

UNDERSTANDING DEMOGRAPHIC, SPATIAL AND ECONOMIC IMPACTS ON FUTURE AFFORDABLE HOUSING DEMAND

Paper Six - Affordable Housing in London: Needs and Provision, Aspirations and Realities

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This is the sixth of a suite of eight papers drawing on research carried out into demographic, spatial and economic influences on the demand for affordable housing in the future. For details of the research methods and background data to this paper, please see the accompanying source document.

London’s sheer size, as well as its economic and political importance mean that it has a housing system that is qualitatively different to other parts of the UK. This paper examines the role of affordable, and particularly, social rented housing within that system. It looks at evidence about the scale of housing need and housing supply in the city, the economic position of those in need, and also at the longer-term housing aspirations of less well-off Londoners.

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Key Findings

- *Renting of all kinds is much more common in London than elsewhere in England, but the gap between the costs of private and social renting costs is more than double that in any other region.*
- *Housing need far outstrips social housing supply to a much greater extent than elsewhere in England. In 2006 there were eleven times as many households on London's housing registers as there were new lettings made; this ratio has risen from seven-to-one in just three years.*
- *Two of every three homeless households in temporary accommodation in England live in London, and nearly half of the capital's new social housing lettings go to homeless households.*
- *Overcrowding rates for families with children are double in London than elsewhere in England.*
- *The gap between richest and poorest is greatest in London, and proportionately fewer social tenants move to other tenures than in any other region.*
- *Overall, relatively few social tenants are willing to consider moves outside the neighbourhood, but younger people and those approaching retirement are more open to longer distance moves.*
- *Nicer houses, schools and more desirable neighbourhoods are the most influential factors for social tenants considering a move, whereas private tenants most often prioritise work, amenities and public transport.*
- *Some residents would consider a move to the Thames Gateway for employment or housing, but not all are convinced that quality of housing and neighbourhood will be delivered in new developments.*
- *London remains an important influence on the development of national housing policy; since some problems manifest most acutely in the capital, possible solutions to those problems are also piloted there.*

1. Introduction

London is a city-region of international economic, political and cultural significance. Its size alone makes it stand out from other cities in the UK: there are three times as many households in Greater London as in either of the next largest conurbations, Greater Manchester and the West Midlands urban area. It is an important destination and origin of domestic and international migration.

It is unsurprising, then, that London should have a housing system which is unlike those elsewhere in the UK, and this paper is devoted to examining the role of social housing within that system. This paper looks first at the distribution of housing tenures, and their relative costs and values. Prices are higher in London than in any other region, and market housing prices in London have been in the vanguard of recent booms.

The paper then looks at the relationship between social housing need and housing supply, and shows the degree to which need exceeds supply is greatest in London of all the regions. This is reflected in the prevalence of problems of severe housing inadequacy such as homelessness and overcrowding. Looking then at household budgets, London's highly productive and expanding economy means there are many well-off households who pay the high prices to own their homes – but these lie at one end of an income distribution more polarised than in any other region. Although social tenants in London too have higher average incomes than elsewhere, opportunities to move out of the sector are restricted by cost.

Lastly, the paper looks at the aspirations of London households in terms of tenure and neighbourhood. In particular, it considers whether residents might want to – or at least, be open to – a move to the growth areas of the Thames Gateway. At least some are open to the idea, if needs for employment opportunities and high-quality housing and neighbourhoods are met – but some also do not believe that they will be.

The conclusion considers the importance of London's housing system in influencing the development of housing policy, and reflects what the future might hold.

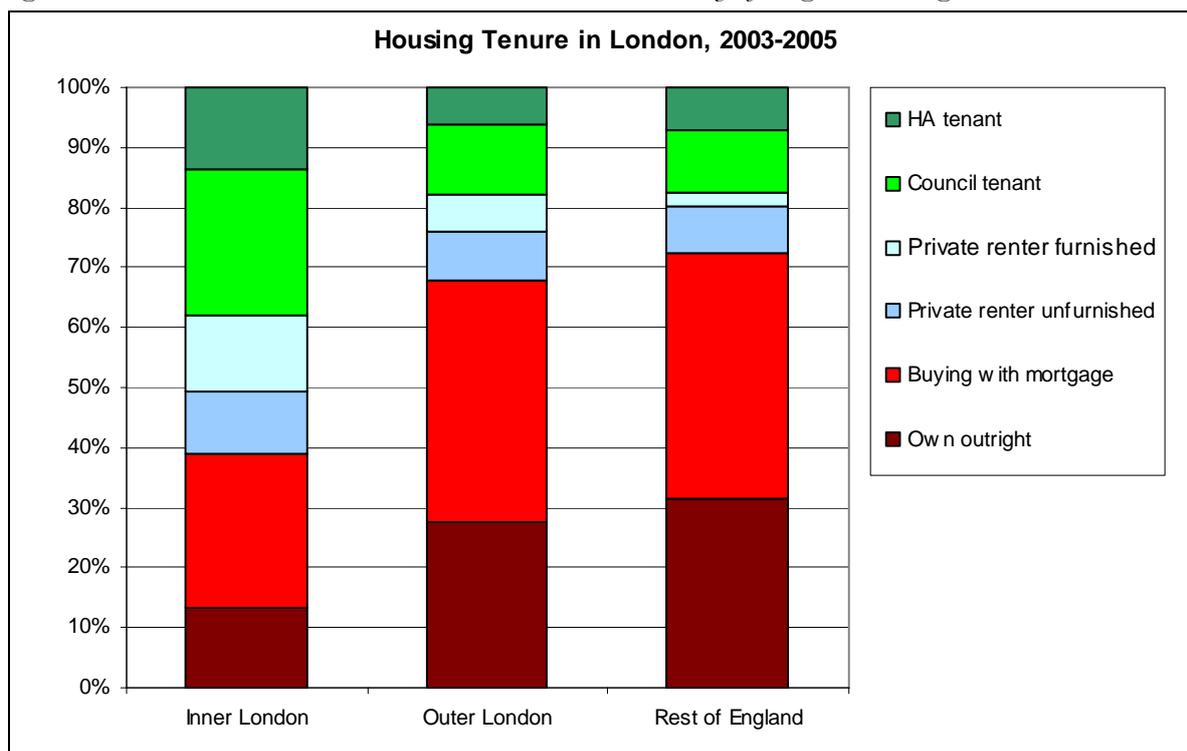
2. London's Tenure Mix

Renting of all sorts is commoner in London. Boroughs like Southwark, Islington and Lambeth have very large stocks of local authority housing; half of the top ten English districts with the highest proportion of council housing among their stock are London boroughs.

The chart below compares the housing tenure distribution in London to that of the rest of England. While over 70% own their homes elsewhere, only a little over half of households do in London. Furnished private renting, and renting from the council are particularly common in the capital. However, much of the disparity is in fact between inner London and the rest of the country. The outer boroughs of the capital have a tenure distribution which is more similar to other parts of England than to the urban core.

Figure 2-1:

Source: Survey of English Housing 2003-2005



As in all regions, London’s private rented sector overlaps with the social sector, in that some tenants receive Housing Benefit to help pay their rent, perhaps whilst waiting for suitable social rented housing to become available. However, the proportion of tenants who rent with the aid of Housing Benefit in London is, despite higher rents, slightly lower than in England as whole – 16% versus 19% - and substantially lower than the northern regions and the West Midlands, where around a quarter of private tenants receive such help (Survey of English Housing 2003-2005). Reflecting London’s occupational structure, it has a larger “high-end” private-rented sector letting to mainly young professionals¹.

