

Response from JustSpace (London)

HOUSING FOR THE MANY: LABOUR'S REVIEW OF SOCIAL HOUSING Call for evidence

JustSpace.org.uk is a London network of community and activist organisations, some local and others London-wide, which exists to support and extend grassroots participation in planning and housing. For ten years it has linked organisations with others fighting similar campaigns, held conferences, made representations, lobbied and worked with universities and researchers.

Just Space is not associated with any political party.

This period is very busy for Just Space because it is the consultation on the new London Plan and other new Mayoral strategies. We have therefore not been able to devote much time to this response – though the research, evidence and analysis on which it is based has been forged through intense and recent deliberation among hundreds of active Londoners from organisations representing many times that. In responding to the Review's questions we draw heavily on our recent responses to the GLA on the Mayor's [*draft Good Practice Guide on Estate Regeneration*](#) [*draft London Housing Strategy*](#) and other publications and work in progress.

This response is based on our London experience. We make no claims to speak for other areas.

Review – how did we get to where we are?

Just Space has thought a lot about this and made representations to the mayor of London on many occasions. Our overall position is stated as follows in our 2017 response to the Mayor's draft Housing Strategy:

'Chapter 2 is essentially the GLA's analysis of what is wrong. It is not

an acceptable analysis and that is why so many of the proposals are inadequate or dangerous. The essence of the GLA position is that “The origins of London’s housing shortage can be traced to a failure over decades to provide the homes that people working in London’s growing economy require.” (§2.2) and this way of seeing the crisis leads to the Mayor’s obsession with getting as much housing built as possible, raising densities and prioritising this as being much more important than what kind of housing is built, at what prices and for whom. This interpretation (again in §2.27) **down-plays the shrinkage of the social housing stock** and the massive expansion of credit to drive up prices, the dramatic growth of income and wealth inequality, the surges of local and global speculative investment and falling real wages for much of the population. All these things have contributed to the London housing crisis and the impoverishment of so many Londoners. Policies to eliminate or manage them are essential because more and more of us are exposed to the market to determine what housing we can get (if any) and we confront it on increasingly unequal terms. Solving the problem through building more would take many many decades to bring market rents and prices down (even if developers continued to build homes while prices fell), and so much of what gets built is snapped up by the wealthy that the benefits for low- and middle-income Londoners are minimal **or adverse**.” (emphasis added)

1. What are the most important decisions made in recent decades for social housing – good and bad?

Successive governments’ maintenance of the Right to Buy and its proposed extension to RSLs

Successive governments’ preoccupation with owner-occupation as the only tenure worth supporting; the running down, residualisation and denigration of social housing and those who live in it

Successive governments’ failure to restrain house and land price / rent escalation with terrible consequences for the production costs of new housing and for dependence on housing and other benefits.

Recent governments' failure to ensure that Councils and RSLs focus on meeting the real needs of low- and middle-income citizens and the capping of Councils' borrowing powers. There has been inadequate regulation by governments of the financialisation of housing of all tenures.

2. What were the successes and shortcomings of Labour's approach in government?

Labour has been guilty or complicit in most of the above mistakes, albeit not as guilty as Coalition and Tory governments.

Labour did well to put resources into Decent Homes, social housing construction and earlier physical regeneration of social housing.

Labour's insistence on stock transfer to RSLs as a condition for financial support was pure ideology or distrust of local government. Making bad local housing authorities more efficient and accountable should have been the priority.

3. What have been the successes and shortcomings of the Conservatives' approach in government?

Successes: none. The right of tenants to take their estates out of council control could have been valuable, but it has hardly been used and it only enables transfer to RSLs, not to tenants' or joint control.

Definition – what should 'affordable' mean?

4. What vision and role should social housing have under a Labour government?

Labour should work to remove stigma from social housing, strongly improve tenants' and residents' voice and power (post-Grenfell) in the management of their housing, on council and RSL estates.

Labour should support and resource the community development

work of building effective tenant and resident organisations and mechanisms to input to housing and planning policy at all geographical scales from neighbourhood to region and nation.

