

# The Affordable Housing Con

London Tenants Federation

*The Mayor recognises the pressing need for more homes in London in order to promote opportunity and provide a real choice for all Londoners in ways that meet their needs at a price they can afford.*

## **London Plan 2011**

This report, produced and published by the London Tenants Federation aims to expose the many layers of what London Tenants Federation members call the 'Affordable Housing Con' and the sleight of hand used by politicians and policy-makers in promising to deliver homes that Londoners can genuinely afford. It considers the reasons for and the results of the 'con'.



## FORWARD

*“When I use a word,’ Humpty Dumpty said in rather a scornful tone, ‘it means just what I choose it to mean — neither more nor less.’*

*‘The question is,’ said Alice, ‘whether you can make words mean so many different things.’*

*‘The question is,’ said Humpty Dumpty, ‘which is to be master — that’s all.’”*

**Lewis Carroll, *Through the Looking Glass***

Social scientists take considerable care in defining their concepts in order to make them more precise. By contrast, the term ‘affordable housing’ is used in such a wide variety of ways by those people in positions of power in relation to housing provision, such as politicians, property developers and planners, that it means just what they want it to mean – just like Humpty Dumpty. Hope for any kind of terminological precision will recede even further as the Coalition Government’s notion of an ‘Affordable Rent’ product becomes established. Common sense usage of the word ‘affordable’ links it to people’s capacity to pay for a particular good or service, a notion that is largely absent from the usage of ‘affordable housing’ in policy circles. The London Tenants Federation’s report *The Affordable Housing Con* provides a welcome guide through the manifold ways that the much-abused term ‘affordable housing’ hides more than it reveals. The report is essential reading for all those who want to grasp what the failures of current housing policy in London are, and also what *genuinely* affordable housing might mean for the hundreds of thousands of ill-housed Londoners for whom affordable housing, or rather lack of, means something all too real.

**Dr. Paul Watt**

**Senior Lecturer in Urban Studies**

**Department of Geography, Environment and Development Studies**

**Birkbeck, University of London**

## SUMMARY OF KEY POINTS

- **The Government's definition of affordable housing refers to specific types of homes, rather than housing that is actually affordable.** In fact the Government's formal definition, contained (at present) in its Planning Policy Statement 3, specifically says that 'affordable homes' and 'affordability' are not the same thing. PPS3 defines social-rented, intermediate and affordable rent homes as 'affordable housing'.
- **Much of the housing defined by Government as affordable, isn't affordable for households that have below median income level in London.** The 'equivalised' (taking into account the requirements of different household sizes) median income level is £31,379 for inner London and £30,507 for outer London.

Research carried out by Shelter when producing its publication on intermediate housing – 'The Forgotten Households', found that the average household income of those accessing part-rent part-buy homes in London is over £33,000 and for those accessing shared equity products (where part of the cost of a home is funded by a shared equity loan repayable on the sale of the property) is over £40,000.

Even when it comes to social-rented housing, it is generally accepted that around two-thirds of tenants are unable to meet the cost of their rent without claiming housing benefit. In London, social rents are equivalent to 37% of the average social tenants' household income compared with 31% outside London.

The new affordable rent tenure at between 60% and 80% market rents in London will require household incomes of £33,375 - £44,500 without claiming housing benefit. The introduction of universal credit caps, in 2013, is likely to result in much of this type of housing being inaccessible even to London households that are able to claim benefits.

- **Although housing targets are set, seemingly, to meet evidenced existing and future need depending on what households can afford, social-rented targets are set at far lower levels than evidence shows are required, while targets for intermediate and market homes are set at higher levels than evidence shows are required.**

In 2004 the Greater London Authority's commissioned study of need found that 35,350 new homes needed to be built in London each year to meet existing and new need over a period of 10 years. 59% of those homes (20,790) needed to be social-rented, 7% (2,475) intermediate and 34% (12,019) market homes. From 2007, the London Plan set an annual target of 30,500 new and additional homes comprising a significantly lower 35% (10,675) social-rented target, but higher 15% (4,575) intermediate and 50% (15,250) market homes targets.

By 2008 a new GLA study of need provided evidence of an increased level of need for social-rented homes, requiring that 24,500 such homes be built each year to

address existing and future need over a 10 year period. The London Plan 2011 sets a target equivalent to only 7,927 social-rented homes a year.

- **Even inadequate targets for social-rented homes have not been met, while higher than required targets for market and intermediate homes been more than met.** Only 47% of the London Plan target for social-rented homes was met in 2007-10. In six London boroughs less than 20% of the target was met. Delivery was poorest in the East and North London planning sub-regions, where only 13% and 16% of the already inadequate social-rented housing target was met.
- **Evidence of need for social-rented homes in London is consistently unmet.** From 2007-10 only 15,083 social-rented homes were delivered – meeting only 21% of the evidenced need identified in the GLA 2008 study. 14,806 intermediate homes were delivered, for which there was little or no evidence of need and 50,272 market homes were delivered, some 165% of the assessed need.
- **The London Mayor’s office collects two sets of data relating to delivery of social-rented homes. One takes into account how many new homes are replacements for others taken out of supply, while the other relates simply to the number of new social-rented homes delivered in any one year. The Mayor’s office uses the latter in dealing with the media.** In 2008-10 the number of social-rented homes delivered (using the second set of data) was 13,570, but 3750 (27%) of these were replacement homes.
- **Both the current and previous London Mayors have defined their vision for London as being to gain or retain ‘world city’ status via growth, particularly of high-end finance, business, education and research.** Their individual versions of the London Plan have set out policies that in spatial terms have facilitated the handing over of prime land in fashionable central and inner London to an international elite, to construct homes and create jobs to meet their needs. At the same time both Mayors have suggested that on the back of or as a by-product of doing this there will be trickle-down benefit to address London’s increasing levels of deprivation and polarisation of its communities.

Given that consistently there has been a lack of evidence demonstrating that deprivation and polarisation of communities in London are reducing, it would seem that both Ken Livingstone and Boris Johnson have operated on the basis of appearing to address this issue while knowingly not doing so, with the ‘affordable housing con’ being a key component of this.

- **Ken Livingstone’s well-known and much publicised 50% affordable housing target certainly sounded good, but from the start he was aware that the target was not being met, that more intermediate homes were being produced than evidence required and that the need for social-rented homes was increasing.**

Overall in London percentages of affordable homes (combined totals of social-rented and intermediate) rose a little post 2006 supported particularly from 2008-10 with additional public funding, but through higher delivery of intermediate homes (for which there was little or no evidence of need).

- **The strategy applied in terms of ‘affordable housing’ seems to have been to meet the needs of what is deemed the ‘squeezed middle (class)’ at the expense of working class households that have income levels below the median.** However, given that evidence showed from the start that intermediate housing was pretty much unaffordable even those for whom it was apparently designed, the strategy was unsustainable in this form.

In response, it seems Mayor Boris Johnson has increased accessibility to intermediate housing for households with incomes in the top 15%, for homes with three bedrooms or more. Some housing associations have openly moved to targeting households for its intermediate housing, who previously would have probably bought market homes.

- **Failure to deliver social-rented homes and over-production of market homes has necessarily resulted in higher levels and use of private-rented homes, with rents covered by housing benefit.** The introduction of the Government’s Local Housing Allowance caps effectively prevents this occurring in high property value central and inner London. It would seem that there is an expectation that households who can’t afford the rents, will simply move out.
- **The con around ‘affordable housing’ has risen to a new level with the introduction by the Coalition Government of ‘affordable rent’ homes.** Once universal credits are introduced in 2013, it is likely that many households currently qualify for social-rented housing in central and inner London will be unable to meet the cost of affordable (60-80% market) rents (even with access to benefits). It is also likely that some existing social-rents in central and inner London will also be unaffordable to households dependent on benefits.
- The result will necessarily be higher levels of over-crowding in both the social- and private-rented sector and higher levels of below median income working class households being forced out.
- **LTF suggests that in addition there are likely to be changes in the way that housing need is assessed and in the way that delivery of affordable homes is monitored by the Mayor’s office, making it more difficult to produce the detailed analysis of delivery of homes compared with evidenced need (according to what households can afford) that LTF has carried out for this report.**

## SECTION 1 MOST OF IT ISN'T ACTUALLY AFFORDABLE

A common approach taken in many countries in defining affordable housing is to set a level of housing affordability that does not exceed a certain percentage of a household's gross income. In this country, however, various types of housing constructed with some support from the public purse are deemed to be affordable, whether actually affordable or not.

