

Response to the Mayor's housing strategy consultation with the London Assembly

1. Introduction

- 1.1 The Mayor wrote to the Chair of the Assembly on 20 November 2008 to announce that he was formally consulting the Assembly and functional bodies on his draft housing strategy. The consultation period closes on 23 January 2009.
- 1.2 These comments are based on a number of discussions that the London Assembly's Planning and Housing Committee has had with a variety of housing experts and the Mayor's Director of Housing. These discussions have been held so that the Committee is well placed to contribute to the draft housing strategy that will shape the delivery of housing in London over the next three years.
- 1.3 **Whilst the Conservative Group on the Assembly agree with the bulk of this response they do not agree with arguments against the removal of the 50 per cent affordable housing target and the change to the 60/40 social/intermediate split. They therefore dissent to the paragraphs detailed in Appendix 1 of this response.**
- 1.4 The Mayor and Assembly have a shared vision for housing in London. In the face of the rising demand for housing:
- More homes are needed not just to reduce homelessness but also to reduce overcrowding.
 - London in particular needs more affordable homes in a mix of tenures.
 - London urgently needs more affordable family sized homes in a mix of tenures.
 - Homes should be well designed and energy efficient.
 - Housing in London must contribute to building varied, vibrant and safe communities.
- 1.5 The draft strategy recognises that these are difficult, possibly unprecedented, conditions for housing. The credit crunch has resulted in a downturn in the housing market and significant uncertainty over medium and long term prospects. The strategy acknowledges that by the time the public consultation version of the draft is published the situation may have shifted again. Opportunities are presented by the economic situation and the Mayor now has unprecedented funding and housing and planning powers.

The need for a short term action plan

- 1.6 The Committee wishes to see a greater sense of urgency in ensuring housing developments are delivered over the next 12 months. There is a very real danger that there maybe the lowest net increase in housing supply in 2009 for more than 20 years.

- 1.7 In the first half of 2008 the number of homes started was down 4.3 per cent on the same period in 2007 while the number completed fell by almost 16 per cent. The private sector is hardest hit – showing falls in starts by 19 per cent and 27 per cent in completions.
- 1.8 “New house building in the private sector has effectively shut down”. “It looks likely that it will be at the very least 2-3 years before housing supply returns to the pre-crunch situation”.¹
- 1.9 **We therefore wish to see included in the next draft of the housing strategy a detailed set of measures that the Mayor, as Chair of the HCA in London, will take to ensure that:**
- **Planned housing developments actually begin on time;**
 - **That the mothballing of developments is minimized; and**
 - **Where new housing stock is lying empty that it is quickly brought into appropriate use.**

A long term goal to affect the way homes are delivered in London

- 1.10 The Committee wants to see the Mayor take steps to ensure sustainable housing delivery over the medium to long term and for the Mayor to take this unique opportunity to radically reform the way homes are provided to London’s citizens. **Steps taken over the next few years such as the development of an institutional supported rental sector, the use of Community Land Trusts and changes to local authority involvement in housing delivery have the potential to both increase supply and make housing provision more resilient in the face of financial market volatility.**
- 1.11 Our comments reflect our concerns to ensure urgency in the delivery of housing in the short term and to help develop the opportunities that exist to reform housing delivery over the long term. These comments follow the three sections that set out Mayor’s vision for housing in London, centred on:
- **Raising aspirations and promoting opportunity:** by producing more affordable homes, particularly for families, and by increasing opportunities for home ownership through the new First Steps housing programme
 - **Improving homes and transforming neighbourhoods:** by improving design quality, by greening homes, by targeting and delivering regeneration and by tackling empty homes
 - **Maximising delivery and optimising value for money:** by creating a new architecture for delivery, by developing new investment models and by promoting new delivery mechanisms.
- 1.11 The Committee welcomes many of the proposals in the strategy however we raise three key concerns where the proposed policy steer from the Mayor may hinder delivery:

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- The removal of the 50 per cent affordable housing target
- The change to a 60/40 social rented/intermediate homes split
- Housing mobility across London.

