London Tenants Federation

A summary / briefing on

Homes for London – The London Housing Strategy

Draft for consultation November 2013 – 17th February 2014

The draft strategy takes into account the additional powers and land provided to the London Mayor via the Localism Act 2011. Housing and planning are more strongly linked than in previous London Housing Strategies. It is noted that further alterations are to be made to the London Plan and other consultation papers will be published during 2014. The strategy's 63 pages contain a foreword, an executive summary, five chapters, details on grant money available and a summary of the strategy's key policies. This briefing provides a summary of strategy and from pages 11– 15 some analysis, comments and questions.

The consultation is open until 17 February 2014. Email responses, with 'Draft London Housing Strategy' as subject, to housingcovenant@london.gov.uk or send written comments to Draft London Housing Strategy, Housing Policy Team, Greater London Authority, City Hall, The Queen's Walk, London SE1 2AA.

The Mayor's key focus, set out in his foreword, is maintaining London's international position as an 'engine of international growth'; the challenge being to build more than 42,000 new homes pa for 20 years. 15,000 homes are to be 'affordable' and 5,000 for long-term market rent. He high-lights that:

- Only half the number of homes needed have been built over the last 30 years and that housing shortages invariably push up prices and rent levels with punishing impacts on access and affordability. Homelessness and overcrowding remain ongoing challenges and rising housing costs hit working households on low and middle incomes.
- It is essential to provide adequate housing for those on modest incomes who drive the London economy, and thus the national economy. Failures to do so could strike a serious blow to the UK's economic growth and competitiveness.
- London Plan *Opportunity Areas,* are key places to deliver homes.
- There is need to build new homes in attractive neighbourhoods with 'vibrant' town centres and well-connected jobs, and to make the best of the massive 'neo-Victorian investment' going into transport to underpin the delivery of new homes.
- Both public and private sector should promote institutional investment in new housing. Surplus public land should be brought forward and Housing Zones established across the capital to drive delivery.

PART 1 – IDENFITYING THE CHALLENGE

Housing London's growing population (Sections 1.1 - 1.6)

London's housing market is describes as containing a range of sub-markets which vary by price and type of purchaser. The markets overlap and affect each other. Central London has had rapid growth in demand and prices, with a high proportion of cash purchasers and overseas investors buying both new and older homes. Inner London has also seen growth in prices, in part, due to overseas investment. Outer London is still predominantly a traditional mortgage-led market which has seen less price growth, although there is rapid growth in renting in some town centres and suburbs.

London's share of the UK's Gross Value Added has grown from 18.9% in 1997 to 21.6% today. Its economy has nearly doubled in size.

London's population grew from 6.7m in 1986 to 8.4m in 2013. Best estimates are that the population will increase to 9m by 2020 and 10m by 2030. Growth has occurred primarily from natural growth of London's relatively youthful population and a fall in outward migration over the last 10 years. There are roughly 3.3 million households (which are likely to rise to 4.4 million over the next 25 years). Taking into account the backlog of housing need this could give rise to a long-term requirement for some 50,000-60,000 homes per annum.

London's affordability crisis In October 2013, the average house price in London was £438,000 compared to an England average of £248,000. Prices in London (with wide variations across the capital) have risen by 10% in the last year compared to 4% nationally
The median monthly market rent in London is £1,250 compared to £585 nationally. Private tenants spend on average 30% of their income on rent.

Overseas investors purchase around 10-15% of new homes in London. The share of new homes bought by overseas investors is much greater in high value prime London locations. It is suggested that this provides a vital role in terms of retaining London's status as a global city and in financing construction. Such buyers have a greater propensity to buy off-plan, apparently triggering development by providing vital upfront funding.

A related concern is that buy-to-let landlords may be crowding out first time buyers. It is suggested that there is little evidence to support this and that buy to let investors are an important way for developers to reduce costs and risk, and support higher housing supply.

London's changing tenure pattern Fewer households are homeowners (now less that 50%) or social renters and far more are renting in the private sector (25%). Owner occupation and private renting are each expected to be at just under 40% by mid-2020s.

London's acute housing need The number of households in temporary accommodation is rising again in London. There was an increase of 3% between 2010 and 2013, with nearly ¾ of all households in temporary accommodation in the country placed there by London local authorities. There has been a 7% rise in the use of bed and breakfast accommodation in the past year. The number of people sleeping rough in the capital rose 13% between 2011/12 and 2012/13 largely fuelled by the rise in single foreign nationals sleeping on the streets. However the overall number of people living on the streets is low with 75% only being seen once. London has the most overcrowded households in any region, with an estimated 255,000 across all tenures.

Supporting London's economy (Sections 1.7 – 1.9)

Housing as essential infrastructure London has delivered major improvements in its transport infrastructure in the last decade and the network will be further transformed when Crossrail opens in 2018. With Transport for London forecasting increasing overcrowding on roads and rail in coming decades, it is essential to reduce the load by building homes close to where jobs are situated or likely to be created in the capital's growth areas.

London is one of the most important business centres in the world with an economy nearly six times larger than Wales and two and a half times larger than Scotland and bigger than all but eight European economies. To avoid the risks of falling behind in the *'global race'*, there is a need for a long-term settlement to enable a steady supply of homes.

Building homes and creating jobs House building creates jobs directly in construction and indirectly in a range of sectors, including logistics, finance and other services beyond London's boundaries. Housing construction supports more jobs compared with investment in many other sectors because it supports a range of related activity including production of concrete and manufacturing of glass and bricks, largely sourced from across the UK. Every new home built creates two jobs for at least a year.

House builders are significant providers of apprenticeships. Every £1 of investment in construction is estimated to generate a total of £2.84 in total GDP. Housing construction, repairs and maintenance have accounted for an average of 3% GDP in the last decade.

