Affordable Housing in Planning Applications Referred to the Mayor of London

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GREATER**LONDON**AUTHORITY

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1. Contents

1. Introduction.......5
2. Overview.......6
3. Referable Applications Data.......7
4. Number of Applications by Calendar Year.......9
5. Affordable Housing Analysis by Unit and Habitable Room.......10
6. Schemes Providing 35 per cent or more Affordable Housing and Following the Fast Track Route.......15
7. Tenure of Affordable Housing.......18
8 Affordable Housing Financial Contributions, Affordable Student Accommodation and purpose-built shared living.......20
9 Housing Delivery: From Planning Approval to Build-Out.......21

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1. Introduction

1.1 This report analyses affordable housing data relating to residential planning applications referred to the Mayor with a resolution by the Local Planning Authority (LPA) to grant consent or approved directly by the Mayor.

1.2 This report primarily focuses on applications that were considered at ‘Stage 2’ of the referral process by the Mayor in 2023. For comparative purposes, data for the period of 2011-2022 is also provided. Data was primarily sourced from GLA Stage 2 reports, and supplementary data was also derived from other sources including Stage 1 reports and the LPA committee report.

1.3 The report relies on planning data and does not take into account residential units that have been granted consent as market housing, but which have subsequently been delivered as or converted to affordable housing.

2. Overview

2.1 The Mayor considered 112 applications at Stage 2 of the referral process in 2023. Of these, 92 applications were referred to the Mayor at Stage 2 with a LPA resolution to grant consent, subject to the completion of a Section 106 agreement.

2.2 56 of the approved schemes included residential development providing a total of 30,609 residential (C3) units, of which 11,725 were affordable. This is an overall affordable percentage of 38 per cent by unit. The total number of approved homes was lower than the previous year, but higher than several other years in the dataset. The proportion of affordable housing secured by habitable room, which accounts for the size of home and is the primary measure for affordable housing used in the London Plan 2021, was 46 per cent. Despite, increased build costs and more challenging macro-economic conditions, this is the highest proportion of affordable homes secured in a year since the data was first collected in 2011.

2.3 The average level of affordable housing per scheme was 42 per cent by unit and 46 per cent by habitable room. The analysis indicates that the proportion of affordable housing secured in referable applications has increased significantly in recent years.

Table 1. Number and proportion of affordable homes in 2023 Residential Applications

Number of Affordable Units Approved	Total Number of Units Approved	Percentage of Total Units that are Affordable	Percentage of Total Habitable Rooms that are Affordable	Average Affordable per cent per Scheme (by unit)	Average Affordable per cent per Scheme (by habitable rooms)
11,725	30,609	38 per cent	46 per cent	42 per cent	46 per cent

2.4 For each of the last five years, 35 per cent or more affordable housing has been secured in more than three quarters of referable applications. In 2023, 77 per cent of referable schemes included 35 per cent or more affordable housing (by habitable room). In 2023, 53 per cent of eligible schemes followed the Fast Track Route. This is lower than in 2022 (66 per cent) but still significantly higher than previous years (2018 - 27 per cent and 2019 - 38 per cent).

Table 2. Proportion of Schemes Providing 35 per cent or more affordable housing and following the Fast Track Route in 2023

Year	Proportion of Schemes with 35 per cent Affordable Housing or more (by habitable Room)	Proportion of Eligible Schemes Following the Fast Track Route
2023	77 per cent	53 per cent

2.5 In addition to increases in the overall percentage of affordable housing over the period, the number and proportion of more genuinely affordable homes secured for low-income households in 2023 was also one of the highest over the data period. 57 per cent of affordable homes were Low Cost Rent and 43 per cent were Intermediate (by unit). The tenure split by habitable room was 61 per cent Low Cost Rent and 39 per cent Intermediate housing.

3. Referable Applications Data

3.1 Planning applications in London are submitted to the relevant LPA. Once an application has been submitted, if it meets the criteria set out in the Mayor of London Order (2008) the LPA is required to refer it to the Mayor. Residential applications are typically referable where 150 or more units are proposed or where they meet other criteria in the Order, such as in relation to height. The Mayor has six weeks to provide comments on the application, assessing whether it complies with the London Plan. This is a consultation response known as 'stage 1'.

3.2 Once the LPA has decided whether to grant or refuse permission, it is then required to refer the application to the Mayor for his final decision, known as a Stage 2 referral. The Mayor has 14 days to make a decision to allow the LPA's decision to stand, to direct refusal, or to take over the application, becoming the LPA. Where the Mayor becomes the LPA, a hearing report is produced to inform the Mayor when making his decision. This is known as a Stage 3 report.

3.3 The data referred to in this report is primarily taken from reports for schemes that were considered by the Mayor at Stage 2 (stage 2 reports). Where the Mayor became the LPA, the Stage 3 report has been used. Data from Stage 1 reports has also been referred to in some sections. Stage 2 and 3 reports have been used as the primary source of data because these provide information that is available to the Mayor to inform his decision making and they reflect any changes to the scheme that may have occurred during the application process.

3.4 The data comprises of referable applications which deliver self-contained C3 residential units which form part of a residential-led or mixed-use development. Affordable housing delivery is reported on a unit and habitable room basis, and as a proportion of total residential units[1]. The level of financial contributions for affordable housing delivery and affordable student accommodation has also been recorded.

3.5 The report relies on planning data which does not take into account residential units that have been granted consent as market housing, but which have subsequently been delivered as, or converted to, affordable housing. This may occur for a range of reasons such as a developer wishing to reduce market risk and generate cashflow by selling units permitted as market housing to a council or Registered Provider (RP) for delivery as affordable housing. In some cases, the proportion of affordable housing in a development may also be increased in RP or council-led schemes after planning consent has been granted or more affordable tenures may be provided.

3.6 The data also does not include acquisitions of market housing which have been converted to affordable housing. Planning consent is not normally required for these changes and so these are not included in planning data. As such, the data is different from the measure of affordable housing delivery used in the Mayor's London Housing Strategy, which also includes affordable housing in non-referable planning applications. The data also does not take into account any additional affordable housing units, changes in affordable tenure or contributions secured through viability review mechanisms after planning consent has been granted.

[1] Due to the nature of outline applications, indicative figures have been used where available as the precise number of units and habitable rooms will only become apparent at the reserved matters stage.

3.7 Data from earlier in the reporting period was recorded in accordance with accepted methodologies at that time. This report and the dataset, which is available on the London Datastore, should be considered in that context. In the interest of data consistency, section 73 applications (which constitute amendments to existing planning permissions) have been omitted to limit duplication within the dataset. The dataset comprises of an extensive amount of information and every effort has been made to minimise errors, however if any are identified, please notify the GLA at planningsupport@london.gov.uk.

