AGENDA

Meeting	**Housing Committee**
Date	**Wednesday 4 March 2015**
Time	**2.00 pm**
Place	**Chamber, City Hall, The Queen's Walk, London, SE1 2AA**

Copies of the reports and any attachments may be found at www.london.gov.uk/mayor-assembly/london-assembly/housing

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Members of the Committee

Darren Johnson AM (Chair)
Tom Copley AM (Deputy Chair)
Andrew Boff AM
Nicky Gavron AM
Stephen Knight AM
Steve O'Connell AM
Murad Qureshi AM

A meeting of the Committee has been called by the Chair of the Committee to deal with the business listed below.

Mark Roberts, Executive Director of Secretariat
Tuesday 24 February 2015

Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: David Pealing, Committee Officer; Telephone: 020 7983 5525;
Email: david.pealing@london.gov.uk.

For media enquiries please contact: Ash Singleton; Telephone: 020 7983 5769;
Email ash.singleton@london.gov.uk. If you have any questions about individual items please contact the author whose details are at the end of the report.

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Certificate Number: FS 80233

Agenda
Housing Committee
Wednesday 4 March 2015

1 Apologies for Absence and Chair's Announcements

To receive any apologies for absence and any announcements from the Chair.

2 Declarations of Interests (Pages 1 - 4)

Report of the Executive Director of Secretariat
Contact: David Pealing, david.pealing@london.gov.uk, 020 7983 5525

The Committee is recommended to:

(a) Note the list of offices held by Assembly Members, as set out in the table at Agenda Item 2, as disclosable pecuniary interests;

(b) Note the declaration by any Member(s) of any disclosable pecuniary interests in specific items listed on the agenda and the necessary action taken by the Member(s) regarding withdrawal following such declaration(s); and

(c) Note the declaration by any Member(s) of any other interests deemed to be relevant (including any interests arising from gifts and hospitality received which are not at the time of the meeting reflected on the Authority's register of gifts and hospitality, and noting also the advice from the GLA's Monitoring Officer set out at Agenda Item 2) and to note any necessary action taken by the Member(s) following such declaration(s).

3 Minutes (Pages 5 - 50)

The Committee is recommended to confirm the minutes of the meeting of the Committee held on 10 February 2015 to be signed by the Chair as a correct record.

The appendix to the minutes set out on pages 9 to 49 is attached for Members and officers only but is available from the following area of the GLA's website:
www.london.gov.uk/mayor-assembly/london-assembly/housing

4 **Summary List of Actions** (Pages 51 - 56)

Report of the Executive Director of Secretariat
Contact: David Pealing; david.pealing@london.gov.uk; 020 7983 5525

The Committee is recommended to note the outstanding and completed actions arising from previous meetings of the Committee.

5 **Action Taken Under Delegated Authority** (Pages 57 - 60)

Report of the Executive Director of Secretariat
Contact: David Pealing; david.pealing@london.gov.uk; 020 7983 5525

The Committee is recommended to note the recent action taken by the Chair under delegated authority, namely to write to the Mayor to express the Committee's views on points raised during discussion it's meeting on the 11 November 2014.

6 **The Impact of Investor Buyers on London's New Build Market** (Pages 61 - 64)

Report of the Executive Director of Secretariat
Contact: Lorraine Ford, scrutiny@london.gov.uk; 020 7983 4394

The Committee is recommended to note the report as background to discussing with invited guests the impact of investor buyers on the market for new build homes in London, and notes the subsequent discussion.

7 **Knock it Down or Do it Up?** (Pages 65 - 118)

Report of the Executive Director of Secretariat
Contact: Lorraine Ford, scrutiny@london.gov.uk; 020 7983 4394

The Committee is recommended to agree its report on social housing estate regeneration, *Knock it Down or Do it Up?*

The appendix to the report set out on pages 69 to 118 is attached for Members and officers only but is available from the following area of the GLA's website:
www.london.gov.uk/mayor-assembly/london-assembly/housing

8 Housing Committee Work Programme (Pages 119 - 120)

Report of the Executive Director of Secretariat
Contact: Lorraine Ford, scrutiny@london.gov.uk; 020 7983 4394

The Committee is recommended to note its work programme.

9 Date of Next Meeting

The next meeting of the Committee is scheduled for Tuesday, 17 March 2015 at 10.00 am in Committee Room 5, City Hall.

10 Any Other Business the Chair Considers Urgent

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Subject: Declarations of Interests	
Report to: Housing Committee	
Report of: Executive Director of Secretariat	**Date: 4 March 2015**
This report will be considered in public	

1. Summary

1.1 This report sets out details of offices held by Assembly Members for noting as disclosable pecuniary interests and requires additional relevant declarations relating to disclosable pecuniary interests, and gifts and hospitality to be made.

2. Recommendations

2.1 **That the list of offices held by Assembly Members, as set out in the table below, be noted as disclosable pecuniary interests[1];**

2.2 **That the declaration by any Member(s) of any disclosable pecuniary interests in specific items listed on the agenda and the necessary action taken by the Member(s) regarding withdrawal following such declaration(s) be noted; and**

2.3 **That the declaration by any Member(s) of any other interests deemed to be relevant (including any interests arising from gifts and hospitality received which are not at the time of the meeting reflected on the Authority's register of gifts and hospitality, and noting also the advice from the GLA's Monitoring Officer set out at below) and any necessary action taken by the Member(s) following such declaration(s) be noted.**

3. Issues for Consideration

3.1 Relevant offices held by Assembly Members are listed in the table overleaf:

[1] The Monitoring Officer advises that: Paragraph 10 of the Code of Conduct will only preclude a Member from participating in any matter to be considered or being considered at, for example, a meeting of the Assembly, where the Member has a direct Disclosable Pecuniary Interest in that particular matter. The effect of this is that the 'matter to be considered, or being considered' must be about the Member's interest. So, by way of example, if an Assembly Member is also a councillor of London Borough X, that Assembly Member will be precluded from participating in an Assembly meeting where the Assembly is to consider a matter about the Member's role / employment as a councillor of London Borough X; the Member will not be precluded from participating in a meeting where the Assembly is to consider a matter about an activity or decision of London Borough X.

Member	Interest
Tony Arbour AM	Member, LFEPA; Member, LB Richmond
Jennette Arnold OBE AM	Committee of the Regions
Gareth Bacon AM	Member, LFEPA; Member, LB Bexley
John Biggs AM	
Andrew Boff AM	Congress of Local and Regional Authorities (Council of Europe)
Victoria Borwick AM	Member, Royal Borough of Kensington & Chelsea; Deputy Mayor
James Cleverly AM	Chairman of LFEPA; Chairman of the London Local Resilience Forum; substitute member, Local Government Association Fire Services Management Committee
Tom Copley AM	
Andrew Dismore AM	Member, LFEPA
Len Duvall AM	
Roger Evans AM	Committee of the Regions; Trust for London (Trustee)
Nicky Gavron AM	
Darren Johnson AM	Member, LFEPA
Jenny Jones AM	Member, House of Lords
Stephen Knight AM	Member, LFEPA; Member, LB Richmond
Kit Malthouse AM	Deputy Mayor for Business and Enterprise; Deputy Chair, London Enterprise Panel; Chair, Hydrogen London; Chairman, London & Partners; Board Member, TheCityUK
Joanne McCartney AM	
Steve O'Connell AM	Member, LB Croydon; MOPAC Non-Executive Adviser for Neighbourhoods
Caroline Pidgeon MBE AM	
Murad Qureshi AM	Congress of Local and Regional Authorities (Council of Europe)
Dr Onkar Sahota AM	
Navin Shah AM	
Valerie Shawcross CBE AM	Member, LFEPA
Richard Tracey AM	Chairman of the London Waste and Recycling Board; Mayor's Ambassador for River Transport
Fiona Twycross AM	Member, LFEPA

[Note: LB - London Borough; LFEPA - London Fire and Emergency Planning Authority; MOPAC – Mayor's Office for Policing and Crime]

3.2 Paragraph 10 of the GLA's Code of Conduct, which reflects the relevant provisions of the Localism Act 2011, provides that:

- where an Assembly Member has a Disclosable Pecuniary Interest in any matter to be considered or being considered or at

  (i) a meeting of the Assembly and any of its committees or sub-committees; or

  (ii) any formal meeting held by the Mayor in connection with the exercise of the Authority's functions

- they must disclose that interest to the meeting (or, if it is a sensitive interest, disclose the fact that they have a sensitive interest to the meeting); and

- must not (i) participate, or participate any further, in any discussion of the matter at the meeting; or (ii) participate in any vote, or further vote, taken on the matter at the meeting

UNLESS

- they have obtained a dispensation from the GLA's Monitoring Officer (in accordance with section 2 of the Procedure for registration and declarations of interests, gifts and hospitality – Appendix 5 to the Code).

3.3 Failure to comply with the above requirements, without reasonable excuse, is a criminal offence; as is knowingly or recklessly providing information about your interests that is false or misleading.

3.4 In addition, the Monitoring Officer has advised Assembly Members to continue to apply the test that was previously applied to help determine whether a pecuniary / prejudicial interest was arising - namely, that Members rely on a reasonable estimation of whether a member of the public, with knowledge of the relevant facts, could, with justification, regard the matter as so significant that it would be likely to prejudice the Member's judgement of the public interest.

3.5 Members should then exercise their judgement as to whether or not, in view of their interests and the interests of others close to them, they should participate in any given discussions and/or decisions business of within and by the GLA. It remains the responsibility of individual Members to make further declarations about their actual or apparent interests at formal meetings noting also that a Member's failure to disclose relevant interest(s) has become a potential criminal offence.

3.6 Members are also required, where considering a matter which relates to or is likely to affect a person from whom they have received a gift or hospitality with an estimated value of at least £25 within the previous three years or from the date of election to the London Assembly, whichever is the later, to disclose the existence and nature of that interest at any meeting of the Authority which they attend at which that business is considered.

3.7 The obligation to declare any gift or hospitality at a meeting is discharged, subject to the proviso set out below, by registering gifts and hospitality received on the Authority's on-line database. The on-line database may be viewed here: http://www.london.gov.uk/mayor-assembly/gifts-and-hospitality.

3.8 If any gift or hospitality received by a Member is not set out on the on-line database at the time of the meeting, and under consideration is a matter which relates to or is likely to affect a person from whom a Member has received a gift or hospitality with an estimated value of at least £25, Members are asked to disclose these at the meeting, either at the declarations of interest agenda item or when the interest becomes apparent.

3.9 It is for Members to decide, in light of the particular circumstances, whether their receipt of a gift or hospitality, could, on a reasonable estimation of a member of the public with knowledge of the relevant facts, with justification, be regarded as so significant that it would be likely to prejudice the Member's judgement of the public interest. Where receipt of a gift or hospitality could be so regarded, the Member must exercise their judgement as to whether or not, they should participate in any given discussions and/or decisions business of within and by the GLA.

4. Legal Implications

4.1 The legal implications are as set out in the body of this report.

5. Financial Implications

5.1 There are no financial implications arising directly from this report.

Local Government (Access to Information) Act 1985	
List of Background Papers: None	
Contact Officer:	David Pealing, Committee Officer
Telephone:	020 7983 5525
E-mail:	david.pealing@london.gov.uk

GREATERLONDONAUTHORITY LONDONASSEMBLY

MINUTES

Meeting: Housing Committee
Date: Tuesday 10 February 2015
Time: 10.00 am
Place: Committee Room 5, City Hall, The Queen's Walk, London, SE1 2AA

Copies of the minutes may be found at:
www.london.gov.uk/mayor-assembly/london-assembly/housing

Present:

Darren Johnson AM (Chair)
Tom Copley AM (Deputy Chair)
Andrew Boff AM
Stephen Knight AM
Murad Qureshi AM

1 Apologies for Absence and Chair's Announcements (Item 1)

1.1 Apologies for absence were received from Nicky Gavron AM and Steve O'Connell AM.

2 Declarations of Interests (Item 2)

2.1 The Committee received the report of the Executive Director of Secretariat.

2.2 **Resolved:**

That the list of offices held by Assembly Members, as set out in the table at Agenda Item 2, be noted as disclosable pecuniary interests.

3 Minutes (Item 3)

3.1 **Resolved:**

That the minutes of the meeting held on 2 December 2014 be signed by the Chair as a correct record.

4 Summary List of Actions (Item 4)

4.1 The Committee received the report of the Executive Director of Secretariat.

4.2 **Resolved:**

That the outstanding actions arising from a previous meeting of the Committee be noted.

5 Affordable Home Ownership in London (Item 5)

5.1 The Committee received the report of the Executive Director of Secretariat as background to putting questions on affordable home ownership in London to the following invited guests:

- Stephen Hill, Trustee, National Community Land Trust Network;
- Alex Hilton, Director, Generation Rent;
- Jamie Ratcliff, Assistant Director – Programme, Policy and Services, Housing and Land, Greater London Authority; and
- Kush Rawal, Sales and Marketing Director, Thames Valley Housing Association.

5.2 A transcript of the discussion is attached at **Appendix 1**.

5.3 During the course of the discussion, the Assistant Director – Programme, Policy and Services committed to provide the following additional information after the meeting:

- Both the average, and range, of income of those buyers entering shared ownership agreements by borough; and
- The staircasing figures available in the 'NROSH+' dataset used by the Homes and Communities Agency (referred to in Appendix 1).

5.4 **Resolved:**

That the report and discussion be noted.

6 The Impact of Investor Buyers on the Market for New Build Homes in London (Item 6)

6.1 The Committee received the report of the Executive Director of Secretariat.

6.2 Andrew Boff AM sought clarification on the focus of the proposed investigation, particularly whether it would focus on both, or either, national or international investor buyers. The Assistant Scrutiny Manager explained that both would be included in the research.

6.3 Furthermore, Andrew Boff AM asked that the investigation should include research into the types of property invested in, as well as absolute numbers of properties. Murad Qureshi AM requested that work be undertaken to find the likely sources of the capital being invested in new build homes in London. In response, the Assistant Scrutiny Manager confirmed that both points would be further explored in research undertaken outside of the meeting.

6.4 **Resolved:**

That, subject to the comments made by Assembly Members above, the scope of the investigation into the impact of investor buyers on the market for new build homes in London be agreed.

7 Gypsy and Traveller Site Provision in London (Item 7)

7.1 The Committee received the report of the Executive Director of Secretariat.

7.2 **Resolved:**

That the wording of the letter to the Mayor on Gypsy and Traveller site provision in London, as set out at Appendix 1 to the report, be formally agreed.

8 Housing Committee Work Programme (Item 8)

8.1 The Committee received the report of the Executive Director of Secretariat.

8.2 **Resolved:**

(a) That the work programme be noted;

(b) That the topic of the remaining two planned Committee meetings of the current Assembly year, as detailed at paragraph 4.2 of the report, be agreed; and

(c) That the letter received from the Deputy Mayor for Housing, Land and Property, as set out at Appendix 2 to the report, be noted.

9 Date of Next Meeting (Item 9)

9.1 The date of the next meeting of the Committee was confirmed as Wednesday, 4 March 2015 at 2.00 pm in the Chamber, City Hall.

10 Any Other Business the Chair Considers Urgent (Item 10)

10.1 There were no items of business that the Chair considered to be urgent.

11 Close of Meeting

11.1 The meeting ended at 12.21 pm.

Chair

Date

Contact Officer: David Pealing, Committee Officer
Telephone: 020 7983 5525; Email: david.pealing@london.gov.uk.

Housing Committee – 10 February 2015
Transcript of Item 5: Affordable Home Ownership in London

Darren Johnson AM (Chair): That brings us on to item 5: affordable home ownership in London. This is the second of our sessions on this topic. We have Jamie Ratcliff from the Greater London Authority (GLA); Kush Rawal from Thames Valley Housing Association (TVHA); Stephen Hill from the National Community Land Trust (CLT) Network; and Alex Hilton from Generation Rent. Good morning to all of you.

Firstly to Jamie: a recent paper to the Mayor's Housing Investment Group stated that the capital's housing market is not working for an increasing number of Londoners on modest incomes. What do you see as the main reasons for this?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): The main thing that meant is that housing costs in London are very high, particularly in relation to incomes.

In terms of the reasons behind that, some of that is due to the popularity of London as a city where lots of people want to come. We are seeing significant population growth at the moment. London is now the biggest it has ever been in its history. Undoubtedly some of that is also due to a long-term failure to build enough homes for London, which we are seeking to redress with the current Housing Strategy and the new targets that are in the London Plan.

Some of that is also down to recent, much lower levels of wage growth than we have seen historically, which means it is even harder for wages to keep up with housing prices. Two indicators you would probably pick out to evidence that are the increasing numbers of people who are in work and on housing benefits and needing support to pay their rent in the private rented sector, some in the social rented sector, and declining levels of home ownership across London which is now below 50%.

Darren Johnson AM (Chair): We just want to set the scene at this stage because obviously we read day in and day out about the problems that Londoners on modest incomes face in trying to access the housing market. Kush, do you want to start off?

Kush Rawal (Sales and Marketing Director, TVHA): From what we are seeing, there is significant pressure. TVHA has been involved in shared ownership for close to 30 years. The types of people we have been seeing accessing the product have changed over that time.

The biggest issue we are seeing is the significant demand. If you look at your own First Steps website and the number of people registering for help and trying to access it versus the actual help that is out there. It is significant. Mortgage availability is also a little bit difficult. We had the Mortgage Market Review and there are more affordability pressures being put down on applicants. It is a very difficult situation.

Darren Johnson AM (Chair): How big an impact are schemes like this having on the overall market or is it just really a drop in the ocean given the trend is so overwhelming?

Kush Rawal (Sales and Marketing Director, TVHA): On a micro level we have a significant impact. For the communities where we go in and are building and are able to do it on scale, it can really give people who have been in that area for a long time a way of actually getting access to a home. Looking at the bigger picture, the actual level of supply is wholly out of kilter with the level of demand that is there. We recently launched a site in Wandsworth. For every single property we had there, we had ten people who were able, willing and ready to purchase. That was sold out in the matter of a day.

Stephen Hill (Trustee, National CLT Network): I think we all accept that London is bit of an aberration in the United Kingdom housing market.

I was travelling in the United States last year on a Churchill Fellowship and looking at exactly the same phenomenon in what I would call 'over-successful' cities like Boston, New York, Los Angeles, San Francisco and Toronto. They all have exactly the same kind of phenomenon of people on middle incomes being effectively displaced. Often they are much smaller cities and the impact of global capital inflows to the city have a much clearer displacement effect than they have had in London until about now. London has been able to absorb a lot more of that pressure but is no longer able to.

Alex Hilton (Director, Generation Rent): Obviously London is probably more distinguishable in its size than the effect. There are other places in the UK that are seeing the same issues, for example Bristol, Oxford, Cambridge and York.

You have this captured consumer that has not really existed before. When we moved from having job security being given to you by an employer to job security being given to you by an economy, it meant that people no longer have the choice to find a job somewhere else because they do not have job security with that job. We have never seen the differentiation in demand across the regions that we see today. Demand is crystallised on the functioning jobs economies of the UK and London is the biggest, fattest, hugest one of them.

What has not been touched on yet is this captured consumer. The consumer is captured because neither at the social housing end nor in the home ownership end can they escape the private rented sector. Neither can they escape London because they are in London because that is where there are jobs. You have to live near a job. This is driving up the investment returns for a property developer because you have captured a consumer, a whole bunch of them. That, in turn, creates this cycle. It increases the capture and makes the viability of building social housing in London less and less realistic. It is an unsustainable system. The question is how you break that down and create new avenues for people into home ownership and indeed social housing.

Tom Copley AM (Deputy Chair): Jamie, why does the Mayor want to support shared ownership?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): There are three main reasons behind that. I will try to break them down a little bit as I go through them.

The first is helping people into home ownership. It does that in two different ways. One is through the lower monthly costs that you get from the subsidised rent on the unsold equity. The other is through lower deposits because you are buying a share. Therefore, if you buy a 25% share, your deposit will typically be four times smaller than it would be if you were buying the whole of the property and increasing access there.

The main benefits that people will get through home ownership will be around the security of their tenure. As long as they can pay their rent and mortgage they will be able to stay in that property for a 99 or 125-year lease, however long they need it. They will have rights of customisation over the property to do what they want to it, subject to the terms of their lease, which you do not get in the private rented sector; as well as ownership of an asset which may appreciate over time. Also, there is the fact that their housing costs that they purchase with a mortgage are then fixed at a point in time so inflation will deflate the real cost of those mortgage payments. That is it from a consumer.

The middle one I would flag is around mixed communities. Shared ownership is a really good way of getting home owners into a community, getting some tenure diversification and people on different incomes. There are a number of boroughs which are really keen on seeing that provide a mix. We are seeing quite a lot of that coming through our housing zones programme, where people see shared ownership can really drive that.

The third one I would say is around supporting overall supply, which is obviously incredibly important. We need to deliver at least 42,000 homes a year. Also, there is the accelerative impact that shared ownership can have. In our First Steps Challenge Fund paper that we published at the end of January, there is a chart that I am really proud of that Richard Donnell [Director of Research] from Hometrack provided us with. It shows the size of the market in different areas for home ownership. What it showed was in Newham there were about 600 households who could afford to purchase outright, about 8,000 who could afford the private rented sector and about 24,000 that could afford shared ownership. The market is 38 times bigger than the market for sale and so you can deliver faster. It is three times bigger than the market for private rents and so it is a way of opening up to a different range of people which means you can build homes, particularly on large sites, a lot quicker.

Tom Copley AM (Deputy Chair): You cited Newham but something I want to come on to is the variance around London as to how affordable shared ownership genuinely is. First, I want to ask a few questions about the profile of people who are accessing shared ownership. The Housing Covenant says the target group for it is those who are earning between £11,000 and £38,000. The Mayor told Stephen Knight [AM] in January that the median income for those accessing shared ownership is £37,435, which obviously sits right at the top of that band. Presumably this figure varies widely across London, particularly between inner and outer London boroughs.

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): Basically, shared ownership is a market-related product that you buy a share of the property based on its market value. In higher value boroughs that share will cost you more and the rent on the unsold equity will be more, whereas if it is in a lower value area it will be lower.

Tom Copley AM (Deputy Chair): Do you have a breakdown of the average incomes of people by borough who access shared ownership?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): I have it but I would have to send it to you because it is not something --

Tom Copley AM (Deputy Chair): I do not expect you to read it all out, obviously, all of it, in the meeting.

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): From memory, there was not actually as much variation as you would expect. Some of the numbers you had to treat with a little bit of caution. Where there are only three sales in one borough over the period, then you need to be a bit careful of the numbers. The highest median income in any of the boroughs went up to about £50,000 and that was in one of the central London, very expensive boroughs.

Tom Copley AM (Deputy Chair): Kensington and Chelsea, something like that?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): Yes, I am not going to speculate which it was but it was definitely one of those high value areas. Then it was in the £20,000s in some of the further out areas.

Tom Copley AM (Deputy Chair): Have any households earning £11,000 actually accessed shared ownership?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): I do not know.

Tom Copley AM (Deputy Chair): You could provide those figures to us?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): I could see what we have on CORE.[1]

Kush Rawal (Sales and Marketing Director, TVHA): From a TVHA point of view, I can give you a few statistics which will hopefully paint a bit of a picture. This is based on 250 sales in the boroughs of Wandsworth, Hounslow, Kingston and Richmond. The average age of our buyers is 31 and 58% of those are female. The deposit they would have on average would be 10% with an income of £33,000. The majority of them previously were renting. 60% of people that we are selling have come in via the First Steps website. In an average year 3% of the people whom we have sold to in London are staircasing. That is buying more equity.

To answer your first question, we have sold to people on £11,000. To be honest, the majority of those are where there is a divorce or similar and where there is a significant amount of cash coming in, a very low income and a high deposit.

Tom Copley AM (Deputy Chair): Thank you for that. It would be good, Jamie, if we could get the breakdown of the figures sent to us.

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): Yes, we definitely have that and I will see what we can do in terms of the lowest income on our statistics as well.

Tom Copley AM (Deputy Chair): Particularly the variations between inner and outer London.