Investment in low cost housing often underpins delivery of market housing and thus creates more employment. The economic and social benefits of investment in affordable housing are greater in London than elsewhere. Affordable housing in the capital is used more intensively than elsewhere in the country and the larger differential between costs of rents with the private sector represents a bigger saving to the public purse in terms of HB costs.

Supporting London's skilled workforce Based on historical trends, employment is projected to reach almost 5.8m jobs by 2036; an increase of 860,000 from 2011. Density of employment generates a range of benefits for firms and workers through what economists call 'agglomeration' impacts. The benefits include 'a deeper pool of talent, better match between skills and jobs and spill-over effects such as rapid spread of knowledge and innovation'. Finance, creative and hi-tech industries cluster in certain parts of London, driving growth in employment and wages. The benefits can be maintained and enhanced with investment in transport and housing to increase the size of London's labour market. London's jobs market functions as an escalator region for the whole country.

If affordability worsens only those with high salaries will be able to afford to live in London. 80% of new build market homes are affordable to only 20% of London's households.

Half the employment growth in London during 2010-20 will comprise professional, senior manager or associated professional and technical jobs, accounting for 80% of earnings. There could be a shortfall of 50,000–90,000 homes for this group over the next 10 years which could have a disproportionately negative impact on (loss of economic output of £15-35b over the decade) as many move out of the capital for housing. This could have secondary impacts as this group spend more locally than the wealthiest.

Providing secure, quality affordable housing to these on lowest incomes is important as it reduces demands on a range of public services. It provides stability for future generations to succeed. It enables low paid workers to live close to their jobs – making the city 'liveable'. It reduces travel costs and transport congestion and represents a better long-term value for the tax payer than meeting the high costs of market housing through HB.

PART 2 – SETTING THE AMBITION

Increasing supply of new homes (sections 2.1-2.4)

The Mayor is to use his full range of powers to get more homes built in all sectors across the capital. This will focus on removing the barriers to delivery that are preventing some 200,000 homes in London that have planning permission from being built. It is suggested that there is capacity for long-term private finance to move into residential development, especially for new, high quality private-rented homes.

A new Strategic Housing Market Assessment (SHMA) is due to be published in Jan 2014. The London Plan is being reviewed in the light of the SHMA and Strategic Housing Land Availability Assessment (SHLAA). Available data indicates that at least 42,000 homes pa are likely to be required for the next 25 years. 15,000 will be 'affordable' homes and 5,000 long-term private rented homes pa. Any scheme of more than one phase should give active consideration to homes that will remain private-rented for at least 10 years, ideally through a covenant mechanism to supplement and accelerate construction activity.

Delivering a better mix of homes Affordable housing accounts for almost a quarter of all existing homes; a figure that rises to one third in inner London. Just 1.3% is low-cost home ownership, aimed at mid-market, which the strategy suggests is seriously under supplied; apparently giving increasing pressure for modestly paid households. The average first time buyer is now in the top 20% of households (by income), with those on low and middle incomes struggle to afford homes outside the private-rented sector.

It is suggested that home ownership enables people to accumulate an asset that can be passed on to their children; use as equity during financial difficulties and to avoid needing to meet housing costs after retirement. The government's two-part Help to Buy scheme launched in Oct 2013 is mentioned. This is open to first time buyers and existing home owners for homes valued up to £600,000. There is no income limit for eligibility. The First Steps scheme will shift towards a greater supply of low cost ownership homes.

Many middle income working households who can't afford to buy or to rent on the open market don't necessarily need social-rent. Providing homes above target rents but less than market rents will greatly reduce subsidy.

2015-18 affordable housing programme It is suggested that the annual household income of those who access affordable homes for rent is £12,000 rising to £33,000 for low cost home ownership products. The 40:60 mix of intermediate / affordable rent homes is to be retained for 2015-18. The Mayor aims to double the number of First Steps homes by 2020 and double that again by 2025; providing a mix of shared ownership, rent to save and other intermediate models depending on household circumstances. Households earning up to £66,000 pa or up to £80,000 pa for households needing 3 beds or more are eligible.

Half of the affordable rent homes will be capped at '**low affordable rents**' and prioritised for those in greatest need and in low income employment. These should be fixed term renewable tenancies. Delivery of smaller homes will be promoted for 2015-18 to enable boroughs to give priority to under occupied households to move to smaller homes. The remaining affordable rent homes will be at '**discounted rents**'; set at the lower of 'up to 80% market-rent' or the local housing allowance levels. 36% of the discounted affordable rent homes will be family-sized homes of three or more bedrooms.

Improving design (sections 2.5-2.8)

The Mayor's London Housing Design Guide has been adopted as London Plan Housing Supplementary Planning Guidance. It encourages a new London vernacular that draws on traditional street patterns. It aims to create attractive homes and neighbourhoods without segregation by type of tenure. Minimum space standards, adequate room sizes and generous levels of usable integrated storage are required; broadly equivalent to 10% larger than Parker Morris standards. Provision of private amenity space, such as balconies for occupants without gardens, is also required. All new homes should be built to Lifetime homes standards and at least 10 percent should be wheelchair accessible. The Mayor is keen that his current standards continue to be applied across all tenures.

Retrofitting and improving energy efficiency The Mayor is committed to a programme of retrofitting and upgrading the capital's existing housing stock. London housing stock is relatively old compared to the rest of the country, but also has significantly lower per capita carbon emissions. There has been a reduction of almost 14% since 2000. The city's domestic buildings remain a major source of carbon emissions at 36% (excluding aviation); a particular issue for private sector homes. The GLA's RE:NEW programme has already improved efficiently of 99,000 homes saving over 18,000 tonnes of carbon and providing significant savings on energy bills. Support for RE:NEW will continue until at least 2016. The GLA is keen to expand retrofitting activity. The Green Deal also represents an innovative way to finance energy efficiency works and save households money.

