from the borough, about 17% of primary school age children might be lost – perhaps as many as 43% in Maida Vale Ward. The resultant disruption will have an effect on attainment thus effectively reducing the cost-effectiveness of educational investment.

In terms of housing it is expected that there will be an increase in homelessness applications and more pressure on temporary accommodation – maybe an additional 250-300 households in the first 12 months. It is expected that this will reduce over time – largely because there will be fewer poor households left in the borough. Should the new caps apply to those in Temporary Accommodation (as they may after 2013) there will be a need to move most of the 1500 households currently in such accommodation out of the borough to cheaper areas. This will produce further disruption.

Confirmation of these likely trends from a different perspective can be found in a discussion in the online Investors Chronicle for 20 June 2011 by Stephen Wilmot. The commentator envisages that relocation ‘dramas’ resulting from cuts in Housing Benefit will ‘...play out across the country over the coming year.’ It is seen as likely that tenants on HB will be forced to move out of expensive central boroughs but landlords are unlikely to suffer as they will find it easy to replace benefit claimants by better off clients. Alternatively ‘...with central London house prices setting new records every month, landlords can simply sell up.’ This response would of course further reduce the supply of lettable homes in the capital.

More threatening to landlords is the reduction of standard LHA rates from the median local rent to the 30<sup>th</sup> percentile. In areas where claimants form the bulk of the market this reduction could depress rents generally. But equally tenants needing to relocate from expensive central boroughs might serve to bid up rents in cheaper neighbouring boroughs such as Lambeth and Southwark.

The discussion concludes that the overall effects might become more serious if in future LHA is linked to the consumer prices index rather than to rent movements. Such a change might affect landlords adversely.

The effects discussed in the article naturally stress the landlord's perspective. But the impact on poor and vulnerable tenants is likely to be more serious as they seek to access housing within the benefit constraints.

One way to reduce these serious adverse effects, which are likely to increase debts and consequent pressures on the NHS, reduce the cost-effectiveness of educational spending, and hinder the ability of unemployed claimants to seek and retain work, is for landlords to adopt the kind of rent adjustments policies adopted by WECH (Walterton and Elgin Community Homes) in north Paddington – a seriously deprived area in Westminster borough that is at most risk of suffering the segregating and disruptive effects described above.

In order to enable families in receipt of benefit to continue to be able to afford their rent after the introduction of the universal benefit cap, WECH is investigating the feasibility of reducing the rents for such families to a level that could be accommodated within the £500 overall per week cap for Universal Credit (leaving enough for other living expenses), and recouping the consequent loss of income by increasing rents for single or childless households in receipt of benefit to levels that could be accommodated within the £350 overall per week cap available to them. WECH would, of course, rather not take a step which would distort its rent structure, create perverse incentives for its tenants and which would not be available to all landlords in Westminster, unless constrained to do so in the interest of its tenants by what it regards as misguided regulation. WECH would like to see an urgent review of the universal benefit cap policy.

### **The impact of the introduction of the Universal Credit (UC)**

It appears from a very recent analysis (CESI 2011) that the introduction of the Universal Credit from 2013 will do little or nothing to alleviate the problems of low income London households. Headline findings include that lone parent and couple families will be worse off compared with the present system and that this will be especially damaging for London households as they already have less disposable income after housing costs and childcare costs than households elsewhere in the country. For example the spending power of a lone parent with two children working six hours a week will be £8,434 in London compared to £9,482 nationally. The same effect applies to households with other work patterns. Similarly lone parents moving into full-time employment will lose more in London than will be the case nationally.

Since all household types in London will have lower gains from moving into work than households elsewhere in the country they will have less incentive to move into work or to increase their hours of work. Households earning the London Living Wage (LLW), a minority, will fare better than those on the National Minimum Wage (NMW) but lone parents with two or more children will need to earn more than the LLW to be better off in work than their counterparts elsewhere in the country. The two main reasons for the

relatively smaller disposable incomes of London households under UC are the high housing and childcare costs in the capital. These average about £20 per week more in London than in England as a whole, depending on the age of the child, and it is not yet clear how this will impact under the Universal Credit system.

In all respects it appears that the introduction of the Universal Credit system will impact disproportionately more severely on London households compared to those in the rest of the country.

The Minister for Employment told the Welfare Reform Bill committee that the building block of the Universal Credit will be the standard amount of £67.50 a week at 2010 prices; it will not cover the rent arrears created by the housing benefit caps and the LHA changes which will be included in the UC with an amount for children and an amount for special circumstances such as disability; those two amounts will have to pay the rent arrears.

## **States of repair**

More than 6,000 council homes have been left unoccupied in London, figures from the 33 local authorities have shown. Nearly a third were empty because they needed repairs and more than 2,300 have been without tenants for more than a year. Julian Fulbrook, a councillor in Labour-run Camden, said the north London borough alone had 500 empty properties. The details were obtained by BBC One's The Politics Show London through Freedom of Information requests.

Furthermore new statistics reveal that half of Lambeth Council's stock is substandard. This means that an estimated 13,000 council homes do not meet the Decent Homes Standard – that is they are not sufficiently warm and weatherproof and in a decent state of repair.