I will ask you about some of the comments that the Deputy Mayor for Housing [Land and Property, Richard Blakeway] has made. He said last week that shared ownership does not work where property values are in excess of £600 a square foot. He went on to say that,

> *"The bulk is not being delivered in those areas and there is a real risk because we know it does not function properly in Zone 1 and in most of Zone 2 it starts to undermine the product."*

You mentioned mixed communities earlier and the importance of shared ownership for that. If you are now getting to a stage where in a large swathe of Zone 1 and Zone 2 it is not working as a product, to what extent can it be said to be contributing to mixed communities in those areas?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): There are a few clarifications that are needed on those comments, which may have been taken slightly out of context. The key point is it is less about pounds per square foot than it is about the overall value. We explain this relatively clearly in the First Steps Challenge Fund paper. Once you get to £600,000 overall value, if you are purchasing a 25% share with a 5% deposit, it is over 45% of your net income for somebody on £66,000. What that means is for it to be affordable to somebody within our income ranges they will need a deposit bigger than 5%. It

[1] The COntinuous REcording of Lettings and Sales in Social Housing in England (CORE).

does not mean it does not work but it starts to stretch the point. Part of the point of shared ownership is helping people on lower incomes. If you need bigger and bigger incomes it is not working as well. That is why in the First Steps Challenge Fund we have said we want to see a focus on the medium and lower value areas where also we are seeing less overall housing supply. There is a need to drive those.

Tom Copley AM (Deputy Chair): Is this essentially an acceptance that shared ownership really is not working in much of inner London or will not work?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): Shared ownership will work less well when you have got values at £600,000 or more. When you get significantly above, you need a very large deposit and so it is not a product that is going to help that many people there.

Tom Copley AM (Deputy Chair): I take on board what you say but, given he has basically said these homes do not work in these areas, how many homes are currently being built in these areas where the property values are in excess of £600 per square foot?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): The £600,000 total value is the important thing.

Tom Copley AM (Deputy Chair): Total value is the most important?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): Yes. A one-bed property pounds per square foot could be quite a lot higher than that but its overall value could be less than £600,000. That will work for somebody who wants to purchase that property. It is hard to pinpoint the exact number because obviously values change during the development process. We could look at the number of shared ownership homes which we are funding in a selection of higher value areas but I could not pinpoint exactly how many are going to be over £600,000, partly because they are valued at the end of the process. What we are very consciously doing is trying to focus going forward, particularly the First Steps Challenge Fund, on delivering shared ownership homes in those medium to lower value areas of London. That is what housing zones are focused on as well.

Tom Copley AM (Deputy Chair): That is a shift essentially and we might see small shared ownership properties continuing to be developed in inner London, but particularly for bigger properties you are talking the lower-value areas?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): Yes, it depends. In some mid-value areas where there are particularly large properties, they will have quite high values as well. We will be working with our partners, where they have the problem of a property which is too high in value, to see what we could do in terms of changing the tenure of that unit: whether it is better to change it to affordable rent or intermediate rent, or look at other options.

Tom Copley AM (Deputy Chair): Changing the tenure of existing shared ownership properties?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): Of properties that come into the market. If there is a property that cannot be sold, it is in no one's interest to try to find --

Tom Copley AM (Deputy Chair): Then you can convert that to a different model. I see. What about existing homes? We hear about these homes going up and up in value. Would there ever come a point where it becomes completely unviable? Do market forces essentially keep the value of the property down in the sense that you have to be able to get a mortgage on part of the property? Is the value of a shared ownership property in these very high-value areas somehow constrained by market forces like that or what you can get a mortgage on?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): No, because it is subject to the market value. If you were selling your shared ownership home and say you owned 50% and it had gone up significantly in value so that the overall value was significantly over £600,000, you would still be entitled to sell it for that value. If you could not find somebody who would purchase your partial share, you could sell the whole of the property on the open market and then staircase at the same time you sell. It is likely that those very high value properties would be staircased out at the point they are sold and then the funding provided back to the housing association (HA) --

Tom Copley AM (Deputy Chair): They are sold at the full market value to a buyer?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): Yes, and then the funding would be recycled or reused in delivering new supply, either in that borough or elsewhere.

Kush Rawal (Sales and Marketing Director, TVHA): A second-hand home, a resale as we call it, will always be cheaper than a brand new home. The rent level is pegged to the initial purchase price. If that home was sold five years ago, the rent that you would pay on it is pegged to that price. It will always be a cheaper alternative than a brand new home and so it will hit a wider affordability spectrum. From our experience of resale homes in the sorts of locations we are talking about, those affordability issues are not necessarily as much of an issue as we are seeing on brand new homes.

Andrew Boff AM: Just on that small detail, do you mind? Are you saying if you have vacant possession of a home, you then still go back to the valuation of when it was first occupied, or do you revalue the property on vacant possession?

Kush Rawal (Sales and Marketing Director, TVHA): The share will always be sold on market value but the rent of the unpurchased portion will always be pegged to the initial purchase price.

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): The rent essentially rises at the retail prices index (RPI) plus 0.5% but property values could rise significantly higher.

Andrew Boff AM: From the initial contract?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): Yes.

Andrew Boff AM: Somebody else moving into that property would still have the benefit of that previous valuation?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): On the rent.

Andrew Boff AM: On the rent side?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): Yes.

Andrew Boff AM: Thank you. Sorry for the interruption.

Tom Copley AM (Deputy Chair): That is OK. Just finally on this point: what do you think the likelihood is of the conditions within inner London, with very high prices, spreading more to outer London boroughs and affecting the viability of affordable home ownership there?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): I make a rule of not making house price forecasts and so I am not going to do that for outer London. If we do not build the homes that London needs, then you will see increasing prices across the board. At some point, and I am not going to say when, then you would see those kinds of prices in outer London that you are seeing in some of the inner areas of London. The key challenge is building as many homes as we can and meeting the supply challenge to make sure that does not happen.

Darren Johnson AM (Chair): Alex, did you want to come in on this point at all?

Alex Hilton (Director, Generation Rent): I would say there is a threat to people entering this market. It is not just shared ownership but shared equity and help-to-buy. These are vehicles for getting people into large amounts of debt that previous generations would not have considered going anywhere near in relation to their incomes. If you are focusing your work in the cheaper areas, which is a *fait accompli* as that is the only place you can do it, these are the places where a knock to the London economy will hit house prices first. You are going to disproportionately have those people bearing more of the risk of a knock on house prices than your average home owner.

I will say it another way, Generation Rent believes - and not just us but the Confederation of British Industry (CBI), London First and the London Chamber of Commerce and Industry - that the housing market is a threat to London's competitiveness. In the event that London did reach a tipping point on its competitiveness and jobs started leaving London either to other cities in the UK or to other cities in the world, it would detract from house prices because it is those jobs that stimulate demand. The demand reduction is going to be in the cheaper places where you are building shared ownership properties before it is going to be in the premium parts of London.

Kush Rawal (Sales and Marketing Director, TVHA): The average loan that we have on our books for people is about three-and-a-half times their income. In terms of historical perspective and in most of history, people have had to lend at that sort of level. In another perspective, you could say actually they are better protected. It is something we saw in the last recession. With your exposure at 25% on a property, you have far less to lose than if you had bought 100% of that home. In fact, with shared ownership, the ability exists for us to go in there and rescue that individual if they are in financial difficulty, who then sell a portion of that share back to us to reduce that financial burden. Actually, they are in a much safer position than if they are buying outright.

Alex Hilton (Director, Generation Rent): I would say we are also in an era where you could find, in the event of a tilt in the London economy, falling house prices and deflation at the same time, which is exactly the opposite position that previous generations have found themselves in where the sensible advice would be borrow everything you can because inflation is going to inflate away your debt in no time at all. I certainly appreciate that the HAs engaged in this are approaching this in a sensible way but I would like to see how you are stress tested in the event this was a whole market effect. With an individual going through a difficult thing is one thing, I am sure you carry it. If there was a whole market effect and the whole HA sector was hit at once, I would like to see where you would find the money.

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): It is probably a wider question but from the Regulator of Social Housing's point of view, it is looking at stress testing of HAs at the moment and has at least expressed interest in the Bank of England's stress testing of what a significant drop in the housing market would have on different people's businesses. It is a well regulated sector that is very financially strong.

Stephen Hill (Trustee, National CLT Network): Just very quickly, the point that Alex [Hilton] is making is well made. It is also important to remember that here are lots of different housing markets even within London. Jamie [Ratcliff] made the point at the beginning about London getting back to its peak from before the Second World War. Actually, within London there are huge differentials. For the six core inner London boroughs, the population is still half what it was in 1900, which is when it was at its peak. It has been declining really until about 1990 and is now just beginning to climb up a bit. Most of the outer London boroughs have been growing without a break since 1900. Actually, there are two things that have happened. When the population of London went down, that was in the centre, but the outer London boroughs were always going up and they still are. There clearly is latent demand if those trends continue, and there is no reason to suggest that they will not.

Murad Qureshi AM: I was keen to come in on the first question but if we could open up later the dialogue that will be useful because I think Stephen [Hill] wanted to come in there.

As we are going into shared ownership in quite a bit of detail now, there are just one or two comments I wanted to follow up. Kush, you mentioned 3% are staircasing up. We were not able to get any figures last time from anyone about the extent of that happening in London because no one seemed to have it and so I am grateful for that. Of that 3%, how much is happening in Thames Valley, where I think you function mostly, and actually happening in London, even though it is only outer London as well?

Kush Rawal (Sales and Marketing Director, TVHA): This year we have seen bit of an anomaly in that we have had higher rates of staircasing in areas like Wandsworth compared to core areas for us like Bracknell. If we discount the difference in volumes, in percentage terms we are seeing higher rates happening in areas like Wandsworth. We have stock there that is a maximum of about five years old. There is no, from what we are seeing currently, discernible difference between the two areas.

Murad Qureshi AM: Do you have to submit those details to the Homes and Communities Agency (HCA) in your annual returns?

Kush Rawal (Sales and Marketing Director, TVHA): Yes.

Murad Qureshi AM: Thank you for that because I have tabled questions and got nowhere with the GLA. It seems as though the information you have just given to us publically we are not able to get from the GLA. I would like some exact figures. I understand some of the officers have access now to the HCA's database. It is clear HAs have to give that information to the HCA and there should be figures on London on the extent of staircasing or not. Let's face it, that is the main premise that people enter shared ownership: this aspiration to --

Darren Johnson AM (Chair): Jamie, what figures do we have?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): There is a really interesting debate around whether that is the role of staircasing and the role of shared ownership. Just on the numbers, we have recently found it within what used to be called the Regulatory and Statistical Return and is now called something slightly different, which is made by all HAs that own more than 1,000 homes. What that showed is that in 2013/14 there were 1,558 shared ownership staircasings, which, taken as a percentage of the overall stock, is about 3.5%.

Murad Qureshi AM: I am glad you have that information because when I put written questions on this I did not get the figure that --

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): Yes, it is only literally in the last couple of weeks that we have found --

Murad Qureshi AM: It is very important because --

Darren Johnson AM (Chair): If you could supply the available data that would be very useful. Thank you.

Murad Qureshi AM: There is another point. The median income was said to be £37,435 in response to Stephen's [Knight AM] written question. When you use that term, though, there is a spread. What is the lowest and what is the lowest?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): I will confirm that again as well. The highest will be constrained by the income cap which is £66,000.[2]

Murad Qureshi AM: People mention that there is also the average but that is not the same thing. You have to do it in the context of --

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): Yes, we use the median because we think that is probably fairest and it does not get distorted by particularly high or low examples. It just shows --

Murad Qureshi AM: I accept that but you also need to know where it stands with the highest and the lowest point.

There is a very specialised mortgage market for shared ownership. At the same time the Bank of England has made it more difficult - for very, I would say, good reasons - to get mortgages. What impact is that going to have on this market, Kush?

Kush Rawal (Sales and Marketing Director, TVHA): We have been operating for a number of months now under those conditions. We have a very active and involved lending market for the product. There are ten key lenders who operate in that space. Over the amount of supply that we have, there is more than enough lending activity available. If we were to scale up significantly, there would be concerns about the lender numbers. The major impact and the group of people we have seen hardest hit by the changes are families. The moment you have someone with child responsibility, there is a significant impact on what a lender would see as affordable for that.

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): Just to reiterate the work we have done looking at the capacity in the mortgage market, in the Housing Strategy we said we wanted to double the delivery of shared ownership and then double it again to 2025. The doubling the current mortgage market could absorb. Once you get to doubling it again, you probably need to bring in more lenders. Of the

[2] Following the meeting, the Assistant Director clarified that in addition to the £66,000 income cap, the income cap for families purchasing homes with three or more bedrooms is £80,000.

five top lenders, four of them are participating in shared ownership. It would be really great to get the fifth one and we will continue to push for the Royal Bank of Scotland.

Darren Johnson AM (Chair): Thank you. I want us now to move on to the secondary market for shared ownership, which Andrew is lending off on for us. Thank you, Andrew.

Andrew Boff AM: We have received evidence from various places that the secondary market for shared ownership can be problematic. What I would like to know is - aside from the pilot marketing campaign that was carried out - can you provide, Mr Ratcliff, an update on other steps the Mayor is taking to improve the secondary market for shared ownership?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): Probably the most significant thing we have done is change the eligibility rules. There used to be nationally a view that once you had bought a shared ownership property you had had your bite at the cherry, that was it and you could not get any further help. We looked at shared owners in London who might have purchased a small property, their family circumstances might have changed and they then need a larger property. Under eligibility rules they were barred from then buying a property either in a suitable location or one that was suitable for their size, which we felt was not logical or helpful for those people so we changed it so that existing shared owners are eligible where they have got a need to move to a larger property or to a different area. That makes quite a significant difference. In the past it was certainly something that was raised by a number of HAs that we work with. It is something that they wanted to see changed but it was something that previously, before the devolution to the Mayor, was a policy that sat with the Department for Communities and Local Government (DCLG) and so was not something that changed, whereas the Mayor was able to make that change relatively rapidly after taking control of housing budgets and responsibility in London.

The second thing that has not happened yet but I am very keen to see it happen, at least on a pilot phase initially and we talk about it again in the First Steps Challenge Fund. It is around recognising that need for mobility of existing shared owners but also recognising that typically the larger properties are less likely to be built and where they are built they could be at quite high values, which means they are not affordable to those households. I will try to explain this clearly but if I do not correct me. It basically ports your assistance to another property in the second-hand market. If you are a shared owner with a 50% share in a £400,000 property, you could then find another £400,000 property elsewhere on the open market that was suitable for your needs and your shared ownership assistance could effectively move with you and you could remain as a shared owner but in a property that is appropriate for you. We suggest this in the First Steps Challenge Fund as being something that could be attractive to institutional investors who are very keen on seeing that long-term rental stream and a way of making sure they can maintain that in suitable properties. It also could be beneficial to HAs as it diversifies their portfolio so they have a greater spread of different property types, sizes and locations.

Andrew Boff AM: That is a suggestion from that --

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): It is a suggestion. There are a number of people working up proposals to see how that could work.

Andrew Boff AM: All right. I will not throw questions about that. We are going to see something coming forward on it?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): Hopefully, yes.

Andrew Boff AM: I am interested to see how they would get investment on another property which obviously has all sorts of different characteristics.

Anyway, we know that TVHA did some marketing material with regard to the secondary house market. Mr Rawal, could you explain that to us and also tell us what effect that marketing had on the secondary market sales?

Kush Rawal (Sales and Marketing Director, TVHA): The backdrop to this is in 2012 we commissioned some research from the University of Cambridge looking at the secondary market as a whole, both staircasing and reselling. With the resale picture what became very apparent was there were high levels of dissatisfaction from existing shared owners as to the services they were receiving from their HA. What we embarked on was a way of changing from an administrative function, which is what we are providing and more a case of checking boxes and providing a function, to a service. It was really pulling on what the market offers. If you were to go down to your local estate agent, what are the services that you would be able to get from them? We packaged up an offer which included online educational materials for people wanting to purchase and also a service which was part online driven for people wanting to sell their home.

The major impact for us is we went from a position of selling 70% of the homes that came to us to 95% of the homes in London. Most of the homes that we are selling in London sell within about a month and a half, and out of London the average is about two months that it is taking. A lot of the issues that we noted perhaps are more aligned to the fact that a lot of the research and a lot of the conversation happened when the market was depressed as a whole. If you bear in mind the point I made right at the beginning, we are selling homes in Wandsworth and we are seeing ten applicants for one property. It is no different for the resale picture. In fact, those homes are cheaper and so the demand is ever much more.

The biggest barrier that we have with reselling homes is local authority involvement where there is a desire to try to keep those homes retained purely for a specific group of people within a confined local authority area. If we can remove that and make it mobile for all Londoners, anyone wanting to apply, that would make it far easier.

Andrew Boff AM: Mobile for all Londoners? That is an interesting thing you have said there because there is a lot of pressure locally to have local homes for local people. We hear it all the time. I do not think people would object to saying, "Have local homes for Londoners". People would not have a problem with that. Is that something you have talked to local authorities about?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): We introduced a new policy in the Housing Strategy under Further Alterations to the London Plan which said that local authorities could impose local marketing restrictions but only for a maximum of three months. If they want to impose a lower income threshold or that people have to live or work in the borough they can do that, and then three months is a reasonable window to sell the property but after that they should be opened up on a pan-London basis. Thirty of the boroughs have already changed their policies and the other three are in train to do so.

Andrew Boff AM: Mr Rawal, you said that it had quite an effect, the marketing of the secondary market sale. Remarketing, marketing; it gets a bit confusing. What business did the GLA take away from the pilot and how will you implement what you have learnt from the TVHA pilot? How will you learn from that and change the way you market properties?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): The marketing of properties is down to individual HAs and we are keen not to impose too many requirements upon them because we need to make it attractive for them to work with us and deliver new affordable homes going forward. The main thing I took was that there were some fairly straightforward things you could do in terms of process and contact with customers that could make quite a significant difference. It was not about spending a lot more money or necessarily working in a very different way: it was hoping to highlight the good practice that TVHA have used to help retain properties within the sector so that it is not just the first purchaser who benefits but then there can be other purchasers who can buy that share as well, which we think is quite important.

Andrew Boff AM: I understand your reticence in getting involved in what the HAs are doing, but there is a benefit to the GLA to encourage the secondary housing market to thrive, is there not? It is worthwhile you investing some resources in that?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): We did not invest any money in the pilot so I am not sure that there is a case that we need to invest further money going forward. Encouraging people to take that up and to provide a better service to shared owners across the range of services is more --

Andrew Boff AM: Saying you are going to encourage costs money. Encouragement costs money. How would you fund that?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): The term 'encouragement', in terms of staff time, of flagging good practice that is out there and of raising it with partners that this is important to us we can do. In terms of producing further guidance or putting conditions in contracts, that is stuff that we would not necessarily want to do.

Andrew Boff AM: What effort has the GLA made to broadcast the success of that pilot to other HAs?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): There was a good practice session held shortly after. There is a London Home Ownership Group, which is a co-ordination group that exists across the main HAs that are delivering affordable home ownership in London. The GLA regularly attends that and we use that as a forum to put out key messages in relation to intermediate markets, including the importance of the secondary market.

Andrew Boff AM: What additional work do you think needs to be done in order to encourage the secondary market?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): This pilot porting will make quite a big difference. You could tie that into a condition that the existing property will be remarketed and retained as shared ownership or you could work in slightly different ways. I see that as an important thing going forward.

Stephen Knight AM: Thank you. I will start off with the TVHA, if I may. How often is the pre-emption right exercised in the case of TVHA?

Kush Rawal (Sales and Marketing Director, TVHA): Just for clarity, there are two aspects here. There is a nomination right and then there is a 21-year pre-emption right. When it comes to nomination - that is the ability when someone is selling a home for us to go in and say, "We have a buyer for you" - for 95% of the homes that are resold in London through TVHA we exercise that right successfully.

When it comes to the 21-year pre-emption right, which essentially is where somebody has brought the home outright, they have staircased and own it 100% and we have a right under their ownership to go in and make the first right of refusal. We have never exercised that right within London or outside of London. Pre-emption and getting a sense of nomination are very, very important.

It is really, really crucial for me to stress to you that the average home that we have on our books ends up helping four or five families. If we just wash our hands of it the minute that first family goes up, the likelihood is it will go to an estate agent who will hold on for whatever period you restrict and then it will be sold on the open market and that home will be lost for affordable provision. 95% of the homes that are coming through us are maintained within the system. That is a really important point I just want to stress.

Darren Johnson AM (Chair): That is just 5% staircased up to 100%, then?

Kush Rawal (Sales and Marketing Director, TVHA): No, even within that 5% they would end up going through an estate agent and we would actively work with them to try to reduce the number that are actually converting to staircase.

Stephen Knight AM: If they have bought outright, then obviously they just sell on the open market but you do not have a pre-emption right in those cases or you do have?

Kush Rawal (Sales and Marketing Director, TVHA): We cannot nominate a buyer for it but what we have is first right of refusal. As a 100% owner --

Stephen Knight AM: You do not exercise that?

Kush Rawal (Sales and Marketing Director, TVHA): We do not exercise it but it is a concern for lenders and we are seeing more and more issues arising as a result of it. There is a consultation going through the HCA at the moment where they are looking to actually remove that pre-emption right. Out of this whole discussion, I would say that would be the one to focus on.

Stephen Knight AM: You would not have a problem with it being removed where somebody has bought outright, but where you still have an equity interest in the property, you said 95% of properties fall into that category?

Kush Rawal (Sales and Marketing Director, TVHA): Yes.

Stephen Knight AM: For those, you nominate a new buyer and you have no shortage of buyers?

Kush Rawal (Sales and Marketing Director, TVHA): No.

Stephen Knight AM: Given what we have heard earlier about the affordability - particularly in relation to central London, where the affordability of the share becomes more difficult and particularly the older properties that were built in central London before the housing inflation of the last few years made them unaffordable - is there an issue where people who have bought a share of a property in central London cannot actually find someone to take it on because the share is now worth so much that nobody within the eligibility criteria can afford to buy it?

Kush Rawal (Sales and Marketing Director, TVHA): We have not had that instance but I cannot categorically say that it does not happen.

Stephen Knight AM: Is that a problem in central London?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): Yes, there will undoubtedly be some. It is a function of two things. It is also the share. Where you bought quite a high 60% or 70% share in a property, which was affordable at that point for lots of properties in inner London, now it is going to be pretty hard for somebody to purchase that share. Also, the overall property values once they get over £600,000 as a whole becomes more challenging.

Stephen Knight AM: As housing inflation goes up, presumably more and more properties will fall into this category?

Kush Rawal (Sales and Marketing Director, TVHA): There are two things that drive affordability. There is the share and then there is the rent level. As a HA we have it within our gift to manoeuvre both of those up to a minimum of 25% share and potentially a zero rent charge, not that we would normally do that but those are two levers we can play with to make things viable and affordable. Going back right to the beginning and to that question of "is shared ownership viable in Zones 1 and 2?", it really depends how much subsidy you are willing to put behind it and also what the offer is. You can tailor shared ownership to an extent where they are paying very little rent and they are owning a 25% share and you can make it more affordable.

Stephen Knight AM: I just push back on this. Are you offering as a HA additional rent subsidies on any of your properties in order to sell them?

Kush Rawal (Sales and Marketing Director, TVHA): Where we have high value locations where we are operating, we will want to target to that median income. We will change the level of equity and change the rent level to make it affordable to that target group.

Stephen Knight AM: You will buy back some and so, if somebody has a 50% share of a property you will actually buy back, say, a quarter of it and then sell it on to someone --

Kush Rawal (Sales and Marketing Director, TVHA): No, I am talking about brand new homes here, not secondary homes.

Stephen Knight AM: I am talking about the secondary market.

Kush Rawal (Sales and Marketing Director, TVHA): That is not something we do proactively in terms of resale. Back to my earlier point: if somebody is in financial difficulty and they want to stay in that home, then that is something we would address.

Stephen Knight AM: I am really talking about the affordability for the new purchaser of that home and the point at which they are buying a 25%, 30%, 40% or 50% share, whatever the share happens to be. Inflation - and we are seeing lots of inflation in the housing market - has meant that it is a vastly more expensive share to buy than it was when it was first built yet you still have to fit within the income eligibility criteria. At what point are we going to find that there is nobody left who can afford to buy, particularly in central London? Presumably they will then be lost to shared ownership because they will be sold outright.

Kush Rawal (Sales and Marketing Director, TVHA): That is not something we do.

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): There is an opportunity cost there as well, is there not? The money that you could use to reduce down the share or somehow subsidise it, could you better use that somewhere else to provide more homes for people? That is a decision for individual HAs to make.

Stephen Knight AM: I suppose what I am getting at is whether we are seeing a lot of things that were built as shared ownership in central London as people move on and sell out that not only is it no longer viable to build new shared ownership properties in central London but presumably the existing ones will be lost to shared ownership as well over time.

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): I am pretty sure that we have statistics showing the breakdown of the 43,000 shared ownership homes across all the boroughs. I can include that in a further briefing to you. The thing I would say about where they are is that it is not a dichotomy of there are not any left in the higher value areas and there are lots in the lower value areas. It is driven by supply. Boroughs where you have seen high levels of housing supply, some of which do have relatively high average values, have still got large amounts of shared ownership properties proportionately. I will include that further information.