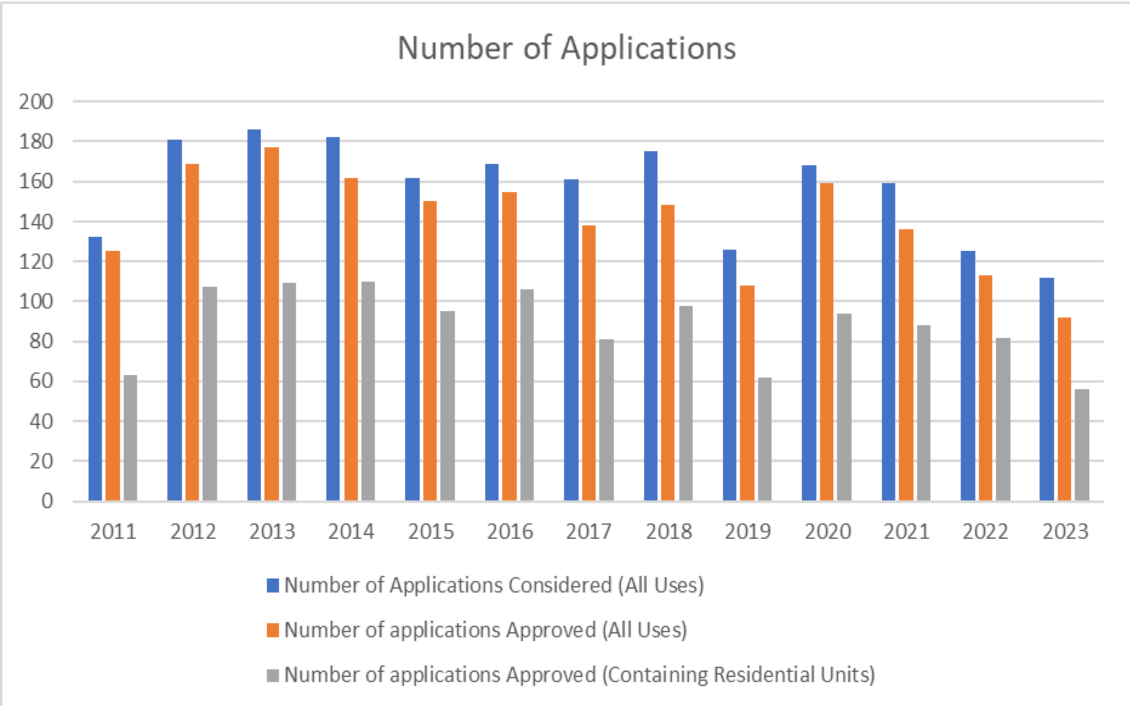
4. Number of Applications by Calendar Year

4.1 The chart below displays the number of planning applications referred to the Mayor, and the number with a resolution to grant, or that were approved directly by the Mayor between 2011 and 2023[2]. It also shows the number of applications that included residential units with a resolution to grant or that were approved directly.

4.2 Given the scale of schemes that are referred to the Mayor, the decision to develop a site and to submit a planning application may be taken several, or in some cases many years, before it is referred. The number of schemes referred to the Mayor and considered at Stage 2/ 3 each year fluctuates because of this and due to a range of reasons such as varying market conditions, projections and wider macro-economic and political factors. The timing of referral is also influenced by the extent to which proposals accord with the Development Plan and whether there are outstanding issues to address, as well as the resourcing available to planning authorities to assess and refer strategic applications which are often complex and require specialist advice.

4.3 The size of development proposals also varies from scheme to scheme and there are years where a smaller number of applications are referred to the Mayor, but these proportionately account for a larger number of residential units and vice versa. Generally, the trend in recent years has been for fewer applications but sites being larger and proposing a higher number of residential units on average.

4.4 The chart shows that 112 applications were considered in 2023, 92 applications (All Uses) had a resolution to grant consent and 56 of those applications proposed residential (C3) units. This indicates that the number of referable planning applications has declined over the last few years. As well as the trend for fewer but larger sites, key factors affecting this in 2023 were the introduction of new fire safety regulations requiring a second staircase in tall buildings, as well as wider market conditions[3].



[2] Paddington Green Police Station was approved on 17 March 2023 following the application being called in at Stage 3.
[3] Another factor relevant to approvals in 2023 was that this was the final year in the 2016-2023 Affordable Homes Programme.

5. Affordable Housing Analysis by Unit and Habitable Room

Total Affordable Housing Units as a Proportion of Total Residential Units

5.1 The table below compares data on affordable housing provision in Stage 1 referrals with the same data for schemes when they were considered at Stage 2 or approved directly by the Mayor. This indicates that there was an increase in the percentage of affordable housing between stage 1 and stage 2/3 in almost every year. It does not however show changes that took place between pre-application stage or submission of the application and stage 1, and so may understate the change in affordable housing provision over the course of the application process. The difference between the level of affordable housing at Stage 1 and Stage 2 has narrowed in recent years as more schemes have followed the Fast Track Route and provided a higher level of affordable housing from the outset.

5.2 In 2023, 38 per cent of residential units were provided as affordable housing in referable applications, which is, jointly with 2022, the highest proportion of affordable housing secured per year in the dataset which starts in 2011.

5.3 The number of affordable homes secured in 2023 was 11,725. The proportion of affordable homes secured as Low Cost Rent housing has also increased in recent years (see section 7).

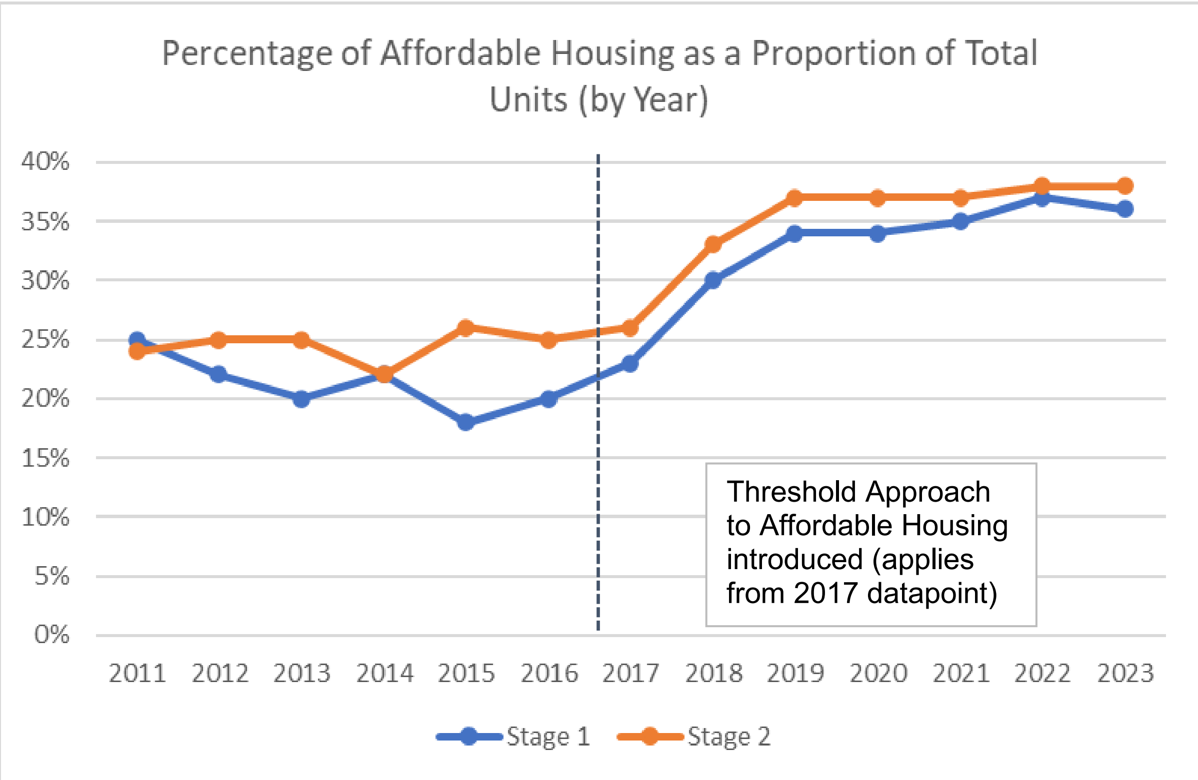
Table 3. Number of Affordable and Total Residential (Market and Affordable) Units Per Year