2 Raising aspirations and promoting opportunity

- 2.1 The strategy sets the context for assessing the need for housing in London. The population is expected to rise from 7.5 million in 2006 to between 8.3 and 8.6 million by 2026. The number of households will grow faster than the overall population as the average household size is falling, due mainly to later marriage, fewer children, more divorce and longer lives.
- 2.2 The current housing needs requirement assessment is being reviewed but the housing strategy accepts that London needs 35,400 new homes a year including 20,000 affordable homes. It also notes the London Plan target of 30,500 additional homes from all sources.
- 2.3 In recognition of this level of housing need the Committee welcomes the Mayor's commitment to provide 50,000 new affordable homes by 2011.
- 2.4 The Committee notes that housing need and London Plan targets will be reviewed when a new London Strategic Housing Market Assessment and a new Housing Capacity and Strategic Housing Land Availability Assessment are available.
- 2.5 **The Committee would wish to see any revised housing targets continue to recognise the need to reduce the backlog of existing unmet housing need that has resulted from the years of under investment in London's housing.**
- 2.6 While welcoming the commitment to provide more family sized homes the Committee notes that, the target set (42 per cent of social rented and 16 per cent of intermediate homes having three bedrooms or more) is the same as set in the previous draft Housing Strategy in November 2007. However, this target was arrived at in very different economic circumstances and the Committee urges the Mayor to review this target and to move beyond it.
- 2.7 **The Committee would welcome further details on and a timescale as to how the Mayor, the HCA, boroughs and social housing providers will work together to ensure affordable housing and the family sized homes are delivered.**
- 2.8 The Committee welcomes the commitment that more homes will meet the needs of children and young people, disabled people and older people, by addressing their access, space and adaptability requirements.
- 2.9 The Committee welcomes the commitment that London's new housing developments will contain a mix of tenures, encompassing the market, and intermediate and social rented sectors. **However it has concerns that the removal of the 50 per cent target may adversely affect the achievement**

of mixed tenure communities (these concerns are detailed from paragraph 2.26 below).

Delivery of 50,000 new affordable homes and the impact of the credit crunch

- 2.10 Steeply declining house building rates and the recent tightening of credit and stricter conditions for accessing mortgages in a climate of falling house prices, raise a number of questions about the extent to which the target of adding 50,000 new homes to the affordable housing stock in London has become more or less achievable.
- 2.11 Advice from housing experts at the Committee's meeting in October was that, in the current economic climate, the 50,000 target is "challenging" at best. Given the current policy approach, state of the market and the state of housing associations the Mayor will not be able to deliver his 50,000 affordable homes target without radical innovation.
- 2.12 There are now serious financial bottlenecks in the traditionally understood and operated housing development process and ways need to be found to unblock them – new financial architectures, new partnership arrangements and new development models.
- 2.13 These models are outlined in the strategy and include developing new approaches to meet the challenges in the housing market, taking long term stakes in developments where appropriate, including:
- A new approach to land supply by releasing land in public ownership for longer-term returns or in partnership deals, to minimise upfront costs and risks;
 - Providing gap funding and investing in affordable provision to maintain the pipeline;
 - Acquiring market homes for affordable provision, where these provide appropriate supply.
- 2.14 Other measures include:
- Institutional investment
 - Community Land Trusts
 - Providing mortgage support
 - Promoting new delivery mechanisms
 - Local Housing Companies
 - Joint ventures and other partnerships
 - Co-operative housing
- 2.15 **The strategy should also explicitly recognise the contribution that council house building can make to increase the supply of affordable**

housing in London. The Mayor should support local authorities to start applying for social housing grants in 2009.