The GLA commissioned the Building Research Establishment (BRE) to scope a successor to the Government's existing Decent Homes criteria for public sector landlords (Camp 2009). Following consultation with key London-based housing organisations and a tenant focus group, a review of other relevant work on setting higher environmental housing standards and consideration of the costs and benefits of potential elements of a successor standard, six core areas were identified:

- energy efficiency
- carbon emissions
- summer overheating
- water use
- dwelling security
- state of repair and serviceability of lifts.

In most of these respects London has a particular problem. The SAP ratings tend to be lower than elsewhere, carbon emissions higher, summer overheating more of a problem because of the 'heat island' effect, water use less efficient because fewer homes are metered, security standards generally lower and vulnerability to lift problems exacerbated because of the prevalence of high-rise blocks.

The report points out that the Decent Homes standard was devised very much with two-storey houses with cavity walls in mind. Inner London contains a minority of such homes and this means that about 60% of socially rented homes are 'hard to treat'. The report sets out the full findings of this research.

## **Overcrowding**

The fullest source of data about overcrowding, the 2001 Census, is now well out of date. Nevertheless an analysis of this data published recently (MacInnes and Kenway 2009) highlights the extent of the problem in London. The proportion of households living in overcrowded conditions was 25% or over in the nine most crowded boroughs – all in Inner London. This was in striking contrast to the incidence of overcrowding in the other standard regions where it was around 5% or less of households. Of the fifteen most overcrowded wards in England, thirteen were in London.

Subsequently a report from Shelter (Reynolds et al. 2004) showed how severely London was suffering from overcrowding. Whereas in England as a whole only 2.4% of households were lacking one room or more on the bedroom standard the proportion in London was 5.9%. The relative incidence was similar on the 'more than one person per habitable room' measure. London was found to account for 37% of all overcrowded households in the country. The report drew attention, as have subsequent reports (for example Fenton et al. 2008, Boff 2011), to the confusion surrounding the definition of overcrowding with at least three different measures being applied. The effect of definitional confusion is indicated in the work in Wandsworth cited below.

Data released by Shelter in July 2009, calculated from the Survey of English Housing, showed that more than one million children in England now live in overcrowded homes, an increase of 54,000 over the previous two years. This represents about one in ten of all under 15 year olds. The problem is especially acute in London where more than 331,000 children, one fifth of all children, live in cramped conditions. The incidence of overcrowding is worst in the social rented sector where more than a third of children live in overcrowded or seriously overcrowded homes. London has 44% of the national total of overcrowded households in this sector.

A report from the Department of Communities and Local Government (DCLG 2007) showed that while severe overcrowding had remained fairly constant in England as a whole over the period 1995/6 to 2005/6 it had more than doubled in London. A recent report from the City of Westminster (City of Westminster 2011) shows how this impacts on one central borough. Whereas fewer than 800 applicants for transfer were overcrowded in 2003 the number had increased to 1,200 in 2010.

A more recent review (Wilson 2010) has drawn attention to the definitional issues and the continuing growth of overcrowding. London is again shown to be worse than any other standard region in this respect. DCLG live tables for 2008/09 showed that 224,000 households in London are overcrowded, 7.2%, while only 3% in England as a whole are. For social and private renters in London the situation is even bleaker, with

13.5% and 10.1% of households overcrowded respectively, compared to 6.7% and 5.7% nationally (*ibid* 2010).

A study in Wandsworth of households with children at primary school in the borough showed some of the adverse effects of this situation on educational achievement (Ambrose and Farrell 2009). Of 125 households surveyed (which included 528 people) 70% were found to be overcrowded by the standard then being applied by Wandsworth. During the course of the project the borough adopted the standard recommended to all local authorities by Government. By this new standard only 18% of the same sample were found to be overcrowded. This shows the extent to which applying a new definition can be used to reduce the apparent incidence of a problem. It also highlights the need for the introduction of a definition, written into statute, which updates the only current statutory definition that dates from 1935. This need has also been highlighted by Boff (2011) who reviews the many definitions in operation.

The same report reproduced data from the ODPM published in the early 2000s that showed the incidence of severe overcrowding in other south London boroughs. In social housing the overcrowded percentages were calculated as 11% in Southwark, 8% in Lambeth and 7% in Croydon.

As part of the Wandsworth project parents were asked how the cramped conditions affected their children's capacity to do school work. About 60% reported that their children were affected in the following ways:

- General lack of space
- No table space to work on
- Noise affecting work
- Household tensions affecting work
- Lack of sleep affecting work
- No sleepover for friends possible

In interviews both parents and teachers reported that competition for space at home sometimes transferred into anti-social behaviour in the classroom and even on the streets.

Another report on overcrowding in London (Boff 2011) has drawn attention to the research that shows overcrowding to be associated with poorer educational progress, delayed cognitive development, increased infection, more accidents and much greater risk of both meningitis and tuberculosis.

The serious and worsening incidence of overcrowding, and the lack of any proper statutory definition by means of which cases can be tested in the courts (Recommendation 3), is clearly having adverse effects both on children's health and behaviour and on their ability to make the best use of opportunities at school. All these outcomes reduce the cost-effectiveness of public investment in non-housing programmes.

## Adverse health outcomes

The growing literature on the relationship between housing conditions and affordability and health outcomes has been referred to in the main Statement. This literature serves to corroborate the point made repeatedly in the Marmot Review that housing conditions are a key factor in determining health status (see Howe 2010 for a review of references to housing in Marmot).