**The government's definition of affordable housing** (Appendix 1) is set out in its Planning Policy Statement 3 (PPS3)<sup>1</sup> and includes: social-rented homes (council and housing association), affordable rent (up to 80% market rent) and intermediate homes (a range of products including part-rent part-buy), all of which are provided for eligible households whose needs are not met by the market.

This definition contains a disclaimer relating to this first element of the 'con' that explains that 'affordable housing' is different from 'affordability'. 'Affordability', it says, is a measure of whether housing may be afforded by certain groups of households, while 'affordable housing' refers to particular products outside the main housing market.

PPS3 and other current planning policy statements and guidance notes are due to be replaced by a single National Planning Policy Framework that may or may not retain the affordable housing definition. Public consultation on the framework was carried out between July and October 2011.

**London's current definition of affordable housing** (Appendix 1) is contained in the 2011 London Plan<sup>2</sup>, London's spatial development strategy. The definition includes social-rented and intermediate housing. It does not yet include affordable rent homes. The Mayor's office is soon to produce an interim supplementary planning guidance on 'how this product can be used to implement the policies of the Plan' until it is formally incorporated into the Plan through an early formal alteration.

Intermediate homes The London Plan 2011 sets out a London-specific range of household incomes that might access intermediate homes – between £18,100 and £61,400m for homes with up to two-bedrooms and up to £74,000 for homes with more than two-bedrooms.

However, few households that have incomes below the median London level are able to afford intermediate housing. Research carried out by Shelter when producing its publication on intermediate housing – 'The Forgotten Households'<sup>3</sup> – found that the

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<sup>1</sup> Planning Policy Statement 3: <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

<sup>2</sup> London Plan 2011: <http://www.london.gov.uk/sites/default/files/The%20London%20Plan%202011.pdf>

<sup>3</sup> 'The Forgotten Households. Is intermediate housing meeting affordable housing needs?' - Shelter: [http://england.shelter.org.uk/\\_data/assets/pdf\\_file/0003/279651/The\\_forgotten\\_households\\_policy\\_discussion\\_paper.pdf](http://england.shelter.org.uk/_data/assets/pdf_file/0003/279651/The_forgotten_households_policy_discussion_paper.pdf) and *Guardian* article referring to Shelter's analysis on intermediate products in London. <http://www.guardian.co.uk/politics/davehillblog/2010/jul/12/shelter-low-cost-home-ownership-schemes-london>

average household income of those accessing part-rent part-buy homes in London is over £33,000 and for those accessing shared equity products (where part of the cost of a home is funded by a shared equity loan repayable on the sale of the property) is over £40,000.

Most recent analysis of household income levels in London produced by the Greater London Authority shows that the 'equivalised' (taking into account the requirements of different household sizes) median income level is £31,379 for inner London and £30,507 for outer London.<sup>4</sup>

While this type of 'affordable housing' is then generally inaccessible to the bottom 50% of London's population by income, the London Mayor, Boris Johnson has made it accessible to households with incomes up to £74,000 (for properties of more than two bedrooms), that is, to those with household incomes in London's top 15%.

Affordable (up to 80% market) rent homes will not be affordable for the bottom half of London households by income, without access to housing benefit. With the introduction of 'universal credit' caps in 2013 (based on a percentage of national rather than London-wide average pay levels) it is also likely that this type of housing will be unaffordable to many London households with incomes in the bottom 50%, particularly in central and inner London. Analysis carried out by House Mark<sup>5</sup> found that the average household income required in London to meet the cost of the Government's new affordable rents (at 80% market rent and no access to housing benefit) is £44,500. In London the range of affordable rents is likely to be from 60- 80% of market rents, requiring an average household income in the range £33,375 - £44,500). Affordable rent housing is then principally aimed at the same households targeted for intermediate homes. Presumably in instances where housing benefit does cover the cost of the rent, the bill will be higher than for social-rented homes.

Social-rented homes Even when it comes to social-rented housing, it is generally accepted that around two-thirds of tenants are unable to meet the cost of their rent without claiming housing benefit (John Hills, 2007).<sup>6</sup>

The London School of Economics report of June 2011<sup>7</sup> commissioned by the G15 (London's 15 largest housing associations) states that those entering the social sector in

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<sup>4</sup> GLA Intelligence Update DMAG Social Exclusion Team December 2010 -

<http://www.london.gov.uk/sites/default/files/dmag/Update%2030-2010%20PayCheck%202010.pdf>

<sup>5</sup> Hometrack analysis has determined average national and regional household incomes needed to meet the cost of the Government's 'affordable rent tenancies' (at 80% market rents) – reported in inside housing 18.02.11

<http://www.insidehousing.co.uk/news/housing-management/tenants-need-%C2%A323k-salary/6513707.article>

<sup>6</sup> 'Ends and means: the future role of social housing', John Hills (2007)

[http://eprints.lse.ac.uk/5568/1/Ends\\_and\\_Means\\_The\\_future\\_roles\\_of\\_social\\_housing\\_in\\_England\\_1.pdf](http://eprints.lse.ac.uk/5568/1/Ends_and_Means_The_future_roles_of_social_housing_in_England_1.pdf); 'Housing poverty, from social breakdown to social mobility', Centre for social justice (2008)

<http://www.centreforsocialjustice.org.uk/client/downloads/CSJHousingPovertyExecSummaryWEBVERSION.pdf>

<sup>7</sup> London School of Economics (June 2011) The case for investing in London's Affordable Housing -

[http://www2.lse.ac.uk/newsAndMedia/news/archives/2011/06/affordable\\_housing.aspx](http://www2.lse.ac.uk/newsAndMedia/news/archives/2011/06/affordable_housing.aspx)

London already face far higher affordability problems than tenants in the rest of the country. While the National Housing Federation (1999) says that the conventional guideline for affordability of social-rented homes has been agreed as 25% of net income including benefits<sup>8</sup>, no formal Government definition refers to this percentage. In fact across the country social-housing tenants are paying on average 31% of net income including benefits, in rent, rising to 37% in London. 62% of new London social tenants also have residual incomes below 120% of the Income Support Standard, which suggests that lower income households in London are now poorer than households in other parts of the country on the criteria of rent income ratio and residual income (the income left after paying housing costs to buy other necessities).

The incomes of social-housing tenants have generally fallen as a result of de-industrialisation and the loss of well-paid blue collar jobs. For example, the number of manufacturing jobs fell in the capital from over one million in 1971 to 224,000 by 2007. At the beginning of the 1980s the average household income of council tenants was 73% of the national average, but this fell to 48% at the beginning of the 1990s.<sup>9</sup> By 1995 over 50% of social-rented households had no breadwinner<sup>10</sup>. Right to Buy creamed off many 'better off' council tenants. As the number of social-rented homes has fallen they have increasingly been allocated on the basis of greatest need. In total, the percentage of all homes that are council dwellings fell from almost 30% in England in 1979 to less than 8% in 2010. The combined percentage of council and housing association homes in 2010 was just under 18% and in London 24% (Department of Communities and Local Government data<sup>11</sup>).

**Other definitions of affordable housing** The LTF and others have made attempts to come up with their own definitions of 'affordable housing' in order to address the contradictions of something that is deemed to be 'affordable' but which actually is not.