- 2.16 Another possible answer is to review a let-to-buy model that envisages a form of shared ownership with a 0 per cent initial share with no initial price. Rent is paid at a submarket level sufficient to service the loan and possibly to contribute to the building cost. Periodically the tenant will have the opportunity to buy a share, the value of which goes to pay off the capital element including the land.
- 2.17 This mechanism could be used to provide a seamless transition from rent, to ownership at a number of levels and even to reverse the process, back to rent. Procedures would exist to buy out shares when required, either through residents needing to move on, or to change their share.
- 2.18 The flexibility this gives would support a “tenure blind” scheme where all units are finished to the same standard, but would require a rigorous maintenance service to ensure that all units are kept to a good standard.
- 2.19 Innovation can extend beyond the provision of new homes to longer-term support for new communities. There are, for example, opportunities to use the ownership of freeholds on the land. Ground rents create a long-term income for management services and public realm maintenance, and help create better communities.
- 2.20 **The Committee welcomes the recognition that innovative approaches are needed in the current economic climate and the models contained in the strategy but detailed and practical solutions must be set out in the final strategy that will guide all partners to ensure delivery.**
- 2.21 **The Committee refers the Mayor to details of many of these measures, and other models that are contained in section 2 of the Committee’s snapshot briefing “Crunch time for London’s affordable housing” which was published at the time of the housing strategy and has been made available to the Mayor’s advisors.²**
- 2.22 **It is imperative that the Mayor uses the new powers and resources effectively and the Committee would wish to see the Mayor (as Chair of the Homes and Communities Agency London Board) to urgently evaluate the resilience of existing investment models, together with options for a range of new investment models more suited to the current market.**
- 2.23 It is important that a significant proportion of the 50,000 new affordable homes should be new build. The Committee’s concerns arise because it is conceivable that the Mayor could achieve his 50,000 gross target with very little new housing supply and virtually no new build.

² <http://www.london.gov.uk/assembly/reports/plansd/credit-crunch.pdf>

2.24 This might happen under a number of circumstances:

- In a regeneration scheme where demolition occurs and housing is replaced at lower densities resulting in lower numbers of affordable homes. The number of 'new' affordable homes built in this case would help the Mayor reach his target but do nothing for people in need of a home, in fact it makes the situation worse because there is a net loss of homes.
- Without controls some forms of intermediate housing will revert back to market housing after the first sale thereby reducing the affordable housing stock. Public subsidy invested in intermediate homes should require those intermediate homes to remain intermediate in perpetuity.
- While moving tenants out of social rented homes into intermediate or private rented accommodation does free up social rented units and helps reduce waiting lists, it can only be part of the solution. There also needs to be an increase in the total stock of social rented homes by building new units if there is to be any hope of tackling the undersupply of affordable homes and the length of housing waiting lists.
- Removing the 50 per cent target may affect the drive to build homes. Once a borough has reached its target there is no incentive for developers to provide more affordable homes.
- Buying unsold and empty market housing for intermediate homes that were completed in previous years would, in effect, be double counting affordable housing provision.

2.25 **Not providing additional affordable supply, including new build, would be a disaster, not only because it would not contribute towards meeting housing need, but also for the housing industry at a time when assistance for house building is urgently required to meet housing need and promote regeneration. In the current housing market, the provision of new build affordable housing could act as a catalyst for the housing industry and promote regeneration.**

Removing the 50 per cent target

2.26 Perhaps the most important change in the strategy is the commitment to scrap the London-wide 50 per cent affordable target and to replace it with a unit target that will be agreed with each borough.

2.27 The Committee understands that this reasoning is based on the experience of a number of boroughs that have reduced the affordable percentage but managed to increase the number of affordable units built through seeing a significantly higher number of total housing units built. However, it should be noted that the 50 per cent target was flexible (and not a one size fits all), development by development requirement.

2.28 The Mayor's Director of Housing has said that "Historically under the (previous Mayor's) aspirational target only an average 34 per cent of new homes built were affordable, far less than the 50 per cent envisaged. The market now requires a fresh approach that focuses efforts on generating units in partnership

with the boroughs and does not act as a barrier to developers."³

- 2.29 Previous housing completion trends were a result of a different context. There were different London Plan targets, the new Mayoral powers over housing and planning were not available then and there was not the unprecedented Government investment of £4 billion for affordable housing. Nevertheless affordable housing completions have been steadily increasing since 2000 when only 3,700 affordable homes were completed in London.⁴ The number rose to 7,006 in 2003/4 and to 9,209 in 2006/7. In the last year affordable housing completions increased by 20 per cent to reach 34 per cent of all conventional completions.⁵
- 2.30 The Committee notes the Mayor's intention to remove the 50 per cent target in favour of the 50,000 affordable unit target and that the cornerstone for the achievement of this objective is agreeing with each individual borough an affordable housing target.
- 2.31 However, without regular and up-to-date monitoring and reporting of the achievement of affordable units borough by borough it will not be possible to judge whether individual borough targets are proving more effective than the 50 per cent target. The Committee is concerned that, much delayed, annual reporting of statistics will not be sufficient.
- 2.32 The affordable housing investment targets to be agreed with boroughs are not the same as the long term planning targets that are set out in the London Plan and contained within boroughs' planning policies:
- The 50,000 affordable housing investment target is a gross figure – i.e. it does not subtract loss of affordable homes through demolition, as the planning target does.
 - The 30,500 annual net London plan delivery target, across all tenures, is net.
- 2.33 The Committee notes that the Mayor has proposed affordable housing targets for boroughs that aim to provide 51,094 homes by 2011 with an indicative annual target of 17,031.
- 2.34 The Committee understands that boroughs were informed of the "initial indicative target" on 22 October 2008. Responses from boroughs were requested by 12 November 2008. It is planned that agreement will be reached with all the boroughs by March 2009.
- 2.35 **The Committee is concerned that negotiating affordable housing targets at an individual borough level may result in the uneven distribution of affordable housing, especially social rented housing. The Committee also seeks assurance that distribution of affordable housing will be in line with appropriate additional infrastructure and investment to ensure sustainable communities.**

