

Affordability Commission

Cabinet – 10/05/2016

Appendix 4 – Submissions to the Affordability Commission

1. Tower Hamlets Tenants and Residents Federation
2. Tower Hamlets Renters
3. Ms Cate Tuitt
4. The Peabody Trust

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SUBMISSION TO AFFORDABILITY COMMISSION

We are grateful to have had the opportunity of taking part in the recent first session of the Affordability Commission set up by the Mayor of Tower Hamlets, and look forward to continuing to play an active role in its deliberations.

It was very evident on December 16th that there was a considerable divergence between the experience of local residents who were present and that of some members of the panel. It was disappointing that it was not felt necessary to have people who live in the Borough represented on the panel of experts, or indeed that there was nobody from key workers – in health, education or the local council – who would have had something to say about high rents making it difficult for them to afford to live in the Borough.

Be that as it may, we welcome the debate on affordability, and hope that some progress can be made in mitigating at least the worst effects of the plethora of Central Government attacks on those of low and middle income.

The 'Right to Buy' policy, while initially popular, has surely become the most harmful social policy in recent memory. This, coupled with the pressure to give away council housing stock to social landlords, has resulted in the Council not having control over many of the homes that it previously owned.

The fact that all major political parties have accepted the neo-liberal consensus that the private sector is both more efficient than, and preferable to, public ownership and that council housing should only be available as a last resort, has resulted in governments in the last thirty years, of whichever political stripe, reducing to a nugatory level the numbers of new council homes being built in this country.

The Housing and Planning Bill presently going through Parliament will only make things worse.

Members of the Panel and Councillors will be only too aware that the powers of local government have steadily been whittled away since 1979, and the finance available to sustain a decent quality of life for residents has been similarly diminished. Any recommendation of this Commission can only scratch at the surface as real power at the local level is exercised elsewhere.

Within these somewhat depressing parameters, it is nevertheless possible to see the occasional chinks of light....but not many!

Planning law has been loosened for developers and tightened for councils. Even so the more outrageous projects can be opposed, amended and maybe stopped. We are encouraged by the

sterling attempts of the Tower Hamlets and Hackney Councils to block the Bishopsgate Goodsynd Development, and we hope that this will be extended to other projects that are clearly unacceptable.

We are of course aware that the London Mayor has set a target of four thousand homes per year to be built in Tower Hamlets. This has implications regarding the environment, the sizes of homes and rooms and the inevitability of unacceptably high tower blocks. More even than these issues however is the question of exactly who will be able to afford these new homes.

This is crucial to the deliberations of this Commission.

The word 'affordability' has been airily bandied about, and I will return to this later, but this word has also been used by actual and putative developers to explain why they are unable to build anything like the number of homes that we and the Council would like for social rent. Target percentages have slipped from the fifty per cent from Ken Livingstone's time as Leader of the GLA to an initial thirty percent 'affordable' by Mayor Johnson, and to something under ten per cent that developers claim to be the most that would be affordable for them to be able to undertake any project. It is noteworthy that the GLA has in recent years actually exceeded its Londonwide target for market and intermediate new homes, and missed by a considerable margin those for social or even 'affordable' homes.

Not only this, but neither councils nor any other 'outsiders' are permitted to see the evidence on which this is based. The contrast for instance between the forty-nine percent that LBTH felt would be viable on the Bishopsgate Development and the ten per cent that the developers cited does suggest that a lack of transparency could mask higher profits. We would urge the Council to insist on seeing evidence before accepting any figures.

The obvious question now arises as to what would indeed constitute a genuinely affordable rent for those who wish to live in Council or Registered Providers' homes. If we simply look at the market rates, it will be recognised that these do not even begin to match the level of income of most local residents. The imposition of eighty per cent or sixty percent of local market rents will result in poorer people being forced to move out of the Borough with only those with high or very high incomes being able to stay.

And here we come to the crux of the matter. Because housing is now considered to be a commodity rather than a right and the supplying of same not part of the responsibility of government towards its citizens, there is little or no attempt to link the supply of new homes to the ability to pay. We recognise that any proposal, as was attempted by the previous Administration here in Tower Hamlets, is almost certainly to be vetoed by the London Mayor, the courts or Central Government. It is unclear what the position will be of the new London Mayor to be elected in May.