Year	Affordable Housing Provision by Unit (Stage 1)	Affordable Units[4] (Resolution to grant or approved - stage 2/3)	Total Units (Resolution to grant or approved - stage 2/3)	Affordable Housing Provision by Unit (Resolution to grant or approved - stage 2/3)	Percentage Change from Stage 1 to Stage 2/3
2011	25 per cent	6,900	29,120	24 per cent	-1 per cent
2012	22 per cent	13,068	52,932	25 per cent	3 per cent
2013	20 per cent	9,863	40,058	25 per cent	5 per cent
2014	22 per cent	10,026	44,982	22 per cent	0 per cent
2015	18 per cent	13,929	53,425	26 per cent	8 per cent
2016	20 per cent	8,606	34,807	25 per cent	5 per cent
2017	23 per cent	6,188	23,784	26 per cent	3 per cent
2018	30 per cent	14,141	42,762	33 per cent	3 per cent

[4] In some instances, a new application may be granted on a site with an existing consent. In these cases, the new consent has been recorded to ensure that the percentage figures for the latest year reflect the proportion of affordable housing secured in that year. This may result in some duplication in unit and habitable room figures, however, to limit this, S73 applications for amendments to existing applications have been excluded even where these comprise of additional units.

Year	Affordable Housing Provision by Unit (Stage 1)	Affordable Units[4] (Resolution to grant or approved - stage 2/3)	Total Units (Resolution to grant or approved - stage 2/3)	Affordable Housing Provision by Unit (Resolution to grant or approved - stage 2/3)	Percentage Change from Stage 1 to Stage 2/3
2019	34 per cent	10,935	29,631	37 per cent	3 per cent
2020	34 per cent	14,337	38,865	37 per cent	3 per cent
2021	35 per cent	11,763	31,859	37 per cent	2 per cent
2022	37 per cent	18,043	46,875	38 per cent	1 per cent
2023	36 per cent	11,725	30,609	38 per cent	2 per cent

5.4 The chart below indicates that the percentage of affordable housing as a proportion of total residential units increased significantly following the introduction of the Threshold Approach through the Mayor's Affordable Housing and Viability Supplementary Planning Guidance (SPG) and Draft London Plan in 2017.



<u>Affordable Housing as a Proportion of Total Residential Accommodation (by Habitable Room)</u>

5.5 Affordable housing by habitable room is the primary measure used within the London Plan 2021 because this accounts for the size of affordable homes as well as overall provision. The table below shows data on affordable housing provision by habitable room for the years 2019 to 2023[5]. The percentage of affordable housing provision by

[5] Total habitable room data is not available for some 2019, 2020 and 2021 schemes, and so the figures underestimate the total number of affordable and overall habitable rooms, however sufficient data is

habitable room as a proportion of total habitable rooms in 2023 was 46 per cent – the highest recorded to date.

Table 4. Total Numbers of Affordable and Residential (Market and Affordable) Habitable Rooms between 2019 and 2023

Year	Affordable Habitable Rooms	Total Habitable Rooms	Affordable Housing Provision by Habitable Room
2019	27,323	71,260	38 per cent
2020	32,147	77,617	41 per cent
2021	30,311	78,678	39 per cent
2022	56,127	131,201	43 per cent
2023	35,570	77,377	46 per cent

5.6 The higher level of affordable housing measured by habitable room in 2023 compared with the percentage by unit, indicates that the average size of affordable homes has increased relative to previous years.

Average Percentage of Affordable Housing Per Scheme (by unit)

5.7 The table below shows the average percentage of affordable housing by scheme on a per unit basis. As above, this has generally increased between Stage 1 and Stage 2, although the difference has narrowed in recent years as more schemes have followed the Fast Track Route and provided a higher level of affordable housing from the outset.

5.8 The average level of affordable housing provision per scheme was 42 per cent by unit in 2023, which, after 2021 (43 per cent), is the highest proportion of affordable housing per scheme secured over the period.

Table 5. Average Percentage of Affordable Housing per Scheme (by unit)

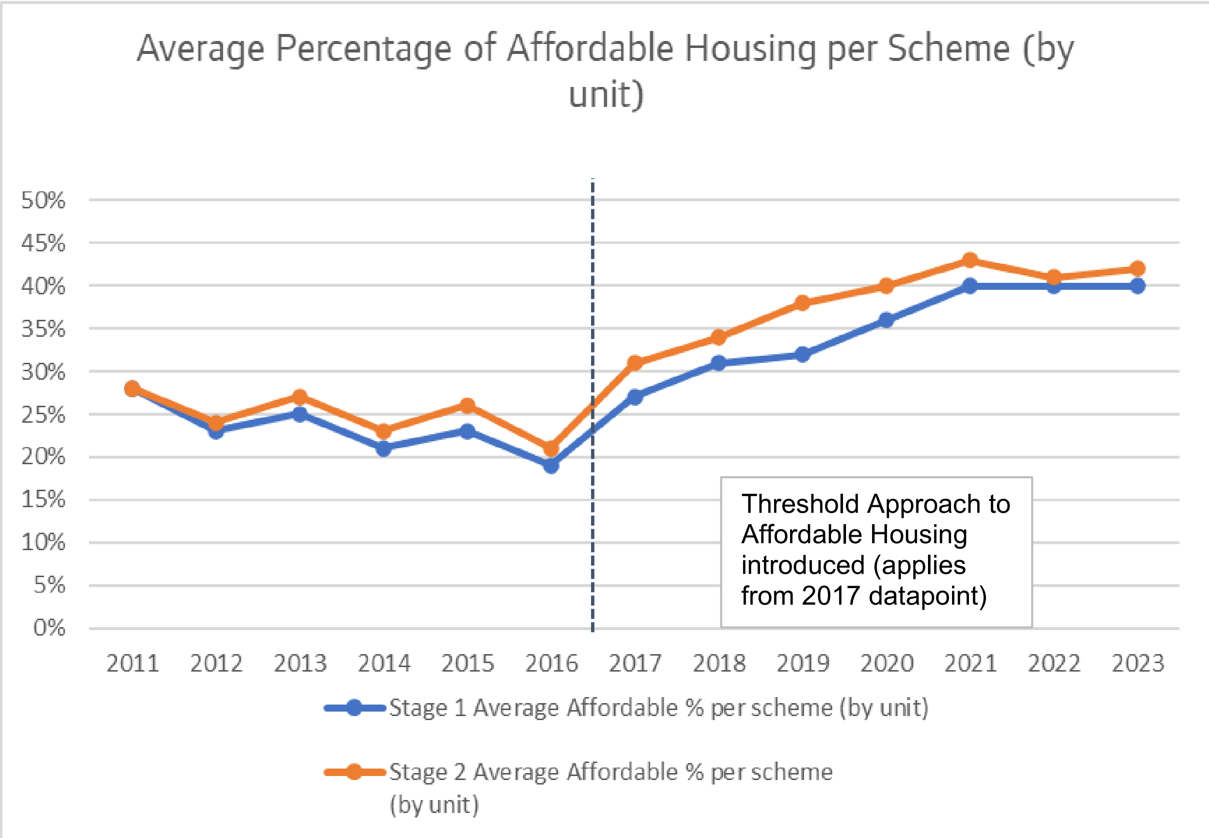
Year	Stage 1 Average Affordable Percentage per scheme (by unit)	Resolution to grant or approved directly (Stage 2/Stage 3) Average Affordable Percentage per scheme (by unit)
2011	28 per cent	27 per cent
2012	23 per cent	24 per cent
2013	25 per cent	26 per cent
2014	21 per cent	23 per cent
2015	23 per cent	26 per cent
2016	19 per cent	22 per cent
2017	27 per cent	31 per cent
2018	31 per cent	34 per cent

available to indicate the percentage of affordable housing provision. Comprehensive data for the previous years is not available and so has not been used.