London Tenants Federation's definition In 2005 LTF members agreed the following statement for use in its responses to government consultations on housing policy:

*Central to housing provision should remain the provision of a stable home base within a community where each of us can demonstrate a long term commitment.*

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<sup>8</sup> Affordability of Housing Association Rents: Rent-to-income Ratio vs. Residual Income, Cambridge Centre for Housing and Planning Research Dataspring <http://www.dataspring.org.uk/Downloads/2009-19%20Residual%20income%20FINAL.pdf>

<sup>9</sup> London Plan 2011 <http://www.london.gov.uk/publication/londonplan>

<sup>10</sup> Swimming against the tide, polarization progress, Power & Turnstall, Joseph Rowntree Foundation 1995

<sup>11</sup> <http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/stockincludingvacants/livetables/>

*To facilitate this, renting should be recognised without stigma as a valid and worthwhile form of tenure. We must have the right to rent.*<sup>12</sup>

*The drive to wholesale ownership provides open season for those who see housing as a source for profit and as mere collateral against which to increase personal debt.*

It later argued that affordable housing can only be defined as such ‘*when a working household is able to meet the cost of its rent without claiming housing benefit.*’

LTF members have struggled to put together a more formal definition. Some of its members have felt it might be appropriate to settle on a specific percentage of the minimum wage, the London Living Wage or the London median household income level. However, none quite fitted all possible income circumstances or the criteria they wanted to retain – that is, meeting the cost of rent without having to claim housing benefits. The London Living Wage assessment<sup>13</sup>, for example, includes a housing cost equivalent to an average London social rent and assumes that households may still need to claim benefits.

In a written statement to the Independent Panel of the Examination in Public (EiP) of the Draft Replacement London Plan in 2010, LTF suggested that the GLA should investigate how many additional working tenants would be able to come off benefits if London social-housing rents were set at no more than 25% of the London Living Wage and what the impact of this would have on housing benefit costs in London. The GLA did not respond to this. At the EiP LTF members argued that the term ‘affordable housing’ should be removed from the London Plan and be replaced by the terms intermediate and social-rented housing where appropriate.

LTF members also looked at the minimum income standard and eventually decided that the most reasonable definition of affordable housing would be that ‘*having paid all housing costs, households would still have enough income left to cover all other reasonable costs equivalent to the minimum income standard (as assessed without housing costs).*’

**Zacchaeus 2000 Trust definition:** Although similar to its definition of affordable housing, this definition was unknown to the LTF until quite recently. It was put together by the academic Peter Ambrose of the University of Brighton in May 2005: *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*

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<sup>12</sup> Leeds Tenants Federation set up a Right to Rent Campaign <http://www.leedstenants.org.uk/page/policy-campaigns/right-rent-campaign-2008-2009> LTF members supported many of Leeds Tenants Federation’s aims and also put together its own right to rent leaflet.

<sup>13</sup> The 2011 revised London Living Wage is £8.30 per hour <http://www.london.gov.uk/sites/default/files/living-wage-2011.pdf>

*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.*

Zacchaeus 2000 Trust offered the definition to the Chair of an OPDM Enquiry into 'Affordability and the Supply of Housing' early in 2006. The Chair responded by saying that the difference between this and the official definition was simply a matter of semantics. This is clearly not the case.

The definition remained uncalibrated until early 2008, when Z2K also felt that the Minimum Income Standard was worth looking at and felt that its methodology could be applied to yield a monetary value for affordable housing. They worked with a team at London Citizens to set out a Housing Affordability Standard. Their assessment (Appendix 1) is based on households accessing social-rented homes and in some instances still requiring access to housing benefit.

## **SECTION 2 AFFORDABLE HOUSING TARGETS DON'T REFLECT EVIDENCED NEED**

The London boroughs and the Mayor are currently required to carry out assessments of need for all types of housing within their electoral boundaries and to set targets for building new homes, apparently related to meeting that need. Within this lies the second layer of the 'affordable housing con' – that despite being required to assess need, need is also required to be balanced with 'deliverability'. It would appear the targets allow politicians to be seen to be doing something about the needs of those who can't afford market housing, while at the same time setting housing targets that hugely understate the actual level of need for social-rented homes.

The traditional way for politicians, housing professionals and tenant activists to look at housing need is via the numbers of households and individuals registered on council housing waiting lists. Yet, because of lack of supply, people are discouraged from registering on housing waiting lists so those lists tend to underestimate need.

More accurate assessments are the housing requirement studies or Strategic Housing Market Assessments commissioned via planning officers. These studies assess the number of newly-forming households and those living in inadequate housing within specific areas, and what type of housing those households can afford.

**The Greater London 2004 Housing Requirement Study**<sup>14</sup> found that to meet London's backlog of need within 10 years, 35,350 homes needed to be built each year, comprising 20,790 social-rented, 2,450 intermediate and 12,110 market homes (59%, 7% and 34% respectively of the total target).

Despite this evidence of need a lower annual total housing target was set in 2007 in a revision of the previous Mayor, Ken Livingstone's London Plan<sup>15</sup>. It was reduced by 4,850 to 30,500, to comprise 10,675 social-rented (35%), 4,575 intermediate (15%) and 15,250 market homes (50%) of the total. The study found an excess of intermediate homes compared to evidenced need. To meet the evidenced need for social-rented homes, including the backlog of need over the next 10 years, the percentage of such homes should have been set at almost double that actually used, at 68%.

**2008 Greater London Strategic Housing Market Assessment (SHMA)**<sup>16</sup> This new assessment showed that an annual housing target of 34,900 homes (of all types) comprising 24,500 (63%) social-rented homes (an increase of 3,410 on the 2004 study) and 14,200 (37%) market homes must be set if the backlog of need was to be met over the next (extended) 10 years. The detail from the 2008 SHMA is set out below.

### **Figure 55**

<sup>14</sup> [http://legacy.london.gov.uk/mayor/housing/docs/housing\\_reqs\\_2004.pdf](http://legacy.london.gov.uk/mayor/housing/docs/housing_reqs_2004.pdf)

<sup>15</sup> <http://www.london.gov.uk/thelondonplan/docs/londonplan08.pdf>

<sup>16</sup> 2008 Greater London Strategic Housing Market Assessment <http://www.london.gov.uk/publication/2008-london-strategic-housing-market-assessment>

**Summary of 10-year Housing Requirements by Housing Type, reverting to 2002-based Housing Benefit in the private rented sector** (Source: ORS Housing Market Model March 2007 based analysis. Note: Figures may not sum due to rounding)

Housing Type	Gross Housing Requirement	Housing Supply	Net housing requirement (10-year total)	Net annual housing requirement	%
<b>10-year requirement</b>					
Market Housing	2,239,300	2,097,400	141,900	14,200	36.6%
Intermediate Housing	541,200	583,200	(38,000)	(3,800)	
Social Rented Housing	810,600	565,200	245,500	24,500	63.4%
<b>Total</b>	<b>3,595,100</b>	<b>3,245,700</b>	<b>349,400</b>	<b>34,900</b>	<b>100.0%</b>

It acknowledged that there had been insufficient delivery of social-rented homes, but suggested that equal to this under-delivery there had been an increase in the number of households living in the private-rented sector covered by housing benefit. This included a large number of homeless families placed in houses leased by councils as a result of there being insufficient social-rented homes.

Shockingly, despite the fact that the study had assessed that these households could only afford social-rented homes, an assumption was made in a later table that these households would remain long term in private-rented housing on housing benefit and removed 66,700 households from the assessed level of need for social-rented homes. This was something that had not been done in the previous 2004 Housing Requirement Study.

The 2011 London Plan published in July 2011 contains an annual target for building ‘at least’ 32,210 additional homes (of all types) in each of the next 10 years (2,690 lower than the target figure suggested in the 2008 SHMA), comprising 7,929 (25%) social-rented, 5,280 (16%) intermediate and 19010 (59%) market homes.