In particular the research referred to in Recommendation 5 in the Statement, and its rationale in Appendix 1, is beginning to show the huge ‘exported’ revenue costs of housing policy failures on health, education and policing budgets. An early demonstration of this effect formed part of the findings of the Stepney SRB ‘Health Gain’ project carried out in 1995-2001 (Ambrose 2002). It was found that the base year annual costs generated per household on some health and police budgets were five to seven times higher in the poor housing in pre-regeneration Stepney than in a comparator area of improved housing in Paddington (Barrow and Bachan 2001). This early evidence supports the concept of ‘Total Place Thinking’ to be discussed more fully in Section 3 of the main Statement since the implication of these findings is that more housing investment would lead to a reduction of pressures on many other budgets.

The rise in the weekly costs of a healthy diet has outstripped the capacity of benefit payments to buy the necessary foods in addition to other necessities; this and benefit caps create debts. The Royal College of Psychiatrists has reported that 50% of people in debt have mental health problems and 25% of people with a diagnosed mental health condition are in debt. Mental illness cost the economy £105 billion in 2010.

Table 1 shows the ‘best’ boroughs and the ‘worst’ boroughs, plus London and England comparators, for a number of key health indicators.

**Table 1 – Key health indicators in worst and best boroughs**

	<b>Infant deaths per 1000 live births</b>	<b>Life expectancy at birth - males</b>	<b>Cancer deaths per 100,000 population</b>	<b>Suicides per 100,000 population</b>
<b>Worst London borough</b>	Enfield 6.7	Greenwich 74.9	Barking and Dagenham 137	Camden 13.2
<b>Best London borough</b>	Richmond upon Thames 2.6	Kensington and Chelsea 83.7	Westminster 90	Richmond Upon Thames 4.6
<b>London</b>	4.8	77.9	112	7.5
<b>England</b>	4.9	77.7	115	7.9

Source: *Focus on London*, GLA 2009

This shows that London as a whole is very similar to the national comparator but that the inequalities in health outcomes between the poorer and better off boroughs are striking. This inequality is evidenced by a number of socio-economic indicators – for example the percentage of children in families claiming benefits in 2007 varied from a high of 43.1% in Islington to a low of 8.4% in Richmond upon Thames.

The risk of death for males (but not for females) before the age of 65 is markedly higher in Inner London than the national average – 280 deaths per 100,000 population compared to 231 per 100,000. The rate for Outer London is close to the national average (MacInnes and Kenway 2009).

The association between mental health and some aspects of poor housing conditions has been further confirmed by a secondary analysis of data from the Adult Psychiatric Morbidity Survey (APMS) 2007 (Harris et al. 2010). In particular being unable to heat the home to acceptable standards was associated with a number of adverse health outcomes and with greater social isolation due to a reported reluctance to invite others to visit.

## **Under-age pregnancies**

This is one health indicator where some London boroughs show a much worse than average outcome. The rates in Lambeth, Southwark and Lewisham are all among the worse five local authority areas in England and Barking and Dagenham, Haringey, Islington and Hackney all have rates well above the national average (MacInnes and Kenway 2009).

## **Adverse educational outcomes**

The effects of poor housing, and especially of room overcrowding, on educational achievement has been understood for some time (see OPDM 2004 for a review). Similarly the disruptive effect of relocations, which are likely to be much more common following the LHA level changes, have been considered in this country (Association of Local Government 2005) and in Australia (Phibbs and Young 2005).

London's school age population is very different from that elsewhere in the country (MacInnes and Kenway 2009, Chapter 9). For example 23% of those at primary school and 22% of those at secondary school receive free school meals compared to 13% at both stages nationally. Equally 13% of pupils in Inner London change schools annually compared to 5% nationally – an accepted negative factor for optimizing achievement and one no doubt connected to housing conditions in London.

Attainment at age 11 (expressed as the percentage reaching Level 4 at Key Stage 2) has been improving rapidly all over the country and the very large differential between London and the rest evident in 1999 is now partly eroded – but it still stands at 4%. There are also very significant differentials by borough with ten Inner London boroughs still showing 25% or more not reaching the standard compared to only about 15% in the richest boroughs.

The story at secondary level, judged by the proportion of 16 year olds not getting five GCSEs, is more encouraging. In 1998 Inner London was by far the worst achieving area of the country but by 2007 the proportion not reaching the standard had fallen from 17% to 10%. The differentials between boroughs still remain striking with the worst four boroughs showing 13% or over and the best three 6% or under.

## **Housing need and the rate of supply**

It is obvious from the data presented so far on non-affordability, benefit dependence, overcrowding and adverse health and educational outcomes that London needs a much increased supply of housing, especially rented housing at genuinely affordable rents (Recommendations 1, 7 and 9).

It is expected that London's population will rise from 7.6 million in 2008 to around 8.9 million in 2031 (GLA 2010). The number of households will grow faster still as average household size is tending to get smaller. Of the additional 750,000 to 850,000 households expected almost three quarters will be single person households. In relation to 'affordable' homes the previous 50% 'affordable' target has effectively been abandoned and the new 2008-11 target is to deliver at least 13,200 such homes per year or 50,000 by 2012. There is a heavy emphasis on greener homes and better design.

