

APPG for London

Minutes of the Annual General Meeting held on Monday 17 July 2023

Parliamentarians in attendance:

Florence Eshalomi MP (Chair)
Fleur Anderson MP
Lord Tope
Lord Best

Speakers:

Abigail Davies, Director of Housing Consultancy, Savills
Cllr Darren Rodwell, Executive Member for Housing, Regeneration and Planning, London Councils
Candida Thompson, Assistant Director of Housing Needs, London Borough of Newham and Chair, Pan-London Housing Needs and Homelessness Group
Ben Twomey, Chief Executive, Generation Rent

Also in attendance:

Officers from the Secretariat at London Councils
Colleagues from Sir Bob Neill MP, Abena Oppong-Asare MP and Munira Wilson MP's Office
Media: Local Government Chronicle, Inside Housing, On London
External Attendees from: Advice for Renters, BusinessLDN, Citizens Advice, Crisis, Greater London Authority, London & Partners, London Boroughs of Southwark and Waltham Forest, London School of Economics (LSE), London Society, National Housing Federation, Savills, St Mungos, Trust for London

1) Opening remarks from Florence Eshalomi MP, Co-Chair of APPG for London

- ~90% of Florence's case load is about housing – in terms of affordability, standards.
- Rents are 20% higher in London than the rest of the country. Renters experiencing increased demand. Constituents have reported of agencies asking prospective tenants to offer above asking price, and that they would be viewing along with 40+ others.
- Noted the Renters Reform Bill coming forward, particularly welcoming the end of no-fault evictions.

2) Presentation from Abigail Davies, Director of Housing Consultancy, Savills

- Highlighted the reasons behind Savills and LSE's research – To understand why there has been a decline in the private rented sector (PRS).
- Said there have been multiple factors driving this change.

- Rental listings (advertised properties) have decreased by 41% in Q1 2023 compared to the 2017-2019 average.
- The average tenancy time has doubled since 2009. Also seeing an increasing proportion of families living in the sector. 3 beds are mostly families. No objection to increasing length of stay, but it does reduce the number of properties that are newly available on the market.
- Inner London rents fell during the pandemic – while in outer London rents continued increasing broadly in line with trend. Rents now up 20% since the pandemic.
- Without factoring in the benefit cap, 2.3% of newly let properties in London are now affordable. 1.9% of listings were affordable in Q1 2023. This is also skewed because 1 bed properties are more affordable than 2-4 beds. Hardly anything affordable for families.
- 73% of buy to let mortgages are interest only. The practice of purchasing is changing.
- 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.
- Engagement with landlords showed that more were reducing their portfolio than selling. Landlords also moving away from letting for temporary accommodation (TA) and homelessness discharge via a local authority. Some are also letting to other agencies, particularly the Home Office due to their greater purchasing power.
- Policy and regulatory reforms are also causing uncertainty. Some smaller landlords felt they were being unfairly portrayed by the Renters Reform Bill.
- The reduction in the availability of new lettings will feel like decline.
- We don't think any of this will change soon. The report put forward a number of recommendations– to have a holistic strategy for the PRS and to also increase purchasing power by raising Local Housing Allowance (LHA).

3) Presentation from Candida Thompson, Assistant Director of Housing Needs, London Borough of Newham and Chair, Pan-London Housing Needs and Homelessness Group

- Noted that the issues around the PRS are compounding to make the situation the worst she has ever known.
- Over 166,000 people in London are homeless – London accounts for 2/3 of the national homelessness total.
- Homelessness presentation up 9.4% across London, in Newham it's 20%+. Particularly worrying is the increase in bed and breakfast accommodation.
- Noted that no council wants to be placing families in a B&B and (increasingly) commercial hotels, it is detrimental for families, but there is no other accommodation available.
- Highlighted the vicious circle caused by the reduction in new supply and the increase in the number of TA providers requesting back properties.
- Advocated for increasing LHA rates – Also encouraged incentives for landlords to work with the lower end of the market.
- If there is no intervention soon then the homelessness sector is looking at collapse. It is financially unsustainable.

4) Ben Twomey, Chief Executive, Generation Rent

- Statistics explain what Generation Rent are seeing – Ben moved from Birmingham and is paying twice the price for half the space.
- Rent in London for a one-bed flat 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.
- Private rentals are no longer a small part of housing stock, but a lot of people will be renting for a long time and we need to stop it being a second class system. It needs to be a more attractive offer, with increased rights.
- For renters, the largest concern as a result of the cost of living crisis is paying rent – not bills or food.
- Noted the need for the Renters Reform Bill to come forward and to deal with removing section 21 no fault evictions.

5) Cllr Darren Rodwell, Executive Member for Housing, Regeneration and Planning, London Councils

- We are in a perfect storm. At the stage we were at around the Greater London expansion.
- £28 billion being spent on housing benefit, but we're not building homes. Over 140,000 homes ready to be built but not investing enough in affordable housing.
- Need to make sure we're developing a more mixed London – Not acceptable to have a country where low and middle income people are living outside and having to travel in.

6) Q&A and Discussion

Fleur Anderson asked said there should be a London-wide look at addressing the problem of families moving into TA away from their local area and having to travel back, often spending all day in the area, because kids are at school. Also noted the potential perverse impacts of the Renters Reform Bill that agents and landlords say will impact on supply.

James Sandbach from Citizens Advice said that more and more landlords are asking for six months' rent up front and surcharges are increasing in many communal buildings.

Candida responded that councils would not choose to move people out of borough; difficult and can be legally challenged. Councils can only claim 90% of 2011 LHA rates for TA, which is a big gap against current rates – This a big challenge. London Councils has a TA working group and looking at other options such as financing and leasing, but difficult to stack up.

She said she supports the end of no-fault evictions, but there is feedback that some landlords might pull out of the market.

Abigail said that the government shouldn't avoid reform because of turmoil, but there are steps that could be taken to soften the landing. Most of the issue is uncertainty, so need to make landlords feel more comfortable (most don't need to use section 21 evictions).

Darren said all would agree that section 21 is good to get rid of, a blunt tool to punish people. Noted that in North East London closing 20 schools, but in Barking and Dagenham they need to build 2 a year because of the growth in population and movement of people to the area – problem is the lack of passporting of funding.

Ben said that landlords leaving does not make the homes disappear. Most landlords would agree that the changes are a good thing. Need to stop seeing the properties as commodities.

Lord Best said that when he started working in housing 30 years ago, council housing was 30% of the market and it's now 19%. Need to switch back, increasing social housing supply and reducing PRS supply.

He said that when he was working on the Affordable Housing Commission, they suggested a conversion fund. Switch the tenure from one to the other. Capital Letters was intended to be a part of this process. Landlords are now trying to get out – We should be buying these.

Darren said that councils are doing some acquisitions but need a mix of approaches.

ACTION:

Florence suggested a joint letter from the APPG for London to Ministers to encourage pace on the Renters Reform Bill.