If the backlog of need for social-rented homes were to be addressed over the next 10 years, 76% of the 32,210 homes set in the London Plan would need to be social-rented.

**Impact of Housing Benefit changes on need for social-rented homes** With the introduction of Local Housing Allowance (LHA) caps in 2011, the assumption that housing benefit would continue to meet the housing costs of those in private homes would also seem to be incorrect. London Councils estimates that 82,000 households are at risk of losing their homes as a result of LHA changes<sup>17</sup> and central London boroughs are already moving homeless families to private sector homes in outer London boroughs.

LTF and others raised concerns about this at the formal six month-long EiP of the Draft Replacement London Plan, but the Mayor chose not to acknowledge this in the 2011 London Plan social-rented housing targets. In a letter from the Mayor to LTF member in

<sup>17</sup> <http://www.londoncouncils.gov.uk/news/current/pressdetail.htm?pk=1180>

June 2011, he said that LTF misunderstood the issue; these families would still be able to live in private sector homes in London, but would need to move to cheaper areas.

**London Borough of Newham’s 2010 SHMA<sup>18</sup>** provides some evidence of the impact of LHA caps on the need for social-rented homes. Figure 124 from the SHMA, set out below, provides a five-year net assessment of the need for all types of homes in the borough. SHMA’s figure 131 below makes adjustments to take into account the LHA caps. The requirement for social-rented homes increases by 9,170 – from 6,577 (figure 124) to 15,747 (figure 131). The need for market homes reduces by 2,925 – from 3,018 to 93. The assumption in the first table was clearly that much of the market housing to be delivered in Newham would be private rented.

Figure 124

**5-year Net Housing Requirement by Housing Type and Size** (Source: ORS Housing Market Model, Newham Housing Market Assessment 2010, based on addressing backlog of need over a 10 year period Note: Figures may not sum due to rounding)

Housing Requirement	Market Housing	Intermediate Housing	Social Rented Housing	Total
1 bedroom	517	6521	6660	13,699
2 bedrooms	662	239	(2,333)	1432
3 bedrooms	651	1712	793	3155
4 bedrooms	1,028	1346	257	2632
5+ bedrooms	159	506	1,202	1367
<b>Total</b>	<b>3,018</b>	<b>10,325</b>	<b>6577</b>	<b>19921</b>

Figure 131

**5-year Net Housing Requirement by Housing Type and Size Adjusted for Reduced Housing Benefit Private Rented Supply** (Source: ORS Housing Market Model, Newham Housing Market Assessment 2010. Note: Figures may not sum due to rounding)

Housing Requirement	Market Housing	Intermediate Housing	Social Rented Housing	Total
1 bedroom	415	5352	5568	11,335
2 bedrooms	(715)	(2168)	3361	478
3 bedrooms	(795)	(445)	4847	3607
4 bedrooms	1,028	835	769	2632
5+ bedrooms	159	506	1,202	1867
<b>Total</b>	<b>93</b>	<b>4080</b>	<b>15,747</b>	<b>19921</b>

The Coalition Government expects the majority of new ‘affordable homes’ built over the next four years (2011-15) to be the new affordable (up to 80% market) rent type. We have yet to see how the GLA and boroughs will implement these changes in respect of targets set in the London Plan, but LTF is very concerned that the already very-wide gap between evidenced need for social-rented homes and the targets set in London will continue to increase.

<sup>18</sup> <http://www.newham.gov.uk/NR/rdonlyres/D42E4424-8399-40A0-9828-D90CD895F33A/0/NewhamStrategicHousingMarketAssessment.pdf>

### SECTION 3 EVEN INADEQUATE TARGETS ARE NOT MET

*Fundamentally what I take away from this is it is not just an issue of justice and I have heard some really, really memorable and passionate accounts of why we need better and more housing, in particular I think from David, I would love a paragraph. I just want to see in black and white that story, because I think people in Government should know about your story and they should understand the people's sense of injustice about what is happening in housing at the moment. The only long term solution is to build more social housing and that is what we are determined to do.*

**Boris Johnson, London Mayor** at Mayor's Question Time on Housing, Barking and Dagenham, September 2010

LTF has carried out a detailed analysis of affordable and social-housing delivery in London for a three year period, 2007-10, from the Annual Monitoring Reports of the London Plan (see Appendix 2). The main focus is on delivery of social-rented homes because of the overwhelming evidence of need for this type of affordable housing. The analysis covers a three-year period in an attempt to get a reasonably accurate picture of what is happening at borough and sub-regional level as well as London wide.

In its analysis LTF uses the borough and London-wide housing targets set out in Ken Livingstone's London Plan with 2007 alterations. Table 1 apportions numerical targets for social-rented homes at 35% of the London Plan total housing targets and looks at delivery of social-rented homes numerically and as a percentage of the social-rented target. It also, relevant to section 4 of this paper, looks at the delivery of social-rented homes in relation to evidenced need.

Table 2 apportions delivery of affordable homes in numerical and percentage terms (in relation to targets set in Ken Livingstone's 2004 London Plan with 2007 alterations). It looks at the percentage of the homes delivered over this period that were social-rented, intermediate with an 'affordable total, and also looks in percentage terms at the affordable housing split between social-rented and intermediate homes.

The analysis sets out the sub-regions as defined in the 2011 London Plan and lists London's boroughs within them alphabetically. LTF's three year analysis (2007-10) shows that less than half (47%) of the already inadequate target for social-rented homes was met.

#### **Some key points from the analysis:**

- In only three London boroughs (Hounslow, Islington and Westminster) was the numerical target met. This does not mean that 35% of homes delivered in those boroughs were social-rented, just that the target number was reached. For example, in Islington the numerical target was met, but since it delivered 156% of

its target for all types of homes, only 23% of the homes actually delivered in the borough over the three years were social-rented. Likewise in Hounslow where more than double the target for all types of homes was delivered. Only 19% of them were social-rented.

- In only three boroughs, Brent, Bexley and Westminster, was 35% or more of the homes actually delivered social-rented. Brent and Bexley failed to meet the numerical target, perhaps as a result of not meeting the overall housing target.
- In 14 London boroughs, eight of them from the East London sub-region, less than half of the London Plan's already inadequate social-rented homes target was delivered. In six London boroughs (Barnet, City of London, Wandsworth, Barking and Dagenham, Greenwich and Newham) less than 20% of the London Plan (numerical) target for social-rented homes was met.
- Delivery of the London Plan social-rented homes target was poorest in East and North London (at only 13% and 16%). In part this reflects lower delivery of all types of homes, but it also reflects the fact that in more than half the boroughs in the East-London sub-region higher percentages of intermediate than social-rented homes were delivered. This included four of the six Olympic host boroughs (Barking and Dagenham, Greenwich, Hackney and Newham). The London Plan 2011 talks much of attaining convergence between East and West London. LTF suggests that the reality of this is the encouragement of wealthier households into East London at the expense of households whose incomes fall below the London median levels. Since the lion's share of housing is to be delivered in East London, the poor delivery of social-rented homes there actually impacts London wide.

While social-rented housing targets were not met for the three years 2007-10, the targets for intermediate homes and market homes (already set at higher levels than the evidence showed) were more than met. The target for social-rented homes (at 35% of the total three-year target) was 32,025; 15,083 were delivered. The target for intermediate homes (at 15%) was 13,725; 14,806 were delivered. The target for market homes (at 50%) was 45,750; 50,272 were delivered.

## SECTION 4 THE NEED FOR SOCIAL-RENTED HOMES IS FAR FROM BEING MET

*My policy that 50% of all new housing in London must be affordable is working, with house-building almost doubling*

**Ken Livingston 2008<sup>19</sup>**

As already referred to in Section 3 of this paper, as well as analysing the delivery of social-rented homes compared with targets over the three-year period 2007-10, LTF has also looked at delivery compared with evidence of need. LTF has apportioned a percentage of overall housing targets at the borough, sub-region and London-wide level (Appendix 2, table 2) that is sufficient to meet London's backlog of need over a 10-year period.

