

## Housing Committee

This document contains the written evidence received by the Committee in response to its Call for Evidence, which formed part of its investigation into Young Londoners' Access to Home Ownership.

The Call for Evidence was open to anyone to respond to, though was particularly targeted at London local authorities, housing associations, think-tanks, policy and campaign organisations, and academics working on housing and affordability issues. It was open from 6 June until 4 July. The questions published by the Committee are on pages 2 and 3. The Committee received 11 responses.

The Committee also carried out a survey which was targeted at people under 40, and was open from 6 June to 21 July 2023. Responses to the survey are published on the London Assembly website.

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## Questions asked by the Committee

### Questions for Housing Associations

#### London Living Rent (LLR)

1. Do you deliver London Living Rent properties?
  - a. How does the GLA support you to deliver LLR?
  - b. Have you have secured funding through the new AHP (2021-26), and did the bidding process work well?
2. Landlords delivering LLR are expected to 'actively support tenants into home ownership within ten years'.<sup>1</sup> How do you support tenants to achieve this?
  - a. Are there any challenges to achieving this? If so, what are they?
3. How do you manage demand for LLR products?
  - a. Has demand for this product changed since it was introduced in 2017?
4. How well is LLR working as an affordable product for:
  - a. Housing associations delivering the product?
  - b. Young people trying to access home ownership?
5. What information do you collect in terms of numbers of applications for and demographics of people living in LLR?
  - a. What types of information do you share with the GLA in relation to the information you collect?
  - b. Can you share any of this information with the Committee? The Committee is particularly interested in age, whether applicants are single or in a couple, and if they have any dependents, but would welcome any other demographic information.

#### Shared Ownership (SO)

6. How do you manage demand for SO products?
  - a. How has demand changed since the new model of SO was introduced in 2021?
7. How well is SO working as an affordable product for:
  - a. Housing associations delivering the product?
  - b. Young people accessing homeownership?
8. What information do you collect in terms of numbers of applications for and demographics of people living in Shared Ownership?
  - a. What types of information do you share with the GLA in relation to the information you collect?
  - b. Can you share any of this information with the Committee?

The Committee is particularly interested in age, whether applicants are single or in a couple, and if they have any dependents, but would welcome any other demographic information.

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<sup>1</sup> GLA, [London Living Rent](#)

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Innovation and alternative delivery approaches

9. Are there any approaches that you have implemented or considered to develop affordable home ownership products for young people? For example, working with a Community Land Trust?

**Questions for London Boroughs**

1. What challenges do you face as a London borough in delivering affordable homes within the current policy guidance and requirements?
2. What more could the Mayor do to support London boroughs delivering affordable homes in the future?
3. Does the borough have any strategies or initiatives to support people onto the housing ladder, in particular, those aged under 40? Are there any innovative approaches that you have taken or considered to develop affordable homeownership products for young people? For example, supporting Community Land Trusts or Pocket Living.
4. How do you prioritise and allocate intermediate housing in the borough?
5. Does the borough have an intermediate housing needs register? If so, can you share any demographic information relating to the register? The Committee is particularly interested in age, whether applicants are single or in a couple, and if they have any dependents, but would welcome any other demographic information.

**Questions for think-tanks, policy and campaign organisations and academics, and anyone else who would like to respond**

1. What impact is declining home ownership levels for young people in London having on:
  - Young people as individuals
  - London's economy
  - London as a place and a society
2. What more could the Mayor do to make home ownership more accessible to young people?
3. Are there any other innovative approaches to home ownership that could support young Londoners?

## A2Dominion

### Questions 1-5

A2Dominion does not deliver London Living Rent

### Question 6: How do you manage demand for SO products

Homes are advertised through A2Dominion's website and the main portals. Customers can enquire about properties by email and phone and these requests are managed through our customer data management system (CRM). When we first develop a scheme we identify our target audience and create personas sales to use in our marketing strategy. This is typically young first time buyers but may also include young families for larger homes to support local authority allocations priorities. We often target our marketing to local demographics to support local people into home ownership.

Before viewing a home, we speak to customers to assess their requirements including affordability. When they have chosen a property we submit to the local authority as per our s106 requirements, at that point the local authority manages demand by prioritising in line with their allocation policy. In order to manage expectations when demand is high we encourage customers to consider second or third choices.

There is some challenge with demand when working within local authority allocation policies where there is requirement to prioritise customers with a local connection before offering to a wider audience as this can slow sales. We have found there can be a limited number of local candidates and yet we must offer to this group for a minimum period of 3 to 6 months before offering more widely. This is a particular issue in London due to its more transient population who do not necessarily want to live where they work. We can find ourselves under pressure to sell and with unsold homes.

### Question 7: How well is SO working as an affordable product for:

#### Housing associations delivering the product?

As well as wider economic pressures (see the answer below) there are particular challenges within the London market. The minimum household income for the higher value units, typically two-bed or larger homes in central London, is getting closer to the £90k cap. The value of homes is particularly high meaning that target incomes also need to be high.

In practice, this means that the window for meeting the affordability requirements is becoming very small. Landlords are meeting the challenge by reducing unsold equity on the homes to 25%. However, we are finding that even taking this into account it can be very difficult to remain under the £90k minimum income. In these cases, A2Dominion adjusts the rent, in some instances to below 1%.

This impacts the housing association's scheme viability because our future rental income is reduced. Our standard assumption is 2.75% on remaining equity so reducing the rental income affects our internal hurdle rates.

**Young people accessing homeownership?**

We don't track information specifically relating to the age of potential customers through the sales process. However, generally the key challenge we have experienced recently has been the increase in interest rates and the impact this has had on the mortgage market, specifically with lenders scrutinising more closely customer's affordability and applying stricter deadlines on mortgage offers. We believe this is also affecting customers who wish to staircase as we have seen a reduction in comparison to this time last year, either because of recent rises or concern further increases are imminent.

In addition, affordability calculators are tough to meet not only owing to rising interest rates but also because there is a 40% restriction on household spend, which was previously 45%. As we said earlier, it is a struggle to remain under the £90k minimum income for many of our family sized homes which is an additional difficulty for younger Londoners who tend to be on lower incomes.

**Question 8: What information do you collect in terms of numbers of applications for and demographics of people living in Shared Ownership?**

We do not collect demographic information on applications for shared ownership. We request date of birth information for existing customers through a customer survey. We have data for 53% of our shared ownership customers. Of these 37% are aged 40 and under.

**Question 9: Are there any approaches that you have implemented or considered to develop affordable home ownership products for young people? For example, working with a Community Land Trust?**

There are no plans at present to implement any of these proposals.

## Barnet Council

### **1. What challenges do you face as a London borough in delivering affordable homes within the current policy guidance and requirements?**

The challenges include:

- (i) Income levels required for Shared Ownership.
- (ii) The current market values mean that most people are acquiring at below 35% and 50% at 25%. The rents on the unsold equity at 2.5%, and service charges make the monthly outgoings very high. This has been made worse by the increase in interest rates and the inflationary increase for rent on the unsold equity.
- (iii) The average household income required for people taking up shared ownership is £55,769 – this is based on people acquiring 1 or 2 beds. This compares with the average income in Barnet of a person of working age which is £34,291. The income requirements for shared ownership are very challenging for couples but even more so for single people.
- (iv) 100% of the costs of major and cyclical works are paid by the shared owner but they may own only 25%.
- (v) Shared owners are not able to get as competitive mortgage rate from major lenders as other purchasers.
- (vi) Very few purchasers are from the Council's housing lists or have existing social housing tenancies. Records can only identify one in recent years.

### **2. What more could the Mayor do to support London boroughs delivering affordable homes in the future?**

A suggestion would be to reduce the rents on the unsold equity significantly. Offer mortgages to shared owners at competitive rates which are comparable with the which is offered to other owner occupiers. Shared costs of major and cyclical repairs based on the % of the ownership value. Offer grants to social housing tenants to move into shared ownership releasing their rented homes for priority households.

### **3. Does the borough have any strategies or initiatives to support people onto the housing ladder those aged under 40? Are there any innovative approaches that you have taken or considered to develop affordable homeownership products for young people? For example, supporting Community Land Trusts or Pocket Living.**

The Council supports shared ownership. There is one scheme where Discounted Market Sale is offered through a developer as part of the affordable housing offer where properties were sold at 80% of MV. The remaining equity is held in favour of the Council but no rent is charged against this. One scheme is on site with Pocket Living. Both schemes are only available for First Time buyers. In addition the Council advertises all new shared ownership on its website with an officer that can offer advice to residents interested in Shared Ownership.