Our view, which we urge will be strongly campaigned for by the current Council, is that, given the skewed nature of incomes, rents should be linked with the median household income within the Borough. A figure of thirty per cent has been suggested, and this would seem to be reasonable. This would of course have implications for the finances of all suppliers of social housing, and could almost certainly only be implemented if Parliament were to compensate councils for what would be a sizeable drop in their incomes. This could be done by increasing Central Government grants and/or raising the amount of housing benefit payable. Neither of these seem feasible given the commitment to austerity of the ruling party in Westminster. However, it cannot be equable for residents to have to pay fifty percent and more of their incomes simply to have a roof over their heads.

The question of land ownership is also of importance, and where the Council owns land that it is making available for development, it must ensure that it properly ascertains the market value and drives as hard a bargain as possible with putative developers as this may well be one of the few

areas in which the Council holds a few high cards. This is not a question of maximising the cost to the developer when purchasing the land so much as insisting on fifty percent of homes built on that land being social housing. It is for the developers to make this work, and this suggestion would provide the clarity and certainty that apparently the developers require.

The exploring of the possibility of more land trusts in the Borough has some attraction, but needs close monitoring.

A final issue that we would like to raise is preventing the loss of social housing on any estate development that involves demolition and rebuilding. It should be Council policy that there should be a net gain of social housing when homes are demolished and newbuild undertaken; this is a crucial consideration if the numbers of social-rent homes are not to be diminished.

We are very conscious of the fact that there are many other relevant matters that need discussing, of which the deleterious effects of the changes in benefits, the parlous plight of private renters (on which my colleague Glenn McMahon is writing to you separately) and the lack of LBTH control over the myriad of 'Opportunity Zones' are but three, but hope that these brief remarks will be helpful as the Commission moves towards making its final report.

Phil Sedler (Chair, TH Fed. of TRAs)

January 2016

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Affordability Commission response

Firstly, thank you for the invite to speak and inform Tower Hamlets Affordability Commission. Private renters are generally a forgotten people within state bureaucracy - for a variety of reasons and as demonstrated by their absence in the Commission's briefing notes – despite being in the most need of support and legislation and making

Affordability in the PRS

With 49% of Tower Hamlets household annual incomes less than £30k and 17% less than £15k, and annual average rents ranging from £16.5k for a one-bed to £27.5k for a three-bed, it is fair to say the majority of the borough would find private renting unaffordable by any measure. Meanwhile rents are increasing by more than inflation with the council reporting a 17% average increase in 2013.

The GLA figures state a household on less than £40k should pay no more than 25% of their income on rent. More widely 33% of income is accepted as the target percentage of income households should spend, but if London could achieve a reality of no private renting household earning less than £40k paying no more than 50% of their income on rent, that would be a huge step forward and maybe a more realistic goal.

As already stated, case studies used in the briefing notes do not include figures for private rents, but if they did, not one of the scenarios would be affordable to private renters. Using the case studies we found that as private renters they would pay between 52% and 103% of their income on rent as compared to between 46% and 82% on an 'affordable' rent.

If we are concerned about affordability in the social sector we should be even more concerned about it in the PRS.

Quite clearly private rents either need to be capped by some method or at the very least stabilised until they fall into line with affordable or even social rents. Alternatively there needs to be enough social housing to cater to all who need it.

The reality for many private renters is that those on low to middle incomes are increasingly living in overcrowded conditions, living in shared accommodation into increasingly older age and cutting back on spending wherever they can to the detriment of their welfare and quality of life.

They are being forced to cut back on living expenses including basics such as food and heating, to move away or face homelessness – whether on the streets or more likely living on sofas, or temporarily housed by the council in hostels or B&Bs.

The only reason the consequences of unaffordable private rents is not more graphic is that private renters are having to become more resourceful to reduce their costs and stay in London and off the streets: letting out front rooms as bedrooms, single people and couples sharing rooms in shared accommodation instead of getting their own place or having their own room, and even renting out cupboards under the stairs (I kid you not).

The only credible solution to this long out-of-control situation is of course for firm rent regulation to be implemented (in whatever form) and for vast amounts of social or 'affordable' housing to be built and be primarily allocated to local people. The former is beyond local authorities, but councils could do far more to oversee an increase in social/affordable house-building including as well as protecting what we have.