In evidence submitted to the Communities and Local Government Select Committee in 2006 (GLA 2006) the GLA quoted the Greater London Housing Requirements Study's conclusions that the requirement was for 35,400 net new homes for London, 20,800 (nearly 60%) of them to be social rented homes. This total target was reduced to 30,650 in view of financial constraints with a reduced 50% social component, nearly one third of it 'intermediate'. The evidence also contained data to show that the level of net additional homes from 1987 to 2004/5 was averaging about 20,000 per year – well short of either target. It is significant that towards the end of this period planning approvals began to run well ahead of completions which seems to indicate that it is market conditions rather than any other factor that is limiting supply.

Total net housing supply in 2007/8 was 28,199, only 92% of the lowered target (GLA 2009). In fifteen of the boroughs the target was not met. Subsequently returns from the boroughs to the National House-building Council show that completions have declined to 18,310 in 2010/11, with only 490 local authority and 5,960 RSL completions. This total of new social rented housing is only about one quarter of the estimates of need made in the early 2000s.

Of the target number of 'affordable' homes to be delivered between 2008 and 2012 (50,310 – see Appendix 2 of GLA 2010) fewer than 30,000 are to be for social renting (an average of 7/8,000 per year as opposed to the earlier 20,800 target). Nearly 21,000 are to be intermediate housing using some combination of renting and buying. Experience has shown in the past that this option is often more expensive than it seems at first sight and it may not be 'affordable' to lower income households. The more pressing need appears to be for genuinely affordable social rented housing.

The point has recently been made (Boff 2011) that there is an especial need for larger social rented homes with four to six bedrooms. Adding a six-bedroom house to the stock could work to house 36 people as the effect is to move people 'up the chain' from overcrowded smaller properties to vacated larger ones. By contrast adding a smaller home solves the problem for only two or three people. Yet both targets and grant regimes operate in terms of housing units added, not bedrooms or people housed. It would be more cost-effective to change the grant regime so that grant related to people housed rather than units built.

It should be noted that at the end of 2010 a total of 80,220 homes were empty in London (Empty Homes Agency) – almost 11% of the national total of empty homes. Greater efforts should be made to bring as many of these as practicable back into use.

In the face of these needs assessments it is deeply worrying that of all the homes built between 2007 and 2010 in London, 65% were for open market rent or sale, 16% for intermediate rent or sale and only 19% for social renting (Donnelly 2011).

It is evident that the supply crisis for housing accessible to lower income households in London is serious and immediate and unless it is addressed vigorously at once the adverse outcomes detailed in this Supplement can only get worse.

### 3 – Ways forward

The Pro-housing Alliance *Recommendations for the Reform of UK Housing Policy* launched in early September 2011 sets out a number of reforms which, if implemented, would over time solve the longstanding housing problems both nationally and in London. Underlying many of the recommendations is the notion that investment in housing is a cost-effective ‘upstream’ intervention that can work to reduce the call on other expensive areas of public provision.

This notion is related to the kind of holistic approach inherent in Total Place Thinking, which has been piloted in a number of areas. The central idea is that the multiplicity of public and private funding streams flowing into an area do not always work cost-effectively together and sometimes work against each other. TP thinking envisages that, based on residents’ preferences and priorities, funding streams could be combined so as to address cross-sectoral problems more efficiently and to deliver better services at the same or lower cost.

In the Durham pilot it was found that housing-related expenditure was spread across thirteen major public funding streams and a series of minor ones and in addition there was over £200 million of householder investment in housing improvement (see <http://www.localleadership.gov.uk/totalplace/pilot/durham/>).

Because funding streams have been delivered in an opportunistic rather than a coordinated way, as a result of bidding for various national schemes, they found that by combining funding they could better target areas of need that were particularly acute in their area, reduce inefficiencies and stop duplication of services.

They also found that embedding transport and education investment in housing and regeneration budgets produced better outcomes. Because public funds accounted for only 8% of total housing investment in Durham, this was best used when applied directly to infrastructure investments.

In addition they were able to improve and increase home energy efficiency, home adaptations (to allow people to live in their homes longer), rationalisation of social housing providers (by equalising cost and services and therefore improving choice) and access to employment and training for residents. They recommend that landlords paid by housing benefit are incentivised or compelled to improve properties. Currently much of the market is characterised by absentee landlords renting poor quality stock to vulnerable tenants.

Many of these ideas fit very well beside the reforms advocated in the Pro-housing Alliance *Recommendations for the Reform of UK Housing Policy*.

# Appendix 1 - Examples to illustrate various aspects of the PHA Housing Crisis in London Report

This Appendix is designed to show the human experiences behind the data presented earlier in this Supplement.

## 1 - Health-threatening conditions

### Interviews with three young mothers living in overcrowded and unsuitable accommodation in south London

Full interviews available at:

<http://www.humanrightstv.com/uk-housing-policy/no-place-like-home/no-place-like-home>

#### Living with rodent infestation

*I'm living in temporary accommodation which is over-run with rodents, that's mice and rats, I come down every morning and I see a dead mouse or a live mouse on the sticky paper...with part of its body coming off the paper full of blood...I have five children aged from 17 to 4 and none of them like the mice, they are all scared of the mice, we can hear the mice scratching in the night time...*

#### 'How does it affect your children living here?'

*Really bad because they are in a room with condensation at the window, black mould on the walls, they cough a lot because they are asthmatic. But my room is totally worse than theirs, the window sills are black, the damp is constantly coming in...*

#### 'If you were going to speak to the Council now and tell them what needs to be done?'

*Well they need to build more properties don't they?*

*All I want is a bedroom each, preferably on the ground as I have back problems as well and I've just been diagnosed with rheumatoid arthritis so I'm finding the stairs difficult....'*