LTF has used the most recent analysis of need for social-housing, based on affordability, set out in the 2008 SHMA (table on page 13), that is, a requirement for the annual delivery of 24,500 social-rented homes (assuming that the backlog of need would be met by 2017). It has applied that level of need to the housing targets set for 2007-10 in Ken Livingstone's 2004 London Plan after 2007 alterations. To deliver that number of homes would have required 80% of the total targets to be social-rented ( $24,500/30,500 \times 100 = 80\%$ ).

In previous analyses LTF has set evidence of need for social-rented homes at 68% of the total London Plan 2004 (with 2007 alterations) target – reflecting the GLA's 2004 study of evidence of need, or the GLA's 2008 SHMA including households assumed to remain in private-rented homes at costs way above their means but covered by housing benefit, but deducting the surplus of intermediate homes also identified in the SHMA from the need for social-rented homes. In reality, however, this still underestimates the massive and unspoken need for social-rented homes in the capital. The 80% set out in this publication is more accurate.

From 2007-10 only 15,083 social-rented homes were delivered – meeting only 21% of the evidenced need (using 2008 SHMA evidence of need). 14,806 intermediate homes were delivered, for which there was no evidence of need. 50,272 market homes were delivered, at 165% of evidenced need.

At the EiP of the draft replacement London Plan in 2010, LTF and others argued that, at the very least, a new analysis of housing need was required in London – to take into account of the pressure that LHA caps put on the need for social-rented housing in London. Clearly other policy changes also needed to be factored in, including:

- How much of London's social-rented housing will be unaffordable with the introduction of other housing benefit reforms, notably universal credits.

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<sup>19</sup> Ken Livingston quote from Guardian 2008 article,  
<http://www.guardian.co.uk/commentisfree/2008/apr/18/livingstone.london08>

- The impact of the introduction of affordable rent homes on the need for social-rented homes

At the EiP the Mayor's officers said that they were expecting to carry out a new SHMA towards the end of 2011-12.<sup>20</sup> However, when LTF members wrote to the Mayor in May 2011 asking when this new study was to be commissioned, they were advised that it would not be carried out until 2013, apparently to take into consideration the 2011 census. This would also be conveniently after the 2012 Mayoral elections and / or potential changes in the way need might be assessed.

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<sup>20</sup> Just Space recordings and transcripts of the Examination in Public of the Draft Replacement London Plan - <http://ucljustspace.wordpress.com/eip-recordings/> On the morning of 7<sup>th</sup> October 2010, John Letts of the Mayor's London Plan team said (page 10 of transcript) *On the timing of the SHMA and indeed the timing of the SHLAA revision we will do them as soon as possible. There is of course, as ever a resource implication on this. The Mayor has given a very clear indication that he wants the SHLAA refreshed and be done as soon as possible and there is a great deal of sense in trying to do the SHMA at the same time in parallel with it. But, we also need to be integrated as far as possible with the London Housing Strategy because there is little point in having a review of the spatial plan which is not integrated with the investment plan. So we will try to do the two together and we are certainly internally thinking about a work programme as London Councils indicated, towards 2011 and 2012'.*

## Section 5 LIES, DAMNED LIES AND STATISTICS

*The Mayor is committed to increasing the supply of housing, and in particular affordable housing, to meet London's housing needs. We are currently on course to meet the ambitious targets set out in his London Housing Strategy to deliver 50,000 affordable homes, including 30,000 homes for social rent, in the 4-year period 2008-12, which will be the most affordable homes in any Mayoral term. As such, I do not accept your main charge of 'poor delivery.'*

**Alan Benson, Head of Housing and Homelessness** in letter of response to LTF questions to Boris Johnson (June 2011)

Logically one would assume that when politicians and officials talk about delivery of new homes, particularly when there is a housing shortage, they are referring to new and additional homes and have taken into account how many of these new homes are replacements for others that have been taken out of use or been demolished. However, this is not the case. When housing professionals, for example, from the Government's Department of Communities and Local Government or the London Mayor's office, talk of delivery of new affordable home, they are referring only to new homes constructed and do not take into account how many of these homes may be replacements for others removed from supply, for example, those demolished.

However, planners do take this into account. In London this more-accurate data is set out in the Annual Monitoring Reports of the London Plan, the data that LTF uses in its analyses.

LTF members wrote to the London Mayor in May 2011 (see above) to express concerns about the poor delivery of social-rented homes in London compared with evidenced need, referring specifically to LTF's analysis of data contained in the Annual Monitoring reports of the London Plan. The response from the Mayor's office (in italics above) refers instead to the 2010 London Housing Strategy's<sup>21</sup> targets for social-rented homes and its delivery figures, which do not take into account how many of these homes are actually replacements for others lost from supply.

This means that when the Mayor or his officers state in the media that he is on target to deliver his four-year 30,000 social-rented target (13,750 having been delivered in 2008-10) they are referring to data that does not take into account the fact that 3,657 of these homes were replacements for others lost from supply.

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<sup>21</sup> London Housing Strategy 2010  
[http://www.london.gov.uk/sites/default/files/uploads/Housing\\_Strategy\\_Final\\_Feb10.pdf](http://www.london.gov.uk/sites/default/files/uploads/Housing_Strategy_Final_Feb10.pdf)

The loss of social-rented homes in regeneration or redevelopment schemes can be significant and tends to be justified by claims of the development of 'mixed and balanced communities'. For example, 1,900 homes of the Ferrier Estate in Greenwich are to be demolished and replaced by 4,000 new homes. Only 1,480 of the new homes are to be affordable and only half of the affordable ones are to be social-rented – resulting in a loss of 1,160 social-rented homes.

Ken Livingstone's 2004 London Plan (with 2007 alterations) said that boroughs should resist the loss of affordable homes, but offered no protection for social-rented homes – so social-rented could, and have been, replaced in regeneration schemes by intermediate homes. Boris Johnson's 2011 London Plan says that regeneration plans should '*resist loss of housing including affordable housing in regeneration areas, unless it is replaced by better quality accommodation, providing at least an equivalent floor space*'. Since regeneration schemes generally include, at least in part, demolition of existing homes, particularly council homes, the criteria set for replacement are totally inadequate in preventing any overall loss of affordable (most likely council) homes.

While the 'switch of data' in the response from the Mayor to LTF members' letters did not escape the notice of LTF members, it is something that is unlikely to be spotted by the media or the general public.

## Section 6 THE END GAME – LONDON, A WORLD CITY FOR WHOM?

*My vision, which guides all my strategies, is to develop London as an exemplary, sustainable world city, based on three interwoven themes:*

- *strong, diverse long term economic growth*
- *social inclusivity to give all Londoners the opportunity to share in London's future success*
- *fundamental improvements in London's environment and use of resource.*

**Ken Livingstone** London Plan 2004 (with 2007 alterations incorporated)

*London must retain and build upon its world city status as one of three business centres of global reach. It must be somewhere people and businesses want to locate, with places and spaces to meet their needs. .... We must close the unacceptable gaps in life chances, opportunities and quality of life between Londoners; tackle disadvantage and discrimination and ensure opportunities accessible to all.*

**Boris Johnson** London Plan 2011

In analysing the 'affordable housing con', it is important to consider the motivation of those applying it. The London Plan, London's most influential statutory policy document impacting from the regional to the local level and containing mayoral visions for London for up to 25 years, would appear to encapsulate that motivation. The London Plan sets out policies relating to the development of London's physical/built environment, including what kind of housing, places of employment, transport and social infrastructure is to be protected or developed. It explicitly defines where large areas of development – areas of 'opportunity', 'intensification' and 'regeneration' – will occur. It contains targets for the delivery of new homes aimed apparently at meeting existing and future needs in London (in line with mayoral visions).