³ http://www.london.gov.uk/view_press_release.jsp?releaseid=19416

⁴ <http://www.communities.gov.uk/documents/housing/xls/141200.xls>

⁵ http://www.london.gov.uk/mayor/planning/docs/monitoring_report4.pdf

- 2.36 There is an additional danger that by removing the 50 per cent target and replacing it with a negotiated target of completed homes is likely to remove incentives to build homes. Once a borough has reached its target there is no incentive for developers to provide more affordable homes. Not only would this cap the aspiration to achieve more affordable homes for London but also it may deter developers that do not wish to construct affordable homes from developing any homes in a borough until the negotiated borough target has been met.
- 2.37 Equally, once a borough had met its agreed affordable housing target there would be no incentive to provide further affordable homes in new developments. This would be counterproductive, when the aim is to create mixed income and mixed tenure communities.
- 2.38 The strategy states that there should be “no return to the segregation of London’s population by the tenure of their homes by concentrating new social housing in the very areas that already have the highest amount of social rented homes and building market homes only in areas with very little social rented housing.” **The Committee would welcome further details from the Mayor as to how this policy commitment will be achieved.**
- 2.39 The Committee notes that the proposed methodology for agreeing borough targets is not yet proving effective.
- 2.40 According to London Councils “Based on concerns raised so far by boroughs, it is proposed that London Councils’ position on this should be as follows: London Councils recognises the need for more affordable housing and supports the target of 50,000 new affordable homes over the next three years. However, we have some concerns over the methodology that has been used to develop these targets and the resources that will be necessary to deliver them, especially in the current economic climate. In addition, the achievement of these targets needs to be an integral part of the new Homes and Communities Agency (HCA) single investment agreement and of GLA allocation of resources in other policy areas (for example, on funding for transport and the other infrastructure required to deliver housing growth). Achieving the targets cannot be presented as a wholly separate process. We also believe that the involvement of the GLA in borough LAA targets is wholly inappropriate - LAAs are an agreement between Central and Local Government and we cannot accept the GLA’s involvement.”⁶
- 2.41 Clearly achieving agreement with individual boroughs is crucial to ensuring the 50,000 target is delivered. The Mayor has stated that his preferred way is through negotiation and the Mayor’s Director of Housing has stated there will be incentives on offer to boroughs to ensure agreement but was not specific about the nature of these.⁷ We asked, but were not told, about what incentives the Mayor will offer to boroughs. There was also little detail about the use of his new powers of intervention should agreement not be met and delivery shows signs of falling short.

⁶ http://www.londoncouncils.gov.uk/committees/agenda.htm?pk_agenda_items=3114

⁷ http://www.london.gov.uk/assembly/planning/2008/dec2/minutes/appendix_a.rtf

- 2.42 **Given that London Councils has already expressed reservations that this approach is not yet providing grounds for optimism the Committee seeks clarity on how the “consensual relationships” will work in practice and how the Mayor will respond to boroughs who fail to meet their individual targets. The Committee would welcome details as to how the Mayor will use his new planning powers, for example to call in strategic sites, where affordable unit targets are not being met**