## Brent Council

### ***London Living Rent***

1. The Council has not delivered London Living Rent properties in their pure form but has agreed 1 scheme which is based on London Living Rent in perpetuity meaning it will remain rented at the London Living Rent Levels indefinitely.
  - a. As the Council's development of homes is solely based on targeting households on the Housing Waiting List, London Living Rent is not a tenure that is considered under the New Council Homes Programme.
  - b. Funding was secured for those homes being rented in perpetuity but no other London Living Rent Properties.
2. The Council Politically does not see home ownership as a route for the Council to support people into but welcomes the product when working with Housing Associations and Private Developers.
  - a. N/A
3. N/A
4. There is apparent demand for LLR products as the LLR rent levels are favourable against the context of the market. The Council is only aware of LLR schemes that have been rented in perpetuity rather than in their intended form so cannot comment on how well they are working as an affordable product. This does however suggest the rent levels are favourable. As part of this submission the Council is sharing research into housing needs in Brent, this includes:
  - Key worker research
  - Affordable Housing Products in Brent
5. The Council does not collect any information but does signpost people to the Homes for Londoners Property Search portal.

### ***Shared Ownership***

6. The Council does not manage demand. The Council requires providers to use the Homes for Londoners Portal and then signposts any residents asking about shared ownership to this site.
7. Please see the Affordable Housing Products in Brent study. This study shows that a large proportion of shared ownership is not accessible for Brent households, particularly families with children and that shared ownership is heavily reliant on two working adults within a household.
8. Please see the supported studies. Outside of this the Council does not collect or retain any applications for shared ownership as it is not building any.

***Innovation and alternative delivery approaches***

9. We have launched a Stock Maximisation scheme for existing Council tenants whereby we will pay up to £50k towards them purchasing a home in return for them relinquishing their tenancy. More information on this can be found in our <https://democracy.brent.gov.uk/ieDecisionDetails.aspx?AllId=56916>

***Questions for London Boroughs***

1. The challenges are the competition within the market at the moment, we have seen a number of RP's switching the tenure of their blocks from affordable home ownership products due to lack of demand. The other challenge is people's ability to purchase homes given the interest rates and mortgage offers and house prices.
2. Keep homes is an interesting model – they do not charge rent on the part of the property not owned which limits the risk of shared ownership owners being subjected to increases in both mortgage and rent. This could be something that is encouraged. Also introducing a buy back clause for people who have staircase above 50% but not achieved 100% to stop them from being stuck if they need to sell and find a bigger home. Once equity being sold is above 50% this makes it more difficult to sell.
3. No – we are reviewing our housing strategy of which home ownership will be a key objective but the focus would be helping people onto the housing ladder in an ethical way e.g. ensuring the affordability is sustainable and that the space they are purchasing reflects the living standards we want for our residents.
4. We do not, we review and influence the marketing plans and ask that this housing is prioritised for key workers but the allocation is down to the building owner.
5. No but using the supporting reports provided this would give you an idea why. Administratively we see the Homes for Londoner's portal as a better route for intermediate housing and it allows people to compare what is available across London. We would not endorse the establishment of individual borough lists for intermediate housing as this housing should be an active part of the home ownership market not local authority led.

**Supplementary evidence:**

Appendix A – Affordable Housing Products in Brent

Appendix B – Keyworker Housing in Brent



## Centre for London

### **1. What impact is declining homeownership levels for young people in London having on: Young people as individuals**

Young Londoners' declining access to home-ownership is both a consequence and a catalyst of a variety of economic and social problems in the city.

Its main causes are economic. House prices are almost [two thirds](#) higher in London than the English average. As a result, last year, the [average deposit](#) for a first time buyer in the city was over £125,000, amid rising mortgage costs since recent interest rises. These factors have combined to exclude the majority of young Londoners from owner-occupation, unless they have access to substantial family wealth. The [average](#) first-time buyer in 2022 was 33 in London, which is three years older than the English average.

Private rents have also risen, making it harder for young people to save for a deposit, exacerbating the problem of rising deposit requirements. [30%](#) of London households rent privately (the most of anywhere in the country), adding up to a million households across the city. Londoners spend an [average](#) of 40% of their income on rent, more than anywhere else in the country. The inaccessibility of homeownership is coupled with a critical lack of social housing in the city – 300,000 [households](#) are on social housing waiting lists across the city, a figure which is only growing. Investment in increasing the supply of high-quality social housing could be key to allowing some younger residents to save for a deposit if they wish to purchase a property, or simply to enjoy a higher disposable income and quality of life.

This has forced many tens of thousands of young people into the private rented sector. Prior to the current spike in housing costs for mortgage-holders, private renters as a whole [spent](#) significantly more on their homes than home-owners or social renters. Despite upcoming reforms to the sector in the Renters (Reform) Bill, renting privately also exposes young people to unacceptable insecurity of tenure and the sometimes arbitrary rules of private landlords.

Housing quality is significantly lower in the PRS than among homes that are owner-occupied or socially rented. 20% of privately rented homes in the capital [fail](#) the Decent Homes Standard (as opposed to just 8% of owner occupied homes), and [Centre for London's polling](#) with Savanta showed that over half of London renters had experienced their landlord failing to make basic repairs during their renting lives. The insecurity of tenure in the PRS is also extremely disruptive for families with children forced to move, often requiring them to change school and social groups. In 2019, more than half a million children lived in London's private rented sector, which [was found](#) to negative impact their physical health, educational outcomes, and sense of security.

The decline of homeownership has also made living alone or with a partner unfeasible for many young Londoners, causing many to spend longer living in shared houses and flats – the 2021 [census](#) showed that London houses a disproportionate percentage of households made up of unrelated sharers. Where we would [expect](#) the floorspace available to young Londoners to grow as wages have risen, given the proportion of income spent has not fallen, the [average](#) floorspace per person has stayed essentially flat since 1996 for households in which the highest earner is between 16-29 and 30-44, while it has slowly grown for those 65 and over.

Those that are able to buy a home are increasingly forced further out of the city than they might have been previously, affecting their travel behaviour. In our 2015 report, [Inside Out: The New Geography of Wealth and Poverty](#), we noted the reversal of traditional patterns of deprivation in London that was then ongoing and has only accelerated since. The report found that 'socio-economic osmosis' had seen outer London's economic and demographic status blend into that of the inner city, with the suburbs becoming more cosmopolitan and relatively deprived, as inner London was becoming more professional and affluent.

If difficulty affording a home pushes more young Londoners to live in Outer London rather than Inner London, they will generally have worse access to public transport and connections to other parts of the capital. For those living in Outer London, relatively poor public transport compared to Inner London means residents are significantly more likely to drive a car than in the inner city. 69% of households in outer London have access to or own a car, compared to 42% in inner London, and twice as many journeys are made by car. In 2021, [outer Londoners](#) were three times more likely to commute to work using a car and four times less likely to commute by bike, than inner Londoners. As well as increasing carbon emissions from transport (a sector that makes up around a [quarter](#) of London's total emissions), this has negative health outcomes, reducing physical activity and worsening air pollution.

This combines with the poor health outcomes resulting from living in the private rented sector. A 2021 [study](#) found that renters, both social and private, have worse wellbeing than homeowners, driven by poor stock condition, unaffordability, and insecurity of tenure. This is supported by [research](#) linking renting privately to higher levels of C-reactive protein, a biomarker indicating stress and infection, than owning one's own home.

Declining access to homeownership among young people, along with the high cost of rents, also affects choices about having children. There have been widespread declines in the proportion of households with dependent children across parts of inner London – from 2001 to 2021, this [figure](#) fell by around a tenth in Southwark, Hackney, and Lambeth, among others. Part of this phenomenon will be families moving to the suburbs when they decide to have a child or to have a second or third child. However, another part will be 'suppressed household formation', when adults who would otherwise have left their parental home to form their own households and potentially have children, are unable to (or forced to delay the process), due to high housing costs. This is combined with young people lacking sufficient space in homes they can afford to have children when they otherwise would. Almost 60% of young non-homeowners [polled](#) by Pocket Living said they would be more likely to have children in the next five years if they owned their own home, while just under half said that not owning their own home was one of the biggest barriers to considering becoming a parent.

