

# MAYOR OF LONDON



# London Housing Strategy

DRAFT FOR PUBLIC CONSULTATION

September 2017



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## **Contents**

<b>Foreword</b>	<b>4</b>
<b>Executive summary</b>	<b>8</b>
<b>1 About this document</b>	<b>20</b>
<b>2 Housing in London and the Mayor's vision</b>	<b>26</b>
<b>3 Building homes for Londoners</b>	<b>40</b>
<b>4 Delivering genuinely affordable homes</b>	<b>92</b>
<b>5 High quality homes and inclusive neighbourhoods</b>	<b>126</b>
<b>6 A fairer deal for private renters and leaseholders</b>	<b>162</b>
<b>7 Tackling homelessness and helping rough sleepers</b>	<b>186</b>
<b>Appendix</b>	<b>208</b>
<b>Glossary</b>	<b>214</b>
<b>References</b>	<b>226</b>

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## Foreword

As Mayor, I have been clear that London's housing crisis is the single biggest barrier to prosperity, growth, and fairness facing Londoners today.

In recent decades, London has excelled at creating jobs and opportunities. Yet over the same period, far too little was done to build the genuinely affordable homes we need. Now a generation of Londoners are being priced out of our city. Many cannot afford their rent, live in overcrowded conditions, and see buying their own home as a distant dream.

It now costs more to rent a one-bed flat in London than it does to rent a three-bed home anywhere else in the country. Shamefully, 90,000 children in London live in temporary accommodation. Three out of four businesses cite housing as the biggest challenge to attracting staff. And one in four nurses and young teachers say they expect to leave the city in the next five years because of high housing costs.

The approach to homebuilding over recent decades has clearly not met the challenge we face. It has not built the number of homes we need nor the type of homes we need, and when I took

office, our audit showed just 13 per cent of new homes being given planning permission were affordable. These 'affordable' homes will have included those at 80 per cent of market rents – a level not genuinely affordable in most parts of London.

This is unacceptable and I am determined to make a difference. I have been honest with Londoners from the start – we are not going to be able to turn things around overnight. This is going to be a marathon, not a sprint. But we are working hard every day and we have already started to take big steps forward.

London currently depends on a small number of large developers whose model relies on homes built for sale. These large developers play a key role in homebuilding, but their contribution alone cannot solve the crisis. New City Hall analysis, set to be published in the autumn, will show that we need many more homes than are currently planned for, and that of these new homes around 50 per cent will need to be affordable. The biggest shortfall by far between what we are building now and what we need is amongst homes that are genuinely affordable to Londoners.

“This housing strategy is not only about the long-term, but also about doing all we can to help Londoners affected by the housing crisis right now.”

That is why my new housing strategy sets out an approach that will start to rebalance housing supply in London. It sets out how we have started to move in a better direction. I have already begun to invest the record £3.15bn of affordable housing funding I secured for London from Government, and I have introduced a new and innovative approach to increase affordable housing and speed up the planning system so that we can pick up the pace of change.

My housing strategy also outlines my vision for housing associations, councils, institutional investors, and small builders to play a far bigger role – and for City Hall to play a greater part in bringing land forward for building new homes. It sets out the importance of more higher density homes across the city, including in outer London, and more high-quality homes at a stable rent. Above all, it sets out the importance and necessity of building more genuinely affordable homes for Londoners to rent and buy.

But our ambition must stretch even further if we are to tackle this crisis. I will do everything I can using the powers I have in London, but Government also needs to play its part. Our plans

to bring forward more land for housing could transform supply in London if supported by more effective powers from Government. Likewise, our plans to build more genuinely affordable homes could achieve an even greater step-change if ambitious councils and housing associations were enabled to build more homes, supported by a long-term, stable and devolved funding settlement from Government.

This housing strategy is not only about the long-term, but also about doing all we can to help Londoners affected by the housing crisis right now. That is why we want to improve standards for Londoners renting privately, to help leaseholders get a better deal, and to make sure more is done to prevent homelessness and rough sleeping. I am also fighting for Londoners currently living in social housing and making sure their voice is heard – following the Grenfell Tower fire, I am determined to do whatever is necessary to ensure Londoners' homes are safe.

There is still a long way to go, but over the past year we have started the difficult process of turning things around. As part of this, I am pulling people

together and working with an alliance of developers, housing associations, councils, investors, businesses, and Londoners themselves. This draft strategy sets out the work we have started, our plans to push the limits of our current powers, and the scale of our ambitions for the future.

I want as many Londoners as possible to take part in this consultation as we shape the strategy's final version. Housing is an issue that affects everyone and every family in London. I want you all to have your say as we work towards building a city that works for all Londoners.

A handwritten signature in black ink, appearing to read 'Sadiq Khan', with a small mark below the 'n'.

**Sadiq Khan**  
Mayor of London





## Executive summary

How to provide all Londoners with a decent and affordable home is the greatest challenge facing our city today. Londoners know this only too well. Public concern with housing in the capital hit its highest recorded level in 2016. One in three Londoners now call it one of the biggest issues facing the country. London's housing shortage can be traced back to a failure, over many decades, to build the new homes the city's growing economy requires. The effects of this chronic shortage now reach into every aspect of Londoners' lives.

The Mayor's draft London Housing Strategy sets out his vision for housing in the capital, alongside policies and proposals to achieve it. It provides a framework for what the Mayor will do over several years, including over £3.15 billion of affordable housing investment through to 2021, as well as a host of other programmes and services provided by the Mayor and his partners, and his longer-term ambitions for the future. It is a call to action for all organisations that have a role to play in addressing London's housing crisis to work with him toward this goal.

### THE MAYOR'S VISION AND PRIORITIES

Building the right number and the right mix of new homes, and addressing the consequences of the housing crisis, are essential parts of the Mayor's vision for good growth. He wants every Londoner to have access to a good quality home that meets their needs and at a price they can afford. The Mayor wants to make the capital 'A City for all Londoners'. That means meeting London's housing needs in full, particularly the need for genuinely affordable homes. It means creating a city where businesses can thrive, the environment is protected, and people from all walks of life can share in the city's success and fulfil their potential.

#### **This vision underpins the five priorities of the Mayor's draft London Housing Strategy:**

- Building homes for Londoners;
- Delivering genuinely affordable homes;
- High quality homes and inclusive neighbourhoods;
- A fairer deal for private renters and leaseholders; and
- Tackling homelessness and helping rough sleepers.

The central priority of this draft strategy is to build many more homes for Londoners. The Mayor believes this is the only way to solve London's housing crisis over the long term. Doing so will require action to unblock stalled housing sites and increase the speed of building. It will require steps to diversify who is building new homes, as well as where, how, and for whom they are built. To meet our housing needs while protecting the Green Belt and open spaces, London must build at higher densities and ensure that all parts of the city take their fair share of new homes. This draft strategy sets out a comprehensive blueprint for supporting the step change in housing delivery that is now required.

It is essential we increase the supply of genuinely affordable housing, and we need to ensure that new homes are high quality, safe, support London's shift to a low carbon future, and are built in partnership with Londoners themselves. Furthermore, because we know that building the new homes we need won't happen overnight, in the meantime we need to do all we can to help Londoners now. That is why, in this draft strategy, the Mayor sets out his plan to help the growing numbers of private renters and leaseholders in London, and to take urgent action to prevent and address homelessness.

## **BUILDING HOMES FOR LONDONERS**

The Mayor believes the only way to solve London's housing crisis over the long term is to build significantly more homes. For many years, the number of new homes being built has fallen far short of what Londoners need, as we have become over-reliant on a relatively narrow range of development models, sites, and types of homes. Central to addressing this challenge is to diversify who builds homes, and where and how they are built. The Mayor's strengthened Homes for Londoners team will pursue, support, and lobby for the changes required to make this happen. This includes new funding and policy approaches, as well as collaboration with other levels of government and the housing industry.

- 1. Identifying and bringing forward more land for housing:** London's current land use policies, and its land market, have failed to respond adequately to the city's desperate need for new homes. The Mayor will work to increase land supply by supporting more intensive use of London's available land, and by proactively intervening in the land market. He will make greater use of new and existing land assembly powers, promote projects, and invest

in infrastructure. He will work with public sector landowners so they can lead by example by releasing more land for housing. The Mayor will also call for the devolution of new powers and greater resources to assemble more land, more quickly. To protect the Green Belt, the Mayor will promote higher density schemes and prioritise development on brownfield sites, in and around town centres, and on smaller sites in areas that have traditionally contributed less to London's supply of new homes. To ensure that all councils contribute to the capital's needs, clear and ambitious housing targets will be set for every council in London. – Policy 3.1

2. **Investing in homes and infrastructure:** Public investment plays a central role in sustaining and supporting homebuilding. It helps to speed up build-out rates, unlock stalled schemes, and make more land available for housing. The Mayor will use his resources and national programmes to invest in housing and infrastructure, including through: his Affordable Homes Programme; the Housing Infrastructure Fund; targeted investment in areas where delivery of new and genuinely affordable homes

can be maximised; and supporting access to finance for home builders. Investment in new transport schemes will be targeted to support new homes – whether major new rail lines like Crossrail 2, high quality rapid bus transit, and more local investment to make cycling and walking easier. The Mayor will work with Government and others to increase levels of investment in infrastructure, including through pushing for more devolution of funding powers to the capital, and new approaches to infrastructure finance and land value capture. – Policy 3.2

3. **Diversifying the homebuilding industry:** London will not increase its levels of homebuilding unless more of the homes built can be accessed by more Londoners, and until more homes are built by a wider group of organisations. The Mayor will offer packages of support to enable new players to complement the work of traditional private sector developers. Support for new purpose-built private rented homes – the Build to Rent sector – will provide a more stable and well-managed supply of homes at a range of rent levels. There will also be support for small- and medium-sized builders to help us build more

“The Mayor is determined to make more homes affordable to Londoners on low and middle incomes.”

on smaller sites and in outer London, where homes can be built faster and at more affordable prices. The Mayor will support housing associations to deliver their affordable housing targets through investment and new ‘strategic partnerships’. Finally, he will work closely with ambitious councils to help them access the resources they need to build new council housing. – Policy 3.3

- 4. Improving the skills, capacity and building methods of the industry:** At present, there are not enough people who have the right skills and who want to work in London’s construction industry, and relying on traditional building methods alone will make it hard to significantly increase the number of new homes. The Mayor will work to address the construction skills gap. He will provide leadership and coordination to improve the image of construction. He will also improve London’s construction skills training system, and support the industry through the risks posed by Brexit. A shift to more of the components of London’s homes being precision manufactured, including in factories, will be supported too. – Policy 3.4

## DELIVERING GENUINELY AFFORDABLE HOMES

The Mayor is determined to make more homes affordable to Londoners on low and middle incomes. London depends on people of different means and backgrounds all being able to live here and contribute to its vibrancy and economic success. Social housing forms the foundation of our mixed city, yet for many years London has failed to build new affordable homes at the rate required, while its existing affordable homes are under increasing pressure.

5. **Ensuring homes are genuinely affordable:** Londoners have understandably become suspicious of the term 'affordable' in recent years. The Mayor wants to make sure they can be confident that more new homes will be genuinely affordable, by establishing clearer definitions of what homes are affordable for Londoners on low and middle incomes to rent and buy. The Mayor will invest in homes around social rent levels for Londoners on low incomes, in London Living Rent homes for middle income Londoners struggling to save for a deposit, and in shared

ownership homes for Londoners who cannot afford to buy on the open market. While encouraging innovation in other forms of affordable housing, the Mayor will set clear tests to ensure they are genuinely affordable to Londoners. – Policy 4.1

6. **Working towards half of new homes built being affordable:** The Mayor is committed to a long-term strategic target for half of new homes built to be genuinely affordable. To achieve this, he will ensure the planning system secures more affordable homes as part of new developments, including through fast tracking developments that meet the Mayor's minimum threshold. He will further increase the levels of new affordable homes through investment, including his programme of £3.15 billion to support 90,000 affordable home starts by 2021. He will also work with others to bring forward London's surplus or under utilised publicly-owned land to support the delivery of more genuinely affordable homes, including clear targets for Mayoral land. Longer term, the Mayor will make the case for far more investment to provide the homes that Londoners need. – Policy 4.2

**7. Protecting London's existing affordable homes:** As well as building more genuinely affordable homes, we must do more to protect London's existing affordable homes. The Mayor wants homes sold through Right to Buy to be replaced on a like for like basis, supported by Government reforms to make this more straightforward. Equally, he wants to ensure that homes demolished for redevelopment are replaced on a like for like basis and will make this a key planning requirement. He will also support a more efficient use of London's affordable homes, including helping tenants who want to move to more appropriate homes. – Policy 4.3

## HIGH QUALITY HOMES AND INCLUSIVE NEIGHBOURHOODS

As London develops and grows, it must remain a great place to live and work. That means new homes and neighbourhoods must be well-designed, good quality and environmentally sustainable. They must be accessible and inclusive of Londoners' diverse housing needs. Above all, new and existing buildings must be safe for Londoners, while more broadly we must ensure good quality construction, take measures to reduce the number of Londoners living in fuel poverty, and do more to adapt London's housing stock for an ageing population. Londoners need to feel involved in decisions

about homebuilding and their concerns about new development should be addressed.

**8. Well-designed, safe, good quality, and environmentally sustainable homes:** Alongside higher levels of homebuilding, there must be more focus on the quality, safety, and sustainability of homes and neighbourhoods. The tragic Grenfell Tower fire raises urgent questions about the safety and design of some existing buildings, and about how rules and regulations are written and enforced. The Mayor wants to encourage strict quality and safety standards. More widely, he will support excellent design to underpin an expansion in homebuilding, including through appointing Mayoral Design Advocates and supporting a new 'housing Expo' to showcase the best design for the types of new homes that London needs. The Mayor will help champion quality and design locally. His new social enterprise, 'Public Practice', will help to boost planning and regeneration expertise in councils. Through delivering his Environment Strategy, the Mayor also recognises the role of housing in enhancing London's environmental quality, including the public realm and green infrastructure within which housing is set, and improving energy efficiency of buildings themselves. – Policy 5.1

## 9. **Meeting London's diverse housing needs:**

To fulfil the Mayor's vision of a city for all Londoners, new homes need to be developed with the needs of all Londoners in mind, and existing homes need to be improved to support demographic change and to improve accessibility. The Mayor will work to ensure this happens by providing investment for specialist and supported homes, including for older or disabled Londoners, by adopting strict standards for accessibility, and by working with communities across London to develop proposals for specialist homes that meet their needs. – Policy 5.2

## 10. **Involving Londoners in**

**homebuilding:** Londoners' support for new homebuilding has been rising over recent years, as the need for new housing has become increasingly acute. The Mayor wants to make sure people living and working in London benefit from new homes. In some cases, Londoners want to shape development themselves, and so the Mayor is funding a new Community-Led Housing Hub for London. More broadly, he will work to ensure that new housing development is matched with provision of health, education, and other facilities, so that communities are well prepared

for new homes. Homebuilding will become a more transparent and open process, while the Mayor will take steps to address concerns about empty homes, overseas buyers, and the impacts of estate regeneration. – Policy 5.3

## **A FAIRER DEAL FOR PRIVATE RENTERS AND LEASEHOLDERS**

Building the homes that Londoners need will take time, and in the meantime the Mayor wants to improve life for London's two million private renters. Private renting is London's only growing housing tenure, yet renters face a range of challenges. These include rising rents and other costs, a lack of security and stability, and, in some cases, unacceptable conditions. The Mayor also wants to get a fairer deal for the more than half-a-million leaseholders in the capital – a vital task given that most new homes currently being built in London are leasehold.

## 11. **Improving the quality of private renting:**

Most landlords offer a good service to their tenants. However, almost a quarter of privately rented homes fail to meet the Decent Homes standard, and councils struggle to enforce minimum standards. The Mayor wants councils to have the tools

and resources they need to ensure private renters can expect consistently decent standards. His vision is for an effective system of regulation through property licensing and landlord registration, that is light touch for good landlords and focuses resources on pursuing those who behave unlawfully. As a first step to help improve standards, he will 'name and shame' landlords and letting agents who have acted unlawfully. He will also support councils to operate well-designed property licensing schemes, and to more closely share information and coordinate their actions. – Policy 6.1

#### **12. A more secure, stable, and affordable private rented sector:**

The high costs of renting in the capital affects Londoners across the board – from families on low incomes, to those affected by recent welfare reforms, to young people unable to save for a home of their own. At the same time, more households rely on private renting for a long term and stable home. Today, almost 600,000 London children live in the sector. The Mayor will work to promote a new deal – a London Model – for renters. This will offer greater stability and tenant rights, balanced with the legitimate interests of landlords. He will also work to address upfront costs and

fees facing renters, and will urge Government to improve the support it provides for Londoners on lower incomes struggling to pay their rent. – Policy 6.2

#### **13. Reforming and improving leasehold:**

Most new homes built in London today are sold on a leasehold basis. Despite this, many leaseholders know little about their rights and obligations, and the system remains open to abuse. The Mayor will support improvements to the leasehold sector, particularly measures to improve the quality of advice and support available to leaseholders. This includes working with developers to extend the London Charter for service charges and ground rents to the wider leasehold sector. The Mayor supports the principles behind recently published central Government consultations on leasehold houses and ground rents, and over the longer term, he will push for fundamental reform of leasehold, which could include its replacement with a fairer tenure. – Policy 6.3

### **TACKLING HOMELESSNESS AND HELPING ROUGH SLEEPERS**

The impacts of London's housing crisis are felt by many – yet few experience it more severely than the thousands of Londoners who have no home at all.



London is one of the world's wealthiest cities. Yet the high cost of housing, and lack of support for those who need it, means homelessness has been on the rise. A recent study estimated that one in 50 Londoners is now homeless – including those living in temporary accommodation, single people in hostels, and around 8,000 people who last year were seen sleeping on the streets. The Mayor has been clear that, in a city as wealthy as London, we have a moral duty to tackle homelessness head on.

14. **Preventing homelessness and helping homeless Londoners into accommodation:** More and more Londoners have been finding themselves without a place to call home. Fundamentally this is due to the shortage of affordable homes and the insecurity of private renting. The Mayor will lead on tackling the root causes of this unacceptable situation, and he will work with councils to try and prevent homelessness and help homeless Londoners into sustainable accommodation. This includes investing in places for homeless Londoners to live, and supporting more coordination between councils when accommodating homeless Londoners. He will also focus on homelessness that is caused by violence against women and girls.  
– Policy 7.1

“It is unacceptable that anyone sleeps on London’s streets. The Mayor’s aim is to ensure there is a way off the streets for every single rough sleeper in London.”

“The draft London Housing Strategy sets out the Mayor’s long term plan for addressing London’s housing crisis.”

**15. Helping rough sleepers off the streets:** It is unacceptable that anyone sleeps on London’s streets. The Mayor’s aim is to ensure there is a way off the streets for every single rough sleeper in London. He will provide leadership and coordination through his ‘No Nights Sleeping Rough’ taskforce. He will work with councils, charities, Government, and others to boost services beyond the £8.5 million a year he has committed toward support for rough sleepers. He will invest in improving and expanding London’s network of hostels and refuges. – Policy 7.2

## DELIVERING THE MAYOR’S VISION

The draft London Housing Strategy sets out the Mayor’s plan for addressing London’s housing crisis. Much can be done with existing powers and funding, and the ambition of the proposals in this strategy demonstrates the determination at City Hall to drive forward the changes and reforms that are required. However, the Mayor cannot solve this crisis on his own. Many organisations will need to play their role if this draft strategy is to be delivered. In particular:

**Councils** in London are at the frontline of the housing crisis and they will play a central role in the delivery of this

strategy. The Mayor wants to work with councils to ensure that they can support its aims through the whole range of their functions. This includes: planning and giving permission for new housing schemes; promoting regeneration and development across their areas; building new genuinely affordable homes; and ensuring that Londoners affected by the housing crisis are receiving the help and support they need. This draft strategy proposes clear expectations on councils for local delivery, backed up with a comprehensive package of support from City Hall.

**Private developers** will continue to build most of London's new homes. The Mayor recognises and values the contribution they make. This draft strategy sets out how he will support the sector by increasing the supply of land, investing in infrastructure to unlock new sites, and helping a wider range of developers and builders to play a bigger role. In return, he expects private developers to increase their levels of homebuilding. He also expects them to make their fair contribution to providing the genuinely affordable homes that Londoners need.

**Housing associations** are the main providers of new genuinely affordable homes. As such, they play a central role in the Mayor's vision for housing

in London. He will provide support to help them do more. This includes a substantial share of his current £3.15 billion of investment for new affordable homes. For the largest and most ambitious housing associations, the Mayor will create new strategic partnerships to support the delivery of key parts of this strategy.

The other central player in making this draft strategy a reality, both in the immediate future and over the longer term, is **Government**. The UK remains a highly centralised state. As such, London continues to rely on central Government for its funding and powers. The Mayor, like councils and businesses across London, is calling for a comprehensive and urgent devolution of funding and powers that recognises the scale of London's housing challenges. This would allow London to take the lead in solving its own housing problems.

## CONSULTATION AND NEXT STEPS

The publication of this draft strategy marks the start of a three-month consultation. Following the consultation, the Mayor will consider responses and amend the strategy. He will then submit the final draft to the London Assembly and to Government for their consideration. The final version will be published in 2018.



# 1 About this document

### 1.1

This document, the draft London Housing Strategy, sets out the Mayor's vision for housing in the capital, alongside policies and proposals to achieve it. It provides a framework for what the Mayor will do over many years to address London's housing challenges, and a call to action for all organisations to work with him toward this goal.

## **STATUTORY FRAMEWORK FOR THE LONDON HOUSING STRATEGY**

### 1.2

The statutory framework for this draft strategy is contained in section 333A of the Greater London Authority (GLA) Act 1999. This determines that the Mayor must prepare and publish a London Housing Strategy, containing the following elements

- the Mayor's assessment of housing conditions in Greater London and of the needs of Greater London with respect to the provision of further housing accommodation;
- any proposals or policies of the Mayor to promote the improvement of those conditions and the meeting of those needs;

- a statement of the measures which other persons or bodies are to be encouraged by the Mayor to take for the purpose of improving those conditions and meeting those needs; and
- a statement of the Mayor's spending proposals for the relevant period.

### 1.3

The first three are contained within the main body of this draft strategy. The fourth is contained within appendix 1.

### 1.4

In addition to providing a London-wide housing policy framework, the Mayor is also responsible for strategic planning in the capital and for operating an investment programme for new affordable homes.

## **RELATIONSHIP WITH THE MAYOR'S OTHER STRATEGIES**

### 1.5

There is a strong inter-relationship between the London Housing Strategy and the Mayor's other strategies. Most important is the London Plan – London's spatial development strategy. Many of the Mayor's housing policies, as set out in this draft strategy, will be reflected in the new replacement London Plan, which is due to be published in

draft for consultation in autumn 2017. Policies and proposals in this draft strategy have been developed alongside those that will be published in the draft London Plan.

## **DELIVERY PARTNERS**

1.6

The GLA (often referred to as City Hall in this document) is the lead agency for the delivery of this draft strategy. Through the Homes for Londoners Board, the Mayor has also brought together other agencies and organisations that have important roles to play – including London’s councils (see below), housing associations, Transport for London (TfL), and the development industry.

1.7

London’s councils play a central role in tackling the housing crisis and, since he took office, the Mayor has established a close and cooperative working relationship with them. The GLA Act 1999 specifies that councils’ statements of local housing policies must be in general conformity with the London Housing Strategy. Guidance to inform councils about the requirements, scope and implications of general conformity, and the process that the Mayor will adopt to ensure that councils’ strategic housing aims and policies are in line with his own, will be published as part of the

final version of this strategy.

The Mayor wants to ensure that councils’ approaches are aligned with his strategic direction, and he will identify the key areas where this should be demonstrated.

1.8

There is a range of other statutory, private and voluntary sector partners without whom the delivery of this draft strategy will not be possible. Their roles are highlighted throughout this document.

1.9

Finally, London’s housing crisis cannot be addressed without Government. Many of the proposals set out in this draft strategy suggest the need for reform, additional resources or devolution, all of which require Government’s support.

## **EVIDENCE BASE AND IMPACT ASSESSMENT**

1.10

The policies and proposals in this draft strategy have been developed on the basis of a very wide range of reports and datasets. The key source is the Mayor’s annual Housing in London publication. The datasets underpinning Housing in London are available through the London Datastore: <https://data.london.gov.uk>.

#### 1.11

The development of this draft strategy has been subject to an impact assessment, in line with the Mayor's legal duties to carry out comprehensive assessments of particular impacts of all his strategies and policies. An assessment has been published alongside the draft strategy and is also open to consultation. The impact assessment covers the Mayor's statutory duties to consider the equalities, health and health inequalities, and crime and disorder impacts of his policies. The impact assessment has influenced the preparation of the draft strategy, ensuring that the range of issues outlined above have been taken into account at each stage of the development process.

#### 1.12

The GLA also has legal duties relating to Sustainability Appraisals (including Strategic Environmental Assessments) of his policies. The GLA is satisfied that assessments relating to these duties will be comprehensively dealt with as part of the development of the draft London Plan and other related Mayoral strategies.

#### 1.13

The Mayor has had regard to the effect which the draft strategy will have on the achievement of sustainable development, climate change, the safe use of the River Thames, and

regions adjoining Greater London.

The Mayor also considers that his draft London Housing Strategy is consistent with his other strategies and the funds available to him.

### **STRUCTURE OF THIS DOCUMENT**

#### 1.14

There are two parts of this draft strategy. Chapter two sets out London's housing needs and deals with the pressing issues that must be addressed, as well as the Mayor's overall vision for doing so. Chapters three to seven set out the Mayor's policies and proposals themselves, grouped into five key areas. Each chapter contains a contextual introduction followed by policies, proposals, and explanatory text.

### **CONSULTATION**

#### 1.15

In preparing the London Housing Strategy, the Mayor is required to consult with the Homes and Communities Agency, the Regulator of Social Housing (which is currently the Homes and Communities Agency), and bodies that represent Private Registered Providers of housing. In addition, a copy of this draft strategy has been sent to London Assembly Members, London Members of Parliament, London Boroughs, the City of London Corporation, and all local authorities adjoining the GLA boundary for their comments.



1.16

Beyond this, the Mayor is committed to carrying out a much wider consultation exercise with other organisations and with the public. The publication of this document starts a three-month period of consultation, during which the Mayor would like to receive Londoners' views about the issues raised in the draft strategy and the Mayor's plans for addressing them. Consultation ends on 7 December 2017.

1.17

The strategy will then be revised in the light of comments received from the public and other bodies consulted. Following its submission to the London Assembly and then the Secretary of State, a statutory London Housing Strategy will be published in 2018.

## **HOW TO RESPOND TO THIS CONSULTATION**

Please email your comments to [housingstrategy@london.gov.uk](mailto:housingstrategy@london.gov.uk) (with 'London Housing Strategy' as the subject) or send your written comments to:

**London Housing Strategy  
City Hall  
The Queen's Walk  
London SE1 2AA**

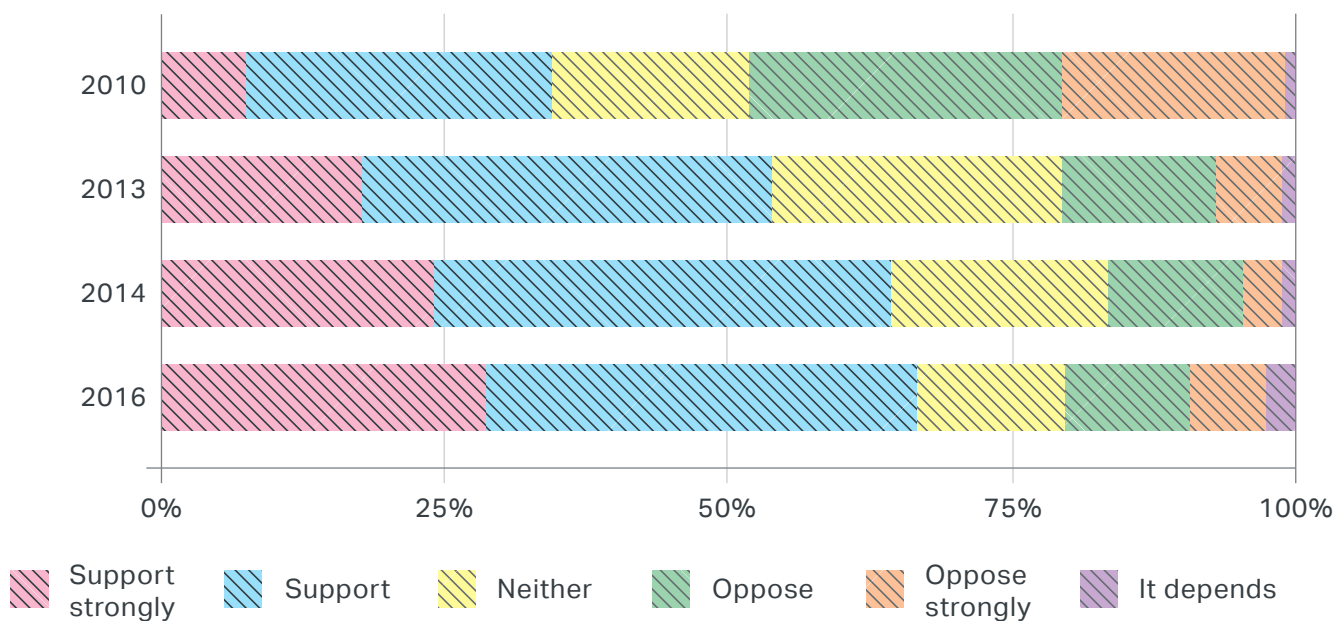
All information in responses, including personal information, may be subject to publication or disclosure under Freedom of Information legislation.

This document can be downloaded from [www.london.gov.uk](http://www.london.gov.uk)



## **2 Housing in London and the Mayor's vision**

Figure 2.1: Attitudes towards local housebuilding in London



Source: NatCen British Social Attitudes Survey, 2010-2016

2.1

How to provide all Londoners with a decent and affordable home is the greatest challenge facing our city today. Londoners themselves know this all too well; public concern with housing in the capital hit its highest recorded level in 2016, with around a third of Londoners calling it one of the most important issues facing the country<sup>1</sup>, and a clear majority supporting or strongly supporting new homebuilding in their local areas (figure 2.1).

This chapter sets out the scale of London’s housing crisis, its many implications for Londoners and their city, and the Mayor’s vision for addressing these challenges.

**ROOTS OF THE HOUSING SHORTAGE**

2.2

The origins of London’s housing shortage can be traced to a failure over decades to provide the homes that people working in London’s growing economy require. Between 1997 and 2016, the number of jobs in London grew by 1.6 million, an increase of 40 per cent. Over the same period its population grew by 1.7 million, an increase of 25 per cent. But with a reliance almost entirely on private sector provision, and on an increasingly limited range of delivery models within that sector, London has not been building the homes needed

to accommodate the extra demand. Between 1997 and 2016, just 470,000 homes were added to the housing stock, an increase of only 15 per cent<sup>2</sup>.

### 2.3

The shortfall in new construction, and the resulting shortage of accommodation, has become particularly acute in recent years. The previous Strategic Housing Market Assessment (SHMA)<sup>3</sup> identified a need of 49,000 new homes each year, yet just 29,000 homes a year were built between 2013/14 and 2015/16, reflecting the chronic and long term failure to build the homes that London needs. Early indications from the ongoing 2017 SHMA are that London will need to build substantially more new homes a year than the previous SHMA identified, and that around 50 per cent will need to be affordable, in order to accommodate a growing population and to provide for the tens of thousands of households who lack a home of their own.

### 2.4

The failure to match new supply to rising demand has not stemmed population growth, which has accelerated in line with very rapid jobs growth<sup>4</sup>. Instead, more and more Londoners are left with little choice but to put up with less space and more overcrowding. Until the 1990s, the average number of people in each household in London had been falling continuously since the end of the 19th

century – but this has now gone into reverse. After falling to 2.3 in 1991, this number started to increase again, and according to one survey has now climbed to 2.7<sup>5</sup>. Much of this increase is due to the growing number of unrelated people sharing accommodation, with the number of households containing two or more distinct family units rising from around 300,000 in 1996 to around 470,000 in 2016<sup>6</sup>. At the same time, the recorded number of empty homes in London is at an historic low level<sup>7</sup>.

### 2.5

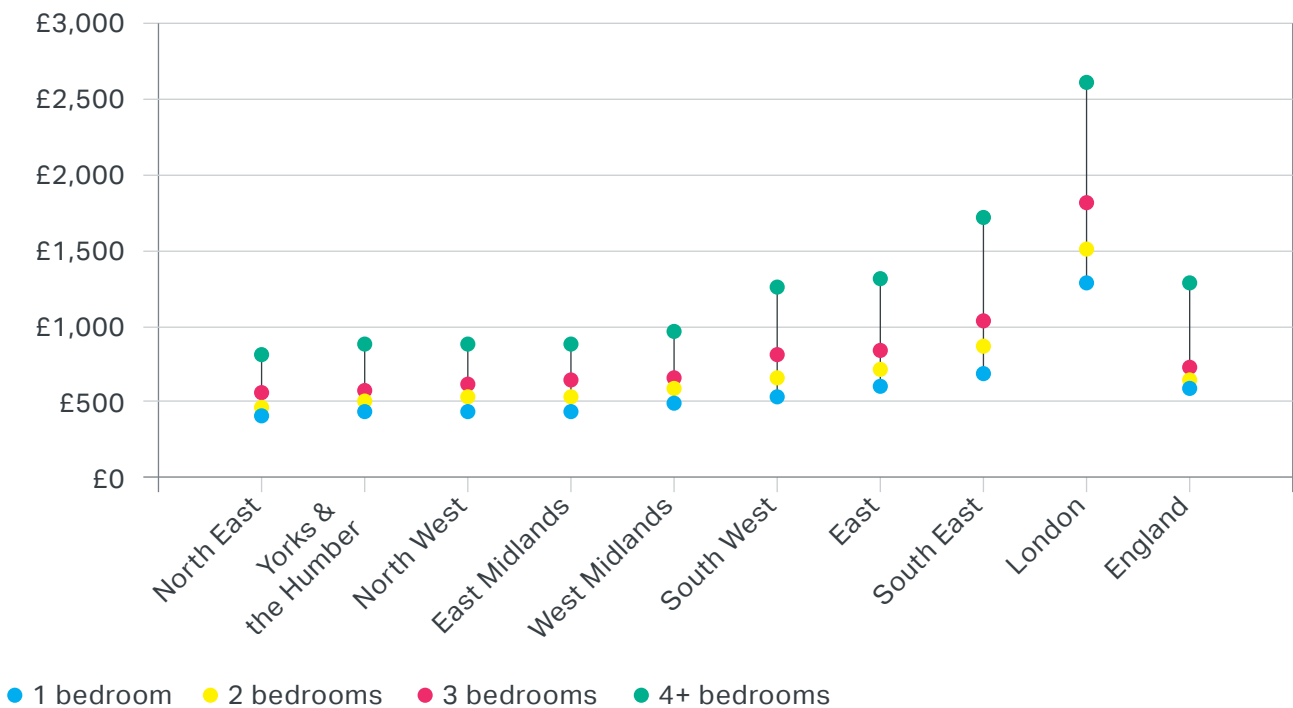
London's chronic shortage of homes now affects almost every Londoner in some way: those on low incomes who are increasingly locked out of London's housing market altogether; private tenants struggling to save for a deposit or just to pay the rent; parents worrying that their children will have nowhere to put down roots and start families of their own; and small business owners or public service workers contemplating leaving London altogether because of high housing costs.

## AFFORDABILITY PRESSURES

### 2.6

The worsening shortage of housing has resulted in prices and rents rising rapidly, with more than a quarter of Londoners living in poverty once housing costs are taken into account<sup>8</sup>. High housing costs have long been a pressure for

Figure 2.2: Median monthly market rent by region and number of bedrooms, September 2016



Source: GLA, Housing in London, 2017

Londoners, but in 2016 the gap between average house prices in London and the rest of the country reached the widest ever recorded, with ordinary Londoners who are renting privately or trying to buy their first home feeling the pressures most acutely. The average private rent for a one-bedroom home in London is now more than the average for a three-bedroom home in every other English region (figure 2.2).

2.7

The combination of high prices and low loan-to-value ratios in the wake of the credit crunch mean that a typical mortgage deposit for first time buyers in London now amounts to around £90,000. Those first time buyers who do manage to get a mortgage in London are now borrowing an average of four times their annual income<sup>9</sup>, the highest figure ever recorded.

2.8

With the Stamp Duty Land Tax (SDLT) bill on a home purchase in London now averaging over £20,000<sup>10</sup>, the upfront cost to get on the property ladder can be into six figures for those who cannot access Help to Buy or shared ownership. As even the most diligent saver on a high income would take many years to build up this kind of lump sum, it is no surprise that many of the relatively few Londoners who do manage to buy can only do so with financial help from family or friends.

2.9

But a much larger number of would-be buyers are locked out of home ownership completely, not just because of high purchase costs but because of rents that make it difficult to save anything at all. Since 2010, average private rents in London have risen more than five times as fast as average earnings<sup>11</sup>, and around a third of privately renting households in London spent more than half of their income on rent in 2014/15<sup>12</sup>. Perhaps unsurprisingly, given these trends, around half of households in London's private rented sector have no savings at all<sup>13</sup>.