The change to the social rented/intermediate homes split

- 2.43 In the housing strategy the Mayor has signalled a clear desire to extend home ownership in London and has outlined a number of policy measures to achieve this. To this end the Mayor proposes to introduce a 60/40 split for new affordable housing development (moving away from Mayor Livingstone’s 70/30 rented/intermediate split).
- 2.44 The Mayor will work with the HCA, London boroughs and other partners to:
- Develop the First Steps housing programme, including new products for London
 - Target £130 million from the National Affordable Housing Programme for London to fund new products within the First Steps housing programme
 - Assess the scope to release GLA and other public land for First Steps
 - Amend London Plan Housing Supplementary Planning Guidance to increase the upper income threshold for intermediate housing in London to £72,000
 - Consider the best approach to marketing low cost home ownership schemes, to improve information and access for customers
 - Raise awareness among lenders of the relatively low risk of providing mortgages to shared owners.

Evidence base for the new 60/40 split

- 2.45 The strategy contains policies to increase the percentage of intermediate housing in London by a third, to allow more opportunities for low-income families and key sector workers to get on the housing ladder in the capital and will amend the London Plan and Housing Strategy to introduce a 60/40 split on each development (moving away from Mayor Livingstone’s 70/30 rented/intermediate split).
- 2.46 One of the key justifications for this policy switch, as set out in the Mayor’s housing manifesto, was a report from 2001 by the then London Housing Board that assessed the likely future demand for intermediate housing.⁸
- 2.47 As such the Mayor’s manifesto said “we will increase the percentage of intermediate housing in London by a third, to allow more opportunities for low-income families and key sector workers to get on the housing ladder in the capital. We will listen to the evidence presented by the then London Housing

⁸ London Housing Board, London Housing Strategy 2005-2016.
http://www.gos.gov.uk/497417/docs/202207/221836/London_Housing_Strategy_2001.pdf

Board by amending the London Plan and Housing Strategy to introduce a 60:40 split on each development.”⁹

- 2.48 The relevant reference in the London Housing Board strategy said:
“In 2003/04, a balance of 70% social housing to 30% intermediate housing was achieved within new affordable housing provision. However, over the next few years although overall affordable completions will grow, the balance between intermediate and social housing supply is projected to change in favour of intermediate housing. During 2006-08, a balance of nearer 50:50 is anticipated.”¹⁰
- 2.49 “This is partly as a result of the Government’s priority to assist key public sector workers, in order to strengthen recruitment and retention in London’s essential services. However, given the serious shortage of social housing available to the most vulnerable London residents, future investment programmes will need to redress this balance. The Board is recommending switching future regional housing pot investment away from intermediate housing programmes and into social rented housing to start to bring the ratio back closer to the 70:30 London Plan strategic objective and to contribute to the Government target on social rented homes. By 2008/09, the proportion of social rented to intermediate housing coming from all sources is forecast to be around 60:40.”
- 2.50 This forecast was made in 2001 when the anticipated increase in intermediate housing was expected. **Clearly conditions have changed since then and the Committee considers the Mayor should reconsider the 60/40 split for the time being until intermediate housing becomes more financially viable.** As John Maynard Keynes once said “when events change, I change my mind”.
- 2.51 **Greater clarity is required to assess what new financial products could work in the current circumstances and the Mayor needs to re-visit the intermediate model, for example by expanding the subsidised sub-market rented (intermediate rented) sector. As market conditions and personal circumstances change tenants in an expanded intermediate rented sector could move towards shared equity or market purchase.**
- 2.52 **Expanding a permanent intermediate rented sector would serve to further broaden the affordable housing opportunities and options for Londoners.**
- 2.53 **The current housing market also presents the opportunity of a new, different, approach to institutional investment in the private rented sector. The Committee would like to see concrete suggestions as to how this sector could be developed incorporated into the final strategy.**
- 2.54 **The Committee notes the concern that the increase to the upper income cap for intermediate housing to £72,000 has provoked. We seek clarity as to how the strategy will ensure that the available funding for**

⁹ Pages 19-20 of the Mayor’s housing manifesto “Building a better London” 2008

¹⁰ Pages 32-33, London Housing Board, London Housing Strategy 2005-2016.

http://www.gos.gov.uk/497417/docs/202207/221836/London_Housing_Strategy_2001.pdf

intermediate housing will be targeted at those most in need, given that almost ninety per cent of London households have incomes under the threshold.