Upgrading the housing stock London has some of the worst housing conditions, impacting on people's quality of life, health and educational attainment. In 2011 22% of homes across all tenures in London were estimated to fall below the Decent Homes Standard. The Mayor secured £821 million in the 2011-15 spending period – which improved the condition of 45,000 homes and is likely to receive up to £145 million for 2015/16 to bring over 9,500 homes to a decent homes standard. It is suggested that for some social housing estates redevelopment may be the most appropriate solution to upgrading stock and where this is the case the Mayor will consider contributing towards estate regeneration projects.

Decent homes work creates jobs and local economic activity. It is estimated that every £1 invested through the programme generates £1.46 through orders to local tradespeople and suppliers and every £1m of investment creates 16 jobs. Boroughs receiving DH funding will also have to provide detailed plans for environmental improvements of homes.

All providers should have carried out environmental retrofitting of all their stock by 2020. The GLA is interested in hearing views from stakeholders on how this could be measured. For example all affordable homes could be required to achieve at least a grade D Energy Performance Certificate rating. This would help London's poorest households stay warm and reduce costs and will lead the way for the remaining stock to be retrofitted by 2030 saving up to 600,000 tonnes of CO_2 per annum.

Through the rental standard the Mayor will look at ways to support private landlords improve their stock and meet new legislation that will restrict selling and renting properties with EPC ratings below grade E.

Empty Homes The Mayor is committed to maintaining a low level of homes empty for more than 6 months; currently down to a level of 0.7% of total stock.

PART 3 FULFILLING THE COVENANT

Supporting working Londoners (sections 3.1 – 3.7)

Re-defining need Alongside a continued commitment to help those in acute housing need, it is suggested that more priority should be focused on working households that are the 'backbone of the economy', but still cannot meet their housing aspirations. In Sept 2012 the Mayor launched a housing covenant with the premise that 'if you contribute to the well-being and success of this city, then the city will do all it reasonably can to provide you with the housing you need and deserve'.

A more structured intermediate market A growing proportion of people who would otherwise have bought a home in London are now unable to meet the cost. It is suggested that it is the middle market where most unmet need exists. An estimated 500,000 private-rented households are earning between £11,000 and £38,000 per annum and are unable to buy.

22,000 intermediate homes have been delivered since 2008. The Mayor has launched a £100m fund to stimulate new intermediate housing supply and products. Returns from this will be reinvested into further home ownership. (Some information on this is already detailed in the section on the 2015-18 programme on p4). It is suggested that one way of achieving this could be by partnering with large scale investors.

The Mayor supports a 'right to part-buy' programme (with opportunities to buy 15% of a council home) currently being considered by Hammersmith & Fulham being rolled out across the capital. It is suggested that purchasing a stake in a property at the end of a fixed-term tenancy could also offer a tenure that would not otherwise be available. The GLA is looking at the possibility of dividing the cost of repairs and maintenance between the landlord and purchaser proportionate to the shares owned by each party.

Supporting home ownership - primarily through First Steps and Help to Buy. The Mayor will press mortgage lenders to treat lending for intermediate homes as a core part of their business. He is keen to explore extension of development finance, possibly with the GLA guaranteeing part of loans taken out to fund housing delivery where there is commitment to build out over a given timescale, or take a stake in market housing developments, which would be repaid as the homes are sold. He will also encourage interest rate stability over the longer term to provide certainty for owners and developers.

To level the playing field between pre-sales of newly built homes (often to overseas investors) and purchasers of existing homes, the Mayor will press lenders to offer nine months in principle mortgage approvals, instead of the standard 3 months. He is keen to promote leaseholders' right to manage and will lobby government to amend the legislative requirements that 50% of lease-holders must vote in favour of a right to manage, to 50% of those who respond to the opportunity to self-management. He will also lobby government to change the requirement that 75% of a building must be residential.

Recognising the importance of the private rented sector It is suggested that a professional and business-like PRS should be a positive housing choice. With London's relatively young and mobile population the PRS is an important part of the housing market. 25% of London households are now private rented; almost double that of 20 years ago. In Dec 2012 the Mayor published his Housing Covenant for private renters. The London Rental Standard (LRS), published in July 2013 sets a benchmark for the standards expected for landlords and letting agents. It sets a framework for other accreditation schemes and set a target to achieve 100,000 accredited landlords and agents by 2016. The GLA will develop a ‘badge’ of accreditation, under-pinned by the LRS and will launch a public awareness campaign in early 2014.The offer of incentive discount cards is being explored as part of the LRS.

The Housing Covenant sets out two further ambitions: (i) Greater protection for tenants and greater transparency about lettings agents fees. The Mayor is keen to see landlords testing new and innovative tenancy agreements as well as using the assured shorthold regime to accommodate longer tenancies and provide more certainties around rent increases. Lettings agents will be encouraged to adopt a means of independent redress for when disputes occur between them and landlords or tenants. The Mayor supports government plans to improve the lettings agent market. (2) To protect better property standards. 30% of PRS homes fall below the Decent Homes benchmark. A range of legislation is in place giving local authorities powers to enforce minimum standards. Boroughs and accrediting organisations are encouraged to share data on accredited landlords, thereby helping boroughs to focus their efforts on non-accredited landlords.

The Mayor is also keen to tackle poor quality at the bottom end of the market. The GLA is represented on the national ‘beds in sheds’ taskforce. Re high rental deposits, the GLA is working with Shelter to encourage employers to give staff loans of up to £5,000 to cover rental deposits. Major employers in the capital will be encouraged to invest in subsidised housing products to reduce costs of renting for their employees.

<u>Rethinking affordable housing allocations</u> The Mayor will encourage boroughs to make the most of their new flexibilities to give greater priority for allocations to local working households on low incomes, balanced with the need to ensure that the most vulnerable are looked after.

<u>Facilitating mobility</u> The GLA’s *Housing Moves* is designed to facilitate cross-borough mobility for affordable housing tenants who wish to move within London (prioritising those in employment) and to tackle under-occupation. The Mayor is considering extending the scheme, along with Seaside and Country Homes (targeted at over 60’s).