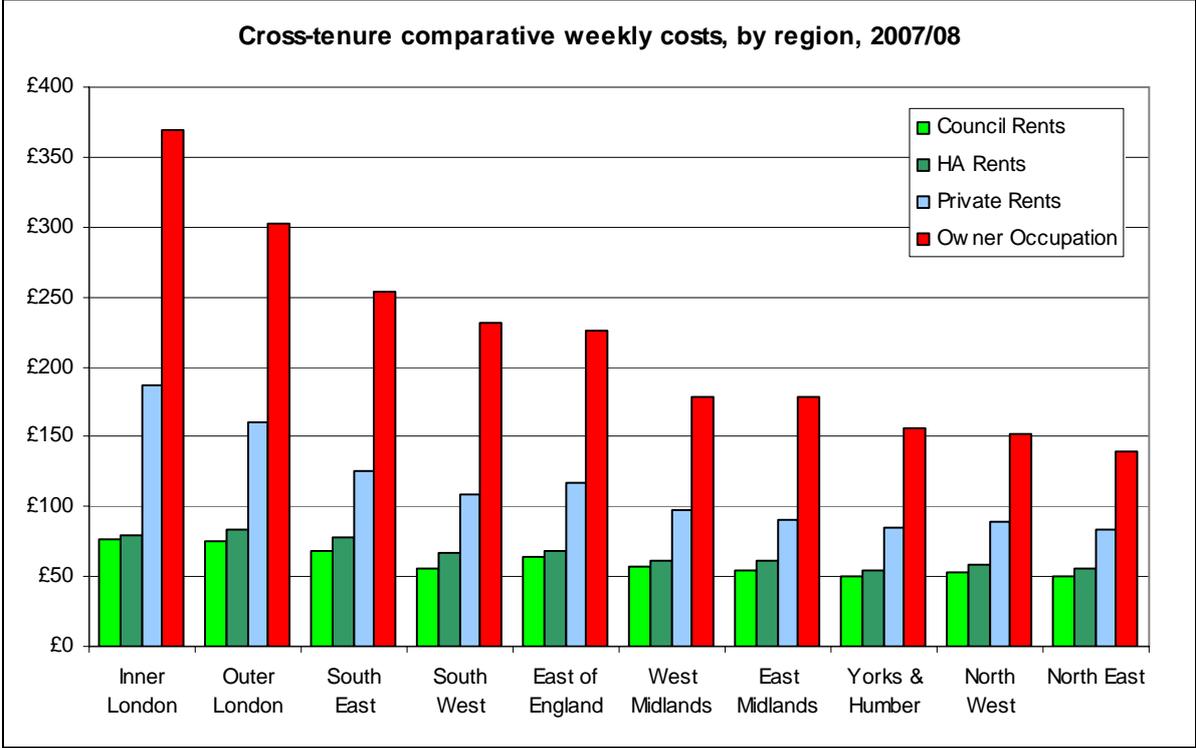
3. The cost and value of London’s social housing

It is not only in the distribution of tenures that London differs from the rest of the country, but in their costs. Housing of all types is most expensive in London, and especially inner London, which lies at the top of the continuum of regional housing costs. More importantly, what particularly distinguishes London from the rest of England is the *size* of the gap between the costs of social renting and those of open-market housing.

This gap is much larger in London both relatively and absolutely (see Figure 3-1). Private sector rents in London are more than double the average charged by Housing Associations. In money terms, this translates to a gap of over £100 a week between Housing Association rents and private rents in the inner part of the city. The region with the next largest gap is the South East, where in money terms, it is less than £50. In contrast, in the Northern regions the gaps between private and social rents are quite small.

¹ “The Modern Private Rented Sector”, D Rhodes (2006), Joseph Rowntree Foundation.

Figure 3-1: Source: Dataspring, compiled from RSR, CLG, Land Registry and the Rents Service²



One of the most important conclusions that should be drawn from this gap between market and social rents is that the economic subsidy being provided to individual social tenants is very large in London. This subsidy is approximated by the gap between market and social rents, on the basis that if social housing did not exist, adequate housing provision would be guaranteed by the state meeting the cost of market rents for those who could not afford them. It is a notional subsidy rather than being a real cost to the public purse, because social housing is paid for primarily at the time of construction.

Nonetheless, the size of this subsidy in London has implications for both policy and for the decision-making of individual tenants. In considering the relative costs and merits of a policy of direct provision of social rented housing against state-provided incentives or payments towards the cost of private housing, the conclusions drawn for London may be opposite to those drawn for other regions. And, from an existing tenant’s point of view the present and future value of a social tenancy is that much greater; this means there is a strong disincentive to leave the sector, in turn contributing to a diminished supply of relets.

4. The demand for social housing in London

Given the gap in prices between the social and market sector shown above, one would expect social housing to be in high demand – and perhaps, short supply – in London. The size of local authority housing registers are one indicator of demand, although not a perfect one; the number of social housing lettings in a year is the most valuable measure of supply. Comparing the two, London has, by a significant margin, greater demand met by relatively smaller supply than the rest of England (see Figure 4-1).

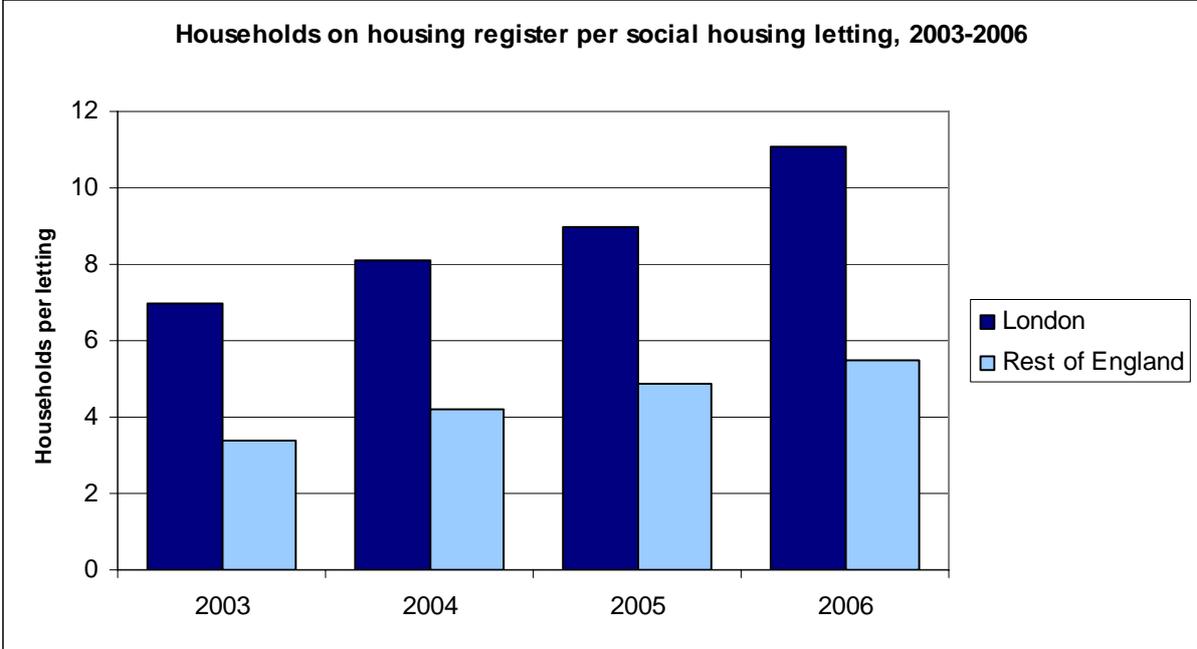
The chart compares the number of households on the housing registers of London boroughs to the annual number of lettings made to new social tenants. It shows that if those wanting social