Stephen Knight AM: A lot of these are ones that are still occupied by the original purchaser, presumably?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): They could be, yes.

Stephen Knight AM: Does anyone else have a view on the issue of this removal of the pre-emption right? What is the GLA's view?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): We are watching it with interest. It is important to note the consultation specifically excludes London. We will see what actions the DCLG and HCA want to take and decide whether we want to do the same as them. Broadly I would agree with Kush [Rawal] that the nominations period is important because you want to retain those properties as shared ownership wherever possible. The pre-emption right is very rarely used. The two circumstances where you can see it might be used are if an association needed to get properties quickly and it was trying to buy in the open market but this was then another supply of properties it could get; and potentially inner estate regeneration schemes where it wanted to buy back properties to help some redevelopment. In both cases you can still buy on the market. You can approach those buyers. Some Members have raised it as a concern and if there are things that can be done to streamline them.

Stephen Knight AM: I understand the GLA took part in discussions with the DCLG on the issue. Presumably you lobbied to have London excluded or is that --

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): No, I expressed that view: the thing that is very important to us is retaining properties through the nomination period and that we do not want to lose shared ownership properties. The pre-emption right seemed to be used less and so we had some discussions with DCLG along those lines.

Stephen Knight AM: The current proposal does not affect London?

Jamie Ratcliff (Assistant Director - Programme, Policy and Services, GLA): No.

Stephen Knight AM: Opening up more widely, what more could be done in the future to make the shared ownership market function more like the traditional private market? Maybe the traditional private market is in failure and I suppose we do not want it to operate like the traditional private market. What more can be done to preserve shared ownership properties in shared ownership and help people into them? Does anyone have a view?

Stephen Hill (Trustee, National CLT Network): it is also in answer to your last question. CLT is very much based on having pre-emption rights simply because there is usually a very large inbuilt subsidy in terms of the land which can be kept out of the sale and resale price. Therefore, the nature of the trust in itself is usually very much a place based community, thinking about the work of that asset to the community. Historically up until now it has mainly been small settlements, villages and small towns. We see the same thing emerging in cities as well and can quite clearly identify communities wanting housing for them. Therefore, the opportunity to use those pre-emption rights to make sure you get suitably qualified people, usually in terms of income but also in terms of their social and economic value to the community while they are there. In villages this is not for people who want a holiday home; it is for people who need to live and work there and so on. There is a strong drive to maintain what the trust exists for. It is the steward of that process and at the scale at which they currently operate it is quite workable.

CLTs would also take a very hard line on the idea that most of the things that we are talking about are about queue management rather than asking the question about why is there a queue. Any kind of demand-side subsidy, given the shortage of supply and no effective control on house price inflation, will always inflate prices. It just will happen. CLTs take the view that there is no point them doing that for their communities because it is just going to make matters worse for them and for everybody else.

Stephen Knight AM: It does not stop the DCLG doing it in many other cases, does it?

Stephen Hill (Trustee, National CLT Network): You talk to civil servants off the record and they know jolly well that most of what they are doing is inflating house prices. At least they used to. I am a bit older now. The idea is that you can use the mechanism of a CLT to provide the culture in which people say, "It is more important for us to live here than to think of our home as a kind of investment". People buy into that because they are buying into a particular place, a particular kind of community. The model that is being trialled in east London is in a sense very draconian because there is no capital uplift related to the market. It is not shared equity, it is limited equity. Your buying and selling price are limited to what you earn based on the area median income. If area median incomes go up, there is a little bit of uplift related to that. You are basically creating a product that reflects the labour market rather than the housing market. It is an extreme version, no doubt about that. However, we take the view it is not worth doing the other thing because it is just making everything worse.

Alex Hilton (Director, Generation Rent): In our experience, the feedback from people in shared ownership is there are real challenges with CLTs and with shared ownership of scale. Where CLTs work it is because it is a very local-based thing, yet London has scale. For a city of this size to have a mature shared ownership market that has achieved only 43,000 homes, the scale is really important. It is when you have scale that you have public understanding. You have worked really hard on lender understanding and you have managed to get ten lenders in there. You do not really have a real public understanding of it as a market. Certainly for people in shared ownership it is potentially at a late stage that they find out that, "Hang on, I have an entirely different contract to my friend over here in shared ownership". You have a plethora of different contracts with different restrictions even within an HA. I am sure you do not. Certainly as the market has matured, HAs have developed their contracts. It is not like you know what product you are buying when you buy it. You have to look at a lot of fine print. You have bought a home. You have lived in a home. That is fine. You have time to leave your home. That is great. It is only then that you discover there are no pets allowed and you have to tell the new buyer who is buying half a house that they are not allowed to have pets or they are not even allowed a cat flap.

Darren Johnson AM (Chair): Actually, that has led us nicely on to the next area of questioning, which is on the whole issue of buyers' understanding. I will bring in Tom [Copley AM]. I would actually like to hear from all of you on this because it was something that came up at the previous meeting.

Tom Copley AM (Deputy Chair): Let us start off continuing on that point, given that you started it. If you were to buy a leasehold would there potentially be conditions like that attached? Would it be similar?

Alex Hilton (Director, Generation Rent): Firstly, you have scale. You have a public understanding of what it means to be in leasehold. Secondly, you have statute on your side. There are leaseholder rights and you do have an Ombudsman that you can go to and you do have a mechanism as a leaseholder to take over the management if enough leaseholders want to do so. You actually have statutory rights that apply largely because of the scale of leasehold that exists.

Tom Copley AM (Deputy Chair): There are no statutory rights in this instance?

Alex Hilton (Director, Generation Rent): You have certain rights but you do not have public understanding of what those rights are because you do not have scale. There is not really a drive at policy level to turn this into a tenure of scale. Neither is there a drive at policy level to turn CLTs into a tenure of scale.

Tom Copley AM (Deputy Chair): Are you calling for if not identical contracts in every instance certainly a standard set of things all shared owners can exist and for that to be publicised?

Alex Hilton (Director, Generation Rent): I will come on to what I am calling for. You do not want to knock shared ownership or CLTs or any of these opportunities. Regardless of their market effects, they are helping individual people and families that need help. That is respite for those people. If you wanted to achieve scale from CLTs or through shared ownership, you would create a standardised framework and you would have from now on all HAs and CLTs operating under those standardised frameworks. Then you would be able to create market understanding and also lender understanding at a higher level.

Tom Copley AM (Deputy Chair): Let me put that to Kush [Rawal] and to Jamie [Ratcliff] to see what their response to that is.

Kush Rawal (Sales and Marketing Director, TVHA): In 2009 there was a lot of work done to standardise a lease. There are eight fundamental clauses which sit in every single lease that is issued up and down the country, including London. It is a lender requirement and it is a regulatory requirement. There is an effort out there to try to standardise it. I totally agree. There are a lot of things which are historical perspectives. Things that have been put in that lease which make it a little bit antiquated, a little bit odd and a little bit strange. For example, you cannot go outside your house and shake a rug. That is one of the things which we find in a lot of our old leases. There is a need to get rid of some of the --

Tom Copley AM (Deputy Chair): I am sorry, what?

Kush Rawal (Sales and Marketing Director, TVHA): You cannot shake a rug outside your home[3]. It is an old --

Andrew Boff AM: Can I just ask? I do not understand why this is unusual. Loads of Londoners have these conditions on their houses. Outside my house I have to look after the front of the house. It is not my property. I cannot have an aerial on. There are certain conditions about resale and what colour I paint it. It is part of owning a property. I do not understand why that is uniquely confusing in this market whether you own a home or a lease.

Alex Hilton (Director, Generation Rent): There is a cultural basis. The first cultural basis is that an Englishman's home is his castle. This is a presumption that actually has impact.

Andrew Boff AM: Not if you lease the castle.

Alex Hilton (Director, Generation Rent): This is the point. Leaseholders are in this area of conflicting property rights which is well understood and even the problems in it are well understood by lots of people. I know the people at DCLG are scratching their heads about what to do about it but the problems and the limitations are understood. When it comes to any other tenure, your home is not your castle. Your home is your landlord's castle, your HA's castle or whatever else. We are finding clauses that you cannot put up posters promoting a political party during a general election. Is that not a fundamental democratic right? We are approaching a general election and there are 43,000 who probably are not allowed to display posters.

Tom Copley AM (Deputy Chair): They may not even know that they are not allowed to because they have not necessarily read the fine print. I want to get back to this whole point about your response to what was said.

Kush Rawal (Sales and Marketing Director, TVHA): I do think there is a case to make the leases that are issued a little bit cleaner and a little bit simpler so there is better consumer understanding of exactly what they have bought into it. Nobody can really argue that is a bad thing.

The bigger issue is actually the management model. It is the structure and the way these homes are managed. That in fact is the exact issue that we have with any leasehold property up and down the country. The Competition and Markets Authority has done a great piece of research looking at issues with the leasehold tenure generally. The complaints, the problems and the downfalls are exactly in common with those that are often cited with shared ownership. The biggest issue really, to me, is the management. The product in itself works.

Alex Hilton (Director, Generation Rent): The only thing I would add is that TVHA has a reputation for operating in a very professional manner. HAs have a wide range of capacities and they are not all as good as you. We have to bear that in mind. When you look at a system, you are at the leading edge of that system and others are a long way behind.

Tom Copley AM (Deputy Chair): Jamie, do you think there is scope to really pull together a certain set of things and maybe look at some of the conditions that are in the contracts that do not really need to be in these contracts?

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[3] Metropolitan Police Act 1839, S60, www.legislation.gov.uk/ukpga/Vict/2-3/47/section/60

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): There are a few things that are worth saying. One is that the standard lease was quite a lot of work in terms of updating that. I led that when I was at the HCA and so I was closely involved. The old lease did have some very difficult-to-understand things. There was a slide I used to use that was a full slide of text condensed down to one sentence. However many times I read it, I still did not understand it.

The aim when we were going through that process was to achieve a Crystal Mark for the whole lease in plain English but the lawyers, after much prodding from us, said it was impossible. Instead, there is a front page that is, I think, three-and-a-half pages long, which explains all the key clauses in plain English to someone and their solicitor is supposed to read that to them as part of the conveyancing process. Some good HAs, like TVHA, have a video that explains things very clearly to customers so that they do understand that.

There probably is a wider issue in terms of consumers' understanding of complex financial contracts. When buying cars and houses, probably lots of people do not necessarily understand all of the process.

Tom Copley AM (Deputy Chair): There is an issue. If, say, you have that front cover, which is great, to explain what it is, they are still signing something they do not necessarily understand.

Murad Qureshi AM: It is like mortgages.

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): I would say that that is a wider thing for citizenship that needs to be picked up.

Tom Copley AM (Deputy Chair): Yes, it is a wider point.

Andrew Boff AM: Within the shared housing work.

Alex Hilton (Director, Generation Rent): Again, it is important that complexity is not the only barrier to scale. There is complexity and you are doing what you can about that.

The other barrier is that it is intrinsically self-limiting. If you looked at the total number - and I think Jamie [Ratcliff] said that this piece of work has been done by HomeLet - of what the market for shared ownership is, that is today. If you look at the snapshot about, "How long am I going to qualify? When am I ready?", and then the other questions people have about shared ownership, "Are there restrictions on me? How easy will it be to get in and out?", you are not really any longer an actor in a market at that point. You are a person making a decision to leave a market at some point, but it is hard thing to do. There is a small number of Londoners at that point who fit into that criteria as the total maximum market and they do not all know whether they are in that market or not. It is really hard within that context to develop this at a scale that has an impact on the housing market in London and that meets the need for housing in London.

Tom Copley AM (Deputy Chair): I want to move us along, if that is all right, as interesting as the conversation is. I wanted to ask basically about what Kush [Rawal] was saying. From your perspective as a HA, what is your experience of buyers' expectations versus the reality of shared ownership?

Kush Rawal (Sales and Marketing Director, TVHA): Home ownership is a difficult, emotive thing. We all want it, but at some point the realities dawn when you have to maintain that home, when you have to pay your bills and when prices, council tax or whatever it is, starts hitting you and you cannot necessarily live your life in the way you used to. The key for us is that we really need to educate the consumer from the point of entry that they are making a massive commitment here and what the quantum of that commitment is. It is about understanding that, yes, there are going to be some restrictions - for example, their ability to sublet that home - and, yes, their rent will invariably go up as the time goes on. As long as you can frame it in a way that they can understand it and they can take away from that exactly what it is that they are buying into, you are in a much better position, absolutely.

The other thing is really about the reality of them being able to own the home outright. That is another common thing that you need to get across to purchasers about how they are going to do it and what the prospects are of them doing that.

Tom Copley AM (Deputy Chair): How realistic it is that they will be able to achieve?

Kush Rawal (Sales and Marketing Director, TVHA): How realistic. In that vein, just very quickly to pick up on the secondary market, the other thing that came up for us was that we had a lot of people saying they wanted to own more of that home and they were not able to do it. We created a product called Shared Ownership PLUS and we are piloting it with the GLA at the moment. The idea behind that is we allow people to buy a further 15% more of their home at a fixed, predetermined price. They are buying tranches of 1% per year at a price at any point they want within that year and that price they know from game-on coming into that shared ownership.

Tom Copley AM (Deputy Chair): Do you think there should be additional legal protections for shared owners and what might they be?

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): Do you want me to jump in with one quick thing?

Tom Copley AM (Deputy Chair): You can, yes.

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): There is a very obscure case called *Richardson v Midland Heart (2007)*, which looks at the legal basis of shared ownership where, effectively, you are an assured tenant. There are processes in place from regulation protocols with the Council of Mortgage Lenders (CML), the HCA and the GLA to manage out some of the inconsistencies in that. However, ideally, you would base shared ownership on a secure statutory footing that places them as a shared owner rather than as an assured tenant, which is explained in the coversheet but probably is not widely understood by lots of shared owners.

Tom Copley AM (Deputy Chair): That would require primary legislation?

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): It would require probably quite a lengthy process, but it is something that I will push every now and again when I get the opportunity.

Tom Copley AM (Deputy Chair): When you are talking to the DCLG and things like that? OK.

Stephen Hill (Trustee, National CLT Network): Just a quick one. I just wanted to go back and just question the statement that was at the beginning of the background for questions four and five. It says, "Shared ownership has historically been sold as a stepping-stone to full ownership". I have been around long enough to have been here when we originally invented shared ownership. At the time, there was a really strong debate about whether it was appropriate for public money to be used both to help people become full homeowners quicker than they otherwise would have been and to help people who were never likely to be able to afford full homeownership and so you were providing them with a below-market product that they could stay in forever. It was never really resolved and lots of different associations took different views. I worked for Samuel Lewis at the time and we took the view that we should be aiming at the market where people were never likely to be able to afford full homeownership and so we were targeting people who were never likely to staircase. Others took a different view. That has never really been resolved up until this day. It operates in different markets in different ways.

Tom Copley AM (Deputy Chair): We are still having that debate here now.

Darren Johnson AM (Chair): That probably feeds into all of the issue about the confusion and expectation of buyers and so on.

Stephen Hill (Trustee, National CLT Network): Yes, absolutely.

Kush Rawal (Sales and Marketing Director, TVHA): Help to Buy has really killed that debate, has it not?

Tom Copley AM (Deputy Chair): Did you want to come back on the legal protection side? Then I have a couple more points for Alex [Hilton].

Kush Rawal (Sales and Marketing Director, TVHA): Yes. Just to echo what Jamie [Ratcliff] has said, really, the main area for me is the management of the product and people feeling that they have control over that relationship with that managing agent and that their voices are going to be heard, giving them direct voting rights when the management company gets set up and putting direct relationships between the management company and the owner. It is a key change for TVHA, really, in terms of giving the shared owner more of a voice in that relationship.

Tom Copley AM (Deputy Chair): OK. Alex, did you have any more points? I have a couple more questions, if I may.

Alex Hilton (Director, Generation Rent): No, go ahead.

Tom Copley AM (Deputy Chair): On the whole, we have mentioned the private rented sector. Do you think that if private rents were lower and tenancies were more stable, households would be able to save for a deposit for a home and would be happier to rent for longer without the need for essentially a state-subsidised form of home ownership?

Alex Hilton (Director, Generation Rent): Absolutely, but you have to raise the question of how that will happen because no pretender to Downing Street is proposing to do anything about that.

I mentioned earlier that the CBI, London First and the London Chamber of Commerce are concerned that the cost of housing in London is hitting its long-term competitiveness. This is a serious thing. What that means is that every Londoner is now a keyworker. A housing product that targets some Londoners becomes less and less relevant because of the various changes that have happened to the definition of the word 'affordable' in the English language in recent years. If you take one definition, anyone at any income level can find a home for a reasonable proportion of their income. If you take that very, very fluid definition of 'affordability', London is not affordable, not for the rich, not for the poor, not for the people in the middle. What you are finding is a better functioning market at the very top and no functioning market anywhere else.

Our competitiveness is not with Leeds, Sheffield, Doncaster, Stoke or anywhere else in the UK. It is measured against Dubai, Frankfurt, Singapore, Hong Kong, Shanghai, New York and Paris. I do not know what they do in Shanghai, frankly, and Dubai has plenty of land, but in every single one of those cities but one there are rent controls suppressing the rents. New York has two different forms of rent control with many tens of thousands of homes protected. In Germany and Paris, they are extending their existing rent controls to be even tougher. This is how they suppress rents and the suppression of rents suppresses house prices and land prices in general.

The exception is Singapore. Singapore is wonderful. In Singapore, 82.5% of the entire population lives in state-subsidised housing. The Housing Development Board builds a block of homes and sells them at cost price. It just sells them at cost price and there is a condition that if you then sell it on in the free market, you pay a surcharge back to the Housing Development Board. This is a model that operates at scale because you get the money straight back. If you put £1 billion into housing, you immediately get £1 billion back. There is no state subsidy other than the cost of servicing the borrowing of that £1 billion.

What we would argue is that that would not work for London where it is today because we are so out of kilter, but what we would suggest is to turn it into a permanent secondary housing market. Put £1 billion into building the hell out of it and just provide it as equity to HAs and councils whose values would want to deliver this work. Sell these things at cost price and let them be for evermore at cost price or at a level of inflation that is modest yet regulated and that will give comfort to lenders. Put a rent cap on those homes. Then you will instantly get the private sector and individuals with private mortgages buying cost-price homes. The first thing they do is the funding of a replacement home again and again and again. Under a statutory framework - and you would need a law to do it - you would have an entire new scalable market operating at scale. It would have to operate at scale straight away. People would understand.

Do you know what? Singaporeans love the Housing Development Board. It is like an object of affection to Singaporeans. This is how they are going to end up beating us. Their financial sector is going to end up beating our financial sector when bankers cannot afford to live in London anymore.

Tom Copley AM (Deputy Chair): How does that sound to you?

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): There are many interesting lessons to learn from Singapore and from a lot of its public services, but there are probably two things that I would draw out.

One is that there is a really interesting question of what home ownership means to people and what element of it is it that people want. If you take away the opportunity to accumulate value over time, does that take away a large part of the attraction? Is it the customisation that is really important? Is it fixing their income in a certain place? Is it the tenure? You need to understand that in more detail because, depending on what those drivers are, you can see how that kind of model - and I guess the CLT model to which it is quite similar - could appeal to different people.

The second thing I would say is that there has been a huge number of different products and initiatives in the intermediate market. When I was at the HCA, we did a count and there had been 20-odd different product names including, absurdly, New Build HomeBuy both capitalised and uncapitalised, which were two entirely different products. We just have to be really careful about inventing lots of new initiatives. We have heard a lot about how scale is important and complexity for the consumer is a problem. Creating more products which do not operate at a significant scale and have to be understood afresh by consumers is a problem. That is why we think shared ownership is the large intermediate housing solution we have at the moment and significantly expanding that is the thing to do.

I do not have a spare £1 billion, but we have put £180 million into this First Steps Challenge Fund to try to drive up some scale in shared ownership and get us towards that 250,000 target by 2025.

Alex Hilton (Director, Generation Rent): The challenge to scale is means-testing. It is that qualification at the beginning. If you are going to accept that every single Londoner is a keyworker because that is what keeps London's economy successful and if your outcome is making sure that London is competitive sustainability and is the best city in the world for the next 25 years, then you are not doing it because the fact is that the priority you are giving to shared ownership is not going to create a market-impacting scale in terms of the competitiveness of London. You do not have a proposal or plan that would do that because it would have to be significantly larger, like ten times the size. There is a measure that it has not been prioritised. This problem has been understood too late. I know that Boris [Johnson, Mayor of London] is now interested, but I have not seen him hanging off a building or a zip line. That is how you know when Boris is prioritising something.

Tom Copley AM (Deputy Chair): Are you clear that this is not something the Mayor could do and that you would need primary legislation to do what you are advocating in terms of this Singaporean idea?

Alex Hilton (Director, Generation Rent): Absolutely. That is the wonderful thing about mayors. They can get it if they needed it. You could even get private legislation. Local authorities, the City of London and the GLA are allowed to promote private legislation in Parliament themselves. Obviously, they would need to negotiate first, but local authorities get legislation when they need it. You need it to have a public drinking-free zone in a town centre. That is done through parliamentary powers. It is not unheard of.

Darren Johnson AM (Chair): All right. We are going to move on to the whole area of alternative schemes --

Andrew Boff AM: Can I just come in here? I just wondered if we have to do everything else that Singapore does, including restricting civil liberties, making gay people illegal, stopping freedom of speech and all the rest of it. You can certainly achieve a lot through centralising everything, but it just seems to me that basic liberties are quite important as well, really.

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): There was one other important point I was going to make on that. It is given to Singaporean citizens and there are quite a lot of people who live in Singapore who are not Singaporean.

Andrew Boff AM: They get nothing, yes.

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): In London, as part of the European Union and a larger labour market and there are different restrictions, which would affect our ability --

Andrew Boff AM: Yes. You have no human rights as a foreign worker in Singapore. You have no housing rights --

Tom Copley AM (Deputy Chair): I do not think Alex [Hilton] is advocating importing Singapore's attitude to human rights to the UK. It does not necessarily mean that the --

Darren Johnson AM (Chair): Important though human rights are, I do want to wrap up on the issue of shared ownership. Is this in relation to legal protection for shared ownership?

Murad Qureshi AM: I just think we are losing sight of it.

Darren Johnson AM (Chair): Yes, but that is why I want to finish off on shared ownership.

Murad Qureshi AM: Sure. On shared ownership, one of the misgivings a lot of people have and the kind of thing that I get people approaching me about is about service charges. We have not touched on that. We touched on it at the last session briefly, but can I just remind you how small the sector is? In the whole of London, we are talking about 28,000 properties or about 1.6% of owner-occupied stock. It has to go a long way before it becomes a major provider, though it does need to be sorted out as a model.

One of the biggest angsts is the way housing associations pass on their management costs. Most shared owners really do not know where they are coming from on this at all. It is not made clear from the outset in their agreements. Kush, you are a leading HA. How do you deal with that one?

Kush Rawal (Sales and Marketing Director, TVHA): Again, it is about the management and it is about transparency and control. At the moment, if we buy some properties built by an ex-developer, we will have a contract with that developer and we will be leasing those homes for shared ownership to the people moving into them. All the bills come to us. We then simply pass that bill to the shared owners and they pay up.

What we are trying to do is to say, "No, actually, for the shared owner who is in that home, we need that managing agent to be accountable directly to them. They are the one living in that home. They are the one paying the bill. Let them have the voice and the control in that respect". When we are now developing, we are trying to require the developer to have that direct relationship with the customer. We do not charge any fees on top. It is simply passing on that bill.

It also comes back to the fact of what you are building and where you are building it. If you looking inside of London and if you are looking at a very big apartment complex, those bills that the shared owners are going to pay are no different to what a private owner would pay. The law does not allow you to discriminate between those two types of ownership. They all have to contribute proportionally to the upkeep of that building. It is about just giving the shared owner the transparency and control.

Murad Qureshi AM: I am glad you made that point about the difference between shared owners and, say, a mansion block where they get lumped with huge service charges. It is usually the Duke of Westminster at my end of town and it is feudalistic, quite honestly. It just seems to be the case that this kind of model has been replicated in shared ownership because of the nature of land ownership.

Kush Rawal (Sales and Marketing Director, TVHA): As a matter of course, for any TVHA property that is sold that TVHA develops, we will collect a sinking fund. That is across the board. We will collect that on a monthly basis and accumulate what we can. Historically, they have not been collected in most shared ownership instances, as far as I am aware. That is a lesson learned.

Murad Qureshi AM: Major repairs are something that a lot of shared owners really do not take on board when they enter these contracts. Is that right to say?

Kush Rawal (Sales and Marketing Director, TVHA): As probably are most leaseholders as well.

Murad Qureshi AM: Yes, that is a fair point.