Year	Stage 1 Average Affordable Percentage per scheme (by unit)	Resolution to grant or approved directly (Stage 2/Stage 3) Average Affordable Percentage per scheme (by unit)
2019	32 per cent	38 per cent
2020	36 per cent	40 per cent
2021	40 per cent	43 per cent
2022	40 per cent	41 per cent
2023	40 per cent	42 per cent

5.9 The chart below shows that the average level of affordable housing secured per scheme has increased significantly following the introduction of the Threshold Approach in 2017.

5.10 The average level of affordable housing per scheme at Stage 2 was slightly lower in 2023 compared to 2021 (by unit), however, when measured by habitable room this was at its highest level over the data period (see below). As set out above, the percentage of affordable homes as a proportion of total homes in 2023 was at its highest level over the data period.



Average Percentage of Affordable Housing Per Scheme (by Habitable Room)

5.11 The table below shows the average percentage of affordable housing per scheme on a habitable room basis for the years 2016-2023[6]. The average affordable housing

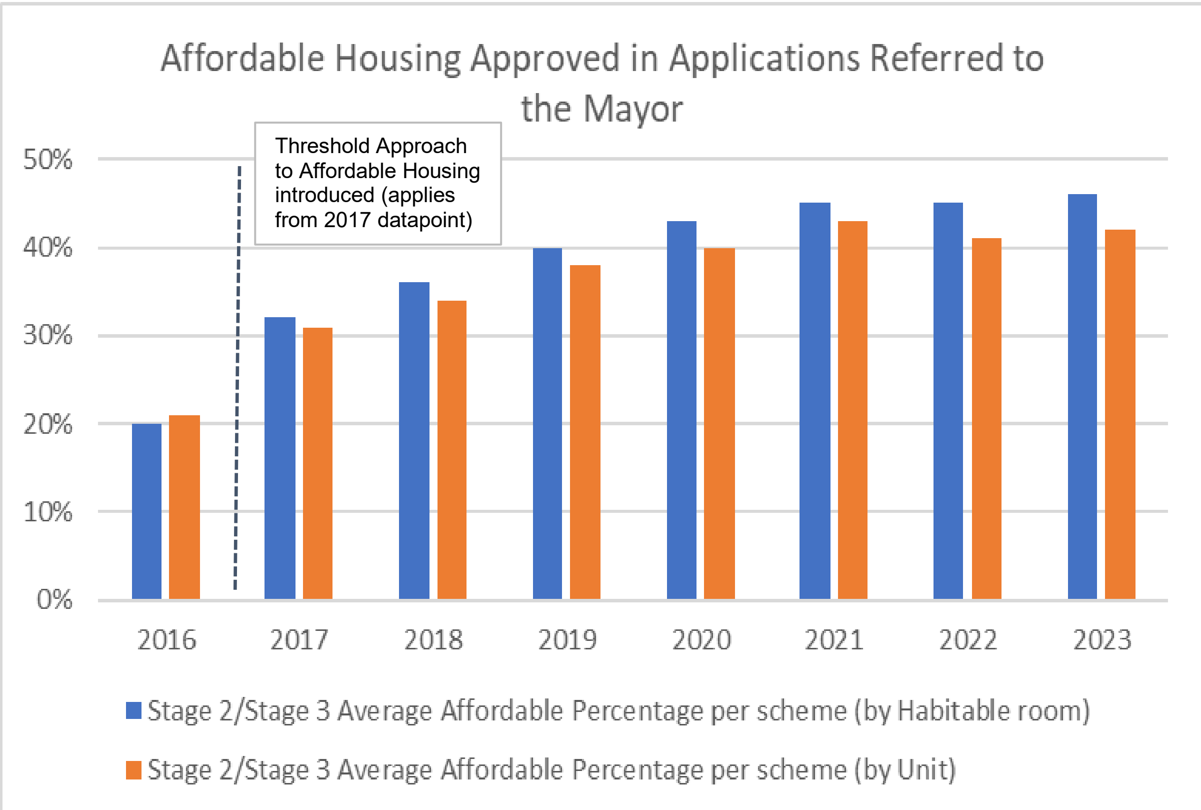
[6] Comprehensive information for the percentage of affordable housing by habitable room is not available for earlier years.

percentage per scheme was 46 per cent by habitable room in 2023 which is the highest level over the data period.

Table 6. Average Percentage of Affordable Housing Per Scheme (by Habitable Room)

Year	Resolution to grant or approved directly (Stage 2/Stage 3) Average Affordable Percentage per scheme (by habitable room)
2016	21 per cent
2017	32 per cent
2018	35 per cent
2019	39 per cent
2020	42 per cent
2021	45 per cent
2022	45 per cent
2023	46 per cent

5.12 The chart below shows the average percentage of affordable housing per scheme by unit and habitable room:



5.13 The higher level of affordable housing measured by habitable room in 2023 compared with the percentage by unit, indicates that the average size of affordable homes has increased relative to previous years.

6. Schemes Providing 35 per cent or more Affordable Housing and Following the Fast Track Route

6.1 The table below shows the number of cases providing 35 per cent or more affordable housing and that followed the Fast Track Route in the years 2018 to 2023[7]. These are the complete calendar years in which the Mayor's Threshold Approach has been in operation since adoption of the Mayor's Affordable Housing and Viability SPG in August 2017 and publication of the Draft London Plan in December 2017.

Table 7. Schemes Providing 35 per cent or more Affordable Housing and that follow the Fast Track Route

Year	Total number of approved residential applications	Number of schemes with 35 per cent affordable housing or more (by habitable room)	Percentage of schemes with 35 per cent affordable housing or more (by habitable room)	Number of schemes eligible for Fast Track Route	Number of Fast Track Route schemes	Percentage of eligible schemes following the Fast Track Route
2018	98	52	53 per cent	82	22	27 per cent
2019	62	50	81 per cent	54	21	39 per cent
2020	94	74	79 per cent	83	41	49 per cent
2021	87	72	83 per cent	80	49	61 per cent
2022	82	69	84 per cent	65	43	66 per cent
2023	56	43	77 per cent	40	21	53 per cent

