

Social housing conditions in the capital

A London Councils briefing



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Introduction

London boroughs are proud social landlords. Social housing is a fundamental factor in the capital's success and vital physical, social, and economic infrastructure for London's future. It provides secure, affordable homes for Londoners on low incomes and who face barriers to accessing housing. Social housing helps tackle inequalities and is key to promoting inclusive economic growth.

There are over 800,000 social rented homes in London – accounting for 20% of the capital's 3,671,000 homes. London boroughs let around 390,000 of those social homes and have a crucial role as providers of social housing in the capital.

Boroughs are working hard to deliver more social homes. As private sector rents continue to rise and the number of available properties in the private rented sector reduces, London desperately requires more social housing in order to reduce the capital's high rates of

homelessness and to ensure London remains a liveable city for its communities.

However, London's existing social housing stock is under immense pressure. Too many social homes are in inadequate condition and tenants do not always receive the quality of support they need and deserve.

Boroughs are determined to improve conditions in their social housing. This is a momentous task – but one that boroughs are not shying away from.

The regulatory framework for the social housing sector is changing from April 2024, with local authorities having new responsibilities and the Regulator of Social Housing having greater enforcement powers. Boroughs are committed to making a success of these changes and to driving up standards for their tenants.



London's social housing challenges

The capital's social housing sector faces particularly acute pressures and tenants are seeing particularly poor results.

London accounts for 19% of England's social housing stock – but between April 2019 and March 2021, 57% of all damp and mould maladministration cases reported by the Housing Ombudsman (a formal decision against a social landlord) were in London.

London has a high rate of homes failing government standards on housing decency, with around a third of London boroughs reporting over 10% of their stock as non-decent. [The GLA has identified that 43% of social homes in the capital do not meet the Decent Homes Standard](#), with significant investment required to address this.

Research commissioned by London Councils also suggests the capital has a significantly lower level of tenant satisfaction than the rest of the country.

The state of London's social housing stock is a key factor driving these figures. London-specific issues include:

- Housing stock in the capital is generally older and less insulated than in other parts of the country.
- There is a higher proportion of tall buildings and flats, which makes maintenance more complicated.
- London has higher rates of overcrowding, meaning a greater number of residents sharing living and bedroom space.

There is also a desperate need for more social housing in London. The capital's housing market is broken and the chronic shortage of affordable homes is the key factor driving London's homelessness crisis – the worst in the country.

With 320,000 London households on waiting lists for social housing, boroughs are trying to deliver more homes while maintaining existing stock. However, boroughs face an extremely difficult financial context.

The funding squeeze

Boroughs' resources for addressing disrepair and regenerating their housing stock are extremely limited. This work cannot be done on the cheap – it requires significant investment.

The pressures on boroughs' Housing Revenue Accounts (HRAs) – through which all income and spending related to council housing stock must be recorded – are immense and look set to worsen in the coming years.

Social housing rents are regulated by central government and a limit of 7% was set for rent rises in 2023-24. This is despite market rents in London being four times higher than social or affordable rents charged by boroughs (the average market rent in London is currently £1,672 a month while the average local authority rent – a combination of social and affordable rents – is £474 a month).

The social rent cap policy leaves London boroughs with a near £700m black hole in their HRA budgets over the next four years. It also follows the four-year 1% annual rent reduction policy that was in place from 2016-17, as well as the financial impact of Covid-19.

The government has never compensated councils for this funding gap, which represents a substantial real-terms reduction in funding available for improving housing conditions and building new homes. It leaves most boroughs needing to make savings in their HRAs and curtailing investment in existing homes.

Boroughs use HRA budgets to pay for maintenance and repairs of their social housing stock, but also for delivering on ambitions to make homes zero carbon, addressing building safety issues, and developing new homes for the 320,000 households on social housing waiting lists in the capital.

The resources available for this work were already stretched. Boroughs are concerned budgets tightening even further will undermine their ability to tackle the key challenges facing London's social housing.



Boroughs are taking action

Each borough is working hard at a local level to improve social housing conditions in its community.

Boroughs are not shying away from the challenge and are determined to deliver faster improvements. This can be seen through dedicated investment into more responsive repairs services, training programmes for housing management staff, and use of new technologies to provide better support for tenants.

Boroughs are also collaborating at a pan-London level to help them secure better results for Londoners. This joint work includes:

- Publishing '[Delivering For Tenants: The Foundations of an Effective Local Authority Landlord Service](#)', showing local authorities' collective commitment to delivering improvements and achieving high standards.
- Helping boroughs to benchmark performance across boroughs' landlord services, as well as specific benchmarking on damp and mould issues.
- Sharing learning, promoting best practice, and developing high-level assurance processes.
- Working together through the [Retrofit London](#) programme to make homes in the capital greener, warmer, and more affordable.
- Speaking to the government with a unified, cross-party voice to highlight London's specific challenges and seek the funding support that will be vital to the improvements we all want to see.



Support needed from the government

Social housing's future will ultimately be determined by policy decisions at a national level. London Councils is calling on the government to:

- **Address the funding gap created by the 1% social rent reduction policy and 7% rent cap.**

Allowing the social housing sector to implement a catch-up period following the rent cap, or providing short-term revenue support to cover this shortfall, would enable housing providers to recover some of the funding needed for investment in essential services and improving standards while protecting tenants from significant short-term annual increases in rent. Future rent policy must ensure the sector is put on a sustainable financial footing.

- **Boost grant funding for the delivery of new affordable homes.**

[Research commissioned by the GLA](#) has shown that London would require an additional £4.9bn annually to deliver the number of affordable homes that London needs – more than six times the current funding settlement.

- **Remove restrictions on boroughs' ability to direct funds where they are most needed.**

Restrictions on the use of receipts from housing sales through Right to Buy mean boroughs are forced to give proportions of these sales to central government. The government's rules also cap boroughs' ability to combine the money raised from sales with other sources of funding, to reinvest in new development, or to invest in existing stock. This creates needless blockages in delivering new affordable housing and in boosting standards.

Boroughs want to see the restrictions ended. Every penny raised through Right to Buy sales should be available for boroughs to spend on building replacement homes in their community.