Extending opportunities for home ownership

- 2.55 The strategy states that a significant number of people in social rented housing aspire to be home owners in the future and for many social housing tenants, making the move into home ownership could be a realistic prospect.
- 2.56 The strategy says that GLA estimates suggest that around 63,000 existing council and housing association tenants in London earn between £20,000 and £60,000 per year, and are in an age group that could consider taking out a standard 25 year repayment mortgage.
- 2.57 The Committee recognises that there are a number of benefits to helping an existing social housing tenant and someone on a housing register into low cost home ownership:
- It costs half as much as providing a new social home for rent; and
 - It frees up existing social rented stock for those on the waiting list.
- 2.58 However there are questions about how attractive intermediate housing will become in this time of falling house prices and restricted access to mortgages.
- 2.59 Many housing experts question whether there is an appetite for entering into shared ownership as many people will be reluctant to take an equity stake in a market where house prices are falling and, in effect, placing themselves immediately into negative equity.
- 2.60 Government research has found that extending home ownership means that more financially marginal and vulnerable households will be drawn into home ownership.¹¹
- 2.61 The report explored the sustainable limits to home ownership and concluded that “it is the fortunes of these marginal owner occupiers that decide whether their tenure is sustainable – if the costs of ownership are so high that quality of life seriously suffers, arrears are entered into, or homes are possessed or otherwise have to be sold, then ownership for those individuals is clearly not sustainable.”¹²
- 2.62 London’s housing tenure does not reflect that of England as a whole. Owner occupation has been steady at just under 60 per cent of the housing stock as a whole compared with 70 per cent for England. It may be that London’s sustainable limit of home ownership is lower than the rest of the country and, in today’s financial climate it may have been reached.
- 2.63 The roots of the credit crunch were in the sub-prime mortgages in the USA and

¹¹ Social Mobility and Homeownership: A Risk Assessment, ODPM 2006

<http://www.communities.gov.uk/publications/corporate/newhorizonsresearch>

¹² Page 19 Social Mobility and Homeownership: A Risk Assessment, ODPM 2006

UK, and as recession hits the wider economy and unemployment is expected to rise in London particularly hard, repossessions are predicted to grow among those that cannot service their mortgage repayments. Repossessions in London have already increased by 12 per cent between the second quarters of 2007/08.

- 2.64 While extending home ownership may remain a long-term aspiration we should not encourage financially marginal groups to take on what may be unsustainable debt.
- 2.65 Many experts believe that the Mayor should focus his investment priorities on providing social rented housing. At the Committee's 13 October meeting there was a consensus that, in the current financial squeeze, money earmarked for housing in London over the next three years should focus predominantly on social rented housing.
- 2.66 In response to the publication of the strategy London Councils also reflected this concern: "London Councils [also] fears the Mayor's emphasis on low cost home ownership - which should be praised for its ambition to make owner occupation more affordable - may not be viable in the current financial climate. With more and more Londoners at risk of repossession, what the capital needs is more affordable rented housing."¹³
- 2.67 There are other factors which suggest that the draft housing strategy should recognise the particular impacts of the credit crunch on intermediate housing.
- 2.68 Housing Associations now work on a very different financial model from the one employed in the last housing recession. They have balanced declining grant rates with cross subsidy from sales of market housing and intermediate housing built alongside social rented housing. But sales are not happening now so they are more heavily reliant on borrowing.
- 2.69 Evidence presented to the Committee suggests that due to the current economic climate and to ensure developments go ahead, that where intermediate home ownership has been planned, Housing Associations are applying to the Housing Corporation¹⁴ for additional funding to convert this housing into social rented housing.
- 2.70 **The Committee welcomes that the draft strategy, and the proposed First Steps programme, acknowledges the complexity of the range of intermediate housing products available. The Committee suggests that the strategy includes a time scale for a review of available products and their take-up. In the short-term, whilst the housing market remains in difficulty, the Committee would wish to see public funding earmarked for affordable housing in London focused more on social rented housing. This may mean reverting to at least the previous 70/30 split until stability returns to the financial and housing markets.**

¹³ <http://www.londoncouncils.gov.uk/media/current/pressdetail.htm?pk=627&showpage=2>

¹⁴ Shelter, briefing submitted to the Committee on the draft London Housing Strategy 2008