² Owner-occupation costs are for a new buyer, with a 90% mortgage repaid over 25 years. Owner-occupier averages for inner and outer London weighted to the size of the private dwelling stock, by district.

housing were allocated it on a first-come, first-served basis, prospective tenants in 2006 could expect to wait eleven years to receive housing in London. The situation has worsened in recent years, as the numbers who need social housing have increased and the supply of lets has fallen; turnover has decreased as fewer households are able and willing to leave the sector. Whilst this has happened in all regions, the deterioration in the match between supply and demand has been much more pronounced in the capital.

Figure 4-1:

Source: HSSA



Of course, in reality, social housing is allocated primarily on the basis of need, formally defined in legislation and allocations systems. Households given high priority for allocations are much more likely receive social housing within a shorter time period. Conversely, in London, households who do not meet many of the prioritised criteria may be unlikely ever to receive social housing. Homelessness and overcrowding are two of the conditions which are accorded particular priority. As the following section shows, the prevalence of these in London demonstrates how far its housing system is under pressure.

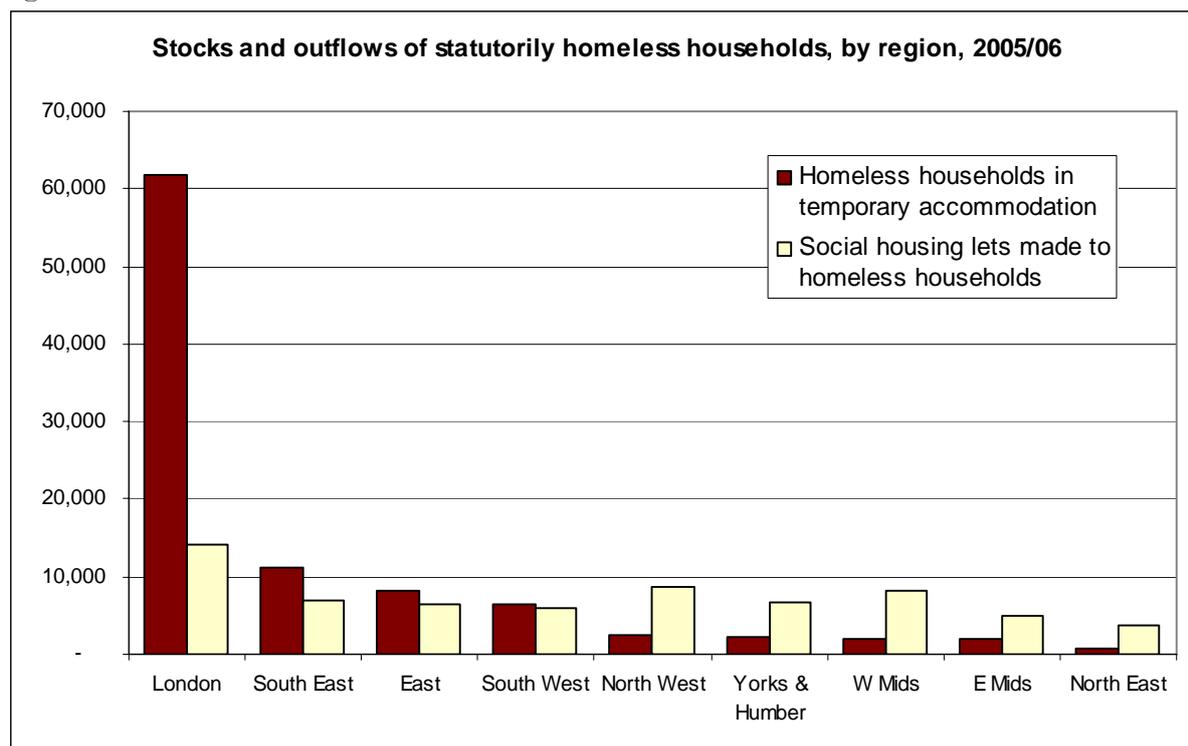
4.1. Homelessness

Under housing legislation, districts are obliged to provide at least temporary accommodation to ‘vulnerable’ households with a local connection who are involuntarily homeless. In London, roughly two-thirds of households in temporary accommodation include a pregnant woman or dependent children; this rate is close to the English average. Such households receive some priority for social housing tenancies, and often have other characteristics which further increase the strength of their claim.

The number of households in temporary accommodation housed in London is vastly greater than in the rest of the country; as at 31 March 2006, there were over 60,000 households in temporary accommodation in the city (see Figure 4-2). This is very nearly twice the number of temporarily accommodated households in all the other regions summed together.

Figure 4-2:

Source: HSSA



Although 47% of new social lettings in 2005/06 in London were to statutorily homeless households moving from temporary accommodation – double the rate elsewhere - in reality the meaning of “temporary” is, for many, stretched to its limit in the city. In the less pressured regions of the North and Midlands, annual lets to homeless households exceeded the number of households in temporary accommodation, suggesting that temporary accommodation will indeed be a transient state. In London, however, many homeless households find themselves in protracted stays in hostels, bed-and-breakfasts or short-term lets.

The situation was reflected in the experience of interviewees and focus group participants. It is not hard to understand that being in temporary accommodation is, for many, a debilitating state. This quote captures the frustration and anxiety of one respondent, now in her third temporary dwelling:

I want to ask something else. Why can't the Housing Associations offer you a permanent place like the council can? Why is it only temporary? Why do you have to spend all these years moving between temporary places?

(Focus Group Discussion, Lewisham)

4.2. Overcrowding

Even for households with permanent housing, the dwelling may be inadequate if it is too small relative to the number and ages of its members. There are various statistical and statutory definitions of overcrowding – the “bedroom standard”, as used in allocations, is employed here.³ Questions of definition aside, an extensive research literature attests to the deleterious effects on the education and health of children⁴.