It is suggested that fixed term renewable tenancies can assist social landlords to facilitate mobility in and out of the sector. Those with ‘higher incomes’ could be assisted into intermediate or market home ownership or pay a higher rent to remain in their homes; with the proceeds going to supporting new affordable housing. The Mayor will require that between five and ten percent of new rented homes that receive GLA funding will be let on a pan-London basis. Registered providers will be able to retain a further ten percent of lettings to assist their housing management functions.

<u>Towards a London Rental Policy</u> The Mayor suggests that rent control limits the supply of rented homes; reduces incentives for landlords to let and can result in deterioration of properties, with landlords less willing or able to maintain them where rents are artificially suppressed. Private landlords could consider how greater certainty over rents could be provided to tenants, facilitated by longer term tenancies. Examples are provided of the Qatari Diar Real Estate Development Company’s East village (Olympic Park) – with prices starting at £310 a week for one beds, £370 a week for 2-beds, £475 a week for 3 beds and £515 a week for a 4-bed townhouse).

More than a half of the 786,000 affordable rented sector households in London are entirely reliant on HB. A quarter has low incomes that still require HB. However, it is suggested that almost 14% (115,000) could afford to pay more for their rent. The Government has confirmed it will take steps to enable social landlords to charge market rents for those earing at least £60,000 per annum. The Mayor wants this to be £66,000 for smaller households and £80,000 for larger households in London. Low lost home ownership are to ensure that rent and service charges are in line with rent increases more generally.

Meeting a range of housing need (sections 3.8 – 3.11)

<u>Housing for older Londoners</u> It is projected that the number of over 64’s will grow by nearly 1.5 million by 2036. The vast majority will live in mainstream homes. All new homes built in London

should meet Lifetime Homes standard and at least ten percent should be designed to be wheelchair accessible. Lifetime Neighbourhoods are as important. Easy access to social and leisure facilities redress isolation. Town centre locations could be appropriate for purpose-built accommodation for active elderly. (Dickens Yard in Ealing and Kidbrooke in Greenwich are cited as case studies). It is suggested that that such housing provides opportunity for downsizing to release family sized homes; can offer shared equity and 'high quality' accommodation in mixed tenure developments.

The Mayor has announced £30 million to increase the supply of purpose built quality homes for older and disabled people. He is also keen to promote telecare and telehealth services that make use of technology to help people including those affected by dementia to live independently in their homes.

<u>Alleviating overcrowding</u> The Mayor introduced a target to halve severe overcrowding by 2016. He wants to see better use made of existing affordable housing stock and to deliver more affordable homes. There are 106,000 families living in overcrowded affordable homes and an estimated 43,000 under-occupy their homes. It is suggested that Welfare reforms will assist in freeing up under-occupied homes. The Mayor will continue to support downsizing through the Housing Moves and Seaside and Country Homes scheme.

<u>Tackling rough sleeping</u> The *No Second Night Out* has reduced the proportion of new rough sleepers who spend more than one night out from 41% in 2008/09 to 25% in 2012/13, but there has been an increase in the number of rough sleepers reported each year. Funding for London to support services relating to rough sleeping is £34m for 2011-15. In 2012 the GLA launched one of the first Social Impact Bonds in the country to improve currently poor outcomes for a target cohort of 800 rough sleepers who frequently return to the streets. Boroughs are encouraged to continue to deliver locally responsive services and provide advice and assistance to prevent those at risk of homelessness spending a first night out.

<u>Addressing statutory homelessness</u> After a prolonged period of decline, the number of households accepted by boroughs in priority need has increased steadily (by 53%) since 2010. This has increased the use of temporary accommodation, which now houses 40,230 households compared to 35,800 in 2011.Boroughs are now able to use the PRS in discharging their duty to homeless and vulnerable households. When this occurs the accommodation should comply with statutory obligations in relation to location, quality and length of tenancy. Boroughs should continue to make appropriate use of mechanisms such as NOTIFY and the pan-London inter-borough accommodation agreement to monitor out of borough placements, to notify receiving boroughs in a consistent and transparent manner and to ensure that households have access to relevant services.

PART4 DELIVERING THE VISION

Financing housing delivery (sections 4.1 – 4.6)

<u>A long-term settlement for housing.</u> It is suggested that greater stability of funding and more flexibility in applying that funding would deliver a longer term framework for developers and investors to plan and increase their commitments. It is especially important that there is certainty over funding for affordable housing.

<u>Further borrowing reforms for Local Authorities</u> While 30% of the Building the Pipeline programme funding has gone to local authorities, their capacity to deliver more is reduced by current investment borrowing caps. The Mayor wants to see new prudential borrowing arrangements for local authorities to deliver new homes which would be considered as a separate capital investment activity; distinguished from more mainstream public borrowing (as occurs in much of the rest of Europe, and for Housing Associations). As a minimum, it is proposed, the government should extend the Scottish model (where such investment is classified as *Annual Managed Expenditure;* enabling a far greater degree of borrowing freedom while continuing to be governed by prudential borrowing rules) to English LAs.

The Mayor also wants to see the removal or revision of HRA debt caps. He proposes administering a programme where London boroughs could bid for inflation-linked debt cap in return for commitments around new supply and improvements to existing homes and estates. To enable this, the GLA is willing to explore the possibility of matching borough commitments with its own equity funding through a bridge financing model. The Mayor suggests boroughs could pool their borrowing capacity to invest in affordable housing.

Devolution of a full suite of property taxation is proposed, including Stamp Duty Land Tax, council tax, business rates, annual tax on enveloped dwellings and capital gains property disposal tax. This would include setting tax rates and decisions over matters such as revaluation, banding and discounts. The yield would be offset through corresponding reductions in grant providing a fiscally neutral position (initially at least) for the Exchequer. NB it has recently been agreed to devolve SDLT to the Welsh Assembly.

