

Labour-run Newham council pioneers social cleansing in London

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When the government imposed a cap on Housing Benefit payment available for private rented accommodation in April of last year, it was widely predicted that this would lead to a policy of social cleansing of the poor, particularly in London. Those predictions are now being borne out and it is Labour that is leading the way.

Reports are emerging that several London councils are considering sending Housing Benefits claimants to areas hundreds of miles away. The first to do so is Newham.

Last week it was announced that Labour-run Newham, in East London, which has around 32,000 people on its housing waiting list, has approached over 1,100 housing agencies in a bid to house around 500 families. They have contacted housing agencies across the Midlands including Stoke-on-Trent, 160 miles away.

Newham is one of the host boroughs for the Olympics this summer. In a letter to a Stoke-on-Trent housing association, leaked to the BBC, the council wrote that the local private rental sector was beginning to “overheat”. It attributed this to the “onset of the Olympic Games and the buoyant young professionals market” and said it could no longer afford to house tenants in private accommodation.

It offered the housing association “Brighter Futures” 90 percent of the Local Housing Allowance (LHA) and £60 per week for homes for these 500 families. The association refused, with chief executive officer Gill Brown pointing to “a real issue of social cleansing”. She said the letter “signals the start of a movement” which could see needy people being relocated “with no proper plan for their support or their welfare”.

Brown pointed to previous relocations which had

created “huge, unplanned pressure on local services, the collapse of already vulnerable neighbourhoods and the rise of divisive right-wing extremism. We believe that if London boroughs are allowed to export their most vulnerable and challenging families to cities like Stoke-on-Trent, then exactly the same will happen again.”

There was an immediate and predictable response from Conservative ministers, who described the council’s move as a political gambit ahead of today’s London Assembly elections. Housing Minister Grant Shapps and Work and Pensions Secretary Iain Duncan Smith both made the claim that there are “thousands” of properties within the LHA cap available within five miles of Newham, citing figures available from a commercial lettings web site. Duncan Smith said that “every other council” was “managing” with the new cap.

The national cap imposed on Housing Benefit payments last April limited weekly payments to £250 for a one-bedroom property, £290 for a two-bedroom property, £340 for a three-bedroom property, and £400 for a four-bedroom property. These are the maximum LHA figures nationally. There is some variation in the LHA amounts available.

The local rates are calculated by a Rent Officer, who works for the Department of Work and Pensions (DWP). Rather than being based on median rents, they are now calculated on the lowest 30 percent of existing rents, including Housing Association rents. The cap, therefore, is pegged below the majority of available rents.

Under the government’s Affordable Rent policy, housing associations could obtain public grants to develop new homes in return for the option of charging up to 80 percent of market rent for such properties. In

London 80 percent of market rent is well above the benefit cap for most. Private rents in the capital are reported to have risen by seven percent over the last year.

Aggregated figures from London councils suggest 88,000 households have private rents above the LHA cap. According to research by the Chartered Institute of Housing, three individual London boroughs were among the top five areas for decline in available rental properties following the benefits cap. Their research pointed to 800,000 properties nationally becoming unavailable to benefits claimants as a result of the changes.

Westminster alone was set to lose 20,700 available properties, more than the city of Birmingham (14,200). In the Royal Borough of Kensington and Chelsea, 14,100 properties were to become unavailable, more than in the whole of Glasgow (10,120). In Camden another 10,000 properties were to become unavailable. Southwark council has seen its housing waiting list rise for the first time in five years, and is predicting a rise in homelessness as a result.

Research last year into the benefits reforms by Alex Fenton of the London School Economics concluded that “most inner London boroughs are likely to become almost entirely unaffordable” by 2016. Benefit changes would “reduce the proportion of London neighbourhoods affordable to LHA claimants from 75 percent to 51 percent,” with immediate effect. This would fall to 36 percent by 2016.

Newham is one of London’s poorer boroughs. According to 2007 figures, just over a third of its residents were then claiming Housing Benefit. Under the new regulations its weekly LHA caps are: £69.27 for one-bedroom shared accommodation; £170 for one-bedroom self-contained accommodation; £207.69 for two-bedroom accommodation; £259.62 for three-bedroom accommodation; and £300 for four-bedroom accommodation.

Journalists found substantially less four-bedroom accommodation available within the LHA cap than Duncan Smith claimed. Investigating the commercial site he mentioned, Polly Curtis of the *Guardian* found 339 properties below the national £400 cap within a five-mile radius of the borough, and only 68 below Newham’s £300 cap. Furthermore, many of these properties are not available to benefits claimants. None

of the agents Curtis asked would let their property to tenants on housing benefits. A recent poll by the house share web site SpareRoom.co.uk found that over half of the landlords they asked would not take housing association tenants.

It quickly emerged that, for all the accusations of political showmanship being levelled against Newham, the council was not alone in looking to move its poorest residents out of London. Westminster, which has over 1,000 families on its housing waiting list, has looked at proposals by Smart Housing Group, which runs homes in Nottingham and Derby. With its partner councils Kensington and Chelsea, and Hammersmith and Fulham, Westminster could send up to 150 families to the Midlands.

Croydon, in the south west of the capital, has been discussing renting properties in Hull, 230 miles away. Harrow, in the north west of the city, has already helped some families move out of London. Waltham Forest, in the north east, has already relocated 14 families to Luton, and has now started referring housing applicants to properties in Walsall, in the West Midlands.

Alex Fenton’s research concluded, “The areas which remain affordable are characterised by high rates of multiple deprivation and unemployment among the existing population.”



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