

## Annex G Note of interventions to increase housing delivery in London

The **new London Plan** provides a comprehensive and effective framework of policies designed to bring about a step-change that will both significantly increase housing supply and yield a broad range of housing types, tenures and sizes for the benefit of London's diverse population. The Plan should be read alongside the **London Housing Strategy** (a statutory strategy required by the GLA Act, developed in tandem with the draft London Plan and adopted in Aug 2018) which provides further detail regarding the wider measures the Mayor is taking to deliver against the Plan's housing policies and Good Growth objectives.

In focussing on accelerating supply, the Plan's housing policies provide practical steps for the preparation of delivery-focussed local and neighbourhood plans that make the best use of land. This includes specifically promoting key strategic sources of supply - giving a clear indication of where and what type of development will be supported – and requiring boroughs to identify and allocate a range of suitable sites to meet and exceed ten-year housing targets. A step-change in housing delivery will, in part, result from diversification of supply and as such, in addition to supporting a varied delivery of housing products, the London Plan also seeks to encourage new entrants into the housing delivery market.

Similarly, the London Housing Strategy reflects the Mayor's understanding that meeting ambitious delivery targets will rely on addressing fundamental constraints to increasing supply, including land availability, infrastructure and labour shortages, and provides a comprehensive framework for how delivery aspirations can be achieved.

As recognised by the Panel of Inspectors who presided over the Examination in Public, *"the Mayor is doing his utmost, given the limitations on his powers and resources, to stimulate the construction of suitable housing. This range of measures will go towards ensuring that the 'ambitious' build-out rates mentioned in GG4E are achieved"*. As set out in both the draft London Plan and London Housing Strategy, there are inherent constraints to delivering significant volumes of new housing in London, including these limitations on powers and resources. Achieving the targets set out in the London Plan will require the contribution of existing players to be supported and complemented by a significant expansion in the range of delivery models used and the tenures and types of homes delivered, which the Mayor is working to achieve. It will also require continued and sustained investment in enabling infrastructure and affordable housing from Government. Chapter 11 of the London Plan discusses the potential funding requirements to deliver the Plan, however, these figures change as economic variables including market conditions and construction costs change. More recent analysis on funding requirements for affordable housing can be found in the GLA's '2022-2032 Affordable Housing Funding Requirement for London', published in June 2019 and on enabling infrastructure can be found in 'The cost of London's infrastructure requirements to 2041 and the funding gap' published in November 2019.

### The role of small sites

The aim to diversify supply frames a focus on the greater role that small sites must play in solving the housing crisis, with **Policy H2-Small sites** in the new London Plan seeking to expand supply from this currently underutilised source. This will open up opportunities for

development in locations already well-served by public transport and existing infrastructure, increasing rental and affordability options, in turn preventing the need to build on protected open space. The policy also recognises small sites' suitability for small and medium-sized builders, acknowledging that their additional capacity will complement housing delivery from larger volume housebuilders, reducing reliance on complex schemes with long-term build out programmes. Additionally, the policy lends support to those wishing to bring forward custom, self-build and community-led housing.

In parallel with the London Plan policy objectives, the London Housing Strategy sets out further detail around approaches to diversify the housing industry, recognising untapped capacity to deliver new supply. As set out in the strategy, the Mayor is supporting community-led organisations, with a target of securing a pipeline of community-led schemes with capacity to deliver 1,000 new homes by 2021. In 2017 he launched the **Community-led Housing Hub**, which helps groups to access support and expertise, guiding them through the process of developing their own homes. In 2019 he launched the **London Community Housing Fund**, which provides £38m capital grant and loans, as well as revenue support to strengthen the capacity of this part of the industry.

The London Housing Strategy also commits to enabling small and medium-sized builders to increase their housing output. To increase the availability of land for small builders, the Mayor is taking action to significantly increase the availability of small sites, specifically those in public ownership. The **Small Sites, Small Builders programme** trialled this approach by making available 19 surplus Transport for London (TfL) sites in 2018. The Mayor is now expanding the programme to support other public landowners such as councils – who often have limited resources to develop smaller sites – to unlock new homes by providing a new competitive disposal process to small builders, funding landowners to identify and address site constraints, and simplifying the process by standardising contract terms.

The Inspectors' Report on the Examination in Public of the London Plan recommended that the small sites targets be reduced from the Plan's initial aspirations. The Inspectors acknowledge in their report however, that small sites do have an important role to play in housing delivery and that boroughs may exceed their targets. As such, the new small sites targets set a minimum baseline, which supports the policy's strong emphasis on the need for boroughs to vigorously pursue opportunities presented by small sites, using the strategic policy framework set out in the Plan. Moreover, the expectation remains that these figures are likely to be exceeded given the broad range of additional interventions underway.