It is suggested that this would revolutionise the ability to address London's housing challenges and achieve a greater efficiency and fairness that reflects London's particular circumstances. It is proposed that it would provide a significant ongoing income stream against which the GLA and boroughs could pump prime infrastructure funding to unlock housing growth; invest in estate regeneration; expand the supply of homes of all tenure through grant, gap and equity funding and create greater confidence for developers to make long-term investments. It is considered that this would be particularly important in terms of some strategic sites in Opportunity Areas where remediation, land assembly, infrastructure and other 'abnormal' costs demand a public / private partnership approach.

Over the last 10 years London has received £17b of capital investment to build new / improve existing homes while the total HB bill has been £50b. The case is made for a shift in housing finance from personal to capital subsidy. It is suggested that there would be a 'transitional' challenge for low income households in receipt of benefit who need to continue to pay high rent in the private sector while funds flow towards building affordable homes. This will require appropriate future capital settlement from Government and appropriate revenue funding to mitigate transitional costs. Until such time as there is stable and long-term settlement for London's housing, the government should reflect the city's needs.

A new investment framework The draft strategy says there is need to ensure that any available grant funding work harder to deliver value for money. There will likely be greater focus on equity investment where the public sector is able to recover and reinvest current investment. A case study of private developer, Pocket Living, is provided. A 10-year sum of £21.7m was awarded by the GLA. 400 intermediate homes will be developed over the next 3 years. Profits are to be reinvested to deliver a maximum number of homes by 2023.

The Mayor is keen to explore the concept of a London Housing Bank focused on large scale developments to generate additional supply and will publish a discussion paper on this in 2014. The bank could include purchasing market homes off-plan or underwriting developments by offering guarantees through a range of sources, including public sector and institutional investors. It could be piloted with at least £160m; enabling the GLA to provide loans to develop affordable homes available at below market rent for a fixed period after which homes could be sold on. Funding provided by the public sector would be repaid, potentially including value uplift and then reinvested in delivering more homes.

Making affordable housing assets work harder As the current affordable housing programme nears completion, some larger housing associations are nearing limits of their financial capacity, while smaller ones are not developing new homes. The social housing regulator says that those with 2,500 homes or fewer hold around 20% of the sector's financial capacity, while contributing only 3% of new development. The GLA will work with the G15 and G320 to explore how smaller associations can be supported to 'unlock capacity'. Larger associations will also be expected to utilise more of their own resources to pay for development. The GLA will explore with the social housing regulator how HAs can be incentivised to utilise surpluses (£1.8b in March 2013) to maximise new development, including the recovery of recycled grant funding and historical grant, where appropriate.

For 2015-18 the Mayor wants to move to 'a more balanced programme' of targeted disposals and conversions. All providers will be expected to provide market housing for rent and/or sale alongside affordable housing. They will also be encouraged to consider targeted disposal, or lettings at market rent of selective high value and non-standard stock. As it is important to retain social-rented homes which are in short supply, the Mayor believes that the case for conversions to be recalibrated, in particular, as a way of introducing households with a range of incomes onto mono-tenure estates. This could be through conversions to affordable housing or as shared ownership

Bringing forward land for development (sections 4.7 - 4.13)

Regenerating the capital The Mayors approach to regeneration includes using his 625 hectares of lands and property assets to drive housing supply and economic growth. In recent months contracts have been exchanged for Silver Quays and the Royal Albert Dock with a combined gross development value in excess of £2billion (to deliver 6m square feet of commercial space, 1,500 homes and 29,000 jobs). Other major GLA sites under contract (to provide 3000 homes) include: Catford Greyhound Stadium, St Clement's and Queen Elizabeth hospitals in Tower Hamlets, Cane Hill in Croydon, Greenwich Square and Lymington Fields in B&D. The GLA is driving major regeneration schemes at Greenwich Peninsula, where it is the main landowner, at Barking Riverside in a joint venture with Bellway Homes, at Kidbrooke in Greenwich and at Woodberry Down in Hackney through grant funding and infrastructure investment. These four developments will provide 30,000 homes as well as major employment, education and leisure facilities.

Estate regeneration Over 100 estate regenerations are underway at various stages across the capital, comprising a pipeline of over 35,000 new and re-provided homes over the next 10 – 15 years. Projects of this scale are susceptible to delays, many running into years, or may be stalled completely. Delay often relate to the financing of costly infrastructure works, leaseholder purchase costs and land assembly processes required to create new streets and buildings. The GLA is working with London boroughs to review estate regeneration appraisals and aiming to bring forward development. One possible solution would be for the GLA to take an investment position with local delivery partners to jointly cash flow land assembly and infrastructure costs as part of any emerging London Housing Bank model.

Twenty first century garden suburbs The GLA is supporting the creation of new garden suburbs including at Barking Riverside (with 10,800 homes, 65,000 sq m of commercial, retail, leisure and community space, and five schools) and Bream Park (which has the potential to be a new waterside neighbourhood).

Maximising the value of London's Opportunity Areas which have potential to provide 29,000 new homes (70% of the 420,000 homes needed over the coming decade) and capacity for 550,000 new jobs. All have need for significant infrastructure investment and a co-ordinated approach by the public sector to enable the private sector to deliver.

Housing Zones The GLA will concentrate its planning efforts and housing investment in the Opportunity areas alongside investment from Transport for London and the London Enterprise Panel. The Mayor is seeking additional support from the Government on a small number of these sites to unlock development and optimise delivery through 'Housing Zones'. This could include measures that focus on a range of targeted tax incentives, lighter touch planning and effective land assembly. The Mayor is also keen to work closely with boroughs to identify potential zones. He will publish a discussion paper in 2014.

Three OAs are highlighted in the consultation paper: *Royal Docks* (with a new Enterprise Zone, a floating village of 11,000 homes, a £1b public/private venture to create an Asian Business Park); *Lower Lea Valley and Stratford* (with potential for 32,000 new homes) and *Vauxhall, Nine Elms, Battersea* (driven by transport infrastructure to create 25,000 jobs and 7,000 homes, a new diplomatic quarter and 50 acres of new public space)

Bringing forward public sector land It is estimated that 40% of brownfield land suitable for development in London is owned by the public sector (including central and local government).