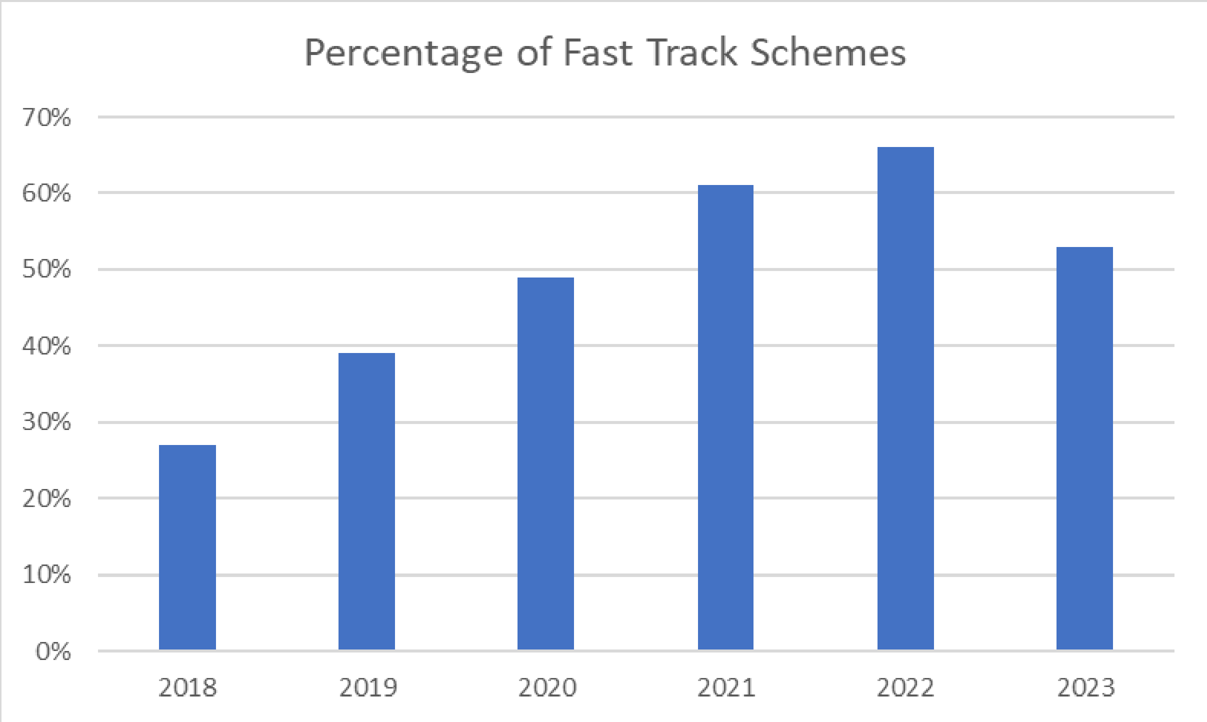
6.2 For the last five years, more than three quarters of schemes have provided 35 per cent or more affordable housing. 77 per cent of referable schemes were approved in 2023 with 35 per cent or more affordable housing.

6.3 The number of schemes following the Fast Track Route has increased over the period with just under half of eligible referable applications following the Fast Track Route in 2020, 61 per cent of applications in 2021, 66 per cent in 2022 and 53 per cent in 2023[8]. This is broadly double (or more) the proportion of schemes that followed the Fast Track Route in 2018 (27 per cent).

6.4 There has been a reduction in the proportion of schemes that followed the Fast Track Route in 2023 compared to the previous two years reflecting market conditions, however more than half of eligible schemes continued to follow the Fast Track Route.

[7] See previous footnote.
[8] This excludes estate regeneration schemes which follow the Viability Tested Route.

6.5 The chart below shows the percentage of eligible schemes that have followed the Fast Track Route since the introduction of the Threshold Approach:



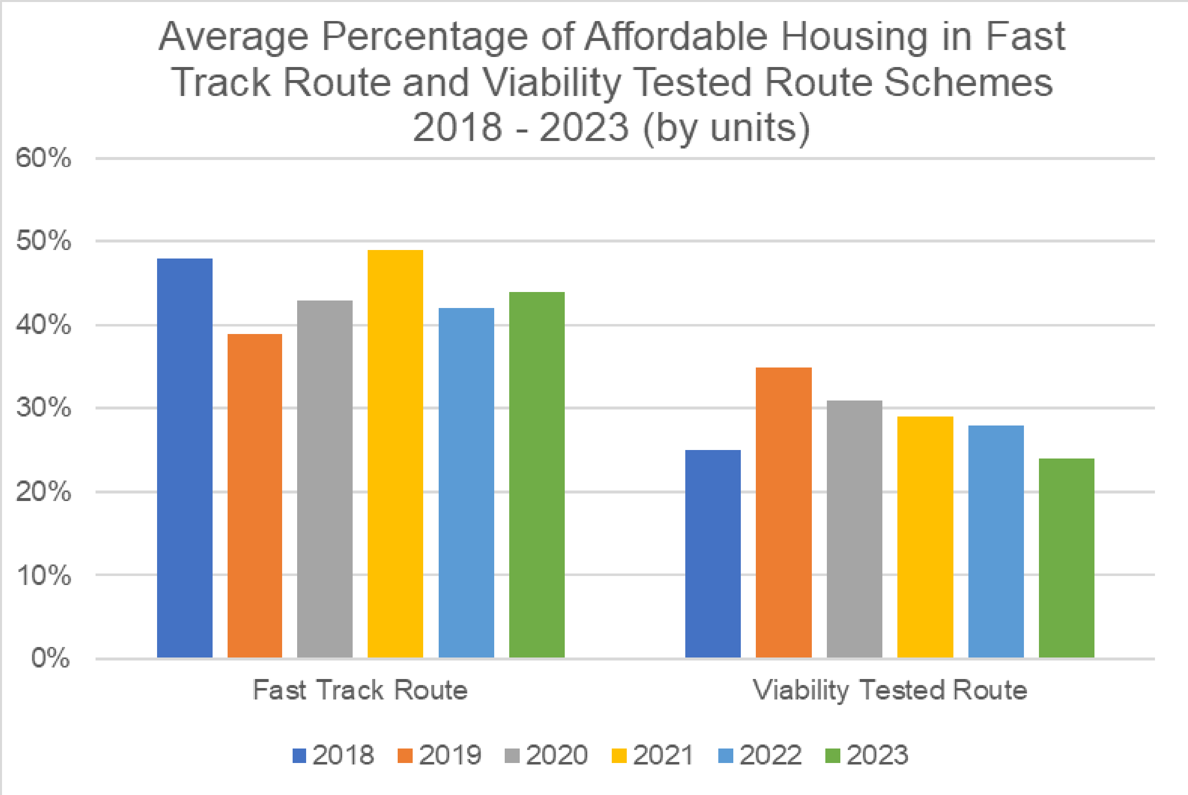
6.6 The table below shows the average level of affordable housing in schemes that have followed the Fast Track Route and Viability Tested Route between 2018 and 2023 where these were eligible to follow the Fast Track Route. Fast Track Route schemes secured a higher proportion of affordable housing, on average compared with Viability Tested schemes[9].

Table 8: Average Percentage of Affordable Housing in Fast Track Route and Viability Tested Route Schemes 2018-2023 by units

Year	Fast Track Route	Viability Tested Route
2018	48 per cent	25 per cent
2019	39 per cent	35 per cent
2020	44 per cent	31 per cent
2021	49 per cent	29 per cent
2022	42 per cent	27 per cent
2023	44 per cent	24 per cent

6.7 The chart below shows the average level of affordable housing secured in Fast Track Route Schemes and Viability Tested Route schemes respectively. The average proportion of affordable housing in Fast Track schemes is consistently higher than those that follow the Viability Tested Route.

[9] This excludes estate regeneration schemes which follow the Viability Tested Route



6.8 Analysis of the time between Stage 1 and Stage 2 Reports also indicates that the Threshold Approach has had a material impact on the time taken to determine planning applications, with Fast Track Schemes progressing to Stage 2 on average three months quicker than Viability Tested schemes between 2018 – 2023, and five months quicker in 2023.

6.9 Applications assessed under the Viability Tested Route schemes took on average a quarter of the time longer than Fast Track Route schemes to progress to Stage 2 and 40 per cent longer in 2023. This does not take into account further time savings at pre-application stage, pre-Stage 1, and post Stage 2.