2.10

Around 250,000 of London's private tenants receive Housing Benefit to help pay their rent, up from around

100,000 at the start of the century<sup>14</sup>.

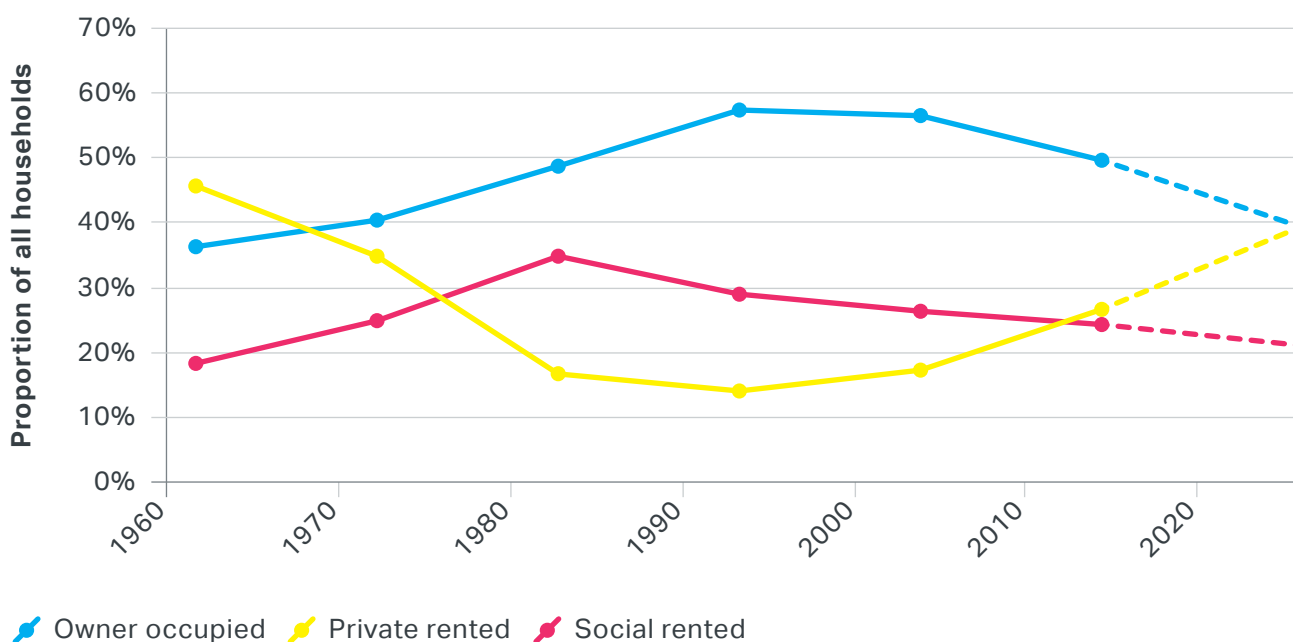
For this group the gap between their rents and the amount of support available has been widening since 2011 due to welfare changes, which have worsened affordability problems and further underscored the need for genuinely affordable homes for those on low incomes.

### **PRIVATE RENTING GROWS, AS HOME OWNERSHIP AND SOCIAL RENT DECLINE**

2.11

London's private rented sector has grown rapidly since the end of the 1980s, in response to deregulation, rising demand from young and mobile workers, and the high cost or unavailability of alternatives. In 1990, around 11 per cent of households in London were renting privately. By 2016, this had risen to 28 per cent. According to one forecast, on current trends, the private rented sector could grow to accommodate some 40 per cent of all London households by 2040<sup>15</sup>. The sector is particularly important for newcomers to London, accommodating around 80 per cent of those who moved here in the last year from overseas or from the rest of the UK, as well as a rapidly growing number of families (up from 135,000 in 2006, to 320,000 in 2016)<sup>16</sup>.

Figure 2.3: Decadal trend in household tenures, London 1961-2011, with PwC projection to 2025



Source: GLA, Housing in London, 2017

2.12 While private renting has grown, the proportion of London households that own their own home has shrunk from 57 per cent in 2001 to 50 per cent in 2011, and is projected to fall to 40 per cent by 2025 (figure 2.3). There has been a particularly stark decline in home ownership rates among younger households in London. Between 1990 and 2016, the proportion of households in London headed by someone aged 16-24 who owned their home fell from

25 per cent to three per cent. The fall among households headed by someone aged 25-34 was from 57 to 27 per cent<sup>17</sup>.

2.13 The same period saw a steady decline in the share of Londoners living in social housing, from 31 to 23 per cent<sup>18</sup>. As a result, an increasing number of families on low incomes are now living indefinitely in the private rented sector, where they compete with professionals sharing family-sized homes and are affected by



welfare changes, meaning many have to move great distances to find somewhere they can afford.

## HOMELESSNESS AND HOUSING NEED

2.14

For some, the high costs and instability of private renting in London can result in homelessness. The end of an Assured Shorthold Tenancy (AST) is now the single most common reason for households becoming homeless in London, accounting for around 7,000 cases in 2016/17 – a huge increase from fewer than 1,000 in 2009/10.

As a result, an increasing number of families, including around 90,000 children, are being housed in temporary accommodation by London's councils<sup>19</sup>.

When other forms of homelessness are taken into account, one in 50 of all Londoners is homeless<sup>20</sup>, with women and those from Black, Asian and minority ethnic (BAME) groups particularly over-represented<sup>21</sup>.

2.15

But beyond those households accepted by councils as homeless, a far greater number lack a suitable home of their own. There are estimated to be around 150,000 'concealed households' living as part of other households in London

because they cannot afford their own place to live<sup>22</sup>, including a growing number of young adults who are still living with their parents. Around 250,000 households in London are overcrowded, including more than one in 10 renting households<sup>23</sup>. Finally, thousands of people every year sleep rough on the streets of London, at great risk to their own health. Although 2016/17 was the first year this decade not to record an increase in the number of people seen rough sleeping in London, the number still stands at over 8,000 people sleeping rough in 2016/17 - more than double the figure reported in 2010/11<sup>24</sup>.

## ECONOMIC AND SOCIAL COSTS

2.16

While there are housing problems in many parts of the country, particularly in larger cities, the challenge facing London is unique in terms of both scale and severity. The impacts on the economy, on poverty, on social and geographical mobility, and on wellbeing are of national significance. As Britain's gateway to investment and business from around the world, and as a net contributor to the national budget<sup>25</sup>, addressing London's housing crisis has a wider relevance to the future success of our country.

## 2.17

The capital's economy has thrived because of its openness, its diversity, its specialisms in fast growing sectors, and because of the boost given to economic activity from concentrating such a range of people with so much knowledge and skill in one place. Its unique mix of jobs and workers means that London occupies a pivotal position in the national and the European economies as a whole. People from all around the country and the world come to London at the start of their careers because it acts as an economic 'escalator', helping them acquire skills, progress to better jobs, and increase their earnings<sup>26</sup>. Many subsequently move out of London, bringing their expertise and spending power to the rest of the country<sup>27</sup>.

## 2.18

But the housing shortage now threatens this virtuous cycle. Rising costs risk deterring talented incomers and pricing out existing workers, and high residential values risk leading to the loss of employment space, undermining the variety and vitality that makes London's economy so strong. Businesses are already warning that the housing shortage is affecting their ability to recruit and retain workers, and are demanding that governments at all levels address the problem<sup>28</sup>. Britain's exit from the European Union (EU) presents additional risks to the economy, making

it even more urgent that we address the damage being done by London's dysfunctional housing market.

## 2.19

Public services that support our city are also increasingly suffering as a result of the housing crisis. More than half of London's main 'blue light' (police, fire brigade, and ambulance) emergency services' workers already live outside the capital<sup>29</sup>. Forty per cent of nurses<sup>30</sup> and a similar proportion of young teachers<sup>31</sup> in London say they expect to leave in the next five years because of high housing costs.

## 2.20

The housing shortage is also straining the bonds of community and family life, with some Londoners feeling uprooted by insecurity and rising rents and others forced to stay put because they can't afford to make their next move. These pressures impose social as well as economic costs on London, and can result in high levels of stress; in fact, more than half of Londoners say they are stressed by housing costs, rising to three quarters of private tenants<sup>32</sup>.

## 2.21

London is far from the only major city facing this kind of challenge: the global shift towards knowledge-based service sectors means that all around the world, large cities with concentrations of skilled labour are experiencing huge

increases in housing demand that most of them are struggling to meet. But the challenges are not insurmountable – cities like Tokyo show that building enough homes to accommodate growing populations can improve conditions for everyone.

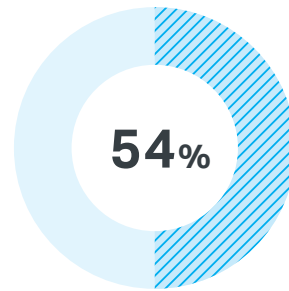
## IMPROVING LONDON'S HOMES AND NEIGHBOURHOODS

### 2.22

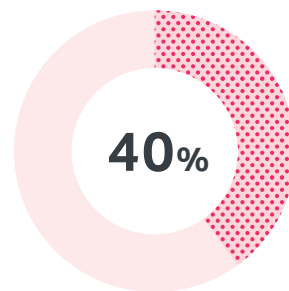
Londoners' ability to adapt to changing circumstances is key to the city's success, both as an economic powerhouse and as one of the most diverse cities on the planet. But we have been much slower to adapt the types of homes and neighbourhoods we live in; much of London still looks like it did when first developed, which generally means low-rise and, in many areas, low density housing.

### 2.23

The condition of much of London's housing stock has undoubtedly improved in recent years, with the proportion of homes failing the official Decent Homes standard falling from 37 per cent in 2006 to 16 per cent in 2015, and significant increases in energy efficiency. But while our dwelling stock has benefitted from a lot of investment, there remain some fundamental problems of poor energy efficiency and accessibility among the large proportion of homes built before the Second World War. Compared to



**of London's main 'blue light' emergency service workers already live outside the capital**



**of London's nurses and young teachers say they expect to leave in the next five years**

other world cities, London's housing stock is older, less energy efficient, and more difficult to access for those with mobility problems<sup>33</sup>.

#### 2.24

The tragedy of the Grenfell Tower fire has raised urgent and wide-ranging questions that must be answered over the safety of many older high-rise residential buildings, particularly those built in the 1960s and 70s that have been retrofitted, as well as broader questions about the adequacy of fire safety and Building Regulations.

#### 2.25

In addition to ensuring the safety of our homes, improving the quality of our housing through adaptation of existing stock or the provision of new homes is also necessary in the face of two looming long term challenges. First, with the number of people aged 80 or above projected to roughly double over the next 25 years, an ageing population is likely to require more adaptable and accessible homes<sup>34</sup>. Second, it is vital that we ensure that the design of new buildings fully addresses the need to reduce greenhouse gas and pollutant emissions, while also adapting to the climate changes that are already inevitable, such as higher summer temperatures.

## THE MAYOR'S VISION

#### 2.26

Building the right number and the right mix of new homes, and addressing the consequences of the housing crisis, are essential parts of the Mayor's vision for 'good growth'. Only by meeting London's housing needs in full, particularly the need for genuinely affordable homes, can we ensure that it becomes a city for all Londoners, where businesses can thrive, the environment is protected, and people from all walks of life can share in the city's success, live in good health and fulfil their potential.

#### 2.27

The shortage of homes is at the root of London's housing crisis, and so the central priority of the London Housing Strategy must be to increase the supply of new homes. The Mayor's commitment to protecting London's Green Belt and open spaces means new homes must be provided within the city's existing built up area, which inevitably means building at a higher density than the existing stock. Although London is likely to remain a relatively low density city by many international comparisons, in some places this will mean more tall buildings, which must always be built to the highest standards in terms of design and safety. In the majority of cases, however, it will

mean medium-rise new developments across a much broader swathe of London, from high streets to transport hubs, on brownfield land, and in and around town centres.

2.28

Building more densely in the right places will not just enable the delivery of more homes, but will also improve access to jobs and services, while helping to fund desperately needed social and physical infrastructure. It will help people to be active and healthy, by locating more housing within walking and cycling distance of local amenities and public transport access, and by reducing reliance on car ownership. Furthermore, it will help to foster socially and economically mixed neighbourhoods, which are a key part of maintaining London's vibrancy and economic success.

2.29

To meet the needs of Londoners, we will have to think again about where we build new homes, how we build them, and who builds them. All will need to do more, with the public sector taking a greater role in the enabling and delivery of new housing. Most importantly of all, we need to substantially increase the supply of

genuinely affordable new homes, to ensure that more Londoners benefit from what we build, and to add to the output from a private sector that cannot be expected to provide the scale of new homes required on its own.

2.30

These homes must be high quality, inclusive of Londoners' diverse housing needs, and built to support London's shift to a low carbon future. Londoners must have opportunities to shape new development, and their concerns about the impacts of growth must be directly addressed.

2.31

We know that building the new homes we need will not happen overnight; turning things round will be a marathon, not a sprint. In the meantime, we need to do all we can to help Londoners now, and so the Mayor is committed to helping the growing numbers of private renters in London, by raising standards in the sector and bringing down costs. We need to work towards the right legislative and regulatory changes to support a better deal for tenants and landlords, and, separately, to make sure London's growing number of leaseholders get a fair deal.



2.32

Finally, to tackle the most urgent and acute housing needs, we must prevent homelessness, help those already made homeless into sustainable accommodation, and work to support rough sleepers off the streets.

2.33

This vision underpins the Mayor's five priorities for his draft London Housing Strategy:

- i. Building homes for Londoners
- ii. Delivering genuinely affordable homes
- iii. High quality homes and inclusive neighbourhoods
- iv. A fairer deal for private renters and leaseholders
- v. Tackling homelessness and helping rough sleepers

### **DELIVERING THE VISION: HOMES FOR LONDONERS**

2.34

The draft London Housing Strategy sets out the Mayor's long term plan for solving London's housing crisis, demonstrating the determination at City Hall to drive forward the changes and reforms that are required.

2.35

The UK remains a highly centralised state, and London government stands out from other world cities in controlling and raising a remarkably small share of its own public revenue and taxes, leaving it reliant on negotiating periodic deals with central Government on terms that tend to change with each iteration. The Mayor, alongside organisations ranging from London Councils to representatives of businesses through London First, is calling for a comprehensive and urgent devolution of funding and powers that would enable London to take more of a lead in solving its own housing problems.

2.36

However, within existing powers, and even with further devolution, the Mayor is acutely aware that this is not a problem that he, nor any single organisation, can solve on their own. That is why he has built a broad alliance around tackling the housing crisis in London.

2.37

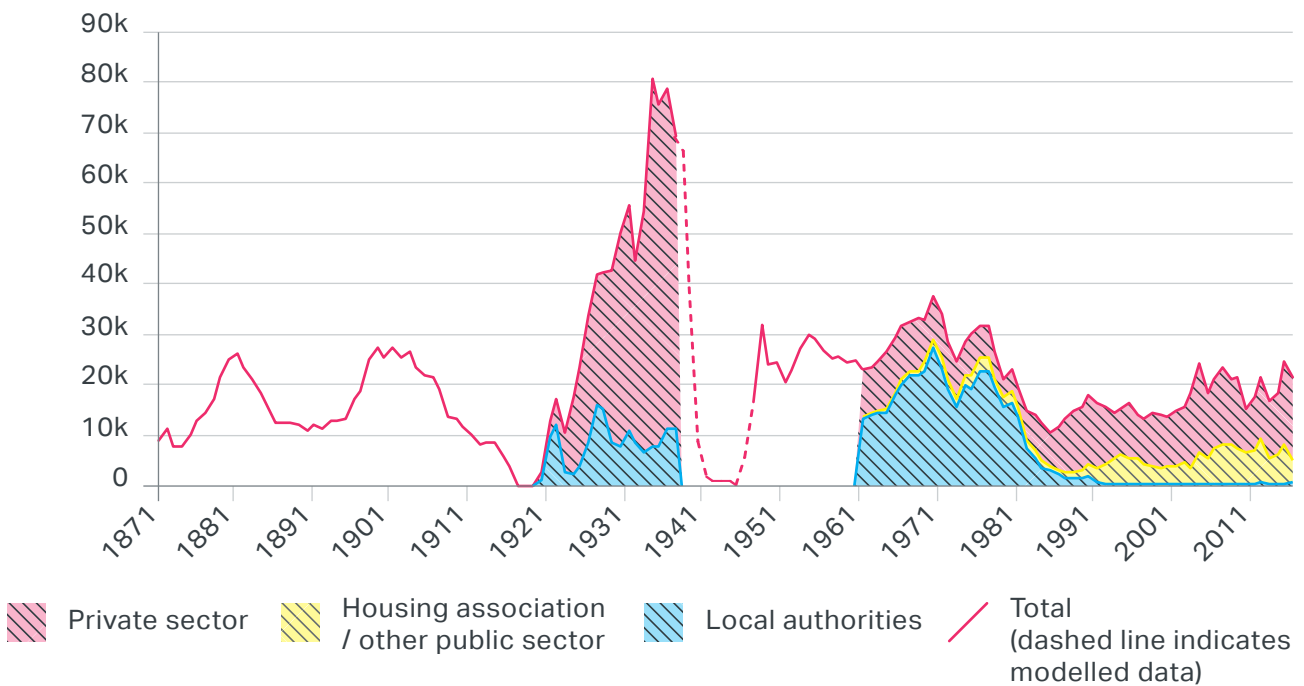
This draft strategy provides a blueprint for effective joint working between the Mayor, councils across the capital, and central Government. It provides a basis for all levels of government to work with housing associations, developers, investors, charities, and Londoners themselves to build the homes we need.





## **3 Building homes for Londoners**

**Figure 3.1: Estimated number of new homes built in Greater London, 1871 to 2016**



Source: GLA, Housing in London, 2017

3.1

The Mayor believes the only way to solve London’s housing crisis over the long term is to build significantly more homes. This chapter sets out the Mayor’s policies for increasing the number of homes built in the capital. Policies to ensure that more of these homes are genuinely affordable are in chapter four, while policies relating to design and quality of new homes, and ensuring Londoners are involved in decisions about new development, are in chapter five.

**CONTEXT**

3.2

For many decades the number of new homes built in London has fallen far short of what Londoners need (figure 3.1). Most new homes in London are currently delivered by major developers through a model that relies on homes for market sale, often built on large and complex brownfield sites. While such developments make a key contribution to London’s housing supply, our reliance on this model has led to the supply of new homes becoming unbalanced.

### 3.3

This model faces inherent constraints in terms of how many new homes it can support, because of the high costs of developing such sites, limits on the capacity of major developers and contractors to build more quickly, and economic limitations on how quickly market homes can be sold (whether to would-be occupiers or investors) at the prices required<sup>35</sup>. Around 80 per cent of the new homes built in London are affordable to just eight per cent of London households<sup>36</sup>. When the upfront costs of purchasing a home are taken into account, this figure drops even further. This means the demand for many new build homes is limited and is strongly correlated with the highly cyclical property market. All of these factors combine to produce build-out rates below levels that would be technically possible without such constraints.

### 3.4

London's councils continue to grant planning permission for substantial numbers of new homes, so that the pipeline of homes approved but not yet completed has grown year on year, reaching a net total of 278,000 in 2015/16. This figure has more than doubled in a decade. However, around half of these planned homes are located on very large developments of more than

500 units, and while large brownfield sites can support significant additional housing supply over the longer term, they account for only 14 per cent of housing completions in the last three years<sup>37</sup>.

### 3.5

Development through the current dominant model of homebuilding has also been focused in inner London boroughs in recent years, where, between 2011 and 2016, the housing stock grew at a rate around 50 per cent higher than that of outer London<sup>38</sup>. Due to much higher land prices, homes built in inner London tend to be more expensive, and many such developments only go ahead because a significant proportion of their new homes are aimed at the high-end sales market. This has contributed to a situation where the price of new homes is rising even faster than overall house price growth<sup>39</sup>, and where new build starts of market housing in 2016 have fallen, as the volatile luxury sales market has become saturated<sup>40</sup>.

### 3.6

A range of interventions is needed to move London towards a sustainable increase in the level of homebuilding and to support quicker build out rates on a greater number of sites.

“Not only do we need to see an acceleration in delivery on larger brownfield sites and in inner London, we also need to help make sure that more homes are built in outer London, including on smaller sites.”

Such interventions include substantial upfront public investment in infrastructure, site clearance and remediation of land, a supportive planning policy framework, the assembly and acquisition of land, and support for different tenures and models of private and public sector delivery.

### 3.7

Interventions are also required to rebalance housing supply – including more affordable homes, more homes for purpose-built private rent, and more mid-market homes for sale in areas where they are affordable to more Londoners. Such a range of tenures will better meet Londoners’ needs, and will help to speed up delivery by widening the pool of Londoners who can afford to buy or rent newly built homes, enabling developers to be less reliant on a constrained and volatile high-end sales market.

### 3.8

Not only do we need to see an acceleration in delivery on larger brownfield sites and in inner London, we also need to help make sure that more homes are built in outer London, including on smaller sites. Areas in outer London can support new homes for market sale at mid-market prices,

while small scale intensification and redevelopment in such areas is much less capital-intensive and can therefore provide cheaper homes. Small sites' contribution to housing supply has, however, fallen over the last decade<sup>41</sup>, and the smaller builders specialising in these sites report a number of obstacles, notably the availability and cost of land, and the complexity, cost and sluggishness of the planning system<sup>42</sup>.

### 3.9

Delivering more homes will require more capacity in the construction sector, and diversifying the methods we use to build homes in London will be necessary to overcome the constraints of an industry that already faces a shortage of key skills. This is made even more acute by the sector's vulnerability to changes in national immigration policy. Around 45 per cent of London's construction workforce is from overseas, including 27 per cent who come from other EU countries<sup>43</sup>. A significant increase in the share of new homes that are precision manufactured offsite, together with a major boost in the quality and quantity of construction training, would help offset these risks and improve the speed and quality of new construction<sup>44</sup>.

### 3.10

Finally, London is part of a much larger economic and housing market area, in particular the wider South East region. There are significant opportunities to realise the potential of the wider city region, and beyond, through investment in strategic infrastructure to support the housing and business development that is required to meet our collective needs.

### 3.11

Homes for Londoners – the Mayor's programme that comprises a strengthened team at City Hall, new funding and policy approaches, together with close collaboration with other levels of government and the housing sector – will pursue, support, and lobby for the range of interventions needed. The Mayor will provide a financial and planning environment that helps more land come forward faster for development, and he will work with well-placed delivery bodies including developers, housing associations, and councils to accelerate homebuilding on these sites. He will intervene directly where necessary using the resources and existing powers available to him to their fullest effect. To enable a greater step change in delivery, he will make the case to Government for the further resources and powers required.

### **POLICY 3.1: INCREASING THE SUPPLY OF LAND FOR NEW HOMES**

The supply of land for housing should be increased through greater intensification, higher densities, and co-location of different uses – and through proactive intervention in London’s land market to unlock and increase the pace of housing delivery.

#### **Proposals**

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#### **A**

**The Mayor will work with councils, Government and others to ensure that London’s planning policies support additional housing supply, supported by clear housing targets for councils. This will include:**

- i strongly promoting appropriate development of new homes on brownfield land, in and around town centres, and through a new presumption in favour of appropriate residential development on small sites;
- ii protecting the Green Belt and supporting a shift to higher density development through new design-led density policies and promotion of more co-location and intensification in existing built up areas, including

exploring new fiscal incentives to encourage landowners to release inefficiently used land and to increase build out rates; and

- iii clear housing delivery targets for every council in London, including specific expectations for supporting development on smaller sites.

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#### **B**

**The Mayor will support proactive intervention in London’s land market to ensure land identified for housing comes forward more quickly. This will include:**

- i refocusing City Hall resources toward actively identifying opportunities for, and intervening to enable, the release of more land for housing, supported by an expansion in the skills, capacity, and resources of City Hall’s Homes for Londoners team;
- ii supporting councils and housing associations to acquire land, promote projects and invest in infrastructure; and
- iii where necessary, directly intervening to co-ordinate key projects and assemble land.

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**C**

**The Mayor will work with other public sector landowners to ensure that the public sector leads by example in supporting housing delivery on its own land. This will include:**

- i ensuring that land controlled by the Mayor is used to support additional housing delivery;
- ii working with other public sector landowners – including councils, the National Health Service (NHS), Network Rail, and the Ministry of Defence (MOD) – to release more land for housing, including through offering to purchase sites and procuring a new London Development Panel to support development; and
- iii lobbying for more devolution of powers to the Mayor to ensure Government-owned surplus public land is released quickly to deliver more housing for Londoners.

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**D**

**The Mayor will work with councils and others to unlock land for housing, including through compulsory purchase and other statutory land assembly powers and models. This will include:**

- i making full use of existing compulsory purchase powers and new provisions, and exploring the case for a London centre of expertise for land assembly; and
- ii making the case for further reforms of, and resources to support, compulsory purchase, and exploring options for new land assembly models drawing on international examples.

3.12

London's current land use policies, and its land market, have failed to respond adequately to the city's overwhelming need for new homes. The Mayor is determined to increase land supply by focusing on two fundamental priorities. First, we need to identify a greater capacity for homes through more intensive use of London's land. This includes building at higher densities, diversifying the size and location of sites, promoting more co-location of different types of buildings and uses, and ensuring that all parts of London contribute their share to homebuilding. Second, we need to ensure that the land we identify for new homes comes forward quickly and efficiently.

## **PLANNING FOR MORE HOMES**

3.13

To meet the revised estimates of London's housing needs, it is likely that land will be required to build significantly more than 50,000 new homes each year, for at least the next 25 years<sup>45</sup>. This is a significant challenge that needs to be approached in the context of pressure on land for other uses, including businesses and public services, while protecting the Green Belt and other open space.

3.14

Working with councils, the Mayor has carried out an exhaustive survey of every potential large housing site in London through the Strategic Housing Land Availability Assessment (SHLAA). Over 11,500 sites were assessed to establish their suitability for housing and mixed use development, including 1,300 sites submitted as a result of the GLA's call for sites. This makes it the most comprehensive pan-London exercise of this type ever undertaken. The assessment will underpin the Mayor's housing targets for councils, which will be published for consultation in his draft London Plan.

3.15

The Mayor will strongly promote the development of well-designed, environmentally sustainable, and high density housing on suitable brownfield land. Large brownfield sites represent a significant reservoir of land capacity with major opportunities for comprehensive and masterplanned redevelopment, and the potential for mixed use development that can contribute to housing delivery and wider regeneration.

3.16

Many of London's largest housing-led regeneration initiatives are on such sites



– including GLA-owned and promoted schemes such as Barking Riverside, the Royal Docks, and Greenwich Peninsula – and the new draft London Plan will fully revise and update the list of London’s Opportunity Areas, where many of these are located. Many of the policies outlined in this chapter – particularly those on land assembly (Proposals 3.1B and 3.1D), investing in infrastructure and housing (Policy 3.2), and diversifying the tenure mix of new homes (Policy 3.3) – will help to speed up delivery on such sites.

### 3.17

However, most of London’s large vacant brownfield sites, many of them in former industrial areas, have now been identified and are often being redeveloped. In addition, large brownfield sites tend to complete very slowly due to their scale and complexity, and the need for significant infrastructure (particularly transport) to support new housing. This is one of the main reasons why London’s stock of planning permissions has grown faster than its housing completions.

### 3.18

While developing large sites remains important to meeting London’s housing need, we will also need to look to other opportunities to support more

homebuilding. Two opportunities stand out, both of which have particular relevance in outer London: housing as part of the regeneration of London’s town centres; and more development on small sites.

### 3.19

London’s hundreds of town centres and high streets are at the heart of local economies, local communities and civic life. Yet they face a number of challenges, including often poor quality buildings and public realm and the decline of traditional retail in the internet age<sup>46</sup>. Given their higher levels of public transport connectivity and capacity there is an opportunity to regenerate London’s town centres in ways that deliver both economic growth and new housing as well as additional social, health, community, and environmental benefits. Working with councils and landowners, the Mayor will identify town centres suitable for housing-led regeneration that can revitalise high streets, create new employment opportunities, improve the public realm, and build more homes. Other proposals in this strategy will seek to address the barriers that prevent more homes being delivered in town centres, such as lack of infrastructure (Policy 3.2), and issues with land assembly (Proposals 3.1B and 3.1D).

### 3.20

Smaller sites tend to be completed more quickly than larger ones, and, when they are located in parts of London with lower land values, they can help to support the delivery of market homes at relatively more affordable prices. Over recent years the number of smaller sites coming forward for housing has fallen markedly: in the eight years to 2014, completions on small sites (under 0.25 hectares) fell by half, and this decline was even more pronounced in outer London and on very small sites (under 0.1 hectares)<sup>47</sup>.

### 3.21

To reverse this decline, the Mayor will set out policies in his draft London Plan to give a clear presumption in favour of appropriate residential development on small sites, including specific borough level targets for this type of development. This will include enabling more homes to be built in areas within walking distance of town centres and public transport, while protecting and enhancing the enduring appeal of London's suburbs. This will be supported by exploring new ways to improve public transport and active travel options in suburban areas, as set out in the Mayor's draft Transport Strategy.

This approach is consistent with proposals in the previous Government's 2017 Housing White Paper.

## **MAKING OPTIMUM USE OF LONDON'S DEVELOPMENT LAND**

### 3.22

When compared to many of its major international peers, London is a relatively low density city<sup>48</sup>. Delivering significantly more new homes will require higher densities in many locations, as well as a move towards greater co-location of different types of buildings and land uses. For London to accommodate growth in an inclusive and responsible way, including protecting the Green Belt and other open space, every development needs to make optimum use of land. This will necessarily mean using land more efficiently and developing new homes at densities that will often be higher than those in the surrounding area. To support this, and to ensure that it happens in ways that are appropriate to their local context, the Mayor will set out a new approach to design-led density in his draft London Plan. The Mayor's policies to ensure that new homes and neighbourhoods are well-designed and inclusive are contained in chapter five.

## 3.23

One of the features of London's development in recent years has been growing competition for land between different types of buildings and uses. Residential development has often prevailed over other uses as it can often command higher land values, a situation which has been formalised through Government's Permitted Development Rights for certain commercial buildings to be converted into housing.

## 3.24

To make more efficient use of London's land, and to ensure that the buildings and uses that Londoners want to keep can be adequately protected, the Mayor will support far greater co-location and integration of different uses within buildings, sites and neighbourhoods. This could include:

- genuinely mixed use residential-led developments;
- flats above key pieces of social infrastructure, including schools and health facilities;
- consolidating commercial or retail land uses to support more homes;
- co-location of commercial or retail uses with new homes; and

- consolidation and intensification of industrial land to retain industrial floor space while opening up sites for residential development.

## 3.25

More widely, the Mayor is interested in exploring new incentives that could encourage landowners to consider redeveloping sites that are currently used inefficiently. Examples include surface car parks and single-storey low density retail centres and stores. There is also a need to explore options for effective approaches to supporting quicker build-out rates on sites. The Mayor will develop proposals to put to Government for new fiscal incentives that would encourage landowners to consider releasing inefficiently used land for redevelopment and contribute to quicker build out rates.

## **WORKING WITH COUNCILS TO PLAN FOR NEW HOMES**

## 3.26

Councils will play a central role in identifying opportunities for greater intensification of land uses in their areas. The Mayor will work with councils to support them doing so locally through

measures such as the use of masterplans and Area Action Plans, and faster planning through permission in principle and registers of brownfield sites. This will form an important part of assessing general conformity with the London Housing Strategy and the London Plan.

3.27

The approaches outlined above underscore the Mayor's intention that all parts of London need to contribute their full share toward meeting London's housing needs. The current imbalances between areas reflect both the availability of land, and also the differing levels of support that councils in London give to new housing through their planning and housing policies. To address this, the Mayor will set out clear housing targets for every council in London in his draft London Plan. The Mayor will work with councils to deliver these targets through an appropriate package of planning and housing measures, many of which are outlined in this draft strategy.

3.28

In the 2017 Housing White Paper, the previous Government set out its intention to use a 'housing delivery test' to hold councils to account for meeting their housing targets. The Mayor believes the housing delivery test needs to take into account London's unique two tier

planning system and the particular set of challenges that councils here face. The Mayor will work with Government to develop a housing delivery test that works for London.

## **INTERVENTIONS TO UNLOCK LAND FOR HOMES**

3.29

The policies set out above, many of which will be reflected in the draft London Plan, will provide a clear framework for approaches to land use and density. However, planning policy alone is not enough to ensure that sufficient land will come forward for housing delivery quickly enough, or in a way that always optimises the number of homes developed<sup>49</sup>. The reasons for this include:

- land that could, and should, be developed is often not because land owners lack the incentive to release it, or decide to wait until site values increase to maximise their returns;
- land that is released, or optioned, is frequently traded rather than developed;
- developers and home builders, especially in the commercial sector, build at rates which maximise their returns rather than optimising the pace of new supply;

- the speculative nature of development and land trading, coupled with the cyclical nature of the housing market, sets high barriers to entry for new competitors and market 'disrupters', and undermines the ability to secure high levels of affordable homes; and
- councils, who Government believes should be proactively addressing these issues and shaping local development, can lack the ability, or inclination, to do so.

### 3.30

The new London Plan will provide a clearer, positive framework for encouraging intensification, densification, and co-location across London, helping to address the points above. However, without significant changes in market conditions and regulatory structures, it is unlikely that these will be overcome by planning and market forces alone. This points to the need for more assertive public sector intervention in the land market.

### 3.31

The GLA has begun to take a role in the land market beyond its statutory planning functions, including through: Housing Zones (Proposal 3.2A) which include some land assembly work; Opportunity Area Planning Frameworks which proactively identify land capacity in key growth areas; and the portfolio of

635 hectares of land the Mayor inherited in 2012 which gave City Hall significant influence over housing delivery on individual sites or within wider regeneration opportunities.

### 3.32

The Mayor now wants to see this work go much further. In addition to a more supportive policy framework, the Mayor will consider interventions across four broad areas:

- supporting councils to be more proactive at identifying land opportunities to deliver their housing targets;
- supporting other partners – particularly housing associations – to gain access to land opportunities;
- directly co-ordinating and supporting delivery around key sites; and
- where necessary, stepping in to proactively assemble land for development and/or to de-risk sites.

### 3.33

To achieve this, the Mayor will refocus City Hall resources towards proactively identifying opportunities for the assembly and release of more land for housing, and will look to intervene where necessary to enable it to happen. This will be supported by an expansion in the skills, capacity, and resources of City Hall's Homes for Londoners team.

This is a shift from the role City Hall has played under previous administrations, towards a more hands-on approach to getting development going. With a greater focus on brokering deals on the ground, this new approach will enable the Mayor to intervene directly, or to support councils, housing associations and developers to do so, where land is suitable for new housing but is not coming forward for development. This is likely to be particularly important for large or complex sites and projects that require significant intervention, such as town centres, and where the local council may be unable or reluctant to intervene itself.

### 3.34

As part of this new focus, the Mayor will support councils' efforts to assemble land, promote projects, and invest in infrastructure, and he will consider working with housing associations, developers, and councils to accelerate homebuilding by reducing the risks they face. The Mayor also wants to support housing associations to acquire more land, which will enable them to increase both their overall levels of housing delivery and particularly the number of affordable homes they deliver. The Mayor will support them to do so through offering investment on flexible

terms. This will include working to achieve collaborative land assembly partnerships with major housing associations, which can be focused in strategic housing growth locations. This initiative will be piloted in Ilford and Feltham town centres.

## MAYORAL PUBLIC LAND

### 3.35

The Mayor wants to see the public sector leading by example when it comes to releasing land for high quality and genuinely affordable homes. The GLA's land bank is almost entirely either in development or procurement and will deliver more than 50,000 homes in the coming years. However, the Mayor's functional bodies control significant landholdings and they have committed to ensure that this land is utilised to support additional housing delivery:

- TfL is reviewing all of its landholdings with a view to supporting additional housing delivery. This includes operational sites, where engineering solutions that allow co-location with housing could be found. TfL has committed to bringing forward land for more housing, starting on sites with potential to deliver 10,000 homes;

- the Metropolitan Police, through the Mayor's Office for Policing and Crime (MOPAC), is reviewing its own landholdings, and, subject to a public access consultation during 2017, anticipates bringing forward sites by 2022, with the potential to deliver up to 2,500 homes; and
- the London Fire Brigade (LFB), through the London Fire and Emergency Planning Agency (LFEPA), has identified several small sites that might be appropriate for redevelopment as housing.

3.36

The Mayor expects GLA Group functional bodies to target an average of 50 per cent affordable housing across the portfolio of new sites they bring forward. These organisations are developing responses to this target subject to service specific statutory responsibilities (see chapter four).

## OTHER PUBLIC LAND

3.37

Publicly-owned land controlled by the Mayor makes up a relatively small share of total public sector land in London. The London Land Commission was established in 2015 to identify the

extent of publicly-owned land in London and to begin to understand the scope for utilising surplus land for housing development. The Commission has completed this task, including publishing the London Land Commission register of landholdings<sup>50</sup>, and the Mayor's priority is now to take advantage of the information in the register to support housing delivery programmes that make use of public land.