Kush Rawal (Sales and Marketing Director, TVHA): It is also dealing with the nature of the beast. As a HA, our approach to life is that actually, if we have a customer here who cannot afford to make that payment, most HAs - many that I know of - are not going to say, "OK, you cannot pay that. You are out". Our relationship with that customer is to say, "OK, we will make that payment. You pay us over a period of time and we will collect that payment". We have to think about who these consumers are buying from. An HA is a very different animal to a developer or a profit-making entity.

Murad Qureshi AM: Some would say they are becoming very much like developers, but anyway.

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): Just a very quick point. That is exactly right. It is the same problems that shared owners face as general leaseholders and there was a very good Assembly report about 18 months ago highlighting some issues with leaseholders. Many of the recommendations we have taken board, but we continue to lobby for additional protections for leaseholders to try to make that whole process work better for them.

Murad Qureshi AM: This is coming back to the presentational aspect of shared ownership and the First Steps website, Jamie. After its launch, I was just wondering what proposals you came to when reviewing its performance.

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): We are very pleased with how it is working and I guess there were two primary things that we were judging it against, one of which was streamlining the process for customers. We have heard a fair bit about that and how sometimes shared ownership can feel like you are applying for a social home and having to go through a very bureaucratic process. We want to make that more streamlined and open for people who are more used to operating in the market. Secondly, in terms of cost savings, we were paying the previous HomeBuy agents £1.7 million a year. That has been reduced to zero and so there will be a recurring, ongoing, very significant saving that accrues to the GLA.

In terms of how it works, the process removed the unnecessary duplication of having to apply to the HomeBuy agent and then to each individual association that you were looking to buy from and that kind of happened at a stroke.

In terms of the website working, there are 105,000 people registered on the website. It gets a significant amount of traffic. There are a large number of properties advertised on there, albeit nowhere near the level that we actually need to be delivering. Therefore, by all of those measures, it is a success.

Murad Qureshi AM: How does an individual who is not computer-literate still be considered in the system for shared ownership schemes if they are not particularly able to get through to the First Steps website? You are assuming an enormous amount of computer literacy, which I am not convinced is always the case. The danger with that is that you limit access to people.

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): All the statistics I have seen show that the vast majority of the population, even when you look at very low-income groups, do have access to the internet. That might not be through a fixed computer that is plugged in or quite often through a smartphone. There are other ways of accessing it. I have seen data from a number of HAs looking at their tenants and the vast majority do have access. You can access it in public locations like libraries as well. There was never a face-to-face service that was funded by the HCA or the GLA and so this has not changed that. What you do have obviously is that if you see properties being developed in your area that might be where you are most likely to want to live, you can go in and look at show homes or call a number for the HA that is providing those from the billboards or the advertising. There are other ways of accessing it.

Murad Qureshi AM: What is more important: the billboards or the website?

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): From Kush's statistics, 60% was coming from the website.

Murad Qureshi AM: 60% from the website?

Kush Rawal (Sales and Marketing Director, TVHA): Yes, from First Steps. The website from TVHA's point of view does its job and First Steps does its job in terms of educating and informing people what the product is and where it is available. Even where you have someone who cannot follow the application process or does not have access to the internet, what they will do - and we have a very small number of people who do this - is come to our office and we have the ability to service that need directly. For the absolute majority of people, the website does exactly what it should.

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): An analogous point I would make is the Seaside & Country Homes scheme that my team runs, which is aimed at people who are over 65 and existing social housing tenants moving out of London, which I guess is a group you would expect to have comparatively very low levels of computer literacy and access. We moved to an online system of applying for that and, although you can still download and access hard copies, the vast majority - a percentage in the high 80s - of applications now happen online. Even amongst that group, there is a lot of computer access.

Murad Qureshi AM: We just should be more mindful of that at all times when we rely on websites as main access points to these schemes.

You have gotten rid of the First Steps agents. Have we lost anything by not having them around anymore, Jamie?

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): The main thing you have lost is a process where you had to fill in quite a lengthy application form in order just to be able to look at the properties that were available and an initial checking of, "Yes, these people are under the income threshold and are otherwise eligible". That was then passed down to the HA, which, in the vast majority of cases, needed to carry out those checks themselves because of their charitable objects that they need to demonstrate they are meeting internally. Therefore, the main thing you have lost is duplication.

Probably the other thing I would add is that there were a number of shows to demonstrate the First Steps properties that were available and to explain that to customers and that was not initially in the specification for the First Steps website. Actually, there was quite a significant demand for them and so First Steps has taken that on. It has now run three of them and the next one is sometime in March. They have proved very successful and that was something that we were able to add into the service, again, at no cost to the GLA.

Murad Qureshi AM: Presumably, Kush, it saved you a step in the whole process.

Kush Rawal (Sales and Marketing Director, TVHA): We have lost something. We have lost a whole lot of bureaucracy and we have lost a whole lot of confusion for the consumers because they are getting one clear and concise message from the website. They are coming to us better educated and better informed and then we are able to take off from where the website finished and take them through the process.

Darren Johnson AM (Chair): OK. Thank you. We will move on then to the Gentoo Genie scheme, which has been operating in Newcastle, I believe. Jamie, can you set out how the proposal will operate in London?

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): We have given an allocation of £40 million to Gentoo Genie, which we want it to take forward as part of what we call the 'revolving fund' element of the Mayor's Housing Covenant 2015-18 Programme. We are in the process now of agreeing the detailed contract that we will sign. Essentially, Genie is a no-mortgage home ownership product and you do not need a mortgage to buy. Instead, you pay a residency fee or it might be called something slightly different, but effectively it accumulates equity over time. It is quite similar to the way that Kush [Rawal] described Shared Ownership PLUS. By paying this fee, you accumulate equity over time and then, depending on the value of the property and the decision, you would acquire full ownership over either a 30-year period if you paid that or a 40-year period. If you choose to sell at an intermediate point in time, you are entitled to whatever percentage of the equity you have accumulated at that point.

Darren Johnson AM (Chair): It is effectively a more sophisticated shared ownership scheme. Is that right?

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): No, it is a different offer. You do not need a deposit to purchase it and you do not need a mortgage and you will accumulate equity over time, but it will have some strengths and weaknesses compared to shared ownership. It is something we are interested in seeing how this works. It was Sunderland where it was initially trialled, which obviously has a different pattern.

Darren Johnson AM (Chair): Yes, Sunderland has a very different housing market to London. What might the key risks be both to operators like Gentoo Genie and to Londoners who enter one of the purchase plans?

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): One of our initial big risks in assessing this was the treatment of stamp duty. It is relatively complex but it was resolved in the Autumn Statement when there was a change in stamp duty treatment for what is called 'Islamic financing', which effectively this is similar to because you pay rents rather than own part of a property. That is really good.

Getting to the scale that we want is a challenge. Genie has not developed homes in London before. It has been in discussions with some landowners and HAs and it is an ambitious number of homes and so there is a challenge there. In terms of the contract, we have annual targets for them to deliver for homes, which they will be held to on an annual basis. We have the ability to restrict or remove the allocation if it is not working. Therefore, there is a calculated risk to be taken there, but we can manage that.

There is a big question in terms of customer appetite for the product. It has not been tested in London and we will have to see if this is something that appeals to customers at scale. Obviously, Genie has done its customer research and has suggested that there is strong customer appetite, but having these properties available for sale is going to really test that. Also, potentially there are some issues to get through in terms of the planning process and making sure that this product is explained well to planning authorities that can understand how it should be treated through that process.

Darren Johnson AM (Chair): In terms of the financial management systems, there has been some criticism by the HCA of Genie's long-term financial management systems. Have you had assurances that those concerns will be addressed in the London model?

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): I cannot speak on behalf of the regulator and it is probably unfair for me to say anything on behalf of Genie. What I can say is that the deal is still subject to contract and we are going through that process and agreeing a contract.

Darren Johnson AM (Chair): You are taking those criticisms seriously and putting the necessary pressure to get some answers and reassurances?

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): Yes. We have a legislative duty to co-operate with the HCA as the regulator and a memorandum of understanding.

Darren Johnson AM (Chair): Whereabouts in London are the Genie homes likely to be built?

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): From the research Genie has done and shared with us about where this works best, it is areas that are lower than £450 a square foot and so it is not going to be the higher-value areas of London. It is going to be the middle to lower-value areas. Some of those opportunities might appear through housing zones.

Darren Johnson AM (Chair): We keep hearing this issue about scale, which Alex [Hilton] has put forward so eloquently. Is this a model that could be scaled up, Kush, Stephen [Hill] or Alex? Kush first?

Kush Rawal (Sales and Marketing Director, TVHA): Yes. Initially, for me, it is a great product and, if we can make it work in London, it is fantastic. There have been things that TVHA has offered in the past which were similar in a way. We have had shared ownership mortgages where we offer 100% funding and there is a definite demand for that sort of product offer, albeit this is quite different.

The major barriers from my point of view and from a scale perspective would be that you are tying up an investment for an extended period of time. For an organisation like TVHA, shared ownership is a great thing. We are putting a load of cash in and we are getting a big slug of it back straight away. Here, it can be a very long time until we see that money.

Also, to make it work and to make it affordable, you need access to very cheap money. If you have people getting loans on this, developers, and those loans are fixed for a short period of time, there is a risk to the consumer as those loans are re-priced that you are going to have to knock that on to the consumer.

The final thing for me is a regulatory issue. To do this, you need to be Financial Conduct Authority (FCA) regulated. There are a lot of hoops that you would need to jump through in order to offer a scheme like this. It is not something that I would fancy.

Darren Johnson AM (Chair): That is telling. Stephen [Hill], would you fancy one of these?

Stephen Hill (Trustee, National CLT Network): Yes. I am aware of it a bit and I can see that it might work in some markets. I am not sure about London because, clearly, it is relying on the capacity of people to be able to pay more of their income as a percentage on their housing outgoings. If they are going to do it in the same proportion as they are doing it in the northeast, it is going to be quite at the top end of what people can afford.

I did some work on something quite similar with Graham Moody for the Chartered Institute of Housing (CIH) and the Institute of Public Policy Research (IPPR) about 15 years ago on tenant equity stakes, which was a Labour Party manifesto commitment in 2002. This has similar aspects to it. One of the issues that does not seem to be very clear from anything I have been able to find is whether effectively the saver has any real legal equity stake in the property as a result of making the extra payments and it is appeared that they do not own anything at all, as such, until they actually get the property at the end of the term. It is basically a savings contract linked to a property. That was one of the things that we came up with in the equity stakes work. The actual transaction cost of acquiring equity in small tranches is very high and, therefore, you need a side-by-side arrangement. However, it does feel to me that there are risks for people in the London market where they are likely to be moving probably more quickly than they would in more stable markets.

Darren Johnson AM (Chair): That is very useful. Alex?

Alex Hilton (Director, Generation Rent): This idea of buying one three-thousandth of a home every month or something as you pay your rent is very seductive and you can see it as another opportunity for people who want to escape renting because it is the Wild West. It is another opportunity. Again, for somebody entering it, as long as these caveats are addressed, for somebody renting, it is another escape and it is another demand stimulus. While that individual might benefit from entering this contract - and we would always welcome that - you may find that at the other end you are creating more of a demand stimulus for housing in London that is unbearable for buying in London because it pushes the house prices up.

Where I am concerned is with this idea, as you touched on, that an institutional investor can invest a big pile of money and forego capital gain on that property. You are going to see that capital gain. Each month, as a bit more of that property is sold off at the original purchasing price or thereabouts, you have foregone having access to that capital gain. Over 40 years, that is a hell of a lot of money. An institutional investor, even somebody who is interested in an investment with that length of timescale, say a pension fund, might be thinking to themselves, "Hang on a moment. We can probably get better returns from some people who are willing to bear a higher risk". It is very hard to see how this could be the best return for an investor looking at a 30 or 40-year investment.

Darren Johnson AM (Chair): That is helpful. Is it something that could be combined with another scheme, say the CLT? Could it form part of the CLT?

Stephen Hill (Trustee, National CLT Network): It adds a whole layer of complexity which we tried very hard to get out of because people seem to think that CLTs are very complicated. We have made it absolutely as simple as possible and I do not think we would be at all interested in bringing back any kind of complexity at all.

Darren Johnson AM (Chair): Yes, and so you do not want to bring it in.

Stephen Hill (Trustee, National CLT Network): The only thing I would say is that on the back of 88 units, which I think is the number that Genie has done, we would be very pleased to be offered £40 million revolving on the back of a rather larger number of units in CLTs elsewhere.

Alex Hilton (Director, Generation Rent): There is an in-principle issue here that the problem with the housing market in London is that the market price is too high. This is another product.

Andrew Boff AM: No disagreement with that.

Alex Hilton (Director, Generation Rent): Buying houses costs too much. Renting houses costs too much. Everything costs too much. Another product aimed at the market price, even if you are making the market price more accessible, is not going to be the answer. It is the answer for that individual who gets access to it, but that is just respite for a small number of people.

Darren Johnson AM (Chair): It is respite, rather than a reform of the housing market?

Alex Hilton (Director, Generation Rent): It does not fix the problem

Andrew Boff AM: It is not that we are in a mess; it is how we get ourselves out of this mess. That is where the political debate starts to come in.

Alex Hilton (Director, Generation Rent): Sadly, neither the Government nor the Opposition has a plan for doing so. That makes a wonderful opportunity for a Mayor of London because they can make that play when there is absence of a play from the Government.

Murad Qureshi AM: There is actually an opportunity. Given what we have heard in the last meeting or so, shared ownership is basically not working in central London. I just wondered whether it is time to consider shared ownership based not on market values but on a cost basis. We have been given figures here showing that the average cost of a shared ownership unit is £247,000. That is actually less than the market valuation. If the costs are at least covered for a shared owner - and it is not dissimilar to the Singaporean example - maybe that is where we need to go. Let us face it. The market at the moment is not just inflated by people from abroad coming here, but there has been a lot of printing of money or quantitative easing and it has all ended up in the property market and probably explains why it has been ballooning during the whole deflationary period that the economy has been lying in. I just wondered, Jamie. Is that something that would be taken on board?

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): It is just worth clarifying that £250,000 is the average median value of shared ownership homes in London.

Murad Qureshi AM: I am just trying to check. What was the figure? I saw it here somewhere.

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): The thing I would say on the point about scale and innovation is that you could constantly keep creating different products that work in different ways, but you are going to struggle in terms of getting consumer awareness of the way all these work. We have a good number of mortgage lenders particularly - which is challenging - that support shared ownership. For other options, there are fewer lenders to support them and it is more challenging.

You also have the issue of what home ownership means to people: will something that does not give them access to rising values fulfil what they are looking for in home ownership?

Therefore, it is not something we are actively looking into at the moment, but we are open to suggestions in terms of what else you could do to deliver intermediate homes in the highest-value parts of London. There are some difficult choices to make there.

Murad Qureshi AM: Would you accept that the cost, still, is lower than the market value?

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): Yes, definitely.

Murad Qureshi AM: That bridges the gap. Actually, the bottom line for any subsidy is to cover costs. No?

Alex Hilton (Director, Generation Rent): What you would do, Murad, is you would really hit HAs' asset values and then you are hitting the comfort of their mortgage lenders and you are hitting the interest rates at which they can borrow. Therefore, you might find it is a zero-sum game if you approach that. It is very hard to see how you could make that stack up without piling in more state subsidy.

Murad Qureshi AM: The interesting thing about it, though, is that it affects the monetary side of the economy, does it not, not necessarily the real economy?

Alex Hilton (Director, Generation Rent): You have an adjacency between a domestic housing market and a global investment market and it is met at London. That is your problem. London property is a wonderful place to put your money, regardless of where you are in the world. The money is just gushing in and driving up prices and that is failing to meet the needs of the domestic population that actually needs housing.

Murad Qureshi AM: If I can just come in, it is also being printed here. That is the important thing. I am adding --

Darren Johnson AM (Chair): Jamie and then I am going to move on to CLTs.

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): The important point is that the cost of building the home is not significantly higher in central London than it is in outer London. It is the land that is the key point. The land is where the costs are really high. Housing associations do not have access to huge amounts of land themselves unless it is redeveloping some of their estates, which in London they have less of than local authorities. If you are trying to tackle affordability, land is the key thing that you need to aim at.

Darren Johnson AM (Chair): On that note, with the high cost of land, it moves us nicely on to the next area of questioning on CLTs and how they can work. Andrew, can I ask you to lead off on this?

Andrew Boff AM: Talking of land, yes. How many actual CLT homes are there in London? I was surprised to see in our report in front of us that there are actually already some.

Stephen Hill (Trustee, National CLT Network): No, there are no actual completed ones. I can say there is a big round zero.

Andrew Boff AM: Thank you. I am not as stupid as I look, then? Perhaps I am.

Stephen Hill (Trustee, National CLT Network): No. You might take a view that something like the Coin Street Community Builders is effectively a CLT, but certainly in the modern generation of CLTs the first one was obviously in east London at St Clement's, which has 23. Looking at the urban programme that the Oak Foundation is funding to generate interest in urban CLTs, we have identified that there are probably about 600 homes in London that are in the pipeline and about 900 that are in existing council estates and want to turn themselves into CLTs.

Andrew Boff AM: Where is that?

Stephen Hill (Trustee, National CLT Network): West Kensington and Gibbs Green. You might imagine a slightly contested situation. Outside London, there are about 450 completed homes and about 900 with consent or on-site and about 2,500 that have been identified.

Andrew Boff AM: This is definitely growing?

Stephen Hill (Trustee, National CLT Network): It is growing very quickly now, yes.

Andrew Boff AM: Yes. From a standing start at zero --

Stephen Hill (Trustee, National CLT Network): In 2007, there were eight.

Andrew Boff AM: That is very impressive. What would you say are the strengths of this model of home ownership over anything else?

Stephen Hill (Trustee, National CLT Network): To me, looking at it, it is home ownership. There are some CLTs that are mixed tenure and there is rental with HCA funding in it and there have been one or two with HCA funding for shared ownership as well. There is a limited amount of staircasing on those, but they are mostly in the protected rural areas where there is a cap on staircasing and people cannot buy them outright.

To me, the really important thing about them is that they are an expression of community consent to more housebuilding in their places, often places where you would expect not to want more housing. For the rural communities, they are often places where they have resisted 'outsiders', in a sense, coming to build and that might include some HAs and developers, but because they recognise the need for housing in their area and their place, if they do it themselves, it is a much more acceptable proposition.

The lessons for London are the same. I have been working in London for 40 years and it seems to be extraordinary how, certainly in the last ten years, the amount of community opposition to development has grown to an extent that I have never previously experienced. It is very much more like out-of-London places. Part of that is just the kind of scale, and sometimes size, of some of the developments and people feel really threatened by the very significant changes. It seems to me that if we are not meeting even half of the GLA's target and if we are going to double what we are doing, what is the community consent factor going to be? Unless we find some way of enlisting communities in wanting more housing in their place, it is going to be a real uphill struggle, particularly because the reality is that we are going to have to do a lot more in outer London and they are obviously the places that are going to be even more resistant to more housing than inner London, which is probably more used to development. Therefore, to me, one of the real important aspects of it is how local authorities and communities working together can create environments that are pro-housing.

Andrew Boff AM: A fair summary of what you are saying is that the opposition to new housing is largely about the type of housing and the benefits from that housing rather than the housing per se. Would that be accurate?

Stephen Hill (Trustee, National CLT Network): Yes. Most opposition, in my experience, is, "This is other people. This is people we do not know". There is a fear of change and lots of things. It is an idea about how you re-humanise the process of development. It seems to me that what happened at St Clement's was very remarkable in that London citizens managed a small-scale community planning process before the site even came onto the market and so it prepared in a community in a way that was much more receptive to development. In fact, when the East London CLT first teamed up with Igloo as its preferred development partner, it was saying, "Get more on. Put more houses on", and so Igloo was encouraged to go up to 310 or 320 homes. Interestingly, the winning scheme had only 220 homes, but even during the community planning process with Galliford Try - and they ran an extremely good community planning process - the community was saying, "Get more on", and we had up to 250. For the GLA, there was a premium of 15% more homes.

Andrew Boff AM: What kind of help does the GLA need to give to promote more development of this kind?

Stephen Hill (Trustee, National CLT Network): The experience of the out-of-London CLTs is that they really gain momentum when there is some kind of enabling mechanism that is not each little village or each little town having to do it all itself.

What has happened is that a series of umbrellas have sprung up spontaneously and self-started. There is one in Cornwall; one for Somerset and Devon; one for Dorset; one for Wiltshire and Gloucestershire; one for the East of England; and one in the North West. Basically, they act like a secondary co-op, something like the CDS co-ops or Accord in Birmingham. Basically, there are one or two people in each of those regions who act as a kind of development manager for villages that want to develop their CLTs. They are often an access to retail funding and certainly in Wessex there is a lot of work being done on that. They have all the expertise. They have the relationships with the planning authorities. They can connect all the CLTs to the various sorts of funding that are available through the CLT fund and connect them to Triodos Bank and people like that who are supportive. Having something like that is a really important way of getting it to scale. Most of those umbrellas are managing probably anything up to 20 schemes each.

There is not anything like that in London and Jamie [Ratcliff] and the CLT Network have had conversations about this and about to what extent it would add supply to London that it would not otherwise get. It is important that we do not over-claim for what CLTs can do. Certainly, there are lots of community organisations that own assets themselves that are probably not very well used, things like churches. There is some work going on, although it is a bit unco-ordinated, about how faith institutions might make better use of their premises when they have bits of land that go with it. The East London CLT is actually talking to a couple of churches in east London at the moment about that kind of project. Therefore, in a sense, it is having some kind of umbrella facility that might be something new and bespoke or might be grafted on to an existing HA that wanted to do it. Not many do, I have to say and CDS is an organisation that is thinking about coming back into this kind of market to support new co-op growth.

The other thing is opportunity. I know the Deputy Mayor for Housing, Land and Property a long time ago said that he saw estate regeneration as a natural locus for CLT activity. Certainly, one iteration before the current one of the Housing Strategy had a proposal that GLA land and others in the GLA family would transfer the freehold of publicly owned land to community trusts. That is in fact what is happening at St Clement's. It is not the CLT that will own it. Actually, a standalone community foundation will own the freehold of that site.

Those are all things about how you create institutions in which communities feel they have a real vested interest and a stake in making it work and there are really good precedents for that kind of working with communities. Hackney in the 1990s was absolutely at the forefront of engaging its communities in a really positive way in its estate regeneration programmes, which were just building up to the idea of vesting estates in CLTs. Then it hit a whole load of financial problems and that got lost.

Andrew Boff AM: Yes, I remember.

Stephen Hill (Trustee, National CLT Network): One of the things that I feel really sad about at the moment is, having had all that experience in the past, some of the ways in which estate regeneration is happening at the moment seem to be local authorities really fighting against their own tenants and communities and completely losing their trust and goodwill. It just makes it hard work.

Andrew Boff AM: You gave the right disclaimer because, when anybody talks about housing, an audience might think you are proposing the entire solution to housing and there is none. However, you are saying that it is a positive contribution to alleviating the housing crisis in London. To what degree is it scalable? How much more can we expect from CLTs?

Stephen Hill (Trustee, National CLT Network): One of the interesting things is just going back to Alex's [Hilton] point about Singapore. We could do Singapore without that kind of authoritarianism.

Andrew Boff AM: Please do not.

Stephen Hill (Trustee, National CLT Network): Just in the last year, we in the CLT Network have been approached by a group of young people who are exactly the kind of market you are talking about. They are quite well-qualified, professional people who really want to stay in London. They do not want to move out. This is where they want to make their lives. "We are the economy of London", they say, "but we simply cannot afford it". They have done their own analysis of how much of their income they are spending on their housing costs. Actually, it is nearer 70% than 50%. They are very well equipped to come up with their own ideas about what kind of housing they want. This is a group called the Naked House Community Builders. You may have heard of them.

This is actually exactly the cohort of people for whom co-ownership housing was invented in 1964, which was the whole rationale for setting up the Housing Corporation. It was not set up to support HAs. It was set up to promote co-ownership societies, which were essentially cost-sale developments, at a time when land prices were much more sensible. There was exactly that kind of cost-recovery or profit-recovery mechanism so that, if you sold very quickly after you bought, you basically paid back any net profit you made and it went back into the society. It was a sliding scale a bit like right-to-buy discounts over the first five years. However, then, even from year five on into perpetuity, there was a 5% claw-back and therefore it also dealt with the point that you were making about making sure there were proper provisions for ongoing maintenance, repairs and so on. Actually, what a lot of them did was to use that accumulation of capital when people were moving out to build up a sinking fund and that actually made the current cost of occupation also quite modest. I lived in one in north Kensington. It was a very good way of making quite affordable accommodation and then, in 1967, the Leasehold Reform Act blew that all apart, really, and a lot of the original ethos was lost.