**Mayoral visions** Ken Livingstone and Boris Johnson have both defined their vision as being about London gaining or retaining a 'world city' status via growth, particularly of high-end finance, business, education and research. Their individual versions of the London Plan have set out policies that, in spatial terms, have facilitated the pick of land in fashionable central and inner London being handed over to an international elite, to construct homes and create jobs to meet their needs.

At the same time both Mayors have suggested that on the back of, or as a by-product of, doing this, there would be a trickle-down benefit to address London's increasing levels of deprivation and polarisation of communities. Since there is no evidence that this has occurred, (over the last decade the rate of poverty has remained fairly static at 28% after

housing costs and 17% before housing costs)<sup>22</sup> one has to assume that both Mayors have operated on the basis of doing little more than being seen to address this issue, with housing and the ‘affordable housing con’ being an important component of this.

**50% affordable housing** The 50% affordable housing target was first introduced via Ken Livingstone’s 2004 London Plan. With rising numbers of households on housing waiting list, in overcrowded or temporary homes and at the same time huge developments of luxury apartments going up across central and inner London, the prospect of 50% of the new developments being affordable certainly sounded good.

In 2001 Livingstone had commissioned a report, written by Lin Cousins and Kathleen Dunmore of Three Dragons and Professor Michael Oxley from the Centre for Residential Development, Nottingham Trent University<sup>23</sup>, that said that the 50% affordable homes target was achievable in new-build housing in London, but that increased public subsidy was needed for this to be achieved in all boroughs.

The reality, however, is that the 50% has never been achieved and the term affordable housing and the setting of affordable housing targets has masked the high and ever increasing need for social-rented housing – the only type of housing that is actually affordable for the majority of newly-forming households and those already housed, albeit inadequately, in London.

After 2006 the delivery of social-rented homes in London as a percentage of the total homes delivered actually reduced in favour, it seems, of producing more intermediate homes. Between 2003/04 and 2005/06 a total of 68, 067 homes were delivered in London, 22% (14,926) homes social-rented and 10% (6,801) intermediate<sup>24</sup>. Thereafter roughly equal percentages of intermediate and social-rented homes were delivered each year. The detail is set out in the table below. Figures are derived for 2006/07 from London Plan Annual Monitoring Report 4 (February 2008) and for 2007/08-2009/10 from the London Plan Annual Monitoring Report 7 (February 2011).

Year	Total homes delivered	Social rented	Intermediate
2006/07 <sup>25</sup>	31,432	4,770 (15%)	4,439 (14%)
2007/08	28,199	5,170 (18%)	5,066 (18%)
2008/09	28,302	5,288 (19%)	5,377 (19%)
2009/10	23,641	4,625 (20%)	4,368 (18%)

<sup>22</sup> London Poverty Profile 2011, p 33 <http://www.londonpovertyprofile.org.uk/downloads/povertyreport2011-web.pdf>

<sup>23</sup> <http://legacy.london.gov.uk/gla/publications/housing.jsp>

<sup>24</sup> London Plan annual monitoring report 3, February 2007  
[http://www.london.gov.uk/sites/default/files/monitoring\\_report3.pdf](http://www.london.gov.uk/sites/default/files/monitoring_report3.pdf)

<sup>25</sup> London Plan annual monitoring report 4, February 2008  
[http://www.london.gov.uk/sites/default/files/monitoring\\_report4.pdf](http://www.london.gov.uk/sites/default/files/monitoring_report4.pdf)

Additional funding for affordable housing was allocated through the national affordable housing pot for 2008-11. A total of £8.4b was announced, an increase, the government said, of £3 billion compared with the previous three years, of which £6.5 billion was for new affordable housing. London received a 16% increase on previous allocations.<sup>26</sup> In 2010 an additional sum of almost £500 million to build a further 8,000 affordable homes nationally was also announced.

For all the additional funding and apparent moving closer to meeting the 50% affordable housing target, evidence of need for intermediate housing (around half the affordable homes delivered in London since 2006/07) has at best been thin. The 2004 Greater London Housing Requirement Study provided evidence that only 7% of newly-forming households and those inadequately housed in London could afford intermediate homes. The 2008 Strategic Housing Market Assessment found an excess of intermediate homes. At the same time it was also known that, year after year, fewer than a third of the social-rented homes needed was routinely being produced.

In 2008/9 the government had to pump in extra money to convert unsold housing association homeownership homes into rental properties and reduce rents on shared ownership units. According to *Inside Housing*,<sup>27</sup> approximately £183.1 million of the £2.8 billion allocated during the Homes and Communities' first four months went to 14 housing associations for this purpose, with London housing associations being the major winners.

A London beneficial for an international elite has seemingly continued to grow successfully at the expense of a large number of people whose needs, are somewhat overlooked in terms of the bigger 'world city' plan.

**The squeezed middle (class)** Part of the early strategy for disguising just how high the percentage of need for social-rented housing had become in London was clearly to divide those unable to afford market housing and to make special provision for the top half of this growing number.

In May 2004, the *Guardian* newspaper reported that '*under Mr. Livingstone's London Plan, half of all residential developments in the capital would be reserved for homeless families or key workers.*'<sup>28</sup> The focus on key worker housing enabled politicians to be seen to be addressing the needs of a 'squeezed middle' (class) or a 'deserving' working class, depending on where such households saw themselves.

Given that social-housing had been portrayed in the media as being the least desirable of all types of housing and its tenants demonized, the creation of a separate category accessible to households who, possibly outside London, might be able to buy their homes,

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<sup>26</sup> [http://www.londoncouncils.gov.uk/committees/agenda.htm?pk\\_agenda\\_items=2155](http://www.londoncouncils.gov.uk/committees/agenda.htm?pk_agenda_items=2155)

<sup>27</sup> <http://www.insidehousing.co.uk/how-the-hca-spent-%C2%A328bn-in-four-months/6504708.article>

<sup>28</sup> <http://www.guardian.co.uk/society/2004/may/25/governinglondon.keyworkerhousing>

was politically a neat solution. The developers anyway preferred this: social-rented homes within a private development brings the market prices down, a few part-rent part-buy is apparently more acceptable. Some politicians saw it as an 'opportunity' to change the social demographic of their boroughs.

LTF members argued against what was clearly a divisive strategy. However much teachers and nurses also needed homes they could afford in London, was it fair that those financially a bit higher up the pile could more easily access a home constructed with support from the public purse while others had been sitting on waiting lists or in overcrowded homes for years or decades? Nonetheless, intermediate housing, like market housing, continued to be produced at levels above any evidence of need while social-rented homes were produced at less than a quarter of need.

The strategy, however, is limited if the households at whom intermediate housing is aimed cannot afford it. Some housing associations have approached the problem by focusing on those who would, were it not for a recession, be able to buy homes even in London. Genesis, for example, carefully targets what they call the 'smarter set', saying: *Given up on buying your own place? Waiting to see how the economy goes? Think again. Buying your first home in manageable, affordable stages is the smarter way to home ownership.*<sup>29</sup>

At a London School of Economics' debate on the future of social housing in February 2010 Kate Davis, the chief executive of Notting Hill Housing Trust, was very clear that their key aim in delivering intermediate homes (and in looking to facilitate 'institutional' private-renting) was to prevent more of the middle-class slipping down into the 'needing social-housing' category.

The current Mayor, in his 2011 London Plan, increased the upper income level of households able to access this type of housing to £74,000 for three bedrooms or more; that is, to be accessed by households in the top 15% of households by income in London.