3.38

The Mayor will therefore continue to engage directly with other key public sector landowners, including councils and Government departments and agencies such as the NHS, the Ministry of Justice (MoJ), the Ministry of Defence (MoD), and Network Rail, to bring forward sites for housing. These organisations are being encouraged to:

- systematically review their landholdings, with a view to densifying their operational uses and identifying sites for disposal;
- understand their potential to support housing delivery including affordable housing; and
- work with the Mayor to put a plan in place to ensure that this potential is realised.





### 3.39

For councils in London, this means having in place a credible and robust strategy for introducing housing and optimising density on all of their relevant landholdings, with clear plans to bring appropriate sites forward for housing delivery within a reasonable timeframe. The Mayor strongly encourages all councils to have such plans in place as soon as possible. The Mayor will work with councils to develop and review plans, to provide support to ensure that they are delivered, and to see that the Mayor's policies on estate regeneration are adhered to wherever plans involve existing council estates (see chapter five).

### 3.40

The Naylor Review of NHS property and estates identified potential capacity for 10,000 new homes on existing sites in London<sup>51</sup>. London and national partners are considering how NHS estates can be used to better meet London's health and care infrastructure needs and housing opportunities for Londoners through the new London Estates Board. The Board provides a single forum for NHS estate discussions in London, bringing together NHS commissioners, providers, local and city government with national partners,

and is supported by the London Estates Delivery Unit, which brings together expertise to support the collaborative development of estate strategies. The Mayor will continue to work with the NHS, councils, and other partners to support an effective programme of interventions to bring forward NHS sites for housing, including through the new London Estates Board and London Estates Delivery Unit, which will be located alongside the Homes for Londoners team at City Hall.

### 3.41

In some cases, public sector landowners will identify surplus sites but may lack the capacity or skills required to bring these sites forward for housing delivery. In such cases the Mayor will consider using his powers to acquire such land, at an open market valuation and with appropriate overage clauses, and bring them forward for development on behalf of the landowners.

### 3.42

The Mayor will also support approaches that set aside a proportion of homes on land owned by Government departments and agencies for key workers, such as health and education professionals. This should be in addition to these sites providing genuinely affordable homes.

3.43

To support willing public sector landowners, the Mayor will help accelerate the release of public land through a newly procured London Development Panel. The new Panel will offer comprehensive development services for public sector landowners and housing associations through an OJEU procured framework. It will include panel members with experience in delivering Build to Rent and precision manufactured homes. The Mayor will also be launching a specific package of support for small sites owned by the public sector – his Small Sites, Small Builders initiative (see paragraph 3.82).

### **DEVOLUTION OF POWERS OVER PUBLIC LAND**

3.44

In addition to the Mayor's engagement with public sector landowners to help them develop programmes for land release, the Mayor is also working with Government to develop a more formal role for the GLA in bringing forward Government-owned land in London earmarked for housing delivery. As a minimum, this role should mirror that operated by the HCA, which directly manages the release of surplus central Government landholdings outside London.

3.45

Existing arrangements governing public land disposals can act as a constraint on housing delivery. In particular, the current statutory general consents to dispose of land, and the requirements to achieve best consideration, can delay or act as a barrier to bringing forward land for housing. The Mayor will seek to work with Government to reform public land disposal rules so that public landowners are able to deliver more mixed tenure housing.

### **COMPULSORY PURCHASE POWERS**

3.46

There will be cases where, as a last resort, public sector agencies will need to use their powers to compulsorily purchase land. The Mayor has such powers, as do councils. The Mayor will work with councils, Mayoral Development Corporations (MDCs), TfL, housing associations and developers to utilise statutory land assembly powers, such as Compulsory Purchase Orders (CPOs), to bring forward housing opportunities. This will include supporting councils to make more use of compulsory purchase where appropriate, and the Mayor exercising compulsory purchase powers where a scheme is of strategic significance, or where a local council may be unable or reluctant to act.

3.47

The Neighbourhood Planning Act 2017 introduced several reforms to the compulsory purchase regime that aim to make the system faster and fairer. This includes greater scope to capture the land value uplift created by public sector intervention – for example, the value created by new transport infrastructure. It also provides for the GLA Group functional bodies to exercise their compulsory purchase powers in a more strategic way, enabling one or both of the GLA and TfL to advance a single CPO for both housing and transport purposes where this is in pursuance of a joint project. The Mayor supports reform of compulsory purchase and will work with councils in London to ensure that full use is made of relevant provisions in the Neighbourhood Planning Act, and that these provisions are implemented in a way that supports additional housing delivery in London.

3.48

The Mayor is keen to provide support to councils to make more use of their compulsory purchase powers where these can be used to bring forward housing opportunities. The Mayor will consider the case for establishing a London centre of expertise for use of compulsory purchase powers. This could assist councils, given the high costs and time commitments that CPOs require, and the opportunity to create economies of scale by pooling resources and staff.

**“There will be cases where, as a last resort, public sector agencies will need to use their powers to compulsorily purchase land.”**

## REFORMS TO SUPPORT LAND ASSEMBLY

3.49

Despite recent improvements, the existing compulsory purchase regime is too slow and costly. Government could support further reform through a series of relatively straightforward measures. The Mayor will work with partners to make the case to Government for further improvements to the operation of the compulsory purchase regime. These should include:

- further refinement of the principles underpinning land valuation and compensation;
- use of First-tier Tribunals to process more routine applications;
- boosting resources at the Planning Inspectorate and the Upper Tribunal; and
- considering the case for streamlining the compulsory purchase process where the landowner is a public sector body.

3.50

These reforms would be welcome, but in themselves are unlikely to be enough to bring forward the significant increase in land supply required to support the scale of homebuilding we need. There are several alternative statutory land assembly models, including land readjustment and land pooling, that have potential to increase housebuilding in London. To support development of these models, the Mayor has commissioned research comparing how statutory land assembly powers are utilised to support housing delivery in the UK and internationally. The findings of the report will be published and shared with Government.

### **POLICY 3.2: INVESTMENT TO SUPPORT HOUSING DELIVERY**

Investment to support the delivery of homes and enabling infrastructure should be increased and better-targeted to unlock development.

#### **Proposals**

#### **A**

**The Mayor will target investment to accelerate and de-risk housing and regeneration sites across London. This will include:**

- i targeting investment in areas where delivery of new and genuinely affordable homes can be maximised, including focusing more of our resources on the strongest Housing Zones;
- ii supporting access to finance for home builders and lobbying for a sustainable successor to the Help to Buy scheme; and
- iii securing a significant share of the Government's Housing Infrastructure Fund and making the case for substantially more public investment to support housing delivery.

#### **B**

**The Mayor will work with councils and others to maximise the opportunities for new homes that major public transport infrastructure improvements present. This will include:**

- i delivering the Mayor's draft Transport Strategy, which sets out a 25-year vision and action plan to ensure London's transport infrastructure supports the city's continued growth – including schemes such as Crossrail 2 and extensions to the Bakerloo Line and the Docklands Light Railway;
- ii ensuring that potential housing benefits are a key determinant of which transport schemes and projects are supported and funded in future; and
- iii considering the scope to use new funding models, including land value capture, to fund future transport schemes.



3.51

Public investment plays a key role in underpinning the supply of new homes in London. In particular, there are three types of public investment that are needed to directly support a significant increase in new homebuilding:

- grants for new affordable homes (see chapter four);
- funding to accelerate and/or de-risk housing development (Proposal 3.2A); and
- investment in public transport to increase the availability of land for housing (Proposal 3.2B).

3.52

Public investment is particularly important in a London context, where we need to build at higher densities and the costs of development are very high. Finding new ways to finance homes and infrastructure is therefore a key priority.

## **INVESTING IN LONDON'S GROWTH AREAS**

3.53

The Mayor believes public investment has an important role to play in accelerating and de-risking delivery of new homes. This involves supporting developers to deliver more homes at a faster rate, as well as encouraging a wider range of homes that are more affordable to Londoners. As most developers rely on income from market

sales, they are exposed to house price cycles; this can make their developments more risky, constraining what they are able to do. Public investment can help to mitigate these risks, thereby helping to accelerate delivery.

3.54

The Mayor wants to accelerate development in key growth areas through providing flexible investment and resources to unlock sites and infrastructure improvements. This will include concentrating additional resources in the strongest Housing Zones, following the Mayor's recent review of the programme to increase their pace and scale of housing delivery, and their proportions of affordable housing.

3.55

While Housing Zones offer scope to accelerate major housing opportunities, progress has sometimes been held back due a lack of resources and expertise in councils. To help address this, the Mayor will make available £600,000 over two years to fund revenue costs, including additional staff, in Housing Zone areas.

3.56

Even more could be done with additional funding. A substantial proportion of the Housing Zones funding is provided through a loan agreement with Government, and this could be reinvested to extend delivery through

the programme. The Mayor will therefore make the case to Government to recycle the £150 million of Government loan funding for Housing Zones to deliver more homes in London.

### **ACCELERATING AND DE-RISKING HOUSING DELIVERY**

3.57

The Mayor wants to support access to loan finance for developers. The GLA's current programme for doing so – the London Housing Bank – operates on restricted terms that make it not fit for purpose. Of the £200 million negotiated with Government in 2014, only £21 million has been committed, through a contract in 2017 to accelerate the construction of 270 homes. The Mayor will work with Government to reform these terms so the GLA has much greater flexibility over how this funding can be used to accelerate housing delivery.

3.58

The Help to Buy scheme provides equity loans to Londoners for new homes up to a value of £600,000. By significantly reducing deposit requirements and ongoing housing costs for first time buyers, the scheme helps to make homes in London more affordable, and boosts overall supply by reducing the risk to developers looking to sell their new build properties.

3.59

Help to Buy is now playing a substantial role in London's low to mid-value housing market, yet it is due to come to an end in 2021. Ensuring a sensible and smooth transition will be vital in order to avoid a major downturn in new homebuilding. In its 2017 Housing White Paper, the previous Government stated its intention to consider what might come next. The Mayor believes schemes like Help to Buy are important to de-risk housing supply in the short term and to ensure that more new homes are available to first time buyers. He will urge Government to provide a sustainable successor to the scheme in London. Any future scheme should be less dependent on public investment, should directly address the difficulties first time buyers face in accessing new-build homes, and should help to incentivise good practice in the development industry, such as better construction skills training and shifts to precision manufacturing of homes. The Mayor supports calls from many in the housing industry to avoid an abrupt end to the scheme.

### **INCREASING PUBLIC INVESTMENT TO SUPPORT HOUSING DELIVERY**

3.60

Government has announced a new national Housing Infrastructure Fund, worth £2.3 billion, that could help bring



forward investment in land assembly and infrastructure to get housing schemes moving. The Mayor will continue to make the case for additional investment in infrastructure to support housing delivery in London, and will work with councils to ensure that London makes a substantial bid for funding through the Housing Infrastructure Fund<sup>52</sup>. Beyond this he will also make the case for additional investment in infrastructure to support housing delivery, working in collaboration with councils in London and across the wider South East.

### 3.61

Ultimately, public investment to de-risk and support housing delivery will be required at a far greater scale if we are to see a significant increase in housing supply. Public investment could be relatively low risk if invested in long term homes for market rent, and in affordable housing to rent and buy, as these tenures are in great demand and offer long term stable returns. The Mayor wants to take a far stronger role in accelerating and de-risking housing delivery, but doing so requires Government's backing, so the Mayor will continue to make the case to Government that public investment must play a leading role in underwriting the significant expansion in housing delivery that is needed. This will include a longer-term affordable housing settlement, which should be part of a wider fiscal devolution package to support greater

decision-making by London government (see chapter four).

## **INVESTING IN PUBLIC TRANSPORT TO SUPPORT HOUSING DELIVERY**

### 3.62

Forty-five per cent of journeys in London in 2015 were made using public transport. As the city's economic activity is concentrated within central London, large-scale commuting into the centre makes public transport connectivity and capacity a key consideration when it comes to efforts to build more homes.

### 3.63

The Mayor's draft Transport Strategy sets out a 25-year vision and action plan to ensure London's transport infrastructure supports the city's continued growth. Housing is at the heart of this vision, along with a clear recognition of the central importance of public transport connectivity and capacity to unlock land opportunities and support housing delivery. This must be done alongside a move toward the majority of short trips being walked or cycled to support higher densities and vibrant places, underpinned by the Mayor's Healthy Streets Approach<sup>53</sup>. A selection of key major projects and schemes, and their potential contribution to housing supply, are summarised in box 1.

## BOX 1: MAJOR TRANSPORT SCHEMES AND THEIR CONTRIBUTION TO HOUSING SUPPLY

**Crossrail 2:** Crossrail 2 is essential to London's future. Linking rail networks in Surrey and Hertfordshire via new tunnels and stations between Wimbledon and Tottenham Hale, this major new line will provide capacity for an additional 270,000 people to travel into and across central London each morning. It will reduce the overcrowding that threatens to bring major London stations to a standstill. It will also unlock around 200,000 new homes, and support up to 200,000 new jobs. Working with partners, the Mayor aims to open Crossrail 2 by 2033.

**Bakerloo Line Extension:** In addition to the transport benefits it delivers, the Bakerloo Line Extension could also enable more than 25,000 new homes and 5,000 jobs to be accommodated in the Old Kent Road and the Lewisham, Catford and New Cross Opportunity Areas. The Old Kent Road Opportunity Area provides a unique opportunity to create a high-density, mixed-used place near the Central Activity Zone.

**Elizabeth Line Extension:** Land to enable an extension of the Elizabeth Line was safeguarded as part of the Crossrail Act. An extension could support 55,000 new homes and 50,000 new jobs in Bexley and north Kent. To achieve this, services on the existing rail network would also need to be improved. As well as providing vital support for growth plans in Kent, the Elizabeth Line Extension could link to High Speed 1 at Ebbsfleet and boost rail connectivity throughout the wider South East.

**Overground extension to Barking Riverside:** TfL's planned extension of the London Overground to Barking Riverside will support the delivery of 11,000 new homes that would otherwise not have been viable.



“The Mayor will work with TfL and councils to ensure that the housing benefits of planned transport improvements are maximised.”

3.64

Maximum additional housing supply must be secured from these improvements. The planning underway for Crossrail 2, which could support up to 200,000 additional homes in London and beyond, demonstrates how housing needs to be at the centre of transport planning in London in future. The Mayor will work with TfL and councils to ensure that the housing benefits of planned transport improvements are maximised. This means ensuring that London-wide and local planning policy takes into account planned transport improvements, and that the Mayor and councils have a plan to ensure the potential benefits of investment are realised in practice. Given a finite investment budget, the Mayor will also ensure that potential housing benefits are a key determinant of which schemes and projects are supported and funded in future.

3.65

The Mayor’s draft Transport Strategy also sets out how local investment can unlock and accelerate more sustainable, denser development over a larger area, for example, through high quality rapid bus transit networks. The Mayor will use public investment to deliver smaller scale transport schemes that help unlock the potential for the creation of new homes and leverage funding for such purposes from other sources.

3.66

The Healthy Streets Approach puts health and quality of life at the heart of planning London's future. A central aim of the Mayor's draft Transport Strategy is to ensure that the Healthy Streets Approach is used to plan London's growth around active and sustainable travel, reducing the damaging health impacts and wider effects of car dependency in London. Housing developments that are planned around car use are generally low density and require space for parking. Higher density housing is made possible by reducing car dependency, with neighbourhoods planned so local schools, shops, community facilities, and workplaces are within comfortable walking and cycling distance from people's homes, and so there are good public transport options for longer journeys. The Healthy Streets Approach will underpin the Mayor's approach to linking transport investment decisions with housing delivery, focused on reducing car dependency to improve quality of life and deliver the housing growth London needs.

## **SECURING INVESTMENT FOR NEW TRANSPORT INFRASTRUCTURE**

3.67

Ultimately, a step change in housing delivery will also require a step change in investment in new and improved public transport. There are large areas of London earmarked for new homes – many of which are in Opportunity Areas – that will not come forward quickly or at high enough densities without significant improvements in public transport connectivity and capacity. The Mayor will consider other mechanisms for raising investment, many of which involve capturing some of the value created by the planning system and by infrastructure improvements. This could include Tax Incremental Financing (TIF), Enterprise Zones, or forms of land value capture.

3.68

Some potential models are set out in the final report of the London Finance Commission<sup>54</sup>. As part of this work, the Mayor will work with Government to develop models for land value capture for funding future infrastructure projects. New funding models could provide significant funding towards these projects, allowing them to be built more quickly and with less reliance on Government funding.

### **POLICY 3.3: DIVERSIFYING THE HOMEBUILDING INDUSTRY**

The homebuilding industry needs to be diversified to increase capacity and speed up delivery.

#### **Proposals**

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#### **A**

**The Mayor will provide a package of support for new purpose-built private rented homes – the Build to Rent sector. This will include:**

- i providing support through planning guidance and in the new London Plan, and lobbying Government to exempt Build to Rent from the three per cent SDLT surcharge;
- ii supporting purpose-built rented homes at a range of rent levels, including at London Living Rent levels; and
- iii ensuring Build to Rent showcases the best management practices in the rented sector.

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#### **B**

**The Mayor will work with councils and Government to provide a package of support for small- and medium-sized builders. This will include:**

- i making more small sites available through the presumption in favour (see Policy 3.1) and the new Small Sites, Small Builders programme, beginning with a pilot on TfL sites;
- ii setting out clearer policies and streamlined planning processes for small sites and small builders, focused on ensuring they are supported and the costs and risks they face minimised; and
- iii amending the Mayoral Community Infrastructure Levy (CIL) instalment policy so that small- and medium-sized builders can pay less upfront, and, where local CIL instalment policies exist, encouraging councils to do the same.

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**C**

**The Mayor will work with councils and housing associations to ensure that they are able to significantly increase the number of new homes they deliver – particularly genuinely affordable homes. This will include:**

- i working collaboratively with councils to ensure their housing plans are effective and that they have access to the investment, skills and expertise they need – and lobbying Government to remove barriers to them delivering even more;
- ii forming new strategic partnerships with ambitious housing associations, including more flexible investment and supporting the goal of securing a long term rent settlement to underpin more investment; and
- iii specific support for smaller housing associations, including encouraging new consortia to share expertise and development programmes.

3.69

We will not be able to significantly increase housing delivery in London unless more of the homes we build can be accessed by more Londoners, and are built by a wider group of organisations. In particular this means a focus on:

- a larger specialist Build to Rent sector that provides a more stable and well-managed supply of homes, at a range of rent levels, for the growing number of Londoners who need or want to rent;
- more market homes for sale in outer London, many of which will be on smaller sites, which can be built out more quickly and are generally more affordable to more Londoners; and
- a much greater supply of genuinely affordable homes to rent and buy that would unlock the substantial demand among Londoners who cannot afford open market prices.

3.70

The types of homes set out above do not have the same risks and market constraints that affect more expensive market sale homes. They can therefore be built at greater speed and quantity. This will require new approaches to development and financing models to complement the current major developer model of homebuilding.

3.71

New approaches will help boost supply, with housing associations and councils playing a key role in building more genuinely affordable homes. The Mayor will make full use of his current planning and investment powers, and a more interventionist role in the land market, to support them toward this goal. A step change in the level of devolved housing investment from Government, and an overhaul of the Mayor's tools to intervene in the land market, could open opportunities in the future for even more direct involvement of City Hall in the delivery of new and affordable homes.

## **SUPPORTING BUILD TO RENT**

3.72

London has an opportunity to harness the emerging purpose-built private rental sector – or Build to Rent, as it has become generally known – to help increase housing delivery. Build to Rent can also help to support the development of a new, high quality and longer term option for private renters (see box 2), as well as constituting additional supply above what would be delivered through a housing market largely reliant on build for sale-led developments.



## BOX 2: THE POTENTIAL OF BUILD TO RENT TO SUPPORT ADDITIONAL HOUSING DELIVERY

The Mayor believes that Build to Rent developments have the potential to:

- accelerate the pace of housing delivery on individual sites, as demand is broader for rented homes than new build sale;
- speed up multi-phased sites where Build to Rent can be delivered alongside homes for sale, increasing overall housing delivery;
- help to maintain delivery across the housing market cycle, because they are less impacted by house price downturns;
- attract new investment into London's housing market, including from investors looking for long term, stable returns, such as pension funds;
- provide a more consistent and large scale demand for precision manufactured homes;

- offer longer tenancies and greater security of tenure;
- ensure a commitment to, and investment in, place-making through single ownership; and
- provide better management standards and higher quality homes than much of the existing private rented sector.

The Build to Rent sector has grown significantly in recent years. Almost 3,900 Build to Rent homes were built in 2016 – more than double the 1,800 units that were built in 2014, the previous peak year.

This growth looks to be continuing: at the end of 2016 there were more than 9,000 Build to Rent homes under construction in London, constituting 15 per cent of all private housebuilding<sup>55</sup>.

**3.73**

To further support the growth of Build to Rent, the Mayor is providing more clarity about how schemes should be treated for planning purposes. In return, the Mayor expects Build to Rent schemes to be exemplars for the wider, smaller scale private rented sector.

**3.74**

The Mayor's Affordable Housing and Viability Supplementary Planning Guidance (SPG), published in August 2017, sets out a new pathway through the planning system for Build to Rent schemes. This pathway is designed to help both applicants and councils guide Build to Rent schemes through the planning system by acknowledging their distinct economics when compared with mainstream build for sale housing schemes. This is normally taken to mean two separate but connected factors: first, Build to Rent relies on a revenue stream secured through rent rather than upfront return on sales; and, second, Build to Rent schemes often cannot therefore compete to buy land on an equal footing with speculative build for sale schemes.

**3.75**

To encourage the development of the sector, the Mayor will embed the pathway approach in his draft London Plan.

This will level the playing field for Build to Rent schemes and enable more housing to be delivered. The Mayor will encourage Government to ensure its own proposals for supporting Build to Rent through the planning system<sup>56</sup> are aligned with London's plans to give the industry clarity and certainty.

**3.76**

The Mayor recognises the benefit of all homes in a Build to Rent scheme remaining in single ownership and management. This is likely to prevent such schemes from including social housing managed by councils or housing associations, or shared ownership homes that would be sold to individual purchasers. Instead, in such cases, the Mayor will generally support the delivery of discounted market rent homes, at a range of discounts including at London Living Rent levels, as the affordable housing provision on these schemes.

**3.77**

In addition to the planning system, fiscal policy can also be used to support Build to Rent. From April 2016, higher rates of SDLT have been charged on purchases of private rental homes. The three per cent SDLT additional homes levy was designed to target second homes, including homes bought by private

individuals and let out to tenants through Buy to Let. However, it is also applied to Build to Rent schemes, creating a substantial additional cost burden for a sector that is still in its infancy in the UK. The Mayor supports calls to exempt Build to Rent from the three per cent SDLT surcharge. This is necessary to bring Build to Rent onto a level playing field with mainstream construction for market sale.

3.78

The Mayor believes that Build to Rent developments should showcase the best management practices in the rented sector. In order to achieve this, the Mayor has five key management standards that should be incorporated into the policy definition of Build to Rent:

- Longer tenancies (three years or more) should be available to all tenants. These should have break clauses for renters, which allow the tenant to end the tenancy with a month's notice any time after the first six months;
- Rent certainty should be offered for the period of the tenancy, the basis of which should be made clear to the tenant before a tenancy agreement is signed. This should include any annual increases, which should always be formula-linked;

- There must be onsite management. This does not necessarily mean full-time dedicated onsite staff, but all schemes need to have systems for prompt resolution of issues and some daily onsite presence;
- Providers must have a complaints procedure in place and be a member of a recognised ombudsman scheme; and
- Providers must not charge upfront fees of any kind to tenants or prospective tenants, other than deposits and rent in advance.

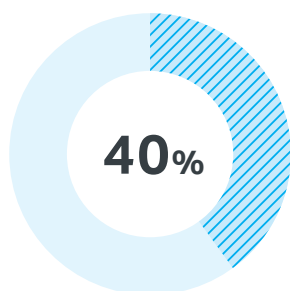
3.79

These standards will be applied through the Build to Rent pathway in the Mayor's draft London Plan and the Mayor strongly encourages councils to take the same approach.

## **REVERSING THE DECLINE OF SMALL- AND MEDIUM-SIZED BUILDERS**

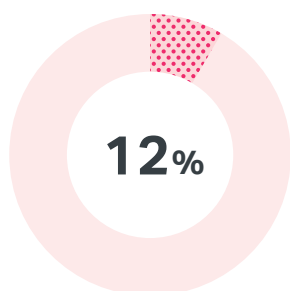
3.80

Homebuilding in the UK, and particularly in London, has become increasingly dominated by large construction businesses. Nationally, 12,000 small- and medium-sized enterprises (SMEs) were responsible for building 40 per cent of new build homes in 1988,



**of new build homes were built by 12,000 SMEs in 1988, nationally**

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**of new build homes are built by 2,500 SMEs today**

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compared with 2,500 SMEs producing 12 per cent today<sup>57</sup>. We need to develop more small sites for housing, and these sites are likely to be less attractive to larger construction firms, which tend to focus on larger schemes. SME builders are also more likely to keep building homes in downturns than larger volume developers<sup>58</sup>.

3.81

Smaller builders report three main barriers stopping them from building more homes in London: access to land; the speed and efficiency of the planning system; and access to finance<sup>59</sup>. The Mayor wants to take action on all three of these fronts.

3.82

To increase the availability of land for smaller builders, the Mayor will support a significant increase in the availability of small sites for housing development through new policies in his draft London Plan, including through a presumption in favour of such sites coming forward (see paragraph 3.21). Furthermore, the process for bringing forward small publicly-owned sites for housing-led development needs to be simplified. The Mayor will launch a Small Sites, Small Builders programme, beginning with a pilot on TfL sites, to support small builders, housing associations and community-led organisations to access publicly-owned small sites (see box 3).

### BOX 3: SMALL SITES, SMALL BUILDERS

Small Sites, Small Builders is the Mayor's way of bringing small publicly-owned sites forward with small builders. It will be based on a simplified competitive disposal process, combining some of the convenience of land auctions with some of the delivery and quality control of a development agreement – but without the complication of procurement.

This will allow public landowners to select small builders capable of building high quality homes with innovative solutions for complex sites, based on their track record and background. Successful builders will be given a long lease on the sites on which they build, subject to securing planning and finance.

The GLA will support public landowners who choose to use this approach by:

- commissioning a full set of surveys to help reduce risk;
- marketing sites through a new website with clear, standardised contract terms; and
- providing capital funding to unlock otherwise unviable sites, subject to value for money in each individual case.

Landowners may also choose to include covenants restricting use of the site to affordable and/or community-led housing, and may also defer payment for the land to help builders' financing.

The GLA will also explore the opportunity to support public landowners to review their land ownerships, and will look at ways Londoners can suggest potential sites using an interactive map.

3.83

Delays and financial costs associated with gaining planning permission are particularly problematic for SME builders because they mostly carry out just one or two schemes a year and cannot spread risk across a portfolio of sites like large developers can. To the extent that the costs of the planning process are fixed – such as the cost of providing an environmental impact, sunlight, or design and access statement – these will also disproportionately affect small schemes. To begin to address these issues, the Mayor will set out a new presumption in favour in the planning system for small sites, focused on ensuring smaller builders are supported through clearer policies and streamlined planning processes. Further details will be published as part of the Mayor’s draft London Plan, and will include working with councils to promote the use of Permission in Principle on small sites.

3.84

Currently Community Infrastructure Levy (CIL) payments are due shortly after commencement of a scheme unless the scheme is large enough to benefit from an instalments policy. In order to lower the finance costs associated with smaller scale residential development, the Mayor will amend the Mayoral CIL instalments policy so that more developments – particularly

medium sized and smaller ones – can benefit. Councils are strongly encouraged to apply the same principle to their own instalments policies. The Mayor will work with Government to explore opportunities to further stimulate smaller builders as part of the national review of CIL.

3.85

Finally, elsewhere in this draft strategy, the Mayor sets out his aspiration to see the VAT rate on repairs and improvements to existing properties lowered to five per cent by Government (see chapter five). This will directly benefit smaller builders, who are likely to carry out much of this kind of work, underpinning their ability to undertake new development activity that entails greater risk.

## **SUPPORTING COUNCILS TO BUILD MORE HOMES**

3.86

The Mayor sees development led by councils as being essential to building substantially more new and affordable homes, and he wants to work with councils across London to achieve this. This should include councils building more homes themselves, since they are well placed to do so through their roles as landowners and landlords. After many years when council homebuilding had

been reduced to virtually zero, councils have started building homes again. This resurgence has been given added impetus by the powers granted in the Localism Act and devolution of council Housing Revenue Accounts (HRAs). London's councils have built over 1,800 homes in the last six years, compared to only 60 homes in the preceding six years<sup>60</sup>.

3.87

Many councils in London are building homes directly or through dedicated companies. The Mayor encourages councils to bid for funding from his Affordable Homes Programme to support the delivery of new council housing. In initial allocations made under the programme, and announced in July 2017, councils were allocated almost £150 million in affordable housing grant.

3.88

The Mayor is also keen to work with individual councils who are building homes directly, and those who have, or are considering creating, companies where these are necessary to bring housing development forward. The potential advantages of developing homes through companies is that they can undertake development more freely than councils can, and they have the scope to provide a long term income source for councils that may be

struggling to absorb reductions in Government funding.

3.89

To ensure that councils share good practice and are coordinated, the Mayor will work collaboratively with them to help develop the most suitable housing delivery plans to meet their objectives, and also to share expertise, staff, and resources where appropriate. This could involve City Hall directly investing in projects, such as through joint ventures.

3.90

Councils who wish to build more homes continue to face financial and regulatory pressures that could be eased by Government action. The Mayor will work with councils who are willing to support higher levels of homebuilding to make the case to Government that these barriers must be addressed. Three key ones are:

- rules governing how proceeds from the Right to Buy scheme can be spent;
- restrictions on borrowing against councils' HRAs; and
- the impact on councils' development plans of the statutory four year social rent reduction, and uncertainty caused by a lack of a longer term rent settlement.

## SUPPORTING HOUSING ASSOCIATIONS

3.91

The Mayor recognises the pressures housing associations face as a result of the statutory four year social rent reduction. Returning to a rent settlement that is certain, long term, and inflation-linked would greatly increase the capacity of housing associations and allow them to make long term business decisions. In the 2017 Housing White Paper, the previous Government signalled its interest in agreeing a new long term inflation-linked rent agreement with the housing association sector. The Mayor will work with housing associations to make the case to Government for a long term rent settlement that supports an increase in housing delivery.

3.92

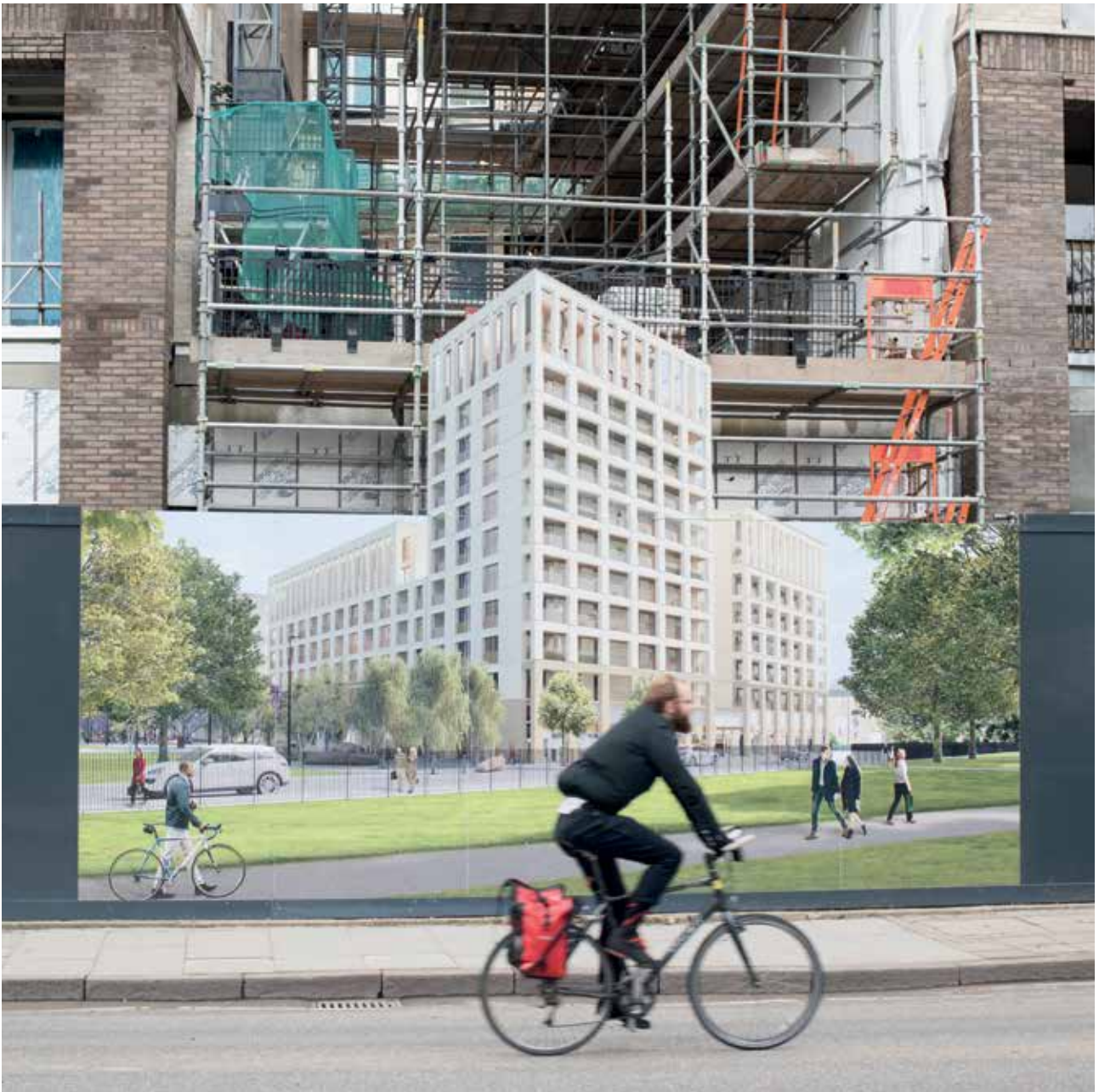
In return for an ambition from larger housing associations to deliver more homes, the Mayor wants these organisations to benefit from more freedom and flexibility than that which is available through mainstream funding programmes. The Mayor will work with major affordable homes providers who commit to delivering particularly ambitious development programmes through a flexible strategic partnership

approach. Each partnership will involve at least 1,000 new housing starts by 2021, with at least 60 per cent of them genuinely affordable. Partnerships could include flexibility around funding, support for land acquisitions, and other joint initiatives such as construction skills and precision manufacturing. In initial allocations made under his current Affordable Homes Programme, the Mayor has announced eight strategic partnerships, which in total will aim to deliver 38,500 genuinely affordable homes.

3.93

The Mayor also wants to support smaller housing associations, which are providing some of London's more specialist homes for specific communities or needs. All smaller housing associations should be considering how they can expand their development programmes. To support this, the Mayor will provide advice, support, and assistance including funding, for smaller housing associations who have an appetite to develop their homebuilding capacity. This includes encouraging consortia of smaller housing associations to share expertise, as has happened with the North River Alliance<sup>61</sup> and the Connected Partnership<sup>62</sup>.





### **POLICY 3.4: INCREASING THE CAPACITY OF THE INDUSTRY**

The construction skills gap should be addressed and construction methods modernised.

#### **Proposals**

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#### **A**

**The Mayor will work with partners to encourage many more Londoners to take up a career in construction. This will include:**

- i making the case for the urgent need for certainty over the rights of EU nationals to continue to work in the capital, with a focus on the importance of the UK remaining in the European Single Market;
- ii leading a new campaign, which will outline what Londoners, homebuilders and Government can do to ensure that London's construction industry can access the skills and people it needs; and
- iii supporting a more flexible approach to local labour requirements to ensure that all London residents have access to meaningful apprenticeship and training opportunities.

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#### **B**

**The Mayor will work to improve London's construction skills training system. This will include:**

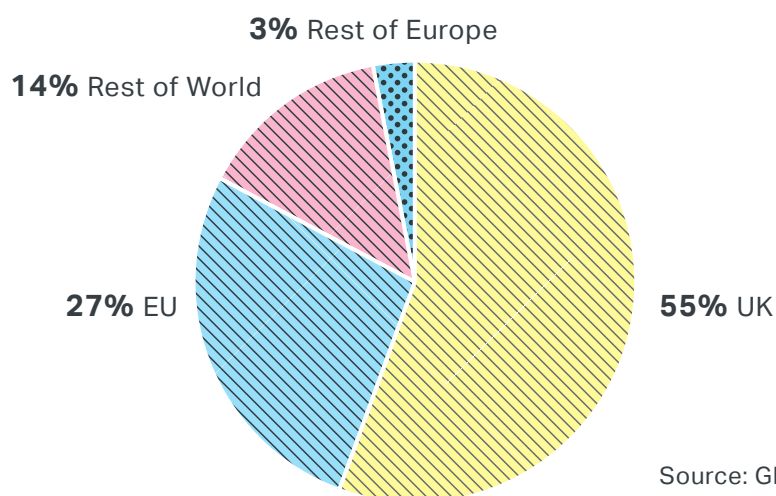
- i launching a Construction Academy for London to help ensure that training providers and employers are working together as effectively as possible to design and deliver approaches to training which meet the needs of employers and learners;
- ii producing a London Skills Strategy that will set out priorities for improving education and skills provision for Londoners aged over 16, with a focus on technical skills and adult education, and supported by devolution of the Adult Skills Budget; and
- iii lobbying for further devolution, including control over the 16 to 18 Technical Education Budget and any unspent element of the Apprenticeship Levy.