That is what CLTs are trying to do. If we are trying to create a segmented market for different levels of affordability, at the moment we do not have any real mechanism for maintaining that segmentation in the market. CLTs say, "That is what we will do. For this sector of the market, we will provide that permanent affordability and so it will always bear a relationship to what people actually earn". That is not for everybody and, again, when we come to market-test more than we have already done the east London project, it will be interesting to see how many people we really get to buy into this idea that you are not getting any capital gain.

Andrew Boff AM: Absolutely right. I used to live just behind Beck Road in Hackney, which was set up as an original artists' commune full of revolutionary heroes.

Stephen Hill (Trustee, National CLT Network): That was my very first job.

Andrew Boff AM: They have all sold up and moved to the country with the profits, of course.

There was a promise, incidentally, from the Mayor. I am sure he did make something of a promise about there being an area on the Olympic site for a CLT. Where has that moved?

Stephen Hill (Trustee, National CLT Network): It is slightly confidential, but it is moving.

Andrew Boff AM: It is moving?

Stephen Hill (Trustee, National CLT Network): There are discussions going on.

Andrew Boff AM: You are telling me you are happy with the speed it is going?

Stephen Hill (Trustee, National CLT Network): Yes.

Andrew Boff AM: That is fine.

Alex Hilton (Director, Generation Rent): Bearing in mind I actually live on the Olympic site, do let me know when you are in our --

Andrew Boff AM: Do not get me started on the Olympic site. What a complete and total waste of an opportunity, an utter eyesore if ever I saw one with blocks of housing. Anyway, sorry. You did get me started.

Darren Johnson AM (Chair): Jamie, did you want to say anything about what role you see CLTs playing in the overall housing picture?

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): I would strongly agree with what Andrew [Boff AM] said. You cannot imagine that this is the one solution to London's housing challenge because there is not one. However, in order to deliver the homes we need, we need to try every single thing we can think of that is sensible and probably a whole load of other things as well to get us close to the number of homes that we need. This definitely has a part to play in that.

In terms of how big the scale is, some of that is emerging. In terms of what we could do to support it, we will continue to see what we can do in terms of helping umbrella organisations because there is quite a strong rationale for that.

Darren Johnson AM (Chair): Do you see some real potential for scaling this up and having far more schemes across London or is it just another scheme that is an extra irritation for you and is just adding additional complication to an already complicated market?

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): To build a home you need some land and this model is not going to compete in the land market with speculative developers and probably HAs delivering other models. However, if there is a way of bringing land to market that would not otherwise come, churches and other communities groups sound like a really good thing and there are some really interesting ways --

Darren Johnson AM (Chair): The GLA sits on huge amounts of land.

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): Not that much. Almost 90% of the developable land that we own is now either in contract or in a procurement process and the other 10% is following rapidly on. We will have exhausted all our land by 2016.

Darren Johnson AM (Chair): You have not considered CLTs for that?

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): We are pretty proud that we helped to set up the first urban CLT at St Clement's and, without the strong desire for us to see that happen there, it would not have happened. Even when the original bid - for which The East London Citizens Organisation had teamed up with someone on the development panel - did not go forward, we were able to then bring them in with the successful bidder and that has been a good process.

The other thing I would say is that Stephen [Hill] made a slightly flippant comment about Genie and whether CLTs could have access to that capital funding. We are in a position where we do have capital funding for affordable housing, which is as yet unallocated. If there are ways that we could help make some of those CLTs deliver faster, I am definitely happy to look at them.

Darren Johnson AM (Chair): OK. That could be a useful recommendation, which I am sure we could look at.

Stephen Hill (Trustee, National CLT Network): That is right. One of the really useful things that happened - and I think I mentioned it in the evidence - was that the Cornwall Unitary Council has set up its own development finance revolving fund and that combined with the umbrella are the two things that have really given it motor.

Darren Johnson AM (Chair): Andrew, did you want to come in?

Andrew Boff AM: Thank you for coming in on that because I had actually forgotten to refer that to Mr Ratcliff.

It is about availability of land. You are absolutely right. Part of the problem is that local authorities have land on their books on which they have a value and therefore they will not let that land go unless they get that value back, even though it is an accounting value rather than a real value. Is that part of the problem?

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): As to how much the best value and the accounting treatment for local authorities is an issue for them doing this, I am not sure. Probably if you look at public land more widely, part of the problem is that it is not just an accounting problem that they have that value, but they then also need to realise some of that funding to help them achieve savings they have commitments to elsewhere. That is an issue with the National Health Service that we are experiencing at the moment.

Stephen Knight AM: And the Fire Authority.

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): They have a strong driver to achieve a high receipt and they do not mind if homes are built on that or not. Somebody speculatively coming along and saying, "I will pay you a lot of money for this", but you know that they are not going to build the homes, is not the issue for the NHS, whereas somebody else might offer slightly less but has a guarantee of delivery. That is where we think we can help them.

Andrew Boff AM: Yes. I can take you to bits of Tower Hamlets where pieces of land could have been built on anytime over the past 20 years but they have not been because they have not realised and, effectively, the local authority has been speculating against the value of its own land.

Murad Qureshi AM: Westminster did that, certainly.

Andrew Boff AM: Yes, all local authorities have.

Alex Hilton (Director, Generation Rent): It is in common with pretty much every local authority - whether it be a fire brigade or whatever - everyone is under pressure. Where that release means giving it to a property developer to make huge amounts of money, you can understand why, when a local authority or any other authority is obliged to get best value in that sense, it can be hard to release that into the private sector if it knows it is not going to get that much back of what it is actually looking to make.

Andrew Boff AM: I never liked the idea of best value. It was the worst thing that ever came out. The whole 'best value' stuff was ridiculous. It stopped you from being able to discriminate.

Alex Hilton (Director, Generation Rent): Of course, only local authorities have any housing obligations. Anything that is not a local authority but is still a statutory authority is not going to meet any of its core needs beyond its financial objectives.

Andrew Boff AM: Yes, but is there not some argument for saying that local authorities - and anyone, really - should not be allowed to leave great chunks of land unbuilt upon and unused?

Alex Hilton (Director, Generation Rent): Including private property developers and --

Andrew Boff AM: Yes, including them. I am not excluding them. In other countries, you have to pay a lot of money to leave a piece of land empty.

Alex Hilton (Director, Generation Rent): Going back to the CLTs: the city of Brighton, for example, has taken a good look at its housing need and has said, "How can we fix this?" I am not saying that it has the answer but it is running headlong towards one. What it is proposing is to set up a CLT or a similar type of organisation and release land that is currently undeveloped green land because it understands that it has to make a big, difficult decision if it is ever going to release it and if it is ever going to fix the problem for Brighton. It is a big problem for Brighton, much like it is a big problem for London. It has taken the approach where it is going to do everything it can to try to get relatively high-density housing built on land that is currently undeveloped. It is going to meet its objectives and not have just a free-for-all for property developers by doing it through a CLT-style approach. It is saying that there is scale and there is a possibility to do this.

I know Brighton is smaller than London, but its problems in comparison to London are proportionate. You do not have one solution to the housing problem, but you do not have ten solutions to the housing problem that add up to a solution, either. You do not have ten solutions that add up to solving one-tenth of the housing problem in London.

One of the challenges about the CLTs is that, firstly, when renters are paying upwards of 50% of their income on housing costs towards 70%, I start to care less about homeowners' objections to housing being built in their neighbourhoods. Homeowners bought property when it was cheap and it was cheap because the state was building shedloads of social housing and sucking out demand from the market. They do not know that they had taxpayer subsidy that is not available to younger people. Therefore, I would start looking at saying, "Forget about too much cosying-up because it takes a very long time to get a community to accept housing". I would say, "Bribe them. Give these people half a year off their council tax if something is built in their area".

Andrew Boff AM: That was my idea.

Alex Hilton (Director, Generation Rent): You would just create a counterbalancing movement of people who did not mind about housing and were not really engaged in the planning of the development but, frankly, would like half a year off their council tax.

Andrew Boff AM: It is very nice that we are coming to the end of this meeting and we are now agreeing on something.

Alex Hilton (Director, Generation Rent): Now, when it comes to CLTs and land, what I would challenge CLTs to do is to start embracing tall buildings. The moment --

Andrew Boff AM: Then you would just destroy it.

Alex Hilton (Director, Generation Rent): No, because, again, 40% of the population would be very happy to live there.

Andrew Boff AM: Should we ignore the social outcomes for families who live in tall buildings?

Alex Hilton (Director, Generation Rent): What we should do is develop tall buildings in a modern way. The mistakes that we made in the 1960s and 1970s are not mistakes that we will make again.

Andrew Boff AM: Yes, of course not.

Alex Hilton (Director, Generation Rent): High-quality homes can be built tall, but what you get out of tall buildings is you get more homes for the price of the land.

Andrew Boff AM: Yes. You sound like the guy who --

Alex Hilton (Director, Generation Rent): Jamie [Ratcliff], you cannot compete with property developers who will build luxury apartments in tall buildings unless you are willing to build at a similar style of density. If CLTs could start embracing density - and we are in a global city and of course the land prices are based on density - then we would start to see them being able to penetrate at a greater scale than they currently can.

Stephen Hill (Trustee, National CLT Network): I would say in defence of CLTs only that I just came from a Create Streets event this morning and Savills has very convincingly shown that high rise does not equal density.

Andrew Boff AM: It does not. You are quite right.

Alex Hilton (Director, Generation Rent): It does not, no, but density --

Stephen Hill (Trustee, National CLT Network): It is intensity of use.

Darren Johnson AM (Chair): We all agree that we need high density, especially in a city like London with a growing population and land at such a premium, even though we may have different ideas about the design.

Andrew Boff AM: Just build them in Hertfordshire.

Murad Qureshi AM: Stephen [Hill], just for your personal information, the last job I had before I resigned to join the Assembly was at the Housing Corporation. You are quite right: it lost its way a long, long time ago.

What I really to know from you is coming back to shared ownership in central London and whether it can work there on a cost basis. Is there a role for CLTs to play there, for example, as custodians of the land on which future shared ownership schemes are built in central London? Surely that would give people the sense of security that they are looking for in a lot of ways.

Stephen Hill (Trustee, National CLT Network): I am not sure. It is very difficult to generalise. The situation at St Clement's is a very interesting one in the sense that the Deputy Mayor for Housing, Land and Property made a commitment that the land would be transferred to a community trust without being very specific about what it was, partly as a way of responding to a lot of media pressure that had been generated by the CLT at a moment when it looked as though the CLT was going to fall off the agenda. This was a way of saying, "There will be something". The CLT's response was, "That is fine, but that is not a CLT. That is a community foundation".

The idea is that you take the income from the land in terms of ground rents and you apply it to charitable works in the neighbourhood. That is a very good idea. There are particular circumstances at St Clement's which make it an even better idea because there is also a building there which might be a locus for some of these works and it is something around which the community has really focused its attention. They are the people who are not going to live there yet.

As a general proposition, going back to Richard Blakeway's [Deputy Mayor for Housing, Land and Property] idea about estates, the idea that the communities own the underlying freehold of that is a really good idea. There is a real visceral sense of ownership that comes with legal ownership as well. It is a very emotional thing. Certainly, I worked on one in Hackney back in about 2000 and that was something that fell off the agenda because Peabody was involved and ran into financial problems and the whole project died. However, the community was really up for the idea that they could work with a partner because they were going to be the people who owned the freehold. They really welcomed the whole process of redevelopment because they had a real stake in it.

That is what is so problematic about development in London. People feel there is so much being done over which they have no control. It is about whether you can find ways of giving them control. I have to say that in some more progressive boroughs, they really do not get this. They do not get the idea that they can do things with citizens. They think it is all about them - the politicians - wanting to do it and they think they are the agents of change.

There was a very good project that I will not go into now in which a community came up with a proposal for five times more infill homes on their estate than the local authority, but it revolved around having a CLT and a long-term regeneration strategy for that estate, which the local authority had never had. Basically, the local authority has scooped up the extra housing dividend and told the community to piss off, frankly.

Murad Qureshi AM: I will just say that of course Jamie [Ratcliff] at least did offer 10% of the GLA land stock, which needs to be sorted out in the foreseeable future.

Darren Johnson AM (Chair): OK. Thank you. I am just going to allow each of the guests to give us any final thoughts in terms of key asks both to the Mayor and to the Government on this whole issue of affordable home ownership. Alex?

Alex Hilton (Director, Generation Rent): All right. I am kind of past caring which party runs the country or London anymore. If you look at the scale of the approach to sorting out the housing problem, nothing on the table comes close to making a difference. If you look at what that means, you can look at it in an economic sense in terms of London becoming less competitive or you can look at it in a human sense, which means people under pressure, renters trapped in renting where they do not want to be, paying unaffordable rents and huge amounts of their income, having to make compromises in their lives in order to bear it and having to live in unbearable conditions in order to be near a job. This is unacceptable and it is also unsustainable. Something will break somewhere. It is a pressure cooker.

Unless you have a Mayor willing to take on the Government in a serious way or a Government willing to address the problems, you are going to find people having to make their own way. You saw that with the New Era Estate. A body of people came together and got extensive public support behind them because somebody did something legal and rational to them. A business made a rational business decision.

This is where we are. We have a city that is more than 50% rental and it is only getting bigger. By the end of the next Parliament or by the end of the next mayoral term, 49 of London's parliamentary seats will be majority rental. If there is still not a party doing everything it can for the *Daily Mail*-reading, home-owning swing voters in marginal seats in suburbia, then you will find that these people will just step away and none of the parties that you see today will be running London. This is a real challenge. This does not come in a smooth way when somebody says, "I am a party. I will come up with an answer for you". It comes when people get angry, it comes from rent strikes, it comes from eviction resistance movements and you will find a lot of mess on the way there. I would rather that the mainstream parties just bucked their ideas up and got on with solving the problem.

Stephen Hill (Trustee, National CLT Network): I am a chartered surveyor and a land economist and so CLTs are a very natural home for me. They have a bit of economic rationality. When I was in Boston last year, I spent some time at the Lincoln Institute of Land Policy talking to them about what is happening in these world cities. Their view is that there is not much that is happening in these cities that is economically rational and that the success trajectory they are on is very limited and finite. There is a really big issue for us, which Alex [Hilton] has identified. We have to look at that.

CLTs are a finger in the dyke, but we are saying that unless you re-inject some rationality into land markets, we are stuffed. That is absolutely fundamental. For the people on the ground, what we get is people saying, "I do not care about capital appreciation. All I want is security and certainty: security that I am not going to be thrown out at the end of six months; and certainty about what I am going to have to pay from year to year". The East London CLT has developed the tagline, "Buy a CLT home and live a normal life".

Alex Hilton (Director, Generation Rent): Do not forget that you may not get capital appreciation but you do get to accrue your own capital. You do not get that as a renter.

Kush Rawal (Sales and Marketing Director, TVHA): Shared ownership has had a lot of bad press. You have all read it. You have seen it. However, the reality is that what it does is it offers an opportunity to people which most people in London are marginalised in some way from.

If you look at it as a provider view, it is a product that we have been offering for many years. It is self-funding in many ways. All that money coming back through the staircasing is building more new homes not only for shared ownership but also for rent. It is a product where there is significant demand. As I mentioned right at the beginning, you will see that for any scheme that is developed in London, there will be queues of people wanting to buy. It is a product that is flexible. It is one that can change with the needs of an individual. If they are in financial difficulty, there is a safety net that we can put there. There are opportunities of course for us to streamline it, to make the message a little bit clearer and a little bit more consistent and to look at that management and make sure it is something that people can work with over the length of their time in that home.

However, in reality, the biggest difficulty for us is the supply of land. Jamie [Ratcliff] alluded to it a little while ago. We have an appetite and we have a desire to try to deliver as much as we can. However, delivering shared ownership in a market where you are competing against private developers is extremely difficult.

Jamie Ratcliff (Assistant Director – Programme, Policy and Services, GLA): I have three Ss: simplicity, standardisation and scale. As Kush [Rawal] said, there is a real danger in talking down shared ownership. It does have some challenges to its delivery and it does not do everything for everybody, but it is working quite well for a large number of people. In recognising some of its limitations, it should not lead us to talking it down too much.

Equally, there are a range of other products you could come up with and innovate with, but there is a real danger of having millions of different products in this area that are not understood by people and, crucially, are not supported by retail lenders, which is a real big barrier.

On scale, I would just go back to that accelerative point. The size of the market of shared ownership can mean that large sites, which are where we have quite a lot of planning permissions, can be built much faster if you do significant proportions for shared ownership. That is something I really want to push. The £180 million fund that we have made available will, hopefully, bring some of these forward. Hopefully, TVHA and other HAs are preparing proposals to bring to us with that. That should start to build the scale that we need for shared ownership as well as make a really crucial contribution to overall supply.

Darren Johnson AM (Chair): Thank you. Can I thank all four of our guests today?

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GREATERLONDONAUTHORITY LONDONASSEMBLY

Subject: Summary List of Actions

Report to: Housing Committee

Report of: Executive Director of Secretariat | **Date: 4 March 2015**

This report will be considered in public

1. Summary

1.1 This report sets out actions arising from previous meetings of the Housing Committee.

2. Recommendation

2.1 **That the Committee notes the outstanding and completed actions arising from previous meetings of the Committee.**

Actions Arising from the Meeting of 10 February 2015

Minute Number	Topic	Status	For action by
5.	**Affordable Home Ownership in London** During the course of the discussion, the Assistant Director – Programme, Policy and Services committed to provide the following additional information after the meeting: • Both the average, and range, of income of those buyers entering shared ownership agreements by borough; and • The staircasing figures available in the 'NROSH+' dataset used by the Homes and Communities Agency.	Completed. The information provided by the GLA Housing & Land is attached at **Appendix 1.**	Assistant Director, Policy, Programme and Services, Housing & Land GLA

Actions Arising from the Meeting of 11 November 2014

Minute Number	Topic	Status	For action by
5.	**London Housing Strategy** Guests committed to provide the further clarification on the relationship between the London Rental Standard and the London Borough of Newham's licensing scheme.	In progress.	Assistant Director – Programmes, Policy and Services, GLA, and; Director - Community Infrastructure Resources and Commercial Development, LB Newham
	The Committee delegated authority to the Chair, in consultation with Lead Members to write to the Mayor expressing the Committee's views on topics covered during the meeting.	In progress. Further information can be found at Agenda Item 5.	Mayor of London

3. Legal Implications

3.1 The Committee has the power to do what is recommended in this report.

4. Financial Implications

4.1 There are no financial implications to the GLA arising from this report.

List of appendices to this report:
Appendix 1 – Further information provided by GLA Housing & Land following the Housing Committee meeting held on 10 February 2015

Local Government (Access to Information) Act 1985
List of Background Papers: None

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Further information provided by GLA Housing & Land following the Housing Committee meeting held on 10 February 2015

Median income by borough
See **Table 1** below.

Highest and lowest purchaser income recorded
In 2013/14 the highest income recorded in London was £76,485, and the lowest was £3,692. Note, cases with very low recorded incomes like these tend to involve low-cost homes and/or high deposits.

Stock of shared ownership homes by borough
See **Table 2** below.

Staircasing
During 2013/14, 1,558 shared ownership owners 'staircased' to 100% home ownership in London. This is equivalent to 3.6% of the total shared ownership stock.

Table 1

Median joint income (person 1 + person 2, if applicable) of First Steps buyers by London borough, 2013/14
Source: GLA analysis of CORE data

Borough	Median joint income	Number of sales
Barking and Dagenham	28,000.00	12
Barnet	36,162.00	73
Bexley	32,085.00	37
Brent	35,468.00	47
Bromley	39,362.00	59
Camden	45,000.00	15
City of London	n/a	0
Croydon	30,047.00	74
Ealing	37,972.00	130
Enfield	30,000.00	55
Greenwich	35,725.00	184
Hackney	39,578.00	120
Hammersmith and Fulham	43,125.00	38
Haringey	35,000.00	93
Harrow	34,500.00	91
Havering	24,688.00	38
Hillingdon	34,781.50	58
Hounslow	36,155.50	52
Islington	43,000.00	179
Kensington and Chelsea	58,309.50	6
Kingston upon Thames	36,000.00	7
Lambeth	43,000.00	135
Lewisham	35,000.00	174
Merton	33,396.00	42
Newham	32,000.00	48
Redbridge	34,584.00	17
Richmond upon Thames	40,400.00	15
Southwark	41,800.00	187
Sutton	32,500.00	19
Tower Hamlets	31,750.00	186
Waltham Forest	36,000.00	75
Wandsworth	49,250.00	88
Westminster	35,850.00	2

Table 2

Number of shared ownership homes (where buyer has less than 100% equity) in London owned by larger housing associations (1,000 units or more)
Source: GLA analysis of HCA Statistical Data Return, 2014

Borough	**Number**
Barking and Dagenham	891
Barnet	1,264
Bexley	830
Brent	2,401
Bromley	856
Camden	681
City of London	0
Croydon	1,700
Ealing	2,203
Enfield	1,256
Greenwich	1,777
Hackney	2,776
Hammersmith and Fulham	1,192
Haringey	1,839
Harrow	1,015
Havering	574
Hillingdon	1,361
Hounslow	2,009
Islington	1,769
Kensington and Chelsea	627
Kingston upon Thames	270
Lambeth	1,970
Lewisham	1,403
Merton	688
Newham	1,804
Redbridge	761
Richmond upon Thames	582
Southwark	2,464
Sutton	570
Tower Hamlets	2,523
Waltham Forest	1,047
Wandsworth	1,632
Westminster	771

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GREATERLONDONAUTHORITY LONDONASSEMBLY

Subject: Action Taken Under Delegated Authority

Report to: Housing Committee	
Report of: Executive Director of Secretariat	**Date: 4 March 2015**
This report will be considered in public	

1. Summary

1.1 This report sets out recent action taken by the Chair under delegated authority.

2. Recommendation

2.1 **That the Committee notes the action taken by the Chair under delegated authority, namely, to write to the Mayor to express the Committee's views on points raised during discussion at its meeting on the 11 November 2014.**

3. Background

3.1 Under Standing Orders and the Assembly's Scheme of Delegation, certain decisions by Members can be taken under delegated authority. This report details those actions.

3.2 Following discussion on London Housing Strategy at its 11 November 2014 meeting, the Committee resolved:

> *"That authority be delegated to the Chair to write to the Mayor to express the Committee's views on points raised during the discussion."*

4. Issues for Consideration

4.1 The Chair wrote to the Mayor with follow-up points from the London Housing Strategy discussion on 16 December 2014. A copy of this letter is attached at **Appendix 1**.

5. Legal Implications

5.1 The Committee has the power to do what is recommended in the report.

6. Financial Implications

6.1 There are no direct financial implications to the GLA arising from this report.

List of appendices to this report:
Appendix 1 – Letter from the Chair to the Mayor of London, dated 16 December 2014

Local Government (Access to Information) Act 1985 List of Background Papers: None	
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LONDONASSEMBLY

Darren Johnson AM, Chair of the Housing Committee

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Boris Johnson
Mayor of London
City Hall
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Date: 16 December 2014

Dear Boris,

London Housing Strategy

Following the 11 November 2014 meeting of the Housing Committee, I write on behalf of the Committee to request further information on, and elicit your responses to, a number of points.

The Committee would like to know:

- The number of allocations made to Members of the Armed Forces in London since the change to the allocations policy in November 2012 which gave them additional preference;
- Why the GLA's target for family-sized accommodation is based on 3-beds and above, when the SHMA indicated London would need 18% more 4-bed homes; and
- What work the GLA is doing to identify and help small- and medium-sized building firms acquire land for development.

In addition, the Committee requests a copy of the GLA's response to the London Chamber of Commerce and Industry's report *Skills to Build*.[1]

I would be very grateful to receive your response by Friday 16 January 2015.

Yours sincerely,

Darren Johnson AM
Chair of the Housing Committee

[1] "Skills to Build", LCCI/KPMG Construction Skills Index (London and the South East), 2014; www.londonchamber.co.uk/DocImages/12960.pdf

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GREATERLONDONAUTHORITY LONDONASSEMBLY

Subject: The Impact of Investor Buyers on London's New Build Market

Report to: Housing Committee

Report of: Executive Director of Secretariat | **Date: 4 March 2015**

This report will be considered in public

1. Summary

1.1 This report sets out the background information for the Committee's meeting on the impact of investor buyers on London's new build market.

2. Recommendation

2.1 **That the Committee notes the report as background to discussing with invited guests the impact of investor buyers on the market for new build homes in London, and notes the subsequent discussion.**

3. Background

3.1 Data and press reports suggest that the prices of new build homes have risen at a higher rate over the last five years than house prices generally in London. However, house price data from official sources rely on mortgage completion information, excluding cash purchasers, so may not provide a good indicator of London new build inflation.