The Mayor has set a target that all his inherited sites should be either under development or have a clear exit strategy in place by 2016 and wants to accelerating the disposal of ‘surplus’ public sector landholdings to boost the development of homes, through: (i) the London Development Panel, set up with a framework agreement between 25 developers and contractors. It aims to accelerate the delivery of housing by making it easier and cheaper for public land owners to bring forward land (ii) GLA land assets database (iii) GLA participation in a review of all government assets in the capital in which the Mayor is making the case that he should take over responsibility for bringing forward all government landholdings in London. He is engaging with NHS trusts in London as part of the DOH’s public land investment fund programme.

Making better use of existing land opportunities The opportunity areas provide the greatest chance to build high density housing on existing brownfield sites with good transport. It is proposed this be through construction or iconic tall buildings such as the Shard and new lower rise developments / neighbourhoods such as those emerging on the Queen Elizabeth Park which are modelled on Georgian terraces. Town centres also provide opportunities for densification of housing. Housing growth must though be balanced with the need to ensure that the primary economic and social purposes of local town centres can be supported.

The Mayor is considering whether the London Plan / Industrial Land Supplementary Planning Guidance should be altered to ensure that the process for managing release of ‘surplus’ industrial land takes into account the potential for bringing forward surplus sites near transport nodes which can support higher density housing development.

Increasing development capacity (sections 4.14 – 4.16)

Driving supply through private rent Some recent examples of institutional investment in the private rented sector are provided, including: the ‘Get London Living Scheme’ at East Village, Genesis’ ‘Stratford Halo Scheme’ and ‘Fizzy Living’ in Canning Town,

The Mayor also wants to bring new buyers into the market via a Build to Rent fund backed by the government’s debt guarantee. He will encourage development of well-designed, purpose-built homes for rent, with reduced maintenance costs and longer tenancy agreements on the GLA’s own landholdings. The first will be the Newington Butts development at the Elephant and Castle (a large professional rental development of 462 units, 188 of which will be affordable). The GLA has amended planning guidance to encourage local planning authorities to support private rent led developments.

Encouraging more competition in the house building industry The largest of UK house builders (those producing more than 500 a year) account for around 70% of the total house building in Britain while over two thirds of homes were built by small and medium sized builders 20 years ago. In periods of the highest housing supply in London, the market was not dominated by small and medium-sized builders who were keen to build to their capacity on their small plots every year and sell those home. It is suggested that greater dispersion and competition for delivery of housing for sale would increase the speed at which homes are built. It is proposed that there is a need to promote new entrants into the London house building market including contractors working with investors, small and medium sized builders, community-led schemes and self-builders. It is also proposed that this could be encouraged with flexibility around Community Infrastructure Levy – with payment on completion or after a property sale, rather than upfront. .

Unblocking stalled sites A GLA study into London’s stalled sites found that nearly half of the 200,000 homes with planning permission in schemes of ten units or more are owned by organisations that are not house builders. The GLA will help developers bring these sites forward and is working with government and boroughs on a package of measures to unblock delivery. The Mayor will examine, and is likely to be supportive of, proposals which restrict or reduce the ability of developers to extend the life of existing, unimplemented, planning permissions.

Some analysis, comment and questions

Mayor's foreword and Housing London's growing population Part 1: Should the key focus of a London Housing Strategy be maintaining the city as an 'engine for international growth'? Is seeing London as the goose that lays the golden egg sustainable? The Observer 29th 2013 suggested that 'Britain must look beyond London and put faith in manufacturing' - http://www.theguardian.com/business/2013/dec/29/uk-manufacturing-economic-growth.

Housing need and affordability: Over the last 9 years, **20,695 more new and additional market housing** were delivered in London than was identified as required in GLA housing need studies (where an average is taken of the 2004 Housing Needs Survey and the 2008 Greater London Strategic Housing Market Assessment). **160,450 fewer new and additional social-housing** were delivered than were identified as being required. **32,650 intermediate homes** were delivered while a minus figure of need was identified.

9 year assessment of housing need and delivery in London 2003-12

10 year housing need	Social-rented	Intermediate	Market
2004 housing needs survey	207,900	24,500	121,100
2008 SHMA	245,000	-38,000	142,000
Average of the 2004 and 2008 10-year assessments of need	226,450	-7000	131,550
Average of the 2004 and 2008 10-year assessments of need applied for 9 year period of 2003-12	203,805	-6300	118,395
New and additional homes delivered 2003-12	43,355 (21%)	32,650	139,090 (117%)

We know that growth (of both homes and jobs) is occurring principally at the top end in London; satisfying the needs of those in high end professional, managerial, financial, business, creative, educational / research jobs at the expense of ordinary working class / lower paid Londoners.

If the above figures are not enough, we might still want figures relating to demographic changes in and displacement from London, including detail on the number of homeless households that have been placed in private accommodation outside the capital. In a survey carried out by the Guardian in November 2012, London boroughs said that they were already placing homeless families outside the capital or had secured or were considering temp accommodation outside London for future use. http://www.theguardian.com/society/2012/nov/04/london-boroughs-housing-families-outside-capital These included LB Kensington & Chelsea, which has moved a minority of homeless families to Manchester and Slough; Waltham Forest, which has acquired housing in Luton, Margate and Harlow; Brent, which has relocated households to Hastings; and Tower Hamlets, which has relocated a handful of families to Northampton. In November 2013, Inside Housing reported that London boroughs had more than double the number of homeless families they are placing outside the capital. They said that 789 households had been housed in 69 local authorities outside London as far flung as Manchester, Birmingham, Swansea and Accrington. http://www.insidehousing.co.uk/tenancies/londoners-housed-outside-capital-doubles/6529299.article