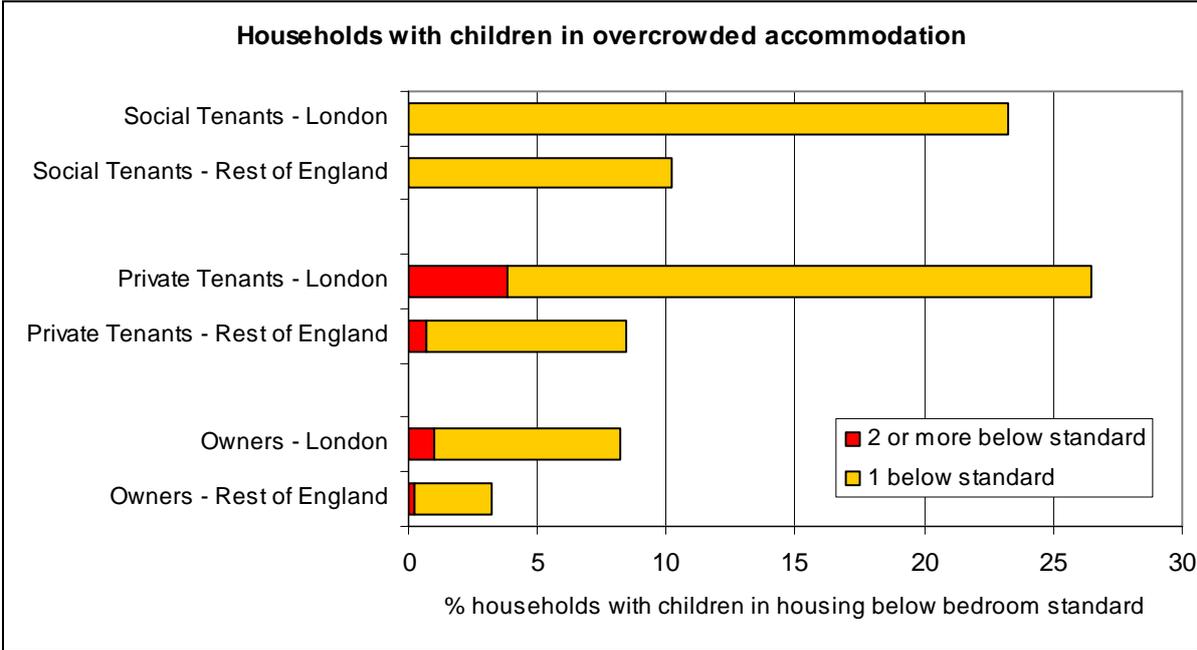
³ The bedroom standard specifies the number of bedrooms a household based on the assumption that no-one has to share a bedroom unless they are: a couple, both aged under ten, or both aged under twenty-one and of the same sex. No more than two people may share a bedroom.

⁴ A useful summary of the research is “The Impact of Overcrowding on Health & Education: A Review of Evidence and Literature” (2004), Office of the Deputy Prime Minister

Over 20% of households with dependent children in social housing in London are living in a dwelling below the bedroom standard (see Figure 4-3). This is more than double the rate in the rest of England. Overcrowding also disproportionately affects ethnic minorities in London, Bangladeshi and Black African households above all⁵.

Overcrowding is even more prevalent and acute in the private rented sector: nearly four percent of families are extremely overcrowded. This is in part because councils and Housing Associations only rarely let a dwelling where it would not meet the bedroom standard, and households that become badly overcrowded are often able to secure a transfer within the social sector. Hence, some overcrowded private tenants may be waiting for social housing, although others may be ineligible or unwilling to seek council or RSL accommodation.

Figure 4-3: Source: Survey of English Housing 2003-2005



As with homeless households, overcrowded households often experience long waits in unsatisfactory housing in the private or social sector before receiving a social rented home that meets their needs. In the qualitative research conducted in London, many respondents described the experience of waiting for a solution to their overcrowded circumstances:

Tenant: I was living in _____ Road before, on one of the estates there. In fact that one was too small and we had only one room and I had my children.

Interviewer: How many children did you have?

Tenant: I had three of them, yeah. So it took us a long, long time before we even got the [ESTATE] one, and then I was there for a long, long time before I got this one. So I've gone through the mill!

(Lewisham interview)

Overcrowding in London is partly a result of high housing costs and the general insufficiency of supply to meet need in the social sector. However, it is compounded from imbalance between

⁵ “Overcrowded housing and the effects on London’s communities” (2004), Association of London Government. For more research findings on ethnic minorities and housing, see paper seven of this series.

the type of housing available and the type of households in social housing in the city. London social tenant households are larger than the English average, and more likely to contain dependent children. In contrast, the stock of social rented dwellings in London contains a higher proportion of one- and two-bedroom flats.⁶ Some local and city-wide authorities have thus sought to secure a greater number of larger dwellings in new social housing construction. This would contribute to easing the problem of overcrowding. However, a comparison of the dwelling-size mix in the whole stock with the mix in new Housing Association properties first let in 2006/07 suggests mixed success in delivering larger homes (Survey of English Housing 2003-2005; CORE). On the one hand, the new social rented stock contained a higher proportion of four-bedroom homes suitable for larger families. However, this has been at the expense of three-bedroom homes; the overall proportion of dwellings having three or more bedrooms did not differ at all between the existing and new stock. Others take an even more pessimistic view: London Housing estimates that whilst 8,600 new large rented homes need to be built each year for ten years to meet need, the numbers actually delivered are in the hundreds⁷.

5. Economic Characteristics of London Tenants

The previous sections have looked at the overall pattern of supply, and at particular examples of how the shortage of social housing is causing acute problems. This and the following section look at the profile of people who are living in affordable housing. Aside from housing supply, the other crucial limit on Londoners' aspirations is their economic position. Therefore, this section looks first at the income and employment situation of Londoners, and of tenants in particular.

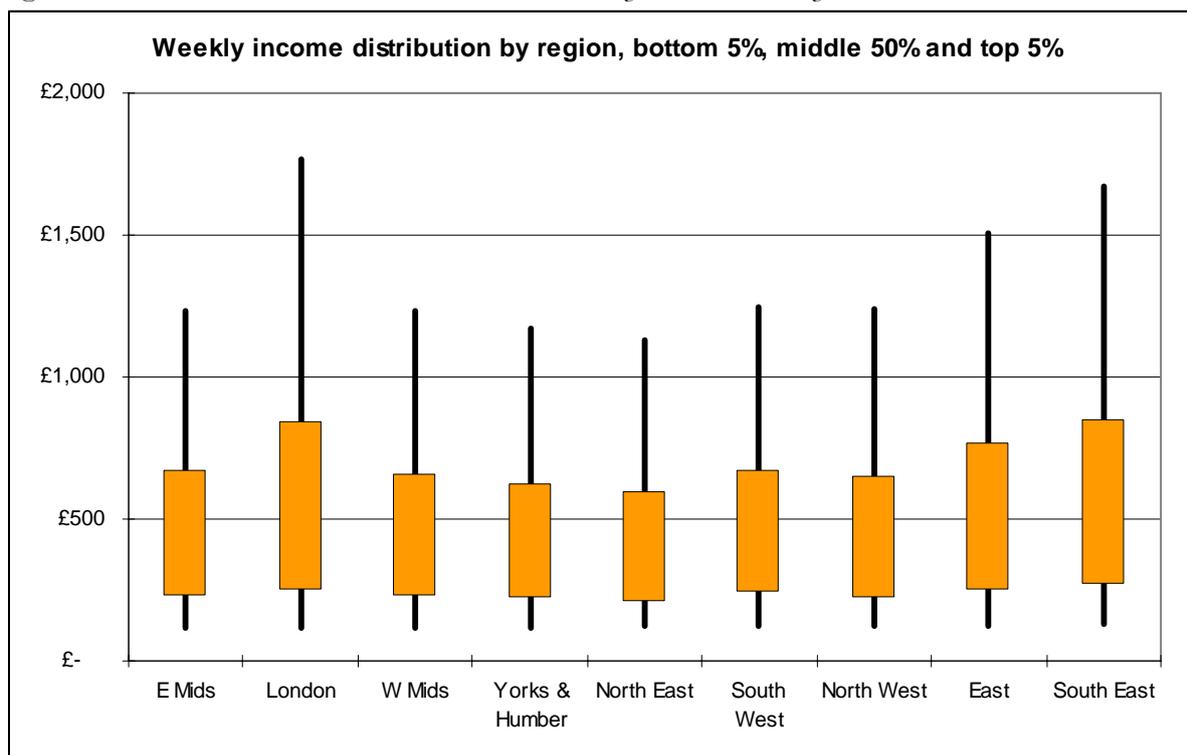
The overall income distribution of all households in London is more polarised than in any other region. On the one hand, those in the in the upper reaches of the distribution are considerably better off than comparable households in other regions. On the other, the poorest 5% are poorer in absolute terms than anywhere else except the East Midlands (see Figure 5-1). When considered alongside the high housing costs in London, this implies that, overall, while some households can exercise a great deal of choice of location and dwelling in what is a well-connected housing market, others find themselves extremely constrained.