Both the small sites and design policies of the new London Plan highlight the importance of the use of **area design codes** to simplify the processes associated with new development and to facilitate incremental change through providing certainty within the planning system. Design codes play an important role in the process of delivering good design, by communicating what the most appropriate forms of development are for an area, helping to move the process forward from the plan-making stage to the delivery of high-quality designed development that optimises sites.

The Mayor is currently preparing **detailed design guidance** to aid policy implementation and assist boroughs to optimise development capacity through a design-led approach in a range of contexts across London, as well as funding boroughs to prepare housing design codes.

### **Affordable housing**

The new London Plan also includes a range of measures to stimulate a relatively high proportion and number of new affordable homes, compared to current London Plan aspirations. **Policies H4 – H6** in the new London Plan seek to ensure that genuinely affordable homes are secured through the planning system, moving away from protracted viability debates and embedding affordable housing requirements into land values. This is achieved through:

- setting a **clear target** for strategic delivery;
- providing a strong incentive for developers to increase affordable housing levels via the **‘threshold approach’** to applications, which enables applications to accelerate through the planning system under the **‘fast track route’**;
- emphasising the importance and availability of grant;
- making clear expectations for delivery through affordable housing providers and on industrial and public land; and
- capturing uplift in values following a grant of permission via **early and late stage review mechanisms**, which also act as a strong incentive for developers to implement and complete consented schemes at an ambitious but realistic rate of delivery.

There is already strong evidence to suggest that the approach to affordable housing has, and will continue, to succeed in increasing supply. The **Mayor’s Affordable Housing and Viability supplementary planning guidance (SPG)** - published in August 2017 - provides further information to applicants on how the Mayor is seeking to increase affordable housing delivery via the planning system. This includes, inter alia, detail around the threshold approach to viability, the fast track route to permission and review mechanisms. By 2018, 34 per cent of homes in approved schemes referred to the Mayor were affordable, up from 22 per cent in 2014. Setting out the Mayor’s expectations formally through the policies in the new London Plan will only strengthen the ability of the GLA and the London boroughs to deliver more genuinely affordable homes through schemes.

The Mayor is also making direct investments in affordable housing through the **Affordable Homes Programme 2016-21**. The Mayor secured £4.82bn from government to support 116,000 genuinely affordable housing starts by 2022. Allocations for 105,000 homes have been made to date, delivering 41,704 affordable housing starts between April 2015 and March 2019. In 2018/19, the Mayor supported the delivery of 14,544 affordable homes in London - more than in any year since housing investment was devolved to City Hall - and 1,916 council homes - the highest number of council homes started in London for 34 years.

The Mayor has formed **sixteen strategic partnerships** with housing associations, or partnerships of housing associations, prepared to build homes at scale and deliver at least 60 per cent affordable housing across their portfolios. These strategic partnerships will deliver additional genuinely affordable homes. Grant rates were boosted to strengthen the viability

of new schemes and enable the development of homes let at London Affordable Rent, based on social rent levels, and London Living Rent, based on local incomes.

In Autumn 2019, the Mayor published his offer for smaller and medium-sized housing associations, which sets out the range of funds and tools at the GLA's disposal to support higher levels of development by these organisations. For the first time, this made available to small and medium-sized housing associations the option to draw down grant at an earlier stage in the development process, alleviating cash flow pressures specific to smaller housing associations. In exchange for this facility, housing associations will be required to commit to additional allocations of at least 10 per cent more than their existing Affordable Homes Programme allocations.

The Mayor's **Building Council Homes for Londoners programme** launched in 2018, is allocating £1.05bn for 14,924 council homes. 11,354 of these will be for Social Rent or London Affordable Rent.

The Mayor is also supporting councils through a complementary revenue funding offer which aims to enhance their capacity to build, and to support them to increase housing supply more broadly through their role as local planning authorities. The **Homebuilding Capacity Fund**, also launched in 2018, made £10m revenue funding available, with councils able to bid for up to £750,000 to support project work across four areas of work where they informed the GLA that lack of resource was a constraint. These were: delivering a new generation of council homes; supporting development of small sites; proactive planning in areas with significant growth potential; and ensuring optimal density of new schemes. £9.76m was allocated to support 53 projects across 32 boroughs.

In terms of City Hall's own land, rather than simply being sold to the highest bidder, this has been released through development agreements to secure the delivery of thousands of genuinely affordable homes. 635 hectares of landholdings are almost entirely released, with construction either currently on-site or already completed.

The Mayor is also working with other **public landowners** to assess development opportunities and enable construction on public land. TfL aim to bring forward a programme which will deliver 10,000 new homes started on site by March 2021. 50 per cent of homes (by habitable room) built across the portfolio will be affordable, on projects brought to market after March 2016. TfL has been tasked with delivering more than 10,000 starts by 2021. The GLA is also working with the London Estates Board and contributed to the drafting of the London Health and Care Estates Strategy, which identifies sites no longer required for health care delivery to be released for alternative use, including the development of new homes.