Labour should also support community-owned forms of housing where these retain growth of equity land value in collective ownership (CLTs, co-ops, etc). It should adopt a facilitating (but not financing) attitude to co-housing and similar forms where residents can individually take out equity land value growth.

5. Does social housing need rebranding? In name, in concept, or both?

Changing the reality is more important than “branding” but ending the stigma/denigration will be a big help. Citizens are now deeply suspicious of Orwellian abuse of language. The Mayor of London has introduced “genuinely affordable housing” at rent levels that are significantly higher than council rents and unaffordable to many.

In our publication [*Towards a Community-led Plan for London*](#), we use the term not-for-profit rented homes, which we define as including community-led housing, which takes many forms, as well as social rented housing for which rents are ring fenced to cover the running costs of existing homes (management, maintenance and repairs).

6. What should we mean by social/affordable housing, both to rent and to buy?

All households should be able to be housed in safe, decent homes while spending not more than 30% of their disposable household income on rent and service charges combined. The term “affordable” should be discontinued or revert to this kind of local income-related basis. Rent levels higher than this should be excluded from any concept of social or “affordable” rent. In London and some other areas (at least) the situation has reached crisis proportions and public support should be focused on those in greatest need.

Just Space groups would never consider owner-occupation as part of social housing. (Clearly government policies to reduce or end house-price and land-price escalation will be valuable, indeed essential, as part of government housing policy, and will benefit many working class and middle-income households wanting to buy — more in some regions than in others.)

Shared ownership is deeply unsatisfactory, offering few of the benefits and all of the liabilities and costs of ownership unless and until a household ‘staircases’ to full ownership. With prices escalating that is impossible for many households. Furthermore the secondary market in such properties seems not to have developed well so the tenure is hard to exit.

Static or falling real earnings for most households, combined with escalating rents, has necessarily boosted the HB/LHA bill, especially in London. As the gap is closed by a future Labour government (by rent control/moderation and/or by wage increases) the bill will fall, but benefit caps must be lifted in the short run to reduce the shocking level of hardship and evictions now occurring from ALL rental sectors.

Building – how do we build the scale of social housing required?

7.How many genuinely affordable homes are needed?

For England as a whole: we cannot comment.

For London [analysis from Duncan Bowie] “...the GLA SHMA for 2017 estimates annual tenure requirements as:

- 23,037 market homes (35% of total)
- 11,869 intermediate homes (18% of total)
- 30,972 low cost rent homes (47% of total)

Taking the two sub market categories together this gives an ‘affordable housing’ requirement of 65% of the total requirement. As 78% of the backlog is for lower rented accommodation, meeting the backlog over a shorter timescale than 25 years, would increase the proportion of new homes in the plan period which should be low

cost rented homes. There is a strong argument for giving priority to meeting the most acute needs, though this factor does not seem to be considered in the [draft London] plan.

The affordable housing targets in the plan at policy H7 are:

- * Market 50%
- * Intermediate (London living rent + shared ownership) 15%
- * Low cost rent 15%
- * Affordable housing to be determined by borough 20%. “

We shall probably be pushing for social rent / low-cost rent to be 47-50% of 66-78,000 p.a., to replace the targets in the plan.

8. What groups of people are most in need of new affordable housing, to rent and to buy?

See other answers.

9. What range of agents and actors should be involved in delivering these homes?

Councils + not-for profit organisations committed to this role including coops and other bodies. See Q4 above.

Section 106 arrangements should continue until a more systematic way of taxing development and land profits is in place. Development plans should state clear, non-flexible, social housing percentages.

10. Our manifesto committed us to building 100,000 genuinely affordable homes to rent and buy each year including the biggest council housebuilding programme in over 30 years. Besides extra public subsidy, what other measures could be taken to boost investment to meet our target?

Rather than extra public subsidy of private development schemes, we argue for a publicly funded, publicly led programme of council house building. This is the only way to achieve the levels of house building

per year that were achieved in the 1950s and 1960s.

Boosting “investment” is also a bad way to phrase it because much “investment” inflates housing and/or land prices without adding to output.