## 2 - Overcrowding, health and behaviour

### A local authority tenant:

*I live in a two-bedroom flat with two boys. We've been living in bad conditions since 2001 – mould, damp, water penetration.*

*My oldest son has behaviour problems and ADD (attention deficit disorder). Both sons have asthma. We live on the fourth floor with no lift. The two boys share a room together but when the older boy has bad behavior problems*

*he fights with my younger son. They sent people round to decorate the flat but that doesn't solve the problem, it just covers it up.*

*I got a paediatrician, psychologist and the school to support my application for a move but the council say there are no medical grounds.*

*My main problem is my kids keep getting frustrated because of these conditions and it's having a very bad effect on my older son's behaviour. He's taking it out on other people. I am at my wit's end because nothing is being done. I have been living like this since 2001 now. I feel like I am having a breakdown. I feel the council isn't helping me. Water penetration is bad, fungus and mould, all living in one room and all they have done is decorate it. I keep crying my eyes out. I try to make my home my home but I can't because it doesn't feel like a home.*

*The kids are my life and I feel I am letting them down, living in these conditions, but what can I do? I feel that my kids are going to be taken away from me because of this. (the older son is 9 and the younger is 4).*

### **From a report on a home visit to an overcrowded household in a local authority flat south London:**

K and YM have five sons aged 14,13,12, 6 and 3. They live on the third floor in a flat much too small for them. K sleeps during the day because of his night shift work. This means that one room is occupied by day and this is the parent's bedroom that contains their double bed pressed up against a bunk bed where the youngest two boys sleep. This means the little ones can't play in their bedroom by day and the parents have no privacy by night.

The teenage boys share a bedroom that contains a bunk bed and a single. The older boys scowl and are practically mute. The room is a domain of irritation and anger as the younger boys bounce on their bed whilst they attempt to do their homework. There are no desks anywhere in the house except the kitchen table.

Inevitably in the living/dining/TV room there is one of the boys playing at the play station so that is also not a suitable study space either. The boys were particularly frustrated that their parents insisted on using the balcony for plants instead of for bike storage. Y claimed that she would be happy to buy a bike but there was nowhere safe in the court to leave it at night.

## **3 - Overcrowding and education**

### **Situation of a tenant of a private landlord in south London**

He is sharing a one-bedroom flat with his wife and four children: three boys aged 12, 9 and 18 months, and a girl aged 7. For this he pays £240 a week.

His main complaint is the overcrowding that is causing psychological problems. The children have no space to play, to eat properly or to do their homework – and they can't bring their friends home.

He says:

*My oldest boy, who is 12, has to leave home at six in the morning to go to school to do his homework, even in the winter. They open the school*

*especially for him and other children who have to live like this. But we are afraid for him, going out to school so early in the morning and in the dark, especially at winter. We have tried to get council accommodation but we have been told we have not got enough points. We keep phoning up but we cannot get through. We are very frustrated at the whole system.*

Mrs B (a council tenant in south London) introduced the problems facing many of the parents of children at ----- Primary School She said:

*The school teaches the children to have table manners – because in their homes, many of them have no tables – they have no space for them, they are so overcrowded, often several people, children and adults crowded sleeping in one bedroom, or sleeping in a room that is also the only living room. In the 21st century, in a civilised country, this is incredible.*

### **The effects of home overcrowding in the classroom**

**Report on an interview with SW, a teacher at a primary school in south London. She has worked for nineteen years at the school teaching mostly Year 2 and Reception classes.**

From her experience she is clear that home overcrowding can have severe adverse effects on children's learning and behaviour. Where too many children of widely disparate ages share a bedroom, which in her experience is not uncommon, the effects on younger children are very apparent. The younger ones are kept awake until far too late for them by the activities of older siblings. As a result many of them are 'tired all the time' and 'nodding off after lunch'.

The problem is frequently exacerbated by the all-pervasive noise from television either from the nearby living room in crowded flats or sometimes in the bedroom itself. In one case there are seven children aged from 20 down to 6 in a three-bedroom flat and this makes it impossible for the younger ones to have adequate sleep. In another case quoted a ten year old girl is obliged to share a bedroom with a seventeen year old brother and this is quite unsuitable for both of them.

### **Behavioural changes among children**

Apart from the sleep issue, the teacher referred to pronounced changes in attitudes and behaviour over the periods she had worked at the school. There is a marked growth in unsociable and aggressive attitudes among the children. They have become less willing to play games with each other and have become more solitary in outlook. It has reached the point where social skills sessions are required. There are no doubt complex reasons for this, not all connected with housing conditions, but in the teacher's view the need to compete for space at home generates attitudes that are unhelpful in the classroom setting (several parents visited made the same point). The need to spend time and energy dealing with these social issues detracts from the capability of teachers to carry out their main task – facilitating learning.

## **4 - The inadequacy of housing benefit payments**

Mr A was an unaccompanied asylum-seeking child who was placed in social housing by a north London council. As he was under 25 he was living on an income of just over £51 a week.

Although Mr A was receiving full housing benefit, this did not cover his service charge for heating and water. Not only did Mr A have to find £19 a week out of his benefits, he also had to find a further £8 a week to cover the electricity in his flat. He was paying more than 50% of his income for the standard utilities that many take for granted. Unable to pay, Mr A quickly developed rent arrears and lost his tenancy as a result.