Promoting opportunities for mobility

- 2.71 As well as offering increased opportunities and incentives for tenure mobility into home ownership the strategy notes that opportunities for social rented tenants in terms of geographical mobility are limited.
- 2.72 The strategy notes that in the last five years, just 13 per cent of council tenants who moved to another council home moved across borough boundaries – compared with 27 per cent of those moving within the Housing Association sector (and 52 per cent of those moving within owner occupation).
- 2.73 The lack of opportunity for mobility also prevents many people in housing need in high demand areas from benefiting from social housing opportunities in those areas with the greatest capacity for new homes.
- 2.74 Previous arrangements, on a sub-regional basis, enabled the housing needs of one area to be partially served by “spare” capacity within another borough. The previous Mayor was developing a “Capital Moves” policy that would facilitate this more easily.
- 2.75 Capital Moves did not secure the support of all London boroughs and a different approach to securing pan-London mobility is needed. **The housing strategy needs to be explicit about what the Mayor’s policies will be for encouraging geographical mobility. The Committee would wish to see a timetable for introducing a policy on enabling mobility and also what the Mayor intends to do if no agreement can be reached with boroughs.**
- 2.76 **This is a strategic problem that boroughs must contribute to solving. The Mayor must take a strategic lead on this issue and he must make strategic decisions to ensure boroughs agree to a workable policy to promote opportunities for mobility across London.**

3 Improving homes and transforming neighbourhoods

- 3.1 The Mayor should not underestimate the role of housing in regeneration programmes. Housing can deliver many of the Mayor’s stated priorities such as increasing supply, creating mixed tenure and income communities, delivering high quality buildings and public spaces, tackling crime, improving the environment, improving the supply of accessible and adaptable homes and tackling climate change.
- 3.2 The Committee strongly welcomes the statement in the strategy that says that increasing the supply of housing in London must not be at the expense of quality.
- 3.3 Homes must be well designed, sustainable and attractive. They must provide the accessibility, adaptability and flexibility people want, meet the needs of London’s diverse population, address the challenges of climate change and help to sustain thriving neighbourhoods.

- 3.4 At a time when access to finance is tight and costs need to be cut to make housing viable, there is a temptation to reduce either space standards or energy efficiency standards in an attempt to maintain the production of housing units.
- 3.5 The Homes and Community Agency believes cutting costs by reducing quality is a false economy because the schemes that are likely to keep popular and keep their value are the ones that are best designed. “Whatever else we do in reviewing our priorities and the extent to which we can deliver them in any given scheme, we should not be moving away from design quality and commitment to sustainability.”¹⁵
- 3.6 This is surely the right approach. **The Mayor must ensure that all homes built with public subsidy should reflect the highest possible standards - be they design, room size, energy efficiency or water conservation.**
- 3.7 As such the Committee welcomes the policies in the strategy that state:
- All homes developed with public funding will deliver higher quality in line with the forthcoming London Housing Design Guide.
 - All homes will be built to Lifetime Homes standards and at least ten per cent will be designed to be wheelchair accessible or easily adaptable for residents who are wheelchair users.
 - London’s carbon emissions should reduce by at least 60 per cent by 2025
 - New housing developments will meet the highest standards of sustainable design and construction.
 - All new publicly funded homes will meet at least level 3 of the Code for Sustainable Homes, with many schemes reaching higher levels.
 - All new publicly funded housing developments will provide low carbon and renewable energy generation, where feasible on-site.
 - Social rented homes will be improved so that they are more than ‘decent’.
 - By 2016 all occupied homes in London will achieve a SAP rating of at least 40, and should aim for a rating of 65 where the building fabric will allow.
- 3.8 **The Committee would further welcome details as to the timetable of the London Housing Design guide and additional information as to the proposed funding for the Better Neighbourhoods standard.**
- 3.9 There are other quality standards that exist in relation to housing. National guidance exists that recognises that the provision of open space assists the regeneration and enhancement of the physical environment and supports the encouragement of a healthy lifestyle.¹⁶ There are requirements to provide and maintain 10 square metres of well-designed play and recreation space for every child and young person to be accommodated in new housing developments with

¹⁵ Sir Bob Kerslake, Chief Executive, Homes and Communities Agency, Planning and Housing Committee 13 October 2008