**And now....** The result of the affordable housing con, failure to produce sufficient social-rented homes while facilitating over-production (in relation to evidence of need) of market and intermediate housing in London has been:

- a significant rise in private-renting from 18% of total homes in 2004 to 26% in 2010;
- large numbers of homeless families routinely placed by their boroughs in homes leased from the private sector at rents way above their means covered by housing benefit;
- displacement of lower income households to the outskirts or out of London. While news of households forced to move to outer or completely out of London as a

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<sup>29</sup> [http://www.genesishomes.org.uk/uploads/Buyers\\_Guide.pdf](http://www.genesishomes.org.uk/uploads/Buyers_Guide.pdf)

result of the LHA caps has hit media headlines, LTF suggests that displacement has probably been occurring for years;

- increased overcrowding in both the private- and social-rented housing sector A Shelter report in July 2011 highlighted that almost a quarter of London's children (24%) are now living in overcrowded homes, an 18% rise since 2008. In London's social-rented sector 43% of children are now living in overcrowded homes.<sup>30</sup>

The con around affordable housing has moved up to a new level with the introduction of an affordable rent tenure, with rents at between 60% and 80% of market costs in London. The majority of affordable homes to be produced from 2011-15 will be the affordable rent model. It will effectively reduce to an absolute minimum the delivery of homes that comes anywhere near being affordable for households whose incomes are below the London median.

To meet the cost of these rents will require an average household income in London of around £33,375 - £44,500 (unless able to access housing benefit), similar to that required to access intermediate homes. The *Guardian's* Dave Hill reported in October 2011 that in Westminster an 80% market rent would require a tenant to have an annual gross household income of £77,257 for a two-bedroom, £104,000 for a three-bedroom and £230,286 for a four-bedroom home.<sup>31</sup>

With the introduction of universal credits in 2013, with caps set at an annual national £26,000, many will be faced with the choice of keeping a roof over their heads or food in their children's mouths or of simply moving out of London. It is likely that there will also be a rise in the number of households remaining in or deciding to live in overcrowded homes (in both the social and private rented sector) in order to meet the cost of rent. There is a high probability that some existing social tenants, particularly those living in larger, family-sized homes in inner and central London, will also not be able to meet all their costs including rent.

LTF suggests that, in addition, there may well be changes in the way that housing need and the type of housing it is deemed households can afford is assessed. It feels it is also likely that the detailed information currently produced by the GLA, which has facilitated the kind of analysis the LTF has carried out here, will be less readily available.

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<sup>30</sup> [http://england.shelter.org.uk/news/july\\_2011/1\\_in\\_4\\_london\\_children\\_overcrowded](http://england.shelter.org.uk/news/july_2011/1_in_4_london_children_overcrowded)

<sup>31</sup> <http://www.guardian.co.uk/society/davehillblog/2011/oct/14/shelter-report-private-renting-costs-in-london>

## APPENDIX 1 DEFINITIONS OF AFFORDABLE HOUSING

### The government's PPS3 definition<sup>32</sup>

**Affordable housing** Affordable housing includes social-rented, affordable-rented and intermediate housing, provided to eligible households whose needs are not met by the market. Affordable housing should:

- meet the needs of eligible households, including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices;
- include provision for the home to remain at an affordable price for future eligible households; or
- if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

**Social-rented housing** is rented housing owned and managed by local authorities and registered social landlords for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency as a condition of grant.

**Affordable-rented housing** is housing let by registered providers of social housing to households who are eligible for social-rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent.

**Intermediate affordable housing** is housing at prices and rents above those of social rent but below market price or rents and that meet the criteria set out above. This can include shared equity products (e.g. HomeBuy) and other low cost homes for sale and intermediate rent but not affordable-rented housing.

The definition does not exclude homes provided by private sector bodies or provided without grant funding. Where such homes meet the definition above, for planning purposes they may be considered as affordable housing, whereas those homes that do not meet the definition (for example, 'low cost market' housing) for planning purposes may not be considered as affordable housing.

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<sup>32</sup> The latest version of PPS3 was published in June 2011 and is a revision of an earlier version, changed to include its new 'affordable rented housing'.

## London Plan 2011 definition<sup>33</sup>

### Policy 3.10 Definition of affordable housing

#### **Strategic and LDF preparation**

A. Affordable housing includes social-rented and intermediate housing (see para. 3.61), provided for specified eligible households whose needs are not met by the market and should:

- a. meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices
- b. include provisions for the home to remain at an affordable price for future eligible households, or
- c. if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

3.61 The definition of affordable housing set out above applies national guidance to the circumstances of the capital and should be used for planning purposes in London. Within this overarching definition:

**Social-rented housing** should meet the criteria outlined in Policy 3.10 and be rented housing owned and managed by local authorities or registered social landlords, for which guideline target rents are determined through the national rent regime or be provided by other bodies under equivalent rental arrangements to the above, agreed with them as a condition of public sector investment grant, and for which guideline target rents are determined through the national rent regime.

**Intermediate housing** should meet the criteria outlined in Policy 3.10 and be available at prices and rents above those of social rent, but below local market prices or rents. New intermediate homes should be affordable to households whose annual income is in the range £18,100– £61,400. For homes with more than two bedrooms, which are particularly suitable for families, the upper end of this range will be extended to £74,000. These figures will be updated annually in the London Plan Annual Monitoring Report.

**Market housing** is defined separately as private housing for rent or sale where the price is set in the open market.

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<sup>33</sup> The 2011 London Plan definition of affordable housing does not include ‘affordable rented housing’, but says that ‘as an interim measure the Mayor intends to provide guidance in the Housing SPG on how this new product can be used to implement the policies of this Plan (including Policy 3.11). He also intends to bring forward an early alteration to the Plan’s policies on affordable housing to incorporate the new product and address the implications of the new policy direction.’

### **London Tenants Federation definition of affordable housing**

Housing is affordable if, having paid all housing costs, a household will still have sufficient to meet all other necessary and reasonable costs. LTF supports the approach taken in defining the Minimum Income Standard, since the standard includes items considered necessary and reasonable by groups of individuals. LTF does not feel, though, that it is reasonable that where benefits are required to meet the cost of rent this may be deemed 'affordable'.

In terms of housing and planning policies LTF feels that the generic term 'affordable housing' and overall 'affordable housing targets' (covering numerous different types of products) should be removed, since this fudges the considerable difference between these products.

### **Zacchaeus 2000 Trust definition**

The methodology takes a number of 'standard' households (two adults plus two children, a man living alone, etc.), assumes normal working hours, a behaviour pattern (originally built up with extensive use of focus groups) and a 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 methodology is well accepted (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 (then £7.20 an hour) was itself based on applying the methodology to the area.

The adaptation of the MIS (management information system) methodology simply changes the givens. It assumes payment of the London Living Wage (and alternatively the National Minimum Wage, then £5.52 a hour), applies Income Tax, National Insurance and any benefits to the gross income to determine the net income, costs locally the non-housing items of expenditure, subtracts these from the net income and the residual is the figure that *really is* affordable for housing according to the Z2K definition. We have termed this the Z2K HAS (Housing Affordability Standard). The results needed to be revised slightly in July 2008 when the results of the re-working of the MIS methodology were published by the group working on this for the Joseph Rowntree Foundation at Loughborough University and the Family Budget Unit. This made very little difference to the general picture.

In 2008, working with a team at London Citizens, we calculated the HAS for three household types (2 adults + 2 children, 1 adult + 2 children and a man living alone). For all three we worked out the non-housing costs applicable in an area of east London. We 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 weekly HAS figures for 2008 were:

**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 the 2 + 2 household depend on 'social housing' provision – and on receiving the London Living Wage. On the LLW they could just afford a local authority or RSL letting but could not possibly access a privately rented house or so-called 'Low Cost Home Ownership' property. The single parent household could not 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 a council or RSL flat, would find almost all his income at both wage rates would need to be applied to housing costs.