3.2 According to a Molior London report from February 2014, some 60 per cent of London's new build homes are bought by investor buyers compared with 40 per cent bought by owner occupiers. It seems likely, therefore, that investors have a significant impact on London's new build market, but the data is sketchy and difficult to interpret with certainty.

4. Issues for Consideration

4.1 Investors in new central London developments have attracted significant criticism in the press in recent months for a range of reasons. In some cases, this relates to the low level, or complete lack, of affordable housing included within regeneration developments. In others it centres around homes apparently being left unoccupied, or simply used as safe places to park cash, though a range of evidence suggests that the majority of investors do intend to rent out their properties.

4.2 Developers have been keen to sell to overseas and institutional buyers because they frequently buy off-plan, which cashflows the scheme and often unlocks the development finance which was hard to come by in the immediate aftermath of the financial crash of 2007/08. Indeed, some commentators indicate that international funding, in particular, offered vital support to the development industry in central London during this difficult period.

4.3 However, the type of scheme which attracts these investors is unlikely to be suited to the needs of local people. In Greenwich, for example, which has plans for London's largest number of new build homes, concern has been voiced recently over the scale and impact of international investment on the local housing market and the benefits to local people.

4.4 Moreover, recent evidence from agents and lenders indicates that the geographical definition of 'prime' London, which has been the main target of such investors, is expanding into new London neighbourhoods. Projections depict a growing pipeline of higher-end schemes which will likely be acquired by wealthy investors and block purchasers. These developments are probably mainly destined for the rental market but will not be targeted at Londoners on moderate incomes.

4.5 The Committee may therefore wish to discuss with guests:

- the current state of the market for new build in London, including the range of different investors, their motivations for investing, the locations and types of units they are seeking and the tenants they are accommodating;
- how the market may have changed in recent years and short- to medium-term forecasts;
- any impact of investor buyers on the types of homes which are built or in the pipeline; and
- the impact of investor buyers on the prices of new build homes in different parts of London.

Invited guests

4.6 A panel of expert guests has been invited to discuss these issues with the Committee, including:

- Katy Warrick, Head of London Residential Development Research, Savills;
- Prof Peter Rees, Professor of Places & City Planning, The Bartlett, University College London; and
- Ian Fletcher, Director of Policy (Real Estate), British Property Federation.

5. Legal Implications

5.1 The Committee has the power to do what is recommended in this report.

6. Financial Implications

6.1 There are no direct financial implications to the Greater London Authority arising from this report.

List of appendices to this report: None

Local Government (Access to Information) Act 1985

List of Background Papers: None

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GREATERLONDONAUTHORITY LONDONASSEMBLY

Subject: Knock it Down or Do it Up?

Report to: Housing Committee	
Report of: Executive Director of Secretariat	**Date: 4 March 2015**
This report will be considered in public	

1. Summary

1.1 This paper proposes that the Committee notes its report, *Knock it Down or Do it Up?*, on the regeneration of social housing estates.

2. Recommendation

2.1 **That the Committee agrees its report on social housing estate regeneration, *Knock it Down or Do it Up?***

3. Background

3.1 In February 2014, the Housing Committee agreed to investigate the regeneration of London's social housing estates, focusing on how and why decisions to demolish or refurbish are taken. At its meeting on 17 June 2014, the Committee agreed the scope and terms of reference of the investigation.

3.2 The terms of reference for this investigation were:

- 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; and
- To scrutinise the role of the Mayor in supporting social housing refurbishment or regeneration and consider whether there is more he should do.

3.3 Officers confirm that the report and its recommendations fall within these terms of reference.

3.4 The Committee's June and July 2014 meetings were devoted to this topic. The Committee also undertook a site visit on 2 July 2014 to Clapham Park, one of the biggest former council estates in Europe, to discuss the vision for the estate and how this has been shaped by funding opportunities and Government/Mayoral policy.

3.5 The June meeting gathered a range of practitioners and housing experts to discuss the decision-making process and how funding opportunities influence the decisions which are taken. This was followed up in July by a meeting which allowed the Committee to hear both from a panel of experts (on the incorporation of non-financial factors in the decision-making process) and an 'open-mic' session which attracted some 70 members of the public.

4. Issues for Consideration

4.1 The report sets out a number of best practice principles of effective regeneration. These principles may be useful for boroughs and other housing providers, councillors and/or residents' groups to inform their decision-making processes and operations. A copy of the report is attached at **Appendix 1**.

4.2 The report sets out the following principles and recommendations:

Effective decision making process
An effective decision making process would:

- be robust by being clear from the outset on the purpose of the proposed regeneration and how it fits within a broader strategy for the local area and borough, communicating this early, openly and broadly, and ensuring a systematic and objective option appraisal is undertaken and published.

- include in its option appraisal effective consideration of medium- to long-term social and environmental issues. It would incorporate an assessment of the lifecycle carbon impacts of options and feature existing residents' needs and wishes in terms of their lived experience, in tandem with the wider strategic and financial imperatives. It would be clear how residents' views have been taken into account.

- have fully justified any regeneration proposal for which the provider considers there to be no viable alternative. An independent ballot of estate residents would be undertaken which would inform any final proposals to demolish.

- Ensure that leaseholders are treated fairly and provide for them to nominate an independent valuer so they receive fair recompense for their properties. The starting point should be that leaseholders are offered a like-for-like replacement of their property, or a similar offer, wherever possible.

Effective Scheme Communication
Effective scheme communication would enable all residents to understand the impacts for them as the scheme progresses and evolves. Where contractors or consultants are engaged, they would have strong track records in effective communication and the provider would nonetheless maintain a close relationship with residents, especially where progress stalls and revised proposals are needed.

The Mayor's role
The Mayor has a strategic role to play as he supports estate regeneration projects though planning decisions and the disbursement of housing grant.

The Mayor should:

- build on the principles of the Estate Regeneration Fund, by contributing wherever he can to provide counter-cyclical funding. This would mitigate the worst effects of providers' heavy reliance on volatile land and property markets. Defraying front-loaded costs is particularly important in getting schemes off the ground.
- review the level of affordable housing grant, to enable providers to pursue the best option rather than simply the one which can be made to fit current funding programmes.
- ensure that our stated Effective Practice indicators are taken into consideration when applications for the Estate Regeneration Fund, and other similar funds, are reviewed.

Central Government
The Government should:

- lift the Housing Revenue Account borrowing caps so that councils can leverage their housing assets now to support strategic regeneration
- reduce the VAT disparity between new build social housing (which is zero-rated) and estate refurbishment works (currently charged at the standard 20 per cent), to make a more level playing field between refurbishment and demolition as regeneration alternatives.

4.3 The Chair will write to the Mayor, and others to whom recommendations are made, to invite them to respond to the report. Responses received will be reported to the Committee, at which time any potential follow-up actions will be considered.

5. Legal Implications

5.1 The Committee has the power to do what is recommended in this report.

6. Financial Implications

6.1 There are no direct financial implications arising from this report.

List of appendices to this report:
Appendix 1 – *Knock it Down or Do it Up? The challenge of estate regeneration*

Local Government (Access to Information) Act 1985
List of Background Papers: None.

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LONDONASSEMBLY

Housing Committee

Knock it Down or Do it Up?

The challenge of estate regeneration

February 2015

Housing Committee Members

Darren Johnson (Chair)	Green
Tom Copley (Deputy Chair)	Labour
Andrew Boff	Conservative
Nicky Gavron	Labour
Stephen Knight	Liberal Democrat
Steve O'Connell	Conservative
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Cover photo: Green Man Lane Estate, Ealing
Photo credit: Lorraine Ford

Contents

Foreword

In the past decade, few areas of housing policy have been as controversial as estate regeneration.

Fifty estates with over 30,000 homes have undergone regeneration schemes in the past decade. While the total number of homes on those estates has now almost doubled, there has been a net loss of some 8,000 social rented homes.

The costs and benefits of each individual scheme have been contested. One of the most divisive questions is whether to demolish or refurbish the existing homes. The trade-offs associated with demolishing council homes to build a greater quantity of more expensive homes are seen by some as realism, and others as social cleansing.

Opponents of estate demolition and rebuild schemes were prominent in the recent March for Homes. They argue that homes are unnecessarily demolished with a large loss in social housing, sometimes moving working class tenants to other parts of London or the UK and replacing their homes with large quantities of private market housing. Some feel this is a deliberate policy.

On the other hand, the Mayor and housing providers argue that the homes are often in a bad state of repair, and that refurbishment would either be too expensive or impractical. Their plans to regenerate estates have seen a significant increase in overall numbers of homes, and they point to improvements in the living conditions of remaining tenants.

During the course of this investigation we heard from all sides of the debate. We visited estate regeneration schemes, quizzed councils and other housing providers about their schemes, and heard first hand from people affected by past schemes or worried about future plans.

One thing was very clear: that there needs to be far greater transparency and clarity about the purpose of proposed regeneration, and the justification for the options chosen.

We also found that there could be better collaboration between landlords and residents in exploring and evaluating the options.

In this report, we set out an account of the problems that can arise when regenerating estates, and best practice principles for boroughs and other housing providers, councillors and residents' groups to inform their decision-making processes and operations.

We hope that, if followed, these principles will result in a greater sense of fairness and more consensus about future regeneration schemes.

Darren Johnson AM
Chair, Housing Committee

Introduction

Sustained population growth and fast rising land values are bringing a new set of considerations into the way local authorities and housing associations decide how to manage the refurbishment of many of London's social housing estates. In the last ten years around 50 former council estates across London have been granted planning permission for substantial regeneration (including demolition and rebuild of some homes).[1] The primary purpose of this report, by the London Assembly's Housing Committee, is to bring some badly needed transparency to 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. This means clarifying 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. We also examine the Mayor's role in supporting these regeneration schemes.

The report summarises the principle findings from our investigation, drawing upon some 30 written submissions, plus oral evidence, from residents, housing providers and other interested parties. We illustrate what works (and what doesn't), who benefits and why, when regeneration schemes are undertaken in London. These findings are considered under three main themes: decision-making, finance and communication.

[1] Source: London Development Database, Greater London Authority

Principles and Recommendations

Our investigation has identified a number of best practice principles of effective regeneration. These principles may be useful for boroughs and other housing providers, councillors and residents' groups to inform their decision-making processes and operations. They are drawn from across the evidence we received and reflect submitted examples of good practice and lessons learned, as well as challenge from residents where problems have arisen. The Appendices also offer more detailed checklists which practitioners, elected representatives and residents may find useful.

An effective decision-making process would:

- ✓ Be robust by being clear from the outset on the purpose of the proposed regeneration and how it fits within a broader strategy for the local area and borough, communicating this early, openly and broadly, and ensuring a systematic and objective option appraisal is undertaken and published.

- ✓ Include in its option appraisal effective consideration of medium- to long-term social and environmental issues. It would incorporate an assessment of the lifecycle carbon impacts of options and feature existing residents' needs and wishes in terms of their lived experience, in tandem with the wider strategic and financial imperatives. It would be clear how residents' views have been taken into account.

- ✓ Have fully justified any regeneration proposal for which the provider considers there to be no viable alternative. An independent ballot of estate residents would be undertaken which would inform any final proposals to demolish.

- ✓ Ensure that leaseholders are treated fairly and provide for them to nominate an independent valuer so they receive fair recompense for their properties. The starting point should be that leaseholders are offered a like-for-like replacement of their property, or a similar offer, wherever possible.

Effective scheme communications would:

- ✓ enable all residents to understand the impacts for them as the scheme progresses and evolves. Where contractors or consultants are engaged, they would have strong track records in effective communication and the provider would nonetheless maintain a close relationship with residents, especially where progress stalls and revised proposals are needed.

The Mayor has a strategic role to play as he supports estate regeneration projects though planning decisions and the disbursement of housing grant. So our recommendations to him are necessarily at a strategic level.

The Mayor should:

- build on the principles of the Estate Regeneration Fund, by contributing wherever he can to provide counter-cyclical funding. This would mitigate the worst effects of providers' heavy reliance on volatile land and property markets. Defraying front-loaded costs is particularly important in getting schemes off the ground.

- review the level of affordable housing grant, to enable providers to pursue the best option rather than simply the one which can be made to fit current funding programmes.

- ensure that our stated Effective Practice indicators are taken into consideration when applications for the Estate Regeneration Fund, and other similar funds, are reviewed.

And finally we want to see central government do its bit too to support a more effective decision-making process.

The Government should:

- lift the Housing Revenue Account borrowing caps so that councils can leverage their housing assets now to support strategic regeneration

- reduce the VAT disparity between new build social housing (which is zero-rated) and estate refurbishment works (currently charged at the standard 20 per cent), to make a more level playing field between refurbishment and demolition as regeneration alternatives.

One: The Decision-Making Process

"The most suitable option will emerge from considering many factors and whichever mix of demolition, rebuilding and refurbishment is selected, the process will be long and complex involving many different participants." **Affinity Sutton Housing Association**[2]

With this remark, Affinity Sutton encapsulates just how complicated the decision-making process around regeneration proposals can be. This is not simply because each scheme is different, involving a wide range of local actors and circumstances, but also because the regeneration process is often protracted, extending over years if not decades. During this period, any number of the elements in the mix can shift, so that decisions may need to be reviewed and the process begun again, potentially from first principles.

Regeneration decisions represent major investments for housing providers and other scheme partners, so they are not taken lightly. But for the communities involved in regeneration schemes, the very fabric of their lives is caught up in these decisions. The significance to them of the processes and outcomes is evident in the passionate cross-play of arguments regularly aired in our newspapers, over the airwaves and on social media, where disagreements arise over how regeneration takes place. So it is vital that when decisions are made, they are right, and that if they need to be remade, the new strategy and rationale is clear.

Clarity on fundamentals

Most important is the need for clarity on the scheme's key driver. Bitter recent experience demonstrates clearly how the economic climate and housing market can rapidly shift, unravelling plans for cross-subsidy and housing investment.

Government, regional and local policy also ebbs and flows: the announcement of a major new transport investment might, for example, trigger the prospect of substantially increased local land values.

[2] Evidence submitted to Housing Committee by Affinity Sutton, p1

Woodberry Down Estate, Hackney Photo credit: Reece Harris

At critical junctures this may mean that central features underpinning regeneration schemes will also mutate. When this happens, housing providers must at all costs be upfront about what changes have occurred and what policies or financial circumstances are now driving the scheme.

The absence of clear information can lead to accusations of post hoc rationalisation, which degrades or, in some cases, completely destroys the trust underpinning effective collaboration between communities, housing providers and other regeneration partners.

Our investigation uncovered examples of schemes where proposals shifted significantly, but residents say they were not kept abreast of what had happened, why and, crucially, what this meant for them.

Heygate Estate, Southwark

The redevelopment of the Heygate Estate in Southwark, for example, part of the wider programme to regenerate the Elephant and Castle, has been the subject of a two-decade long controversy. Completed in 1974, the Heygate is a large system-built estate combining tall and low-rise concrete blocks, originally housing around 3,000 people. The London Plan identified the Elephant as a location with the potential for new homes and jobs and subsequently it became an Opportunity Area. In the Council's view, the estate was challenging to maintain: there were problems with design, security, energy efficiency and other environmental issues. The Council's option appraisal report and a stock condition survey from the late 1990s concluded that the buildings were structurally sound, but in need of complete refurbishment. Partial demolition and refurbishment was recommended as the preferred option, although it was recognised that much work was needed to develop the option further. On the other hand, Southwark's Emerging Framework Principles for the Elephant and Castle regeneration, dating to 2002, identify the Heygate as a barrier to releasing the area's potential to deliver hew homes, jobs, open space and other public facilities.[3] Some residents therefore say that releasing the very significant value of the land was the key factor which clinched the decision, while the Council considers the combination of housing management challenges and regeneration opportunities justify its decision to demolish and redevelop.

In any proposals for change there will always be those who gain and those who lose, at least in relative terms. Being clear about this is also an important principle, no matter how difficult the ensuing conversation will be. As Prof Becky Tunstall of York University pointed out: *"It might be that there will have to be losers and if you say that to people at the beginning, it will be easier to accept."*[4]

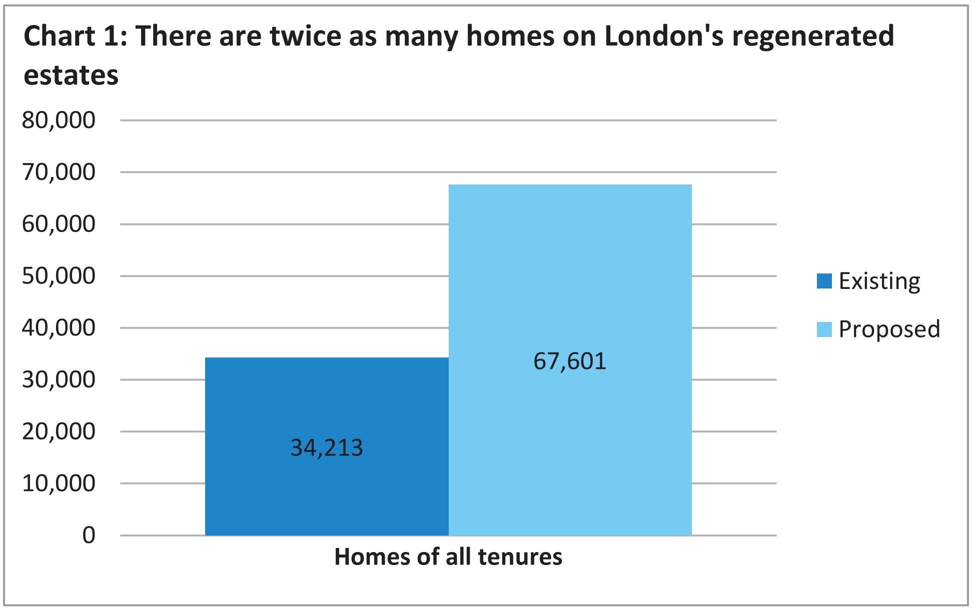
If existing residents are to engage with the process, and this is vital for success, they must themselves realise fair benefit. Stephen McDonald, Director of Place at Barnet, noted the dilemma that a current imperative for London is to build more homes, which means densification, an outcome which will likely be coolly-received in suburban boroughs. But Genevieve Macklin, Head of Strategic Housing at Lewisham, also pointed

[3] *Emerging Framework Principles, Elephant and Castle*, London Borough of Southwark, 2002 (Core Document 18 submitted in relation to the Heygate Compulsory Purchase)

[4] Transcript of Housing Committee meeting, 17 Jun 2014, p25

out that offering something back was key and could mitigate negative responses: in Lewisham where they have sought to infill by developing old garage space, residents have been offered balconies or adjustments to the local lettings plan to alleviate overcrowding on the relevant estate.[5]

This trade-off is equally pertinent within the wider Greater London context. Over the last ten years, planning permissions have been granted for nearly twice as many new homes on the sites of London's demolished social housing estates as were there before.[6]



Source: London Development Database, Greater London Authority

These new homes are vital to accommodate London's rapidly expanding population, but also affect the quality of life of existing residents, who may reasonably feel they are entitled to something in return. In fact, our investigation frequently heard that existing residents consider their interests to have been side-lined in the rush to build on estates which

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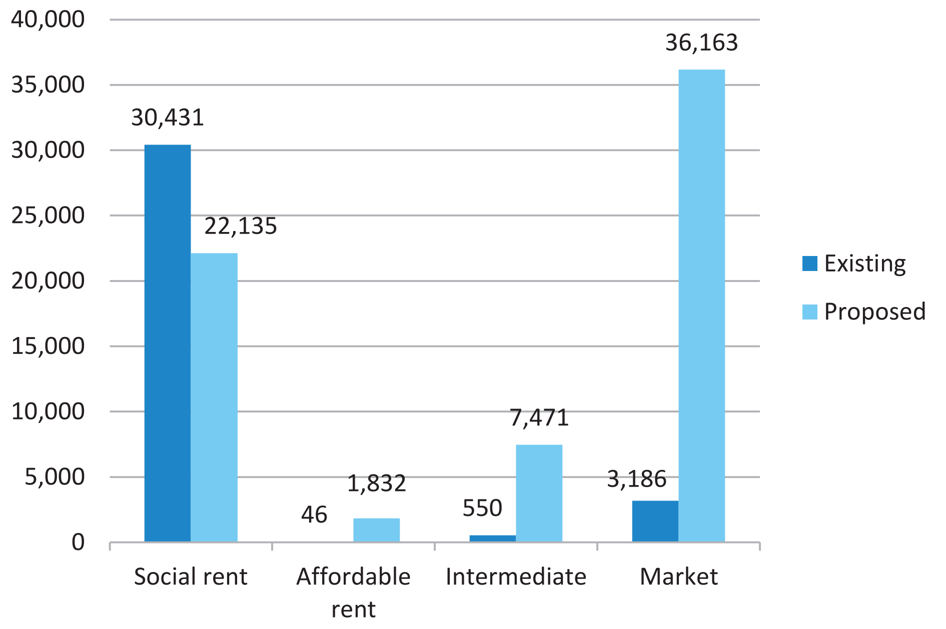
[5] Transcript of Housing Committee meeting, 17 Jun 2014, pp25-26

[6] Source: GLA London Development Database, planned or completed new units in 2014 compared with existing units in 2004. The data covers estates in London of at least 15 existing units in 2004, of which ten or more were affordable. The Database only records the tenure as agreed at the time of the planning permission. Subsequent transfers between tenures can lead to more affordable housing being delivered in the scheme than the minimum level required by the planning permission.

have been their homes, sometimes for many decades: *"They just want us out of the way...We are just little pawns in a great big boys' game of chess."*[7]

Chart 2: The tenures on London's regenerated estates are changing



Source: London Development Database, Greater London Authority

It is often noted that a process of 'gentrification' may, over time, accompany regeneration, the new homes being occupied by households more affluent than previous residents, thus altering the make-up of the local community. The London Development Database indicates that over the last ten years, the number of homes for social and Affordable rent planned for regenerated estates has fallen by one fifth.[8] The doubling of density arises mainly from the addition of more than ten times as many open market homes planned or built within the same estates,[9] converting

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[7] Sally Taylor, Chair, West Kensington Tenants' and Residents' Association, Transcript of Housing Committee meeting 10 Jul 2014, p7

[8] GLA analysis indicates that some 30,000 social and Affordable rented homes will be replaced by nearly 24,000 social and Affordable rented homes, assuming all planning permissions granted between 2004 and 2014 come to fruition.

[9] GLA analysis indicates that just over 3,000 market homes will be replaced by more than 36,000 market homes, assuming all planning permissions granted between 2004 and 2014 come to fruition.

council estates into mixed communities, where market homes are the largest tenure (see chart 2).

It should also be noted that the London Development Database data look backwards, for the most part reflecting schemes drawn up before the introduction of the Affordable Rent regime in 2011.

While housing providers usually attempt to offer secure tenants new homes on a regenerated estate on a like-for-like basis (at the same level of rent), this is not always possible. Social rented homes (at rents of around 40 per cent of market rate) will increasingly be replaced by homes at Affordable Rent going forward (with rent levels in London at an average of 65 per cent, but up to a maximum of 80 per cent, of market rate, and usually with less secure tenure), as permissions and completions under Affordable Rent gather pace. And the emphasis in the Mayor's latest Housing Strategy on affordable shared ownership also indicates that there may be more homes for ownership and fewer for rent in future. So on average, rents may be higher and more owner-occupiers will populate regenerated estates in future.

Green Man Lane Estate, Ealing   Photo credit: Lorraine Ford

Take people with you

In order to ensure, then, that the local community does benefit from the proposals, it is important to bring people along from the start, a principle emphasised by Russell Profitt (Head of the Peckham Partnership at the time of the regeneration of Peckham's Five Estates) as an essential ingredient for enduring success: *"It very much is working with the grain of the local community so that you end up with successful outcomes. You cannot impose a model."*[10] It must be acknowledged that the boroughs are in a very difficult position: they need to balance the competing interests of existing and future residents, as well as local and national taxpayers. It is their duty to play a pivotal leadership role, which may mean setting out and justifying some hard truths within the local context. But Poplar HARCA indicates that the lessons from Peckham continue to hold true: *"It is sensible to steer a community gently, but avoid presenting 'done deals' or 'fait accomplis'."*[11] Westminster City Council notes that local people's wishes must be paramount: *"Residents vote on plans and they are only progressed if there is a positive vote...what may be sound asset management may not get support in the end if the offer to residents is not good enough."*[12]

Recognising that there will rarely be unanimous support, the best way to promote scheme success is to start from existing residents' needs. Many good examples of this principle in action were submitted to the investigation by housing associations and boroughs from around London. Circle Housing Association and Merton, for example, jointly published a pledge in September 2014 to demonstrate their commitment to a regeneration partnership on three Merton estates and to the residents of those estates, of whatever tenure. See Appendix 4 for more detail on this.