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**C**

**The Mayor will support and promote the modernisation of London's construction industry through more precision manufacturing of homes. This will include:**

- i making funding available for affordable homes built using precision manufacturing approaches through the Affordable Homes Programme, including the Innovation Fund;
- ii negotiating a share of the Accelerated Construction Fund to be used flexibly in London to support the shift to more precision manufacturing of homes; and
- iii making the shift to more precision manufacturing of homes a key priority for investment in London's skills system, including through the new Construction Academy.

**Country of birth of construction workers in London, 2014-16 (Labour Force Survey)**

Source: GLA, Housing in London, 2017

3.94

It will not be possible to significantly increase homebuilding in the capital without enough people with the right skills wanting to work in the construction industry. With 14 per cent of construction workers due to retire in the next 10 to 15 years, it is essential to recruit the next generation of the workforce. Furthermore, with women making up just 13 per cent of the construction workforce, compared with 44 per cent of all workers in the capital<sup>63</sup>, attracting a more diverse range of people is essential too. Brexit poses additional risks, since more than a quarter of London's construction workforce come from the EU<sup>64</sup>. Available estimates suggest that between 2,500 and 4,000 new workers will be needed in each year to meet additional demands on the industry<sup>65</sup>. In addition, the construction

industry has a poor public image and reputation, and there are considerable gaps in the skills training system. In 2016, 47 per cent of construction employers seeking to fill vacancies reported difficulties in doing so<sup>66</sup>.

3.95

London is far more reliant on overseas construction labour than the rest of the UK with 27 per cent of the workforce from other EU countries. Certainty over the rights of EU nationals to continue working in London is therefore a key priority, along with greater investment in skills, and encouraging more people to consider a career in construction. The skills challenge and the poor image of construction as a career are closely linked to the way we build homes, and could benefit from a shift towards precision manufacturing.

3.96

There is an urgent need for greater vision and coordination of effort, to bring together the many initiatives already underway and to scale up the level of ambition. The Mayor wants to show leadership and bring partners together to achieve this.

### **PROMOTING CONSTRUCTION AS A CAREER**

3.97

The Mayor will work with Government, employers, training providers and councils to attract many more Londoners into a career in construction. Data from the Construction Industry Training Board (CITB) shows that the overall appeal of the construction industry as a career option for young people is low<sup>67</sup>, while 35 per cent of career advisers believe a career in construction is unattractive<sup>68</sup>. The Farmer Review<sup>69</sup> cites the poor image of the industry as one of the main challenges facing construction, with perceptions of poor job security and working conditions commonplace. These challenges are particularly acute for housing construction and compounded by the challenges presented by Brexit. The Mayor will continue to work with business to make the case for the urgent need for certainty over the rights of EU nationals to continue to work in the capital, with a focus on the importance of the UK remaining in the European Single Market.

3.98

The Mayor believes that careers in construction should be promoted and celebrated, focusing on the significant opportunities within the industry for progression, good levels of pay, and a variety of career opportunities.

3.99

To support this vision, the Mayor will lead a new campaign, which will outline what Londoners, homebuilders and Government can do to deliver the skills and people that London's construction industry needs. It will focus on the benefits of a career in construction and the contribution that Londoners can make to the capital by building homes for current and future residents. To help increase the construction workforce above its current size, this campaign will be targeted at groups currently under-represented in the construction workforce, in particular young people, women, and those from a BAME background<sup>70</sup>. The campaign will also highlight how the construction industry can come together to support this ambition, and work with Government to support the needs of London's construction employers and workforce. This will be linked to the London is Open campaign, highlighting how crucial skilled construction workers are to delivering London's housing ambitions.

3.100

The campaign will be delivered in partnership with leading players in the industry and other key organisations. It will offer clear information on how to access training and opportunities by promoting the Mayor's Construction Academy scheme (see paragraph 3.105) and linking with other initiatives, such as London Ambitions<sup>71</sup> and the GoConstruct online portal<sup>72</sup>.

## **APPRENTICESHIPS AND LOCAL LABOUR**

3.101

Apprenticeships can provide an excellent route into a career in construction. Over 500 construction apprenticeships were completed in London in 2015/16, yet despite many local examples of good practice, the current approach to promoting apprenticeships on housing schemes is failing to optimise outcomes for either apprentices or the construction industry. Developers are often required to make employment opportunities available to local residents as part of planning agreements with councils. These local residency requirements can be impractical on building sites that offer inherently short term employment and

training opportunities, and can make it particularly difficult for Londoners who need to move sites part way through their training.

3.102

The London Chamber of Commerce and Industry has called for councils to look at developing a more flexible approach to local labour requirements contained in planning agreements in order to allow apprentices and workers to access opportunities across borough boundaries<sup>73</sup>. The Mayor will work with councils, developers, construction employers, and training providers to develop a system which enables Londoners to access training and employment opportunities across the capital. This new approach should ensure that local residents can benefit directly from development taking place in their locality, that apprenticeship and training opportunities are meaningful, and that the construction industry has access to the workers that it needs. The Mayor will work with councils to ensure that this new approach is reflected in section 106 agreements with developers, underpinned by a policy in the draft London Plan that clearly articulates the benefits of such an approach.

## IMPROVING LONDON'S CONSTRUCTION SKILLS INFRASTRUCTURE

3.103

The Mayor wants to see the construction industry rising to the challenge of significantly increasing housing supply and recognises that, as a sector, it is highly fragmented. This both adds to the underlying difficulties in increasing homebuilding and undermines training outcomes. The Farmer Review highlighted fundamental problems in the UK's construction labour market model that, if unaddressed, will have a significant impact on the UK's ability to deliver more homes. These issues include a dysfunctional training model, a lack of innovation and collaboration, a virtually non-existent research and development culture, and low productivity.

3.104

To help London respond to these issues, the Mayor has established a Homes for Londoners sub-group to investigate the issue of construction skills in London and to make recommendations. The sub-group includes representatives from the construction industry, housing associations, councils, and

“The Mayor will work with councils, developers, construction employers, and training providers to develop a system which enables Londoners to access training and employment opportunities across the capital.”

#### BOX 4: THE MAYOR'S CONSTRUCTION ACADEMY SCHEME

The Mayor is committed to working with industry to deliver the skills needed to significantly increase London's housing output. The Mayor's Construction Academy scheme will deliver an approach to skills and training which will help make sure there are enough people with the construction skills that London needs, including a focus on increasing the involvement of groups and communities currently under-represented in the construction workforce.

The Academy scheme, guided by input from industry, will build on existing structures of training and skills provision, using a pan-London network to enable increased collaboration between skills training providers and construction employers who have vacancies to fill. This approach will help to ensure that local skills provision is planned according to construction employers' skills requirements, as well as facilitating job brokerage between training providers and construction

employers. The development and delivery of the Academy scheme will be driven by senior stakeholders representing the construction industry, skills providers, and local government, overseen by the Mayor's Homes for Londoners and Skills for Londoners boards.

The Academy scheme will be supported by at least £8 million of funding, including capital investment for improvements to training providers' premises and equipment, ensuring that Londoners have access to cutting edge training provision in traditional construction skills as well as those required for precision manufactured homes.

All those participating in the Construction Academy scheme – contractors, developers, housing associations, councils, and training providers – will be publicly acknowledged as the Mayor's partners in tackling the construction skills challenge.



training providers, and will report its recommendations in September 2017. The sub-group's recommendations will also be taken into account by the Mayor's Skills for Londoners taskforce - a group of employers, skills experts, and London government representatives who have been brought together by the Mayor to help him develop an approach to skills which will ensure that Londoners and businesses can realise their full potential.

3.105

The Mayor will work with Government, employers, training providers, and councils to deliver a skills system which will mean more Londoners can play their part in building the homes they need. To drive this ambition forward, the Mayor will launch a Construction Academy for London to ensure that training providers and employers are working together as effectively as possible to design and deliver approaches to training which meet the needs of employers and learners (see box 4). The Mayor will also ensure that TfL's training academy in Ilford is a centre of best practice in construction skills for both housing and infrastructure needs.

## **DEVOLUTION OF SKILLS PROVISION**

3.106

The Adult Education Budget (AEB) is due to be devolved to the Mayor from 2019/20, with the aim of giving the GLA more control to ensure skills provision meets the needs of Londoners and London businesses. The Mayor will support reform of the skills system focused on helping people progress into further and higher education learning, apprenticeships, and employment, and helping them secure increased earnings where they are in low paid work.

The Mayor will produce a London Skills Strategy that will set out priorities for improving education and skills provision for Londoners aged over 16, with a focus on technical skills and adult education. The draft Skills Strategy is due to be published by the end of 2017, and will look at how the Mayor can support a new approach to skills in the capital, taking into consideration the sectors central to London's economic success, including construction. The Mayor's forthcoming Good Work Standard will also aim to ensure that the capital's employers provide the conditions necessary to attract and keep the workforce that London needs.

“While offsite construction methods currently account for less than 10 per cent of total construction output, there is widespread acceptance that this new approach to construction is an essential part of tackling the housing crisis.”

3.107

While the Mayor welcomes the devolution of the AEB to London, current plans do not go far enough. The Mayor wants to ensure that the entire post-16 skills system in London is joined up and designed to meet London’s specific social and economic needs. This includes the ability to deliver diverse and flexible construction training which provides Londoners with the right skills to move onto construction sites as quickly as possible. To support this, the Mayor is calling for the devolution of the full range of post-16 skills powers and funding. This would include control over the 16 to 18 Technical Education Budget and any unspent element of the Apprenticeship Levy, to ensure that money raised in London is spent in London and is directed towards the capital’s skills priorities, including construction.

#### **SUPPORT FOR PRECISION MANUFACTURING OF HOMES**

3.108

A greater role for precision manufacturing in homebuilding has the potential to offer greater consistency and quality control, alongside additional benefits in terms of speed of delivery, cost efficiencies, and safety on site.

An industry-wide move towards more offsite work to support additional capacity in the sector could make a career in the construction sector more attractive to a wider range of people. It could also support new jobs that require different skills in London and elsewhere, helping to strengthen and rebalance the country's manufacturing and industrial base.

3.109

While offsite construction methods currently account for less than 10 per cent of total construction output, there is widespread acceptance, backed up by the Farmer Review, that this new approach to construction is an essential part of tackling the housing crisis. However, in order for precision manufacturing to play a role in homebuilding at the scale required to make a difference, the construction workforce needs to have the necessary skills – and this requires a fresh approach to construction skills training.

3.110

The Mayor wishes to support greater housing delivery through additional housing construction activity in London that involves precision manufacturing. To support this, the Mayor will make funding available for affordable homes

built using precision manufacturing approaches through his Affordable Homes Programme, including the Innovation Fund. In addition, the Mayor will encourage manufacturers and developers to come together and plan how they can deliver more homes by aggregating their demand.

3.111

The Accelerated Construction Fund is the Government's initiative to speed up delivery of new homes, particularly on publicly-owned land. The Mayor believes that the Fund should be tailored in London to meet the capital's distinct needs – and believes there could be a particular role for the Fund to help support and de-risk housing development built using precision manufacturing techniques. The Mayor will seek to negotiate a share of the Accelerated Construction Fund to be used flexibly in London to support the shift to the greater use of precision manufacturing in homebuilding.



## **4 Delivering genuinely affordable homes**



#### 4.1

The Mayor is determined to make housing more affordable to Londoners on low and middle incomes. This chapter contains the Mayor's policies and proposals specifically in relation to affordable homes that are rented out or sold to Londoners at below market rates. Policies in relation to making the costs of renting privately more affordable are in chapter six.

### CONTEXT

#### 4.2

London depends on people of many different means and backgrounds being able to live here and contribute to its vibrancy and economic success. The capital's stock of social housing, built up over many years, forms the foundation of our mixed city – and with a growing number of jobs in recent years putting greater pressure on housing, affordable homes have been more central than ever to making sure all Londoners can play their part in the city's economy and society.

#### 4.3

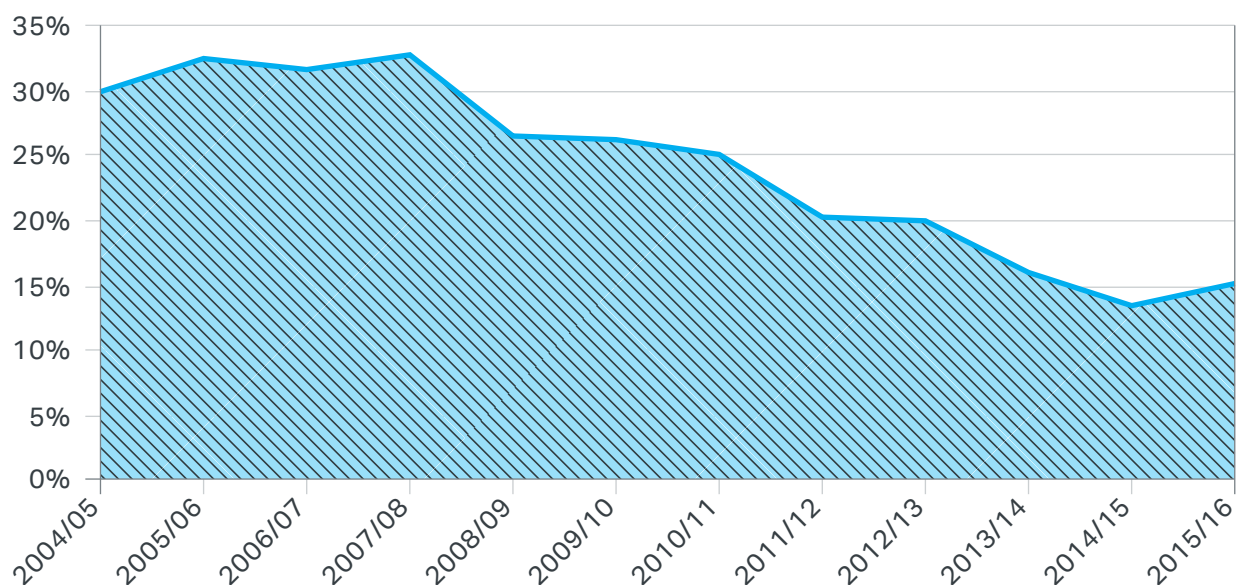
Affordable homes play a vital role in supporting Londoners on low incomes who are unable to access the private

market, many of whom play a crucial role in the success of the capital's businesses and public services, yet who are most disadvantaged by the rising living costs associated with that success. A recent report estimated that around one third of London's shift workers, such as those working in caring professions and cleaners, as well as 'blue-light' workers, such as police and ambulance drivers, currently live in London's social housing<sup>74</sup>, and a shortage of affordable housing has been linked to difficulties in recruiting and retaining public sector workers<sup>75</sup>.

#### 4.4

Affordable homes also have an important role to play in supporting Londoners on middle incomes, particularly those stuck in the private rented sector who are struggling to save for a deposit. Addressing this need is important to avoid London hollowing out, with only very wealthy people able to afford market housing and people on relatively low incomes able to access social housing. Moreover, the industries that drive London's economy and our public services depend on a steady supply of highly-educated professionals who need access to homes they can afford.

**Figure 4.1: Affordable homes as a percentage of net conventional approvals in London, 2004/05 to 2015/16**



Source: GLA analysis of London Development Database (LDD), August 2017. This is based on the proportion of net conventional housing approvals in each year that comprised affordable housing between 2008/09 and 2015/16 (the latest year available).

#### 4.5

Yet for many years, London has been failing to build new affordable homes at the rate required. In 2015/16, the number of affordable homes funded by the GLA was just 4,880 - the lowest since records began<sup>76</sup>. A failure to replace social housing sold through Right to Buy has contributed to a fall in the number of new lettings of social rented homes available to councils of around 20 per cent over the last decade<sup>77</sup>.

The recent pipeline of planning permissions shows how the proportion of homes approved that are affordable halved from 26 per cent in 2008/09 to just 13 per cent in 2014/15 (figure 4.1).

#### 4.6

The declining amount of social housing has left more than a quarter of a million Londoners on housing registers with waiting times of up to 25 years<sup>78</sup>, and more



than one in eight social housing tenants living in overcrowded conditions<sup>79</sup>. It has also contributed to a crisis of homelessness (see chapter seven). Demand for shared ownership and other forms of intermediate affordable homes continues to outstrip supply. The number of Londoners registered on the GLA online portal – the main way to access intermediate affordable housing – has increased from 70,000 in 2013/14 to almost 200,000 in 2016<sup>80</sup>.

#### 4.7

The assessment of London's housing needs carried out in 2013 indicated that around two-thirds of London's required affordable homes needed to be for social rent. Current central Government funding arrangements have favoured funding for low cost homeownership. The Mayor is making full use of this funding to meet the clear demand for more affordable homes to buy, and believes additional funding is required to help meet the shortfall in homes for low cost rent.

#### 4.8

A result of the shortfall of homes for low cost rent has been an increasing number of Londoners on low incomes renting privately, with rents that have risen quickly in recent years. In 2008, working Londoners accounted for 15 per cent of housing benefit claimants; by 2016, this had risen to 36 per cent<sup>81</sup>. In previous decades, these are the Londoners who would have likely benefited from social housing.

#### 4.9

The Mayor believes there is a clear and compelling moral case, alongside financial and economic ones, to deliver many more affordable homes for Londoners. It is a view shared not just by Londoners themselves, but also by businesses, more than half of whom say they want the Mayor to focus on delivering more affordable homes<sup>82</sup>. The Mayor is leading a broad coalition across London in support of more affordable housing by making this a top priority.

## **POLICY 4.1: GENUINELY AFFORDABLE HOMES**

Supported by a series of clear affordability tests, new affordable homes should be genuinely affordable to Londoners.

### **Proposals**

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#### **A**

**The Mayor will support delivery of low cost rented homes, allocated according to need to Londoners on low incomes. This will include:**

- i supporting delivery of London Affordable Rent homes through the Affordable Homes Programme, with benchmark rents based on social rent levels – as well as investing in councils that choose to deliver new council homes for rent; and
- ii refusing to authorise any further conversions of social rented homes to higher rents.

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#### **B**

**The Mayor will support intermediate rented homes for Londoners on middle incomes who do not have enough savings to access mainstream or affordable home ownership. This will include:**

- i investing in new London Living Rent homes through the Affordable Homes Programme, to help private renters save for a deposit to buy a home; and
- ii supporting a range of other types of intermediate rented homes as long as they are genuinely affordable to Londoners, generally meaning that they should be accessible by those whose household incomes fall under £60,000.

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#### **C**

**Building primarily on the successful shared ownership model, the Mayor will support the increased delivery of affordable home ownership aimed at Londoners who cannot afford to buy on the open market. This will include:**

- i supporting delivery of London Shared Ownership homes through the Affordable Homes Programme;
- ii working with the main shared ownership providers to introduce a 'London Charter' to standardise approaches to service charges; and
- iii supporting other types of affordable home ownership, as long as the homes are genuinely affordable to Londoners whose household incomes fall under £90,000.

## 4.10

The Mayor wants to give Londoners confidence that more new homes will be genuinely affordable. Londoners have understandably become suspicious of the term 'affordable' in recent years, as it has included homes costing far beyond the means of most households.

## 4.11

Government sets the broad rules for defining affordable homes, but the Mayor has successfully negotiated some flexibilities that allow him to tailor new affordable housing to better meet Londoners' needs. The Mayor believes this must include homes that are:

- genuinely affordable for Londoners on both low and middle incomes;
- available both to rent and to buy, meeting different housing needs and income levels; and
- built by a range of organisations, including housing associations, community-led organisations, councils, and the private sector.

## 4.12

Under the Mayor's current investment programme, a range of homes that meet these criteria will be supported. Three types of affordable homes in particular are being promoted

and are defined below: London Affordable Rent; London Living Rent; and London Shared Ownership.

## 4.13

Beyond these three types of home, the Mayor will support innovation through a flexible approach to supporting different types of affordable homes, recognising that London is a large and diverse city with many ideas for how to address its housing needs. For example, this could include live-work spaces to support London's small businesses and entrepreneurs, in particular where these can support clusters of creative industries in Creative Enterprise Zones. This flexibility will be balanced against the need to ensure all affordable homes developed in London are genuinely affordable to Londoners. In particular, any proposals should meet three tests:

- the local council should be supportive;
- the homes should remain affordable in perpetuity, with provision made to recycle any subsidy and reinvest it elsewhere if homes are sold;
- new types of affordable homes must be demonstrably affordable to Londoners with reference to the eligibility criteria for the Mayor's preferred affordable housing tenures.

4.14

Household income caps help set the eligibility criteria for intermediate affordable homes. They are set out in broad terms in this draft strategy, with any updates being included in the London Plan Annual Monitoring Report.

4.15

The Mayor's Affordable Homes Programme supports homes aimed at Londoners on a range of incomes, and operates within national funding rules which are weighted towards the delivery of intermediate homes for middle income Londoners. The Mayor will support delivery of these much-needed homes, as well as making the case to Government that additional funding should be made available to support many more low cost rented homes for lower income households to meet London's housing needs in full.

## **LOW COST RENTED HOMES**

4.16

Social rented housing forms the foundation of our mixed city, and many more low cost rented homes are urgently needed to help low income households who are unable to rent or buy on the open market. The Mayor is committed to using the resources available to him to deliver more homes that meet these needs, at rent levels that are genuinely affordable to these households.

4.17

Over the last few years, rents for many new affordable homes for low income households have been set at much higher levels than traditional social rents. In London, this has led to a situation where some homes have been rented out to Londoners on low incomes at up to 80 per cent of local market rents, causing hardship to households as well as driving up the cost of Housing Benefit for the taxpayer. This policy has also made it more difficult for London's housing associations and councils to build low cost rented homes for the Londoners who really need them.

4.18

The Mayor does not consider 80 per cent of market rents to be genuinely affordable in most parts of London. That is why, through his Affordable Homes Programme, the Mayor is supporting delivery of London Affordable Rent homes with benchmark rents based on social rent levels. Using these benchmarks, a two-bed home would have a rent of £153 a week in 2017/18. More details on these homes is contained within the Affordable Homes Programme funding guidance.

4.19

Other low cost rented homes will be supported where they meet similar housing needs to London Affordable Rent homes. In particular, the Mayor will support and invest in councils that choose to deliver new council homes for rent.

4.20

Since 2011, the rents for some social rented homes have been substantially increased when they are re-let under a process known as conversion. This was a feature of the previous Mayor's funding programme, under which around 19,000 such conversions were authorised in London. Under his new programme, the Mayor will not authorise any further conversions of social rented homes to higher rents.

## **INTERMEDIATE RENTED HOMES**

4.21

As housing in London has become increasingly unaffordable, middle income Londoners have looked to affordable home ownership, particularly shared ownership, as a route to owning their own home. However, the requirement for a deposit for these homes means that many Londoners on middle incomes are still unable to access them immediately, and unable to save due to the high costs of renting privately. Indeed, half of households in London's private rented sector have no savings at all<sup>83</sup>.

**"The Mayor does not consider 80 per cent of market rents to be genuinely affordable in most parts of London."**

## 4.22

The Mayor will support a range of intermediate rented homes. Generally these will be to support Londoners on household incomes of less than £60,000. In particular, through his Affordable Homes Programme, the Mayor will invest in new London Living Rent homes to help private renters save for a deposit to buy a home. Rents for these homes will be based on a third of local average household incomes – a widely accepted measure of housing affordability (see box 5). All intermediate rented homes should provide at least a 20 per cent discount on market rents.

## 4.23

As well as the London Living Rent homes that will receive Mayoral funding, other types of intermediate rented homes will also be supported. For example, the Mayor's draft London Plan will support councils, housing associations, and other developers in the delivery of homes let permanently at London Living Rent levels, as well as other discounted/intermediate market rent (DMR/IMR) homes at a range of discounts.

**BOX 5: LONDON LIVING RENT (AS FUNDED THROUGH AFFORDABLE HOMES PROGRAMME 2016-21)**

London Living Rent aims to offer Londoners on average incomes a below-market rent, enabling them to save for a deposit. The Mayor has set out London Living Rent levels that vary by ward across London. When funded through the Mayor's Affordable Homes Programme, London Living Rent is designed to offer sub-market rents for up to 10 years, helping households on average income levels to save for a deposit.

The Mayor published initial proposals for London Living Rent in September 2016, and the final details have been informed by discussions with a range of providers, councils, Government, and other stakeholders.

Eligibility for London Living Rent is restricted to households that are currently renting, with a maximum income of £60,000 and who are not

currently able to purchase a home (including through shared ownership) in the local area.

Tenants' landlords are expected to actively support London Living Rent tenants into home ownership within 10 years, with tenants having 'first dibs' on buying the homes they are renting through shared ownership.

The GLA has published maximum rents (inclusive of service charges) by number of bedrooms for new London Living Rent homes in every ward in London, and will update these figures on an annual basis. Affordable housing providers are welcome to set rents below these levels if they wish.

London Living Rent homes delivered in partnership with the GLA will be let using ASTs or their equivalent, with the rent allowed to increase by up to the rate of inflation (using the Consumer Price Index (CPI)) each year. The GLA encourages providers to help as many households as possible over the lifetime of each London Living Rent home, but, in order to ensure stability, does not

expect tenants to be required to move for at least three years from the start of their tenancy.

All London Living Rent homes will be made available through the new Homes for Londoners online portal. Where there is more than one eligible applicant, providers will determine priority for London Living Rent homes through use of a local intermediate waiting list (if one exists), by using a priority group or groups identified by the local council, or as a last resort on a first-come, first-served basis.

Housing providers who deliver London Living Rent homes as part of the Mayor's programme have the flexibility to choose up until the point of first sale or letting to deliver homes as London Living Rent or London Shared Ownership, depending on conditions on a scheme as it nears completion. More information about London Living Rent, including the maximum rent levels, can be found on the GLA website:  
[www.london.gov.uk/londonlivingrent](http://www.london.gov.uk/londonlivingrent)





4.24

These types of affordable homes are particularly appropriate in Build to Rent developments, where it is generally important that all the homes remain in common ownership. More details on how the Mayor will support Build to Rent schemes are set out in chapter three. The Mayor has set out his approach to affordable housing in Build to Rent schemes in the Affordable Housing and Viability SPG.

## **AFFORDABLE HOME OWNERSHIP**

4.25

The shared ownership model allows London households earning less than £90,000 to purchase a share in a new home and pay a low rent on the remaining, unsold, share. Due to its success with both Londoners and affordable housing providers, the Mayor wishes to boost shared ownership through investment and his planning policies.

4.26

The Mayor's Affordable Homes Programme will therefore support homes for London Shared Ownership – based on the national shared ownership model, but with extra assurances for

Londoners over service charges.

A common complaint from shared owners in London is a lack of transparency over service charges, causing confusion and dissatisfaction for those affected. The main providers of shared ownership in London have responded to the Mayor's calls to improve satisfaction with shared ownership, and have produced a 'London Charter' setting out their commitment to work together to standardise approaches to service charges. Further details are set out in chapter six.

4.27

The Mayor will also support councils, housing associations, community-led groups, and other developers in building other types of affordable homes to buy, such as Discounted Market Sale (DMS) homes, where they meet the tests set out in paragraph 4.13. All types of affordable home ownership should be allocated on the basis of policies that will be set out in the draft London Plan. This will include the expectation that local eligibility criteria can only be applied for three months, and that no local criteria should be applied to re-sales. All homes will be made available through the new Homes for Londoners online portal.

## **POLICY 4.2: INCREASING DELIVERY OF AFFORDABLE HOMES**

Half of new homes built in London should be affordable. To support this long term strategic target, the number of new affordable homes built in London should be significantly increased.

### **Proposals**

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#### **A**

**The Mayor will significantly increase the proportion of new homes that are genuinely affordable through a new London Plan which seeks to embed minimum affordable housing requirements into land values.**

**This will include:**

- i embedding the Mayor's new approach to securing affordable homes through the planning system within the draft London Plan;
- ii urging Government to review and reform the viability process; and
- iii ensuring the Mayor's planning and investment powers are fully aligned, for example through the Mayor's new developer-led route for private sector schemes to access grant funding.

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#### **B**

**The Mayor will work with housing associations, councils, investors, and Government to increase the level of investment in genuinely affordable homes. This will include:**

- i investing £3.15 billion to support 90,000 genuinely affordable home starts by 2021;
- ii supporting new models of affordable housing delivery through a dedicated GLA Innovation Fund;
- iii reviewing levels of affordable housing in Housing Zones to increase the level to at least 35 per cent in each Zone; and
- iv calling for a sustainable increase in the supply of affordable housing through greater, more certain, and devolved investment from Government.

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**C****The Mayor will prioritise the delivery of affordable homes on publicly-owned land. This will include:**

- i a target for Mayoral organisations for an average of 50 per cent of homes on land brought forward under the current administration to be affordable;
- ii strongly encouraging other public landowners to prioritise the delivery of affordable homes on surplus or under utilised sites; and
- iii making the Fast Track Route to planning permission, established by the Mayor's Affordable Housing and Viability SPG, only available to public sector sites where they deliver 50 per cent affordable housing in a development or across a portfolio in an approach agreed with the Mayor.

4.28

The Mayor is committed to a long term, strategic target for half of new homes built to be genuinely affordable. This target reflects the Mayor's desire to ensure that more of the benefits of new development go to Londoners on low and middle incomes, and that a higher level of housing delivery overall is based in part on affordable products, for which demand is strong and consistent.

4.29

The Mayor is clear that achieving his strategic 50 per cent target from the low point of just 13 per cent of housing planning consents in 2014/15 will take time, and require action from across the whole range of housing, planning, and development sectors in London. In particular, action needs to be taken on three fronts:

- the planning system needs to ensure that more affordable homes are provided as part of new housing developments;
- greater investment in new affordable homes is needed from Government, the GLA, councils, housing associations, and others; and
- London's surplus or under utilised publicly-owned land needs to be used to support increased levels of affordable homes.

## **AFFORDABLE HOUSING AND THE PLANNING SYSTEM**

4.30

The planning system plays a crucial role in ensuring that London's growth happens in a sustainable and balanced way. A key part of this is ensuring that new housing developments contain homes that are genuinely affordable to low and middle income Londoners. In his new Affordable Housing and Viability SPG, the Mayor sets out a new approach to securing affordable homes through the planning system<sup>84</sup>. This approach will be built on in the draft London Plan.

4.31

This Mayor has introduced a new minimum threshold for affordable housing to introduce more certainty for developers and to incentivise the delivery of affordable homes. The threshold works by providing a Fast Track Route through the planning system for developers that provide at least 35 per cent affordable homes without public subsidy. It also incentivises applicants to implement planning permissions within two years. Financial and other support from the Mayor, councils, and housing associations can then be used to increase the proportion of affordable homes towards 50 per cent and above.

4.32

Schemes that do not meet the threshold are subject to a detailed viability analysis under a consistent methodology with clear review mechanisms. The approach aims to encourage landowners and developers to work on the assumption that, in as many cases as possible, their sites will need to provide at least 35 per cent affordable homes – thus embedding the cost of doing so within land values.

4.33

The Mayor is confident that the new threshold approach and consistent viability methodology will both increase the number of affordable homes and speed up the planning system, thereby ensuring more homes are built faster.

4.34

Forthcoming changes to the National Planning Policy Framework (NPPF) are an opportunity to address the systemic failures in the viability assessment model and provide more support for authorities that wish to move towards a more certain system. The Mayor will urge Government to reform the viability process in order to secure more affordable homes, alongside greater speed and certainty for applicants, through the planning system.

4.35

The Mayor wishes to see London's planning system and investment in new affordable homes working hand in hand, with investment boosting affordable housing delivery beyond what would be achievable through the planning system alone. The Mayor's new SPG is therefore clear that, in order to benefit from the threshold approach to viability, schemes must deliver at least 35 per cent affordable homes without any form of public sector subsidy. Public investment should be used to increase the level of affordable homes above 35 per cent.

4.36

To ensure the Mayor's investment decisions complement his planning mechanisms even when a scheme is not led by one of his Affordable Homes Programme partners, the Mayor has aligned planning and investment approaches for the first time by providing a new developer-led route for private sector-led schemes to access grant funding. This developer-led route offers GLA grant at £28,000 per affordable home, to increase the level of affordable housing above the level viable without grant. In cases where this grant enables the level of affordable housing to be increased to 40 per cent or more,

it can be applied to every affordable home within the scheme. This creates a significant financial incentive for developers to increase the number of affordable homes in their schemes.

## **THE MAYOR'S AFFORDABLE HOMES PROGRAMME**

4.37

Since 2011, the Mayor has been responsible for administering affordable housing investment programmes within London. The current Mayor has secured from Government, on behalf of Londoners, a record funding settlement to support his affordable homes target.

4.38

In November 2016, the Mayor welcomed Government's announcement that London would receive £3.15 billion to support 90,000 genuinely affordable home starts between 2015 and 2021. Shortly afterwards, the Mayor published funding guidance for his Affordable Homes Programme, setting out how he plans to allocate these funds, and how London's providers of affordable homes can apply for funding (see box 6). This also set out a new and much more streamlined approach to the bidding and allocation of investment funding,

including a move to fixed grant rates to provide long term certainty for housing associations and councils, and the introduction of strategic partnerships with ambitious housing associations.

4.39

Within this overall funding and homes target, the Mayor will also aim to support the delivery of 2,000 specialist homes for older and vulnerable people (see chapter five), and capacity to accommodate around 800 people who are moving on from homelessness hostels and refuges for victims of domestic abuse (see chapter seven).

4.40

Being open to delivering homes in new and innovative ways will help us ensure that every avenue to address London's housing issues is being explored. The Mayor wishes to support innovation in affordable housing delivery through his investment programmes. The Mayor will support providers who want to innovate in the delivery of affordable homes through the dedicated GLA Innovation Fund he has established. Funding proposals must deliver types of affordable homes that meet the criteria set out in paragraph 4.13 above.

## BOX 6: HOMES FOR LONDONERS: AFFORDABLE HOMES PROGRAMME 2016-21

The Homes for Londoners: Affordable Homes Programme 2016-21 funding guidance will help housing associations, community groups, councils, and private developers to build new affordable homes in London. It explains how to seek funding from the Mayor and any rules that apply. The funding will support a range of types of affordable homes, chiefly:

- London Affordable Rent - for people on low incomes;
- London Living Rent - helping Londoners on average incomes save for a deposit to buy their first home; and
- London Shared Ownership - for people who want to buy but cannot afford the open market.

An important feature of the Mayor's new programme is the move to set grant rates, which offer £28,000 per home for London Shared Ownership and London Living Rent, and £60,000 per home for London Affordable Rent at the benchmarks based on social rent levels. The rules and bureaucracy associated with bidding for funding have also been significantly reduced.

The Mayor's long term aim is for half of all new homes built to be affordable. We expect the vast majority of the homes funded by the Mayor to be

built by partners who are meeting or exceeding this target across their programmes.

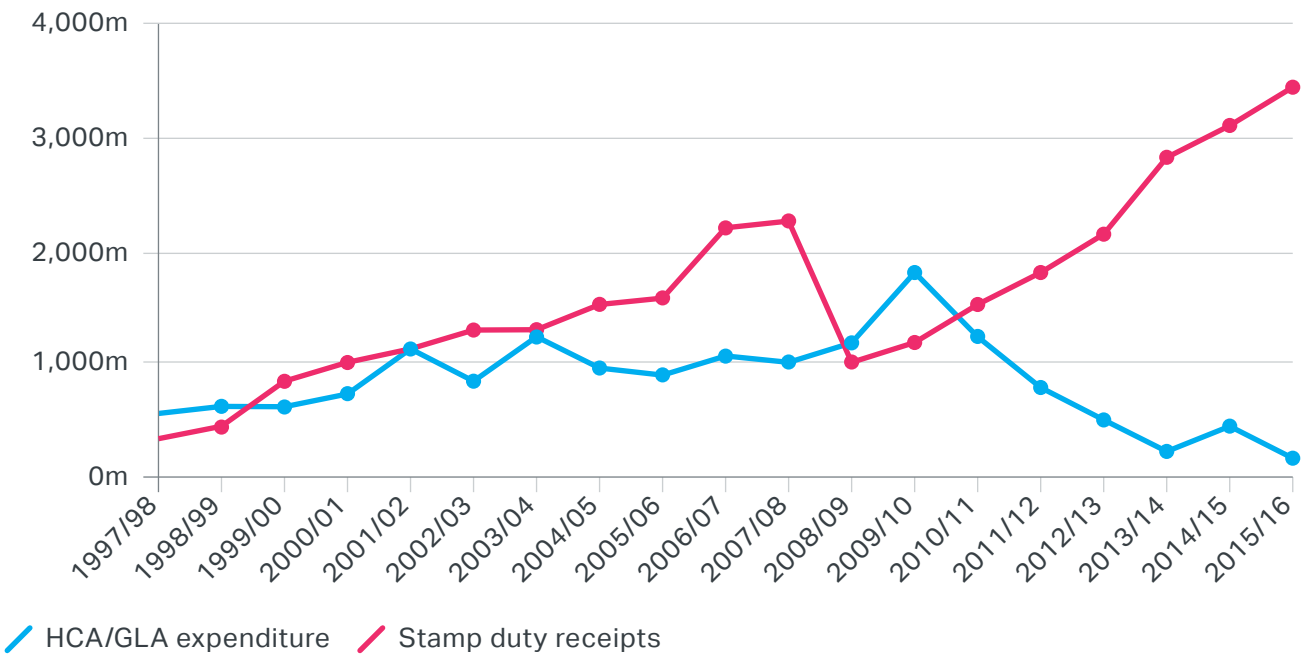
The Mayor has begun to develop strategic investment partnerships with organisations willing to commit to deliver at least 60 per cent affordable homes across their programmes, in return for which the GLA is offering more flexibility around the terms of its funding.