The geographical pattern of these households is clearly linked to the tenure composition and affordability of these boroughs – as house prices have spiked in inner London, areas with relatively lower housing costs, like Barking and Dagenham, have seen [increases](#) in the proportion of households with dependent children of up to 34%.

However, despite this 'doughnut' dynamic of families moving out to outer London, the increasing unaffordability of the suburbs is beginning to impact residents' propensity to have children. To take an example, although Hillingdon and Harrow both saw increases of around 10 percent over the 20 year period in households of this type, [London Councils](#) predicts that they will see falls in reception pupil numbers of 14% and 9% respectively over the next 5 years. If high house prices push families further out from the city centre, and if house prices too continue spreading outwards, then the number of families living in London may fall.

We will be exploring these themes in greater detail in our upcoming research programme, [Homes fit for Londoners](#), which will develop a strategic vision for housing in London.

### ***London's economy***

Many of the ill-effects of the housing crisis on young Londoners have negative impacts on the city's wider economy, harming older Londoners and homeowners.

Reduced disposable incomes among young residents, whether due to paying high private rents or saving for a deposit, reduce their spending power. This does not only harm their quality of life, but decreases their contribution to consumer demand across the city. Industries that depend on their demand, whether in hospitality, clothing, or the cultural sector, are harmed by young people's disposable income being restricted by high rents. During the current surge in rents, private tenants were the [most likely](#) of any group to cut back on other spending, use their savings, or borrow money to pay for housing costs.

More than a [quarter](#) of young renters in London were considering leaving the city within the next year, as of last September. An increasing number of young Londoners being forced to leave the city by the inaccessibility of home ownership will also impact hiring conditions and the state of public services. London has the highest [vacancy rate](#) for NHS workers of anywhere in the UK, largely driven by a lack of nurses. A Band 1 nurse in inner London [starts](#) on a yearly salary of £25,158 – they would pay nearly 60% of their gross pay for a rented property at the [lower quartile](#) price in inner London and nearly 55% in outer London. Regardless of how productive the city's high-value knowledge workers may be, without [construction workers](#), nurses, and teachers, the capital simply could not function.

If an increasing number of young Londoners are forced to leave the city, to decide not to move there, or to move to its furthest suburbs and exurbs due to not being able to buy their own home, this would likely also harm the city's potential for agglomeration – where firms' and workers' productivity increases when they cluster together by sector and skill. This is a particular threat to London if highly skilled workers in the city choose to move to other global cities, or if potential migrants are incentivised to choose other locations to settle.

Productivity growth in London, which is already [thought](#) to have plateaued since 2007, would be harmed. The city's deep, highly skilled labour market, one of its key economic assets, would function less well, with less effective matching of workers to employers. A more spatially diffuse London could also lessen the potential for knowledge spillovers between highly skilled workers and industries. This would all contribute to creating a less prosperous city and less competitive for high-value international talent.

### ***London as a place and a society***

The effects of declining homeownership extend beyond the economic realm, significantly damaging London's social and cultural fabric.

We risk a vicious cycle, in which areas become too expensive for families to raise children, causing schools, nurseries, and other amenities necessary for raising a family to disappear. This then makes those areas still less attractive to future families with children and makes it harder for even families that can afford to buy their own homes to stay and have more children.

Schools are then forced to merge or close, a profoundly destabilising phenomenon for children and wider communities that particularly affects children with special educational needs (SEN) and their parents, who often require long-term, stable educational environments to thrive. There has been widespread comment around the closure of historic inner London schools, like Vauxhall's [Archbishop Tenison's School](#) and Hackney's [Colvestone Primary School](#). Importantly, these could be changes that have long term implications and are difficult to reverse, even if more families were to return to these areas in the future.

If only affluent residents are able to live in the inner city, London's spatial distribution of wealth and deprivation will be affected. The increasing inaccessibility of home-ownership will make the city a more segregated, less socially mixed place to live. Much of what is beloved about London is a result of its 'cheek-by-jowl', patchwork mix of residents – people of varied backgrounds and means shopping on the same high streets and using the same public services. Unlike many global cities – [Paris](#) being the standout example – London has historically not had a notably segregated spatial distribution of wealth and income. High house and rent prices causing poor and middle-income residents to move outwards and leave the city would likely increase ethnic residential segregation.

London's diversity has enabled the creation of a vibrant, shared urban culture – one that has produced some of the most popular music, art, and film of anywhere in the world, despite its relatively small size. The characteristics that, before the pandemic, [attracted](#) over 20 million tourists a year, spending nearly £16 billion, are inherently bound up in London's socially mixed public sphere.

But spatial segregation does not just make the city a less vibrant and diverse. The life chances of those born to poorer families are [significantly affected](#) by their social networks and those of other children they meet. A city where poorer families are forced out to the furthest reaches of the city or, in many cases, outside of the city entirely, is one with less social mobility and more calcified hierarchies of wealth and class.

### ***2. What more could the Mayor do to make homeownership more accessible to young people?***

Many current mayoral housing policies are aimed at addressing the challenges faced by young people in accessing homeownership. For example, the introduction of London Living Rent, set at a third of average local incomes, aimed to provide affordable rental options that enable households to save towards buying equity in Shared Ownership properties. While Shared Ownership can be a

stepping stone towards homeownership, it may not offer the same security and financial benefits as full ownership.

There have been [reports](#) of [difficulties](#) in [selling](#) shared owned properties, due to a shallow market for resale and the charges associated with sale. Concerns have been raised about the impact of [service charges](#) on the affordability of shared ownership properties, along with rents designed to rise above inflation. Full 'staircasing' to 100% ownership is extremely rare, with [only 2.1%](#) of shared ownership stock reaching this milestone in England in 2020/21.

To address these issues, the Mayor should advocate for a greater allocation of the Affordable Homes Programme towards socially rented homes or London Affordable Rent (LAR), away from Shared Ownership, and make this argument to government. This would provide more options for young people who aspire to have secure and affordable housing without the complexities associated with Shared Ownership. By prioritizing social and affordable rental housing, the Mayor can contribute to the creation of a more inclusive and accessible housing market, and allow young Londoners to save for a deposit, or simply live a more secure life with greater disposable income.

In addition to allocating funding for affordable homes, the Mayor plays a crucial role within London's planning system. When developments meet certain criteria, such as size, height, or location on Green Belt or Metropolitan Open Land, they require the Mayor's input and approval. In such cases, where appropriate, the Mayor can use his powers of 'call-in' to enable higher-density development where Local Planning Authorities are minded to refuse it, which can maximize land use and increase the availability of housing units.

Our [research](#) into over-station development found that higher-density, mixed use developments can deliver station improvements and new housing. We recommended that GLA define 'station intensification zones' around key stations, setting higher minimum density and design standards and, where necessary, use call-in powers to ensure approval of policy-compliant schemes, alongside exploring the creation of Mayoral Development Corporations in cases where stakeholders' interests are not yet aligned on over-station development.

By promoting higher-density developments, the Mayor can address the demand for housing while also creating vibrant communities with access to amenities and transportation options. The Mayor should also advocate for more homes to be built with three bedrooms or more, considering the housing needs of young people who may be starting families or planning for future growth. This approach would allow families in overcrowded housing to move to more appropriate properties, simultaneously freeing up space in one-to-two bedroom homes. That could contribute to the long-term sustainability of London's housing market and ensure that young people have suitable options as their housing needs evolve.

To further expand housing opportunities, the Mayor could utilize call-in powers to facilitate the sustainable development of Green Belt sites, particularly within short distances from public transport. While the protection of ecologically valuable Green Belt land is important, there are instances where carefully planned and well-designed developments can be accommodated without compromising the overall integrity of these areas. As a [study](#) from the London School of

Economics argues, the Green Belt's design was dependent on the creation of New Towns to strategically plan for housing growth around London. Without this strategic planning, the Green Belt simply adds to housing pressure in London and exacerbates the unavailability of home ownership. One recent [analysis](#) showed that there is capacity for nearly 30,000 new homes within a 10 minute walk of London's Green Belt train stations. By using call-in powers to promote sustainable development on suitable Green Belt sites, the Mayor can increase the supply of housing while preserving the character and natural beauty of London's surrounding areas.

