

London's new housing delivery – summary of reported information by Peter Eversden, London Forum

According to the Housing Delivery Report made to the Homes for London Board in February 2019, the Government grant to the Mayor for affordable homes of £4.82bn is being spent to assist developers and others to deliver more affordable homes with a target of 116,000 of them by March 2022. The Mayor reported that work began on 14,544 affordable homes in 2018-19, below the target of 19,000.

There are several other sources of affordable housing supply. One is on GLA Group land which is forecast to deliver 5,260 affordable housing starts by March 2022. Others are large and small housing associations and London's Councils. The Mayor has allocated funds to assist the latter.

A current problem with the Government grant is that part of it is ring-fenced to shared equity homes, although that may be relaxed in future. Few people would consider shared equity to be affordable and the 2017 Strategic Housing Market Assessment (SHMA) indicates that only 18% of new homes need to be of that type.

The GLA reported in May that new build homes by developers were delivering the Mayor's threshold of 35% "affordable" homes but did not clarify at the examination of the draft New London Plan how many of those are of the low cost rent type. The Mayor intends to increase that 35% to 50% "genuinely affordable" homes but the 2017 SHMA figure for all affordable home tenures is 65% of the required 66,000 new homes annually. The delivery rate of affordable homes of all types by the Mayor's 'Fast Track' route could decline if construction starts stall.

In January 2019 Molior reported construction starts during 2018 were at the lowest level since 2011-12 and were off their 2015 peak by more than 60% in Zone 1, 50% in Zone 2 but with the second highest starts on record in Zones 3 to 6. The latter is likely to be supported by the Government's 'Help to Buy' scheme but it has a maximum eligible home price of £600,000.

In May 2019 Molior reported that building work on 63,500 approved new private homes in Zone 2 in the first quarter of 2019 had virtually ground to a halt, down 97% from the quarterly average in 2015.

Analysis by Grant Thornton UK published in May 2019 showed that only 54% of the housing schemes for a total of 57,500 homes approved in 2015 had been started. The number of applications fell in 2018 by 17% on 2017. The report stated that only 5,230 affordable homes were completed in 2018, down 30% on 2017 but the number of affordable homes given planning permission jumped three fold to 22,277.

47% of all new homes should be low cost rent tenure according to the 2017 SHMA, at a net annualised requirement of 31,000 to 2041, that is 682,000 by then just for that housing type.

The percentage of low cost rent homes in the total of "affordable" delivered from all sources has not been clarified but should be available in the GLA Annual Monitoring Report for 2017-18 which is overdue but expected by July 2019 and should have comment on recent trends.

From the figures above, two issues are evident. The first is that the delivery of low cost rent homes is likely to be below requirement. The second is the heavy dependency on boroughs and housing associations to build council homes and London Affordable Rent homes on their land to close the

gap between what the Mayor and developers can achieve and the required numbers of such homes. Several boroughs have not yet commenced their home building programme.

The December 2018 London Plan Viability Study Technical Report states that London's largest Registered Providers generate part of their surpluses used for affordable home building by conversions from low rent social housing to Affordable Rent type on reletting. That reduces the numbers of original low cost social homes. 'Right-To-Buy' has removed many social homes.

Another factor affecting the quantity of affordable homes delivered is that over 24,000 of the 65,000 annualised average target for new homes to 2041 in the draft New London Plan (NLP) is forecast to come from small sites. Viability could prevent many schemes on such sites delivering or funding the percentage of affordable homes that larger schemes could provide.

Transport infrastructure and social infrastructure will have to be increased to support the delivery of additional homes and make them sustainable.

TfL will make an overall £742 million loss in 2019/20, largely due to the record £722 million subsidy needed to run the bus network. The ULEZ could add to their income over £200,000 every day and reductions in drivers using polluting vehicles will be offset by the extension of the ULEZ to the north and south circular roads in October 2021 if Sadiq Khan is re-elected next May. The ability of TfL to fund the transport programmes in chapter 10 of the draft New London Plan is in doubt but should be clarified by their next budget report.

Piccadilly line signalling upgrades were put on hold and the dates for the Bakerloo Line extension and Crossrail 2 are yet to be announced. Outer London bus routes connecting with town centres and locations of social infrastructure are needed to complement existing radial transport routes in order to achieve the policy of reducing the need to travel by car.

There is a high dependency on major developers to part fund additional social infrastructure but the Mayoral CIL2 for Crossrail 1 and 2 is an additional cost which limits their ability to do so.

There is a new policy D6 B 3) in the NLP which proposes that boroughs should phase the delivery of approved schemes if the required infrastructure is not in place. That could extend expected completion dates.

At the examination of the NLP, London Forum expressed doubt that the NLP policies would increase housing supply to the levels required in London from 45,000 annually recently of which only 21% was low cost rent to 65,000 and 47%. Each year the backlog is growing, causing overcrowding in homes, further disadvantage for vulnerable and disadvantaged groups of people, tenant exploitation in the Private Rented Sector and higher temporary accommodation costs for boroughs.

London Forum also sought validation of the numbers of new homes by type and additional jobs forecast to be possible in each of the Opportunity Areas in London, several of which have not been updated by borough(s) Local Plans for them since the estimates in the early Opportunity Area Planning Frameworks, some of which were compiled almost ten years ago.