The Mayor's programme includes an Innovation Fund to support providers who want to deliver affordable housing using GLA investment in an innovative way.

In July 2017, the Mayor announced allocations for around 50,000 genuinely affordable homes, a significant step forward just eight months after agreeing funding with Government. Taken together with previously made allocations this gives total allocations of 79,000 out of the 90,000 target (87 per cent). It is expected that the remaining allocations will be made through a combination of the Innovation Fund and continuous bidding.

More information about this programme can be found in appendix 1 and on the GLA website.

Figure 4.2: Affordable housing expenditure in London and residential Stamp Duty receipts (2015/16 prices)



Source: SDLT receipts from Housing in London 2017; Affordable housing expenditure calculated by GLA from HCA outturn statements and GLA programme information

4.41

Not all schemes will be viable using the fixed grant rates that the Mayor has introduced through the new Affordable Homes Programme. To address this, the Mayor will be willing to fund a small number of projects at negotiated grant rates. In particular, this approach will be taken when funding supported housing projects, which vary in cost far more than standard affordable housing projects.

**INCREASING INVESTMENT IN AFFORDABLE HOMES**

4.42

Some previous allocations of affordable housing investment that the current Mayor inherited have been to Housing Zones (see chapter three). Although Housing Zones are typically very challenging sites with expensive infrastructure requirements, the Mayor



has been reviewing and increasing the level of affordable housing in Housing Zones above the level he inherited. He is aiming for at least 35 per cent genuinely affordable homes in every Housing Zone, and will ensure that, in all cases, the number of genuinely affordable homes is maximised.

#### 4.43

Other organisations also play a role in investing in new affordable homes. In particular, councils and housing associations contribute significant subsidy to new affordable homes through a variety of routes, including Right to Buy receipts, cash in lieu payments from developers, and cross-subsidy from sales. The Mayor will work with councils and housing associations to help them invest more in affordable homes. This includes seeking changes in how councils can invest and a long term rent settlement beyond 2020 (see chapter three).

#### 4.44

The Mayor wants to see a sustainable increase in the supply of affordable housing and is calling for greater Government investment, both in the short and long term, to help achieve this. The 2017 SHMA is likely to show a significant need for affordable homes,

“The Mayor wants to see a sustainable increase in the supply of affordable housing and urges greater Government investment, both in the short and long term, to help achieve this.”

particularly of low cost rent homes for Londoners on low incomes. A greater proportion of this need should be met through cross-subsidy from private developers, and the forthcoming draft London Plan will build on the SPG to help achieve this. However, meeting London's additional affordable housing needs will also require additional public sector subsidy, as has always been the case with major new expansions of social housing.

4.45

The majority of the current programme agreed between the Mayor and Government has focused on providing affordable homes to buy, such as shared ownership. The Mayor will make the case to Government for both enhancing this programme and for the extra resources needed to provide additional homes for low cost rent. While London's recent success in securing funding for affordable homes is to be welcomed, there has been a reduction in the average amount of funding available to support each affordable home – the grant per unit rate. This has occurred at a time of rapidly escalating construction costs and house prices, thus leaving an even larger gap in the real costs associated with providing new affordable homes.

4.46

Furthermore, grant per unit rates have been kept relatively low in recent years since many housing providers – particularly large housing associations – have been able to top up public sector grants through cross-subsidy from private homes they build alongside affordable homes. This is a key mechanism that must be fully utilised. However, this is a finite resource, and combined with the points in paragraph 4.44, it implies that a significant expansion in affordable housing delivery, and particularly homes for low cost rent, is likely to require significantly higher grant per unit rates.

4.47

Once the 2017 SHMA is published and the Mayor's affordable housing planning policies are finalised in the draft London Plan, the Mayor will work with affordable housing providers to produce a clear estimate for the amount of public sector subsidy that may be required to meet London's affordable housing needs. He will use this to continue making the case to Government for a longer term, more stable, and devolved funding settlement that gives London the resources it needs to address its housing problems.



4.48

The London Finance Commission report set out how fiscal devolution to London government could support significantly more investment in infrastructure, including in affordable homes, without jeopardising the national finances or funding allocated to other parts of the United Kingdom<sup>85</sup>. The Mayor urges Government to implement the recommendations of the London Finance Commission as soon as possible, including the devolution of SDLT – receipts of which have increased sharply in London at the same time as affordable housing expenditure has fallen (figure 4.2).

## **AFFORDABLE HOMES ON PUBLIC LAND**

4.49

London's surplus or under utilised publicly-owned land has an important role to play in tackling London's housing crisis. The Mayor is clear that publicly-owned land that is made available for new housing should meet high standards in terms of the quality and affordability of housing. That is why the Mayor has committed to ensure that delivery of affordable homes will be prioritised on surplus or under utilised publicly-owned land that he controls. This is land owned by the GLA, TfL (see box 7), the Metropolitan Police, LFB, and the MDCs at Old Oak and the Queen Elizabeth Olympic Park.

4.50

The Mayor has set out a target for these organisations for an average of 50 per cent of homes on their land newly brought forward under his administration to be affordable. These organisations are developing responses to this target subject to service specific statutory responsibilities.

4.51

Most publicly-owned land in London is not controlled by the Mayor. This includes land owned by councils and by Government departments and agencies (in particular the NHS, the MoD, the MoJ, and Network Rail). The Mayor strongly encourages councils and other Government agencies to prioritise the delivery of affordable homes on their surplus or under utilised sites. This is particularly important given the challenges some Government agencies face in providing affordable housing options for key public sector workers. Proposed reforms to improve Mayoral oversight of public land are set out in chapter three, and through planning guidance the Mayor has set out how the Fast Track Route referred to in paragraph 4.31 is only available to public sector sites where 50 per cent affordable housing is provided or where a landowner has agreed a portfolio approach with the Mayor.

## BOX 7: BUILDING GENUINELY AFFORDABLE HOMES ON TFL LAND

TfL is a significant landowner within London. TfL has committed to using more of its land to deliver housing, starting on sites by 2020/21 with a potential to deliver 10,000 homes – with 50 per cent of those brought to market since May 2016 being affordable.

The five sites that TfL released during 2016/17 are expected to deliver nearly 1,000 homes, of which 51 per cent will be affordable.



### **Kidbrooke**

The four acre site adjacent to Kidbrooke Station was the first TfL site to be released under the current Mayor. Having lain vacant for decades, the site will deliver 400 new homes, 50 per cent of which will be affordable. Work is expected to start in late 2018, with the first homes available to buy or rent by 2020/21.

### **Blackhorse Road**

Opposite Blackhorse Road Overground station in the London Borough of Waltham Forest, TfL is looking to redevelop a 1.8 acre site currently used as a car park. The development will provide approximately 350 homes, with 50 per cent expected to be affordable, as well as ground floor commercial space and new public realm. TfL launched the site to its Property Partnership Framework in March 2017 and expect to appoint a partner later this year, for completion by 2022.

### **POLICY 4.3: PROTECTING LONDON'S AFFORDABLE HOMES**

Given the overwhelming need for more affordable homes, London's existing affordable homes should be protected and utilised as efficiently as possible.

#### **Proposals**

#### **A**

**The Mayor will work with councils and housing associations to ensure that social tenants who wish to move are supported to do so, in order to help free up larger homes, and enable Londoners to be closer to work opportunities or to secure urgent moves. This will include:**

- i operating two schemes – Housing Moves and Seaside & Country Homes – to support social tenants who wish to move, and amending the former to prioritise tenants who are victims of domestic abuse and sexual violence;
- ii requiring a proportion of new affordable homes developed with Mayoral investment to be made available to Londoners on a pan-London basis; and
- iii strongly encouraging affordable housing providers to give priority to tenants who wish to move,

in particular to downsize, while continuing to oppose the 'Bedroom Tax'.

#### **B**

**The Mayor will respect councils' and housing associations' independence in deciding how best to manage and allocate their affordable homes, other than where there is a compelling justification for pan-London consistency. This will include:**

- i placing new conditions on recipients of affordable housing grant to protect public investment in affordable homes;
- ii expecting councils to consider the impact that their asset management policies will have on the ability of Londoners of different incomes to continue to live locally; and
- iii strongly opposing moves to implement the 'Pay to Stay' policy.

#### **C**

**The Mayor will work with Government and councils towards ensuring that, when homes are sold under the Right to Buy scheme, they are replaced locally and on a like for like basis. This will include:**

- i calling for fundamental reform of the way that homes sold through Right to Buy are replaced and continuing to make this case to Government; and
- ii strongly opposing any plans to force councils to sell their homes in higher value areas.

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## D

**The Mayor will act to ensure any affordable homes that are demolished are replaced like for like. This will include:**

- i new funding and planning requirements for affordable homes demolished as part of estate regeneration projects to be replaced on a like for like basis; and
- ii calling on Government to fund any financial gap that arises when ensuring social housing is replaced like for like, including following demolition in cases where buildings cannot be made safe through improvements, or where other improvements cannot be made without compromising a building's safety.

4.52

Alongside building more affordable homes, we must also protect London's existing affordable housing, and ensure that this scarce resource benefits as many people who need it as possible. The Mayor has relatively few powers in this area, but he will do what he can to ensure that affordable homes are protected for future generations.

4.53

In particular, the Mayor wants to promote and support tenant mobility, where appropriate promoting pan-London consistency in how affordable homes are managed and allocated, and working to make sure effective plans are in place to replace affordable homes when they are lost.

### **SUPPORTING SOCIAL TENANT MOBILITY AND DOWNSIZING**

4.54

Historically, social tenants in London who wished to move for work or other reasons have faced significant bureaucratic hurdles that have left them in properties that are no longer suitable for their needs. The Mayor operates two schemes to support social tenant mobility: Housing Moves and Seaside & Country Homes.

4.55

The GLA's Housing Moves scheme gives London's social housing tenants the opportunity to move between different parts of London. It prioritises those in employment and helps to tackle overcrowding, including by prioritising tenants who are under-occupying. Since the scheme was launched in May 2012, well over 1,000 households have moved to homes across the capital. All councils and large housing associations should be contributing properties to this scheme. As part of his commitment to tackling violence against women and girls, the Mayor will amend the scheme to give additional priority to tenants who are victims of domestic abuse and sexual violence. This will support them and their landlords to secure safe accommodation away from perpetrators, complementing the Pan-London Reciprocal Agreement promoted by Safer London (which is part-funded by the Mayor).

4.56

Seaside & Country Homes is a scheme created in the 1960s that helps around 150 social tenants a year move from London to bungalows or flats in desirable seaside and countryside locations outside the capital (see box 8).



## BOX 8: SEASIDE & COUNTRY HOMES

The Seaside & Country Homes scheme was set up by the London County Council in the early 1960s to allow tenants who had reached retirement age to move out of London and release properties for families in need of housing in London.

The scheme was passed onto the Greater London Council (GLC), who managed the scheme until the GLC was disbanded in 1986.

The administration of the scheme returned to the GLA in 2011 and today is operated by the Mayor of London and funded by councils. It is open to households living in a council or housing association property in London, where at least one member of the household is named on the tenancy and aged 60 or above.

The scheme consists of more than 3,000 homes, mainly two-bedroom bungalows and one- and two-bedroom flats. The homes are

dotted all along the south coast, from Cornwall in the south west to Norfolk and Lincolnshire in the east, and across the countryside, from Dorset to Cambridgeshire to Shropshire. Most have private gardens or outdoor communal areas and are in peaceful, purpose-built developments. They are ideal for single people, couples or others who have retired or wish to do so.

As well as giving older people the opportunity to move to a new area, the scheme helps homeless and overcrowded families in London. This is because it gives them the chance to move into the homes vacated by those people who move to the seaside or countryside. For this reason, priority is given to Seaside & Country Homes applicants who will free up the most bedrooms, should they move home.

4.57

The Mayor wants to ensure that the benefits of Mayoral investment are felt across London even if housing development is concentrated in areas where more land is available. To support his aim, the Mayor requires that a proportion of new affordable homes developed through the GLA's Affordable Homes Programme are made available to Londoners on a pan-London basis. For the current Affordable Homes Programme, five per cent of all homes and 10 per cent from schemes with more than 150 homes will be allocated through the Housing Moves scheme. This will be secured through funding conditions.

4.58

In addition to these schemes, the Mayor strongly encourages affordable housing providers to give priority to their tenants who are under-occupying their current homes and wish to move. Legislation on social housing allocations provides a framework for enabling such transfers, but the Mayor is willing to consider asking Government to make further changes in the law if necessary. The Mayor does not support the 'Bedroom Tax' but is keen to work with Government and councils to develop alternative and effective approaches to encouraging social tenants to downsize.

## **PROTECTING THE ROLE OF SOCIAL HOUSING**

4.59

Councils and housing associations are responsible for making decisions about how affordable homes in the capital are managed and allocated. They operate within the context of national legislation and guidance, the regulatory framework set out by the Social Housing Regulator, and any relevant planning policies. These seek to ensure that homes are allocated and managed in a fair and transparent way, that tenancies are granted and rent levels set consistently, and that safeguards are in place to ensure homes are maintained and, if they are sold, replaced.

4.60

As non-profit organisations, proceeds of sales from housing associations will be put to use to support their social purpose. Where homes are funded by the Mayor it is important that the subsidy supports genuinely affordable housing in perpetuity. In order to ensure this, the Mayor has placed new conditions that require recipients of affordable housing grant to inform the Mayor whenever such funding becomes repayable or recyclable. This will help to protect public investment in affordable homes and ensure that it can be reinvested to support further provision of affordable homes.

4.61

Beyond this, and due to the particular challenges faced in the capital, the Mayor believes there are two further areas where Londoners would benefit from a degree of pan-London consistency. This is in addition to the Mayor's expectations for landlords to support tenant mobility, as set out in Proposal 4.3A.

4.62

First, one of London's greatest strengths is its diversity, which is reflected in the fact that all parts of the capital are home to Londoners of all backgrounds and incomes. Affordable homes play a crucial role in underpinning this diversity by enabling low and middle income Londoners to continue living in neighbourhoods across the capital. The Mayor supports the right of councils and housing associations to make decisions about their housing stock, though any decisions should be managed extremely carefully and sensitively. The Mayor expects councils to consider the impact that their asset management policies will have on the ability of Londoners on a range of different incomes to continue to live within their boroughs.

4.63

Second, under Government's 'Pay to Stay' policy, councils and housing associations have freedoms to charge

market rents for households who earn above £40,000. The Mayor does not anticipate that councils and housing associations will want to implement 'Pay to Stay', since market rents are unaffordable in many parts of London for households at the 'Pay to Stay' income levels. If the situation were to change and the policy was implemented by landlords, then the Mayor would consider using his powers to introduce disincentives, such as recouping investment in affordable housing grant associated with the relevant properties.

### **REPLACING HOMES SOLD THROUGH RIGHT TO BUY**

4.64

The failure to replace homes sold through the statutory Right to Buy policy is a key contributor to the loss of affordable homes in London. Since 1980, when the policy was introduced, more than 280,000 social rent homes have been sold – the vast majority of which have not been replaced<sup>86</sup>. Since 2011, Government has set out its intention for new homes to be built to replace those sold under Right to Buy.

4.65

However, replacements are not always in the same area, and the National Audit Office has warned that the pace of replacements will need to accelerate sharply to keep up with growing sales<sup>87</sup>.

**“The Mayor continues to strongly oppose any plans to force councils to sell their homes in higher value areas.”**

One indicator that the current system needs to be improved is the fact that several councils have had to return Right to Buy funds to the Mayor because they have been unable to spend them locally: more than £50 million has been returned to the GLA since 2012. The Mayor wants to see fundamental reform of the way that homes sold through Right to Buy are replaced. He wants to see an effective approach that will enable like for like replacement, and he will continue to make this case to Government. This includes allowing councils to retain a larger proportion of Right to Buy receipts, and relaxing some of the rules such as the time period during which homes must be replaced. This would support his aim to make sure London’s affordable homes are replaced, and could unlock significantly more housing development by councils.

4.66

The previous Government wanted councils to sell some of their homes in higher value areas to fund a national extension of the Right to Buy scheme to housing association tenants. The Mayor continues to strongly oppose any plans to force councils to sell their homes in higher value areas. Such a policy would see housing resources leaving the capital

and undermine councils' ability to build new homes themselves, something that many are now taking significant steps towards doing.

### **LIKE FOR LIKE REPLACEMENT OF DEMOLISHED AFFORDABLE HOMES**

4.67

Regeneration of London's social housing estates can play a valuable role in ensuring existing homes are well maintained and safe, increasing the number of new and affordable homes, and improving the environment in which those homes are located.

The Mayor has been clear that any proposals must be developed with close resident involvement from the very start, and with clear guarantees for tenants, leaseholders, and freeholders. The Mayor's Good Practice Guide to Estate Regeneration will set out the Mayor's policies in this regard (see chapter five for more details).

4.68

Sometimes estate regeneration schemes may entail the demolition of homes, including affordable homes. Where this is the case, the Mayor will use his planning and investment powers to ensure these are replaced on a like for like basis,

and that as much additional affordable housing as possible is delivered.

The Mayor will consider compliance with his Good Practice Guide when decisions are made about GLA funding, and he will include a specific policy in his draft London Plan clarifying that affordable homes demolished as part of estate regeneration projects should be replaced on a like for like basis. This means that homes for social rent must be replaced with homes at similar levels. To ensure that homes of appropriate sizes are provided, replacement will be on the basis of floorspace, rather than units.

4.69

The Mayor has also made clear that, following the tragedy of the Grenfell Tower fire, it is essential to make sure all high-rise blocks are made safe for their residents. Where buildings cannot be made safe through improvements, or where other improvements cannot be made without compromising a building's safety, the Mayor has said they could be demolished and replaced. In these cases, the Mayor is calling on Government to fund any financial gap that arises when ensuring all the social housing is replaced like for like. The Mayor's other proposals in response to the Grenfell Tower fire are in chapter five.



## **5 High quality homes and inclusive neighbourhoods**





## 5.1

As London develops, it is vital that it remains a great place to live and work – and so new homes and neighbourhoods need to be well-designed and good quality, safe, environmentally sustainable, accessible, inclusive of Londoners' diverse housing needs, and built in partnership with local communities. Delivering high quality homes and inclusive neighbourhoods is key to achieving social integration and supporting Londoners to actively participate in their city and the decisions that affect them. This chapter contains the Mayor's policies and proposals that aim to achieve these objectives.

## CONTEXT

## 5.2

Around half of London's homes are now almost one hundred years old<sup>88</sup>. We need to work on the assumption that the homes we build today need to be fit to last for well over a century. Given that most of the homes that London will have in 2050 are already built, we also need to do more to improve the existing stock so it meets our current and future needs.

## 5.3

London's homes are increasingly of a good size and a decent quality. Those built in the last three years have

an average floor area of 78 square metres – smaller than surviving pre-war homes but larger than those built between the 1940s and 1980s<sup>89</sup>. The number of homes in London that do not meet the Decent Homes standard has fallen from 260,300 in 2005 to 41,400 in 2016<sup>90</sup>. New homes are far more likely to be accessible to Londoners with mobility issues than older homes<sup>91</sup> and per capita greenhouse emissions from London's housing sector have reduced by around a third since 2000<sup>92</sup>.

## 5.4

However, in some cases, poor design and quality persist. The total estimated cost of meeting the basic repair needs of London's existing housing stock is around £6 billion, with significant investment needed in older homes in the private rented sector<sup>93</sup>. Following the recent tragedy at Grenfell Tower, it is essential existing high-rise buildings – particularly those built in the 1960s and 70s that have subsequently been refurbished – are made safe. Where buildings are not safe, significant investment may be needed to improve them, and where they cannot be made safe or be otherwise improved while guaranteeing their safety, funding may be required to demolish and replace the social housing they provide.

**Figure 5.1: Trend in median energy efficiency rating by tenure, London 1996 to 2014**

Source: GLA, Housing in London, 2017

### 5.5

Despite a significant improvement in the energy efficiency of London's homes (figure 5.1), one in 10 London households still live in fuel poverty<sup>94</sup>. In terms of new homes, there are growing reports of defects and poor build quality, as well as reports that design standards and building controls are sometimes poorly implemented at the local level due to a lack of resources, expertise, and oversight, and lack of clarity about how regulations are being applied.

### 5.6

London's homes also need to meet the specific needs of the capital's diverse population. This includes an increasing number of older people (more than one in 10 Londoners is aged 65 or over, with the number projected to rise by 24 per cent over the next decade<sup>95</sup>), as well as disabled people (who account for around 14 per cent of the population<sup>96</sup>). Families, particularly those with young children, also have distinct housing needs – not least for larger homes.

People who are lesbian, gay, bisexual, or transgender (LGBT+) may also have specific housing needs and experiences, given that they are more likely to experience homelessness (particularly if they are young), and may face discrimination in accessing housing<sup>97</sup>. There are also groups of Londoners who may need particular types of housing provision, such as Gypsies and Travellers, as well as groups who wish to live together as part of a specific self-defined community, such as older women<sup>98</sup>.

#### 5.7

It is important that London's housing enables older and disabled Londoners to lead independent and fulfilling lives. There needs to be a range of options available, particularly as more older people are choosing to remain in their own homes rather than move into residential institutions<sup>99</sup>. These include adaptations to existing homes, the provision of new homes built to meet people's changing circumstances over a lifetime, and a more attractive offer to older Londoners who owner occupy and wish to downsize (over half of older home owners in London are under-occupying by two or more bedrooms<sup>100</sup>). There is also an urgent need to support an increase in the number of foster carers, many of whom will require homes with additional bedrooms.

**“Despite a significant improvement in the energy efficiency of London's homes, one in 10 London households still live in fuel poverty.”**

# £940

**is saved on average per person per year by investing in specialist housing.**



# 17,000

**new supported housing homes are needed for working age adults across England.**



5.8

A range of supported housing is required to ensure that people with specific needs can continue to live independently within their communities. There is a strong financial case for investing in specialist housing<sup>101</sup>, which on average saves £940 per person per year. It is estimated that the shortfall in supported housing for working age adults alone amounts to around 17,000 homes across England<sup>102</sup>. Despite this, there is considerable uncertainty around the funding for both existing and future supported housing provision<sup>103</sup>.

5.9

While public support for new housebuilding in London is growing fast<sup>104</sup>, we also know that Londoners have a range of concerns about the development of new homes that need to be addressed. For example, when asked about what was needed from new development, the most popular answers Londoners gave were new social infrastructure and local facilities, and a mix of homes for different types of people<sup>105</sup>. The Mayor believes that these concerns are best addressed by delivering the homes that meet the current and future needs of Londoners, in ways that include and engage existing communities.

## **POLICY 5.1: WELL-DESIGNED, SAFE, AND GOOD QUALITY HOMES**

London's new and existing homes and neighbourhoods should be well-designed, safe, good quality, and environmentally sustainable.

### **Proposals**

#### **A**

**The Mayor will work with councils and the industry to support well-designed, safe, good quality and environmentally sustainable new homes and neighbourhoods. This will include:**

- i calling on Government to ensure the Building Regulations system has an uncompromising focus on quality and safety;
- ii updating and consolidating London's housing design standards into a single new planning document, including examples of well-designed high density development, and maintaining London's space standards;

- iii appointing at least 50 Mayor's Design Advocates, supporting a new housing design Expo, and supporting councils through the Public Practice initiative; and
- iv delivering the Mayor's draft Environment Strategy, including a commitment to the Zero Carbon Standard approach.

#### **B**

**The Mayor will work with councils, Government, and others to improve the quality and standards of London's existing homes. This will include:**

- i working to strengthen fire safety in existing homes, including calling on Government to make sufficient resources available to make homes safe; and
- ii improving the energy efficiency of existing homes and addressing fuel poverty through a world-class domestic energy efficiency programme, a Fuel Poverty Action Plan, and making it easier for homeowners and landlords to invest in their homes.

#### 5.10

The Mayor believes that increased levels of homebuilding and a greater focus on the quality, safety, and sustainability of homes and neighbourhoods go hand in hand. Only with strict standards in place, properly enforced, can we be certain that our new and existing homes will meet the needs of those Londoners for whom they are built.

#### 5.11

This includes a focus on ensuring that homes and neighbourhoods are environmentally sustainable, and that they are designed to meet the challenges posed by climate change. Homes are currently responsible for 34 per cent of London's total CO<sub>2</sub> emissions, but by 2050 all will need to have an emissions footprint close to zero. London's homes will have to become better insulated, and obtain more of their heat and power from renewable sources in order to enhance their resilience to future climate changes. Many of the proposals in this section are outlined in more detail in the Mayor's draft London Environment Strategy and the forthcoming draft London Plan.

#### 5.12

The tragedy of the Grenfell Tower fire raises urgent questions about the safety of existing high-rise buildings, particularly those built in the 1960s and

70s that have since been refurbished, and about the entire system of Building Regulations. The Mayor wants to make sure these questions are answered by the Public Inquiry and the independent review of building regulations and fire safety. The Mayor will play his full part in this work and will update his Housing Strategy to reflect any relevant recommendations, which must be acted on in full.

### **IMPROVING QUALITY AND SAFETY OF NEW HOMES**

#### 5.13

The Mayor plays an important role in ensuring new homes and neighbourhoods are well-designed and inclusive by setting out pan-London requirements and expectations for all new developments in his draft London Plan. To support this, and to make the standards as straightforward as possible for the industry to understand, the Mayor will update and consolidate London's housing design standards into a single planning document. This will include examples of the kinds of development we need to support – in particular, high density schemes and those that co-locate different uses. Design standards, through a mixture of prescribed standards and more flexible guidelines, will continue to ensure that London's

homes set the benchmark for design quality and support delivery of the range of new homes that London needs.

5.14

Good minimum space standards are important to maintain, given that new homes, particularly high density homes and affordable homes, tend to be intensively occupied. The Mayor's draft London Plan will propose maintaining existing space standards, and the Mayor will work to ensure that any further national reviews of standards take into account London's circumstances.

5.15

The Building Regulations system is supposed to ensure that new buildings are safe and good quality, yet there continues to be concern about how regulations are written, interpreted, applied, and enforced. The Mayor welcomes Government's decision to review the system of Building Regulations and fire safety, and he will support this work to ensure an uncompromising focus on quality and safety. In addition, the Mayor will consider what planning requirements around fire safety can be brought forward in the new draft London Plan. We must ensure that new buildings – particularly tall buildings – are fit and safe for Londoners to live in.

5.16

The Mayor wants to ensure that new homes maximise water efficiency, support London's green infrastructure, and contribute to improving London's preparedness and resilience to risk associated with extreme weather events, such as heat and flooding. The Mayor's policies and proposals to support these objectives are set out in his draft London Environment Strategy and his forthcoming draft London Plan. In particular, the Mayor wants to use his planning powers to ensure that new homes contribute to the necessary shift towards a zero carbon future and is committed to including his zero carbon target for new housing developments within his draft London Plan.

5.17

The Mayor wants to see all new housing developments provide a mix of homes of different tenures for Londoners on different incomes, with priority for onsite provision of affordable homes rather than a cash in lieu payment or offsite provision. Onsite provision not only helps to build mixed communities, but can be important in gathering support for developments amongst local residents and in the council. Housing developments should also be designed to be tenure-blind by ensuring the

external appearances and entrances for private and affordable housing are well integrated and indistinguishable from each other. Policies to ensure this is implemented will be included in the draft London Plan.

### **GOOD GROWTH BY DESIGN<sup>106</sup>**

5.18

The Mayor wants to involve London's world-renowned talent in designing the future of the capital and has appointed 50 Mayor's Design Advocates to support his Good Growth by Design programme. Advocates will support City Hall to deliver the programme and to uphold the quality, inclusiveness, and sustainability of development across London.

5.19

The development industry needs to meet the challenges of building homes in new ways, such as building sustainably at higher densities and with a mix of different uses. While the response to these challenges needs to be industry-led, the Mayor wants to support this process through highlighting potential solutions. He is keen to support plans for a new housing Expo in London to harness the creativity of the architectural and construction sectors by showcasing good design – including housing that

uses precision manufacturing - across a range of high density typologies. These should be the typologies that are needed to support an increase in housing delivery – such as mid-rise residential, intensification of areas around town centres and tube and rail stations, and co-location of different uses (e.g. logistics and residential). Typologies that incorporate additional green infrastructure and help to tackle the two major environmental challenges of air quality and noise will be of particular interest.

5.20

Alongside industry developing a response to the design challenges we face, councils also need to take a leading role in facilitating the delivery of well-designed and good quality homes and neighbourhoods. In many cases, however, financially pressed councils may lack the capacity and resources to do so, and so to address this, the Mayor will work with councils and the industry to develop Public Practice, a new initiative to support councils' capacity to deliver homes and growth by placing outstanding planning, design and regeneration practitioners into councils for one year placements at affordable rates (see box 9).



## BOX 9: PUBLIC PRACTICE

Public Practice is a new social enterprise that will broker one year placements at affordable rates for outstanding planners and place-making practitioners, cross-subsidised through public and private sector support.

This initiative, being developed in conjunction with the East of England Local Government Association and the Local Government Association, will:

- build the public sector's capacity to deliver homes and growth;
- support collaborative planning and sharing of resources across councils; and
- develop a new generation of planning professionals committed to working with communities to shape better places.

Public Practice will address the need for better resourced planning departments; a need recognised by housebuilders and evidenced by surveys of London's councils. It will improve the speed, quality, and certainty of the planning process, and offer councils a cost-effective alternative to employing agency staff to meet temporary demand.



## QUALITY AND SAFETY OF EXISTING HOMES

5.21

While the Mayor lacks formal powers over London's existing homes, he recognises the urgent need to improve quality and standards – both to ensure that homes better meet the needs of Londoners, and to help reduce the environmental footprint of housing. This issue has taken on new prominence following the tragedy of the Grenfell Tower fire and subsequent reports of large numbers of existing high-rise buildings containing unsafe materials.

5.22

LFEPa is the lead agency for fire safety in the capital, and will be reviewing its own approaches to fire safety, particularly

in tall buildings, in light of the Grenfell Tower tragedy and the recommendations which are likely to arise from the subsequent Public Inquiry. While it is the responsibility of Government to set fire safety regulations and to ensure national Building Regulations underpin fire safety, the Mayor will investigate whether and how the draft London Plan can also help strengthen fire safety for tall buildings.

5.23

It is also clear that urgent action is needed to ensure residents in some high-rise blocks are not at increased risk from fire where their blocks have been fitted with inappropriate materials, have been poorly constructed, or are compromised through inadequate management and disrepair. The Mayor will work with councils and housing



associations to understand what they need to do to meet their responsibilities around the safety of their homes. Due to the very severe funding constraints faced by councils, any substantial costs that they incur as a result should be funded by central Government. Ultimately, if it is not possible to safely retrofit existing buildings, the Mayor believes Government should ensure resources are made available to demolish them and replace the social housing like for like.

### **IMPROVING ENERGY EFFICIENCY**

5.24

Through his flagship Energy for Londoners (EfL) programme, the Mayor will develop and deliver a world-class domestic energy efficiency programme. This will provide support to Londoners

and organisations to increase the energy efficiency of their homes, create awareness to encourage action, and accelerate the next generation of retrofitting through testing new methods of construction and technology. Further details are set out in the Mayor's draft London Environment Strategy.

5.25

Fuel poverty has been increasing in London in recent years<sup>107</sup>, due to a combination of high energy costs, low incomes, and homes that are not energy efficient. The Mayor has published his Fuel Poverty Action Plan to identify the scale of the problem and the role of key stakeholders, and to focus efforts on improving the energy efficiency of existing homes.

“Lowering the rate for home improvements would incentivise homeowners to undertake building work that would improve the environmental performance of their homes.”

5.26

Half of London’s homes are owner occupied, and it is important to ensure that homeowners are incentivised to undertake home improvements, particularly to improve energy efficiency. Two straightforward ways to incentivise these kinds of improvements would be to reform the way that VAT is charged on home improvements, and to reduce the planning requirements to which they are subject.

5.27

First, VAT on home improvements is charged at the standard 20 per cent rate, compared with a lower rate of five per cent on building a new home. Lowering the rate for home improvements would incentivise homeowners to undertake building work that would improve the environmental performance of their homes, lowering energy usage and CO<sub>2</sub> emissions. Evidence from the Isle of Man, where a five per cent rate on home improvements has been levied since 2000, suggests this measure would also add to employment, economic activity and tax revenues, offsetting losses from a lowered rate<sup>108</sup>.

The Mayor will work with the industry to make the case to Government for the VAT rate on repairs, improvements, and adaptations of homes to be reduced to five per cent.

5.28

Second, homeowners are required to secure planning permission for many relatively simple home improvements, creating additional cost, delay, and risk, while diverting council planning department resources away from other, more strategic, considerations. In order to streamline the process for homeowners and reduce the burden on planning departments, the Mayor will seek to work with Government and councils to explore how planning requirements for home improvements and extensions could be streamlined.

5.29

Where homes are owner occupied, investment in measures such as insulation, double glazing or new boilers will usually see a direct financial return to the homeowner in the form of lower energy bills. However, this is not the case for properties in the private rented sector, where the least energy efficient

homes are often found. The financial benefits of investments in energy efficiency measures will generally accrue to tenants rather than landlords, and this split incentive reduces the willingness of landlords to make often expensive long term investments in energy efficiency improvements. While some improvements might be covered by existing tax relief on repairs in properties, many will fall outside its scope. The Mayor will seek to improve the energy efficiency of homes in the private rented sector by lobbying for tax relief on expenditure by landlords that improves the environmental performance of their tenanted properties, as is currently the case for expenditure on repairs.

**POLICY 5.2: MEETING LONDON'S DIVERSE HOUSING NEEDS**

New and existing homes should meet Londoners' diverse housing needs.

**Proposals**

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**A**

**The Mayor will work with councils, housing associations, Government and others to ensure that London's homes and neighbourhoods support London's diverse housing needs. This will include:**

- i ensuring more of London's new and existing homes are accessible and appropriate for disabled Londoners, older Londoners, and families with children;
- ii increasing opportunities for older homeowners to move to accommodation more suitable for their needs, including benchmarks for older people's housing requirements in the draft London Plan;

- iii working with the Gypsy and Traveller community to ensure their housing needs are met, and making housing provision a key part of the Mayor's strategy for resettling Syrian refugees in the capital; and
- iv expecting all social landlords to ensure their services are LGBT+ inclusive.

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**B**

**The Mayor will work with councils, housing associations, Government and others to ensure that Londoners who need it are provided with support so that they can live independently. This will include:**

- i investing £75 million in supported housing for older and disabled Londoners; and
- ii making the case to Government that the new funding arrangements should meet the support and housing costs of supported housing in London.

5.30

The Mayor's vision is for London to be a city for all Londoners. That means that new homes need to be developed with the needs of all Londoners in mind, and our existing housing stock needs to be improved to support demographic change and improved accessibility. Housing options should be available to meet the full range of Londoners' housing needs, ensuring that our neighbourhoods remain diverse, inclusive and socially integrated.

### **FAMILY-SIZED AND ACCESSIBLE HOMES**

5.31

London needs homes of a broad range of sizes and the Mayor recognises a particular pressure on family housing in the capital. Ensuring an appropriate supply of family-sized homes to meet need in London is a vital part of making the city liveable for families, helping to support mixed and balanced communities. Larger new market homes with three or more bedrooms are often bought as investment properties and rented to sharers, whereas new family-sized affordable homes clearly meet need as they are allocated according to household size. The Mayor's draft London Plan will therefore include the Mayor's planning policies relating to the mix of homes by number of bedrooms, which will seek particularly to ensure

the delivery of affordable family-sized accommodation. In addition, the Mayor welcomes bids for funding from his Affordable Homes Programme to support the development of family-sized affordable homes.

5.32

Ensuring that new homes are accessible is essential in terms of improving the proportion of London's housing stock that can be lived in, or visited by, disabled people, older people, and families with young children. The Mayor's draft London Plan will include requirements for 10 per cent of all new build housing in London to be wheelchair user dwellings (wheelchair accessible or adaptable), and the remaining 90 per cent to be accessible and adaptable dwellings. The Mayor will also enhance the London Development Database<sup>109</sup>, so that Londoners can identify homes being developed that are wheelchair accessible or easily adaptable, or designated for older people.

