

**LONDON BOROUGH OF TOWER HAMLETS**

**MINUTES OF THE HOUSING POLICY AND AFFORDABILITY COMMISSION**

**HELD AT 6.00 P.M. ON WEDNESDAY, 16 DECEMBER 2015**

**MP702, 7TH FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE CRESCENT,  
LONDON, E14 2BG**

**Members Present:**

Mayor John Biggs (Member)	Mayor
Councillor Rachel Blake (Member)	(Cabinet Member for Strategic Development)
Councillor Sirajul Islam (Member)	(Statutory Deputy Mayor and Cabinet Member for Housing Management & Performance)

**Expert Panel Present:**

Yvonne Arrowsmith	East Thames
Duncan Bowie	University of Westminster
Sarah Sackman	Francis Taylor Building
Faraz Baber	London First
Alastair Baird	Barratt Homes London
Apologies	Dan Hopewell - Bromley By Bow Centre

**Officers Present:**

Jackie Odunoye	– (Service Head, Strategy, Regeneration & Sustainability, Development and Renewal)
Alison Thomas	– (Head of Housing Strategy, Partnerships and Affordable Housing – Strategy, Sustainability and Regeneration, Development and Renewal)
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Martin Ling	– (Housing Policy Manager)
Tom Scholes-Fogg	– (Housing Commission Clerk)

**1. DECLARATIONS OF PECUNIARY INTERESTS**

The Chair asked Members and the Expert Panel to whether they needed to make any declarations of pecuniary interest. Mayor Biggs stated as Executive Mayor he was the sole shareholder of Tower Hamlets Homes. Councillor Islam stated he was a council housing tenant. Expert panel members stated they represented one of the following organisations: Barratt Homes, East Thames Homes, the University of Westminster, and London First.

## **2. WELCOME - JOHN BIGGS - EXECUTIVE MAYOR**

Mayor Biggs informed the Commission that the aim would be to increase transparency, shape housing policy, and respond to the growing housing crisis by looking at social housing, opportunities for key workers, aspiration for home ownership, and the relationship with developers.

He added that with rising prices and benefit changes, people across the Borough are being priced out. The Mayor added that with the price of land going up, and with the demographic of the Borough changing, The LB of Tower Hamlets (LBTH) must do its bit to mitigate the crisis and help the homeless. Mayor Biggs went on to say that because of the benefit changes, many homeless people in TH were housed outside of the Borough, away from friends and family, simply because of the price of property and the growing demand.

## **3. INTRODUCTION TO THE COMMISSION - CLLR RACHEL BLAKE**

Councillor Blake, Chair of the Housing Affordability Commission, introduced herself and pointed Members of the Public to the terms of reference which were handed out. A copy of which is on the website [www.towerhamlets.gov.uk/housingcommission](http://www.towerhamlets.gov.uk/housingcommission)

Cllr Blake stated the Commission would set the scene for addressing the housing crisis in TH, and aim to address all types of households and the challenges across the Borough.

## **4. PRESENTATIONS**

Martin Ling, Housing Policy Manager, LBTH, delivered a presentation to the Commission, a copy of which is on the Commission's website. In the presentation, Mr Ling highlighted the rising population of the Borough and the projected population increase in the coming years. He stated that the increase in population will further impact the housing crisis in which Tower Hamlets is already in.

The number of social housing lettings had reduced over the years as a result of right to buy, and not being able to replenish the housing stock, and people and families not being able to find the most suitable housing to meet their needs, this has led to a high demand for social housing with people waiting for years on waiting lists.

In terms of the projected housing growth, the Commission heard that there were opportunities in Tower Hamlets that other London Boroughs would not have. It was forecast that the cumulative unit delivery would rise from 1,642 in 2015/16 to 52,984 in 2035/36

The Commission looked at examples of housing for sale within the Borough, and were informed that the cheapest housing for sale seemed to be a one bedroom ex-Council flat in a high rise tower block which was for sale for £300,000. Mr Ling talked the Commission through the local housing allowance and the amount awarded to residents. For a single person this amounted to £102 – with the average renting price at a minimum of £130 rising to up to around £1,000 a month. This has led to people being priced out and in some cases being forced to move out of the Borough altogether. There were instances where families were having to share a house or flat in order to avoid being homeless.

The Commission heard that there were different definitions of affordability and TH would need to consider what affordability was and what it meant. Mr Ling added that it was clear the Government's agenda was centred around a drive to extend home ownership as much as possible.

## **5. QUESTIONS AND COMMENTS FROM THE EXPERT PANEL**

Members highlighted the importance for the Commission to explain where Tower Hamlets is strategically with dealing the housing crisis in relation to London and that the housing cost issues in the presentation were similar across the capital and were impacting on the capital's ability to compete as a world city as companies were having difficulty retaining staff. Concern was also expressed about planning charges and the impact on delivery of affordable housing.

It was also important to look at affordable rents and was concerned that the borough's guideline rents were too high. Concern was expressed about the government's emphasis on the delivery of new Starter Homes (Homes for first time buyers under 40 at 80% off market values) which would also impact on delivery.

Demand for shared ownership housing also needed to be recognised, as set out in the presentation this form of tenure has proved a more affordable secure option for people on medium incomes and there is high demand across London.