⁶ For more details on the contrast between regions in terms of the size of homes and size of households, see paper 8 of this series.

⁷ "Thinking big: The need for larger, affordable homes in London" (2005) London Housing

Figure 5-1:

Source: Family Resources Survey, 2003-2005, at 2005 values



The incomes of social tenants are likewise spread across a broader range in London than elsewhere in the country. Looking at equivalised weekly incomes – values that have been adjusted to account for the number of people in the household, and their age – there are slightly fewer very low-income households currently in social housing, but nearly twice the proportion with moderate incomes of over £500 a week. The fact that incomes are higher indicates that somewhat better-off households in London are often still only able to satisfy their housing needs in the social sector. A similar pattern emerges if one looks only a new entrants, although in London there is in fact a higher proportion of new tenants with very low incomes than elsewhere.

Table 5-1: Equivalised weekly household incomes of social tenants, 2003-2005 at 2005 prices Source: Family Resources Survey

	Less than £250	£250-499	£500-£750	more than £750
London	31%	53%	12%	4%
Rest of England	34%	58%	7%	1%

Household income varies for several reasons, but principally according to the number of employed people, and their individual salaries. Given London’s relatively buoyant labour market, this poses the question of whether tenants in London are more likely to be in better-paid jobs, or more likely to have multiple wage-earners. Table 5-2, below, also looking at new tenants, suggests that it is the former. There is in fact a higher proportion of households with a working-age adult but no-one employed, and a lower proportion of dual-income households in London than elsewhere. Therefore, the incomes distribution observed among social tenants in London should be understood as the result of higher wages for equivalent jobs, and more tenants in better-paid occupations.

Table 5-2: *Employed adults in new social tenant households, percentages of all households with a working-age member, 2006/07*

Source: CORE

	<i>no working adults</i>	<i>one working adult</i>	<i>two or more working adults</i>
<i>London</i>	63%	30%	6%
<i>Rest of England</i>	58%	33%	9%

What do these findings about new tenants' economic position at entry imply about their longer-term housing careers? Do these higher-income tenants in London eventually find they both can, and wish to, move to alternate housing in the private market? Looking at the population of all tenants, the data suggest that those in London are less likely than anywhere else to move out of the sector once they are in it⁸. This is despite the fact that overall people in London move house more often, reflecting the capital's younger age profile.

Of those social tenants who move out of social housing, the largest number end up in the private rented sector; with smaller numbers either exercising the Right-to-Buy, and the smallest number becoming owner-occupiers⁹. And even among those who in the sample surveys are shown as becoming owner-occupiers, not all those will have become so simply by finding enough money to buy – it also includes some people who move in with existing owners.

This section has shown firstly that both in London's population as a whole and among social tenants, there are higher proportions who are on very low-incomes relative the rest of the country. Although somewhat better-off tenants earn more than their counterparts elsewhere, this is because households on modest incomes more often depend on social housing in London, and, once in it, are less likely to be willing or able to move out.

6. Home, Tenure and Neighbourhood: London Aspirations

One focus of the London strand of the whole research project was upon aspirations in London. The previous sections have shown the degree to which housing need exceeds supply, causing households to endure severely inadequate housing circumstances for prolonged periods. As might be expected, the data from the qualitative research carried out with residents in south and east London in many ways reflected this, and in these circumstances talk of "aspirations" could seem a little hollow. Nonetheless, in the surveys, focus groups and interviews some did express what they hoped for in terms of place and home in the longer term, even if the fulfilment of those hopes seemed remote right now. These aspirations can usefully contribute to longer term policy development.

6.1. Dwelling Type

There is no reason to think that Londoners in general want different basic things from a home: adequate space, privacy, security and so forth¹⁰. At the same time, those living in the capital, with its higher dwelling density are more likely both to be reconciled to having less space, and to living in flats. However, they are similarly more sensitive to some of the things that can make high-density living unpleasant. Concerns that came up more frequently in the London research included the management of shared areas, the adequacy of sound insulation, and the compression of living and cooking spaces.

⁸ Paper 3 in this series takes a detailed look at the profile of those leaving social rented housing

⁹ The Right-to-Buy has recently been substantially restricted, especially London; this is discussed further below. This means that the number of tenants leaving by this route has fallen substantially and is likely to remain lower than that shown in **Error! Reference source not found.** in coming years.

¹⁰ Research findings on preferences for dwelling types and features in England are contained in Paper 2 in this series

6.2. Tenure

Those in social housing saw both good and bad aspects to their tenure. Respondents we talked to had generally had positive experiences with management and maintenance of their homes. Several noted recent work carried out on bathrooms, kitchens or windows to improve their homes. A smaller number had had frustrating waits to get repairs, or found the rules inflexible. However, almost no social tenants felt things would be better in the private sector:

I was living privately; it was the bed-sit that I was telling you about ... When I went there the place was so foul and stinky, the old drain was open at the back and water could come out. I said to him 'are you going to fix it' and he said 'no I am going to leave it to you to fix it.'

(Focus Group Discussion, Lewisham)

The hostility expressed towards private renting contrasts somewhat with the more positive views that came from some other regions, where price and accessibility of the tenure compared less unfavourably with social renting. It is worth bearing in mind that almost all the focus group members and interviewees, whether or not in social housing, had low incomes, and, many, whether because retired or in ill-health, saw no prospect of these improving. From this perspective, the flexibility of private renting is of little value weighed against security of tenure, and a very limited choice amongst what would be affordable less important than a low rent and a decent home. The survey, which drew upon the views of a broader socio-economic base of tenants, elicited more varied opinions about private renting.