The Mayor has also created the **London Development Panel (LDP2)** – a framework of carefully selected builders, developers and housing associations which public land owners can use to commission new residential development on their land. Using the panel offers time - and potentially cost - savings compared to procuring development partners through other routes. The GLA has developed new fire safety requirements which it will apply to all future buildings which it commissions via LDP2. A fire safety guidance note strongly encourages panel users to adopt the fire safety requirements when they use the panel. The requirements include

items such as installing sprinklers, the combustibility restriction of external wall systems and the registration of white good products.

### **A design-led approach**

The new London Plan's approach to design will play an essential role in achieving the level of growth envisaged by the broader spatial strategy. The Plan's **design policies** stipulate the principles necessary for creating sustainable, well-designed places that optimise development opportunities, and set out the processes involved in taking a plan-led approach to delivering growth identified by the housing policies. Not only will this ensure that development is sustainable, it encourages a uniform approach to the optimisation of site capacities across London, ensuring that opportunities for growth are not missed now or in future. This will make sure that boroughs are equipped to plan proactively for delivery that meets need, embedding quality design and notional site capacities at the early plan-making stage, in turn streamlining the development management process by providing a solid evidence base for decision taking further down the line.

In order to increase capacity in local authorities to support this design-led approach and deliver more quality homes for Londoners, the Mayor was one of the founding partners of **Public Practice**, a social enterprise that places outstanding built environment experts within local authorities. Public Practice has quadrupled in scale since it launched in 2017, making 84 placements across 36 public authorities.

Cognisant of the role of design in helping to modernise and streamline building methods, the Mayor is promoting the use of **precision manufactured housing (PMH)**. This includes commissioning **the development of Prism**, a new design app. Prism enables homebuilders to more easily assess the viability of a precision manufactured build much earlier in the process, which has been shown to be an existing barrier to adoption, and should serve to promote standardisation and to aggregate demand within the industry. Ambitious housing targets will not be achieved using traditional construction methods alone, and precision manufacturing presents an opportunity to deliver high-quality homes at pace and scale, by using labour and skills more efficiently, and with better sustainability outcomes.

### **Diversifying housing products**

In further diversifying supply, **Policies H12 to H15** in the new London Plan aim to ensure that specialist housing needs are met alongside the need for conventional housing, whilst **Policy H10-Housing size mix** seeks to ensure that a range of housing sizes are delivered for the benefit of larger and smaller households.

The ability of **Build to Rent (BtR)** homes to accelerate housing delivery – given the parallel market to conventional Built for Sale (BfS) homes - is also given consideration by the London Housing Strategy and the new London Plan, through policy which sets out a supportive framework for the delivery (and continued operation) of high-quality private rented accommodation, including genuinely affordable products.

## **Proactive intervention in London's land market**

The Mayor is adopting a more **interventionist approach** to engaging in the land market, to increase housing delivery and ensure more affordable homes are built. £736m funding is available to support land interventions, comprising London's share of the Accelerated Construction Fund, Small Sites Fund and Land Assembly Fund, supplemented by the Mayor's own £250m fund. These funds are deployed to acquire land and prepare it for build out, optimise sites, support brokerage, or deal with contextual constraints such as remediation or small- to medium-scale infrastructure projects. In parallel, policy work is being undertaken with a view to trialling new approaches to land assembly, following the publication of research drawing on international examples.

The GLA submitted six bids worth £1.1bn to central Government's **Housing Infrastructure Fund**, which would unlock over 50,000 new homes. So far, four of the bids have been formally approved by the Government. The projects will deliver a range of physical infrastructure required to unlock major development sites and get housebuilding started, supporting delivery in London's Opportunity Areas, which have the potential to provide a substantial amount of the new homes and jobs the city needs. Further funding of this nature is required to unlock other sites across the capital.

## **Tackling the construction skills gap**

The existing shortage of construction labour is forecast to worsen considerably in the coming years. To address this potential constraint on housing delivery, the **Mayor's Construction Academy (MCA)** was launched in June 2018, to help more Londoners train in the skills needed to access jobs in construction, particularly on London's housing sites. It provides training providers with capital and revenue funding to improve the quality and industry-relevance of their provision. An MCA quality mark recognises high-quality industry-responsive construction skills training provision in London and to date, seven MCA hubs have been established, which bring together large employers, SMEs, quality-marked construction training providers, trade bodies, local authorities and employment brokerages to improve collaboration and the supply of construction skills.

**In summary**, through a comprehensive framework of strategic policies, the Mayor's new London Plan seeks to embed greater certainty for housing delivery into the planning system at a London-wide level. Together, the London Plan and the London Housing Strategy - bolstered by several associated programmes and funding initiatives - comprise an impressive and ambitious approach to ensure the step-change required to significantly increase housing supply across the capital.