¹⁶ Planning Policy Guidance (PPG17) Open Space, Sport and Recreation (2002) and Planning Policy Statement 3: Housing (2006)

an estimated child occupancy of ten children or more.¹⁷ **The Committee would wish to see a specific commitment to retain these standards, to ensure they are implemented and maintained and to improve them over time.**

Space standards

- 3.9 The Committee welcomes the recognition that to continue to build cramped homes for families is indefensible and that, overall, space standards need to improve across all tenures. This is especially important given the increasing number of new homes originally earmarked for the private market that may be bought up for affordable housing in the market downturn.
- 3.10 In the past the Mayor has said that he wants to see a return the Parker Morris standards.¹⁸ The Committee notes that in the affordable sector, improvements will be made through the establishment of minimum space standards set out in the forthcoming London Housing Design Guide and would urge the Mayor to ensure new homes will at least return to Parker Morris standards and also investigate going beyond these.
- 3.11 A Mayoral commitment to minimum space standards needs to be signaled urgently. The time is right for a consistent set of minimum standards across all housing sectors (social, intermediate and private) and taking the opportunity to include new standards in the forthcoming review of the London Plan would:
- Promote the consistency, fluidity and flexibility that people need to move between different housing sectors.
 - Give time to prepare developers in the housing industry for a new set of standards when the market gets moving again.
 - Provide a level playing field between the developers of social rented and market housing.
- 3.12 **It is important that the Mayor's commitment to improving space standards across all tenures is made explicit in this strategy, housing design guidance and in the future revision of the London Plan.**

Empty homes

- 3.13 **The Committee welcomes the Mayor's commitment to tackling the problem of empty homes in London, and would like to see further detail on how the Mayor will work with the Boroughs to bring back into use the 35,000 homes in the private and public sectors which have been empty for longer than six-months and what monitoring will be put in place.**

¹⁷ Providing for Children and Young People's Play and Informal Recreation, Supplementary Planning Guidance, March 2008 <http://www.london.gov.uk/mayor/strategies/sds/docs/spg-children-recreation.pdf>

¹⁸ <http://www.london.gov.uk/mqt/public/question.do?id=22634>

4 Maximising delivery and optimising value for money

- 4.1 **The Committee acknowledges that the Mayor now has unprecedented powers and a budget that will significantly influence over the provision of housing. The Mayor must use this opportunity to drive delivery of new homes in London.**
- 4.2 We are aware that there is much innovative thinking going on and some of the key ideas for the Mayor to consider are contained in the draft strategy.
- 4.3 For example section 2 of the Committee's snapshot briefing "Crunch time for London's affordable housing" which was published at the time of the housing strategy also details some of this thinking and the Committee urges the Mayor to explore some of these proposals.
- 4.4 **The Homes and Communities Agency grant rates need to be increased significantly in the short term and that applies to both new schemes in the new financial climate as well as, potentially, those that have already got approval but find themselves now financially unviable.**
- 4.5 **The public sector must take a longer-term view on the real value of its land holdings and not always strive to seek the best price for its land in order to secure capital receipts. More innovative approaches to using its land holdings are required and the Mayor should encourage the London Development Agency and Transport for London to lead the way.** It is not just to relieve the huge upfront costs that developers face but also to re-establish the idea that the role of the local authority in owning land is to exercise its powers to promote the long term wellbeing of its community when providing homes for people.
- 4.6 **There are many new opportunities for partnership working that could see the public sector take equity stakes in affordable housing. There are also opportunities to encourage pension funds to invest in the long-term future of a new intermediate rented housing sector in London. The Mayor should make the realisation of these new opportunities a priority.**
- 4.7 The Committee welcomes this opportunity to develop a robust and effective response to these most challenging housing market conditions.

Appendix 1

Whilst the Conservative Group on the Assembly agree with the bulk of this response they do not agree with arguments against the removal of the 50 per cent affordable housing target and the change to the 60/40 social/intermediate split. They therefore dissent to the following paragraphs contained in the body of this response.

1.11

2.9 (2nd sentence from "however" to "below")

2.24 (2nd last point - "Removing the 50 per cent target" to "affordable homes")

2.27 (last sentence - "however" to "requirement")

2.28 & 2.29

2.32

2.36 & 2.37

2.39 & 2.40

2.42 (1st sentence - "given" to "optimism")

2.46 - 2.50

2.70 (last sentence "this may mean" to "housing markets")