7. Tenure of Affordable Housing

7.1 The following table shows the affordable housing tenure split, by unit, for Low Cost Rent housing and Intermediate Housing between 2011 and 2023[10]. These comprise of the following affordable housing types:

- Low Cost Rent: Social Rent, London Affordable Rent (LAR), Other Affordable Rent products (including borough specific products such as Tower Hamlets Living Rent) available to low-income households.
- Intermediate: London Living Rent, London Shared Ownership, Discounted Market Rent, Discounted Market Sale and other products that meet the London Plan affordability and eligibility criteria for intermediate housing.

7.2 In 2023, 57 per cent of affordable homes were Low Cost Rent (6,684 units) and 43 per cent were Intermediate (5,041 units). The tenure split by habitable room in 2023 was 61 per cent Low Cost Rent (21,568 hab rooms) and 39 per cent Intermediate housing (14,002 hab rooms).

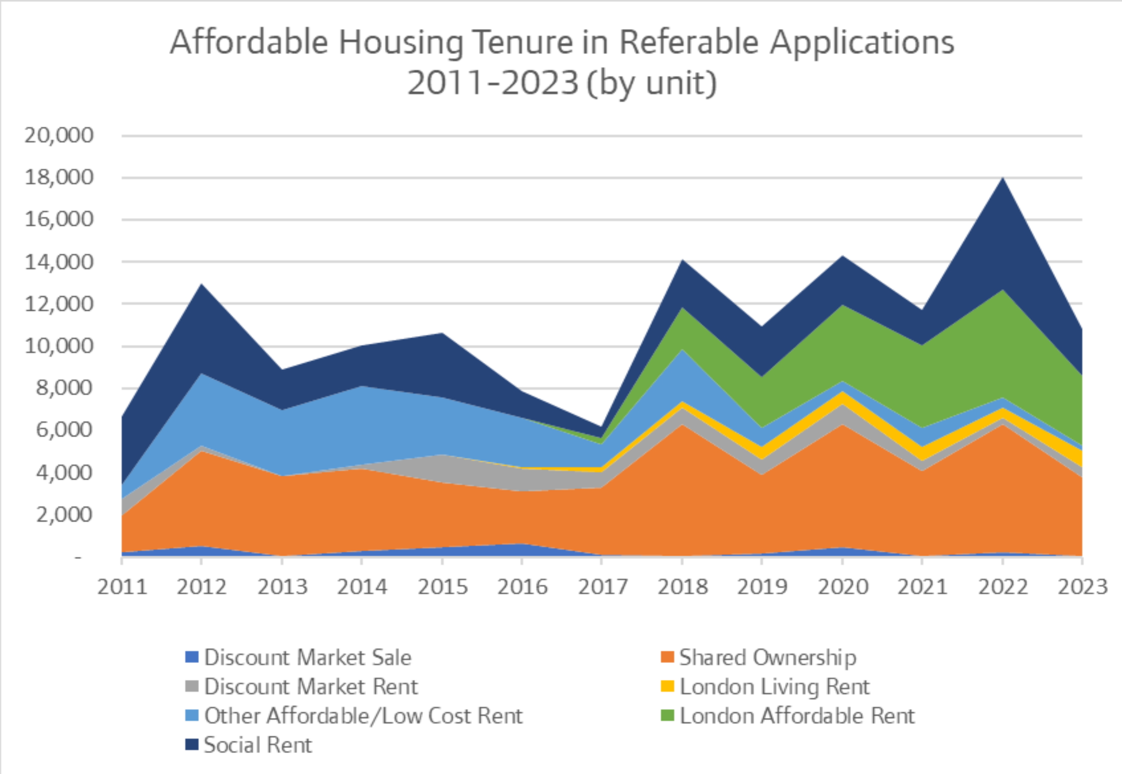
Table 9: Affordable Housing Tenure Split (by unit)

Year	Low Cost Rent Units	Low Cost Rent Units as a per cent of Total Affordable Units	Intermediate Units	Intermediate Units as a per cent of Total Affordable Units
2011	3,917	59 per cent	2,738	41 per cent
2012	7,757	60 per cent	5,248	40 per cent
2013	5,073	57 per cent	3,843	43 per cent
2014	5,642	56 per cent	4,373	44 per cent
2015	5,803	55 per cent	4,826	45 per cent
2016	3,619	46 per cent	4,225	54 per cent
2017	1,959	32 per cent	4,229	68 per cent
2018	6,788	48 per cent	7,353	52 per cent
2019	5,739	52 per cent	5,196	48 per cent
2020	6,495	45 per cent	7,842	55 per cent
2021	6,490	55 per cent	5,207	45 per cent
2022	10,963	61 per cent	7,080	39 per cent
2023	6,684	57 per cent	5,041	43 per cent

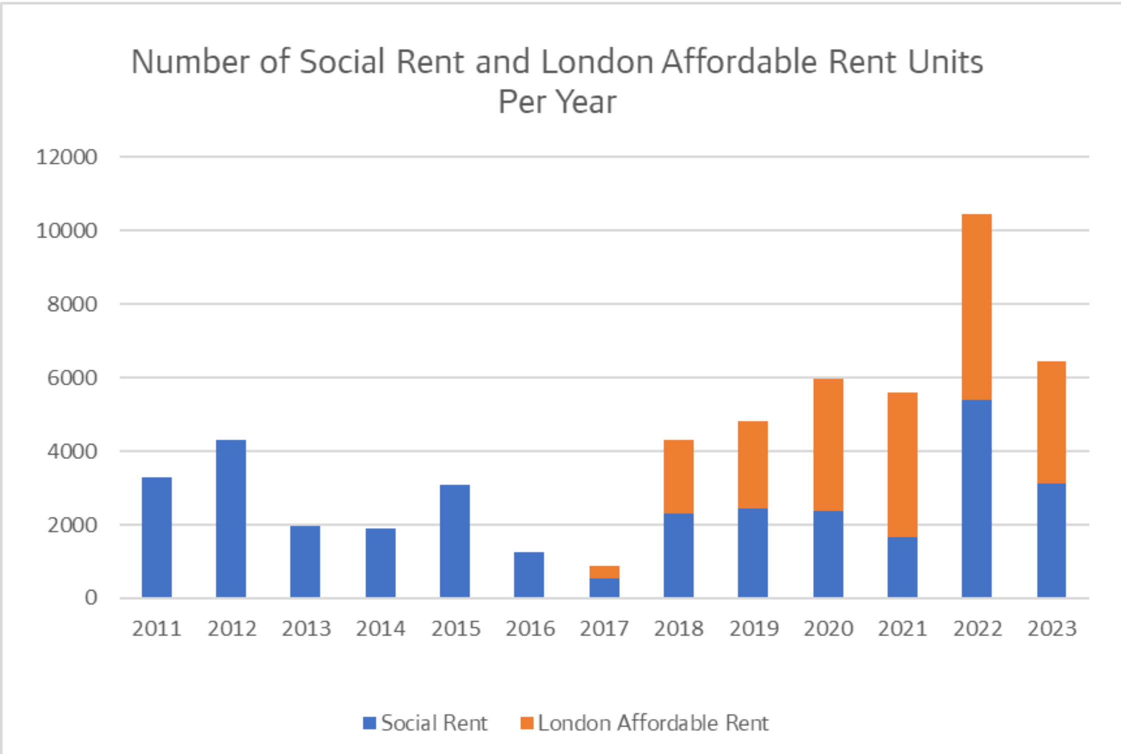
7.3 The following chart shows the number of affordable homes by tenure, for schemes with a resolution to grant or approved directly[11]. This indicates that the total number of affordable homes increased significantly from 2018. Between 2012 and 2016, the majority of Lost Cost Rent housing was provided as affordable rent at up to 80 per cent

[10] This uses information available in Stage 2 / 3 reports, however, for some years, data availability is more limited and so this may understate the total number of affordable housing units.
[11] See previous footnote for information regarding data availability.

of market rent. Since 2018, the number of Low Cost Rent homes secured as Social Rent or London Affordable Rent, which are charged at much lower rents, has increased significantly[12].