*----- Homes have failed to give us any reasonable calculation or explanation as to how they have reached the figure for the communal heating, despite our repeated requests .We have also pointed out to them that this tenancy is unaffordable for someone on Mr A's income because of the cost of the service charge. They refuse to accept this despite being shown calculations which show that the most basic outgoings exceed the income that remains after payment of the utility charges.*

## **5 - Housing costs and debt - interview with a single father client of Z2K**

Full interview available at

[http://www.youtube.com/watch?v=1dZPYuqQNe0&feature=player\\_embedded#at=42](http://www.youtube.com/watch?v=1dZPYuqQNe0&feature=player_embedded#at=42)

*Myself and my partner split up and I became the sole carer of three boys... it was very difficult to get to work for the hours that were required on the building site with the appropriate child care, so unfortunately that began the life of relying on benefits... you could plan in advance for certain things but not for everything and if something was needed like one of the children lost a school jumper that was an unexpected finance that I wouldn't have at that time... this has resulted in me being thousands of pounds in debt to the council in unpaid rent and council tax now which I thought was being paid by the benefit and now I am told they want it all back.*

*It's the mental issues that affected me most to the point I had a breakdown and became very suicidal and I do believe that if it wasn't for my children and help from Z2K...I probably wouldn't be here now...at the time I had my breakdown I was in full-time employment but that doesn't stop the debt...it hinders it because now you're working they chase you that much harder...I'm constantly getting bailiffs knocking on the door whether it's doorstep lenders or whether it's for owing money to the water board...I've never been on holiday with my children, never, it's a luxury that was never affordable...even a weekend down at the coast...my children have all grown up and I can never show them a photograph of us all down at the beach...I smile politely but I'm not smiling inside and I haven't smiled inside since my childhood. That's a direct result of debt.*

## 6 - Housing Benefit problems and possible effects

### Case from an interview with Rev. Paul Nicolson of Z2K

Full interview available at

<http://www.humanrightstv.com/uk-housing-policy/no-place-like-home/No-Place-Like-Home-02-Whats-gone-wrong>

*On both sides of the fence, applicants and administrators, honest mistakes are made by good people, but the consequences for the applicants are simply horrendous...there's a case reported by the Local Government Ombudsman where the Job Centre made the mistake of cancelling the benefit of a single adult living alone in ----- and that had the immediate knock-on effect of cancelling Housing Benefit and Council Tax Benefit. They started enforcing the resulting Council Tax arrears of £235.10 with all the available threats:*

*"If a liability order is granted the council will be able to take one or more of the following actions: Instruct bailiffs to take your goods to settle your debt - this can include your car. You will be liable to pay the bailiffs' costs which could substantially increase the debt. Instruct your employer to deduct payments from your salary or wages. Deduct money straight from your jobseekers allowance or income support. Make you bankrupt. Make a charging order against your home. Have you committed to prison,,,*

*...and he hanged himself...*

From Friends in Need Z2K Justice for Vulnerable Debtors Justice - YouTube

### From an interview with a Z2K client

Full interview available at

[http://www.youtube.com/watch?v=1dZPYuqQNe0&feature=player\\_embedded#at=42](http://www.youtube.com/watch?v=1dZPYuqQNe0&feature=player_embedded#at=42)

*I was working for a derivatives company...and I'd only been with them five months when the credit crunch happened...and I was diagnosed with fibromyalgia...and I'd been soldiering on, keep going, keep going, keep going, but because of my health I was unable to keep going in that way and I had to go to the benefits office. It was during the battles, and I can only describe them as battles because that's what it felt like between the various government departments that in desperation I couldn't cope on my own anymore trying to fight my corner...I was physically drained, absolutely fatigued and exhausted with the whole nonsense of trying to get everything sorted out – it was making me sicker...to be honest I can see why people give up...I was on the brink of not knowing what to do next...*

## 7 - Retaliatory evictions after complaint to landlord

NM is a refugee with 3 children. When she first came to this country she was placed in temporary accommodation by a central London Borough and was moved 8 times in 10 years so that her children kept having to change schools.

Eventually she was placed in a flat with broken central heating, serious damp problems and other elements of disrepair including dangerous electrics. The rent was very high but she did not want to refuse the property because she was told by the Housing Department that if she did she would be taken off the list for a council flat. She was working and fell into arrears with the rent because her son, who was very troubled, was given a place at a state funded boarding school but she had to pay fares and other expenses in order to keep him there. She asked the Housing Department for help to move to a cheaper property that would enable her to pay off the arrears but they would not help because she was in arrears.

The landlord was pursuing eviction for the arrears when MN lost her job and so became entitled to full housing benefit for the whole rent. The landlord gave up trying to evict and was happy with this situation for two years. Eventually NM could not tolerate the conditions in the flat any long and reported them to the Environmental Health Officer who inspected and ordered certain works to be done. The landlord responded by issuing possession proceedings rather than doing any of the work required. NM was evicted and the LA refused to rehouse her on the basis that there were historic rent arrears so this must have been the ostensible reason for the eviction even though it was, in fact, clearly the landlord's response to being required to deal with the disrepair.

Z is a student at South Thames College. She pays £200 a week for a two-bedroom flat where she lives with her two-year-old son. The property is in a very bad state. Her son has problems breathing. When she complained to the landlord she was given notice to quit while he affected repairs – she has four days to find new accommodation.