For a start councils could be far more demanding of developers that seek to build on public land. It shouldn't be sold off to the highest bidder, rather to the developer who promises the most affordable housing.

Single people and couples without children

One group that are routinely overlooked are private renters on low incomes and without children. Clearly families unable to afford private rents or to buy their own home should be prioritised when allocated social housing, but until what age is a single person or couple without children expected to live in shared accommodation before the state offers support?

Their situation is compounded by the completely unacceptable and shockingly low shared accommodation Local Housing Allowance rate of £102/week. Typical room rates start at around £160/week based on typical rates on Rightmove.com. The shortfall is being made up from money that should be going on food and bills and maybe a little leisure.

The shared accommodation LHA rate should reflect the average (by whichever calculation) cost of a single room in the borough and the Council should urgently seek to address this.

For those over 35 years old this is an incentive to get a far more expensive bed-sit or one-bed flat where they can claim up to the full housing benefit entitlement, and so, costing the state significantly more.

Is it reasonable to expect 50 and 60-year-olds to live in shared accommodation typically with people in the 20s and 30s with very different lifestyles?

The council could consider making bed-sits and one-beds aimed at such a group part of the affordable offering in new builds.

Letting Agents

An additional factor that negatively impacts on the affordability of renting in the PRS is letting agents. While many amateur landlords may be happy to have the same rent-paying tenants in their property for as long as possible and only occasionally increasing the rent by inflationary amounts, it is in the interest of letting agents to see a regular turnover of tenants to maximise the fees they get paid and to push rents as high as they can.

And then there are the fees. It is now pretty much standard practise for agents to charge for every process they carry out meaning two people moving into a property can pay £900 up to in fees in Tower Hamlets (based on research TH Renters undertook). The tenants will then have to pay up to another £150 every six months to renew the tenancy or go through the whole process again. These are hefty sums for those on middle incomes, but for those on lower incomes whose every penny is already allocated to living expenses they are crippling.

The pernicious effect of letting agents is an area the council could attempt to address through setting up an agency of its own. It would not be an easy process and should start off small until a working model is established, but by smart marketing as well as taking advantage of other available policies – such as licensing, management orders, and enforcement orders – to boost uptake by landlords it could work well. Tower Hamlets Renters has written a draft document on how this could work. The net result could be lower rents through lower commissions, by it being non-profit and by not encouraging excessive rent increases or charging fees. It could also offer longer tenancies to trusted tenants.

A further issue, and one that may not come under affordability, is letting agents as gatekeepers to housing in the PRS. Agents are increasingly demanding more and more paperwork before granting a tenancy. This includes employer and landlord references, six months of bank statements, incomes way higher than necessary to cover the rent and refusing benefit claimants.

If there is no availability in the social rented sector and letting agents exclude anyone on less than £30,000 without a guarantor or without a 'stable' job, many Londoners will find it increasingly difficult to find a landlord that will take them - except maybe those who seek to take advantage or demand even higher fees or deposits. Alternatively they may be forced to leave the city to parts of the country with lower demand.

Protecting what we have

With new Housing and Planning Bill going through parliament this will likely become more difficult, so the council must become more robust and imaginative in its approach to planning and building.

Ultimately most private renters on low to middle incomes would love to move into social housing, but as we know there is not enough. However, the council could be doing a lot more to protect what it has whether controlled by THH or HAs.

That means not overseeing a loss of social housing on existing estates which we are seeing repeatedly. That may mean stipulating to the planning committee and officers the importance of protecting social housing as well as highlighting the planning law that allows them to do so. I don't say this lightly, but on the basis of witnessing committee ignore planning law and/or accepting incorrect information from planning officers.

An estate that sees 100 social homes demolished that is then replaced with 80 affordable homes and 160 homes for private sale is not a victory for the borough, but a loss. It is not a development with 33% affordable homes, but a development with a 20% loss of social homes.

No redevelopment of an estate (whether transferred to an HA or not) should see a loss of social homes under ANY circumstances – this should be an absolute red line, and every development on public land (whether an estate, brownfield or other) MUST have 50% affordable housing. With that as policy the developers will know where they stand and can come back with their adherent tenders.