7.4 The following chart shows the number of homes secured as Social Rent and London Affordable Rent.



[12] Funding for social rent was not available through the 2016-2023 Affordable Homes Programme (AHP). The Mayor does not consider that affordable rent at 80 per cent of market rent is affordable, and so introduced London Affordable Rent at significantly lower rents which are closer to rent cap figures for social rent. The Mayor's new 2021-26 AHP and Draft Affordable Housing London Plan Guidance prioritise the delivery of social rent.

8. Affordable Housing Financial Contributions, Affordable Student Accommodation and purpose-built shared living

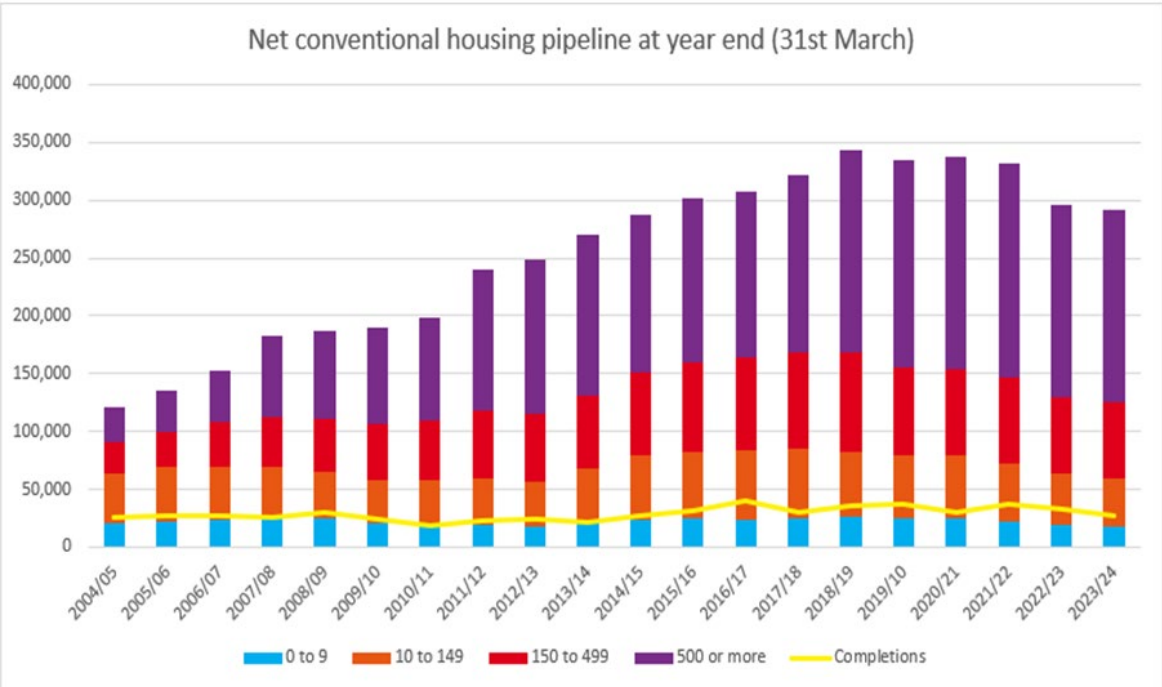
8.1 In addition to on-site affordable housing provision, £84.2m in financial contributions were secured in 2023 for the delivery of affordable housing by councils within their affordable homes programmes. Of the total contributions secured, £61m was secured from purpose-built shared living schemes and £17.6m from purpose-built student accommodation schemes.

8.2 Five schemes approved in 2023 included student accommodation comprising 1,911 student bed spaces, of which 320 were secured as affordable student accommodation. Four of the five schemes were student accommodation-led developments and one delivered 35 per cent on site C3 affordable housing in addition to on-site affordable student bed spaces.

9. Housing Delivery: From Planning Approval to Build-Out

9.1 This report shows that the level of affordable housing approved in planning applications referred to the Mayor has increased significantly since the introduction of the Threshold Approach in the Mayor's Affordable Housing and Viability Supplementary Planning Guidance and Draft London Plan in 2017. In addition, GLA data shows that affordable housing provision in all schemes with ten or more residential units increased from 24 per cent in 2016 to an average of 35 per cent between 2021 and 2023[13].

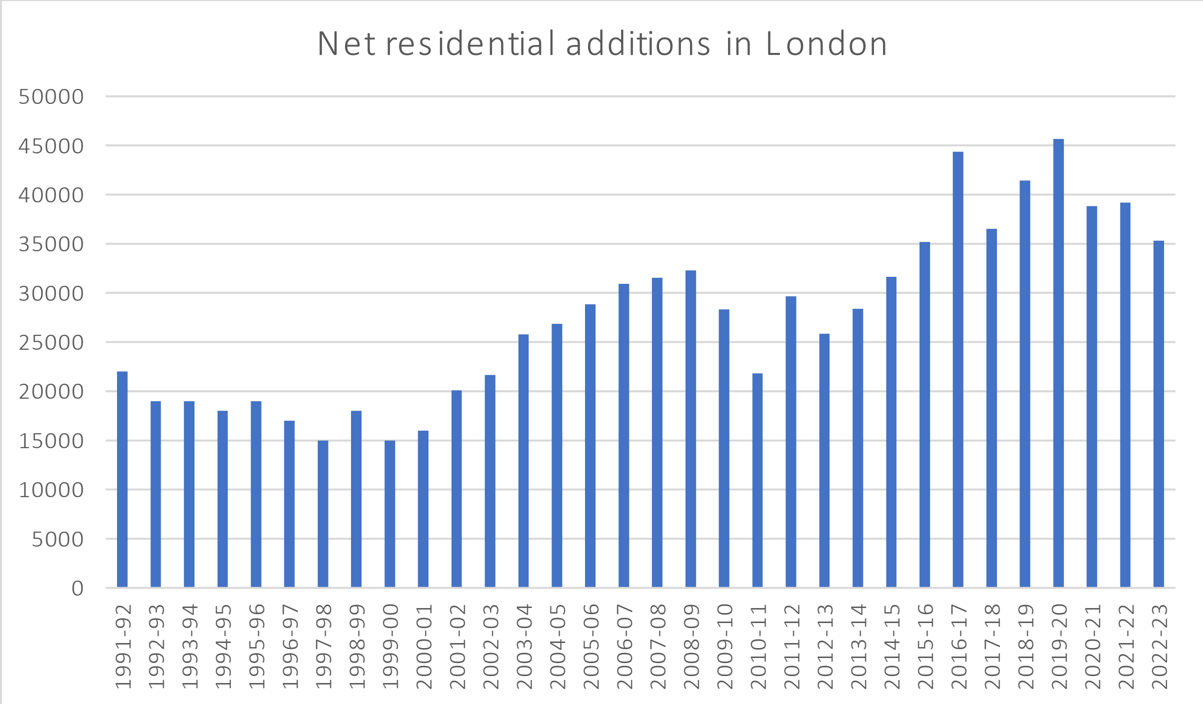
9.2 GLA figures show that there are 317,000 residential units in London's planning pipeline (all schemes), of which 292,000 are conventional homes and 79,000 are affordable homes[14]. The majority of units in the pipeline (233,219) are in schemes with 150 or more homes which would be referable to the Mayor. The graph below shows that the pipeline for net conventional housing has increased significantly since 2004/5, notably in the category of schemes with 500 or more units[15]. Schemes with 1000 or more homes account for 108,734 homes which is nearly 37% of the pipeline. The total pipeline figure has reduced since 2018/19, however remains much higher than the level of residential completions compared with earlier years in the period.