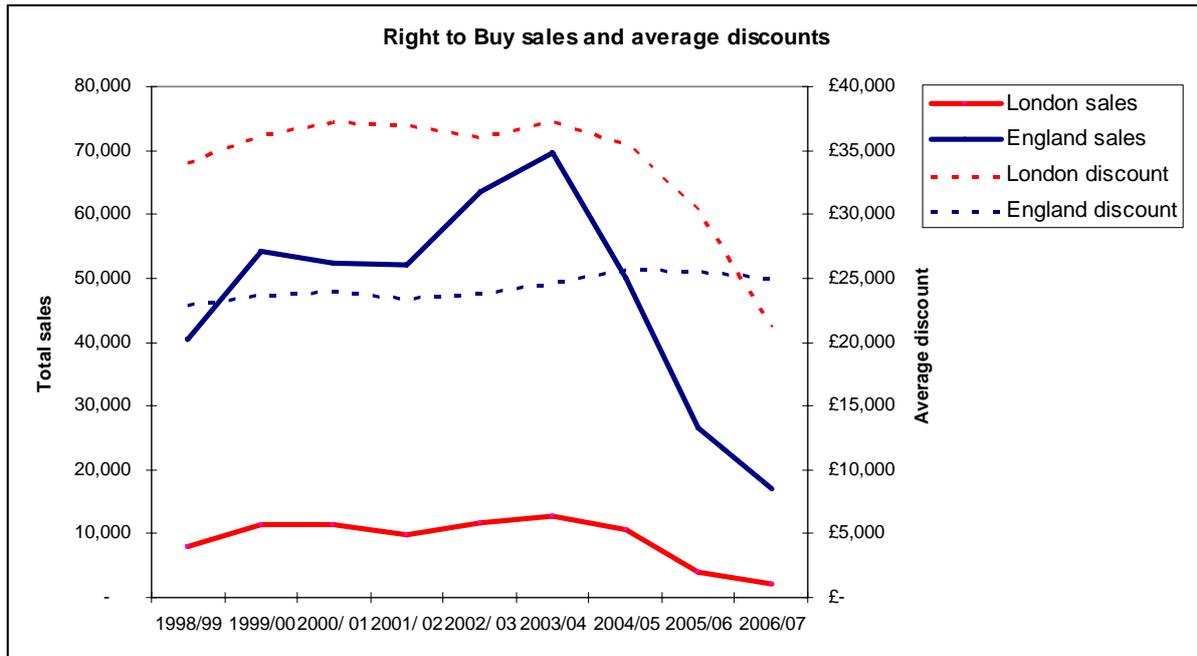
Since owner-occupation is so expensive in London, another alternative to renting is shared ownership. Many of the interviewees and focus group participants in London had heard of shared ownership, and some of HomeBuy, and understood broadly how these schemes worked¹¹. However only one, in east London, had direct experience, having lived in shared ownership before the breakdown of her marriage had led to her moving out. Even if some thought it seemed like a somewhat desirable idea, almost all saw even shared ownership as substantially beyond their means.

Another subsidised ownership scheme, albeit of a different type, only open to council tenants to buy their rented home, is the Right-to-Buy. However, the availability of this has been substantially curtailed in London in recent years. This is because of changes in the regulations, including a cap on the discount which, at £16,000, is lower than in any other region. It is also because high and rapidly rising prices in the capital have made the purchase unaffordable to most.

¹¹ Intermediate housing is discussed in more detail in Paper 5 of this series.

Figure 6-1

Source: CLG data, live table 648



As Figure 6-1, above, shows, Right-to-Buy sales averaged around 10,000 per year in London before the changes in rules and discounts started taking effect. However, since then, London sales fell to just over 4,000 in 2005/06, and further to 2,221 in 2006/07, as the discount granted has fallen sharply. Although sales overall have fallen sharply, this has been more marked in London. Whilst the caps on discounts have had relatively little effect on the average discount granted in England overall, the typical discount on a Right-to-Buy purchase on London has declined markedly.

6.3. Neighbourhood and mobility

The survey also examined how far tenants wish to – or are willing to – move. In the survey, social and private tenants were asked how far they would consider moving, as well as the factors that would influence them to do so (see Figure 6-2 and Figure 6-3). The largest single group of social renters – 37% - was those who said they would not consider moving at all; in the interviews in east London, for example, residents mentioned keeping close to family in the area as a key reason for not wishing to move. By contrast, amongst those aged under 35, nearly half (45%) were prepared to consider moving outside the immediate neighbourhood to elsewhere in London, or even further afield.

Figure 6-2

Source: BMRB Survey

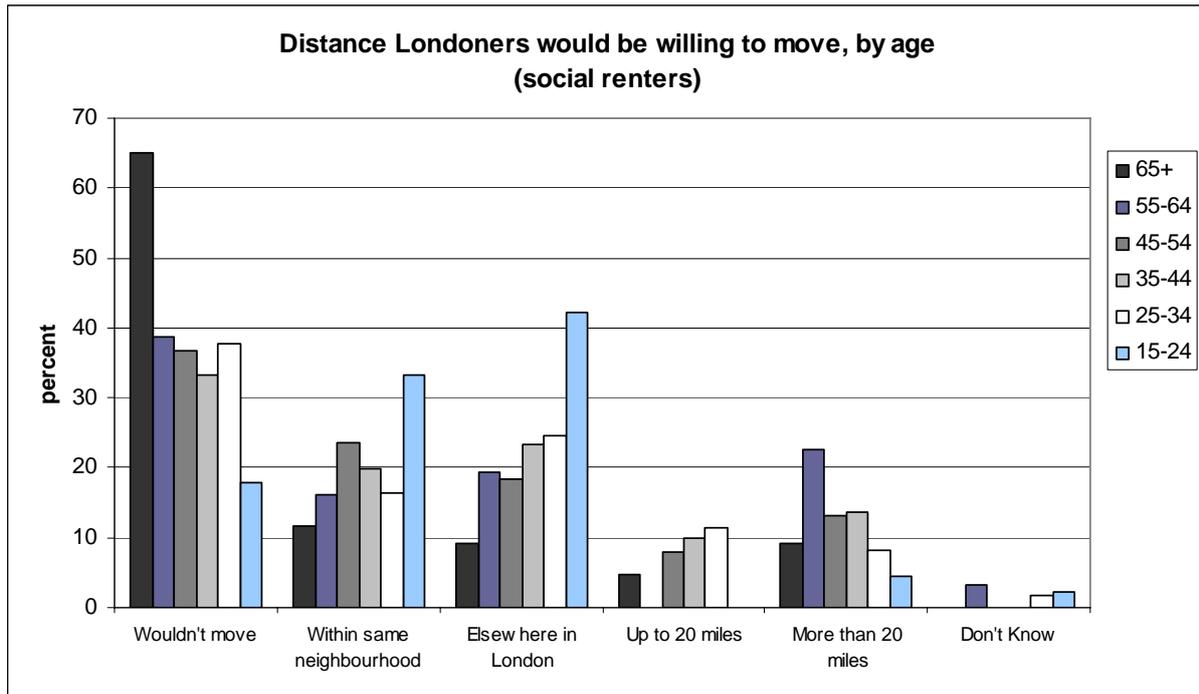
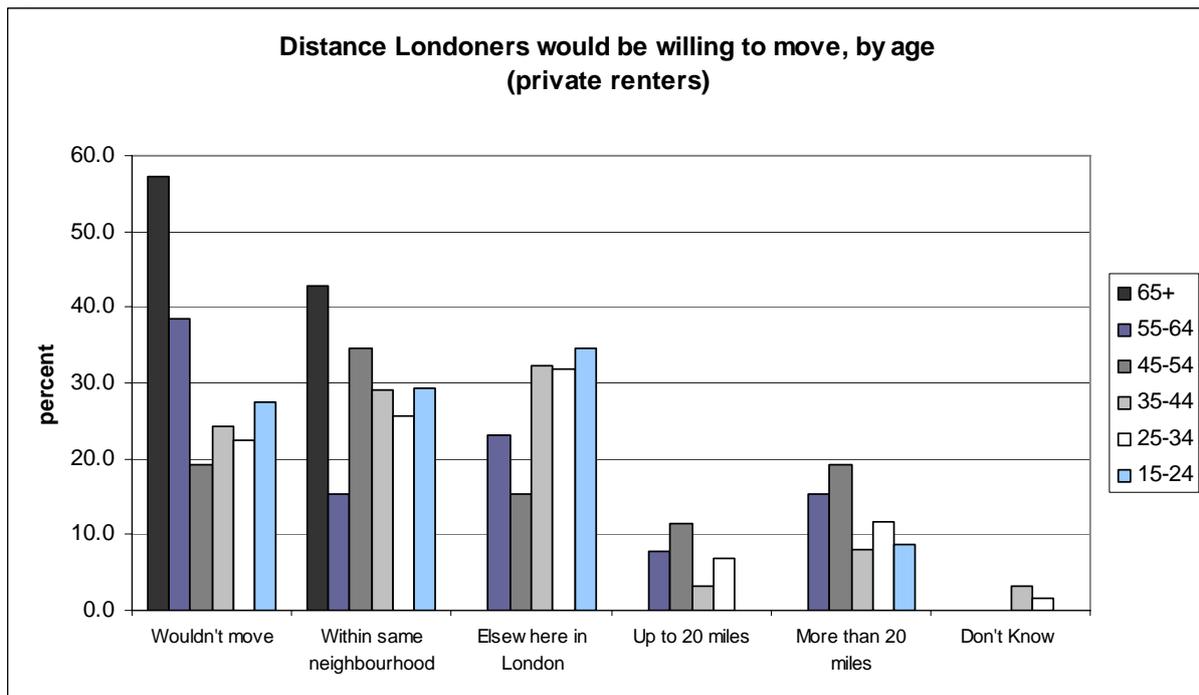