Moreover, the changing landscape of work due to the pandemic has resulted in a reduced demand for office space in Central London. [Data](#) from BNP Paribas in our Global Cities Survey shows that the vacancy rate of offices in Central London is almost 8%, significantly above its pre-pandemic levels. In our report, Remixing Central London, we found that there is a high concentration of potentially surplus office spaces in parts of the Central Activities Zone that could be well-suited to conversion to homes, if managed carefully. We recommended that the GLA work with CAZ local authorities to regularly survey property owners on the obstacles to office-to-residential conversion, and monitor trends in property use to support CAZ boroughs in planning for the housing needs of residents effectively.

In conclusion, the Mayor can make homeownership more accessible to young people by advocating for a greater focus on social and affordable rented housing, utilizing call-in powers to encourage higher-density and sustainable development, exploring the repurposing of surplus office spaces, and working collaboratively with local authorities to address housing needs across London. These measures would contribute to a more inclusive and diverse housing market, providing young people with greater opportunities for stable and affordable homeownership.

### ***3. Are there any other innovative approaches to homeownership that could support young Londoners?***

Many of the most significant policy levers to facilitate young Londoners' access to homeownership are within the purview of the central government.

One key issue, for example, is that many older residents occupy homes with more bedrooms than they need or can comfortably maintain, primarily driven by the expectation of rising property prices and the desire to pass on a substantial inheritance to their children. This is incentivised by our broken system of property taxation.

As well as being calculated based on property values more than 30 years out of date, council tax is highly regressive in the capital (as well as nationally by region). The campaign, Fairer Share, [found](#) that a person in a property worth £100,000 pays around five times more tax relative the value of the property they live in compared to someone in a property worth £1 million – an older household occupying a property with excess bedrooms is not incentivised by our council tax system to downsize to a more appropriate home. A 2019 [study](#) found that London's poorest households have a council tax burden more than six times higher than its highest earners, relative to income. A proportional property tax is the answer but, without appropriate mitigation, it could cause cash-poor but asset-rich households in the capital to slip into relative poverty, so would require modification. If designed well, however, it could incentivise older Londoners to downsize,



freeing up space for younger residents to access homeownership, particularly if they wish to start a family.

This incentive must be matched by more provision for older people's housing in the city. It has been [estimated](#) that for every bedroom added to the stock of retirement housing, two or three are released in mainstream housing by an older person downsizing. Expanding its supply in London will require appropriate housing targets on large sites, specifically dedicated to older residents. The GLA could play a vital role in creating and supporting these specialist housing targets, while also acting as a trusted source of information on housing options for older Londoners, as we [recommended](#) in 2021.

Additionally, the Mayor could advocate for changes in stamp duty requirements, increasing it further for second-home buyers and potentially reducing it to support first-time buyers above £425,000, the current price limit that is increasingly unrealistic in London's overheated property market. Such measures would aim to rebalance the housing market and encourage geographical mobility, freeing up larger family homes for new families and those seeking to upsize.

Community land trusts (CLTs) are asset-locked organisations that peg the cost of homes on the land they own to local incomes, creating perpetually affordable homes without stoking the asset inflation locking out others from homeownership. Expanding the Mayor's current programme of support for community land trusts (CLTs) would be a viable strategy to promote homeownership among young Londoners, perhaps in partnership with philanthropists and impact investors. To enable this, we [recommend](#) the GLA use its convening power to bring together impact investors and local authorities to share best practice and learn from each other. CLTs are unlikely to play a transformative role in London's housing market due to their necessarily small scale – they require intense, often unpaid work from committed volunteers, and work on project-by-project basis. However, they are particularly well-suited to small sites and infill projects.

The Mayor has recently [celebrated](#) a 'renaissance in council house building', including more than 23,000 GLA-funded starts since 2018. To encourage boroughs to further increase housing development, we [proposed](#) the Mayor use his funding powers to support the development of sub-regional consortiums or delivery bodies, so that boroughs can make the most of scarce resources, such as highly skilled project managers and achieve economies of scale in their housing delivery.

While some of the most crucial levers to facilitate homeownership for young Londoners rest with the central government, the Mayor can play a significant role in advocating for change, promoting specialized housing for older residents, addressing regressive taxation systems, and supporting innovative models like community land trusts.

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## Centre for Policy Studies

Fundamentally - high prices. ONS figures show that housing affordability in London has deteriorated vertiginously in recent decades, and it is now much worse than in any other region of the UK. The main cause of this inadequate supply, in turn caused by the overly restrictive planning system. Perverse tax incentives that discourage efficient use of existing stock (e.g. stamp duty) also contribute. Secondary issues include the difficulty and expense of the conveyancing system.

Fundamentally, we need to build more homes. This can be achieved in many ways: (1) Far more ambition is necessary in redeveloping retail, logistical and light industrial sites. Considerable parts of London are still covered by single-storey sheds and surface-level car parks. This is hugely inefficient land use and the planning system needs to cease requiring it. Much of this could be achieved through the London Plan. (2) There is immense scope for estate regeneration at higher quality and density. 29 of 30 regeneration ballots held to date have passed, showing that existing residents will support change if they are given a fair share of its benefits. Although the Assembly does not own London's social housing, the GLA can facilitate regeneration through the London Plan. (3) Suburban intensification has an important role. The Assembly should support the provisions on 'street votes' currently under consideration in Parliament, which would enable intensification to happen where it has local support. (4) Green Belt reform needs to be explored. The London Green Belt should not of course be abandoned wholesale. But there is scope for allowing neighbourhood plans to release Green Belt where (a) the land is of low environmental quality and (b) it is near to a public transport hub, e.g. a railway station. By contrast, subsidising buyers' purchasing power is normally costly, ineffective and regressive, with most of the expenditure simply bidding up prices further to the benefit of landowners. The Assembly should not normally support such schemes, and should reallocate resources from them elsewhere.



## Intergenerational Foundation

The Intergenerational Foundation ([www.if.org.uk](http://www.if.org.uk)) is an independent think tank researching fairness between generations. IF believes policy should be fair to all – the old, the young and those to come.

### Introduction

The Intergenerational Foundation (IF) is pleased to have the opportunity to respond to the public consultation on Young Londoner's access to Home Ownership.

Since it was formed in 2011, IF can claim to have played an important role in leading the debate about intergenerational fairness in the UK – particularly with regard to the housing crisis, which has been one of our major areas of work – and we are regularly consulted by the media and policy-makers to give our expertise on this issue.

We strongly believe that young people should be able to enjoy the same levels of homeownership which previous generations were able to enjoy and that will mean building up, out and increasing density across all forms of tenure. Submissions will likely call for greater use of publicly owned land to be used to build more social housing.

**Rather than repeating that evidence, there are a number of specific points which IF would like to raise which come under - “Are there any other innovative approaches to home ownership that could support young Londoners?”**

### 1) We need to talk about the Green Belt

London is constrained by the greenbelt, much of which is unproductive land. In our submission to the “Planning for The Future” national consultation IF argued that there should be reform of the definition of land already under some kind of protected designation, including potential development sites within the Green Belt or urban conservation areas: *“valued green spaces and Green Belt will continue to be protected for future generations, with the reforms allowing for more building on brownfield land.”*

It is likely that all of the land which currently carries some kind of protected designation will pass straight into the new category of “Protected” areas that local plans will be required to designate. That would mean it will be no easier to build new homes on land which is currently protected, and it may even become more difficult, for example if local authorities designate all land which isn't categorised as either a “Growth” or “Renewal” area as “Protected”.