She said:

*The house is in a bad state. My neighbours have to come through my flat to get to the flat upstairs. It's very damp and it shakes and everything tilts. The landlord said this is because there used to be a river here! Mushrooms are growing out of the walls and the paper is falling down. The plaster is just like powder. My son has problems with his breathing. I complained and he told me he needs to spray the place with fungicide and he asked me to move out while he does the repairs. I have to move by the 11th of this month (in four days time). I am just scared for my son. I don't know how it affects his health.*

The series of Channel 4 TV programmes 'Landlords from Hell' made by Jon Snow (<http://www.channel4.com/news/landlords-from-hell-revisited>) identifies many other London examples of retaliatory evictions and bullying in the private rented sector.

## 8 - Frustrations for those on Waiting Lists

*I am living in Battersea, in a second floor, 1-bedroom flat, which I share with my 8-year-old daughter. I have been on the housing waiting list for a 2-bedroom flat for 8 years. I have only 50 points and I am not considered for a move. I was told if I have health problems I might be moved.*

*With my daughter in the same bedroom we have problems with sleep. There's no room for a table, nowhere to do homework or even eat properly. She's very young and she needs more space. I feel that because I am housed, nothing is going on, I am not considered a priority.*

*I feel like a second class citizen. The council is not helping me at all and I feel really frustrated. You used to get extra points for the time you were waiting but you don't get this anymore. Last year I asked where I was on the waiting list and they said there are 85 people in front of me. Now, a year later, there are 125 people in front of me. I am going nowhere. I am going backwards. I pay £97 a week in rent.*

### **A council tenant interviewed in a project on overcrowding:**

*We are one bedroom short of our entitlement according to their rules but we were told we should not have had the third child.*

## 9. Housing insecurity, adverse health and other outcomes

A paper on the relationship between housing insecurity and the health of very young children in seven US urban centres (Cutts et al. 2011) found significant associations between the two. The project interviewed over 22,000 low-income households with children younger than three years. The relationship between housing insecurity and food insecurity, child health status, developmental risk and weight was explored. Indicators for housing insecurity were crowding and multiple moves (two moves or more within the previous year). Housing insecurity affected 46% of the study sample.

The headline conclusions were striking:

Housing insecurity is associated with poor health, lower weight, and developmental risk among young children. Policies that decrease housing insecurity can promote the health of young children and should be a priority.

Similar relationships were found in the study of housing insecurity in Brisbane and Sydney (Phibbs and Young, 2005). The increase in security on moving into public rented homes compared to previous experience in the private rented sector was found to be associated with improved achievement and behaviour by children.

It is inevitable that the changes in housing benefit entitlement will add to housing insecurity in London and elsewhere in the UK for the foreseeable future and that this will lead to serious and costly consequences.

## 10 - How good housing management can help

In a recent study of satisfaction levels among residents living in Walterton and Elgin Community Homes (WECH) properties (Ambrose and Stone 2010) the question was asked:

**If it [the management style] has a positive effect, can you give examples of the best things about WECH?** (there were a number of variants of some responses)

*They make us happier (14 responses)*

*I can phone and they will send someone to help (10 responses)*

*Fantastic / very good repairs service (10 responses)*

*Sense of security (9 responses)*

*If you have a complaint / problem you can always express it and they will listen to you (8 responses)*

*Independence / freedom (4 responses)*

*Properties are maintained and staff are nice (4 responses)*

*Nice low / reasonable rent (4 responses)*

*Nice homes, warm / supportive people (4 responses)*

*They are genuinely concerned and care about us (3 responses)*

*It feels like a family (3 responses)*

*Having a beautiful house changes the children's lives.*

*One of the best - they helped to repair my family*

*They are not intrusive but help when needed*

*I feel part of something positive*

*I feel lucky to be with them.*

*They give help with forms*

*The staff are fantastic – they don't just work for WECH, they are WECH*

*When you ring, they know you by name, as a person*

*It's nice to know you can ask for something and it doesn't sound like begging*

*My housing officer is an absolute gem*

*It has allowed me to get in contact with different types of neighbours ... people I would not have met otherwise. It is a multicultural community which*

*is a nice feeling. The mixture of different age groups is very important for wellbeing*

*Without WECH we would be on the street*

*It makes me feel good. WECH's work influences my aspirations in participating more, even if because of my job I can't*

*If more places were like WECH there would be more happiness*

*They get people out of their homes which is good because they may be bored or lonely*

*Before, I couldn't sleep. It led to a heart attack. The difference between WECH and ----- Council is as Heaven and Hell – no exaggeration. Before it was like you were trapped*

# Appendix 2 - Establishing the Meaning of 'Affordable Housing'

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July 2008

The phrase 'affordable housing' is used constantly in Government-speak. All official documents about housing needs use these words and politicians seek to win votes on the degree to which they manage to get 'affordable' elements into private sector housing developments by means of planning agreements (s.106 agreements). The term is therefore central to the housing debate. But what does it mean? While it is loosely understood to mean any housing that is made available at 80% or less of full market value *it remains undefined in any socially meaningful way* – and many households have found that 'affordable housing' is not remotely affordable for them.

