



The future of affordable housing

Many housing association residents fear that property sell-offs and the economic downturn are threatening affordable tenancies

After years of insecure [housing](#), getting a Peabody flat provided me with the foundations on which to build a better life. Eighteen years later, I'm an author with two kids, still living in a Peabody property. Getting a mortgage seems pointless when home is a Georgian terrace in Islington, north London, with an 80-foot garden.

Sadly, cracks have started to show over the last few years. The estate office and maintenance queries now go through a call centre. Repairs can take months, the rent goes up above inflation year on year, and there is an ongoing dispute about why residents pay service charges when they don't have a caretaker service.

People paying exorbitant rents to a private landlord or stuck in negative equity may find these complaints laughable. Our rent is still way below the market rate, and properties tend to be in better repair and they are on estates with fewer social problems than their local authority equivalent. But many tenants are angry at the way the Peabody Trust is selling off properties, and are deeply concerned for its future.

Stella Hargreaves, 75, a Peabody tenant for nine years, protested earlier this month

outside the Peabody AGM at London Zoo, handing out leaflets and demanding answers about the direction in which the trust is heading. "It concerns me that Peabody is selling off properties and isn't building enough new ones," she says.

Hargreaves fears that Peabody overstretched itself buying land prior to the financial crash and is now stuck with negative equity. "A senior former Peabody officer told me he fears the Peabody Trust could vanish within 10 years," she says.

Stephen Howlett, Peabody chief executive, denies that the trust is selling off large chunks of its property, and claims it is well placed to weather the current storm. "Like many large housing associations, Peabody sometimes sells some of its homes in order to reinvest in the rest of its portfolio," he says.

Funding improvements

During 2008/09, Peabody sold 529 street properties plus 102 properties that were empty and economically unviable. To put this in perspective, it owns or manages approximately 19,500 properties, providing homes for more than 50,000 people. Howlett says a total surplus of £30.8m generated through the sale of the properties was used to fund improvements to existing properties, and an additional £10m was invested in building new homes.

Howlett also refutes as scaremongering the suggestions that Peabody might cease to exist. He says: "We have managed our risk effectively and are in a strong position. [In 10 years' time] we'll still have fantastic buildings that people are proud to live in. We'll still be achieving our objective of ensuring that as many people as possible have a good home, a real sense of purpose, and a strong feeling of belonging."

Peabody, one of the largest and oldest social housing providers, may be well

placed to cope with the downturn, but not all housing associations have been so fortunate. Bad investments, depreciating land values and an unwillingness on the part of banks to lend to house-builders resulted a year ago in six housing associations being placed on a "watch list" by new social housing regulator, the Tenant Services Association (TSA), although they have now been removed. And in 2008/09, 93 associations had the value of their assets "written down" by £167m.

Now there are calls for social housing to be completely transformed. The Housing Futures Network was established last year by five of the largest housing providers – Affinity Sutton, Gentoo, London & Quadrant, Riverside and Places for People – in order to examine the future of social housing in the UK. David Cowans, chief executive of Places for People, says: "Our market is dysfunctional. It responds poorly to demand, it is often inflexible in the products and choices it offers people, and it discourages social mobility for thousands of people. The system is broken and needs to be remade."

Some of Places for People's proposals are controversial – such as basing affordable rents on the local market rent rather than imposing a framework nationwide – but they are supported by some housing experts, including Christine Whitehead, professor of housing economics at the London School of Economics. "In London, for instance, the average house price is

very high but there are also a lot of poor people, so housing benefit takes the strain and many are dependent on benefits, unable to work," she says. "There does need to be greater rent flexibility, but there's no simple solution. This is a problem we've been trying to solve for 50-100 years."

Instead, the government announced its own new formula last month to cut rents, which led to an outcry from housing associations fearing it would jeopardise the future of affordable housing.

However, a spokesman for the TSA says: "Housing associations are demonstrating that they have the financial capacity to survive the downturn without impact on delivering services to tenants. In comparison with some of the commercial builders, who have written down losses by up to 35% of their value, housing associations are still selling homes, securing new investment to deliver affordable housing, and remaining financially stable."

Despite these reassuring noises, I am still worried about the prospect of rising rents, a worsening service and whether my tenancy is safe long-term. I had planned to attend the residents' conference to air these concerns. But, unfortunately, the Peabody Trust sent my ticket to the wrong address.

The Future of Housing conference is on 25 January 2010. Details at guardian.co.uk/futurehousing

<http://www.guardian.co.uk/society/2009/nov/25/affordable-housing-fears-residents>