Lack of affordability is in part as a result of what's happening at the top end of the market. Up to 70% of new homes in central London are bought by overseas investors. A number of recent press articles have recently suggesting that this end of the market is saturated. Grass roots evidence suggests that in many luxury developments the lights are only ever on in 25% of homes

We have less social rented homes in London than we had 10 years ago. Loss is ongoing – see LTF newsletter autumn 2013 - http://www.londontenants.org/publications/newsletters/LTF%20Newsletter%2019%20Autumn%202013.pdf

Supporting London's economy (Part 1) The difficulty in picking through the figures contained in the draft strategy relating the number of jobs created in building new homes is that the construction industry is a casual industry (because companies do not want to employ craftsmen full time). 50% are self-employed and most of the rest are agency workers. Are the numbers of jobs suggested in the strategy mostly short term, with the same casual workers being re-employed in them time and again?

What is the evidence of local employment / apprenticeship gains? How is this monitored?

Too many new homes built are replacements for others that have been demolished particularly in the social-rented sector (see LTF autumn newsletter). Given that social-rented homes are not now being built, should there be a presumption against demolition of social rented homes unless it can be demonstrated that homes cannot be refurbished / modified, for structural reasons?

Increasing the supply of new homes and delivering a better mix of homes (Part 2): It would seem that the strategy's housing targets continue to be based on propping up London's property market and enticing wealthy people into London, rather than being based on evidence of what existing Londoners actually need.

In relation to intermediate housing; the GLA 2004 housing needs survey found that only 7% of those unable to meet the cost of market housing could afford intermediate homes. The 2008 SHMA found a surplus of intermediate homes. There is yet no evidence of increased need for intermediate homes.

Shelter's 'The Forgotten Households', found that the average household income of those accessing part-rent part-buy homes in London is over £33,000 and for those accessing shared equity products (where part of the cost of a home is funded by a shared equity loan repayable on the sale of the property) is over £40,000.

The government's Help to Buy scheme incredibly is not restricted to first time buyers!

The Mayor suggests a 'better mix of homes' will be delivered through the strategy. However, it looks like more of the same but with reduced levels of anything near genuinely affordable housing. The 2011 London Plan targets for new and additional homes are roughly - 59% market homes, 16% intermediate and 25% social/affordable homes. The draft strategy proposes 64.3% market homes, 14.3% intermediate and 21.4% affordable rent (only half of which will be close to social rents).

The Mayor refers to London's 'struggling middle' – but actually the struggling element is the bottom half of Londoners (by income). It is unlikely that many households below the median income level will be able to afford anything other than social or affordable rent homes, many supported by benefits. 50% will have access to little more than 21% of the new supply of homes proposed in the strategy. The greatest evidenced need is still for secure, genuinely affordable low -cost rented homes.

With increasing focus on fixed term rather than secure tenancies, households with the lowest incomes (particularly those with children) are vulnerable in terms levels of transience, impacting detrimentally on health and well-being, educational attainment, employment and ability to create social and community networks and support.

Improving design / retrofitting: LTF has generally supported retrofitting and improving energy efficiency – particularly to reduce levels of fuel poverty.

The UK government pledged to reduce carbon emissions by 80% by 2050. The Centre for Sustainable development says that in order to meet that target it is necessary to reduce not just the operational carbon emitted (that is once a building has been constructed), but also the embodied carbon (that is used during the processes of material extraction, manufacturing, delivery to site, construction processes, and also demolition and recycling). At present embodied carbon emitted can be as much as 37 years of operation carbon and this will increase as operational carbon is decreased. Faithful and Goulds (who have worked with RICS) say the amount of embodied carbon used to make a building can be as high as 65%. The RICS produced guidelines on embodied carbon in July 2012 http://www.rics.org/uk/shop/Methodology-tocalculate-embodied-carbon-19285.aspx

The Mayor should ensure that assessments are made of both 'operational' and 'embodied' carbon emissions (relating to any homes demolished and new homes constructed).
Is the low level of empty homes suggested in the strategy correct? Anecdotal evidence is that 'the lights are never on' in large numbers of luxury developments. What analysis has been carried out into this?

Supporting working Londoners (Part 3) Much previous industrial land is now being used for building housing (mostly luxury), even in instances where industry and blue collar employment is still viable (for example in Carleton Riverside). In Newham (near to the Olympic Park) local construction firms were told by the council that they were 'dirty businesses' and that they were looking to replace them with 'high tech' businesses. There is a need not only protect where there is local industry but also to support and create new – to ensure that there are a range of employment opportunities with wages to meet the cost of housing in London - for all sections of the community.

A more structured intermediate market and supporting home ownership LTF believes housing should be a right for all and not a commodity. Central to housing provision should remain the provision of a stable home base for family life and not become open season for those who see it as a source of profit or who would reduce it to mere collateral against which to increase personal debt.

Surely the propping up a property market through using public subsidy to support - already existing home owners to buy more; households earning up to 80,000 pa to part buy and by spreading part ownership to low income households to buy a 15% share of their home – continues to fail to tackle the root of the affordability problem in London.

With increasing job insecurity, high costs of living, falling wages in real terms, increasing levels of personal debt and increasing numbers of housing possession claims, any notion of a pushing a greater focus on intermediate / low cost ownership must be questionable.

The issue of zero hour contracts (particularly prevalent in the retail sector) has been raised in the media relatively fairly recently. A Unite survey found 22% of workers employed by private firms are on contracts promising less than three hours of work a week. An ACAS report on employment insecurity of October 2013 http://www.acas.org.uk/media/pdf/2/1/Job-insecurity-in-the-wake-of-a-recession.pdf says that according to the Workplace Employment Relations Survey some 8% of workplaces now employ people on such contracts (and that this could be higher). Zero hour contracts are also in addition to temporary work.