5.33

Many of London's existing homes need to be adapted and improved so that they are more accessible to Londoners. Government investment in Disabled Facilities Grants (DFGs) – the main funding stream available for councils to support these improvements – has increased in recent years. However, the





cap on individual grants (of £30,000) has not changed since 2008. In addition, there is scope for some housing associations to invest more of their own funds in adaptations and improvements, meaning more funding for DFGs is available for other homes. The Mayor will work with housing associations and councils to ensure that the maximum benefit is derived from DFG funding, and will urge Government to increase the maximum individual grant to £45,000. The Mayor also expects social landlords to be well-informed about the accessibility of their stock, including through tools such as the London Accessible Housing Register<sup>110</sup>.

## **SUPPORTING HOUSING THAT MEETS SPECIFIC NEEDS**

5.34

We need to increase opportunities for older homeowners to move to accommodation more suited to their needs, which could include them choosing to downsize. The Mayor will encourage Government to consider how incentives could be used to assist older under-occupiers wanting to downsize. Part of this will involve planning for new homes that meet the distinct and varied housing needs of older Londoners. To support this, the Mayor will consult on benchmarks for older people's housing requirements

in his draft London Plan, and will promote a range of different types of housing for older people.

5.35

Councils should actively plan for the accommodation requirements of London's Gypsies and Travellers. This should include the development of permanent sites, as well as improvements to and protections for existing capacity. The Mayor's planning policies to support this will be included in his draft London Plan. The Mayor will also work with Gypsy and Traveller communities, and with councils, to provide funding for new sites and improvements for existing sites.

5.36

The Mayor also invites funding proposals for other types of housing that meets specific housing needs. This could include housing for specific BAME communities, housing aimed at Londoners who are leaving care or for foster carers, or LGBT+ majority extra care schemes along the lines of that currently being developed in Manchester<sup>111</sup>. The Mayor also expects social landlords to ensure that their services are inclusive of LGBT+ Londoners, by, for example, making full use of Stonewall's Service Delivery Toolkit<sup>112</sup> and signing up to the Stonewall Diversity Champions programme<sup>113</sup>.

“The Mayor is making housing a key part of his new city-wide scheme to support Syrian refugees to rebuild their lives in London and thrive in their local community.”

5.37

The Mayor is making housing a key part of his new city-wide scheme to support Syrian refugees to rebuild their lives in London and thrive in their local community. This will be achieved by bringing together offers of accommodation from private landlords, with rents set at the Local Housing Allowance (LHA) rates, as well as offers of sponsorship to help cover the costs of renting private accommodation.

#### **INVESTING IN SUPPORTED HOUSING**

5.38

Many Londoners need support in order to continue living independently in their communities. These include people who have developed support needs as they have grown older, disabled people requiring ongoing support to remain independent (including the increasing numbers with dementia), and people with a learning disability. Support may also be required for those Londoners who become homeless, including as a result of domestic abuse (policies in relation to homelessness are set out in chapter seven).

5.39

Supported housing schemes, including extra care housing, are designed to provide this support. For these schemes to be financially viable they tend to require two types of public subsidy: capital funding to develop the buildings; and ongoing revenue funding to provide support services and cover housing costs.

5.40

The Mayor will continue to play a major role in providing capital funding for new homes specifically aimed at meeting London's diverse housing needs, both through his specialised programmes and his mainstream Affordable Homes Programme. The Care and Supported Specialised Housing programme is a Government fund, administered by the Mayor in London, that supports the development of specialised housing for older people and younger disabled adults. Through the Care and Support Specialised Housing programme, the Mayor will invest £75 million in supported housing for older and disabled Londoners.

5.41

A key challenge to this much needed increase in supply, as well as to the maintenance of current provision, is continuing uncertainty over, and lack of revenue funding for, support and housing costs. This is significantly reducing housing providers' appetite for investment in new and existing supported housing schemes. The Mayor will continue to make the case to Government that the new revenue funding arrangements should meet the support and housing costs of supported housing in London. This should include ensuring that these arrangements:

- do not impede the delivery of new supported and specialist housing or the maintenance of current provision;
- are fit for purpose for accommodation in which people may stay short term;
- meet pan-London needs for accommodation, now and in the future; and
- provide a sufficient level of financial support to match London's needs.

### **POLICY 5.3: COMMUNITY SUPPORT FOR HOMEBUILDING**

The Mayor will work with partners to encourage new housing delivery that involves communities and earns Londoners' support.

#### **Proposals**

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#### **A**

**Working with councils and others, the Mayor will support Londoners to be involved in planning and delivering new homes. This will include:**

- i supporting the expansion of community-led housing schemes through a new Community-Led Housing Hub for London; and
- ii investing in community-led housing schemes and lobbying Government for a share of the national Community Housing Fund.

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#### **B**

**The Mayor will work with developers, councils, TfL and other public sector service providers to ensure that new housing development is matched with the provision of new infrastructure. This will include:**

**This will include:**

- i ensuring new development is supported by adequate social infrastructure and calling on Government to increase social infrastructure funding in high growth areas; and
- ii asking the Homes for Londoners Board to commission a sub-group to investigate social infrastructure provision and its links to new housing supply.

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#### **C**

**The Mayor will work to make the delivery of housing in London a more transparent and open process. This will include:**

- i reserving the right to publish viability assessments that the Mayor receives and strongly encouraging councils to do the same;

- ii ensuring councils who take cash payments in lieu of onsite affordable housing make public these amounts and how they intend to spend them; and
- iii lobbying for land options agreements to be recorded with the Land Registry.

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## D

**The Mayor will address public concerns about empty homes and the impact of housing being bought for investment, particularly by overseas buyers, on the availability of homes for Londoners. This will include:**

- i steps to make more new homes available to Londoners before anyone else, with any measures particularly focusing on homes sold for prices that Londoners, especially first time buyers, are more likely to be able to afford; and
- ii addressing empty homes by encouraging all councils to levy the empty homes Council Tax premium and lobbying Government for changes to make it more effective; and

- iii continuing to urge Government to set new standards of transparency in the property industry and particularly for properties owned by companies registered overseas.

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## E

**The Mayor will improve protections for Londoners living in social housing, including those affected by estate regeneration projects, and ensure their views are properly heard and acted upon. This will include:**

- i calling on Government to implement a package of reforms to support better regulation and rights for those living in social housing, including appointing an independent Commissioner for Social Housing Residents; and
- ii implementing the Mayor's Good Practice Guide to resident engagement in estate regeneration projects.

5.42

Londoners increasingly recognise that the need for new housing means homes need to be built in every part of the capital. Over two thirds of Londoners surveyed in 2016 supported or strongly supported more homes being built in their local area – double the proportion in 2010<sup>114</sup>.

5.43

Such support may be maintained through new developments including more homes that are genuinely affordable (see chapter four), and that are well-designed (see Proposal 5.1A). It can also be boosted by making sure that Londoners have an opportunity to shape housing delivery themselves, and that their concerns about the perceived negative impacts of new homes are addressed.

5.44

The Mayor considers public engagement to be vital in the process of building more new homes in London. There has been extensive public consultation on a number of Mayoral documents since his election in 2016. In particular, public consultation to support City for All Londoners and the Mayor's draft Good

Practice Guide to Estate Regeneration has been significantly more thorough than was the practice under previous administrations, with workshops for key stakeholders, online and social media campaigns, and specialist consultation experts engaged by the Mayor to widen the range of responses and depth of engagement by Londoners in policy-making. This kind of approach should be extended into how we deliver new homes.

## COMMUNITY-LED HOUSING

5.45

Communities should always be consulted about new development, and in some cases communities want to take their involvement in development one step further by delivering homes themselves. Community-led housing can include co-housing, cooperative housing, and community land trusts. Schemes might be developed by Londoners who wish to live together as part of a specific self-defined community (e.g. an older people's co-housing scheme), for another purpose such as to have more control over how homes are managed (e.g. a social tenant cooperative), or

to ensure that the community retains a financial stake in the homes and land (e.g. a community land trust).

5.46

Although the legal form and activities of each community-led housing scheme differ, schemes that are genuinely community-led all share three common principles:

- the community is integrally involved in key decisions, such as what kinds of homes are built, where, and for whom. They do not necessarily have to initiate the conversation, or build homes themselves;
- there is a presumption that the community group will take a long term formal role in the ownership, stewardship, or management of the homes; and
- the benefits of the scheme to the local area and/or specified community group are clearly defined and legally protected in perpetuity.

5.47

Groups who wish to develop community-led housing schemes face a range of challenges. In particular,

they may struggle to access suitable and affordable land, finance, and people with the necessary skills and experience to take a proposal through from conception to delivery. To help address this, the Mayor will fund a new Community-Led Housing Hub for London to provide learning, sharing and partnership brokering opportunities for communities wishing to develop their own homes (see box 10). The Mayor will enhance this by seeking additional funding from councils and others, and by linking the Hub with initiatives to make more small sites available for small scale housing developments through his Small Sites, Small Builders initiative (see chapter three).

5.48

Where they provide genuinely affordable homes for Londoners, the Mayor is also willing to fund community-led housing projects, as well as self-build and custom-build projects. The Mayor will use his Innovation Fund, and lobby Government to allocate a share of the Community Housing Fund, to fund community-led housing projects in London.

**BOX 10: A NEW COMMUNITY-LED HOUSING HUB FOR LONDON**

The Mayor has worked with the community-led housing sector to identify barriers and opportunities that prevent more community-led housing schemes happening in the capital. This work has identified the need for a Community-Led Housing Hub to unlock and support the sector to grow and deliver genuinely affordable homes that serve local needs.

The Hub will:

- be a first point of contact, with an online and physical presence, for Londoners interested in getting involved in community-led housing, including signposting and information sharing;
- provide capacity-building for communities and those with a role in delivery. This could include peer-to-peer learning, site visits, and technical skills training;

- provide technical support for projects, including through surgeries, workshops, and access to technical experts; and
- broker partnerships with funders, landowners, technical service providers, mortgage lenders and others.

The GLA will provide start-up funding for the Hub and will work with councils and Government to secure further funding. In the longer term, the Hub is intended to be a sustainable and long term support mechanism for community-led housing groups in London with a business model that does not rely on public funding.



## **SOCIAL INFRASTRUCTURE AND HOUSING**

5.49

The Mayor's draft policies in relation to transport infrastructure and housing are set out in chapter three. In addition to transport, new housing development needs investment in a wide range of services and facilities providing social infrastructure such as:

- health facilities;
- education and childcare;
- community space;
- cultural facilities;
- faith spaces;
- recreation and sports facilities;
- outdoor spaces, including children's playgrounds;
- facilities for emergency services; and
- public toilets.

5.50

In order to ensure that new development does not result in increased car dependency, with existing streets becoming more congested, it is also important that growth is planned around active and sustainable travel, rather than car use. The Healthy Streets Approach detailed in the Mayor's draft Transport Strategy will be used to ensure that public space, including streets, is improved as a part of all new development plans.

5.51

New housing development plays an important role in funding the delivery of new social infrastructure through mechanisms such as CIL. Where the population grows without a corresponding increase in housing supply, less money is raised to fund social infrastructure. Where homes are planned and built to meet housing demand, funds can be captured through the planning system to support a sustainable increase in local populations. New development can also increase footfall in an area, making some types of social infrastructure (such as leisure centres) more commercially viable.

## **ENHANCING LONDON'S CULTURAL FACILITIES AND SOCIAL INFRASTRUCTURE**

5.52

The Mayor has a clear role to ensure that new development is properly planned for and he will set out plans in his draft London Plan to ensure that new development is supported by adequate social infrastructure. The draft London Plan will also include policies relating to the protection of existing social infrastructure. These policies will need to be supported by stronger working relationships between councils and service commissioners and providers, in particular NHS Clinical Commissioning Groups (CCGs) and schools providers.

5.53

The Mayor recognises the particular importance of cultural facilities in bringing together new and existing communities, and in creating places where people want to live. In light of this, he will be publishing a Cultural Infrastructure Plan to identify what is needed to sustain London's future as a cultural capital, as well as supporting the delivery of diverse and vibrant new neighbourhoods alongside new housing. The evidence in the Cultural Infrastructure Plan will provide councils with the information they need to identify cultural infrastructure priorities and align them with their housing delivery plans. The Mayor will also publish his draft Culture Strategy in early 2018.

5.54

The Mayor recognises that many Londoners are unhappy with the additional pressures placed on existing social infrastructure as the local population increases. While he does not control many of these services – in particular education and health – the Mayor wants to show leadership on an issue that is a major and legitimate influence on the views of local communities on new homebuilding. To investigate this issue and make recommendations, the Mayor wishes to commission a Homes for Londoners

Board sub-group to investigate social infrastructure and its links with new housing supply.

5.55

Despite the importance of social infrastructure in supporting housing growth, it is clear that many public sector bodies with responsibilities for providing it lack the funds required to do so, especially to provide new services in a planned way alongside new homes. The Mayor is calling on Government to review and increase funding for social infrastructure and to ensure that areas experiencing high levels of housing development receive a larger share of available funds.

## PROMOTING TRANSPARENCY

5.56

When developers apply for planning permission for housing schemes, one of the most important negotiations is over the number of genuinely affordable homes that will be provided as part of the scheme. Much of the information relevant to local communities is included in viability assessments which have not been routinely published, often on the basis of commercial sensitivity. Building on the measures set out in his Affordable Housing and Viability SPG, the Mayor reserves the right to publish

viability assessments that he receives and strongly encourages councils to do the same. This will allow Londoners to scrutinise the performance of developers and councils.

5.57

The Mayor favours onsite provision of affordable homes. However, in some cases councils negotiate a cash payment in lieu of onsite affordable housing. These funds must be used to support the delivery of affordable homes, and currently some councils are not spending the funding quickly enough or on genuinely affordable homes. To further promote transparency in the planning system, councils should make public the amount they receive as cash in lieu of onsite affordable housing, and how these funds are spent. The Mayor will seek to ensure this happens by introducing policy in the draft London Plan and will monitor and publish this information through the London Plan Annual Monitoring Report.

5.58

Given the importance of land to supporting an increase in housebuilding, this approach to transparency should also be applied to land and property ownership. The Land Registry records details of prices paid in property transactions, but it does not keep a record of options agreements,

whereby developers and landowners agree a future price for a piece of land. These agreements reduce the availability of land and greater transparency about them would increase public confidence in the operation of the land market. The Mayor will continue to lobby for options agreements and similar contractual arrangements to be recorded with the Land Registry. The Mayor will also continue to oppose attempts to privatise the Land Registry.

## **ENSURING LONDONERS CAN ACCESS NEW HOMES**

5.59

The Mayor recognises the role that investment from domestic and international sources plays in getting development underway in London, and is clear that London is open to people and investment from around the world. He also recognises that many Londoners are concerned about the impact of investors, particularly from overseas, on the availability of new homes for Londoners, and there have been concerns about some new homes being left intentionally empty. To ensure that any policies to address these issues are evidence-based, the Mayor commissioned in 2016 the most thorough research ever undertaken on the role of overseas investors in London housing market.

5.60

The research was published in June 2017 alongside recommendations from a subgroup of the Mayor's Homes for Londoners Board asked to consider its findings and other evidence<sup>115</sup>.

Having considered the research findings, the analysis of his sub-group, and the wider policy context, the Mayor has decided to focus his response on the following three actions.

5.61

First, the Mayor wants to ensure that Londoners have an opportunity to purchase new homes before they are marketed overseas – particularly those homes that ordinary Londoners are more likely to be able to afford. He was concerned by findings in the research he commissioned that more than half of sales to overseas buyers were for properties costing between £200,000 and £500,000. The Mayor will consider, and discuss with major homebuilders, steps to make more new homes available to Londoners before anyone else, with any measures particularly focusing on homes sold for prices that Londoners, especially first time buyers, are more likely to be able to afford. Londoners

in this context means anyone who lives, works, or studies here, or anyone who plans to do so once they have purchased the home.

5.62

Second, the research found that while the number of recorded long term empty homes in London is at a historically low level, at 0.6 per cent of total housing stock<sup>116</sup>, cases of suspected empty homes seem to be concentrated in higher-value areas such as in prime central London. Councils can levy an empty homes Council Tax premium on properties that have been empty for two years or more, set at an additional 50 per cent of the Council Tax payable for a property. Twenty-nine councils in London currently levy this. However, given the relatively low level of Council Tax in relation to property values, especially in central London, the Mayor does not consider that this is a strong enough incentive to ensure that homes are occupied. The Mayor will urge all London's councils to levy the empty homes premium and will work with councils to lobby Government for changes to make it more effective.

5.63

Third, in order to address public concerns about the potential for London property to be used for criminal purposes, the Mayor believes estate agents should be under a duty to ascertain the identity and legality of the purchaser, and not just the vendor, of a home. Where the purchaser is a foreign-registered company, the beneficial ownership of that company should be in the public domain, as is the case with UK-registered companies. The Mayor will continue to urge Government to set new standards of transparency in the property industry and particularly for properties owned by companies registered overseas.

5.64

As referenced above, the research highlighted a concern that overseas buyers are buying homes costing between £200,000 to £500,000 that otherwise may be accessed by some first time buyers. The Help to Buy equity loan scheme (see chapter three) can help make new homes in London in this price range more affordable to ordinary Londoners, as it is available for any new homes up to a price cap of £600,000, though some developers do not participate in the scheme.

The Mayor will work with the development industry to make all eligible new homes available through the Help to Buy scheme and to advertise them on his forthcoming Homes for Londoners online portal.

5.65

The research provides an evidence base for the Mayor's actions regarding empty properties, and suggests concerns are focused in particular areas. Councils may seek to address local concerns based on local evidence. In his draft London Plan, the Mayor will set out his support for councils who choose to address 'buy to leave' properties through appropriate planning measures.

### **LISTENING TO THE VIEWS OF SOCIAL HOUSING TENANTS AND LEASEHOLDERS**

5.66

Although the full lessons from the Grenfell Tower fire will not be known immediately, the Mayor is clear that resident safety is of the utmost priority, and that residents' voices must be at the heart of decision-making by councils and housing associations.

This needs to happen at three levels:

- individual tenants, leaseholders, and freeholders need to have effective recourse for their complaints and concerns that are not dealt with by their landlords;
- broader issues with specific landlords or estates need to be dealt with far more quickly and effectively; and
- the views, concerns and interests of social housing residents need a much stronger voice at a national level, so that their interests are taken into account in policy-making.

5.67

The Mayor believes it is essential that, as a minimum, we ensure the system for regulating social housing is genuinely responsive to the concerns of tenants, leaseholders, and freeholders on social housing estates. He is proposing an immediate package of reform to strengthen the voices of social housing residents, including the three core elements below. He will work with Government on the detail of any reforms to ensure that, where multiple issues arise on one estate, there is a mechanism for the regulator or another appropriate body to step

in to protect residents' interests; the system must not allow widespread concerns on a particular estate to go unchecked.

5.68

First, the Mayor considers that it is currently unnecessarily complicated for residents to access the Ombudsman, as they must first make complaints through their landlord, and if they are not resolved they must take their complaints to the Ombudsman via a 'designated person' (an MP, local councillor, or tenant panel) or wait eight weeks after the end of the complaints procedure to refer their complaint directly. The Mayor will urge Government to streamline the process for individual complaints, so that residents can take their complaint direct to the Housing Ombudsman more quickly and without having to go through a 'designated person'.

5.69

Second, the wider regulation of standards in the social housing sector is carried out by the Social Housing Regulator, which is currently within the Homes and Communities Agency (HCA) but is expected to move to a standalone body in the near future. The Social

Housing Regulator regulates 'economic' standards, such as Value for Money, and 'consumer' standards, such as Tenant Involvement and Empowerment.

5.70

The Social Housing Regulator will only take regulatory action in relation to consumer issues if the test of 'serious detriment' is met. The Mayor is concerned this sets the bar too high to effectively consider consumer standard complaints from tenants or their representatives, meaning that vital issues such as tenant involvement get insufficient attention. Of the 1,050 consumer standard complaints received by the HCA in the two financial years to 2016, only 10 resulted in findings of 'serious detriment'<sup>117</sup>. The Mayor is calling on Government to review the test of 'serious detriment' to ensure increased investigation by the Social Housing Regulator of resident complaints and to ensure it increases its work on enforcing consumer regulation in the social housing sector.

5.71

Third, to ensure that tenants', leaseholders', and freeholders' views are heard and acted upon, the Mayor is calling on Government to introduce

a Commissioner for Social Housing Residents – an individual independent of Government with a statutory remit to act as a watchdog for social housing tenants, leaseholders, and freeholders. Modelled on the Children's Commissioner for England, the key role of the Commissioner would be to champion the views and interests of social housing tenants and leaseholders, including by making recommendations for future Government policy.

## **INVOLVING RESIDENTS IN ESTATE REGENERATION**

5.72

Although most estates are well-built and well-maintained, regeneration may be proposed where estates need to be physically improved in order to maintain or improve the quality of the homes, and in some cases there is potential to significantly increase the number of homes. Wherever works are being undertaken to improve or regenerate an estate, the affected residents must be closely involved in proposals from the very start. While the record of estate regeneration is, in general, a positive one, and schemes usually deliver high quality new homes, an improved public realm, and new or improved facilities,

such as schools or community centres, the Mayor recognises the public concerns over some examples of estate regeneration and wants to use his position to help address them.

#### 5.73

In particular, the Mayor is aware that while estate regeneration schemes have generally led to an overall increase in housing supply across both private and affordable tenures, affordable homes have not always been replaced on a like for like basis<sup>118</sup>. This issue is addressed in chapter four. Furthermore, the Mayor believes it is essential that tenants, leaseholders, freeholders and other residents and users of estates need to be reassured that, where regeneration is being considered, they will be fully involved in the process, and that councils, landlords and others will abide by a common minimum set of standards.

#### 5.74

Estate regeneration schemes will be led by the landlord, who will almost always be a council or housing association. The Mayor's direct involvement in such schemes will be through the application of any Mayoral funding, through any relevant planning

decisions, and through his wider influence. The Mayor has therefore consulted on a Good Practice Guide to Estate Regeneration, the final version of which will be published soon and which will set out the standards that the Mayor expects to apply to any estate regeneration scheme in London. As well as involving residents in decisions, this will include the Mayor's commitments to: ensure no net loss of affordable housing; ensure social tenants have a full right of return; and ensure leaseholders receive a fair deal. In future, decisions about Mayoral funding for such projects will have regard to the extent to which these standards have been applied, and the relevant principles in the Guide will be reflected in his new draft London Plan.

#### 5.75

The inquiry into the Grenfell Tower fire is ongoing. Until the interim and final reports are published, it will not be possible to fully know the lessons that must be learned, and how they should be reflected in policy and guidance. The Good Practice Guide will be updated to take account of the recommendations of those reports, and of other relevant analysis, as they become available.

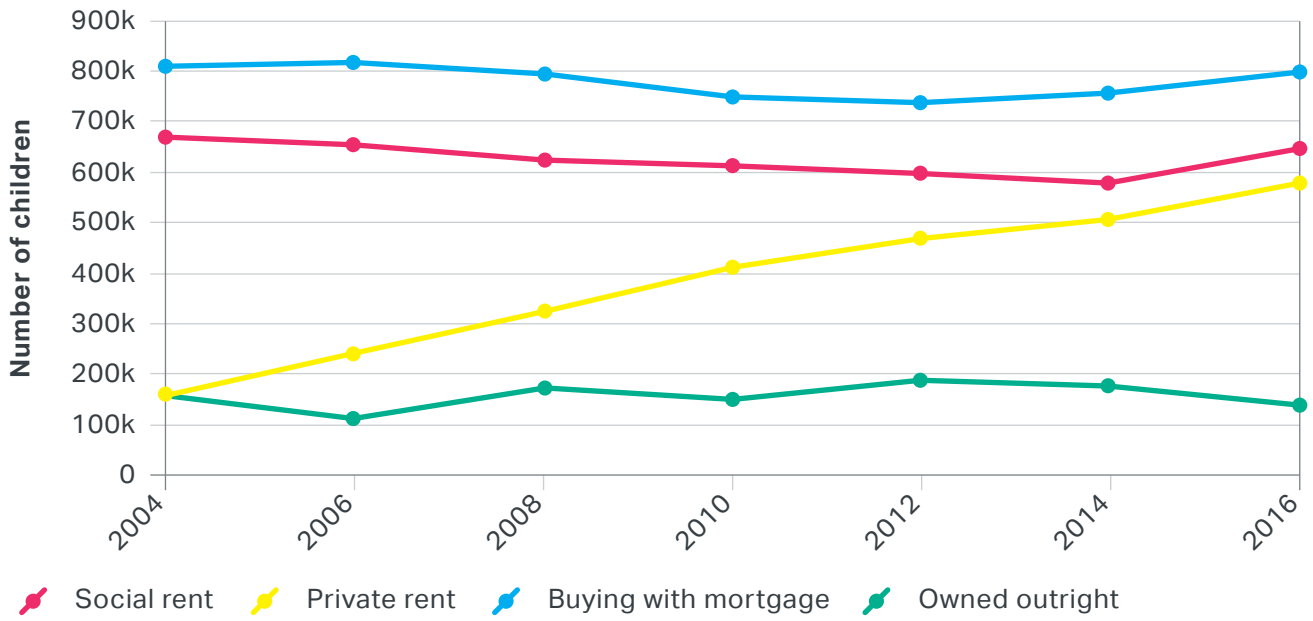






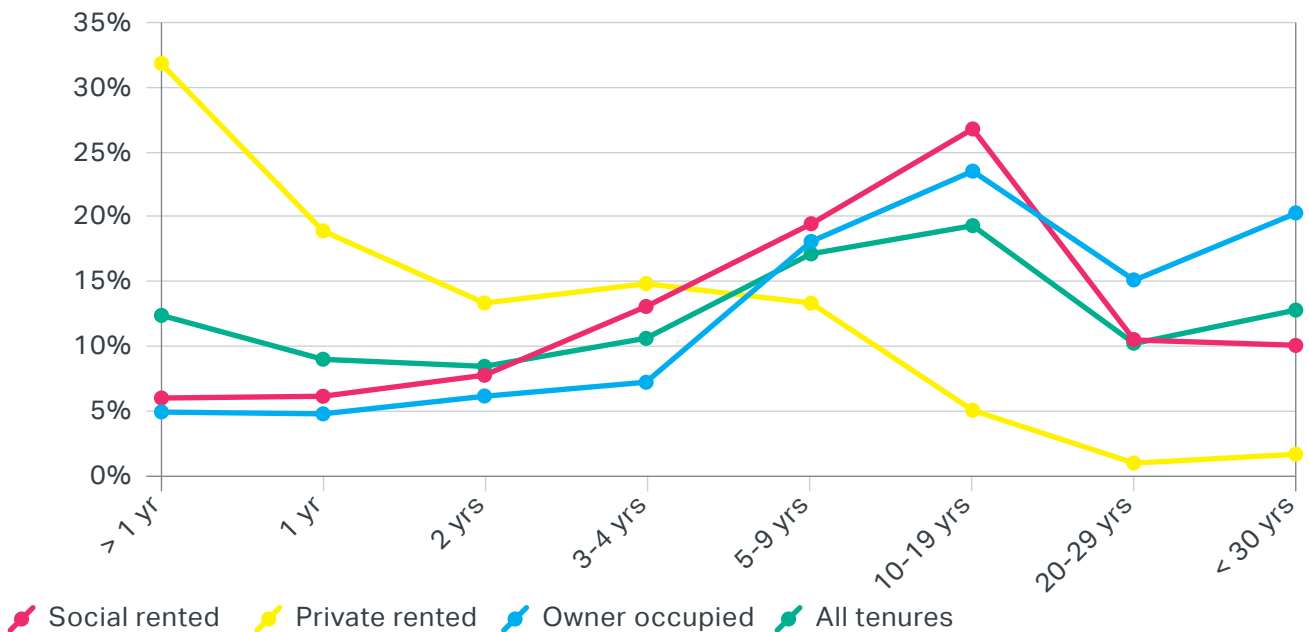
## **6 A fairer deal for private renters and leaseholders**

Figure 6.1: Number of dependent children under 19 in London by tenure, 2004 to 2016



Source: Labour Force Survey

Figure 6.2: Length of time in current home by tenure, London



Source: English Housing Survey

## 6.1

The Mayor wants to help improve life for London's two million private renters and to get a fairer deal for the more than half a million leaseholders in the capital<sup>119</sup>. This chapter contains the Mayor's policies in relation to improving the private rented sector, alongside proposed reforms and improvements to the leasehold sector. Policies in relation to newly purpose-built private rented homes – otherwise known as Build to Rent – are covered in chapter three.

## CONTEXT

## 6.2

Over the last two decades, private renting in London has risen dramatically to over a quarter of all households<sup>120</sup> – proportion that is forecast to grow to 40 per cent by 2025<sup>121</sup>. The nature of these households is changing, with 580,000 children now living in privately renting households in London, more than three times the figure in 2004 (figure 6.1)<sup>122</sup>. At the same time people are renting privately for longer, with only a third of London private renters expecting to buy a home in the next five years<sup>123</sup>.

## 6.3

Despite this growth and change, London's private rented sector continues to be subject to a regulatory system that was designed for a

more marginal and short term tenure. With a standard tenancy length of just six to 12 months, renters have little guarantee of security or stability in their homes, making it hard to put down roots and causing disruption for education, childcare and employment (figure 6.2).

## 6.4

Evidence suggests that most landlords are offering a good service to their tenants<sup>124</sup>. However, almost a quarter of privately rented homes fail Government's own Decent Homes standard<sup>125</sup>, and a recent report indicated that over 4,000 serious health and safety hazards such as exposed wiring, broken boilers or black mould, were identified in homes occupied by private renters in 2015/16 alone<sup>126</sup>. Although laws exist to ensure rented homes are in good condition, enforcement is often inadequate against the minority of landlords and lettings agents who act unprofessionally.

## 6.5

The Mayor recognises that good landlords are facing challenges too, not least because reforms to the welfare system mean that many lower income tenants find it harder to pay their rent. Alongside this, additional financial and regulatory burdens – including recent changes to mortgage interest relief rules, and the introduction of Right to Rent checks – have pushed up landlords' costs<sup>127</sup>.

#### 6.6

The Mayor does not believe this is how the growth of such an important part of London's housing market should be managed or encouraged. We need a better private rented sector for the growing number of Londoners who are living in the tenure for longer, while maintaining its critical role in ensuring London remains open to those who are new to our city – recognising that it is by far the easiest type of housing to move to or from<sup>128</sup>.

#### 6.7

The Mayor wants to see a private rented sector that offers stability to tenants who want it, with lower costs and decent standards across the board. He welcomes the growth of purpose-built, professionally-managed private rented sector housing, commonly referred to as Build to Rent, with its focus on high quality, well-designed homes with longer tenancies, stable rent increases, and high property management standards (see chapter three).

#### 6.8

As the number of private renters in London continues to grow, so too does the number of homeowners with a leasehold property. Leasehold is the most common ownership structure for flats, where the block or converted house

often remains under the control of a single owner who can take responsibility for common areas, major structural repairs, and block management. As we build more homes at higher densities, it is important we ensure that the tenure system for new private flats in particular is suited to Londoners' needs.

#### 6.9

While there is little data specific to London, we know that nationally there is widespread dissatisfaction with leasehold as a housing tenure: more than half of purchasers regret their decision to buy a leasehold property, and 65 per cent of leaseholders would welcome additional information on their rights and responsibilities<sup>129</sup>. Key issues include high service charges, poor standards of management, and a lack of advice and information, particularly in relation to the rights of leaseholders to challenge unreasonable charges, manage their buildings, and purchase the freehold for their homes.

#### 6.10

The Mayor wants to help establish a better deal for private renters and their landlords to encourage the successful growth of the private rented sector in the future. He also wants to ensure the system of ownership for flats, most of which are currently leasehold, is fit for purpose.

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## **POLICY 6.1: IMPROVING STANDARDS FOR PRIVATE RENTERS**

Private renters should benefit from decent property standards and management practices across the sector.

### **Proposals**

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#### **A**

**The Mayor will encourage consistently good standards in London's private rented sector by enabling councils to make better use of their powers. This will include:**

- i support for greater collaboration between councils through a new London Boroughs' Private Rented Sector Partnership;
- ii working to make best use of new regulatory powers, including for short term lettings operators; and
- iii opposing the discriminatory Right to Rent policy.

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#### **B**

**The Mayor will work with councils and Government to target enforcement resources against the minority of poor quality and criminal landlords. This will include:**

- i providing strong support for well-designed and operated council licensing schemes, including calling for devolution of powers over such schemes to the Mayor;
- ii supporting calls to establish a light touch landlord registration scheme; and
- iii introducing a London-wide public database to 'name and shame' landlords and letting agents who have acted unlawfully.

6.11

The Mayor wants London's private renters to benefit from decent, well-managed homes, irrespective of their income or background. This is already happening in much of the sector. Yet, in a significant minority of cases, poor standards persist – and in some cases tenants' lives are put at risk through unlawful practices.

6.12

While he lacks formal powers in this area, the Mayor's vision is for an effective system of regulation that gives councils and other agencies the tools they need to support wholesale improvements in property conditions and management. He believes such a system should be light touch for good landlords, while swift to punish those acting unlawfully, and he will be proactive in supporting councils to use their existing powers more effectively.

## **WORKING WITH COUNCILS TO IMPROVE STANDARDS**

6.13

Formal responsibility for enforcing minimum standards in London's private rented sector sits with councils. They have a range of housing, environmental health and planning powers that enable them to deliver improvements for London's private

renters, including by taking legal action against landlords and letting agents who break the law. The Mayor believes powers in this area should be streamlined and resources increased, and in the meantime will work with councils to make the most of the powers and resources already available to improve life for private renters.

6.14

To spearhead this approach, the Mayor has launched a new forum coordinated by City Hall called the London Boroughs' Private Rented Sector Partnership. The Partnership will support councils with their enforcement work by:

- enabling them to share information about trends in criminal landlord activity across London;
- sharing best practice approaches to enforcement; and
- encouraging a more consistent and collaborative approach to property licensing schemes across London, to ensure they remain light touch for good landlords.

6.15

The launch of this Partnership recognises that councils can learn from each other and that they can work together to tackle poor standards and criminality that persist across their boundaries. The Mayor will support the



Partnership's work by seeking funding from Government to strengthen capacity and skills in councils, including in Trading Standards, to improve enforcement. £9 million to tackle rogue landlords has been secured by councils since 2013 and a further £20 million has been made available through the national Controlling Migration Fund. In future, the Mayor wants to be more closely involved in how these funds are spent, and to explore coordinated bids to ensure funding supports the strategic work of the Partnership.

6.16

Through the Partnership, the Mayor will work with councils and Government to ensure new powers in relation to the private rented sector granted through the Housing and Planning Act 2016 and any other relevant legislation are implemented quickly and with maximum impact. This includes banning orders for criminal landlords, civil penalty notices with increased fines, mandatory electrical safety testing, and reformed rent repayment orders.

6.17

The Mayor welcomes the rise of the sharing economy, and supports the right of Londoners to use online lettings sites to rent their homes out for short periods of time. However, this right needs to be balanced against the impact that shorter

term lets can have on certain local communities and on the supply of permanent private rented housing. The Mayor will work with councils to encourage all short term lettings operators in London to enforce the 90 day limit<sup>130</sup>, and will work with the industry to develop an information sharing protocol or other measures to support council enforcement of the law.

## LICENSING SCHEMES

6.18

Most landlords in London offer renters a good service. However, a minority let their tenants down and in some cases are guilty of criminal activity. The Mayor wants to see better and targeted use of regulations to improve the conditions and standards of private rented homes, and to tackle criminal behaviour among those landlords and letting agents who behave in such a way.

6.19

The current system of regulation for conditions and standards is a framework with no overall strategic approach and existing regulations do not provide a secure income for councils to fund the resource intensive enforcement work created by our growing private rented sector. Regulation needs to be backed up with adequate resources, better intelligence, and an unrelenting focus

on rooting out criminal practices. Under current legislation, licensing schemes with appropriate enforcement can provide a way to ensure that private renters are protected. The Mayor believes the law should be clarified to ensure councils can use the proceeds of licensing to fund enforcement of the terms of the licence. Government should provide councils with additional funding toward enforcement capacity to ensure best use can be made of new and existing powers. In addition, councils should have more freedom to spend existing funding as they see fit.

#### 6.20

The London Borough of Newham has shown that licensing can transform how a council regulates the local private rented sector. In 2013, the council implemented a borough-wide licensing scheme with a modest licence fee, which has since led to over 1,135 prosecutions of criminal landlords and the recovery of £2.6 million of unpaid Council Tax. There are also wider benefits to Government – for instance Newham has passed details to Her Majesty’s Revenue and Customs (HMRC) of 13,000 landlords whom they suspect may be avoiding income tax. The Mayor strongly supports councils who use well-designed and operated licensing

schemes to improve standards for their private renters and believes that all councils who can evidence the need for a scheme should be allowed to adopt one.

#### 6.21

Government has the final say over whether new licensing schemes can go ahead where they cover more than 20 per cent of a council’s area. At present, property licensing is being applied inconsistently across London; the current system allows significant variation between how different councils approach licensing, which has led to a confusing patchwork of different schemes and conditions. Reflecting the very large size and complexity of the private rented sector in London, the Mayor is calling on Government to devolve responsibility for considering and approving selective licensing schemes to City Hall, where more consistent decisions and more effective scrutiny could take place.