Selling public land for the maximum amount should not be the council's – or an HA's - priority, maximising the amount of affordable housing on it should.

Protecting from Right-to-Buy

Of course one concern for the council and, soon HAs too, is losing new builds to right-to-buy (RTB). A number of councils have looked into and set up companies or SPVs to build or purchase properties on the council's behalf that would then not be subject to RTB. TH Council should investigate the possibility and viability of setting one up itself.

Alternative Investment

The Council should also investigate alternative funding options. Barking and Dagenham Council recently secured a £150m loan from the European Investment Bank to invest in housing. Could TH do the same?

Summary

In these difficult times TH Council really needs to not only think imaginatively and 'outside the box', but also objectively: does a development provide the maximum amount of affordable housing for TH residents? If not the default is to reject it and not assume the legally baseless 'right to build'. The developers are not your friends. The council must decide what is viable – not simply suck up what it is told.

Separately the council, along with its friends at London Councils and in the GLA, should be lobbying and making the case for rent regulation or stabilisation in the PRS, because without it we will not only see more and more people forced from the area, but increasingly people's physical and mental wellbeing will suffer as they overcrowd, cut back on basic necessities and live in a constant state of insecurity.

Who knows what cost this impinges on the healthcare sector, however, Faraz Baber, from London First said the cost of housing in London is £5bn businesses a year to attract the staff they need to the city. I imagine that generosity does not extend to entry level and semi-skilled positions and so at some point if multi-nationals cannot employ the people they need, those that can will simply up-and-leave.

While TH cannot solve London's problems it can certainly work harder and smarter to address the borough's.

PROPOSALS TO THE TOWER HAMLETS COUNCIL CALL FOR SUBMISSIONS TO THE HOUSING AFFORDABILITY COMMISSION – JANUARY 2016

**WRITTEN EVIDENCE FOR CONSIDERATION FROM - Ms. CATE TUITT LLB (hons)
DipForSci APP Trustee East London/London community land trust. Trustee
Tower hamlets law Centre. Bethnal Green resident**

TERMS OF COMMISSION;

Acceptable rent levels affordable to people in LB Tower Hamlets identified by the Commission will to be applied to future housing development schemes currently in the pipeline and recommended for future approval including:

- Schemes built by the Council using its Right to Buy receipts
- Schemes built by Registered Providers using Council Right to Buy receipts proved as grant
- Open market ex Council properties acquired by either the Council or Registered Providers using Council Right to Buy receipts

The Commission will also consider current models for low cost Home Ownership.

The Commission will consider the impact of the proposals set out in the 2015 Housing and Planning Bill on affordability in the borough, particularly the Starter Homes initiatives and Pay to stay for high income social tenants and the Chancellor's autumn budget statement

SUBMISSION

The living rent model should be considered for all models of home ownership in the borough of tower hamlets.

SUBMISSION

Evidence suggests that there could be destabilization of local communities and social cohesion if the secure tenancies are ceased by proposals in the housing and planning bill. Due to the movement in residents and lack of established communities who will not stay to contribute to local economy and social and cultural contributions to the borough.

The mayor should work with London neighboring local authorities to better regulate the private rented sector through landlord registrations schemes and full law enforcement where breaches.

MODELS OF HOUSING

RESIDENT CONTROL

Resident controlled housing brings clear benefits in terms of better housing management, capacity building and community sustainability. They are a good form of affordable housing.

Councils should support and assist if local residents wish to set more up in the borough, the council should raise awareness of the model.

COMMUNITY LAND TRUSTS

Community land trusts, CLT's will have developed 3000 new affordable homes by 2020. They can be rented or purchased.

However with the right funding and support, we could see that triple. They are

not the only solution, but they need to be a much bigger part of the solution.

I am a trustee for the London community land trust, formally east London community land trust.

The first urban land trust in London. We are moving in soon our residents to the Mile end St. Clements land trust site that we renovated.

Models like community land trusts should be considered as part of low cost home ownership.

CLT's can bring forward land that would not otherwise be developed for housing.

They build homes that people can afford and will always be able to afford. They are based on what people actually earn in an area, and will remain affordable for this and future generations.

Prices of homes in east London CLT are linked to median income.