Planning London Datahub, September 2024

9.3 The graph below shows that net residential completions have been significantly higher over the last eight years compared with available data for the period since 1991[16]. The latest five year average is more than 40,000, compared with an average of 25,000 between 1991/2 and 2017/18. The highest figure in the period was 45,676 in 2019/20 which, based on available information, is likely to be the highest year of annual completions since the 1930s. Completions reduced to 35,305 in 2022/23 reflecting weaker market conditions, however this remains high compared with other years in the dataset.

[13] Planning London Datahub, September 2024.
[14] This includes all C3/ C4 residential units in permitted and started schemes as at 31st March 2024.
[15] This excludes non-self contained units such as student and co-living.
[16] ONS, Live tables on housing supply, net additional dwellings 2024



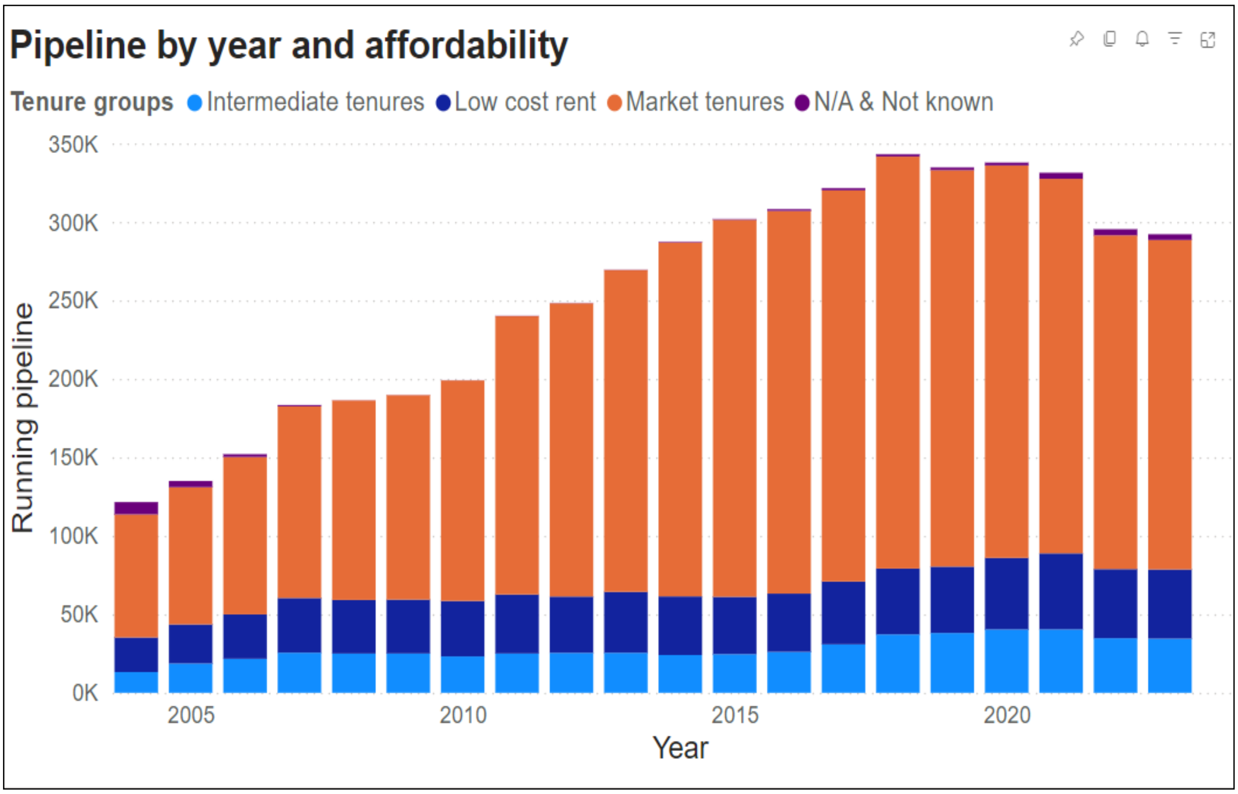
ONS Housing Supply, net additional dwellings, 2024

9.4 GLA planning data indicates that net completions of affordable homes exceeded 8,500 in 2022/23, which is the highest figure since 2011/12[17]. 7,410 affordable homes were completed in 2023/24. This excludes additional affordable homes that are provided outside of the planning process. This shows that the downward trend in affordable housing delivery between 2013 and 2016 (despite this being a period of substantial house price inflation) reversed in the period that followed, albeit a significantly higher level is required to meet housing need.

9.5 The build out of approved homes is influenced by a range of factors that extend beyond the planning process, including land ownership, the scale and type of development, the type of developer (e.g. private, registered provider of social housing, public authority), infrastructure delivery, and market conditions including changes in residential values and development costs. Recent shortages in construction workers may also slow down the rate at which approved homes are being delivered. Recent market conditions including inflation and higher interest rates following the Covid-19 Pandemic, the war in Ukraine and the 2022 mini budget, as well as regulatory uncertainty relating to requirements for second staircases, have resulted in a reduction in housing delivery. However, as shown above, even in more buoyant economic conditions, completions did not increase at the same rate as the residential pipeline.

9.6 The graph below shows that the number of affordable homes in the pipeline was relatively constant between 2007 and 2016, however it has increased since 2017.

[17] Planning London Datahub, September 2024.



Planning London Datahub 2024

9.7 As well as helping to meet housing need and reducing councils' significant temporary accommodation costs, delivering higher levels of affordable housing is important for increasing overall housing supply. Securing a mix of affordable and other tenures reduces exposure to sales risk and 'market absorption rates' which affect the speed at which builders construct new homes without house prices reducing. The delivery of affordable housing can therefore help to support the delivery of schemes that might otherwise not take place or may otherwise be delayed or built out at a slower rate. This is recognised in the government's new draft National Planning Policy Framework (2024) which states that planning authorities should support the development of mixed tenure sites which can provide a range of benefits including creating diverse communities and supporting timely build out rates[18].

9.8 The Mayor is working with the housing sector to help ensure that approved homes are delivered and that wider challenges in the Section 106 market are overcome. These issues relate to a combination of financial constraints on registered providers and concerns around the quality, management and price of the homes offered. The Mayor has launched schemes through the Affordable Homes Programme, including the Accelerated Funding Route which provides more certainty on the availability of grant funding, including for developer-led schemes. These measures will help to make the purchase of affordable homes more attractive to Registered Providers.

9.9 The Mayor has also welcomed new flexibilities agreed by government in the use of councils' Right to Buy receipts, which will make more funding available to councils for the acquisition of Section 106 homes. The GLA is also exploring potential additional measures and will continue to engage with the sector, working alongside Government.

[18] See also Independent Review of Build Out, MHCLG 2018 and House Building Market Study, Competition and Markets Authority 2024.