Sutton and Enfield also noted that residents do themselves sometimes drive demolition, taking advantage of an opportunity, for example, to move from a tower block to a low-rise home which they would not otherwise have been offered.

Gaining an understanding of resident needs may be complicated and demands application. One innovative method for really getting under the skin of residents' lives on an estate was described to the investigation by Lucy Musgrave, Director of Publica, a public realm and urban design company.

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[10] Russell Profitt, Former Head of Peckham Partnership, Transcript of Housing Committee meeting 17 Jun 2014, p12

[11] Evidence submitted to Housing Committee by Poplar HARCA, p7

[12] Evidence submitted to Housing Committee by Westminster City Council, pp2-3

Understanding Residents' Experience of the Whitecross Estate, Islington
In 2010, Peabody, a housing association, commissioned Publica, a public realm and urban design company, to develop a vision and principles for the future of the Whitecross Estate based on residents' experience. This was in response to a request from residents for this kind of approach. Publica reported on the history of the estate and resident demographics, as well as the buildings, public realm and routes used through the estate. Residents' views were gathered by accompanying individuals and groups on walks around the estate, offering perspectives on diverse experiences of estate life, such as car parking, stairwells, the market, play areas, mobility, light pollution and so on. This data, together with evidence gathered at public meetings, informed the final report, which also included Peabody's aspirations for the estate, and developed a series of 15 principles for the estate's future. Peabody now hopes to deliver the overall upgrade programme of redesigned public spaces on the estate by September 2017. It is also consulting on small scale infill development on parts of the estate.

Option appraisal

Option appraisals setting out assumptions, stock condition assessments, plus a range of financial models and cost-benefit analyses are the usual start-point for selecting a way forward for a regeneration scheme. However, this work is not always published or made available to residents, leaving the decision-making process open, once again, to accusations that it is incomplete, biased or underhand. Even if a borough does make documentation available, it is not always readily accessed by residents: *"We know from the council minutes that they are considering demolitions…most council tenants…do not spend hours…reading every single set of council minutes."*[13] In one extreme case, residents on the Cressingham Gardens Estate in Lambeth had to resort to a series of Freedom of Information requests to gain access to the thinking behind proposals for their homes. Publishing option appraisals as a matter of course would help to allay residents' concerns.

The models themselves also need to be handled with care. They are, after all, just models, which help to frame our thinking and provoke questions, but do not usually themselves provide answers. They also need to be subjected to sensitivity analysis to indicate the level of

[13] Jacob Secker, Member of Haringey Defend Council Housing, Transcript of Housing Committee meeting 10 Jul 2014, pp13-14

certainty which applies to the assessments they inform. Some housing providers are beginning to develop asset management models and frameworks which will enable them to make a more resident-focused assessment of stock quality and value to offset a purely finance-driven valuation. Affinity Sutton, for example, has developed a software model which incorporates measures of resident satisfaction, turnover, and voids, and other providers have paper-based systems designed to incorporate similar resident-led factors.

Woodberry Down Estate, Hackney Photo credit: Reece Harris

In particular, though, most financial models struggle to accommodate elements which are not readily measurable. For regeneration proposals, this means, for example, that wellbeing and social impacts of schemes (such as the detriment to residents' physical and mental health over the often lengthy duration of regeneration schemes) are unlikely to be effectively evaluated and their significance may be under-estimated: *"The numbers can prove whatever you want the numbers to prove...but they generally do not go broad enough...It is often the case that a refurbishment scheme will generate significantly more positive quantifiable benefits and significantly fewer disbenefits than a new* *build/demolition scheme."*[14] One method which attempts to deal with this problem has been adopted by consultants Arup who have used the Cabinet Office's Social Return on Investment (SROI) model to get closer to a fair assessment of housing investment options.

What is Social Return on Investment (SROI)?

SROI is a framework which measures and accounts for a broader concept of value than the purely financial. It encompasses social, environmental and economic costs and benefits. SROI measures change in ways that are relevant to the people or organisations that experience or contribute to it. It does require data on outcomes, which may be complicated to collect. It is nonetheless a useful tool for facilitating strategic discussions which involve stakeholders meaningfully in service design.

More information on the Cabinet Office's SROI model and other decision-making tools is included at Appendix 1.

There is also no consistent approach to evaluating lifecycle costs associated with regeneration processes. In particular, embodied carbon from demolition, removal of waste materials and reconstruction are routinely ignored, at least in part because they are difficult to measure and relate to long-term targets. But Chris Jofeh, Director at Arup, warned the investigation that refurbishment offers significant advantages over demolition and rebuild if carbon targets are to be taken seriously: *"Even if you build a super-efficient home...it could take 30 years before you redress the balance."*[15] And refurbishment may cost less than demolition and rebuild, providing the project starts from a structurally sound base. Lucy Musgrave pointed to an example of social housing regeneration in Paris where refurbishment was not only cheaper than demolition but also enhanced wellbeing. However, consideration should also be given both to ongoing maintenance costs (for example the relative costs of retaining older high-rise blocks compared with new buildings) and the potential that good design may offer to reduce these costs (for refurbishment and rebuild approaches).

[14] Chris Jofeh, Director, Arup, Transcript of Housing Committee meeting 10 Jul 2014, p23
[15] Transcript of Housing Committee meeting 10 Jul 2014, p17

Refurbishment of Tour Bois-le-Prêtre, Paris

The original tower...

Photo credit: Raymond Lopez

...after 1983 refurbishment...

Photo credit: Frédéric Druot

The 1961 Tour Bois-le-Prêtre social housing tower block in Paris originally underwent some basic refurbishment in 1983 to provide insulation. Architects Druot, Lacaton & Vassal later revitalised the block, without decanting, by upgrading kitchens and bathrooms, reconfiguring apartments and extending the tower outwards, creating enclosed 'winter gardens'. The cost of this second refurbishment in 2011, excluding tax, was €11.2m (£9.5m), whereas the provider, Paris Habitat, estimates demolition/reconstruction would have cost at least €20m (£17m). Demolition would also have meant rehousing residents while reconstruction was undertaken. Rents have risen but these rises have been offset by energy savings brought about by improved building performance.

...compared with the new.

A 'winter garden'

Photo credits: Frédéric Druot

Resident input

Real engagement only occurs when residents understand the detail of what a scheme means for them. To ensure this happens, it is important to communicate in a way that is simple to understand. The use of high quality visuals, for example, can assist with this, so that the community can envisage the reality of the proposals and *"presenting residents with the facts in simple, unjargonistic language always helps."*[16]

Importantly, this includes explaining fully to residents the implications of any stock transfer involved. For example, transfers to a housing association at social rent level may nonetheless imply additional service charges, increased council tax and metered water which were previously included in the rent. In some cases, transfers have occurred without these changes being made clear, again damaging trust: *"The picture we were given was of a rebuilt estate we'd all be able to live in, with new homes the equivalent of the council homes we lived in...There won't be any council rented homes on the redeveloped estate at all...This means higher rents, higher service charges and less security of tenure."*[17]

Providers also need to be clear from the start about when and how residents can influence decisions. If a borough is leading the scheme, for example, it will set out what it requires in tender documents. Registered providers or developers then shape their proposals to address the tender and residents may be involved in selecting the delivery partner. Once a preferred option is identified, room for manoeuvre usually becomes limited and from then on, financial viability is likely to drive the key decisions. Affinity Sutton, for example, produces a scheme framework which identifies fixed decisions versus those subject to alternatives or options.

Constraints and trade-offs

Engaging in a frank discussion with residents also offers the boroughs and other housing providers the opportunity to make clear the constraints under which they operate. It is particularly vital that the boroughs take advantage of this, as ultimately it is they who determine the strategic objectives, mediating between the competing demands of current and future residents, as long-term stewards of their communities. A clearer understanding within the community of why the boroughs need to make these very difficult trade-offs would help in reaching local settlements which endure.

[16] Evidence submitted to Housing Committee by Poplar HARCA, p7
[17] Evidence submitted to Housing Committee by Eddie Richardson, Woodberry Down resident

In times of austerity, the boroughs remain severely constrained in the level of borrowing they are able to access, critically limiting their options. This inevitably means that financial viability is the key to delivery. Faced with unprecedented levels of housing need, the boroughs would be failing in their duty not to consider seriously opportunities to build new affordable housing by capitalising on the value of the land they own. Where density is low, uplift potential is greatest and so, therefore, is opportunity cost, as noted, for example, by Camden in its submission.[18]

Green Man Lane Estate, Ealing Photo credit: Lorraine Ford

Resident needs change, and current and future requirements may differ from those which the housing stock was designed to accommodate. Any opportunity to reconfigure stock allows providers to take account of these changes, developing a new mix of units which better suits local need. Evidence submitted to the investigation offered many examples where providers, faced with this opportunity, have bent over backwards to accommodate local residents' needs in developing regeneration proposals. Catalyst housing association, for example, has come up with creative solutions which have enabled schemes to go forward with local agreement. These include shared ownership options for leaseholders

[18] Evidence submitted to Housing Committee by London Borough of Camden, p2

who would not otherwise be able to afford to remain on a regenerated estate and the development of linked units (which have the flexibility to be reconfigured as smaller independent units as required) to accommodate multi-generational households. Again, a trade-off must be made here as the extra effort exerted to support the existing community will impact on the additionality of the proposed scheme.

Housing providers' hands are also tied by local capacity to rehouse. Before demolition can occur, residents must be 'decanted' ie moved out to other local accommodation. For a large estate, even allowing for the 'phasing' (or staggering) of a scheme, this can have a serious impact on the local housing waiting list as decanted residents are prioritised for vacant homes.

These examples illustrate exactly the circumstances where a Social Return on Investment (SROI) approach would be valuable, helping to open up and make explicit the debate over local priorities. These are all taxing issues, deserving of serious local consideration. For schemes to be successful, an honest and open deliberation is vital.

Woodberry Down Estate, Hackney Photo credit: Reece Harris

Two: Funding Dilemmas

***"Everything has to wait for the market. It only works while the market is buoyant...when things do not go well, we need to have a fall-back position."* Stephen McDonald, London Borough of Barnet[19]**

In previous years, the level of grant for developing new affordable homes was far higher than at present. Our investigation heard about the regeneration of the Five Estates in Peckham during the 1990s, where one aim was to reduce density and improve quality. But as Stephen McDonald pointed out: *"It is a good example of what we cannot really do any more, because Peckham was done in a high-subsidy environment."*[20] Whereas previously substantial funding streams such as the Single Regeneration Budget and the New Deal for Communities were available to support regeneration work, dedicated funding is, for the present, effectively confined to affordable housing grant. However, it should also be noted that councils and housing associations now have greater access to capital than in the past, with more freedom to borrow against future rents and other incomes.

Since the introduction of the Affordable Rent regime, boroughs and Registered Providers of social housing receive a smaller proportion of the build cost in capital grant than used to be the case, raising the remainder from higher rents, debt or their own resources. This can bring an increased level of uncertainty to all affordable new build. In addition, regeneration is often undertaken in partnership with a private sector provider, which contributes a substantial cross-subsidy from open market sales. In many cases this mechanism has delivered affordable home developments which would not otherwise have been built. However, guests at the investigation's June meeting all pointed out that it also lacks resilience when the market falls. This heavy reliance on the market is a major reason why regeneration schemes can stall or fail.

The effect of market volatility

Broken promises are thus a common complaint among residents of stalled or protracted schemes, because proposals which had originally been consulted on and worked up may no longer stack up financially.

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[19] Transcript of Housing Committee meeting 17 Jun 2014, p12
[20] Transcript of Housing Committee meeting 17 Jun 2014, p3

When this happens, the borough has to work with its partners to try to deliver the best compromise possible in changed circumstances.

Sometimes a housing association partner may be able to continue with a scheme on a loss-making basis, absorbing additional costs, but this has to be negotiated scheme by scheme. By contrast, private developers live or die by profit, and their solution will likely involve increasing the number of market homes to offer cross-subsidy and/or waiting for the market to improve.

Woodberry Down Estate, Hackney   Photo credit: Reece Harris

For residents, the fallout often involves an extension to building-site life and the possibility of a reduction in the number of existing residents able to return to the rebuilt estate. On the West Hendon estate in Barnet, for example, the 680 affordable homes originally proposed were reduced to 543 in order to close the £85m funding gap resulting from the economic downturn.[21] Plans to regenerate the Carpenters Estate in Newham were originally developed in 2000 but have gone through numerous iterations since then in changing financial circumstances. This leaves residents in a state of bewildering uncertainty, as well as making inefficient use of London's housing resources: *"There are now about 350 empty homes on the estate. I guess many have been empty for ten years."*[22] Where promises are broken, relationships are often soured long-term, storing up hostility which may bedevil and jeopardise the success of any new regeneration scheme, no matter how financially efficient or strategically logical it may be.

Piecemeal funding pots

Part of the reason why many estates have fallen into a poor state of repair and now need regenerating is that they have not been properly looked after. Stephen Ross, Asset Management Director at Southern Housing Group, drew a comparison between the Market Estate in Islington, which was eventually demolished (and successfully rebuilt with local consent, though not without conflicts which needed to be resolved) and the York Way Estate, which still stands today in its original form. He explained how the neighbouring estates were built together in the 1960s, but the latter received continuous investment over 50 years from the City of London Corporation, whereas the former, after several previous attempts at regeneration and changes in management, required £50m for demolition and reconstruction.[23]

Aside from affordable homes monies, boroughs have previously been able to access Decent Homes funding, although this comes to an end in March 2016. While this has been useful money, it has only supported piecemeal investment into prescribed elements of housing infrastructure, such as replacing doors, windows and bathrooms. There has been no recent opportunity to bid for more strategic regeneration funding which would take account of the bigger picture and enable proactive asset management. This has left the boroughs to chase discrete funding pots on an ad hoc basis.

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[21] Barratt Metropolitan March 2012 West Hendon Newsletter
[22] Manoranjitham Saravanamuthu, Carpenters Estate resident, Transcript of Housing Committee meeting 10 Jul 2014, p5
[23] Transcript of Housing Committee meeting 17 Jun 2014, p7

The financing of local authority housing was reformed in April 2012 and the boroughs are now able to borrow against their housing assets. However, the amount they may borrow is capped by the Treasury and many boroughs have limited borrowing 'headroom', which is often insufficient to make investments at scale or in a single hit. *"The borough wants to develop the replacement affordable housing itself for retention in the HRA, and being unable to borrow – even though we can afford to do so – hinders our ability to bring additional funding to the projects."*[24]

In all regeneration programmes, upfront costs, such as master-planning and leaseholder buyback, are significant. In this context, there has been a large increase recently in the number of homes sold under Right to Buy[25] with the potential to impact on scheme viability.[26] For some schemes, infrastructure funding is also a significant addition. At this early stage, though, the scheme will not be generating any cash, private developers won't inject equity and the banks are reluctant to provide development capital.

Grant funding for refurbishment rather than rebuild is particularly limited. To make matters worse, the VAT regime favours new build over refurbishment: new build homes are zero-rated for VAT, while refurbishment works are charged at the standard 20 per cent rate. As Stephen Ross pointed out, on a regeneration scheme: *"You have to take tax-planning advice on how you are going to do the design…That does not make much sense really, does it?"*[27] Disadvantaging refurbishment in this way runs counter to the principles advocated by George Clarke, independent adviser to the Government,[28] tasked with exploring whether the demolition of council homes should be scaled back.

A limited Estate Regeneration Fund

In June 2014, the Mayor and the Government announced a £150m recoverable loan pot for estate regeneration, of which a proportion will come to London. This loan funding is of course welcome. However, the scale of the funding and the conditions attached came in for criticism during our investigation. Genevieve Macklin of Lewisham pointed out that: *"It is absolutely negligible…[On] one of our estates we are doubling density…The overall investment needed for that is £230 million. That is*

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[24] Evidence submitted to Housing Committee by London Borough of Harrow, p2
[25] Right to Buy sales doubled in London between 2012-13 and 2013-14 (Source: DCLG Live Table 648)
[26] A number of submissions to the investigation indicated that this is already beginning to cause such problems.
[27] Transcript of Housing Committee meeting 17 Jun 2014, p15
[28] See Appendix 3

for one estate…You are not going to change the world by bidding for that funding pot."[29] And Stephen McDonald from Barnet agreed that deadlines for spending funding pots as they become available are often unworkably short: *"You get this money and then somehow or other you are supposed to have spent it by a week next Wednesday."*[30] He noted that the boroughs would naturally try to access any available funding, but that the associated conditions and timescales might effectively exclude best practice, for example, in consultation.

[29] Transcript of Housing Committee meeting 17 Jun 2014, p32
[30] Transcript of Housing Committee meeting 17 Jun 2014, p33

Three: Active and Ongoing Communications

***"The interesting thing about all urban neighbourhoods is they are about conflict."* Lucy Musgrave, Publica**[31]

As discussed in section One, it is vital that the resident community is involved in the initial decisions which shape a regeneration scheme. But the community's ongoing active engagement as the scheme moves forward is no less essential in order to ensure that the right work progresses smoothly and that the active support of residents and neighbours can be leveraged. Galvanising real engagement, though, is a difficult and delicate task, especially since not all of the community will either wish to be active or will support the proposals. As Russell Profitt noted: *"Consultation is very much part of it, but it is not a straightforward process. There is no perfect model."*[32] It should be noted that neighbours to regeneration schemes (whose lives may be almost as greatly affected as those of immediate residents) also need to be engaged. Where neighbours' views are not sought, resentments may arise. As one regeneration neighbour told our investigation: *"We are implicated in the regeneration but with no vote on it and are having to lobby from afar."*[33]

Positive engagement

One important way to promote positive engagement is to secure the enthusiasm of community leaders. A number of contributors to the investigation offered examples of how this is achieved, including setting up resident steering groups and using them as one communication channel with residents (as, for example, Waltham Forest has done), and making sure that local councillors are actively engaged themselves and spreading the word locally (as noted, for example, by Catalyst and Sutton).

Offering a varied menu of communication methods will maximise the chance of positive engagement from all sections of the community. Many providers indicated wide-ranging activities, designed to meet the diverse needs of their communities, including the use of:

- paper-based methods such as newspapers, newsletters and flyers;

[31] Transcript of Housing Committee meeting 10 Jul 2014, p33
[32] Transcript of Housing Committee meeting 17 Jun 2014, p24
[33] Kate Worley, Tottenham resident, Transcript of Housing Committee meeting 10 Jul 2014, p15

– experience-based methods such as exhibitions, mock-up floor-plans and site visits to other regeneration schemes;
– electronic methods, such as websites and online surveys; and
– face-to-face methods such as workshops, town-hall meetings and door-knocking.

In particular, a number of contributors noted the value of having an on-site office, with some late-night opening, to ensure that residents who have day-time commitments find it as easy as possible to engage. Dedicated resident-liaison staff provide a human face during what can be an isolating and unnerving experience for many residents.

Regeneration schemes usually involve a wide network of partners and contractors and each of these must have the skills to listen and engage as appropriate. Appointing contractors with significant regeneration experience may help with this. But as Peabody indicated, housing providers cannot allow themselves to become remote from residents just because they are currently operating through proxies.

Green Man Lane Estate, Ealing Photo credit: Lorraine Ford

To enable people to participate as fully as possible in ongoing decision-making and genuinely feel empowered, some capacity-building is likely to be required. As Sharon Hayward of the London Tenants' Federation commented: *"If you want communities to engage from the grassroots, then they need support"*.[34] This support should help to redress the power imbalance between the *"row of suits with financial models and experts"* on one side of the table and on the other, *"residents who usually only have limited capacity to respond"*.[35] Many contributors indicated that they do provide some resource for this purpose. Project officers from Barking and Dagenham, for example, scope the need for this on an ongoing basis throughout the project's lifespan. Waltham Forest trains its resident steering group on contract issues prior to their involvement in interviewing developers. This has had the advantage that the steering group has also evolved into a contract-monitoring group, with a direct interest in holding the developers to account.

Sometimes independent resident advisers are engaged to support communications programmes. However, it is important when this happens that the independence of these advisers is not in question and that they enjoy residents' trust. Circle, for example, indicated that its independent Tenant and Resident Advisers involved in their Merton regeneration were appointed by a panel of residents plus one staff member. Sutton's independent advisers have been appointed from the outset and continue their involvement as the work progresses so they are able to build a trusting relationship with residents. They then act as independent chairs, for example, on design groups.

Repossessions and Compulsory Purchase Orders are a significant source of concern for residents, given the trauma of the threat of home loss, as well as the need for legal advice and the often substantial sums of money involved. Again, independent advice which residents can trust is vital in these circumstances; Harrow, for example, enables leaseholders to nominate a valuer to act on their behalf. Indeed, evidence submitted to the investigation indicates that residents sometimes question valuations that do not benefit from independent advice. On the Aylesbury Estate in Southwark, for example, the valuations undertaken by the council-appointed surveyor are said to be *"the major cause of mistrust amongst Aylesbury leaseholders for the whole valuation process"*.[36]

[34] Transcript of Housing Committee meeting 10 Jul 2014, p31
[35] Evidence submitted to Housing Committee by Sandy Stewart, Aylesbury Estate resident, p1
[36] Evidence submitted to Housing Committee by Sandy Stewart, Aylesbury Estate resident, p3

A work in progress

The intensity of communications activity will vary over the scheme's lifecycle, increasing at key points relating, perhaps, to the rehousing process, or prior to significant decisions such as option reappraisal. However, active communications should always be an important aspect of 'business as usual' which will inform decision-making throughout. Constantly taking the community pulse in this way helps providers to anticipate and address issues early, before they become serious problems. Peabody, for example, had originally not intended to retrofit existing stock in their St John's Hill regeneration in Wandsworth, as it was slated for demolition. However, after hearing from residents, and because of the duration of the scheme work (extending from the setting up of a resident steering group in 2007 to expected completion of the third and final phase in 2021) they changed plan, opting to go ahead with Decent Homes work to prevent residents from enduring deteriorating living conditions during the lengthy wait leading up to demolition. Waltham Forest stresses that keeping residents abreast of access restrictions on site, contractor working hours and delivery times, for example, are simple but essential communications, important to demonstrate appropriate concern for residents' wellbeing. Failing to anticipate or pay attention to such issues is likely to result in alienated, stressed and fearful communities: the 35% Campaign in Southwark notes that the protracted nature of the Heygate regeneration proposals and its uncertainties *"were a constant in people's lives and experienced by them as a decade long act of attrition"*.[37]

One option adopted by some providers which supports residents during the 'decanting' process is the use of property guardians.

[37] Evidence submitted to Housing Committee by Elephant Amenity Network/35% Campaign

Property Guardians

Dot Dot Dot is a social enterprise working with empty property, often located in social housing estates that are undergoing change and regeneration. Property guardians provide protection to empty properties through occupation. They can be used to good effect during the 'decant' phases of regeneration schemes as homes are emptied pending demolition. Guardians can reduce the security bills associated with empty properties, deterring vandalism, metal theft and other anti-social and criminal behaviour, by creating regular local footfall, eyes and ears. This avoids the substantial security presence which may otherwise be required but which can be unsettling for residents. Aside from bolstering the human presence on increasingly sparsely populated estates, the average Dot Dot Dot guardian volunteers 23 hours per month for community support activities. For example, guardians have organised gardening schemes and litter-picks with local residents, helping to sustain networks among remaining residents. They also offer flexibility, so that vacant possession can be achieved promptly when required.

Where schemes have stalled or experience delays beyond the provider's control and relationships have broken down, trust between residents and providers may be improved if an independent body is created.

Creation Trust on the Aylesbury Estate

Creation Trust is a charity dedicated to making sure that residents living on the Aylesbury Estate receive the benefits of the area's regeneration and are supported through the process. More than half the places on Creation's Board of Trustees are reserved for resident members, including both tenants and leaseholders, so that local people have real influence over the decisions made. Creation Trust works closely with Southwark Council and Notting Hill Housing Trust (the developer) to ensure that the Aylesbury Area Action Plan is adhered to. It is part-funded by Southwark Council but has also been eligible for funds from the National Lottery and the Football Foundation to deliver additional projects for residents.

Finally, it is important to remember that engagement continues post-occupancy. New residents arriving on completed phases need to be involved so that they can contribute to developing community facilities. Assessments need to be made of post-occupancy experience, and lessons learned.