## APPENDIX 2 – TABLE 1

London borough	(A) London Plan total housing target 2007-10	(B) Total number and % of target delivered	(C) London Plan social- rented target @35% of (A)	(D) Social housing delivered	(E) % of London Plan social- rented target delivered	(F) Evidenced social- rented housing need	(G) % of evidenced need delivered
Barnet	6165	2864 (46%)	2158	377	17%	4932	8%
Enfield	1185	1545 (130%)	415	392	95%	948	41%
Haringey	2040	1819 (89%)	714	396	55%	1632	24%
<b>North London Total</b>	<b>9390</b>	<b>6228 (66%)</b>	<b>3287</b>	<b>1165</b>	<b>35%</b>	<b>7512</b>	<b>16%</b>
Brent	3360	2530 (75%)	1176	917	78%	2688	34%
Ealing	2745	2725 (99%)	961	512	53%	2196	23%
Hammersmith & Fulham	1350	1838 (136%)	473	385	81%	1080	36%
Harrow	1200	1669 (139%)	420	246	59%	960	26%
Hillingdon	1095	1802 (164%)	383	334	87%	876	38%
*Hounslow	1335	2846 (213%)	467	548	117%	1068	51%
<b>West London Total</b>	<b>11085</b>	<b>13410 (121%)</b>	<b>3880</b>	<b>2942</b>	<b>76%</b>	<b>8868</b>	<b>33%</b>
Camden	1785	1684 (94%)	625	323	52%	1428	23%
City of London	270	231 (86%)	95	0	0%	216	0%
*Islington	3480	5418 (156%)	1218	1231	101%	2784	44%
Lambeth	3300	3458 (105%)	1155	770	67%	2640	29%
Kensington & Chelsea	1050	505 (48%)	368	98	27%	840	12%
Southwark	4890	4114 (84%)	1712	648	38%	3912	17%
*Westminster	2040	2167 (106%)	714	804	113%	1632	49%
<b>Central London Total</b>	<b>16815</b>	<b>17577 (105%)</b>	<b>5885</b>	<b>3674</b>	<b>59%</b>	<b>13452</b>	<b>29%</b>
Bromley	1455	1742 (120%)	509	361	71%	1164	31%
Croydon	3300	4354 (132%)	1155	1027	89%	2460	39%
Kingston	1155	613 (53%)	404	110	27%	924	12%
Merton	1110	1660 (150%)	389	339	87%	888	38%
Richmond	810	874 (108%)	284	227	80%	648	35%
Sutton	1035	1292 (125%)	362	294	81%	828	35%
Wandsworth	2235	4182 (187%)	782	135	17%	1788	8%
<b>South London Total</b>	<b>11100</b>	<b>14717 (133%)</b>	<b>3885</b>	<b>2493</b>	<b>64%</b>	<b>8880</b>	<b>28%</b>
Barking & Dagenham	3570	1412 (40%)	1250	154	12%	2856	5%
Bexley	1035	841 (81%)	362	301	83%	828	36%
Greenwich	6030	2091 (35%)	2111	129	6%	4824	3%
Hackney	3255	5244 (161%)	1139	987	87%	2604	38%
Havering	1605	1405 (80%)	562	239	43%	1284	19%
Lewisham	2925	2503 (86%)	1024	258	25%	2340	11%
Newham	10530	3505 (33%)	3686	560	15%	8424	7%
Redbridge	2715	2198 (81%)	950	186	20%	2172	9%
Tower Hamlets	9450	7415 (78%)	3308	1530	46%	7560	20%
Waltham Forest	1995	1615 (81%)	698	265	38%	1596	16%
<b>East London Total</b>	<b>42110</b>	<b>28229 (65%)</b>	<b>15089</b>	<b>4609</b>	<b>31%</b>	<b>34488</b>	<b>13%</b>
<b>LONDON TOTAL</b>	<b>91500</b>	<b>80161 (88%)</b>	<b>32025</b>	<b>15083</b>	<b>47%</b>	<b>73200</b>	<b>21%</b>

\* Boroughs where 100% London Plan social- rented housing target was met

 Boroughs where less than 50% of social- rented housing target was met

## APPENDIX 2 – TABLE 2

London borough	(A) London Plan 'affordable homes' target 2007-10 @ 50% column (A) table 1	(B) Number of 'affordable homes' delivered	(C) % of homes delivered that were 'affordable'	(D) % of homes delivered that were Social - rented	(E) % of homes delivered that were Intermediate	(F) Social rented/ intermediate split delivered
Barnet	3083	522	18%	13%	5%	72/28%
Enfield	593	547	35%	25%	10%	72/28%
Haringey	1020	823	45%	22%	23%	48/52%
<b>North London Total</b>	<b>4695</b>	<b>1892</b>	<b>30%</b>	<b>19%</b>	<b>12%</b>	<b>62/38%</b>
*Brent	1680	1426	56%	36%	20%	64/36%
Ealing	1373	1004	37%	19%	18%	51/49%
Hammersmith & Fulham	675	990	54%	21%	33%	39/61%
Harrow	600	553	33%	15%	18%	44/56%
Hillingdon	548	524	29%	19%	11%	64/36%
Hounslow	668	1358	48%	19%	28%	40/60%
<b>West London Total</b>	<b>5543</b>	<b>5855</b>	<b>44%</b>	<b>22%</b>	<b>21%</b>	<b>50/50%</b>
Camden	893	733	44%	19%	24%	46/56%
City of London	135	0	0%	0%	0%	0/0%
Islington	1740	1932	36%	23%	13%	64/36%
Lambeth	1650	1349	39%	22%	17%	58/42%
Kensington & Chelsea	525	131	26%	19%	7%	75/25%
Southwark	2445	1551	38%	16%	22%	42/58%
*Westminster	1020	987	46%	38%	8%	81/19%
<b>Central London Total</b>	<b>8408</b>	<b>6683</b>	<b>38%</b>	<b>22%</b>	<b>16%</b>	<b>58/42%</b>
Bromley	728	668	38%	21%	18%	54/46%
Croydon	1650	1737	40%	24%	16%	59/41%
Kingston	578	139	23%	18%	5%	79/21%
Merton	555	558	34%	20%	13%	61/39%
Richmond	405	324	37%	26%	11%	70/30%
Sutton	517	421	33%	23%	10%	70/30%
Wandsworth	1117	1270	30%	3%	27%	11/89%
<b>South London Total</b>	<b>5550</b>	<b>5117</b>	<b>35%</b>	<b>17%</b>	<b>18%</b>	<b>49/51%</b>
Barking & Dagenham	1785	400	28%	11%	17%	38/62%
*Bexley	518	424	50%	36%	15%	71/29%
Greenwich	3015	641	31%	6%	24%	20/80%
Hackney	1628	2198	42%	19%	23%	45/55%
Havering	803	710	51%	17%	34%	34/66%
Lewisham	1463	606	24%	10%	14%	43/57%
Newham	5265	1739	50%	16%	34%	32/68%
Redbridge	1358	326	15%	8%	6%	57/43%
Tower Hamlets	4725	2894	39%	21%	18%	53/47%
Waltham Forest	998	404	25%	16%	9%	66/34%
<b>East London Total</b>	<b>21555</b>	<b>10342</b>	<b>37%</b>	<b>16%</b>	<b>20%</b>	<b>45/55%</b>
<b>LONDON TOTAL</b>	<b>45750</b>	<b>29889</b>	<b>37%</b>	<b>19%</b>	<b>18%</b>	<b>50/50%</b>

\* Boroughs where 35% or more of the homes delivered were social-rented

 Boroughs where more intermediate homes than social-rented were delivered

**London Tenants Federation**

11-17 The Marr, Camden Street, London NW1 0HE

Email [info@londontenants.org](mailto:info@londontenants.org)

Telephone 020 7874 5464

Web-address [www.londontenants.org](http://www.londontenants.org)

**London Tenants Federation:** brings together the majority of London's borough-wide council-tenant federations and organisations, some of which also represent housing association tenants.

Its focus is predominantly on regional (London-wide) housing and planning policy and how it impacts at the local level. It has representation on the Mayor's Housing Forum