IF believes that this represents a missed opportunity to review the effectiveness of the Green Belt as a means of protecting the natural environment, and to reevaluate the trade-off between protecting green space and enabling new housing development. The Green Belt now covers around 13% of all of England's land, compared to only 2.3% which is covered by urban areas, and research has demonstrated that over a third of Green Belt land is used for intensive agriculture which may actually be harmful to biodiversity and the natural environment.<sup>2</sup> Furthermore, by

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<sup>2</sup> Cheshire, P. (2014) Turning houses into gold: the failure of British planning London: LSE

making land within cities more expensive, the Green Belt actually makes it harder to create parks and private gardens, which have been shown to support much greater biodiversity than intensive farmland does (not to mention that public parks are usually fully accessible to the general public, unlike most of the Green Belt).<sup>3</sup>

**Research has repeatedly shown that the existence of the Green Belt has artificially inflated property prices, particularly in London and the South East, which has contributed to the housing affordability crisis facing young people.<sup>4</sup> Research has also shown that releasing for development small areas of the Green Belt which are close to train stations could create almost 1.5 million new homes in England while having very little impact on biodiversity.<sup>5</sup>**

It seems unlikely that London's problem with the undersupply of housing can ever genuinely be solved unless reforming the planning system includes a meaningful review of how we protect green space and what that protection is attempting to achieve, which are questions that the white paper currently ignores.

## **2) The quality of new homes created using Permitted Development Rights must be safeguarded**

In the wake of the relatively large number of new homes which have been created under the Office-to-Residential permitted development right since 2013, it appears that conversions from other Use Classes to residential may be a significant source of new housing going forward.

IF is concerned that these types of homes may end up being occupied by young people disproportionately who've been priced out of higher-quality accommodation. We were pleased to see the recent national policy announcement that new homes which are created under permitted development rights will have to abide by the minimum amounts of living space per unit which is set out in the Nationally Described Space Standards. The fact that many of the dwellings which had been created under the office-to-residential permitted development right were very small was an issue which IF highlighted in a recent research report we published,<sup>6</sup> where we recommended that space standards should become part of the prior approval process for this type of development.

However, other research has highlighted that there are a range of additional problems with the quality of homes which have so far been built under permitted development rights, including a lack of natural light, lack of outdoor space and access to public open space, a poor mix of different sizes of dwellings in these developments, and a tendency for these dwellings to be created in areas with poor access to amenities and public services.<sup>7</sup>

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3 Ibid.

4 Hilber, C. and Vermulen, W. (2016) "The Impact of Supply Constraints on House Prices in England", *Economic Journal*, 126, 591, 358-405

5 Centre for Cities (2019) *Homes on the right tracks: greening the green belt to solve the housing crisis* London: Centre for Cities

6 Wiles, C. (2020) *Rabbit Hutch Homes: The growth of micro-homes* London: IF:

<https://www.if.org.uk/research-posts/rabbit-hutch-homes-the-growth-of-micro-homes>

7 Clifford et al. (2020) *Research into the quality standard of homes delivered through change of use permitted development rights* London: DHCLG

Therefore, given the recent expansion of permitted development rights and the likelihood that a larger share of new London housing delivery may come through this route in the future, it would be sensible if reforms to the local planning system looked at how the prior approval process can safeguard the quality of these properties more generally.

### 3. Address under-occupation – encourage downsizing

IF has researched levels of under-occupation nationally over the past decade or more. More than half of owners under-occupy their homes and more than two-thirds of UK houses are under-occupied. IF argues that national policy must be reformed in order to remove the barriers to downsizing such as the replacement of SDLT with a proportional property tax.

On a London level, the Mayor has an opportunity to unlock hundreds of thousands of hidden homes by **helping older households to downsize in their own homes** using subdivision. Such action would help to use our existing housing stock more efficiently while helping older generations to remain in their own communities with access to the same local amenities.

In London, **the majority of the 374,000 homes ripe for subdivision** are in cheaper Outer London boroughs such as Barnet, Enfield, Redbridge, Croydon and Bromley. If subdivided, these homes could help to ease the housing crisis in Inner London while also reducing pressure to build on the surrounding Green Belt.<sup>8</sup>

### 4. Short-term - bring back lodgers

Finally, the Rent-A-Room scheme should be promoted to Londoners and is a win-win for all generations by reducing prices in the wider housing market. Nationally, **160,000 rooms would be made available from a 1% increase in the number of under-occupying homes taking in a lodger**. Taking in a lodger would also provide a valuable source of new income for older generations. Lodgers generally pay less than tenants as they have fewer rights. Average under-30s households spent 31% of total expenditure on housing. This was before the recent spike in rental prices and 77% more than the average share of expenditure on housing for all households. Around 19% of owner-occupiers in England had no savings in 2021 according to the English Housing Survey and taking in a lodger could help with bills. More than half of owners under-occupy their homes and more than two-thirds of UK houses are under-occupied. Space inequality has also increased, with owner-occupied homes enjoying a third more space (108m<sup>2</sup>) on average than privately rented homes (76m<sup>2</sup>) and almost double the space as a social home. Just 7% of 55–65 year-olds report a lack of outside space compared to 21% of 25–34 year-olds.

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<sup>8</sup> Kingman, D. (2016) *Unlocking England's Hidden Homes*: IF:  
<https://www.if.org.uk/research-posts/unlocking-englands-hidden-homes>

## Lambeth Council

### **1. What challenges do you face as a London borough in delivering affordable homes within the current policy guidance and requirements?**

Notable challenges include the

- (i) regular amendments of the planning policy framework and guidance, including proposed amendments. This adds to the complexity and uncertainty of planning assessments.
- (ii) availability of grant on non-referable schemes, and being aware of where to direct developers to. Even with Fast Track, it is necessary to demonstrate that they have engaged to seek grants and this can be difficult for developers. More grants should be available from Government for affordable housing.
- (iii) rent cap for homes at social rent (not for wider affordable rents), although this only applied to existing tenanted housing stock in the HRA it does have significant impact. It means that income is significantly reduced from where we were expecting it to be, (7% cap in the uplift as opposed to the otherwise projected CPI+1%, which based on the September figure we use for rent setting would have been 11.1%, (CPI being 10.1%)).

Therefore income for 2023/24 will not keep up with the inflationary increases in costs, (especially with construction industry inflation generally running ahead of CPI) which will constrict our ability to maintain our existing stock and manage the HRA. Capital works within the HRA are funded by borrowing, (once the MRR and s20 contributions have been taken into account) and the revenue impact of that debt, (which itself is increasing as interest rates go up) is essentially funded from rents so the ability to borrow is restricted.

It is also worth noting that the cap came after 4yrs of enforced rent reduction a few years ago which had already constrained the budget, so this is making it worse. Our best estimate is that without the earlier rent reduction and this cap, the HRA rent position would be £17.1m pa better off, (£11.5m from the earlier 4yr reduction + £5.6m from the cap). Once these amounts have been lost from the baseline budget, there is no way to recover them under current policy as we are capped in normal years to a CPI+1% increase and can't go above that to recover previous years' reductions. That therefore adds up to a significant shortfall over the 30yr business plan period.

- (iv) rising and volatile supply chain costs caused in part by Brexit have put significant pressure on project viability. Additional pressures on viability have arisen by other important objectives such as those brought by New Fire Safety Regulations introduced after the Grenfell fire which require higher standards of cladding, sprinklers and alarms.

### **2. What more could the Mayor do to support London boroughs delivering affordable homes in the future?**

Increase the levels of grant funding and allow councils to decide what types of affordable housing that is needed. ie not First Homes and Discount Market Rent or Discount Market Sale.

### **3. Does the borough have any strategies or initiatives to support people onto the housing ladder, in particular, those aged under 40? Are there any innovative approaches that you have**

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***taken or considered to develop affordable homeownership products for young people? For example, supporting Community Land Trusts or Pocket Living***

Lambeth is supporting a Community Land Trust Project on the corner of Christchurch Road and Brixton Hill and will be committing to another as part of delivering its housing strategy. Similarly, Pocket Living has delivered several sites in recent years and we will continue to engage positively and encourage such developments.

***4. How do you prioritise and allocate intermediate housing in the borough?***

Access to intermediate housing is through the GLA's homes for Londoner's portal. As detailed in our Affordable Housing Statement, applicants are required to bid directly to developers or housing associations.

Providers should allocate based on the following criteria (in order of priority)

- (i) Strategic Priorities (none at present)
- (ii) Social tenants currently living in Lambeth
- (iii) Tenants owed a housing duty and placed into temporary accommodation by Lambeth Council
- (iv) People who live and work in Lambeth
- (v) People who live in Lambeth
- (vi) People who work in Lambeth
- (vii) People who live or work in London

***5. Does the borough have an intermediate housing needs register? If so, can you share any demographic information relating to the register? The Committee is particularly interested in age, whether applicants are single or in a couple, and if they have any dependents, but would welcome any other demographic information.***

No, we don't.