Figure 6-3

Source: BMRB Survey



For younger residents, the interviews in Dagenham and Lewisham pointed up varying reasons for being open to move: in particular, employment opportunities, and the need to accommodate growing young families. Interestingly, the chart above shows that the group most willing to move a greater distance is those approaching retirement age. This came up in interviews – for example, one tenant in Dagenham felt she couldn’t move for the present because of her children, but would consider moving “somewhere totally different – like Canvey Island” when they were grown up. Changing priorities over the life course may mean there is a market among older households for moving to the Thames Gateway, discussed further below.

As with types and features of dwellings, the aspirations of Londoners are not typically wildly different to their compatriots outside the capital: safety, reasonable quiet and cleanliness, some “sense of community”. Some had encountered problems with neighbours, or their neighbour’s children:

We had a problem one year, with the kids from a down the other block- down there, nothing to do with us, they weren’t. But still [HOUSING ASSOCIATION]. Little sods. Oh. They were running amok ... they’d get the other kids to do their nonsense for them throwing eggs and marking cars and just running a bit mental.

(Lewisham interview)

Of course, disputes with neighbours occur in all places, and perhaps large cities more than most. However, concerns about the area can compound housing inadequacy, if outside spaces are not seen as safe:

I would like to move into a proper house or flat, because I have three kids. I would like somewhere where the kids can play. At the moment they can’t go out in the evening because of the other kids.

(Newham interview)

7. The New Growth Areas

If the previous section has suggested that the housing aspirations of Londoners are not, perhaps, that different to people in general, there is a question of where those aspirations might be met. The economy and population of London and the South East is forecast to continue to grow, and at a faster rate than other parts of the country. Since London is already the most densely populated region, and does not have substantial land capacity for new building, the question arises of how and where this growth can be accommodated.

The most ambitious government response to this has been to designate the “Thames Gateway” for major housing expansion. This area comprises the eastern edge of London and beyond into north Kent and south Essex. Building new affordable housing here to accommodate London’s growing population assumes that at least some of that population be willing to move to the “growth areas”. The views of tenants in London were investigated by survey, focus groups and individual interviews.

As shown in the preceding section, fewer than 20% of social tenants would consider a move outside of London to improve their housing situation. Some parts of the growth areas do lie in part inside the city’s boundary, but other research suggests that these may be the least attractive areas to those considering moving¹². There is the further question of whether they lie within people’s mental boundaries of the city is a somewhat different question. The extent to which new growth areas link into London’s large integrated transport system and employment area will form part of that decision:

Well, I wouldn’t move outside London though- no, not as far as the Thames Gateway or Dartford. Basically I’ll go as far as the underground goes really.

(Interview, Barking & Dagenham)

For other respondents, the composition and attitudes of the communities in the Growth Areas hold little appeal in contrast to London, as a strikingly multi-ethnic and cosmopolitan city:

¹² “Gateway People: The aspirations and attitudes of prospective and existing residents of the Thames Gateway”, J Bennett & J Moore (2006), Institute for Public Policy Research.

[Participant 1] I'd prefer to stay in London and I'll give you several reasons why. In [TOWN], Kent and all that there are a lot of national front around that area. So I'd advise, especially people from Afro-Caribbean Society to be careful in those areas.

[Participant 2 responds] I think that is nice about this area, and in Peckham because it is so mixed and you don't worry.

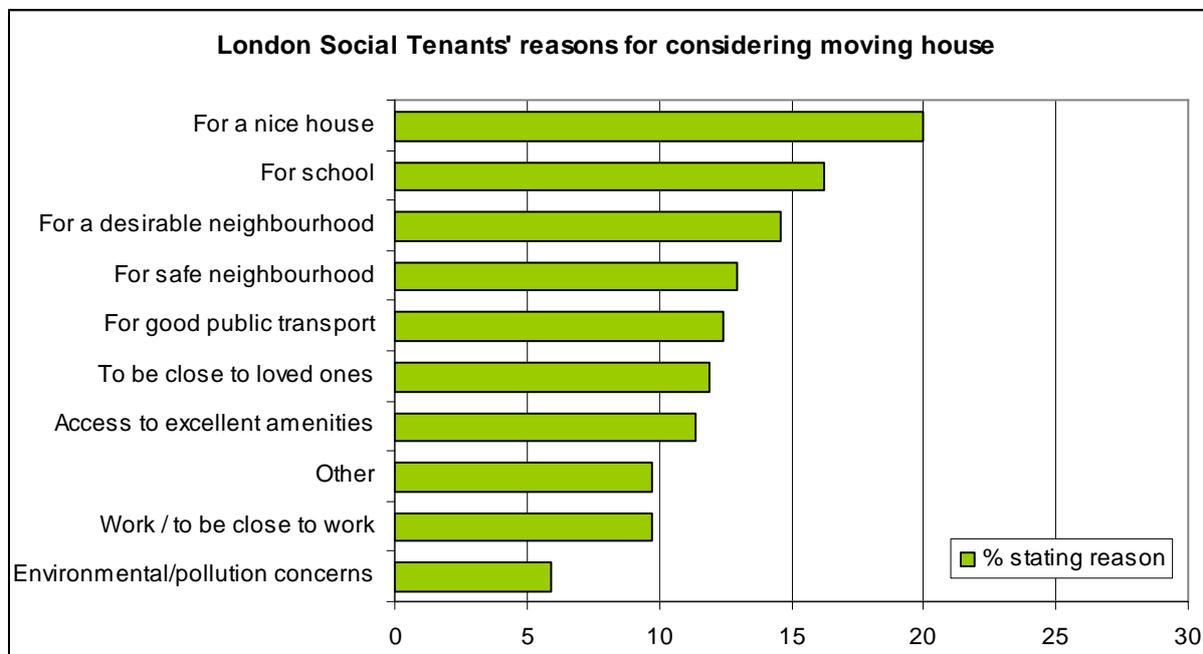
(Focus Group Discussion, Lewisham)

Of course, interviewees recognised that there were districts in London that might be less than welcoming to non-white minorities – but these were well known and could generally be avoided.