Total annual housing costs will be no more than one third of median income (currently £31,378)

CLT's create a resilient house building industry. They are small and medium sized providers of housing and are important customers to SME house builders.

They bring innovation to house building. They are not using the old tried and testes models of building housing, but take innovative approaches to raising finance and engaging people in housing.

Community land trusts make good places to live, They are more than bricks and mortar. They achieve environmentally friendly homes, green spaces, and communities, where people want to live.

They regenerate blighted places and failed initiatives, just like at St. Clements site that was empty for many years.

Community land trusts take responsibility and control of the future of their community. They are local organisations formed in response to local problems

and embody principals of communities taking control.

I am calling on the housing and affordability commission to make community land trusts a key part of the solution to the housing crisis in tower hamlets.

RIGHT TO BUY

If the right to buy was to be applied to CLT's, it would go against their basic aim of keeping homes affordable in perpetuity, would have a significant impact on the current supply of CLTs homes and would have a severely damaging effect on the CLT movement.

Therefore we would ask for your support on making CLTs exempt from the right to buy. That you will adopt the policy for all future governments that succeed the current national government.

Also as part of the wider community, there is a case for exemption for all forms of rental community led housing to be exempt.

Most CLT-Housing association at present is exempt following the September 2015 deal which was agreed between housing associations and the government. This means that the right to buy will now be taken forward through policy guidance and will be outside of legislation.

The risk to right to buy legislation over – riding section 106 agreements and their requirements for community land trust homes to be affordable in perpetuity has therefore been avoided.

However, the deal still would mean whilst a CLT won't have to sell their homes. There is a requirement to support the tenant to buy an alternative property including from housing associations.

I am submitting that the tower hamlets housing and affordability commission, work to ensure that where a CLT has granted a housing association a long lease for the CLT properties, the tenant cannot use the Right to buy to purchase the

long lease from the registered housing association and then purchase the freehold from the CLT under leasehold enfranchisement. Partnerships are developed on exception sites and are subject to S. 106 agreements that require homes to be kept affordable in perpetuity. Thus preventing sales through the RTB.

It is legally clear S.106 agreements won't be over ridden by the **housing and planning bill 2015**, and in fact could only be varied by the consent of all parties, one of which is the CLT.

(Wessex clt project has sought legal advice on a new clause for CLT housing association leases to prevent tenants of partnership schemes being offered right to buy, by the housing association, without the consent of the CLT.

A statutory definition is needed of CLT on the face of the Housing and planning bill.

RIGHT TO BUILD

I am calling for the extension of the right to build to community led housing organisations. The proposed right to build is welcomed and could be a significant boost to the community led housing sector.

However the government's definition of 'group custom build' excludes some forms of community –led housing, including community land trusts.

I propose that community land trusts are included in the definition of group custom build in tower hamlets council housing policy. Further that you support the proposal for the government to amend and include it in the legislation. **Self-build and Custom Housebuilding Act 2015**

STARTER HOMES

This initiative appears very short term and will no doubt I feel reduce the delivery of other forms of affordable housing in the London borough of tower hamlets.

Presumably the urgent starter home requirement will over ride some local plans and the application of affordable housing policy.

Is the 20% discount genuinely affordable in tower hamlets? 15.7.17 20% discount

Right to buy diminishes the supply of affordable housing for rental. Not affordable in perpetuity as when sold, they are at market prices. Only affordable once. Hence not a long term strategy to the housing crisis in tower hamlets. Also not giving generations of residents the opportunity to live and grow up their families in the area where they have extended family and close ties.

The local plan and any policy would have to take into consideration the impact of this legislation on the longer term of the borough and residents needs in projections of population growth.

PAY TO STAY – HIGHER RENTS FOR HIGH INCOME SOCIAL TENANTS

At present, Aprils increases are determined by the retail price index (RPI) The previous September plus 0.5 in addition, landlords can vary the figure by plus or minus £2 per week in order to hit a target rent.

The payment of market rent, rather than a social rent, I don't feel is the mission for the council and the housing stock that is owned by the council should be set at social rent.

However income – based systems, in operation in other countries may be far from simple. But they are fairer.

Furthermore if there are differentials then it should be based upon the size of the property and other considerations like if it has a garden. Or is a house or flat.