## London School of Economics (LSE)

**Response from Professor Emeritus Christine Whitehead, Dept of Economics, London School of Economics ([c.m.e.whitehead@lse.ac.uk](mailto:c.m.e.whitehead@lse.ac.uk))**

I am very well aware that the Assembly will have received many detailed responses from those with special interest in the question and who will have presented all the relevant data. I am therefore restricting this response to my understanding of the issues based on the relevant research that I and my colleagues at LSE London have undertaken and the questions posed in the call for evidence. These included:

1. What impact is declining home ownership levels for young people in London having on: Young people as individuals; London's economy; London as a place and a society
2. What more could the Mayor do to make home ownership more accessible to young people?
3. Are there any other innovative approaches to home ownership that could support young Londoners?

### **1. *Impact on young people and their families***

London has always been unaffordable for large proportions of young people and many have depended either on their parents for support in the rented sector or for the deposit to purchase – probably not in London, or on housing provided by educational institutions at below market rents.

Once outside the educational system many young people have always moved away from London to their job/parental home/ country – or to commute into London for their work. The incentive to do so has increased as rents have increased.

Clearly young people are as always at a disadvantage as compared to existing owner-occupiers in purchasing a home. Rather they generally find themselves having to share with others to make the private rent charged by the landlord affordable. At the present time there is a massive shortage of new lets coming on to the market with a number of results: an increase in shared rooms and fewer non-sleeping areas; people staying longer in their existing tenancy as new lets more expensive; and higher rents so less capacity to save towards a deposit. All of these make London less attractive except for those on highly paid jobs and probably reduces the length of time younger people remain in the capital.

There are obvious differences, as there always has been, between 2 income and one income households so it tends to be that traditional family households move out when their children are born. Nowadays particularly in London it is the Bank of Mum and Dad - and grandparents - which will determine available choices.

One particular area where we have done some research is with respect to family **overcrowding** including in council housing in London as young people are not able to leave home. This has led to a clear increase in the numbers of young people being evicted from the family home and seeking **homelessness** assistance – with significant costs to local authorities facing increased

number of single people needing temporary accommodation. This is a major problem for London local authorities.

***Impact on London economy and London society***

The most obvious impact is that post-education young people are likely to remain for shorter periods in London unless they are able to get relatively well paid jobs. Most large urban areas across the world have low owner-occupation rates with the majority of households dependent on the privately rented sector. This is increasingly the case in London except that the Right to Buy initially led to significant increases in the numbers of low cost housing units available to younger potential owner-occupiers. Unhappily this has mainly been a one generational thing with the children of those using the Right to Buy helped by their parents but increasingly the units ending up in the privately rented sector.

One big issue that needs to be addressed is the resultant shortages of demand for school places at primary level – which will spread up the age groups. This needs to be managed far more effectively – especially as the proportions of those with special needs and simply those in poverty is increasing disproportionately as the movement out of traditional couple households increases.

**2. *What can the Mayor do?***

All that can really be done is to ensure an adequate proportion of subsidised shared ownership properties are included in the Affordable Housing Programme and in Section 106 arrangements.

What is clear is that shared ownership is standing up to the current economic environment rather better than expected so major housing associations may be interested in providing more shared ownership in mixed developments.

There might be some potential to increased discussion with developers about how their own schemes could be more directed at first time buyers.

But overall the emphasis probably needs to be on getting the privately rented sector working as effectively as possible once the Rental Reform Bill is through and concern about the problems associated with short term lets.

**3. *Other***

There are possibilities around rent to buy that might be worth further examination.

Banks and building societies could perhaps become rather more innovative as interest rates rise so repayments become relatively more important as compared to the deposit – especially if house prices fall and independent landlords leave the market.

But mostly it is central government that needs to make adjustments.



## London Youth

### HOUSING FUTURES FOR YOUNG LONDONERS

#### Key statistics

- *70% of properties sold in “prime central London” in the first five months of 2023 were paid for in cash – with no mortgage - up from 60% in the same period in 2022. In the UK a whole, the proportion was about 35% (Savills).*
- Rent in London is 48% of the median salary. Even if living in a shared house it would take 18.3 years to save for the average deposit.
- 40% of properties listed for sale on Zoopla last year had previously been listed for rent. This has doubled since Covid. Most sales are also happening at the cheaper end of the market.
- At the end of June 2022, nearly 60% of all UK households living in temporary accommodation were in London.
- 1 in 50 Londoners are currently in this position - that includes more than 80,000 children.
- Additionally in recent Partnership for Young London research, a large proportion (40.3%) of young people expressed concerns about not having a stable or safe place to stay. Only one in ten (11.1%) of young people said that they had sought support from their council for housing, or homelessness support.

<https://trustforlondon.org.uk/research/supply-of-private-rented-sector-accommodation-in-london/>

<https://trustforlondon.org.uk/research/the-impacts-of-the-housing-crisis-on-people-of-different-ethnicities/>

#### London Youth

London Youth is committed to ensuring that the views and interests of young Londoners and of our 600 members are reflected in public policy. We make the case for good youth work and support young Londoners, and those working with them to have a voice in the media and in policy development. We ensure that our members have a say in the decisions that affect the work that they do by connecting them to sector stakeholders and policymakers and by influencing on their behalf.

Where we know, we can have greater impact in our advocacy, we work in collaboration with a number of London partners. This enables us to speak with one voice on behalf of London's youth sector. Our primary vehicle for this is the [Young Londoners Coalition \(YLC\)](#), a network of infrastructure voices representing the statutory and voluntary youth sector. London Youth co-chairs the YLC with Partnership for Young London.

#### Recent research on housing and young people

Partnership for Young London [research](#) conducted in 2022 shows housing is by far the biggest issue for those in the 22-25 year range (over 90%).



More than half of young Londoners (58.1%) say that they want to continue to live in London in the future. Yet, only one in four (26.4%) young Londoners said they feel like they will be able to live in London in the future.

Almost every young Londoner in the PYL research (99.8%) said affordability is the reason they did not think they would be able to live in London in the future: the cost of renting and quality of accommodation were uppermost concerns.

This shows that there is a real risk that London might be hollowed out of young people in future, who have little prospect of being able to afford to rent a home, far less aspire to property ownership.

### **Housing Futures in young people's words**

London Youth member, Metropolitan Thames Valley (MTV) Housing produced a report last year called [Housing Futures in young people's words](#).

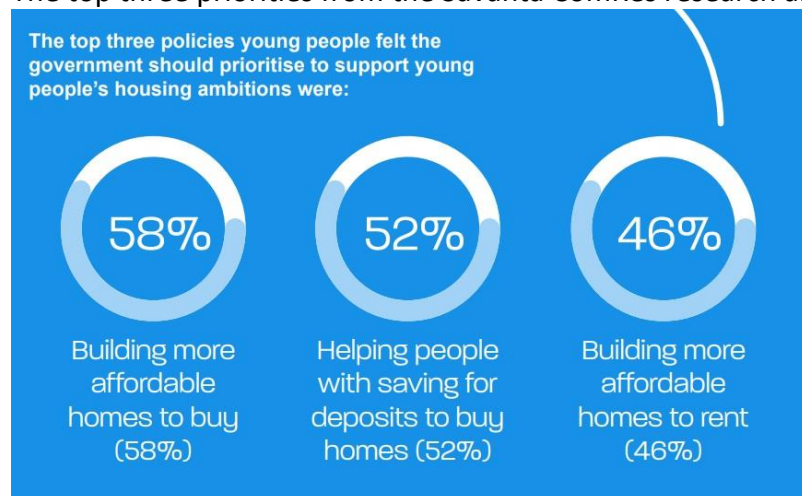
Metropolitan Thames Valley provides affordable housing for people living in London, the South East, East Midlands and East of England. They also offer a range of care and support services. Their specialist areas include older people, mental health and transitional services which provide intensive support to marginalised or vulnerable people.

MTV Housing met virtually with three groups of young MTVH residents (ranging in ages from 16 to 28 years old) living in social housing, in Brent and Lambeth in London, and across Nottinghamshire.

This was backed up by polling of over 2000 young people aged between 18 and 34 by Savanta ComRes in July 2021. Savanta ComRes polled across a range of other regions, amongst young people who were not outright homeowners, but renting, in shared ownership or living with family.