#### 6.22

Under the devolution proposal above, schemes would only go ahead where the council proposes them, though the Mayor believes there is a strong case for all of London’s private rented homes to be licensed. In return for



“The Mayor will launch his new database bringing together information to ‘name and shame’ landlords and letting agents who have acted unlawfully.”

the powers granted through this devolution, the Mayor would develop a mandatory framework for such schemes that would ensure a light touch and inexpensive system for good landlords, while providing councils with the tools they need to tackle criminals. Such a framework would include:

- proportionate fee structures;
- a common approach to inspections and licence conditions;
- extensive support for tenants affected by licensing enforcement; and
- expectations around engagement with landlords.

### **IMPROVING LANDLORD REGULATION**

6.23

In addition, the Mayor supports calls from across the housing industry to establish a compulsory light touch landlord registration scheme, as was recommended by the Rugg Review almost a decade ago<sup>131</sup>. A register would enable councils and Government to identify the landlord population, better target enforcement work across council boundaries, ensure landlords meet basic ‘fit and proper person’ tests, and help to improve tax collection. It could also have beneficial impacts with regard to addressing the issues associated with short term lets. Any register should link

in with tenancy deposit schemes to make registration as straightforward as possible.

6.24

When landlords and letting agents have been successfully prosecuted or incurred civil penalties, the Mayor believes that London's renters should be able to identify them. To this end, the Mayor will launch his new database bringing together information to 'name and shame' landlords and letting agents who have acted unlawfully (see box 11). This will help potential tenants make informed decisions about who they rent properties from, and will act as a deterrent to further such activity among landlords and letting agents. Initially the database will be piloted in partnership with six councils. The Mayor aims to expand its coverage shortly afterwards, to include prosecutions by councils across London and by the LFB.

6.25

The database will be published alongside information about renters' rights and details of where they can access advice and support, and a tool through which they can report landlords or letting agents whom they suspect have broken the law. The GLA will work closely with Government on the development of its national rogue landlord database, aiming to ensure that the two systems work

in tandem. The Mayor has promised to make his database available to members of the public and he will encourage Government to do the same with the national database.

6.26

Alongside the public database, the Mayor will make a second tier of information available to councils to support information sharing and collaboration across the capital. This will contain more details about agents and landlords who may be acting unlawfully, including past fines and convictions. This information is particularly important where landlords operate across different areas of the city.

6.27

Since last year landlords have been required to check the immigration status of prospective tenants under the Right to Rent regulations. These checks create additional costs and delays for landlords, and they also open the door to discrimination. In one national study, more than half of landlords surveyed said the regulations would make them less likely to consider letting homes to foreign nationals<sup>132</sup>. This means that some groups who have every right to be in London may find it harder to secure a tenancy. The Mayor opposes the discriminatory Right to Rent policy and will urge Government to scrap the initiative.

### **BOX 11: THE MAYOR'S DATABASE OF LANDLORD AND LETTING AGENT PROSECUTIONS AND CIVIL PENALTIES**

The Mayor will launch a database to 'name and shame' landlords and letting agents who have acted unlawfully. Modelled on a similar scheme in New York City, the database will include landlords who have been prosecuted for illegally evicting or harassing a tenant, or failing to comply with a notice to improve the condition of the property over matters such as insufficient fire and electrical safety provisions, dangerous overcrowding, pest and vermin infestations, or cold, damp, and mould.

The database will act as a deterrent, making it far more difficult for landlords and letting agents who have broken the rules to continue operating under the radar.

Renters will be able to search the database for the address of a rental property, landlord or letting agent. For the first time in London, tenants will have the opportunity to check whether a prospective landlord has an unspent conviction for a housing offence or has incurred a civil penalty before signing a tenancy agreement or moving into a rental property.

Renters will be able to access information about their rights and report unlawful landlord and agent activity. A reporting tool will allow renters to submit details about their property and nature of their complaint, which will be directed to the relevant council for further investigation.

## **POLICY 6.2: IMPROVING AFFORDABILITY AND SECURITY FOR PRIVATE RENTERS**

Private renting should be a more affordable and secure housing option for Londoners.

### **Proposals**

#### **A**

**The Mayor will explore options for a new deal that offers tenants greater stability and helps to protect the rights of landlords. This will include:**

- i working with landlord representative bodies and groups representing tenants to explore options for a 'London Model' of reform for tenants and landlords; and
- ii considering reforms that enhance security of tenure for renters, reduce discrimination, improve the evictions process and dispute resolution, and ensure landlords retain their right to gain possession of the property for legitimate reasons.

#### **B**

**The Mayor will work with Government, councils, and employers to address upfront costs and fees that private renters are forced to pay.**

**This will include:**

- i supporting the proposed ban on letting agent fees and lobbying Government to ensure its enforcement is properly resourced; and
- ii working with employers to widen access to Tenancy Deposit Loan schemes to help renters manage the upfront costs of renting, along with other incentives to help with employees' housing costs.

#### **C**

**The Mayor supports measures that would limit unacceptable rent increases without negatively impacting on housing supply, and he will work with Government to address long term affordability for London's renters. This will include:**

- i urging Government to comprehensively review the financial support available to private renters on low and middle incomes; and
- ii when combined with tenancy reform, properly resourcing the First-tier Tribunal system so it becomes a check and balance when landlords increase rents.

6.28

The high costs of renting privately impacts Londoners of all types – from families on low incomes, to those affected by recent welfare reforms, to young people unable to save for a home of their own. While regulation of fees and charges will provide some relief, in the long run only a significantly greater supply of new and genuinely affordable homes will address the fundamental issue of rising housing costs. In the meantime, the Mayor wants to do all he can to support tenants who are struggling with the cost of renting.

6.29

The Mayor also recognises that, as demand for London's private rented sector has grown in recent years, the sector has become less dominated by relatively mobile groups like students, migrant workers and young graduates who live in this tenure for a limited period. It is increasingly becoming a more long term tenure where Londoners stay put and raise families. For this to be sustainable, the security of private renting should be improved. The Mayor wants to explore options for a new deal for London's private rented sector, whereby responsible landlords can easily gain possession of properties for legitimate reasons, while tenants can enjoy more stability and security in their homes.

## **TOWARDS A NEW MODEL OF TENANCY REGULATION**

6.30

Much like the regulations governing property conditions, London's existing model of tenancy regulation has not kept pace with the city's rapidly changing and expanding private rented sector. The current system fails to offer security and stability to tenants, including to the growing numbers of those for whom it is particularly important, such as families and older people. This has been broadly recognised by all the main political parties.

6.31

The Mayor is offering renters more opportunities to sign up to longer tenancies through his London Living Rent policy (see chapter four) and through his Affordable Housing and Viability SPG that covers Build to Rent schemes (see chapter three). However, ultimately only Government can deliver the reforms that are necessary in existing private rented homes. The Mayor will work with landlord representative bodies and groups representing tenants, to explore options for a new deal – a London Model – for private renters and landlords. This will balance the interests of landlords and tenants, with the aim of creating a positive vision of reform



to support the sector's sustainability and growth. The Mayor's proposals will then be submitted to Government for its consideration.

#### 6.32

While the options for the London Model will be developed with the groups mentioned above, such a package could include:

- enhancing security of tenure for renters by considering the role that 'no fault' eviction clauses play in undermining security of tenure for renters, including whether new presumptions could be developed in favour of allowing tenants to renew tenancies in appropriate circumstances;
- increasing notice periods for eviction where a tenant is not at fault;
- reducing discrimination against renters who are receiving welfare benefits by banning the use of the pejorative term 'No DSS' or similar in property adverts;
- ensuring that any new measures to improve security of tenure do not disadvantage vulnerable groups, such as those with uncertain or time-limited immigration status or those on short term employment contracts;
- working with mortgage lenders to ensure that Buy to Let mortgage clauses do not prevent landlords from

offering longer tenancies or renting to those in receipt of welfare benefits;

- introducing a new, streamlined set of possession grounds to cover all legitimate reasons that landlords may need to gain possession of their properties;
- securing reforms to the courts system to speed up the evictions process where a tenant is at fault; and
- introducing a new landlord and tenant dispute resolution service to help reduce the need for 'tenant fault' evictions.

#### 6.33

Whatever form a London Model may take, it is essential that renters should retain their right to end a tenancy at any time with appropriate notice, and landlords should retain their right to gain possession of the property where they have a legitimate need to do so. Any steps to enhance security for tenants should be balanced so that, in addition to the existing grounds for eviction, landlords should be able to gain possession on grounds including situations where they wish to sell the property, move into it, make major refurbishments, or where the property is being repossessed. One way of achieving this could be to empower the First-tier Tribunal (Property Chamber) to process legitimate evictions quickly. The Tribunal could also offer preventative mediation

to support landlords and tenants to address issues like rent arrears before an eviction becomes necessary.

### **TACKLING UNFAIR FEES AND CHARGES FOR RENTERS**

6.34

The high costs of renting privately in London are not only a result of monthly rents, but also the associated upfront fees and costs when beginning a tenancy. Such costs act as a significant financial barrier for Londoners who wish to become private renters or existing renters who wish to move. A recent national report estimated that the average letting agent fee is £300<sup>133</sup>, and housing charity Shelter has found that one in seven renters are paying more than £500<sup>134</sup>. With the additional burdens of paying a deposit and at least a month's rent in advance, it is no surprise that a recent survey found 27 per cent of renters had to borrow money to pay these costs<sup>135</sup>.

6.35

The level of competition among tenants for rental properties means that London renters have little choice about whether or not they use a letting agent to find a property. Since the agent is ultimately acting for the landlord, rather than for the tenant, the Mayor believes that letting agent fees charged to renters

are fundamentally unfair. Following calls over a number of years from the Mayor and others, the previous Government announced its intention to ban tenant fees charged by letting agents. The Mayor strongly supports moves to ban letting agent fees, and will encourage Government to implement the ban without delay and to ensure that Trading Standards is properly resourced to enforce the new ban.

6.36

The Mayor has outlined plans to launch a new Homes for Londoners online property portal as a London-wide lettings resource. Before the previous Government's announcement on letting agent fees, it had been intended that this would tackle such fees by bringing together Build to Rent providers and councils' not for profit letting agencies who agreed not to charge fees. The Mayor has now confirmed the portal will focus on affordable homes from Build to Rent providers, and will enable councils who have set up social lettings agencies to advertise their properties.

### **HELP WITH RENTAL DEPOSITS**

6.37

Even with the ban on letting agent fees, most renters are asked to pay a deposit before their tenancy begins. This is normally equivalent to between

four and six weeks' rent – which, in London, can mean initial deposits of several thousand pounds. The Mayor is working with London employers to expand Tenancy Deposit Loan schemes, in which employees are offered interest-free loans to pay deposits when they sign tenancy agreements (see box 12). The Mayor will also explore incentives for businesses to provide investment in new homes which could benefit their workforce.

6.38

While deposits are an important principle, rising rents means that the size of individual deposits can cause great hardship for renters – particularly those on low incomes. The Mayor has previously called on Government to cap such deposits, and he welcomes their confirmation that deposits will be capped at the equivalent of four weeks' rent.

6.39

A related issue is that tenants must pay out a new deposit before an existing deposit is returned. Given that most private renters in London have no savings at all, this creates yet another barrier to moving home. The Mayor supports proposals to initiate 'passporting' of tenancy deposits between tenancies, and will encourage and work with Government to develop this idea further.

### **BOX 12: WORKING WITH LONDON EMPLOYERS TO OFFER TENANCY DEPOSIT LOANS TO MORE LONDONERS**

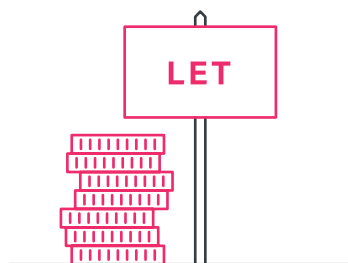
Tenancy Deposit Loans offer a low risk, low cost way for employers to help with their employees' housing costs. Operating in a similar way to season ticket loans, the employer provides an interest-free loan covering the cost of the deposit. The loan is then repaid, usually automatically through the payroll system.

The Mayor has championed the introduction of Tenancy Deposit Loans across London by ensuring the GLA, TfL, the Metropolitan Police, and the LFB are all signed up to the initiative.

In partnership with London First and their Employers' Housing Pledge campaign<sup>136</sup>, the Mayor has also written to over 250 employers promoting Tenancy Deposit Loans. Around 100,000 Londoners are employed by organisations that have signed up to support staff with housing costs, including providing Tenancy Deposit Loans. The Mayor will continue to work with other partners across London to extend the reach of the scheme to as many private renters as possible.

# £1,475

per month is the typical monthly rent for private renters in London.



# £1,000

per month is the typical monthly mortgage for a London first time buyer.



## ADDRESSING LONG TERM AFFORDABILITY FOR RENTERS

6.40

The measures outlined in the section above will help reduce costs for private renters. However, the long term trend is that rents in London have been increasing considerably faster than incomes, especially over the last five years, and around a third of private renting households are now spending more than half of their income on rent<sup>137</sup>. Private renters are also paying considerably more on a monthly basis than those households who have secured a mortgage. While the typical monthly rent is £1,475 per calendar month, the typical monthly mortgage cost for a London first time buyer who bought in 2016 is around £1,000<sup>138</sup>.

6.41

For many households, the costs of renting are exacerbated by the impacts of welfare reform. The current median LHA rate across London is seven per cent lower than it was at the start of 2011, whereas private sector rents in London have increased by 23 per cent over the same period<sup>139</sup>.

6.42

While the Mayor has no powers to introduce rent controls, he supports measures that would limit unacceptable rent increases without negatively impacting on housing supply.

Much of the evidence suggests the consequences of any such measures would have to be considered carefully<sup>140</sup>. In the meantime, he is calling on Government to address long term affordability in the private rented sector by doing two things.

6.43

First, renters already have the option of asking the First-tier Tribunal (Property Chamber) to adjudicate their rent levels to check they are fair. However, this is very rarely used, due to lack of tenant knowledge and the real risk of retaliatory eviction. If tenancies were reformed to enhance security, First-tier Tribunals could then become an important check and balance when landlords determine rents, though further resources would be needed to ensure such a system functioned effectively. This is not a solution to rising rents, but it could help to ensure rent increases are proportionate – particularly if combined with efforts to raise awareness of this service among renters.

6.44

Second, the Mayor urges Government to comprehensively review the financial support provided to private renters on low and middle incomes. Some recent welfare changes – in particular, the reductions in and more recent freeze of LHA, and the Benefit Cap – have unfairly penalised London private renters who have no control at all over their rent levels.

“The Mayor urges Government to comprehensively review the financial support provided to private renters on low and middle incomes.”

### **POLICY 6.3: REFORMING AND IMPROVING LEASEHOLD**

There should be reform of leasehold, and better advice and support for existing leaseholders.

#### **Proposals**

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#### **A**

**The Mayor will work with Government and others to support reform of leasehold and measures to improve leaseholders' experiences. This will include:**

- i calling for wholesale reform of leasehold, including a long term shift towards alternative tenures such as commonhold; and
- ii supporting statutory regulation of residential managing agents.

---

#### **B**

**The Mayor will work with councils, housing associations, and industry groups to improve the quality of advice and support available to London's leaseholders about their rights and obligations. This will include:**

- i working to ensure London's leaseholders have access to high quality, accessible information on their rights and obligations, including through producing a London 'How to Lease' guide and by lobbying Government to significantly improve the service offered by the national Leasehold Advisory Service;
- ii publishing a London Charter for service charges in shared ownership properties and working to extend this to the wider leasehold sector; and
- iii setting a clear expectation that resident leaseholders affected by estate regeneration projects should be offered a fair deal as compensation for their homes.

6.45

The Mayor believes that Londoners who purchase homes deserve a fair deal. The vast majority of new homes built in London today are sold on a leasehold basis, yet many leaseholders know little about their rights and obligations. Ultimately the Mayor supports a move away from the current system of leasehold toward fairer tenure models that are less open to abuse.

## REFORMING LEASEHOLD

6.46

While reform of such a long standing tenure will be challenging, most organisations across the industry now agree that the current system of leasehold is not fit for purpose. All mainstream political parties have expressed a desire to explore improvements to the sector, and the All Party Parliamentary Group on Leasehold and Commonhold Reform has recently stated its support for significant change<sup>141</sup>. The Mayor is supportive of leasehold reform in order to improve the experience of a significant and growing number of London's homeowners.

6.47

Over the longer term, the Mayor believes that Government should move away from the current leasehold system in favour of fairer tenure models. He will work

with Government, leasehold groups, and other experts to investigate options for long term reform of the leasehold system, including moves toward fairer systems of commonhold or share of freehold. In the meantime, he will also work toward:

- ensuring that existing legislation and regulations are fully understood and effectively implemented;
- making it more straightforward for leaseholders to take greater control over how their buildings are managed;
- improving regulation of residential managing agents; and
- tackling abuses of service charges and ground rents, in particular in relation to leasehold houses.

6.48

Ahead of more fundamental change, there is an opportunity to make some progress on reform in the short term. Most private leasehold buildings are managed by companies that are not subject to any statutory regulation. Given the lack of accountability of these companies to leaseholders, and the high number of complaints and disputes that arise, the Mayor supports calls to introduce statutory regulation of residential managing agents. This could be achieved in a similar way to recent moves to improve regulation of residential letting agents in the private rented sector.

6.49

The Mayor also supports the principles behind recently published Government consultations on leasehold houses and ground rents and making it more straightforward for residents' or tenants' associations to be formally recognised<sup>142</sup>. However, this should be the beginning of much wider reform and the Mayor will lobby Government to ensure that this is the case.

### **IMPROVING ADVICE AND INFORMATION**

6.50

The Mayor wants leaseholders to have access to better quality advice and support, including before they purchase homes on a leasehold basis. In particular, leaseholders need better advice and guidance on self-management options, lease extension, and options for redress when things go wrong. The Mayor will work with Government to ensure that London's leaseholders have access to high quality, accessible information on their rights and obligations.

6.51

The Leasehold Advisory Service (LEASE) is the designated Government agency with responsibility for providing free advice to leaseholders nationally.

However, the future of LEASE is uncertain; there are doubts about the sustainability of its funding model and the extent to which, in its current form, it can deal with the increasing volume and complexity of issues raised by leaseholders. The Mayor is calling on Government to fully fund LEASE's delivery of high quality, independent advice to leaseholders and to ensure that it is fit for purpose for a growing sector. In the meantime, the Mayor will produce a 'How to Lease' guide for London leaseholders setting out basic information on rights and responsibilities.

6.52

Purchasers of shared ownership properties have a similar relationship with their freeholders (normally housing associations) as leaseholders do. In particular, they are required to pay a service charge to cover costs associated with managing and maintaining buildings. Many shared owners complain about the lack of transparency and information on what these service charges are, so the Mayor has committed to publish a London Charter for service charges in shared ownership properties. This will set out best practice approaches to affordability of service charges and will include a commitment



from London's largest housing associations to improving transparency. The Mayor recognises that issues with lack of transparency and unfairness in relation to service charges and ground rents extend into the wider leasehold sector, with some particular problems in the case of leasehold houses. He will work with the housebuilding industry to extend his London Charter to the wider leasehold sector.

## **LEASEHOLDERS OF COUNCILS AND HOUSING ASSOCIATIONS**

6.53

More than a third of leasehold homes in London are owned by councils or housing associations, largely as a legacy of the Right to Buy scheme. The Mayor wants to work with councils and housing associations to improve the advice and support available to their leaseholders. This is particularly important because of the impending need to extend an increasing number of council and housing association leases in the next decade or so. The Right to Buy policy was introduced in 1980 with 125 year leases, meaning that the time remaining on an increasing number of these leases

will begin to fall towards 80 years. If the time left on a lease falls below 80 years, it can be significantly more expensive to extend the lease, and if it falls below 70 years, it can get more difficult to secure a mortgage. The Mayor expects councils to work with their leaseholders to proactively plan for this process and facilitate timely and well-managed lease extension processes.

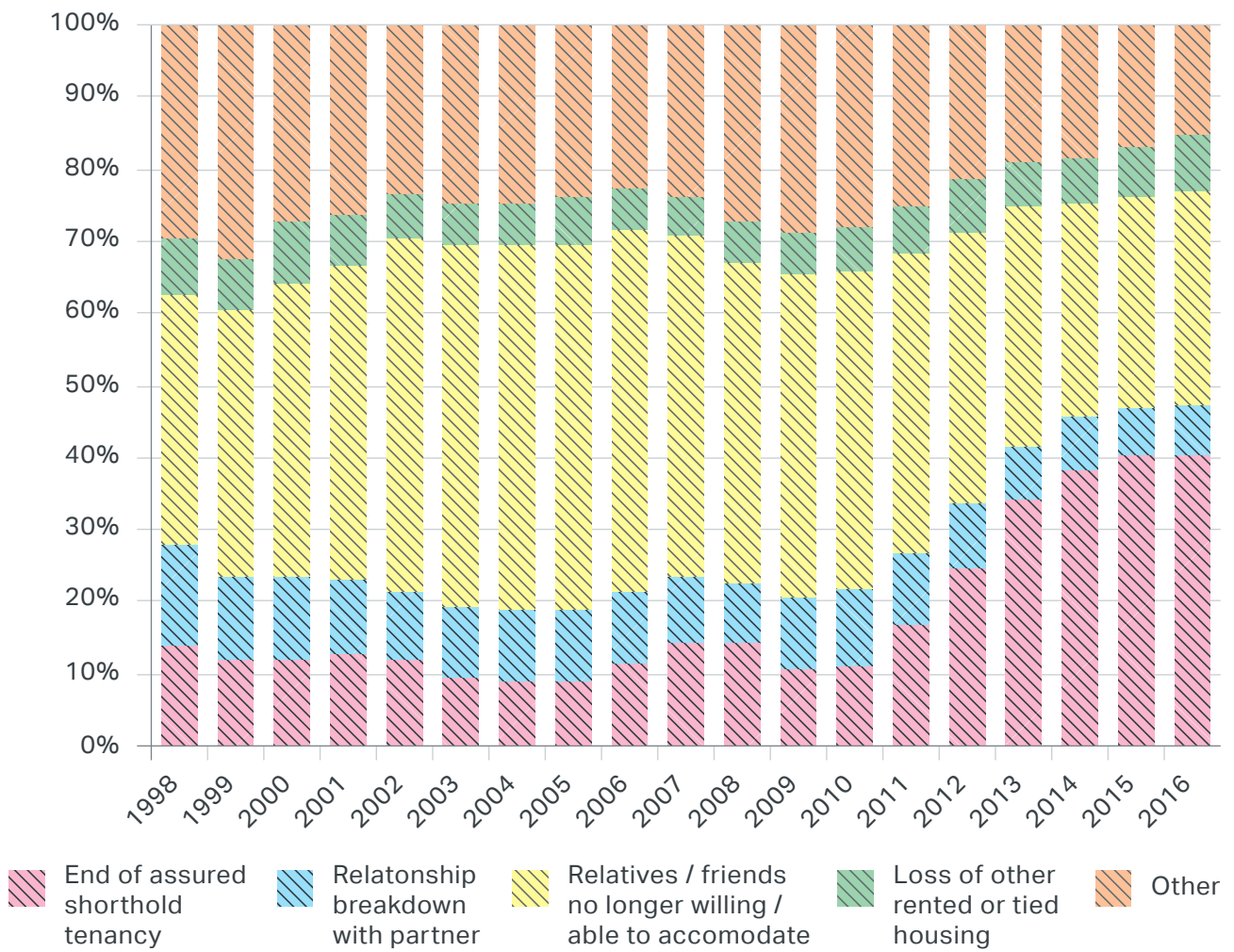
6.54

In addition, the Mayor wants to ensure that regeneration of London's housing estates happens with resident support and includes a fair deal for existing tenants, leaseholders, and freeholders (see chapter five). This includes leaseholders who are resident on estates that may be undergoing regeneration. In his Good Practice Guidance for Estate Regeneration, the Mayor will set out his expectation that, where it is necessary for their homes to be acquired, all resident leaseholders should be offered market value and home-loss payments. As a minimum, they should also be offered shared equity or shared ownership housing options on the regenerated estate.



## **7 Tackling homelessness and helping rough sleepers**

Figure 7.1: Households accepted as homeless in London by reason for loss of last settled home, 1998-2016



Source: GLA, Housing in London, 2017

## 7.1

The impacts of London's housing crisis are felt by many, but few experience it more severely than the thousands of Londoners who have no home at all. This chapter contains the Mayor's policies in relation to preventing homelessness and supporting Londoners who become homeless, including helping rough sleepers off the street. This chapter is closely linked with the Mayor's policies to increase the number of affordable homes (chapter four) and to improve the private rented sector (chapter six) - objectives that are essential to tackling the long term causes of homelessness.

## CONTEXT

## 7.2

Despite London being one of the wealthiest cities in the world, the high cost of housing and the lack of support for those who need it mean that homelessness is on the rise. A recent study estimated that one in 50 Londoners is now homeless, including people who are sleeping rough and those living in temporary accommodation and hostels<sup>143</sup>. The true extent is almost certainly much greater, since some forms of homelessness are hidden - such as when people are staying with family and friends, 'sofa surfing', or facing eviction.

## 7.3

People can become homeless for a range of reasons. Some people need to leave their accommodation due to relationship breakdown or domestic abuse, because they are no longer welcome in their family's home (a particular issue for young people who are LGBT+<sup>144</sup>) or because they have had to flee their home country to escape persecution or war. Sudden changes in financial circumstances - such as the loss of employment - can leave people struggling to cover their housing costs and, for rough sleepers in particular, individuals' mental health and past experiences can be important factors. Almost three quarters of those who sleep rough have issues with their mental health and/or substance misuse, around a third have spent time in prison, and one in 10 have been in care<sup>145</sup>.

## 7.4

The worsening shortage of affordable homes, however, is the primary cause of London's growing homelessness problem. The lack of social housing means many Londoners on low incomes rent privately with the help of benefits. As welfare reform has reduced the rents that such tenants can afford, more landlords have chosen not to renew their tenancies, instead letting to higher income households, who tend to be adult sharers rather than families.

As a result, almost four in 10 cases of homelessness in London in 2016/17 resulted from the end of a private sector tenancy, up from one in 10 in 2009/10 (figure 7.1)<sup>146</sup>.

#### 7.5

At the same time, the shortage of affordable housing means councils increasingly struggle to find accommodation for homeless households, and particularly families. Competition between councils over a limited supply of temporary accommodation for homeless households – most of which is privately rented flats – has further contributed to escalating costs; in 2014/15, councils in London spent around £663 million on temporary accommodation<sup>147</sup>.

#### 7.6

These pressures on supply and cost have meant that families are increasingly placed away from their local area as councils are forced to look further afield. At the end of 2016, more than a third of those housed in temporary accommodation were living in another borough<sup>148</sup>, with a small but growing number of homeless Londoners being housed outside London<sup>149</sup>. While some may choose or need to relocate, such moves often disrupt childcare, education, and support

networks, with serious impacts for families' health and wellbeing, and children's life chances. It can also make it harder for households to secure or sustain employment<sup>150</sup>.

#### 7.7

At the sharpest end of homelessness are the growing numbers of people who end up sleeping rough on London's streets. Rough sleeping in London more than doubled between 2009/10 and 2016/17 – to over 8,000 last year<sup>151</sup>. Between 2015/16 and 2016/17 the number of rough sleepers did not rise for the first time in a decade, though the number remains very high by historical standards and the recorded number may start to rise again in the immediate future as a number of new programmes and extra resources become active.

#### 7.8

Much of the increase in recent years has been due to a steep rise in the numbers of non-UK nationals, who accounted for over half of those sleeping rough in 2016/17 and for whom accommodation options in the UK are severely limited, as most are not entitled to welfare benefits that could be used to cover rent<sup>152</sup>. Rough sleepers also often have complex support needs (figure 7.2), so funding for health and other services is vital to supporting them off the streets.

## **POLICY 7.1: PREVENTING AND ADDRESSING HOMELESSNESS**

Preventing homelessness in all its forms should be a key priority, and those who become homeless should be supported into sustainable accommodation.

### **Proposals**

#### **A**

**The Mayor will work with councils, Government, and charities to support a greater focus on prevention of homelessness. This will include:**

- i supporting the Homelessness Reduction Act and pressing Government to provide adequate funding for councils to deliver their new duties;
- ii tackling the root causes of homelessness by investing in affordable homes, and lobbying Government to reform private renting and review its welfare changes; and
- iii acting to prevent youth homelessness by investing in accommodation and lobbying Government to overturn recent housing benefit changes for 18 to 21-year-olds.

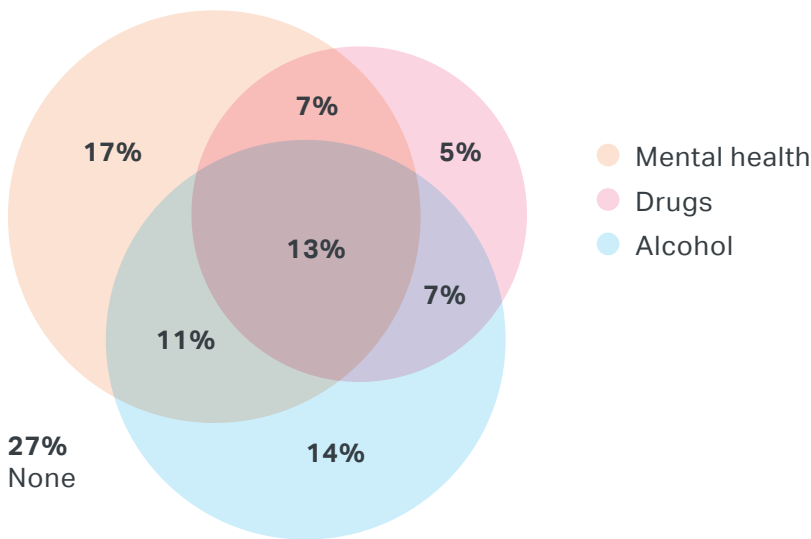
#### **B**

**The Mayor will work with councils and Government to ensure those who lose their accommodation are supported into sustainable accommodation.**

**This will include:**

- i investing in accommodation for homeless Londoners and working with councils to coordinate procurement of accommodation;
- ii expecting councils to meet their obligations to inform other councils when they place homeless households in their areas, and to have in place clear policies around the provision of accommodation for homeless households;
- iii working with councils to build a case for a fairer funding regime for temporary accommodation;
- iv providing a package of interventions to address homelessness caused by violence against women and girls; and
- v urging Government to include clear guidance for councils relating to homeless veterans within its new Code of Guidance.

**Figure 7.2: Support needs of people seen sleeping rough in London 2015/16**



Source: GLA, Housing in London, 2017

7.9

The Mayor sees the fact that so many people have been left sleeping rough on London’s streets, and rising homelessness more generally, as a growing source of shame to the capital. London is a city with some of the wealthiest neighbourhoods in the world. To leave so many people with no choice other than to be homeless is a scandal. He has been clear that, as a city, we have a moral duty to tackle it head on.

7.10

The Mayor is determined to show leadership on preventing and effectively responding to homelessness by working with Government, councils, charities, and others.

7.11

Although the Mayor’s direct powers in relation to homelessness are limited, he will make funding available for homes specifically for homeless people. He will work with partners to support better coordination and collaboration of planning and provision for homelessness services and housing. He will make the case to Government for greater resources to address the underlying causes of homelessness – particularly the need for additional funding for more affordable housing – and the provision of adequate resources to councils to fulfil their statutory responsibilities for dealing with homelessness.



## FOCUS ON PREVENTION

7.12

Preventing Londoners from becoming homeless in the first place should be the primary aim of all organisations that have a role in addressing homelessness. Many councils in London have a strong track record of intervening early, often through their housing options services, and many charities also work with Londoners at risk of homelessness.

7.13

Despite this, the rising cost of housing in London and the increasing number of homeless Londoners has meant that councils have had to focus their shrinking resources on fulfilling their statutory duties to house Londoners who have already become homeless. Moreover, Government's funding mechanism for temporary accommodation has led to councils doing more to find landlords willing to house households who are already homeless, rather than focus resources on prevention<sup>153</sup>.

7.14

The Homelessness Reduction Act 2017 creates a new focus on prevention, backed up with a range of additional statutory duties for councils that are intended to ensure that those experiencing the many different forms of homelessness identified above receive better advice and support

than they sometimes have in the past. Government has stated its intention to cover the costs of these additional legislative burdens, but the level of resources that will be made available to councils in London is yet to be confirmed. The Mayor supports the objectives of the Homelessness Reduction Act and Government's funding commitment, but notes that its implementation comes at a time when councils face acute financial pressures. Government should closely monitor implementation of this Act and fulfill its commitment to cover all resulting costs.

7.15

The Mayor's No Nights Sleeping Rough taskforce will continue to support opportunities to improve prevention, for example by disseminating good practice from the No First Night Out (NFNO) programme and improving the data that is collected on why and how people end up sleeping rough.

## YOUTH HOMELESSNESS

7.16

Preventing youth homelessness is of particular importance. Disadvantaged young people are at greatest risk of homelessness, while 'sofa surfing' is particularly common and can place young people in risky situations<sup>154</sup>. They often find it very difficult to access and maintain employment, education or training and can fall into a downward

spiral that may lead to substance misuse, crime, mental health problems, and rough sleeping<sup>155</sup>. There is crossover with younger Londoners who are leaving institutional care and may be at risk of homelessness without adequate support. This is why the Mayor has urged Government to reconsider its decision to remove 18 to 21-year-olds' automatic entitlement to the housing support element of Universal Credit. Together with other welfare reforms, it is set to make it harder for young people who become homeless to secure safe accommodation and also risks turning spells of unemployment into loss of accommodation.

#### 7.17

The Mayor wants to fund accommodation to help prevent youth homelessness. Through his £30 million Platform for Life and Homelessness Change programme, the Mayor will make available funding for accommodation that helps younger adults at risk of homelessness, who would struggle to sustain work, training, or further education without access to settled accommodation. Platform for Life is a programme for shared accommodation at low rents for young people aged 18 to 24, who are homeless or at risk of homelessness, and who would struggle to secure their own flat.

The aim is to provide a stable place to live, where residents can be supported with training and education, linked effectively into health services, and encouraged into long term employment, independence, and healthy living.

### **TACKLING THE ROOT CAUSES OF HOMELESSNESS**

#### 7.18

The prevention of homelessness will ultimately depend on tackling its systemic causes, including a shortage of affordable homes (see chapter four), an insecure and expensive private rented sector (see chapter six), and welfare reforms – factors which can both cause homelessness and make it more difficult to address<sup>156</sup>. The Mayor urges Government to review welfare reforms measures that are fueling homelessness and the risk of it, especially in London given its wider housing pressures. In particular, Government should review the impact of the following policies:

- the freeze on LHA rates, which has dramatically reduced the pool of London's private rented properties that are affordable to low income Londoners, including those who are homeless;

- the Benefit Cap, which has resulted in almost 45,000 London households being subject to deductions from Housing Benefit awards (often already insufficient to cover private sector rents);
- the shift to Universal Credit, which, because of the presumption in favour of direct payment to claimants, is likely to make landlords less willing to let to homeless households (and which also creates a perverse incentive for councils and other services to extend homeless households' stays in short term and expensive accommodation, such as bed and breakfast); and
- the significant reduction in London's share of the Discretionary Housing Payment (DHP) budget, which has made it far more difficult for councils to offer financial support to help prevent households affected by the above measures from becoming homeless.

### **TEMPORARY ACCOMMODATION AND COUNCILS WORKING IN PARTNERSHIP**

7.19

Councils are at the heart of efforts to address homelessness in the capital, yet they face a range of challenges that severely limit their ability to respond effectively. While every council will

continue to be individually responsible for fulfilling statutory duties towards households facing homelessness, the Mayor believes that more transparency and collaboration can help councils become more effective in doing so.

7.20

Existing efforts to collaborate, such as the Inter-Borough Accommodation Agreement (IBAA)<sup>157</sup>, and agreements to fixed rates for many forms of temporary accommodation, are positive steps, but there is scope to do more.

The Mayor will work with councils and Government to help enable councils to take a significantly more collaborative approach to securing private rented accommodation for homeless households. The Mayor's objective is to enable councils to combine their buying power. This will leave them better placed to secure accommodation that meets the needs of homeless households within a fiercely competitive market. The Mayor has already co-funded, with Government, a feasibility study of different options and will look to implement appropriate recommendations. The Mayor welcomes Government's decision to hold back some of the Flexible Homelessness Support Grant budget, to ensure that, subject to the results of the feasibility study, funding is available to support a more collaborative approach.

7.21

In the meantime, many councils are forced by welfare reforms to house homeless households in other areas. The Mayor expects councils to meet their obligations to inform other councils when they place homeless households in their areas, and to have in place clear policies around the provision of accommodation for homeless households (as recommended by the Supreme Court<sup>158</sup>). These policies should prioritise the most vulnerable households for the most local accommodation, and ensure that households placed in other areas are provided with information and support that will help them to settle there. This is in line with the best practice that many councils already demonstrate.