From 2015, increases were still based around inflation, but generally lower consumer price index (CPI) figure, plus 1%.

I still have doubts that this formula CPI plus 1% will mean as much rent income for landlords such as the council.

The government will save the treasury have shown at the spending review £735m in housing benefit payments by 2017/18 as a result of the change.

That's suggests rents will be lower.

So the impact of the new formula will hit hard on tower hamlets over the next decade. There is also the cost of collecting data from current existing residents in occupation of the council to find out what they earn.

I support the regular rent reviews by the local authority. However lower and affordable stable rents are essential for tenants to be able to live and thrive in their homes in tower hamlets.

The other argument that you will be faced with is that the benefit system is designed to keep people out of poverty, and once incomes go above benefits level, rents should be income related.

HOUSE BUILDING USING COUNCIL RIGHT TO BUY RECIEPTS

The impact of the lower rent income, and also from the sales receipts will mean that fewer homes can be built over the period n tower hamlets.

Therefore the rights to buy receipts are even more crucial to the long term building and sustainability of the borough in tower hamlets.

The census data shows that we are targeted for a rapid population growth.

Provision of housing to meet the needs of residents is vital for our borough to thrive and therefore you should ensure there is a house building program that gives us confidence in you.

If the council does not spend them within three years then they will have to return them to the government for reallocation.

30% of the maximum that can be used so astute fiscal discipline will be needed to

find the 70% yourselves to fund building new properties.

The investment required is making it very difficult for tower hamlets to fund replacements on a one to one basis from selling homes under the right to buy.

There should be a full review of the way the receipts are distributed by the government. Which I would submit should allow a change in the rules allowing the mixing of government grant with right to buy receipts so housing association and community led housing organisations could be given the funds to build homes,

CO-OPERATIVE HOUSING

Cooperative housing should be part of the options for low cost housing. Housing co-operatives bring benefits like the tenants control of rent, within their co-op financial framework.

FINANCE AND CO-OPS

Cost effective and provide better value for money than other models of housing.

Tenants control value for money. I.e. The balance between the quality and cost of a service.

Any surpluses made by the co-operative can be used by the co-op to improve housing stock.

Tenants control rent arrears.

Tenants control service charges.

The savings and benefits more than outweigh the set up costs.

All decisions are democratic, made by the members.

QUALITY OF SERVICE

A flexible model, capable of delivering housing services which compare with the best of mainstream providers

Tenants control the quality of repair service by choosing the contractor who carries out repairs.

Tenants control the quality of management, because managers are directly accountable to them.

SOCIAL

Housing co-ops build communities where people know and assist each other.

Housing co-ops can reduce vandalism and anti-social behavior.

Housing co-ops often organise other services for members, such as child care and social activities, which

Benefit community cohesion and the wider neighbourhood. Supports local services and provides self-sufficient communities.

PERSONAL DEVELOPMENT OF RESIDENTS

Housing co-ops create opportunities for people to develop new skills which are useful in other walks of life. Which benefits the borough capacity?

They create opportunity for members to use their skills which would otherwise go to waste,

Housing co-ops reduce dependency and give people a stake in where they live. Creating a sense of ownership in that area.

They therefore should be considered as a model by the commission to be developed further in the borough.

Thankyou for your invitation to contribute. The time in reading and for considering my proposals and submissions for evidence to your commission.

Sources:

Department of environment "Tenants in control"; AND EVALUATION OF TENANT
LED HOUSING MANAGEMENT ORGANISATIONS

Journal of co-operative studies

Price Waterhouse

Models of resident controlled housing – Housing Corporation by the office for
public management (OPM)

Community land trust network / Housing It's in our hands

Cate Tuitt

February 2016

About Peabody

Peabody has been creating opportunities for people in London since 1862.

Peabody was established in 1862 by the American banker and philanthropist, George Peabody. Our mission is 'to make London a city of opportunity for all by ensuring that as many people as possible have a good home, a real sense of purpose and a strong feeling of belonging.'

We work solely in London, with a presence in the majority of London boroughs. We own and manage around 27,000 homes, providing services to over 80,000 Londoners. This is set to grow with 8,000 new homes planned across the capital, meaning Peabody will provide a good home for one in every 100 Londoners. Every penny that we generate from sales on the open market is reinvested into providing more affordable homes and building thriving communities – expanding George Peabody's founding mission to more people than ever before.