**Young people in the East of England and London were the most likely to say they were worried about the ability to start a family due to their future housing situation.**

The top three priorities from the Savanta ComRes research are highlighted below:



In the focus groups conducted during the research, the ability to access a secure affordable home was identified throughout the sessions as both the goal, but also the challenge that young people face. There was widespread support for more homes being built, but also a feeling that new homes that are built aren't always done so with local young people in mind:

*"About the new builds, I don't think they're obtainable because I don't think they're aimed at our demographic because no one has taught us anything about how to get them I have no problem with new homes because it means more homes for people that need them especially young people living in social housing."*

There was also a feeling that some new developments aren't advertised to people living next door and are too expensive for them to access.

**1**  
Up until this meeting, I don't think I've ever really discussed housing

**1**  
A lot of it is due to nobody knowing how to get onto that property ladder or acquire a house. It's not something that's been taught

**1**  
For me, I'm 17, I don't understand how to apply for housing

**1**  
I think it's quite sad that none of us really have an in depth understanding of housing. It's easy for them to sell anything to us because we just don't know

## Verbatim from London Youth's Youth Board

The PYL and MTV Housing research and reports align with the shared experiences of our Youth Board – of whom the average age of participant is 19-20. They were asked about housing issues in

the context of a cost of living crisis and invited to give evidence to the APPG for London on housing, transport and mental health. You can read their full findings [here](#).

Some of our Youth Board contributions on housing, in their own words, are set out below.

*"I share a two-bedroom council flat with my mum and brother. At one point there were six of us living here and mentally it wasn't good for us. The conditions of accommodation compared to the cost of rent is just wrong. People live with damp, mould, water and electricity that aren't working. For a lot of young people thinking of renting, cost is the main concern.*

***The government should help support these people by capping costs of rent and bills, and landlords should be held responsible for their property, rejuvenating houses that are already there before building more."***

*"I'm a care leaver from South London. Many care leavers live independently but don't have the same support as their peers. 72% of care leavers work part time or full time but 64% are in debt or their household debts have increased, without enough money for food or travel because household bills take up the majority of their budget. If left homeless as a care leaver you don't have many options.*

***Local councils are obliged to support care leavers until they're 25 and this should include financial advice especially since the cost of living crisis has made everything worse. Remember that care leavers don't have the same resources and family infrastructure. Universal credit for care leavers over 25s would be helpful contribution."***

*"Putting a cap on how expensive things can be such as rent or other house related bills, or providing the right support to help people in dire financial situations is needed urgently. The houses that people are living are cramped and have little space. This has a negative effect on mental health on young people in particular."*

***"Landlords should be regulated better – there should be more checks and balances on them, and their duties to respond to their residents."***

*"The cost of renting is too high - so many young people have had to move back with their parents; this has really taken a toll on their ability to socialise, and sense of wellbeing."*

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### Summary conclusions

Few young people think they can afford to live in London in future as a renter. Insecure housing prospects dominate discussions with young people in London who hope to continue living and working here.

Home ownership remains an aspiration for many young people, just as it has been for generations of young people before them. It just feels much further out of reach. In the Savanta ComRes research referenced in the MTV Housing report (i.e. across London East/South East/East Midlands) 60% of those polled hoped to own their own home in five years. However only half of them think that this is a likely prospect.

More than half of young people say thinking about their current housing situation affects their mental health – that rises to more than 6 in 10 when thinking about their future housing situation. If you are a care-experienced or a disabled young person, those barriers to independent living are even more acute.

Young people overwhelmingly feel that the standard of housing in London is poor, and the rents are staggeringly high. They feel aggrieved by unresponsive landlords where there are urgent longstanding repairs to be done and bemoan their lack of accountability to their tenants.

Above all, young people feel excluded from decisions that affect their futures – they feel they should be consulted on future plans to extend affordable, accessible housing in their areas, which meet their needs.

## Notting Hill Genesis

### **1. Do you deliver London Living Rent properties?**

Yes.

#### **a. How does the GLA support you to deliver LLR?**

They provide grant funding and respond to queries regarding guidance notes.

#### **b. Have you secured funding through the new Affordable Homes Programme (2021-26), and did the bidding process work well?**

No funding was secured for LLR through new AHP.

### **2. Landlords delivering LLR are expected to 'actively support tenants into home ownership within ten years' How do you support tenants to achieve this?**

We carry out annual visits with all LLR residents, which provide us with the opportunity to:

- Discuss the value of their home
- What they hope to achieve in terms of purchasing the property
- Provide them with an informal shared ownership affordability calculation and discuss their routes into home ownership.

#### **a. Are there any challenges to achieving this? If so, what are they?**

Changes to a residents' circumstances can be a challenge to supporting them into home ownership within ten years. In many cases, while the resident intended to purchase their property at the beginning of their tenancy, changes to their circumstances over that period (job changes, family and relationship changes, financial problems) mean that this is no longer possible or their requirements change, for example, they require a larger property.

The variation in monthly costs between LLR and Shared Ownership is also, for many residents, significant and even unreasonably high.

The lack of information about the cost of purchasing is also another challenge. Without any understanding of a purchase price there is nothing to focus residents on even if they want to purchase.

### **3. How do you manage demand for LLR products?**

Demand for the product is very high: one or two bed properties are attended by 20-30 people and we currently receive 100 passive enquiries a month. There has been an increase in applicants applying for the product due to the lower rent, whilst stating they have no intention of saving for a deposit.

To manage demand, we set a minimum income level for 1, 2 and 3 bed properties. We limit 3 beds properties to families with at least one child.

1 and 2 bed properties are the most popular, where 3 beds are more difficult due to the cost of living as well as saving.

The process of reviewing eligibility is difficult. We would benefit from clearer GLA guidance around, for example, the criterion that the household does not earn more than 60k, and whether this includes all members of the household, as some will be multigenerational and could include an adult receiving a pension. Further clarity around earnings that aren't basic income, such as bonuses, allowances or overtime, would also help us review eligibility.

**a. Has demand for this product changed since it was introduced in 2017?**

We have seen demand increase since the product was introduced, due to the cost of living crisis.

The age profile has also changed with younger people finding it difficult to access both rental and ownership market.

**4. How well is LLR working as an affordable product for:**

**a. Housing associations delivering the product?**

We are still working to understand the benefits of terms of LLR.

LLR is an expensive product to operate, and difficult to deliver in its current form. Rent increases at CPI are outstripped by service charge increases, so on aspirational developments it is often a loss-making product.

**b. Young people trying to access home ownership.**

LLR is an excellent product for young people trying to access home ownership. It occupies a niche in the market and is genuinely affordable when compared to privately renting.

We have seen a higher take up of young people (20's) accessing the LLR. These tend to be applicants early in their careers often moving from home or shared houses.

There is better understanding required around residents needs to purchase

Generally, tenancy sustainment is successful. Because the properties are often let to previous private rent residents, the arrears are low, digital engagement and the properties are kept to a high standard.

**5. What information do you collect in terms of numbers of applications for and demographics of people living in LLR?**

As of 19 July 2023, we have accepted 850 applications to our waiting list since Jun 2022. Due to the high demand, our applications are currently closed but we are receiving approximately 500 note of interest a month.

We collect gender, ethnicity, disability, religion, sexual orientation data and what local authority the tenant lives in.

Gender

Of LLR tenants, 52% are women and 44% are men are tenants of the LLR.

Age

**Tenants**

Average age of tenant is 33.4 years

**Household members (including children)**

The average age of household member is **28.7 years**

Of the 361 LLR properties in our portfolio, 74 properties contain dependents.

**a. What types of information do you share with the GLA in relation to the information you collect?**

None.

**b. Can you share any of this information with the Committee? The Committee is particularly interested in age, whether applicants are single or in a couple, and if they have any dependents, but would welcome any other demographic information.**

We complete CORE reporting for all tenancies. This is submitted to the Department for Levelling Up, Housing and Communities. We have also provided information below.

**6. How do you manage demand for SO products?**

No answer

**a. How has demand changed since the new model of SO was introduced in 2021?**

We have not yet delivered the sale of any resale properties which benefit from this lease. We have not noticed any particular decline in interest in older leases as yet though this may become more of a concern when we have more variety of lease terms available to customers.

