

**Subject: Economics of the UK housing market  
evidence to the House of Lords Economic Affairs Select Committee**

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The London Forum of Amenity and Civic Societies (London Forum) is a charity established by the Civic Trust in 1988 to support, network, inform and represent over 130 community groups in London.

The following brief submission is made in response to the invitation to give evidence to the House of Lords Economic Affairs Committee for its inquiry into the UK housing market. This input to the Committee is a few days late but London Forum hopes it can be taken into consideration. We would be pleased to give evidence, if required.

We have given evidence to the Commons' APPG on Housing and the Built Environment in London which is relevant to your inquiry.

The following key points were made to MPs by London Forum about the Housing and Planning Bill.

The Bill introduces 'Starter Homes', particularly on brownfield land and in other housing schemes, the Right to Buy for tenants of Housing Associations' properties which Lord Kerslake has opposed, the re-focusing of DCLG budgets on home ownership for first time buyers and further reductions in the household benefit cap, even as rents rise.

London Forum considers this is a massive switch of subsidy from providing rental homes for people on low wages to providing homes to own by those on higher salaries.

That needs to be considered from a social equity viewpoint.

In second reading of Bill and in Bill Committee many points of concern were raised by MPs. The Minister, Brandon Lewis, dismissed many objections and seems not to accept that enforced local authority sale of vacant high value rental homes to pay Housing Associations for the discounts that they have to give on Right to Buy would harm housing availability.

London Forum draws the committees' attention to the attached statements by the Local Government Association on the problems that the Housing and Planning Bill would cause. The key issue is a predicted shortfall of £6bn in the funding of local authorities for building low cost rental homes. Those are the homes that are essential in London because few people could buy a home there now and the private rented sector rents are too high for people on average wages.

Also, the Minister has introduced 1% reduction pa in rents, so boroughs face up to £20M income reduction.

The aim of the Government seems to be for one new Council house for every one sold but we need more than that and the new ones must be built where they are most needed. Boroughs without development areas will lose out and the money from sale of properties must be ring-fenced for the borough of origin or for London.

'Starter homes' may be forced into any site available for development but with no Community Infrastructure Levy contributions, so local infrastructure, including schools, and facilities for new residents will be inadequate. The Starter Homes are to be made available at a discount to first time buyers under the age of 40 and could cost £450,000 in London. They are available, therefore, only to young people earning over £70,000 annually.

The Government seems not to realise that what it calls affordable housing and the new Starter Homes, both at 80% of rents/prices in London are beyond the means of most people.

The Housing and Planning Bill fails to recognise London's need for homes at rentals affordable to those on low/medium incomes.

The delivery of those homes has failed: London's 2011-15 target was 8,000 but 4,221 were delivered plus only half of the other 13,000 'affordable' housing planned and those are at an average 80% market rent. The 'intermediate' housing target was 5,280 but only 2,390 were delivered even though shared equity purchase is important. The market housing target of over 16,000 was exceeded but a lot are empty as 'buy-to-leave' investments of people not living in the UK.

On 16th November Savills reported that "Over the next five years at least 70,000 new households a year (26,000 annually in London) will be unable to afford to rent or buy market housing unless assisted. This means that 350,000 households in England will need some form of sub-market housing by 2020".

The big risk is the depopulation of Central and Inner London of key workers. When they move out, they may not be able to afford the transport fares to their job and their essential contribution to the capital's economy will be lost.

We must find the best way of providing homes in London that those on lower incomes can afford to rent. The Housing and Planning Bill must be amended to prevent harm to London's housing market.

London Forum hopes that Members of the House of Lords will consider the points above when discussing that Bill.

We believe that in response to the Committee's questions 'Are changes to the planning system needed to increase the availability of low cost housing?' and 'Are new measures needed to increase the supply of social housing?' the answer is "definitely", including changes that must be made to the Bill to ensure the delivery by Local Authorities of more social housing. If the is not done, the benefits costs will rise and key workers will be driven out of London.

On the Committee's question 'Will the current trend for a decline in home ownership and rise in private rental continue and is it desirable?' London Forum suggests that the trend is inevitable but it will be suitable only with strong landlord and letting agent regulation and control over rents and security of tenure. The recent changes introduced by the Government for increased taxation of those buying properties to let could increase rents and result in some landlords evicting tenants in order to sell their properties. If local authorities had sufficient borrowing powers, they could acquire such homes as social rented ones.

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<http://www.londonforum.org.uk/updates.php>

Attachment:  
Extending Right to Buy to HA tenants to cost £6bn (LGA).pdf 44.5 KB

From: Peter Eversden [mailto:[london\\_forum@blueyonder.co.uk](mailto:london_forum@blueyonder.co.uk)]  
Sent: 20 December 2015 23:14  
To: Economic Affairs Committee <[economicaffairs@parliament.uk](mailto:economicaffairs@parliament.uk)>; WALLER, Ayesha <[waller@parliament.uk](mailto:waller@parliament.uk)>  
Subject: Capital becomes a no-go zone for employees to live

In addition to the evidence sent to the Committee earlier, London Forum wishes to draw your members' attention to the article on this subject [here](#).