## The Z2K Definition of 'Affordable'

In the Zacchaeus 2000 Trust *Memorandum to the Prime Minister on Unaffordable Housing* (May 2005 – see [www.z2k.org](http://www.z2k.org)) a clear definition of 'affordable' was set out as follows:

*'Affordable housing' means that once the cost of rent or mortgage (including any maintenance and service charges) and local and national taxes have been met from the income of a household, be it an individual, a family or pensioners, there remains sufficient income to sustain safe and healthy living, to support children's needs at school and to enable provision for the future and participation in the community. 'Unaffordable housing' means that the remaining income is not sufficient to ensure these outcomes.*

When this definition was offered to the Chair of the Government Enquiry into the Affordability and Supply of Housing early in 2006 she responded that the difference between this and the official definition was simply a matter of semantics.

## Calculating a monetary value for 'affordable'

The Z2K definition remained uncalibrated until it was realised early in 2008 that the Minimum Income Standards (MIS) methodology developed by the Family Budget Unit at York University could be adapted to yield a monetary value for truly affordable housing. The methodology takes a number of 'standard' households (two adults plus two children, a man living alone, etc.), assumes normal working hours (fulltime = 37.5 hours per week), assumes a behaviour and spending pattern (originally built up with extensive use of focus groups) and a health-protective pattern of energy and water consumption, places locally determined costs on this behaviour pattern (for housing, food, energy, water, childcare, transport, etc. using the cheapest possible local suppliers) and arrives at a wage rate that will produce a net weekly income sufficient to meet this 'Low Cost but Acceptable' living standard. The MIS methodology is well accepted as a measure of adequacy (except by Government) and has been used to

determine a required hourly rate of pay in a number of areas including York, Swansea, Brighton and Hove and east London. The London Living Wage (LLW - very recently increased to £7.45 an hour) was itself based on applying the methodology to the area.

The adaptation of the MIS methodology simply changes the givens. It assumes payment of the 2007/8 London Living Wage of £7.20 per hour (and alternatively the National Minimum Wage of £5.52 a hour), applies Income Tax, National Insurance and any benefits to the gross income to determine the net income, feeds in the lowest available local costs for the non-housing items of expenditure, subtracts these from the net income and the residual is the figure that is *really* affordable for housing according to the Z2K definition. We have termed this the Z2K HAS (Housing Affordability Standard). The results are about to be revised following publication of the re-worked MIS methodology by a group working for the Joseph Rowntree Foundation at Loughborough University and the Family Budget Unit. But they are unlikely to be seriously different.

So far, working with a team at London Citizens ([www.londoncitizens.org.uk](http://www.londoncitizens.org.uk)), we have calculated the HAS for three household types (2 adults + 2 children, 1 adult + 2 children and a man living alone). For all three we have worked out the non-housing costs applicable in an area of east London. We have worked out the figures *before* receipt of any Housing Benefit or Council Tax Benefit that might be payable since on many grounds it is not desirable that households should be dependent on this socially damaging and cost-ineffective form of housing support.

## The results

The weekly HAS figures are:

### London Citizens and Z2K Housing Affordability Standard (East London)

2 + 2 household on LLW (net income £469 weekly)	£135
2 + 2 household on NMW (net income £420 weekly)	86
1 + 2 household on LLW (net income £307 weekly)	34
1 + 2 household on NMW (net income £284 weekly)	11
Lone man on LLW (net income £249 weekly)	145
Lone man on NMW (net income £184 weekly)	80

On these figures, to be appropriately housed, the 2 + 2 household depend totally on 'social housing' provision – and on receiving the London Living Wage. On the LLW they can just afford a local authority or RSL letting (i.e. 'social housing') but cannot possibly access a privately rented house or Low Cost Home Ownership property. The single parent household cannot access *any* form of housing without heavy dependence on benefits and consequent exposure to the 'poverty trap'. The lone man,

in reality not normally able to access an LA or RSL flat, will find almost all his income at both wage rates will need to be applied to housing costs (xls spreadsheets and diagrams are available to show this).

## **Z2K Affordability publicly accepted by the Mayor of London...**

At the well-attended Mayoral Accountability Assembly organised by London Citizens and held in the Methodist Central Hall Westminster on 9 April 2008 five housing proposals were put to the four main Mayoral candidates, including this one about the HAS. All four candidates (including Boris Johnson who has since become Mayor) agreed publicly to adopt the principle of arriving at an affordable housing figure using this methodology and agreed also to calculate and publish an HAS figure annually. They can be seen doing this at [www.humanrightstv.org](http://www.humanrightstv.org) (see London Citizens channel – ‘A Better Housed London’) and photographs of the event are available at [http://chrisjepson.com/recent/2008-04-09-lc\\_assembly/](http://chrisjepson.com/recent/2008-04-09-lc_assembly/).

### **...and written into law**

Finally an Amendment was added at the House of Lords Committee stage to the Housing and Regeneration Bill 2008. This Amendment requires that authorities must “...undertake research in relation to levels of income and the affordability of housing...” This Amendment coupled with a Ministerial statement should ensure that ‘affordability’ needs to be looked at in precise terms in individual cases that may come before the Courts.

### **...and forming a ‘target’ for a housing provider**

A housing provider in east London (TEAM Limited – [www.teamlimited.co.uk](http://www.teamlimited.co.uk)) is exploring ways to provide appropriate and sustainable housing at or near the HAS level.

### **So we have...**

1. Established an evidence-based and, to an extent, legally enforceable meaning for the phrase ‘affordable housing’ and
2. Prompted innovative moves in the construction industry to provide housing at or near this ‘target’ figure.

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