**7. How well is SO working as an affordable product for:**

**a. Housing associations delivering the product?**

No answer

**b. Young people accessing homeownership?**

**Resales**

Over the last two years, the average age of SO buyers for resales was 36 (this increases to 37 if older persons schemes (HOOP/OPSO) are included). A breakdown is provided below.

In 21/22 110 out of the 157 resales which took place (excluding HOOP/OPSO which is targeted at 55+) were purchased by people under 40. In 22/23 this was 109 out of 144.

For 21-22

	Average Age (inc older persons schemes)	Age range (inc older persons schemes)	Average age (exc older persons schemes)	Age range (exc older persons schemes)
FY 21-22	36	23 - 61	36	23 - 61
FY 22-23	38	22 - 88	36	22 - 62

### New sales

#### 8. What information do you collect in terms of numbers of applications for and demographics of people living in Shared Ownership?

We complete CORE reporting for all tenancies. This is submitted to the Department for Levelling Up, Housing and Communities.

##### a. What types of information do you share with the GLA in relation to the information you collect?

##### b. Can you share any of this information with the Committee?

The majority of our Shared Ownership Marketing and Sales activity is aimed squarely at Young Londoners.

As you can see below our buyers can purchase a share of a similar sized home with a much lower salary and deposit compared to the open market (outright sale). The Shared Ownership route also means that 2 or 3 bedroom homes can be secured, with a household income below £90,000 and a deposit a reasonable fraction of that needed to buy outright.

This table illustrates the age of our buyers under 40 for the last year we have complete results for. As you can see, 73% of all our Shared ownership buyers were under 40.

Sales Year 21-22: Age of Buyers	
%	Age group
10%	20 - 25
25%	26 - 30
23%	31 - 35
14%	36 - 39
73%	



The table below shows the household income bands of our buyers. Generally, the younger our buyers are, the lower their incomes. 50% of our buyers have a household income of less than £55,000, roughly half the amount they would need to buy a 1 bed home on the open market.

HOUSEHOLD INCOMES OF BUYERS UNDER 40					Total % of Buyers
	Age group				
Income range	20 - 25	26 - 30	31 - 35	36 - 39	
£35K - £44.99K	6%	16%	5%	5%	32%
£45K - £54.99K	2%	5%	7%	6%	20%
£55K - £64.99K	3%	6%	6%	6%	21%
£65K - £74.99K	0%	5%	6%	3%	14%
£75K - £90K	1%	3%	6%	3%	13%
					100%

The table below illustrates the amount of mortgage deposit buyers have used to purchase shared ownership homes. 32% have used less than a £20,000 deposit. We cannot report the source of our buyer's deposits, but we feel it is reasonable to assume those buyers who do not have access to family income will use smaller deposits, saved by their own efforts. Some of the larger deposits would have been possible with family support or inheritances etc.

Mortgage Deposit Paid	Percentage of buyers under 40
£6K - £9.99K	8%
£10K - £19.99K	24%
£20K - £29.99K	20%
£30K - £39.99K	12%
£40K - £49.99K	10%
£50K - £59.99K	6%
£60K +	20%
TOTAL	100%

The Committee is particularly interested in age, whether applicants are single or in a couple, and if they have any dependents, but would welcome any other demographic information.

#### Innovation and alternative delivery approaches

See above on age.

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**9. Are there any approaches that you have implemented or considered to develop affordable home ownership products for young people? For example, working with a Community Land Trust?**

No answer

## Wandsworth Council

### **1. What challenges do you face as a London borough in delivering affordable homes within the current policy guidance and requirements?**

Low central government grant levels, high land values, rising building costs, rising borrowing rates and a watered-down definition of 'affordable' housing that financially incentivises IMR and homeownership products over social and council housing in S106.

### **2. What more could the Mayor do to support London boroughs delivering affordable homes in the future?**

The Mayor's grant regime has been crucial to affordable housing delivery but new rates need to factor in rising build and borrowing costs going forward. One challenge we face in Wandsworth is the 'fast track' process that developers can now use to avoid an open books viability assessment as this hampers the negotiating power of local authorities to secure more affordable housing on high value sites particularly when the priority is social housing. In regard to homeownership products, historically Wandsworth for a long time prioritised SO/IMR in S106 and delivered significantly more SO/IMR products than it did social housing. The Council has always had concerns that the GLA's adopted maximum household income for low cost for sale intermediate housing is £ 90,000 pa. This income limit is way above the average household income of most of the households on the Council's home ownership register.

Outside of SO/IMR products, policies that intervene in the market to stop first-time buyers being squeezed out by speculative investment purchasers and buy-to-let landlords are important if we are to support younger people in home ownership. The Joseph Roundtree Foundation have suggested building on the success of the Stamp Duty Land Tax surcharge on investor purchasers, increasing this by at least double to further disincentivize speculative investment, and remove tax breaks on short-term lets.

The Mayor should also lobby for Councils to have the ability to set the rules about who can buy properties in particular areas. In Wandsworth we have seen sites sold abroad before they are even built. Such rules could be used to restrict investor activity where high demand for second homes or low demand is fuelling exploitative lets and ensure that first-time buyers are prioritised.

### **3. Does the borough have any strategies or initiatives to support people onto the housing ladder, in particular, those aged under 40? Are there any innovative approaches that you have taken or considered to develop affordable homeownership products for young people? For example, supporting Community Land Trusts or Pocket Living.**

The Council does not have any designated policies or low cost home ownership products that are specific to households aged under 40, but does have adopted policies and has delivered schemes that are attractive and/or affordable to households on more limited household incomes.

As mentioned the GLA's position of household income of £ 90,000 pa. has been a challenge regarding real world affordability. In light of this, the Council has an agreed arrangement with the GLA that for the first three months of marketing , 50% of such homes have to be affordable to households with gross household incomes of no more than £ 56,200 pa. Whilst ideally we would want to seek lower households incomes, we recognise that a balance has to be struck between creating better affordability whilst not reducing the gross development value of schemes to significantly that helps cross subsidise the delivery of other more genuinely affordable housing to meet greatest housing need.

In previous years, the Council supported a Pocket living scheme in the borough that had 89 pocket homes of which 53 were sold at a discount to open market values to first time buyers.

A housing association has also recently completed a London Living Rent scheme in the borough.

#### ***4. How do you prioritise and allocate intermediate housing in the borough?***

The Council has a dedicated home ownership team who maintains a waiting list for households who live and/or work in the borough. The team provided lists of interested households from the waiting list to housing associations or other housing providers for any intermediate housing products during the three month exclusive marketing period the Council has for households living and/or working in the borough.

The Council also prioritises households for such homes as follows:

Wandsworth Priorities - Category of Applicants	
Priority 1	Wandsworth Council tenants with a recognised medical need or living in overcrowded conditions and having a minimum of 150 points in the transfer queue, decants, essential repair cases, tenants under occupying and homeless persons.
Priority 2	All other Wandsworth Council tenants and tenants of registered providers currently occupying property within the Borough and serving armed forces personnel.
Priority 3	First-time buyers who currently live within the Borough and Wandsworth Shared Owners needing to move to a larger property and keyworker employees including those coming to work in the Borough.
Priority 4	Existing Wandsworth homeowners who need to move, whose household income is less than £60,000 per annum and who cannot afford to buy on the open market. SSA employees and first-time buyers who work in Wandsworth but do not live in the Borough.
Priority 5	Wandsworth Shared Owners without a recognised need to move.

Priority 6	Applicants with a local connection* but do not live or work within Borough.
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***5. Does the borough have an intermediate housing needs register? If so, can you share any demographic information relating to the register? The Committee is particularly interested in age, whether applicants are single or in a couple, and if they have any dependents, but would welcome any other demographic information.***

Yes see above. The current home ownership waiting list has 4,951 households registered. In terms of breakdown of that list:

2,177 applicants are below the age of 40. Their bedsize requirement in terms of their household need is as follows. (We are unable to filter from the database the household composition of each applicant but generally 1 beds are sole or childless couple households and 2 bed+ couples with children and sharers).

*1 bed – 1,785*

*2 bed - 312*

*3 bed - 74*

*4 bed - 6*

It should be noted that since the pandemic many households seek homes above their bedsize need, to address the requirements of working from home.