The Mayor said he believed that landlords did not want to deal with people who were on benefits which is causing an additional strain on the housing crisis in the Borough.

## **6. QUESTIONS AND COMMENTS FROM RESIDENTS REPRESENTATIVES**

### **Phil Sedlar - LB Tower Hamlets Federation of Tenants and Residents Associations**

PS stated that Right to Buy had hardly been mentioned by the Commission and in the presentation. He added the policy was disastrous as the money generated from the right to buy sales went to central government rather than the councils which had built the housing stock in the first place. The resident

stated 40% of TH residents were at the poverty level, and that housing should be as important as social services.

He also put forward the view that there needs to be consideration of the best use of existing social housing in the Borough where the majority of people in housing need will be rehoused and which has benefitted from the Decent Homes programme.

He was concerned that the 4000 new homes per year that the Mayor of London expected LBTH to build would not meet local need.

### **LBTH Private Renters – Glenn McMahon**

GS stated that some people who earn £30,000 a year were in shared accommodation because they could not afford to buy their own house or flat. He added that there was no control over rents and what landlords could charge people for living in their properties. The resident said it was his belief that rents on council housing should be capped.

He described how couples with children were increasingly having to share accommodation in the borough and whilst recognising that there unlikely to any rent controls introduced to the private sector, the Council could work to improve conditions. He also suggested that the Council should consider setting up a not-for-profit lettings agency which could reduce costs for renters.

A member of the public asked how much a mortgage would be approximately based on some of the house prices examples in the presentation delivered by Martin Ling. Mr Ling advised that it would all depend on the interest rate which is currently very low however the house prices in the presentation were taken from Zoopla the week before the Commission's meeting. He said he believed that at some points interest rates may rise and mortgage costs would increase.

Another member of the public stated he worked in a school and had a disabled child, yet his salary would not allow him to move house or to even get a mortgage. He said those earning £20,000 or £30,000 a year had no chance of getting on the housing ladder.

## **7. DISCUSSION ON KEY ISSUES LED BY THE CHAIR**

Members of the Panel and Expert Panel along with contributions from the public engaged in a discussion on the key areas of housing policy.

### **Affordability**

There was agreement from the Panel and the public that truly affordable housing was needed in Tower Hamlets. Some Members stated it was important to have a local definition of what was affordable, particularly given the high numbers of families and single people living in poverty in LBTH.

It was stated that the current definition of affordable went against all previous guidance as 30% of net incomes for the lowest quartile had disappeared.

The Mayor added that the Commission and the Council needed to have several different categories of affordability in order to take into account those on different income brackets. A key outcome of the Commission would be to decide what we can do with the Council's own resources and be pragmatic with our own supply.

### **Land and Developers**

Concern was expressed that Tower Hamlets high housing target could only be met through the development of High rise blocks in areas such as the Isle of Dogs and that consideration should be given to zoning areas for affordable housing.

It was further suggested that as councils and social housing organisations had to compete with private landlords and developers, who can afford to pay more money for land and then build and sell properties for high costs, it is those who need social housing who are being left out.

It was also stated that the use of land was critical and there was no point building houses if it is not meeting the need – in this case social housing in particular. The Commission was also informed that that there were risks developers would take where LAs would not, which is why it is often developers who were purchasing land rather than LAs and social housing providers.

It was also suggested that the Council should consider attracting institutional investment into the market in order to potentially provide more affordable and more professionally managed rented options.

Concern was expressed over the use of viability tools to determine the levels of affordable housing and that Local Authorities should set targets based on evidence and negotiate to ensure that sites deliver the required amount of affordable housing.

The Mayor stated LBTH needed to look at the land the council already owned, and to ensure private landowners' rights are also considered.

### **Local Authorities**

One Member believed Local Authorities (LA) needed to challenge the Mayor of London when it came to house building. There was consensus that LBTH needed to be certain and clear about what it wanted and what it could realistically achieve. Some Members believed local plans needed to be ambitious and be compatible with the London plan if they are to stand a real chance of being implemented. The Chair advised that the target in TH was to build 4,000 homes a year.

### **Rents and Benefits**

Some Members believed that TH was effectively subsidising rents to private landlords; however another Member said rents should be linked to what people earn.

One Member stated she believed some families in TH believed shared ownership and shared accommodation was the only option if they were to continue living in the Borough.

### **Skills**

It was recognised that there is a skills shortage including builders, plumbers, bricklayers and carpenters across London . This was having an impact on house building across England. An Officer agreed with this point, adding that the skills shortage was pushing up building costs.

It was also suggested that the Borough should consider encouraging more use of Modern methods of construction in order to reduce potential costs.

### **The Crisis**

One Member of the Panel stated the housing crisis was as a result of the decades of failed policies by central government since the introduction of the Right to Buy.

## **8. CLOSING REMARKS**

### **Members of the Panel made closing remarks which included:**

The importance to work with the new Mayor of London when he or she is elected in May 2016, and to have a relationship both with the Mayor and with City Hall.

The need to remember the housing crisis is affecting people and families from a variety of backgrounds and income brackets – the old and young, and working and middle classes.

## **9. DATE OF NEXT MEETING**

The Chair stated the date of the next meetings would be 18<sup>th</sup> January 2016 and 10<sup>th</sup> February 2016.

The meeting ended at 8.00 p.m.