It will be evident that engagement programmes encompassing an appropriate selection of these activities are expensive and must be budgeted for from the outset. But residents are, of course, a key resource on their own local area, and tapping their experience of what will work and what won't can not only short-circuit issues which arise but also develops resilient relationships which will be vital for nurturing the sustainable and diverse communities to which we aspire. As Campaign to Protect Rural England notes: *"There is a need to go beyond simply the creation of a place (place-making) to ensuring lasting quality and liveability of neighbourhoods over time. Place-keeping involves longer-term buy-in… [and] should happen incrementally, in small steps, rather than by investment of huge sums of money, either too early or at a late stage in the development process."*[38]

[38] *Towards a Liveable London*, CPRE London, June 2014, p16

Appendix 1 Decision-Making Criteria and Models Used by Housing Providers

Cabinet Office Social Return On Investment model

Design and Engineering Consultant Arup uses the Cabinet Office Social Return on Investment model (SROI) as the basis for its work to calculate the social as well as financial impacts of refurbishment schemes.

The Cabinet Office summary of key elements of an SROI report is reproduced below. For more information see the source document.[39]

"The following sets out the key elements of an SROI report. Within the structure of the six stages there is flexibility about how the information can be presented. The information will be a balance between qualitative, quantitative and financial data that together describe the value resulting from the activities set out in the scope. The aim will be to provide enough information to comply with the principles and to provide evidence that the process has been followed.

Executive summary

1 Scope and stakeholders

- A description of your organisation: its activities and values, the activity under analysis, including location, main customers or beneficiaries.
- An explanation of SROI, the type undertaken and the purpose of the analysis. The time period of the activity.
- One or two stakeholder case studies from the point of view of each stakeholder and a description of their journey of change.
- A description of the theory of change: of how the activity is expected to achieve its objectives. A summary of organisations involved in attribution.
- The analysis of the stakeholders and stakeholder groups.
- The numbers of people or organisations in each stakeholder group.
- Description of how stakeholders were involved.

[39] *A Guide to Social Return on Investment*, Cabinet Office, April 2009

- The numbers of people or organisations from each group that were involved in developing the theory of change for that stakeholder group.

2 Outcomes and evidence

- Description of inputs, outputs and outcomes for each stakeholder group. Outcomes will include changes that are positive, negative, intended and unintended.
- Description of the indicators and data sources used for each outcome.
- Quantity of inputs, outputs and outcomes achieved for each stakeholder group.
- Analysis of the investment required for the activity.
- The length of time over which the outcome is expected to last, or against which the outcome will be attributed to the activity.
- Description of the financial proxy to be used for each outcome, together with the source of the information for each proxy.

3 Impact

- Description of the other areas or groups against which deadweight [measure of the amount of outcome that would have happened even if the activity had not taken place] is estimated.
- Description of the other organisations or people to which outcomes have been attributed.
- The basis for any estimates of attribution [the proportion of the outcome that is attributable to your organisation] and deadweight.
- % attribution for each indicator of outcome with a financial proxy.
- % deadweight for each indicator of outcome with a financial proxy.
- % drop-off [how long the outcomes lasted] for each indicator of outcome with a financial proxy.
- Description of displacement [how much of the outcome displaced other outcomes], if included.
- The total impact.

4 Social return calculation

- Calculation of the social return, showing sources of information, including a description of the type or types of social return calculation used.
- A description of the sensitivity analysis carried out and why.
- A description of the changes to quantities as a result of the sensitivity analysis.
- A comparison of the social return in the sensitivity analysis.

5 Audit trail

- Stakeholders identified but not included, and rationale for this.
- Outcomes identified but not included, for each stakeholder, and the rationale.
- Any financial proxies not included, and the rationale."

Frequently-cited decision-making criteria from submitted evidence

- Stock condition and associated costs (age, structural soundness, lifespan, 30-year investment costs, 3-year maintenance costs and cost to bring stock up to a reasonable living standard)

- Estate popularity (transfer requests and turnover, offer refusals, voids, residents' survey and satisfaction levels)

- Design (public realm, enclosure, character and attractiveness, fit with surroundings, compliance with Secure by Design criteria)

- Socio-economic conditions (crime rate compared with borough average, Index of Multiple Deprivation rating and Public Transport Accessibility Level, overcrowding levels)

- Finance (available funding sources including borrowing capacity, opportunity for/desirability of increasing density to provide cross-subsidy, best use of land, number of leaseholders who need to be bought out)

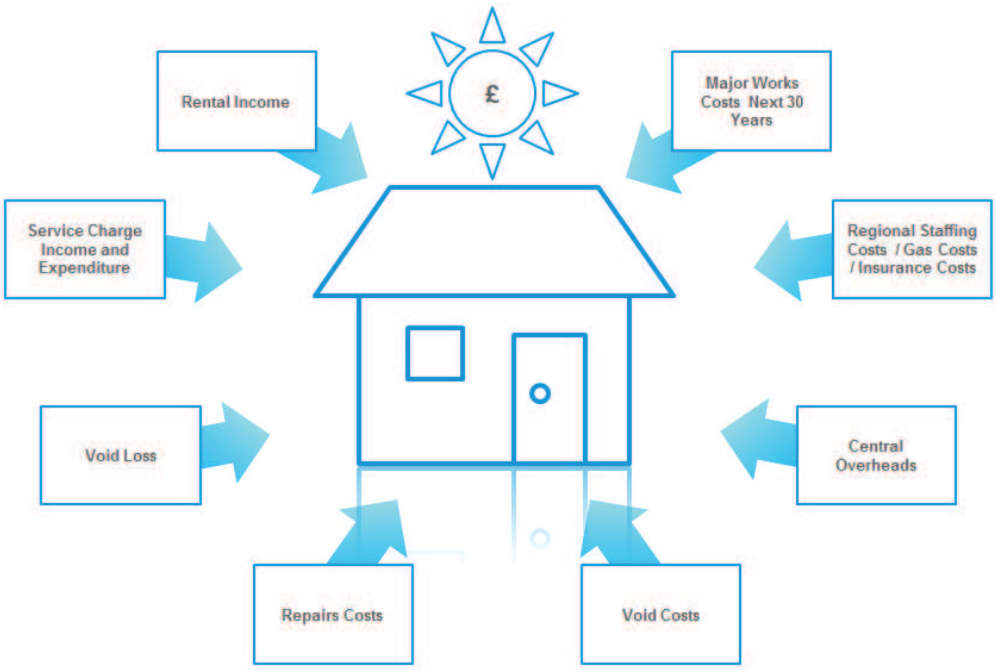
- Tenure mix (with intention of diversifying tenure)

- Capacity for/cost of rehousing locally

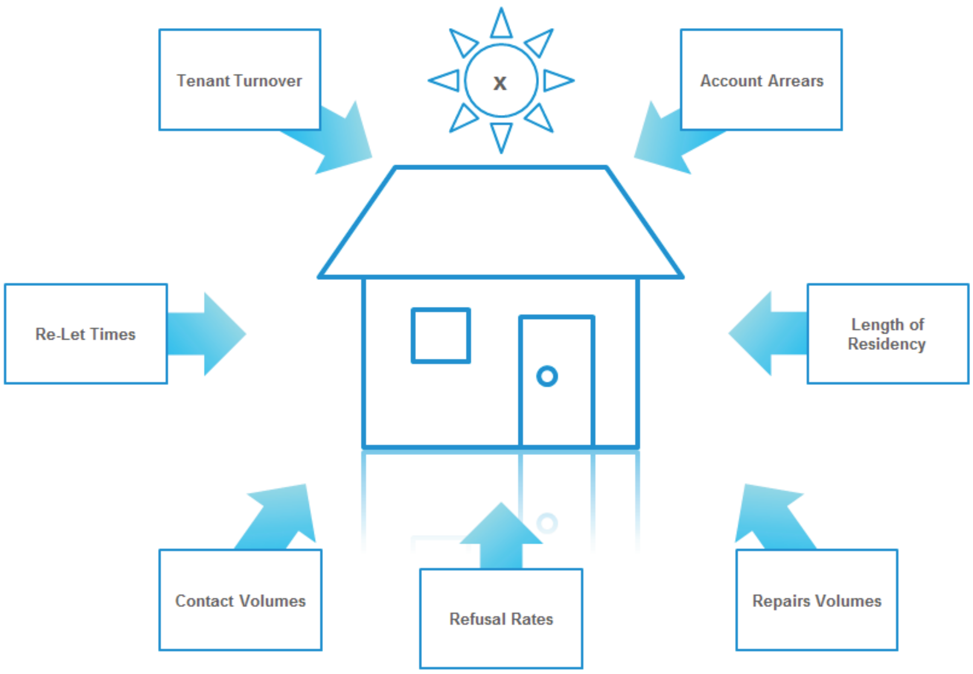
Affinity Sutton asset management models

Affinity Sutton Housing Association uses the two models below as part of their active asset management strategy. The models help the Provider gain an overview of both financial and tenant satisfaction data relating to estates.

Financial



Resident



Appendix 2 Good Practice

Summary of good practice, lessons learned and resident challenge from submitted evidence

Engagement

- Engagement is as important as the physical build in terms of creating strong communities where residents are happy in their homes and lives are not blighted during the process
- It's especially difficult because the wide range of organisations and individuals involved changes over time and individuals are also going through a process of change so their views will evolve
- Be prepared for significant cost associated with resident engagement needs
- Get the support of the local community by securing the enthusiasm of community leaders and influencers. This includes recruiting a resident steering group and using residents as a resource (they are a key resource on their own area). A steering group can evolve into a contract monitoring group
- Where relationships have broken down, an independent body may be necessary to regain trust and restore an effective working relationship
- Incremental and continuous engagement is required to develop the kind of ethos required for shared planning, place-making and place-keeping
- Engagement will intensify at key points such as master-planning, planning application submission, start on-site and decanting, phase-by-phase completion
- It is especially important when activity stalls to reassure residents they're not forgotten
- A regularly updated timetable should be available to residents so they can plan their future
- Whole community celebration of significant milestones is important
- Make sure staff involved in consultation have the right listening skills
- If using consultants, nonetheless ensure the developer does not become remote from residents; the contractor/developer has a vital communication role for residents and local community. Careful choice of contractor with regeneration experience and strong resident liaison is important
- Demonstrate how residents' views are taken into account

- Make sure day-to-day details such as temporary closures on site are effectively communicated
- Siting an office on the estate which offers late-night opening has been key in keeping some residents engaged
- You also need to keep residents involved post-occupancy to promote lasting liveability and custodianship. Where retrofit has been undertaken it's important to ensure residents are supported to take best advantage of energy efficiency measures
- New residents need to be involved in decision-making for the future too, so involve them in processes as they arrive.

Re-housing

- The costs of managing empty buildings need to be factored in
- As estates are emptied, better use can be made of empty properties by accommodating homeless people or using property guardians who can also support community cohesion
- You may need to continue with ongoing maintenance despite plans for demolition to support residents' quality of life during the interval between the original decision-making and vacating the estate
- You need to get the support of other local providers to secure effective re-housing
- Re-housing always takes longer than planned
- Double decant is sometimes a necessary evil to fulfil specific household need and sometimes even more moves can be required
- Use phasing to minimise double decanting for those wishing to stay. However, this means the first tenants moved out may need to wait a very long time to return
- Dedicated decant staff may be necessary; property guardians can supplement borough staff
- An additional security staff presence is required to support remaining residents
- Property guardians can help avoid the feeling that estates are being closed down and add volunteering projects which support remaining residents.

Funding

- The local growth fund (drawing on extra borrowing capacity) can be used to support housing delivery
- Even where the market has changed or the population has grown there are examples of creative solutions by negotiating increased density and additional units for sale. Phasing also offers the

opportunity to consult on variations as the scheme progresses, such as changing the tenure mix, slowing down or delaying a market housing phase where improvement is expected or considering whether a smaller phase might be viable in the face of poor market conditions

- Extra financial support may be required for leaseholders (especially elderly or disabled people) to close the value gap. This might include options to buy on a shared equity or shared ownership basis, or gifting them the value gap, either with a charge at the point of sale to recoup the initial gap or with penalties declining over three years if they sell.
- A similar value gap arrangement can support multi-generational households in staying together where freeholders have built garden extensions but may not be able to afford an equivalent property on the new estate.
- Refurbishment bills can be staggered for asset rich, cash poor resident leaseholders
- There may be substantial financial implications of a double decant.

Decision-making model (see Appendix 1 for decision-making criteria)

- The whole of the building lifecycle should be taken into account in assessing carbon emissions
- Decisions should take into account learning from previous outcome evaluations
- Use a framework to assess residents' lived experience and measure outcomes
- A whole place approach is important, taking into account the needs of future as well as current residents and neighbours
- Failing construction methods may make demolition more appropriate
- Stock type such as poor space standards or blocks of bedsits may no longer fit community needs
- Investment appraisals should be open to residents
- You should be clear on points at which residents have options and can influence decisions
- Demolition may be prohibitively expensive if the number of leaseholders is too high
- Demolition and rebuild may be appropriate if the units are hard to let; conversely, for example, supported housing is in high demand so refurbishment may be more appropriate

- You must consider the impact on the waiting list of the re-housing requirements and the overall viability of decanting for the regeneration proposed
- You should use models but it is essential to get under the skin of the data by understanding what is driving it
- Retrofit and infill or building more storeys saves embodied carbon and can often be achieved more quickly and less contentiously than demolish and rebuild
- Accurate energy-efficiency projections are vital for refurbishment schemes to ensure residents aren't disappointed.

Consultation

- Involve residents in developer shortlisting, steering groups etc if possible
- Support needs to be available for capacity-building among residents to address the power and information imbalance. This may mean the local community will wish to organise itself independently and pay for expert help; it might mean providing training for the steering group prior to interviewing developers, support for tenants on Ground 10a repossessions and CPOs, allowing leaseholders to nominate a valuer to negotiate on their behalf. Scope this up as part of the early work associated with preparing the scheme
- Keeping the same independent advisers from option appraisal forwards may help ensure residents feel comfortable with the independence of their advisers
- Consult early to establish resident preferences which helps build trust
- If residents vote against regeneration proposals, the provider must accept this and work constructively with residents to continue to maintain and improve their homes
- Consultation must start from residents' needs to understand whether successful regeneration is viable. Identify what changes are required to meet their needs first
- Sometimes residents themselves drive demolition
- Keep an open mind: involve residents from the outset and present a range of options where possible. Don't present a 'fait accompli'
- Address residents' concerns openly and be clear upfront on the direct impact for residents making sure they understand detail of proposals for them
- Residents need to know where their home is in the phasing programme, when they will be affected and where they would be moving to

- The right to return may not be automatic – the new mix of units may not be the same, as local need may now be different. The timing of delivery may also exclude the option to return for some. However, the right to return should be offered wherever possible to preserve long-standing communities
- Discuss openly any issues with changed tenancy for under-occupiers or multi-generational households
- Where an issue cannot be resolved immediately, be clear about when and how it will be resolved in future
- Explain additional costs such as water rates and service charges (which may accrue even if social rent is transferred under stock transfer) as well as rent levels, size and type of new properties including room size, density, loss of car parking. For leaseholders discuss financial implications and whether previous financial contributions to improvement work would be rebated
- Be clear on the leaseholder valuation process and costs. Leaseholders need as much support as tenants, maybe more, to move
- Communicate the options in a simple to understand fashion
- Use high-quality visual aids – they are expensive but necessary
- Include visits to similar sites, mock-ups of floor-plans where possible and provide a show home at the earliest point
- Local lettings policies, agreed with a steering group incorporating residents, may be needed to ensure smooth progress
- Use local councillors to disseminate key messages by keeping them appraised of the latest information
- Provide a varied menu of activity and effort, including using ways to understand the whole community not just the few. This might include smaller group/informal activities as well as town hall meetings, targeted events to inform/consult harder-to-reach groups and door knocking
- Complete surveys face-to-face if the return rate is low.

Appendix 3 George Clarke's Empty Homes Review Recommendations

1 Refurbishing and upgrading existing homes should always be the first and preferred option rather than demolition.

2 Demolition of existing homes should always be the last option after all forms of market testing and options for refurbishment are exhausted.

3 Proper community consultation is required for any existing homes regeneration programme. The questions in a consultation should clearly consider all of the options openly and fairly and not directly or indirectly give preference to one option over another.

4 If, following an open and transparent community consultation process and after rigorous market testing for refurbishment, demolition is still the preferred choice of the community then tenants/owners should be moved to new 'like for like' properties. No one should be placed in temporary accommodation.

5 If owners/tenants are moved to a new property they should suffer no net financial loss or any increase in rent, other than what they would expect as a reasonable increase if they remained in their existing home and in line with inflation. Any significant financial increase in rent from a housing association is to be subsidised by the HA or local authority and not the owner/tenant.

6 Areas should not be systematically 'wound down' which is a process that destroys communities and reduces house prices in the area. If homeowners or tenants choose to move they should be moved in large clusters at the same time (entire street by street) and if homes are to be demolished they are to be emptied and demolished as quickly as possible to make way for new development.

7 Homes should not be emptied at all until full planning permission has been fully approved for demolition and new build development in advance (with majority support from the local community) and all funding for the new development is fully secured with a clear timetable for delivery.

8 If an area of existing housing requires improvement or redevelopment then a 'mixed and balanced' urban design scheme should be considered where existing properties are retained and improved while being mixed with appropriate new build development.

9 Local Authorities and Housing Associations should promote and encourage alternative methods of project procurement for the refurbishment of empty homes such as Homesteading, Co-operatives and Sweat Equity schemes. These are community-based schemes that encourage community involvement while providing better value for money.

10 Displaced occupiers should be given a ‘right to return’ following the completion of a housing renewal programme. In practice this means giving first refusal to new or refurbished houses at the same price as the compensation paid to the occupier when they were displaced.

11 Where a regeneration scheme is withdrawn or partly withdrawn prior to demolition, owners should be given first refusal to have their home back. The property should be offered at the same price as the compensation they received minus any compensation due for remedial work to return the property to the condition it was in prior to sale.

12 Where properties decanted for renewal schemes are left empty for more than six months, they must be openly offered for temporary accommodation in a safe and habitable state.

Appendix 4 Circle Housing and Merton's Pledge Commitments

Circle Housing and the London Borough of Merton developed a pledge, published in September 2014, of ten commitments to residents on three of their estates where regeneration is being considered:

1 Circle Housing Merton Priory will consult with residents, consider their interests at all times, and address concerns fairly.

2 Current homeowners will be entitled to at least the market value of their home should they wish to take the option to sell their home to Circle Housing Merton Priory.

3 Current tenants will be entitled to be rehoused in a new home of appropriate size considering the number of people in the household.

4 Existing Circle Housing Merton Priory tenants will keep all their rights and have the same tenancy agreement, including rent levels, in the new neighbourhood as they do now.

5 All new properties will be more energy efficient and easier to heat than existing properties, helping to keep down residents' fuel bills.

6 Circle Housing Merton Priory will keep disruption to a minimum, and will do all it can to ensure residents only move once if it is necessary to house them temporarily while their new home is being built.

7 Circle Housing Merton Priory will offer extra help and support for older people and/or disabled residents throughout the regeneration works.

8 Circle Housing Merton Priory will continue to maintain the homes of residents across the three neighbourhoods throughout the planning process until regeneration starts, including ensuring a high quality responsive repairs service.

9 Any growth in the number of homes will be in accordance with the Council's Development Plan so that it is considered, responsible and suitable for the area.

10 As a not for profit organisation, Circle Housing Merton Priory will not profit from any regeneration and will use any surplus to provide more housing or improve existing neighbourhoods.

Appendix 5 Conduct of the Investigation

The terms of reference for the investigation were:

- 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; and
- To scrutinise the role of the Mayor in supporting social housing refurbishment or regeneration and consider whether there is more he should do.

A call for evidence elicited some 30 written submissions from residents, housing providers and other interested parties.

This supplemented the information gleaned from the Committee's two formal meetings, which were held on 17 June and 10 July 2014, a site visit to Clapham Park Estate on 2 July 2014, and desk research.

Expert guests at the 17 June meeting were:

- Genevieve Macklin, Head of Strategic Housing, London Borough of Lewisham
- Stephen McDonald, Director of Place, London Borough of Barnet
- Russell Profitt, former Head of the Peckham Partnership
- Stephen Ross, Asset Management Director, Southern Housing Group
- Professor Becky Tunstall, Director, Centre for Housing Policy, University of York.

Expert guests at the 10 July meeting were:

- Sharon Hayward, London Tenants' Federation
- Chris Jofeh, Director and Global Buildings Retrofit Leader, Arup
- Lucy Musgrave, Director, Publica.

The 10 July meeting was also attended by some 70 members of the public, many of whom contributed to the discussion.

Transcripts from the meetings, and a report on the site visit are available at www.london.gov.uk.

Orders and Translations

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For further information on this report or to order a copy, please contact Lorraine Ford, Scrutiny Manager, on 020 7983 4000 or email: housingcommittee@london.gov.uk

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Chinese

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Hindi

यदि आपको इस दस्तावेज का सारांश अपनी भाषा में चाहिए तो उपर दिये हुए नंबर पर फोन करें या उपर दिये गये डाक पते या ई मेल पते पर हम से संपर्क करें।

Vietnamese

Nếu ông (bà) muốn nội dung văn bản này được dịch sang tiếng Việt, xin vui lòng liên hệ với chúng tôi bằng điện thoại, thư hoặc thư điện tử theo địa chỉ ở trên.

Bengali

আপনি যদি এই দলিলের একটা সারাংশ নিজের ভাষায় পেতে চান, তাহলে দয়া করে ফো করবেন অথবা উল্লেখিত ডাক ঠিকানায় বা ই-মেইল ঠিকানায় আমাদের সাথে যোগাযোগ করবেন।

Greek

Εάν επιθυμείτε περίληψη αυτού του κειμένου στην γλώσσα σας, παρακαλώ καλέστε τον αριθμό ή επικοινωνήστε μαζί μας στην ανωτέρω ταχυδρομική ή την ηλεκτρονική διεύθυνση.

Urdu

اگر آپ کو اس دستاویز کا خلاصہ اپنی زبان میں
درکار ہو تو، براہ کرم نمبر پر فون کریں
یا مذکورہ بالا ڈاک کے پتے یا ای میل
پتے پر ہم سے رابطہ کریں۔

Turkish

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Arabic

الحصول على ملخص لهذا المستند بلغتك،
فرجاء الاتصال برقم الهاتف أو الاتصال على
العنوان البريدي العادي أو عنوان البريد
الإلكتروني أعلاه.

Punjabi

ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਸੰਖੇਪ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਲੈਣਾ ਚਾਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਇਸ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਉਪਰ ਦਿੱਤੇ ਡਾਕ ਜਾਂ ਈਮੇਲ ਪਤੇ 'ਤੇ ਸਾਨੂੰ ਸੰਪਰਕ ਕਰੋ।

Gujarati

જો તમારે આ દસ્તાવેજનો સાર તમારી ભાષામાં જોઈતો હોય તો ઉપર આપેલ નંબર પર ફોન કરો અથવા ઉપર આપેલ ટપાલ અથવા ઈ-મેઈલ સરનામા પર અમારો સંપર્ક કરો.

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Subject: Housing Committee Work Programme	
Report to: Housing Committee	
Report of: Executive Director of Secretariat	**Date: 4 March 2015**
This report will be considered in public	

1. Summary

1.1 This report updates the proposed work programme for the Committee during the 2014/15 Assembly year.

2. Recommendation

2.1 **That the Committee notes its work programme.**

3. Background

3.1 Members receive a report at each Committee meeting on the progress of the projects agreed as the basis for the work programme.

3.2 At its meeting on the 17 June 2014, the Committee agreed the scope and terms of reference for an investigation into the demolition and refurbishment of London's social housing estates. The report at the conclusion of the investigation was published on 12 February 2015, and the Committee's formal agreement of the report is sought at Agenda Item 7.

3.3 An end of year summary of the Committee's work programme for 2014/15 will be presented at the meeting scheduled for the 17 March 2015.

4. Issues for Consideration

4.1 The Committee has previously agreed its current topic for investigation on the affordability of home ownership in London.

4.2 The main business topics for the year's two remaining meeting slots are:

- Wednesday 4 March at 2.00 pm – the impact of investor buyers on London's new build market. Further information can be found at Agenda Item 6; and

- Tuesday 17 March at 10.00 am – affordable homes in London. Deputy Mayor for Housing, Land and Property, Richard Blakeway, will attend the Committee's last planned meeting of the year to answer questions on the number and type of affordable homes built in London between 2011 and 2015. The Committee may also wish to receive an update on the housing impacts of the Government's programme of welfare reforms in London.

5. Legal Implications

5.1 The Committee has the power to do what is recommended in this report.

6. Financial Implications

6.1 There are no direct financial implications arising from this report.

List of appendices to this report:
None.

Local Government (Access to Information) Act 1985
List of Background Papers: None

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