There are growing levels of personal debt (nationally). The Centre of Social Justice Report 'Maxed Out – Serious personal debt in Britain' published in November 2013 http://www.centreforsocialjustice.org.uk/UserStorage/pdf/Pdf%20reports/CSJ_Serious_Debt_report_WEB_final.pdf
says that in 2012 there were arrears on 300,000 mortgages with 34,000 homes being possessed in Britain. While this is down 30% since the peak of the recession, it is up 60% since 2006. In 2022 almost half of households in the lowest income decile were spending more than a quarter of their income on debt repayments. Outstanding debt on credit cards has almost trebled since 1998. Payday lenders, pawnbrokers and home-collected credit providers lent out £4.8b in high cost credit in 2012 up from an estimated 2.9b in 2009. In 2012, 1.85m households were three months in arrears on at least one household bill or payment. The National Debtline gave advice on 120,000 cost of living debts in 2012 – up 130% since 2007. 87% of CAB debt clients have annual incomes of less than £18,000.

In a Guardian report of December 2013 http://www.theguardian.com/money/2013/dec/28/time-bomb-mortgage-rate-rises CAB chief executive Gillian Guy said that as incomes have failed to keep up with prices, CAB staff have seen a 20% increase in the past five years in the number of mortgage and secured-loan debt problems being reported.

The private rented sector is a wide and non-homogenous sector. LTF's particular concerns relating to this sector is the private tenants that would previously have been eligible for social-

rented housing and who can't afford anything else without access to housing benefit. We suspect that most of the growth in the sector has been from households at this lower income end. It is clear that insufficient is being done to meet their needs.
See this article from the Guardian http://www.theguardian.com/society/2013/oct/14/young-single-mothers-focus-e15-newham-rehoused

There were increases in the number of claims for repossession by private and social landlords in London in the 12 months to June 2013 (rising to 50,220) and increases in actual repossessions by court officials (14,380) (GLA London Housing Market Report Nov 2013 http://data.london.gov.uk/housingmarket)

Meeting a range of needs (Part 3) LTF has generally been supportive in relation to the additional focus that the Mayor of London has provided in the London Plan on older peoples housing.

Given the levels of overcrowding in London is the target for family-sized homes in the draft strategy adequate? Is there a guarantee that an equivalent number of family sized homes will become available to the smaller sized (lower cost) affordable homes to be produced as under-occupied households down size? What is the composition of the 43,000 apparently under-occupied 'affordable homes'?

The increased numbers of rough sleepers is very visible (certainly in central London). Doesn't this require longer term increased numbers of: hostel, low-cost rented and supported housing?

London's statutory homeless problems cannot and should not be addressed by shipping house-holds out of the capital as boroughs across London are doing now. We need clear data from the Mayor's office on rates of dispersal / displacement and appropriate solutions to delivering genuinely affordable low-cost rented homes in the capital. The Mayor should pressure boroughs who are sitting on money that could be used to develop affordable homes to deliver http://www.thebureauinvestigates.com/2013/12/19/london-councils-sit-on-millions-meant-for-building-cheaper-homes-2/

Delivering the vision (Part 4) This section contains many new proposals that need full and detailed discussion, not least on what happens if / when there is a property market crash.

LTF has consistently supported a position of government support being invested in building new genuinely 'affordable' low-cost rented homes rather than in housing benefit.

The draft strategy is unclear as to how much of the funding that might possibly come from a full suite of property taxation being held in London would support development of secure, genuinely affordable low-cost rented homes.

Regarding what the Mayor says on 'regenerating London'. LTF has consistently argued that regeneration plans should be determined by the communities livin g in regeneration areas. It is concerned that many regeneration schemes consist of handing over public land to the private sector and often involve demolition and overall loss of social-rented homes. See LTF autumn newsletter regarding Heygate, Kidbrooke and Woodberry Down estates.

There is concern around which sections of the community are benefiting from London's Opportunity Areas (in terms of both homes and jobs). In some opportunity areas where LTF is working on the ground with tenant and other community groups (through our Trust for London grant) we have already gathered evidence of failures to meet London Plan targets relating to affordable homes, where structurally sound social-rented housing is being demolished and replaced with mostly luxury homes, where existing communities are being displaced and where employment and provision of local services that meets the needs of local, existing communities is also being displaced. A few examples of this are:

- In the White City Opportunity Area Planning Framework consultation document published in April this year (a joint borough and GLA document), it was stated that it would only be viable for 15% of the new homes developed in the Opportunity Area to be 'affordable homes' while the London Plan has a London-wide target for 41% of homes to be affordable.

- In the Greenwich Peninsula (mostly owned by the GLA), a deed of variation was agreed in July this year relating to 11 plots which resulted in: a reduction from the originally approved 38% affordable homes to 25% (by habitable room size) or approximately 21% and no affordable homes on four of the plots
- In Charlton Riverside and Woolwich there is evidence of release of Strategic Industrial Locations where there are thriving businesses, providing local employment and local services, (which London Plan policy says should in general be protected) and replacing them with other uses.
- 1060 social rented homes of three estates in Woolwich – Connaught, Morris Walk, Maryon Road and Grove and are to be demolished and replaced by 1500 homes (375 affordable rent, 130 intermediate and 975 for sale); another huge loss of social rented homes. Tenants of Morris Walk were told (around 10 years ago) that the concrete of the blocks had reached the end of its life, while the Greenwich Industrial History Society says that structurally the estate is 'in good fettle'. Originally tenants were told that they had a right to return but were later this was retracted. Many remaining residents are elderly with support networks in the area and while now resigned to the fact that they will have to move, are necessarily very anxious about their displacement from their homes and community.

Creating housing zones with 'lighter touch planning' would simple facilitate more of these kinds of examples.

The proposal, made in the collaborative response to the revised London Housing Strategy by 16 voluntary and community sector groups, that land from the Mayor's land bank should be handed to community based organisations do develop genuinely affordable homes should perhaps be revisited and strengthened in responses to this draft strategy.