Lowering land prices would make the most valuable contribution to lowering social housing production costs and enable new and second-hand homes for sale to be more affordable. If prices fell there would initially be some loss of speculative output but most homes for sale are in the second-hand market, especially for first-time buyers, so this would be acceptable for a few years. This stabilisation of house and land prices would need to be managed carefully to avoid landing large numbers of households in mortgage arrears or negative equity, and to enable lenders to adjust.

11. High land prices make it expensive to build social housing. How can we reduce land costs and increase the availability of land for social housing?

The following need careful research:

Reform of property taxation to produce a continuously progressive form of tax on house property to replace council tax and perhaps other taxes; possible LVT as ultimate aim, though there are drawbacks;

Removal or phasing out of CGT and IHT exemptions;

Reducing the flexibility / negotiability of planning policy on issues which strongly influence developer bids for land, notably upper limits on density and social housing %;

Enabling public bodies to acquire land by CPO at existing use value + 10% for schemes of predominantly social housing;

Ensuring that public land is used for social housing and related public

purposes, not sold to the highest bidders.

12. What should we do to increase the acquisition and conversion of empty homes?

[No comment except that] An adequate property tax system could also discourage second homes, under-occupation and non-use of homes.

Empty Dwelling Management Orders (EDMO's) could be made much simpler for LAs to use and avoid the costs of actual acquisition. EDMO's permit Local Authorities to municipalise the management of empty properties.

13. What should we do to increase the contribution that private developers make to providing more affordable homes?

(= Q9) Section 106 arrangements should continue until a more systematic way of taxing development and land profits is in place. Development plans should state clear, non-flexible, social housing percentages. Financial viability must be removed from the National Planning Policy Framework and no longer be a major criterion in planning decisions. Development models must take account of social value and this means lowering the industry standard of a minimum 20% profit margin (mark-up on costs).

Standards – how do we secure decent standards in current and new social housing?

14. Our housing stock is ageing and over half a million council and housing association homes are classified as non-decent. How can Labour deliver decent homes for all?

15. How should we make new and existing social homes greener and more energy efficient?

Post-Grenfell, a top priority must be to spend public money on caring

for the inherited stock of social housing: modernisation, energy performance and safety. The energy costs (embodied energy and energy-in-use) and social impacts of renovation schemes must be transparently evaluated and majority consent of residents obtained (through binding estate ballots) for any scheme involving demolition.

Tenants and their predecessors have already paid through their rents for most of the estates they live in and for maintenance which has often not been done, while the Treasury absorbed HRA surpluses for so long.

VAT rates must be harmonised between new construction and refurbishment to remove a bias in favour of demolition which is environmentally and socially destructive.

Tenants and residents – how do we improve involvement, voice and rights?

16. How do we make the regulation of social housing more tenant-focused?

17. How do we best ensure a voice for tenants in national standards and policy-making?

(=Q4) Labour should support and resource the community development work of building effective tenant and resident organisations and mechanisms to input to housing and planning policy at all geographical scales from neighbourhood to region and nation. This includes the resourcing of private renters unions, tenants federations representing council tenants and housing association tenants, and community-led housing networks.

The last Labour Government resourced a network of regional tenant federations (7 in total) which was an effective way of achieving tenant voice at a strategic policy level. Representatives of these regional tenant federations can ensure a voice in national standards and policy making that is democratic and accountable to grassroots tenants.

It is essential that voice and rights extends to equality-based groups such as organisations representing Gypsies and Travellers, older tenants, LGBT communities and black, Asian and minority ethnic groups.

18. How do we ensure an effective voice and role for tenants with their landlords, including on estate regeneration?

Tenants and residents can make a creative and knowledgeable contribution to the maintenance, management, refurbishment and “regeneration” of their homes and social landlords must be required to facilitate full engagement. Without it no grant or required consents should be given. Ballots – see Q15.

Attached as separate documents (to avoid making this too large) are the two recent Just Space submissions which amplify the points above, our responses to the GLA on the Mayor’s [*draft Good Practice Guide on Estate Regeneration*](#) [*draft London Housing Strategy*](#)

How to respond

Please send your responses by email to:

socialhousingreview@labour.org.uk In your submission, it would be helpful if you could provide your name, organisation if you are not responding as an individual, and contact details. Submissions will be treated as confidential. If we wish to quote you or your organisation we will only do so with your approval.