For those who might consider moving, their reasons for doing so are diverse. They also vary considerably between private and social tenants, the two groups who were asked about this in the survey. The responses of social tenants (Figure 7-1) centred around the opportunity to improve the quality of the home or the neighbourhood, and in particular, the school – reflecting the fact that social tenants are much more likely than private renters to have children.

Figure 7-1

(Source: BMRB Survey)



The possibility of improved housing of a more desired type was mentioned came up also in the interviews:

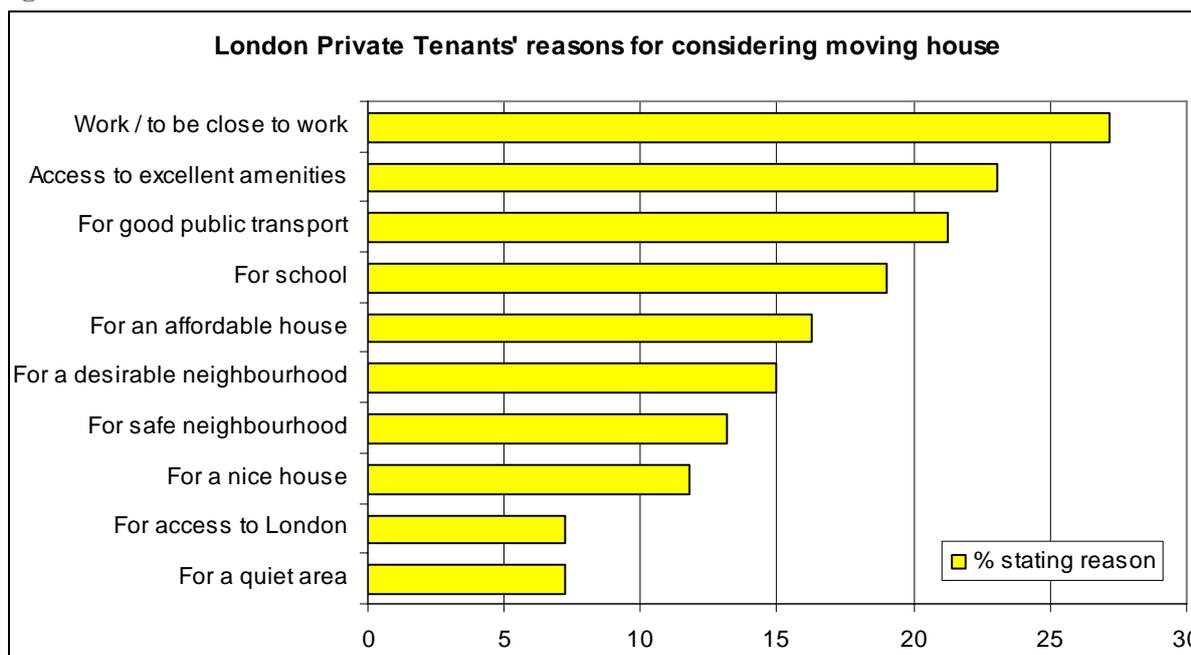
I would consider Thames Gateway - I'd move anywhere to a flat rather than studio

(Interview, Barking and Dagenham)

Private tenants, by contrast, were most likely to mention employment, amenities and transport, although school and affordable accommodation also featured as reasons to move to the growth areas (Figure 7-2).

Figure 7-2

Source: BMRB Survey



Again, the existence of job opportunities was mentioned in interviews by those of working age, for some of whom it would be a decisive factor:

It depends if I found a job somewhere you know!

(Interview, Barking & Dagenham)

However, even if there is a limited number who are open to considering a move to the growth areas, the interviews and focus groups also found a suspicion that the quality of the new housing and the amenities and community around it will not be as good as promised:

From what I can see, they are just building and building and the quality just isn't there

(Focus Group Discussion, Lewisham)

Now these new towns, these new areas, Thames Gateway, Medway Towns etc it's all very well, but the infrastructure needs to be there as well which is not at present.

(Focus Group Discussion, Lewisham)

The overall responses from the interviews and focus groups mirrored those from the tenants in the survey. No-one expressed any innate desire to move to the growth areas, but a minority were at least somewhat open to moving further afield if that move would lead to improved housing or employment opportunities. A greater number either saw no attraction to moving, many because they had no desire to leave the locality they currently lived in. And several were suspicious that promises of high-quality housing, facilities and transport links would prove to be hollow. On the other hand, the fact that supply is so greatly outstripped by need in London may mean that some would-be (rather than current) tenants and shared owners might be amenable to moving if it were the only way to get affordable housing.

8. Conclusions

This paper first identified numerous ways in which London's housing system diverges from that of other English regions: substantially higher costs, and a greater gap between the social and private sector, and much more severe disparity between need and supply - visible in the prevalence of chronic housing inadequacy, such as temporary housing and overcrowding. The

disparities between London and the rest of the country amount to it having a qualitatively different housing system, not merely a set of differences of degree. This system partly services the needs of a younger population with many domestic and international in-migrants, particularly through private renting. However, there are many both existing and potential social tenants who cannot afford to meet their needs in the private market, which means even those social tenants who would prefer not to be in that tenure cannot move out.

Londoners have similar aspirations to better housing and better neighbourhoods to others in England, but in some areas, these are not being met. Home ownership is seen as one route to this, but least for the lower-income interviewees in this study, availing themselves of low-cost home-ownership schemes seems a remote possibility. The broad division between social renting and market housing seems insufficiently flexible for capital, and low-cost home ownership does not appear to provide an adequate increase in flexibility. In the longer term, some Londoners may become persuaded that a move into the capital's expansion to the east would meet their aspirations for home and neighbourhood. However, there is certainly work to be done, even for those who are not wedded to living in London for its innate appeal.

London also has a particular importance in policy formulation. This is partly because the seat of national government is there and its problems are more immediately present to policy-makers. More importantly, it is because these problems London faces in providing adequate housing, and the solutions tried first there, often come to have a broader impact. One crucial way of satisfying unmet housing need is to build more social housing. However, given the scale of need, and the high price of new provision in London because of land prices and construction costs, this is unlikely to be a short-term solution. Other options include also providing more lightly subsidised housing in greater numbers, to meet the need of those on moderate incomes who cannot pay market prices but can afford more than regulated rents. Shared ownership and HomeBuy are examples of such products – but as suggested above they hardly exhaust the possibilities of the intermediate market. Low-cost home ownership has significant disadvantages: exposure to risk in the housing market, responsibility for repairs and reduced mobility. In London, the gap between regulated and open-market rents suggests that intermediate *rented* housing could usefully be further developed.

A further way to meet more need in London would be to increase the supply of re-lets. One way to increase re-lets would be to improve schemes and incentives for those willing to move out of the city; at present, such schemes are ad-hoc and limited. However, schemes that seek to encourage or compel social tenants to move out of the sector if and when their circumstances improve face a tension. This tension is between an efficient allocation of a limited resource – social housing – to those in most need, and providing security of tenure and some certainty about ongoing housing affordability. It is in London that this tension is felt most acutely, and hence London that is likely to continue to see innovation in affordable housing.