7.22

Further changes to the arrangements for London councils' funding from Government for tackling homelessness are desperately needed. In particular, the allocation formula should recognise that London councils have an ongoing obligation to provide temporary accommodation, which can be relatively expensive, for large numbers of

households. Additionally, it is difficult for councils to plan for the long term, because the new funding is only in place for two years. The Mayor will work with councils to make the case for a long term funding settlement for accommodation for homeless households that reflects London's housing situation and very high costs.

### **INVESTING IN ACCOMMODATION FOR HOMELESS LONDONERS**

7.23

To increase the supply of housing for homeless households within London, the Mayor will make funding available to councils for affordable accommodation to help Londoners who are homeless. These schemes will be eligible for funding through the GLA's Innovation Fund (see chapter four), potentially through placing homes that can be relocated on sites that are available on a temporary basis. The Mayor also encourages housing associations to consider how they might assist councils to meet rising demand for accommodation for Londoners facing or experiencing homelessness.



**“The Mayor is committed to tackling violence against women and girls, including domestic abuse, which can result in homelessness.”**

#### **HOMELESSNESS CAUSED BY VIOLENCE AGAINST WOMEN AND GIRLS**

7.24

The Mayor is committed to tackling violence against women and girls, including domestic abuse, which can result in homelessness. MOPAC is producing a violence against women and girls strategy, due to be published in winter 2017, and a new Board at City Hall will drive this forward. The draft London Housing Strategy will support the work of this Board (see box 13).

#### **HOMELESS VETERANS**

7.25

The Mayor believes it is essential that help is provided to current and former armed forces personnel in need of housing, and he wants to make sure those facing or experiencing homelessness receive the help they deserve. The Mayor will urge Government to ensure that the new Homelessness Code of Guidance clearly sets out obligations towards current and former armed forces personnel who are homeless or at risk of becoming so, and will work with councils to ensure personnel receive the help they deserve.

### **BOX 13: PREVENTING AND ADDRESSING HOMELESSNESS CAUSED BY VIOLENCE AGAINST WOMEN AND GIRLS**

Housing is often at the heart of approaches to tackling violence against women and girls, including domestic abuse. The Mayor's draft London Housing Strategy will support this aim in a number of ways.

The Mayor believes that housing providers have a key role in tackling violence against women and girls and should therefore sign up to the Domestic Abuse Housing Alliance's National Domestic Abuse Service Standards. These reflect best practice around identifying and responding to violence against women and girls. Further information is available at [www.dahalliance.org.uk](http://www.dahalliance.org.uk)

Victims should be supported to remain in their own home. However, where this is not possible, and the victim is a social tenant, every effort should be made to prevent them becoming homeless and losing their social tenancy. The Mayor therefore supports the Pan-London Reciprocal Agreement, administered by Safer London on behalf of MOPAC. The Mayor will also introduce a new priority in his Housing Moves scheme for victims

of domestic abuse and sexual violence (see chapter four).

There is an estimated shortfall of over 320 refuge bedspaces in the capital<sup>159</sup>, with a particularly acute lack of provision for specific groups (such as young people, those with complex needs and men<sup>160</sup>). Recognising the crucial role that refuges play in supporting victims, the Mayor will provide funding to develop new and refurbish current refuges. Fifty million pounds of Mayoral funding is available specifically to support development of move on accommodation, including for victims of domestic abuse currently living in refuges or hostels (see Proposal 7.2C).

Current provision of, and operational funding for, refuge accommodation is uneven and does not reflect the reality that those who have suffered domestic abuse typically need to move to another area. To address this, the Mayor will work with Government, boroughs and providers to ensure a pan-London approach to commissioning accommodation services for victims.

## **POLICY 7.2: SUPPORTING ROUGH SLEEPERS OFF THE STREETS**

Rough sleepers should be supported off the streets as quickly and sustainably as possible. The Mayor's central aim will be to ensure there is a route off the streets for every single rough sleeper in London.

### **Proposals**

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#### **A**

**The Mayor will bring together Londoners and key partners involved in supporting rough sleepers off the streets, to provide pan-London leadership and coordination, and identify and pursue new approaches to tackling rough sleeping in London. This will include:**

- i establishing and leading the No Nights Sleeping Rough taskforce to bring together key partners involved in supporting rough sleepers off the streets, and making funding available to support its work; and
- ii promoting and publicising opportunities for Londoners to make a real difference to some of the most vulnerable individuals in the city.

#### **B**

**The Mayor will fund and commission a range of pan-London services and other initiatives. These will focus on identifying rough sleepers and intervening rapidly to support them off the streets, providing specialist support for particular groups, and helping rough sleepers stay off the street. This will include:**

- i allocating around £8.5 million each year to fund pan-London rough sleeping services;
- ii using additional and future funding to develop new services including a permanent base for the No Second Night Out service; a Social Impact Bond to support the most entrenched rough sleepers; services to support vulnerable non-UK nationals; and an outreach service to operate on night buses and the Night Tube; and
- iii making available up to £1 million to promote innovative new services through a Rough Sleeping Innovation Fund.



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**C**

**The Mayor will work with councils and others to improve the provision of accommodation for rough sleepers.**

**This will include:**

- i developing a Hostel Clearing House that helps councils and the services they commission make optimum use of London's hostel spaces for rough sleepers;
- ii making up to £30 million funding available to support the provision of hostel accommodation for single people, including rough sleepers; and
- iii earmarking up to £50 million funding to provide accommodation for people leaving hostels or refuges, and urging Government to provide revenue support for this type of accommodation.

7.26

It is unacceptable that anyone feels they have no choice but to sleep rough on London's streets. Rough sleeping endangers the health and safety of individual rough sleepers. The average age of death of a rough sleeper is 47, and 43 for female rough sleepers<sup>161</sup>. Rough sleepers are 15 times more likely than the general public to have been victims of violence<sup>162</sup>.

Rough sleeping can also have impacts for local communities, particularly where people sleep in large groups in public spaces. Working with councils, Government, the voluntary sector and other partners, the Mayor will aim to ensure that there is a route off the streets for every single rough sleeper in London. He will work closely with the national taskforce being set up by Government to tackle homelessness and rough sleeping.

## **WORKING IN PARTNERSHIP AND WITH LONDONERS**

7.27

Supporting rough sleepers off the streets cannot be achieved by any single organisation or agency. Rough sleepers are frequently highly mobile and have

a range of different and often complex needs, so different agencies need to work together to achieve success. In recognition of this, and of his focus on preventing Londoners from sleeping rough in the first place, the Mayor has established the No Nights Sleeping Rough taskforce to bring together key partners involved in supporting rough sleepers off the streets.

7.28

The Mayor has asked the taskforce to do three things:

- identify interventions that will contribute to tackling rough sleeping in the capital;
- implement the interventions identified or lobby for them to be implemented by others; and
- monitor the effectiveness of interventions in tackling rough sleeping.

7.29

The taskforce meets twice yearly and its core representatives are from councils, Government, and the voluntary sector. It has several sub-groups that meet more frequently, and are focused on specific issues, including mental

health and the use of hostels. The Mayor has made available up to £100,000 a year to enable the taskforce and its sub-groups to commission research and analysis, to fund specialist posts, and to support pilot projects. Other agencies and organisations – including representatives from community safety and policing, health services and TfL – are also involved in the wider work that the taskforce oversees.

7.30

Tackling rough sleeping not only requires different agencies to work together - it needs Londoners to play their part. The rough sleeping outreach services that locate and help rough sleepers are much better able to find and help people because members of the public take the time to alert the national StreetLink service when they see people sleeping rough. These services and others also rely heavily on Londoners' generosity in donating and volunteering. The Mayor intends to promote and publicise opportunities for Londoners to make a real difference to some of the most vulnerable individuals in the city.

## COMMISSIONING SERVICES TO SUPPORT ROUGH SLEEPERS

7.31

A range of services is provided by councils and the voluntary sector to support rough sleepers off the streets. To complement these, the Mayor commissions pan-London services in line with a published commissioning framework<sup>163</sup>. The overarching priorities of this framework are to:

- minimise the flow of new rough sleepers on to the streets;
- ensure that no one new to the streets sleeps rough for a second night;
- ensure that no one lives on the streets of London; and
- ensure that no one returns to living on the streets of London.

7.32

To support his commissioning framework, the Mayor has allocated around £8.5 million each year until the end of 2020/21 to fund pan-London services to support rough sleepers off the streets. These services are outlined in box 14.

**BOX 14: KEY SERVICES FOR ROUGH SLEEPERS COMMISSIONED BY THE MAYOR**

**No Second Night Out** is an assessment and reconnection service for rough sleepers who are new to the streets. The scheme comprises three assessment hubs plus accommodation staging posts. For more information, visit the No Second Night Out website: [www.nosecondnightout.org.uk](http://www.nosecondnightout.org.uk).

**London Street Rescue** provides outreach services in London boroughs that do not commission outreach services. It also focuses on connecting new rough sleepers across London to No Second Night Out.

**CHAIN** (the Combined Homelessness and Information Network) is a database containing information provided by London's rough sleeping services.

**Clearing House** allocates rough sleepers to around 3,500 housing association homes earmarked for this group.

**Tenancy Sustainment Teams** support those who have moved into suitable accommodation to sustain tenancies and gain employment.

**Routes Home** supports vulnerable EU nationals who sleep rough in London and are unable to access hostels to get off the streets, either by securing work here or by accessing help in their country of citizenship, and assists non-EU nationals with complex immigration issues to get specialist advice, as well as providing short term accommodation for these groups. More information can be found on the Routes Home website: [www.routeshome.org.uk](http://www.routeshome.org.uk)

**StreetLink**, jointly funded with Government, is a service that enables the public to alert councils in England and Wales about rough sleepers in their area. See [www.streetlink.org.uk](http://www.streetlink.org.uk)



### 7.33

Working with the No Nights Sleeping Rough taskforce, the Mayor has secured an initial £4.2 million from Government to develop further services and strengthen existing ones to reflect the needs of rough sleepers in London. Using this funding and future investment, he will:

- Provide longer-term premises for his No Second Night Out service. This will enable the service to focus its efforts on supporting new rough sleepers off the streets.
- Develop a new rough sleeping Social Impact Bond. This will provide intensive, personalised support for up to 350 of London's most entrenched rough sleepers, helping them to access and sustain accommodation and improve their health and employment prospects.
- Seek funding from Government to help ensure that non-UK nationals who end up rough sleeping in the capital get the help they need - both those from EU nations and those with complex or unclear immigration status who need specialist immigration advice to resolve their status here.

- Develop a bespoke service for rough sleepers who are relatively new to the streets but have no connection to the area where they are sleeping. Because many UK nationals sleeping rough have no connection to the area where they are on the streets, they are unable to access local services.
- Work with TfL to fund dedicated rough sleeping outreach provision on the Night Tube and night buses.

### 7.34

In addition, the Mayor has made available up to £1 million for a Rough Sleeping Innovation Fund to stimulate new and innovative approaches to tackling rough sleeping. Priorities for this fund include improving access to mental health services, promoting employment, using new technology, and improving outcomes for key groups, such as people discharged from hospital or prison and young people.

### 7.35

Initially, the work of these new services may mean outreach teams are able to identify more rough sleepers, causing the number of people seen sleeping rough to rise. The Mayor is determined that all those sleeping rough are located and offered help.

## IMPROVING ACCOMMODATION PROVISION FOR ROUGH SLEEPERS

7.36

London's network of hostels plays a vital role in providing accommodation and support for rough sleepers. However, many services are struggling to secure appropriate hostel accommodation, partly because bed spaces or the right sort of support are not always available in the area to which a rough sleeper is connected, and also due to a shortage of opportunities for rough sleepers to move on from hostels.

7.37

London needs to ensure that hostel spaces are used as effectively as possible. To support this, the Mayor will develop a Hostel Clearing House that helps councils and the services they commission make optimum use of London's hostel spaces for rough sleepers.

7.38

Many existing hostels lack suitable facilities where healthcare, training and education can be delivered. Refurbishing existing hostels to provide these facilities will mean that they can better support rough sleepers, so that

they are ready and able to move on and live more independently. Where hostels can offer more effective support, they are better placed to prepare residents to move on, freeing up spaces for those newly in need. Through his £30 million Homelessness Change and Platform for Life programme, the Mayor has made funding available to support the provision of hostel accommodation for single people, including rough sleepers.

7.39

Hostels provide excellent support to prepare residents for independent living. However, they increasingly struggle to secure appropriate accommodation for those ready to move on, which keeps spaces from going to those who need greater support. For this reason, the Mayor has earmarked up to £50 million of capital funding to provide accommodation for people leaving hostels or refuges. This funding will enable the development of properties for people who no longer require the support services offered by hostels, as well as those leaving the streets who would benefit from a Housing First approach. The Mayor is calling on Government to provide additional revenue funding, to maximise the amount of new move on accommodation that can be developed.





# Appendix

## MAYOR'S SPENDING PROPOSALS

### Background

The GLA Act 1999 requires the London Housing Strategy to include "a statement of the Mayor's spending proposals for the relevant period". This must include:

- i a recommendation to the Secretary of State as to how much of the money allocated to him during the relevant period for housing in Greater London should be made available to the GLA;
- ii proposals as to the exercise by the GLA of its functions of giving housing financial assistance (this may include the amount for different activities or purposes, and the number, type and location of houses to be provided); and
- iii a recommendation to the Secretary of State as to how much of the money allocated by him during the relevant period for housing in Greater London should be granted to each local housing authority in Greater London.

Where the Mayor wishes to make recommendations to the Secretary of State as to how much of the money allocated to him for housing is to be made available to the GLA or councils, this has been made explicit within the body of the draft London Housing Strategy.

The Act also requires the London Housing Strategy to contain a statement of the Mayor's expectations as to how councils should use any money granted to them by the Secretary of State. Where he has them, the Mayor has set out these expectations within the relevant sections of the draft London Housing Strategy.

The rest of this appendix deals with (ii) above. It will be updated and published on the GLA website to reflect future allocations of funding.

## Money allocated to the GLA

The “relevant period” is taken to mean April 2015 to March 2021, which is the period for the national Affordable Homes Programme and the national Spending Review period. During this period, the Secretary of State has allocated money to the GLA consisting of the following elements<sup>164</sup>:

- £3.15 billion to fund the London Affordable Homes Programme. This is grant funding to support 90,000 affordable housing starts by 2021, including:
  - at least 58,500 homes to support households into home ownership, including on a shared ownership or London Living Rent basis;
  - with the balance of homes being London Affordable Rent including an expected:
    - 2,000 specialist homes for older and vulnerable people
    - 770 move on homes, with capacity to accommodate 846 people, for people currently living in homelessness hostels and refuges for victims of domestic abuse;
- Around £250 million from previous GLA affordable homes programmes that has been committed to projects but for which the spend will not occur until 2015-21 (for example, because homes have not been completed yet). This is reflected in table 1 under the ‘Affordable Homes Programme’ budget line; and
- Other capital funding, totalling around £1.2bn, to support the Mayor’s affordable housing targets and wider housing objectives. This includes funding for the London Housing Bank, Housing Zones, and supported housing, as well as the final year (2015/16) of the Decent Homes programme.

These allocations are detailed in table 1. This is adapted from the GLA’s 2017/18 Capital Spending Plan, which is updated annually as part of the GLA’s budget setting process. The latest approved version of the Capital Spending Plan will be included in the adopted version of the London Housing Strategy. It is expected that the budget detailed in table 1 will be reprofiled as allocations to providers and schemes is firmed up.

**Table 1: GLA Housing capital budgets spend and profile, by year and programme (£ million)**

<b>Programme</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>
Affordable Homes Programme	£105.6	£106.9	£85.0	£168.4	£372.0	£2,526.3	£3,364.2
Care & Support Programme	£5.3	£8.7	£18.9	£16.4	£11.6	£6.1	£67.0
Custom Build		£0.7					£0.7
Community Led Housing		£1.0	£1.0	£1.1			£3.1
Homelessness Change and Platform for Life		£12.3	£5.7	£7.5	£4.5		£30.0
London Housing Bank		£21.0	£40.8	£25.0	£37.8	£75.5	£200.1
Housing Zones		£94.2	£127.1	£235.3	£143.5		£600.1
Millennium Mills	£6.2	£1.5					£7.7
Land and Property	£8.0	£29.0	£13.2	£31.6	£6.5	£2.0	£90.3
Compulsory Purchase Orders		£14.1					£14.1
Decent Homes	£154.5						£154.5
<b>Total</b>	<b>£279.6</b>	<b>£289.4</b>	<b>£291.7</b>	<b>£485.3</b>	<b>£575.9</b>	<b>£2,609.9</b>	<b>£4,531.8</b>

## ALLOCATIONS

The Mayor launched his Affordable Homes Programme 2016-21 in November 2016, with housing providers able to propose bids to deliver affordable homes. Initial bids were received by April 2017 and initial allocation decisions were confirmed in July 2017. This round of allocations supports delivery of 49,398 homes to start on site by 2021. Combined with existing starts onsite and allocations (approximately 30,000 homes), proposals currently being developed through the Innovation Fund and further projects to be submitted via on-going continuous bidding, the Mayor is well on track to meeting his ambitious target to start building 90,000 affordable homes by March 2021.

Actual and expected starts of affordable homes against the 90,000 target are set out in table 2.

Table 3 shows the Mayor's allocations of 49,358 genuinely affordable homes that were announced in July 2017, by type of provider. The classification used is Registered Provider of Social Housing not-for-profit, Registered Provider of Social Housing for profit, London Borough or City of London (borough), and any other type of housing provider not covered by the other categories (other).

Table 4 shows the Mayor's allocations of 49,358 genuinely affordable homes that were announced in July 2017, by location. Just over half of these homes are still to have the site confirmed and are shown as 'to be confirmed'.

**Table 2: Affordable homes starts trajectory ranges by year**

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
<b>Actual starts</b>	7,467	8,935					16,402
<b>Expected starts</b>			12,500-16,500*	14,000-19,000*	17,000-23,000*	18,000-25,000*	73,598
<b>Total</b>							<b>90,000</b>

\* annual targets for current and future years are expressed as ranges to reflect the fact that discussions will be ongoing with strategic partners over delivery profiles for their programmes. The lower end of the ranges represent a level of delivery with greater certainty attached, but they are expected to be exceeded across the time period through ongoing work with partners and additional delivery through continuous bidding.

## DELEGATED PROGRAMMES

The HCA operates some housing programmes in London under delegations from the Mayor. These programmes, and their total London allocations as of July 2017, are:

- Build to Rent – £416.4 million
- Estate Regeneration – £56.0 million
- Get Britain Building – £125.7 million
- Large Sites Infrastructure Fund – £450.1 million
- Builders Finance Fund – £49.5 million
- Home Builders Fund – £90 million

In addition, the HCA operates the Help to Buy scheme under a delegation from the Mayor. This is a demand-led programme and so financial allocations cannot be specified.

**Table 3: Affordable homes starts allocations by provider type**

Provider Type	Homes
Registered Provider	46,402
Registered Provider for profit	34
Borough	2,677
Other	285
<b>Total</b>	<b>49,398</b>

**Table 4: Affordable homes starts allocations by location**

Location	Homes
To be confirmed	27,085
Barking and Dagenham	53
Barnet	1,585
Bexley	377
Brent	813
Bromley	317
Camden	335
City of London	13
Croydon	1,060
Ealing	1,823
Enfield	662
Greenwich	926
Hackney	72
Hammersmith and Fulham	358
Haringey	528
Harrow	882
Havering	752
Hillingdon	474
Hounslow	931
Islington	648
Kensington and Chelsea	140
Kingston upon Thames	97
Lambeth	1,448
Lewisham	648
Merton	525
Newham	1,911
Redbridge	305
Richmond upon Thames	364
Southwark	1,314
Sutton	162
Tower Hamlets	1,205
Waltham Forest	526
Wandsworth	954
Westminster	105
<b>Total</b>	<b>49,398</b>

## Glossary A – Z

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### A

**Accessible or adaptable homes**

Homes which are designed to meet the needs of occupants with differing needs, including some older or disabled people; and to allow adaptation of the dwelling to meet the changing needs of occupants over time.

**Affordable home ownership**

A category of affordable housing to help those who would struggle to buy on the open market (predominantly would-be first time buyers) to buy a home in full or part.

**Affordable homes/affordable housing**

Homes for households whose needs are not met by the market. The definition used in this draft strategy is the same as the one set out in the National Planning Policy Framework.

**Affordable rent**

A type of affordable home. Homes for households who are eligible for social rented housing, generally provided by housing associations and subject to rent controls that require a rent of no more than 80 per cent of the local market rent (including service charges, where applicable).

**Apprenticeship levy**

A new levy on UK employers to fund apprenticeships.

**Assured shorthold tenancy**

The most frequently used tenancy agreement in the letting of private residential properties.

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### B

**Banning orders**

A new power for councils to ban criminal landlords from operating.

**Benefit cap**

The maximum amount that certain households of working age can receive from a number of welfare benefits.

**Best consideration**

The legal requirement for public organisations to achieve the best value that can be reasonably obtained when selling land.

**Brownfield land**

Normally means previously developed land. Land which is, or was, occupied by a permanent structure.

**Build to rent**

Accommodation purpose-built for private renting.

**Buy to let**

The practice of buying a home to rent out on the private market.

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### C

**Civil Penalty Notice**

A punishment for certain offences that can be handed out by authorities instead of pursuing a prosecution. In this instance, it refers to a new

power granted to councils to issue Civil Penalty Notices to landlords who have committed certain offences.

#### **Community Infrastructure Levy (CIL)**

A planning charge on most new building projects used to help deliver infrastructure to support the development of their area.

#### **Compulsory Purchase Order (CPO)**

The process that underpins the ability of certain public bodies to purchase land or property without the consent of the owner.

#### **Concealed household**

A family unit living in a household with one or more other family unit.

#### **Controlling Migration Fund**

A Government fund aimed at mitigating the impacts of immigration on local communities, with addressing rough sleeping and tackling rogue landlords two of its priorities.

#### **Conversion**

The creation of two or more new homes out of one existing home without redeveloping the building.

comfort and the state of facilities such as kitchens and bathrooms.

#### **Discounted Market Rent**

A type of affordable home. Homes rented at a discount of at least 20 per cent below local market value, and aimed at middle income households.

#### **Discounted Market Sale**

A type of affordable home. Discounted Market Sale Homes sold at a discount of at least 20 per cent below local market value, and aimed at middle income households.

#### **Discretionary Housing Payment**

A payment that a council can make, at its discretion, to people receiving welfare benefits who need additional financial assistance to meet their housing costs.

#### **Domestic abuse**

Controlling, coercive or threatening behaviour, violence or abuse between people aged 16 or over who are or have been intimate partners or family members, regardless of gender or sexuality. This includes psychological, physical, sexual, financial and emotional abuse.

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## D

#### **Decent Homes standard**

A nationally defined standard of housing quality that considers health and safety, the state of repair, the degree of thermal

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## E

#### **Emissions footprint**

The amount of greenhouse gas emissions generated by a home or building.

## Glossary A – Z

### **Enterprise Zones**

Areas identified by Government to support businesses to grow. Businesses locating in these areas are offered tax relief and other Government support.

### **Environmental health**

The branch of public health that is concerned with all aspects of the natural and built environment that may affect health and safety. Councils have environmental health powers to assess private rented properties.

### **Estate regeneration**

The process of physical renewal of social housing estates through a combination of refurbishment, investment, intensification, demolition and rebuilding.

### **Extra care**

Homes with care primarily for older people where occupants have specific tenure rights to occupy self-contained dwellings and where they have agreements that cover the provision of care, support, domestic, social, community or other services.

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## F

### **Family-sized homes**

Homes with three or more bedrooms.

### **First-tier Tribunal (Property Chamber)**

Part of the UK court system, they adjudicate on a wide range of disputes relating to residential property and land.

### **Flexible Homelessness Support Grant**

Government funding to councils for assisting households experiencing or facing homelessness.

### **Freehold**

Outright ownership, in perpetuity, of a property and the land on which it is built.

### **Fuel poverty**

A household is considered to be in fuel poverty if the cost to heat and power their home adequately is higher than the national median level, and, if they were to spend that amount, their residual income would fall below the official poverty line.

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## G

### **g15**

A group representing the largest housing associations in London.

### **GLA functional bodies/GLA group**

GLA functional bodies include the London Fire and Emergency Planning Authority (LFEPA), Transport for London (TfL), Mayor's Office for Policing and Crime (MOPAC), London Legacy Development Corporation (LLDC), and Old Oak and Park Royal Development Corporation (OPDC). The GLA group includes the functional bodies plus the Greater London Authority (GLA).



**Good Growth**

Growth that is socially, spatially and economically inclusive, and which brings the best out of existing places, benefits existing communities, involves citizens in the way their city changes, and makes London healthier, safer and more prosperous for Londoners.

**Grant**

In this document, generally refers to public subsidy provided by the Mayor in the form of a one-off financial transfer.

**Greater London Authority (GLA)**

The top-tier administrative body for Greater London, consisting of a directly elected executive Mayor of London, and the London Assembly, made up of 25 elected members with scrutiny powers.

**Green Belt**

A planning policy designation, which places strict limitations on new building primarily to prevent urban areas from sprawling into open countryside.

**Ground rent**

Rent paid by a leaseholder to a freeholder according to the terms of a lease.

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**H****Healthy Streets Approach**

The Mayor's approach to prioritising people and their health in decision-making to create a healthy, inclusive and safe city for all.

The approach makes London a more attractive place to walk, cycle and use public transport, and reduces the dominance of motorised transport.

**Homelessness**

The state of a household being without accommodation that it has the right to occupy and/or that is suitable for their occupation. Homeless households can include those threatened with or experiencing homelessness which have since received help.

**Home-loss payment**

A payment made to a secure tenant or leaseholder/freeholder in social housing in compensation for losing their home, usually as part of an estate regeneration process.

**Homes and Communities Agency (HCA)**

The Government agency that regulates social housing in England, and that invests in new homes and land in areas outside London.

**Homes for Londoners**

The Mayor's programme that comprises a strengthened team at City Hall, new funding and policy approaches, and collaboration with other levels of government and the housing sector to increase the number of new homes in London. The Homes for Londoners Board is chaired by the Mayor and advises the Mayor on his work to deliver more homes.

## Glossary A – Z

### **Housing association**

An independent, not for profit company set up to provide affordable homes for people in housing need.

### **Housing Benefit**

A welfare benefit administered by councils to help renters with no or low incomes cover the costs of their rent.

### **Housing First**

An approach to assisting rough sleepers with multiple and complex needs, whereby they move straight from the streets into independent, stable accommodation.

### **Housing options service**

A council service providing advice and assistance to people experiencing problems with their housing, particularly those facing or experiencing homelessness.

### **Housing Revenue Account (HRA)**

The financial account within councils that records expenditure and income relating to housing.

### **Housing Zones**

The Mayor's programme to accelerate housing development in 30 areas across London with high potential for growth by providing investment that can be used flexibly to unlock sites.

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## I

### **Impact assessment**

An exercise designed to understand how a policy or strategy will affect various outcomes of interest.

### **Inclusive neighbourhoods**

Neighbourhoods that are welcoming, barrier free and inclusive for everyone, regardless of individuals' characteristics.

### **Inter-Borough Accommodation Agreement**

An agreement between London's councils to adhere to certain conditions when accommodating households facing or experiencing homelessness in each other's areas.

### **Intermediate rent**

A type of affordable home. Homes with rents set above those of social housing but below 80 per cent of market rent, and aimed at middle income households.

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## L

### **Land assembly**

The process of bringing together land, often held by different owners, generally for the purposes of redevelopment or regeneration.

**Landlord**

A person who owns and rents out property.

**Lease extension**

The right of certain leaseholders to extend the duration of their lease.

**Leasehold**

A form of property ownership where a property is leased from a freeholder.

**Lettings agent**

An individual or business that acts as intermediary between landlords and tenants.

**Licensing scheme**

A scheme to require private landlords to pay for a license and to adhere to a range of license conditions relating to property conditions and management standards.

**Live-work space**

Homes which combine accommodation for living in and space for working in.

**Local Housing Allowance**

A form of Housing Benefit for private tenants.

**London Accessible Housing Register (LAHR)**

The collection and collation by social landlords of information on the accessibility of their housing stock.

**London Affordable Rent**

A type of affordable home. Introduced by the Mayor, homes aimed at low-income households, with rents generally set around social rent levels.

**London Councils**

A cross-party organisation that represents and works on behalf of London's 32 councils and the City of London.

**London Development Database (LDD)**

The system used by the Mayor to monitor planning permissions and completions in London.

**London Development Panel**

The Mayor's land procurement panel, which offers comprehensive development services for public landowners and housing associations through an OJEU procured framework.

**London Finance Commission**

The Commission that has made recommendations on the additional tax and spending powers that should be devolved to London.

**London Fire and Emergency Planning Authority (LFEPA)**

A functional body of the GLA, with the principal purpose of running the London Fire Brigade.

## Glossary A – Z

### **London Legacy Development Corporation (LDDC)**

A Mayoral Development Corporation responsible for delivering development in the Queen Elizabeth Olympic Park.

### **London Living Rent**

A type of affordable home. Introduced by the Mayor, homes that offer Londoners on average incomes a below-market rent, enabling them to save for a deposit.

### **London Plan**

The Mayor's Spatial Development Strategy.

### **London Shared Ownership**

A form of affordable housing home. Introduced by the Mayor, homes in which buyers can purchase a share and pay a regulated rent on the remaining, unsold share. There is a particular focus on making service charges for shared owners fairer and more transparent.

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## M

### **Masterplan**

Proposals for delivering major regeneration or development of a defined area. Masterplans may make proposals relating to land use, buildings, public realm, the environment, transport and other forms of infrastructure.

### **Mayor's Office for Policing and Crime (MOPAC)**

A functional body of the GLA responsible for overseeing the Metropolitan Police Service.

### **Mobility**

Moving from one geographical area to another.

### **Mortgage Interest Relief**

A tax relief based on the amount of interest paid in a tax year on a qualifying mortgage loan.

### **Move on**

Accommodation, often for a fixed period, for people leaving hostels, refuges and other supported housing, to enable them to live independently.

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## N

### **National Planning Policy Framework (NPPF)**

A document setting out Government's planning policies for England and how these are expected to be applied.

### **No fault eviction/section 21 eviction notice**

The right of a private landlord to evict a renter once a fixed term tenancy has expired and with two months' notice, for any reason.

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## O

### **Official Journal of the European Union (OJEU)**

The publication in which all public sector business opportunities in the European Union valued above a certain threshold must be published.

### **Old Oak Common and Park Royal Development Corporation (OPDC)**

A Mayoral Development Corporation responsible for delivering development in the Old Oak Common and Park Royal areas.

### **Opportunity Area**

A significant spatial opportunity to accommodate large scale development to provide a substantial number of new jobs and homes.

### **Overage**

The principle that the seller of land can share in the potential increase in value of that land after it has been sold.

### **Overcrowding**

When a household does not have enough space or rooms to reasonably accommodate all of its members. There is a variety of measures, the most commonly used of which is the 'bedroom standard' that compares the number of bedrooms available to a household to the number it is calculated to need according to a fixed formula.

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## **P**

### **Pan-London Reciprocal Agreement**

An agreement between social housing providers in London to cooperate to move households living in social rented homes that need to move urgently because they are at serious risk.

### **Pay to Stay**

A policy proposed by central Government that would have required councils to set higher rents for council tenants earning above a certain threshold.

### **Permitted Development Rights**

These allow certain building and development works to be carried out without the need for a full planning permission.

### **Possession grounds**

Certain circumstances under which a landlord may apply to court to gain possession of a rented property (i.e. to evict a tenant).

### **Precision manufactured homes/housing**

Homes built using a high proportion of components which are produced using modern and technologically-driven methods of manufacture, with this production often taking place offsite and the components then assembled onsite.

### **Private rented sector**

Where homes are owned by companies or individuals and rented out to tenants at market rents.

### **Public realm**

The space between and within buildings that is publicly accessible, including streets, squares, forecourts, parks and open spaces.

## Glossary A – Z

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### R

**Rent controls**

An umbrella term for a wide range of different forms of limits placed on rents that private landlords may charge tenants.

**Rent repayment orders**

An order that allows a tenant or council to reclaim rent or Housing Benefit where a landlord commits certain offences.

**Rent to Buy**

A scheme that allows would-be home buyers to rent and eventually buy an affordable home.

**Residential managing agent**

An agent responsible for the management and maintenance of a building containing leasehold properties.

**Review mechanism**

An arrangement to review the viability of a development already granted planning permission.

**Right to Buy**

The right of most council tenants and some housing association tenants to purchase their home at a discount.

**Right to Rent**

The legal requirement on landlords to carry out checks on prospective tenant to ensure that they have the legal right to reside in the UK.

**Rough sleeping**

Where a person (usually someone who is homeless) is bedded down or preparing to bed down in the open air, or in buildings or other space not designed for habitation, including stairwells, stations, or cars.

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### S

**Service charge**

A fee paid by a leaseholder or a tenant to their landlord to cover the cost of maintaining and servicing a building.

**Shared equity**

A form of home ownership whereby the equity is shared between the purchaser and another organisation, normally Government.

**Shared ownership**

A type of affordable housing, when a purchaser takes out a mortgage on a share of a new or existing property and pays rent to the landlord on the remaining share.

**Sharing economy**

An economic system in which assets or services are shared between private individuals, either for free or for a fee, typically by means of the internet.

**Short term lettings operator**

A company that provides a platform for property owners to offer their properties for short term letting.

**Social housing regulator**

The Homes and Communities Agency, which regulates registered providers of social housing.

**Social Impact Bond**

A financial mechanism in which investors pay for a set of interventions to improve a social outcome. If the outcome improves, the investor is paid a return.

**Social infrastructure**

Covers facilities for health, early years, education, community, cultural, recreation and sports, places of worship, policing, criminal justice, play and informal recreation.

**Social rent/social housing**

A type of affordable home. Low cost rented homes provided to households whose needs are not met by the market, typically by councils and housing associations, with rents set within guidelines issued by the social housing regulator.

**Social Sector Size Criteria (commonly referred to as bedroom tax)**

A measure whereby Housing Benefit for social housing tenants of working age is reduced if they are living in a home larger than their household needs, as assessed by a national standard.

**Sofa surfing**

A form of homelessness, particularly common among younger people, whereby a person stays with family members, friends or others, often moving between different hosts.

**Stamp Duty Land Tax (SDLT)**

Tax payable to Government when buying a property or land over a certain price in England, Wales and Northern Ireland.

**Strategic Housing Land Availability Assessment**

An assessment of land that could be developed for housing which informs the London Plan and borough local development documents.

**Strategic Housing Market Assessment**

An assessment of future housing requirements in an area, typically broken down by tenure and type, carried out to inform the development of housing policies in targets in housing strategies and planning documents.

**Supplementary Planning Guidance**

Documents providing further guidance on policies in the London Plan that cannot be addressed in sufficient detail in the Plan itself.

**Supported housing**

Homes where housing, support and sometimes care services are provided to help people to live as independently as possible.

## Glossary A – Z

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### T

**Tax Incremental Finance**

A tool which permits councils to borrow money for infrastructure against the anticipated tax receipts resulting from the infrastructure.

**Temporary accommodation**

Accommodation that a household is only able or expected to occupy for a limited period. In relation to legislation on homelessness, it is used specifically to refer to accommodation that councils provide for households for whom they have a duty to secure accommodation.

**Tenancy deposit loans scheme**

A scheme where employers offer employees an interest and tax-free loan for a rent deposit, which is then usually paid back in monthly instalments deducted from the employee's salary.

**Tenancy deposit scheme**

A Government-approved agency with whom landlords are legally obliged to lodge and protect tenants' rent deposits.

**Tenancy**

Possession of land or property as a tenant. The terms of possession are normally agreed with a landlord in a tenancy agreement.

**Tenant**

A person who occupies land or property rented from a landlord.

**Tenure**

The conditions under which land or property are held or occupied. Typically London's residential housing sector is split into three tenures: social rented, private rented, and owner occupied.

**Trading Standards**

The service within councils that works to protect consumers and support legitimate business.

**Transfer**

A move from one home to another, typically used to describe moves within the social rented sector.

**Transport for London (TfL)**

A functional body of the GLA with responsibility for delivering an integrated and sustainable transport strategy for London.

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### U

**Universal Credit**

A welfare benefit that replaces a number of other benefits intended to cover living and housing costs, including Housing Benefit.

**Upper Tribunal**

Part of the justice system in England and Wales that makes decisions in legal disputes. The Upper Tribunal is responsible for dealing with appeals against decisions made by certain lower tribunals and organisations.



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## V

### **Violence against women and girls (VAWG)**

An umbrella term for a range of crimes, including domestic assault, rape, sexual offences, stalking, human trafficking for sexual exploitation and prostitution. It also includes harmful practices, such as forced marriage, so called 'honour' crimes and Female Genital Mutilation (FGM).

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## W

### **Wheelchair accessible or adaptable**

Homes which are designed to be wheelchair accessible, or easily adaptable for residents who are wheelchair users. As defined by the Building Regulations.

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## Z

### **Zero Carbon Standard**

A requirement for new developments to release no net greenhouse gas emissions into the atmosphere.

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