

London Tenants Federation

07931 214 913 - info@londontenants.org - www.londontenants.org - @londontenants - www.facebook.com/londontenants

Analysis of affordability of 'London Living Rents' for households with median income levels based on a third of income being used for rent.

- London Tenants Federation's (LTF) recent analysis on the London Mayor's London Living Rents reveals this 'affordable housing' product to be unaffordable to the vast majority of households with equivalised median incomes in most London wards. Clearly even fewer would be affordable to those with less than the mid-point of income levels.
- The analysis has been carried out as LTF is increasingly concerned that the London Mayor's 'affordable housing' products (with the exception of social rented homes) are just not unaffordable to below the median income households.
- Its analysis compares a third of the London equivalised¹ median income level with the 2018/19 benchmark London Living Rents for each London ward (which can be found on the GLA website) at different bedroom sizes.
- This shows London Living Rents to be affordable in only 147(23%) of London's 632 wards for a one-bedroom home, 62 (10%) wards for a two-bedroom, 14 (2%) wards for a three bedroom and just four wards (0.6%) for a four-bedroom home (see table on page 2 and full excel sheet attached)
- Only five inner London boroughs have any wards where homes at London Living Rents are affordable at equivalised median income levels (based on rents being a third of income). London Living Rent is unaffordable in all wards in ten boroughs - Bromley, Camden, Hammersmith & Fulham, Islington, Kensington & Chelsea, Kingston, Richmond Upon Thames, Tower Hamlets, Wandsworth and Westminster and the City of London.
- Equivalisation² is a standard methodology that adjusts household income to account for the different financial resource requirements of different household sizes used by bodies like the Office of National Statistics. The equivalised median income in London is just £536 a week or £2,322.66 pcm. A third of this monthly income is £774.14.
- Sadiq Khan deemed London Living Rents to be '**genuinely** affordable' to 'middle income' income households. The GLA website says the rents are based on one third of median incomes for each ward in London, but on gross incomes.
- LTF highlights that in addition, there is an expectation that households accessing London Living Rent homes will also put some money away to later buy a home. They would have the right to buy the home they are renting via shared ownership. It's not clear how much they would be expected to save while renting but clearly this is an added cost that a household would need to consider.
- We have not definition of what 'median incomes' are supposed to be but clearly they do not include households with incomes in the exact middle. Presumably the bar on this and government subsidy is increasingly being focused on households with increasingly higher incomes.
- **See table on page**

¹ House of Commons Library Briefing Paper- Household incomes by region – April 2018 (based on DWP data).

<https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8191>

²<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/compendium/familyspending/2015/chapter3equivalisedincome>

Wards where London Living Rent is affordable to 'equivalised' median income households

Inner London	Outer London	One-bed	Two-bed	Three-bed	Four-bed
	Barking & Dagenham	11	5	2	
	Barnet	5	1		
	Bexley	5	1		
	Brent	13	8	1	
	Bromley				
Camden					
City of London					
	Croydon	6	1		
	Ealing	11	5		
	Enfield	10	5		
Greenwich		6			
Hackney		3			
Hammersmith & Fulham					
	Haringey	3	2		
	Harrow	4	1		
	Havering	2	1		
	Hillingdon	6	2		
	Hounslow	13	8		
Islington					
Lambeth		4			
Kensington & Chelsea					
	Kingston				
Lewisham		3			
	Merton	3			
	Newham	17	17	11	4
	Redbridge	6			
Richmond Upon Thames					
Southwark		1			
	Sutton	4	1		
Tower Hamlets					
	Waltham Forest	11	4		
Wandsworth					
Westminster					
TOTAL		147	62	14	4