As well as bricks and mortar, we provide community programmes for the benefit of our residents and for people living in the surrounding neighbourhoods, including employment and training support; health and wellbeing projects; family support programmes; welfare benefits advice; and activities for younger and older people. We support over 23,000 hours of free-to-access community activities each year. This work aims to tackle poverty at its roots, supporting people to transform their lives and communities for the better.

Our social purpose

Our founder, American banker George Peabody, was a social visionary with views far ahead of his time. He was struck by the poverty he saw around him in his adopted home in London; and he wanted to do something about it. His vision and sense of social justice has shaped us as an organisation.

Today we continue to build on our pioneering history, adapting to the changing needs of Londoners with innovations in affordable, sustainable housing. This year we completed a housing strategy review of the homes we provide and who we provide them for. We found out about how residents view housing in London and what direction Peabody should take. We gathered the views of Peabody staff – from those working behind the scenes in Finance and Rents, to Neighbourhood Managers and Welfare Benefits Advisers. We held lively discussions with the Peabody Executive Team and Board. Undertaking analysis on different kinds of rents and affordability in London also helped us better understand the current challenges.

Over 22,000 of our homes are provided at low rents that mean they are affordable to low income working families. We also provide homes for key workers such as teachers and police officers, and others who could not afford to live and work in London without our help. Our work has shown that there is no standard definition of 'affordability'. For Peabody, affordability means that people are able to afford their rent and have enough left over to support a reasonable standard of living without being in poverty.

Our housing strategy review has led us to reaffirm our commitment to providing, and building more, homes at a low rent. At the same time there is now more choice than ever for people who need help with housing

– shared ownership and ‘rent to buy’ are just two of the new ways in which people can get a helping hand. As we build new homes, and refurbish older properties, we expect that our estates will have a wider range of tenure types and that this will benefit both new and existing residents.

Peabody homes can be found right across London, from Westminster to Walthamstow. We believe in creating communities where people from many different backgrounds and all walks of life can prosper. This means we will continue to provide homes at low and intermediate rents right in the heart of London, so that the people who help keep our city a great place to live can have a home here.

A general overview of Peabody homes and development activity in Tower Hamlets is included in the appendix to our response.

For further information, please contact:

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APPENDIX: PEABODY IN TOWER HAMLETS, September 2015

We currently manage 2,162 homes in the London Borough of Tower Hamlets. The majority of these homes (64%) are social housing for rent. We also manage a number of other affordable homes, including intermediate market rent, homes for keyworkers, and shared ownership properties.

Peabody stock in Tower Hamlets

Tenure	Number of homes	Proportion of homes
Social Rent	1162	54%
Affordable Rent	102	5%
Intermediate Rent	65	3%
Keyworker	174	8%
Freeholder/Leaseholder	36	2%
Market Rent	18	1%
Outright Sale	232	11%
RSI	52	2%
Shared Ownership	239	11%
Starter Home - Home Buy	11	>1%
Supported Housing	71	3%
Total	2,162	100%

Our stock is mostly located in the north of the borough. The largest Peabody estates in Tower Hamlets are the recently-completed Devons Road scheme in Bromley South and Carlton Square in Bethnal Green. The Devons Road estate is a mixed tenure development completed in late 2015 which comprises 91 rented homes, 35 shared ownership homes, and 133 private sale homes which are currently under offer.

Largest Peabody estates in Tower Hamlets

Name of Estate	Electoral Ward	Number of homes
Devons Road	Bromley South	259
Carlton Square	Bethnal Green	252
Whitechapel	Whitechapel	190
Shadwell	Shadwell	181
Victoria Park	Bow West	178

We have three current development schemes in Tower Hamlets. Each of these are mixed-tenure schemes which contain a number of homes for private sale to provide subsidy for the affordable homes.

Name of Development	Electoral Ward	Number of homes	Expected Completion Date
Three Colts Lane	St Peter's	45 homes	September 2016
Fish Island	Bow East	578 homes	August 2019
Goodmans Fields	Whitechapel	108 homes	Summer 2016

