LONDONASSEMBLY

Demolition and Refurbishment of Social Housing Estates in London

Housing Committee

Introduction

The London Assembly's Housing Committee is investigating the demolition and refurbishment of social housing estates in London. The investigation will focus on how decisions are taken to refurbish/retrofit existing buildings or to demolish and rebuild, and the impacts of these programmes on communities, households and individuals.

Aim of investigation

The purpose of this investigation is to understand the process and criteria used by local authorities and other social landlords when they make decisions regarding the refurbishment or demolition of their social housing.

It is hoped that this investigation will make the decision-making process more transparent, helping to clarify both the constraints under which landlords make the decisions they do and the effects of those decisions on the estate residents concerned, owners and tenants alike. It will also examine the Mayor's role in supporting these programmes.

Terms of reference

The terms of reference for this investigation are:

- To establish the criteria used to determine decisions, and clarify the decision-making process adopted, when social housing is considered for demolition or refurbishment
- To assess the comprehensiveness and robustness of the decision-making process
- To identify good practice in shaping decisions
- To scrutinise the role of the Mayor in supporting social housing refurbishment or regeneration and consider whether there is more he should do.

Background

The housing context

The Mayor and boroughs are operating within the context of a housing crisis in London. The Mayor's recent Housing Strategy identifies population growth equivalent to three new London boroughs every ten years. For the last thirty years annual house-building in London has remained at around the same level, of between 20,000 and 25,000 homes, yet the projected need is for between 49,000 and 62,000 new homes annually, depending on the rate of clearance assumed for the backlog of overcrowded, homeless and concealed households.

The Mayor's position and role

The Mayor's new Housing Strategy states that his overriding aim is *"to increase the supply of housing of all tenures and to ensure that these homes better support London's continued economic success."*[1] He goes on to raise the question of who should benefit from the new homes being built, especially those constructed through public subsidy, and answers this by targeting support to the intermediate market and working families, alongside a continued commitment to helping those

[1] *Homes for London*, GLA, April 2014 p4

in most acute housing need. This sets the framework for his funding programmes.

In terms of the built environment, the Mayor's emphasis is on encouraging higher density development, given constrained land supply in London, and this is reflected in the Strategy as well as recent alterations to the London Plan. Data from the London Development Database indicates approved permissions which roughly double density across London's social housing estates where demolitions have taken place since 2004.

The primary source of funding for housing estate renewal is the Affordable Homes Programme which supports new build units. Limited refurbishment funding has previously been available under the Decent Homes Programme but this comes to an end from March 2016, and a very small amount of funding supports the RE:NEW programme of domestic retrofit. The Government recently announced a national £150m regeneration fund, of which a proportion, as yet unspecified, will come to London and for which the boroughs will be able to bid, but this is targeted at unblocking major stalled regeneration programmes rather than new activity.

Options available to the boroughs and other social landlords

Council and other social housing continues to be a more significant form of tenure in London (especially inner London) than elsewhere in the country, with council housing still making up 12 per cent of homes compared with around seven per cent in England as a whole. So the boroughs and other registered providers of social housing have a vital role to play in developing and maintaining the capital's housing stock. Flowing from the Mayor's objectives and to meet the needs of their growing resident populations, the boroughs are under pressure to increase housing density; demolition and rebuild facilitates densification whereas refurbishment does not. Other advantages of demolition over refurbishment for the most dilapidated estates include the availability of capital grant for new homes and the reduced cost of ongoing maintenance as well as improved energy efficiency of new build, though conflicting evidence exists on the environmental benefits of each method.

Since 2012 local authorities have taken on direct responsibility for their own Housing Revenue Accounts and long-term housing business plans, rather than relying on government for an annual allocation of subsidy. This also means that they take ownership of the complex trade-off between the needs and rights of existing tenants and those of future generations, including calculations around the ongoing maintenance of their estates and the cost-benefit of cross-subsidising social housing provision through units for market sale. Despite the introduction of self-financing the boroughs' borrowing capacity remains capped at a level which, for most, effectively prohibits them from significant development or renewal activity. Demolition with accompanying densification means that the boroughs can capitalise on the high market value of London's land via the revenue from extra market sales so enabling regeneration and development programmes at least cost to their Housing Revenue Accounts.

Where ownership and/or management of estates has been transferred to housing associations (and in some instances to other arms' length organisations) opportunities to borrow to finance fabric upgrades have been more readily available. Housing Associations are also dependent upon the Mayor's capital funding programme for development grant and subject to the same pressure to increase density.

Tenants' and leaseholders' perspectives

If media coverage is to be believed, a significant proportion of tenants on London's largest, most dilapidated estates continue to be very unhappy with the regeneration programmes underway. Academic studies taking a retrospective view of large-scale regeneration programmes tend to paint a picture of ineffective engagement, with the local community often sceptical about the consultation activities which take place. It may be that this in fact stems, at least in part, from a failure to communicate, justify and gain buy-in for the decisions taken and trade-offs made at an early enough stage in the process. It would be beneficial to understand the position of residents who have returned and are now able to view the process from some distance, though there appears to be little evidence which offers these insights.

The focus of objections raised against demolition and rebuild plans inevitably varies from estate to estate and group to group. Nonetheless common themes emerge.

At the strategic level, the primary concern relates to the reduced number of affordable, especially social rented, homes built in new build replacement estates compared with existing estates. This arises as the Mayor's capital funding is available principally for properties which will be let at higher rent levels than the former social rent and because some of the homes built will be offered to the market for sale to cross-subsidise the affordable properties.

Other issues include:

- The break-up of existing communities during the decant process (and many residents may not return several years down the line)
- The disruption to households and stress of potentially a double decant (move out and move back in later)
- The reduced room size of new units compared with the previous units
- The time taken to complete demolition and rebuild, during much of which many units remain empty and residents become increasingly unlikely to return
- The cost of demolishing and rebuilding compared with that of refurbishment
- The environmental costs of demolishing and rebuilding.

Key questions for the investigation

During the investigation the Housing Committee will seek to answer the following key questions:

- What is the purpose of regeneration programmes and who benefits?
- Which factors are considered in the decision to refurbish or demolish and rebuild?

- How are tenants and leaseholders involved or consulted and at which stages?
- How does the regeneration work and, in particular, what are the key problems for estate residents during the process? How are these best managed and resolved?
- What more could the Mayor do to support effective regeneration whilst maintaining mixed communities?

Details of the investigation

The Committee will gather views and information for this investigation in various ways including through written submissions, a site visit in early July and two formal meetings on the morning of Tuesday 17 June and the afternoon of Thursday 10 July 2014.

Contributions are invited from all interested organisations and individuals, including the boroughs and other social housing providers, tenants' and leaseholders' groups, property consultants who advise the boroughs, academics and housing organisations.

After the Committee has gathered views and information, it will publish its findings and recommendations. This is likely to be in Autumn 2014.

How to contribute to the investigation

The Housing Committee welcomes written views and information to inform its investigation. Written submissions should aim to address the questions outlined above.

Please send written submissions by **Friday 25 July 2014** to the Housing Committee, London Assembly, City Hall, The Queen's Walk, London SE1 2AA, or email: housingcommittee@london.gov.uk.

About the Housing Committee

The Housing Committee holds the Mayor to account for delivering more affordable homes in London, improving the quality of existing housing, meeting Londoners' housing needs and promoting opportunities for mobility across the capital. It pays particular attention to how the Mayor's housing strategy is being implemented and how the Mayor is delivering on his promise to provide 54,500 new affordable homes by 2015.

The Committee's membership and details of its work are available on its webpage.