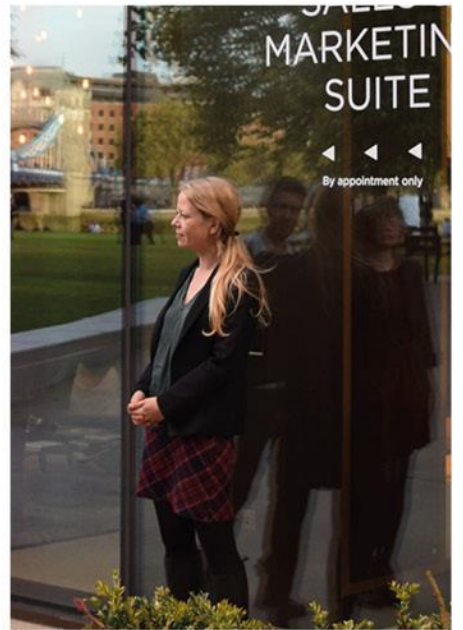


NO-SHOW HOMES: FINDING LONDON'S MISSING AFFORDABLE HOUSING



A briefing by Sian Berry AM
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September 2018



NO-SHOW HOMES: FINDING LONDON'S MISSING AFFORDABLE HOUSING

Building more homes that Londoners can afford is vital but our current policies are failing.

The focus of many politicians is to point to the overall target for new homes and ask London to tackle affordability by increasing this further. They even ask whether reducing the Mayor's requirements for new developments to include a proportion of affordable housing will help. This seems unlikely if we are missing current targets, and may in fact make things worse.

I wanted to ask a new question. How many of the 'affordable' and social rented homes that are the real key to helping Londoners should have been built in recent years but were not, and where are these no-show homes?

I also wanted to see if the Mayor's new 'fast track' route through the planning system for schemes with more affordable housing has started to be effective. Has it helped to start turning around the situation he inherited, with London overachieving its targets for building market homes but failing badly to secure homes for Londoners on average and low incomes?

To answer these questions, I have analysed data from the London Development Database, which stores details of all planning permissions granted by boroughs, development corporations and Mayoral decisions. For the period from January 2016 to April 2018, I looked at the number of affordable homes achieved in planning permissions, and compared this with the number that would have been required under London's existing strategic planning policy of 40 per cent affordable housing.



From more than 153,000 homes given planning permission over two years, I found very large numbers of no-show homes:

- 33,424 affordable homes are missing across London as a result of London's strategic planning policy target not being achieved.
- The number of social homes secured through planning falls 29,241 below the current London Plan's targets.

Boroughs must do better, and the Mayor must focus attention on the areas from which the most affordable homes are missing. This report shows that, where the most new development is taking place, dropping below target by even a small percentage has a large impact on the number of missing affordable homes.

I found that the Mayor's new 'fast track' offer to incentivise developers to provide more affordable homes has not yet had a real impact on the numbers. However, there are some early signs that the 35 per cent affordable homes threshold could be strengthened in future. If so, this needs review sooner than the planned date of 2021.

Sian Berry AM
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WHAT'S MISSING COMPARED WITH CURRENT POLICY?

The London Development Database (LDD) shows that 153,232 new homes were given planning permission in London between January 2016 and April 2018.¹

If the current London Plan strategic target of 40 per cent affordable housing had been met, 61,293 of these homes should have been

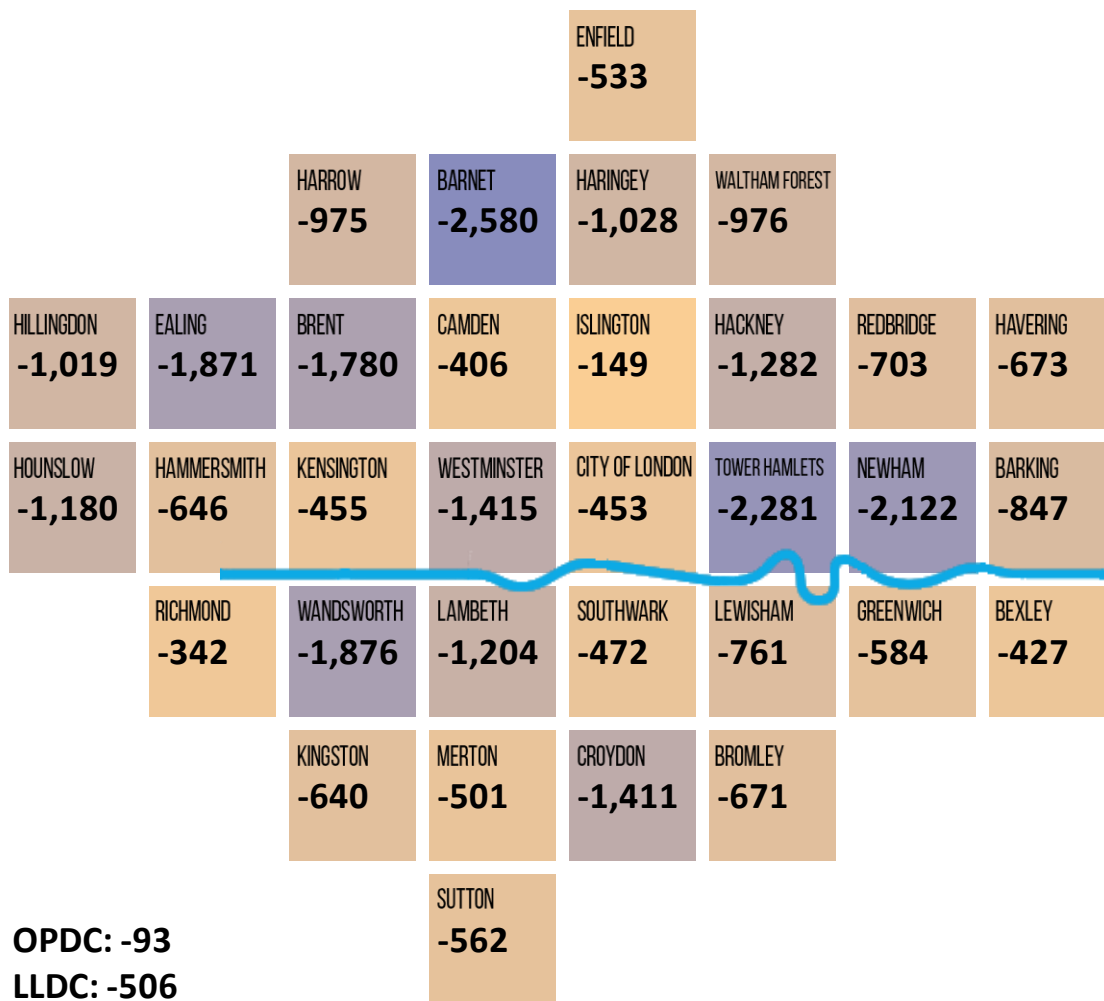
affordable. But the LDD shows just 27,869 affordable homes were secured through the planning process during this time.

This gap means 33,424 affordable homes, in just two years, are going missing across London as a result of strategic planning policy targets being missed.

The borough map below shows that there are missing homes in every council area, with a big variation in how many affordable homes each borough has allowed to slip through the net.

Missing affordable homes since 2016

Shortfall between homes secured and the London Plan policy at 40 per cent



WHAT'S MISSING COMPARED WITH WHAT LONDON NEEDS?

I have also looked at what the Mayor's evidence base for the next London Plan says about London's need for affordable housing, and compared this with what was delivered in each area.

The 2017 Strategic Housing Market Assessment (SHMA) concluded that, to meet London's needs from 2016 to 2041, developments should

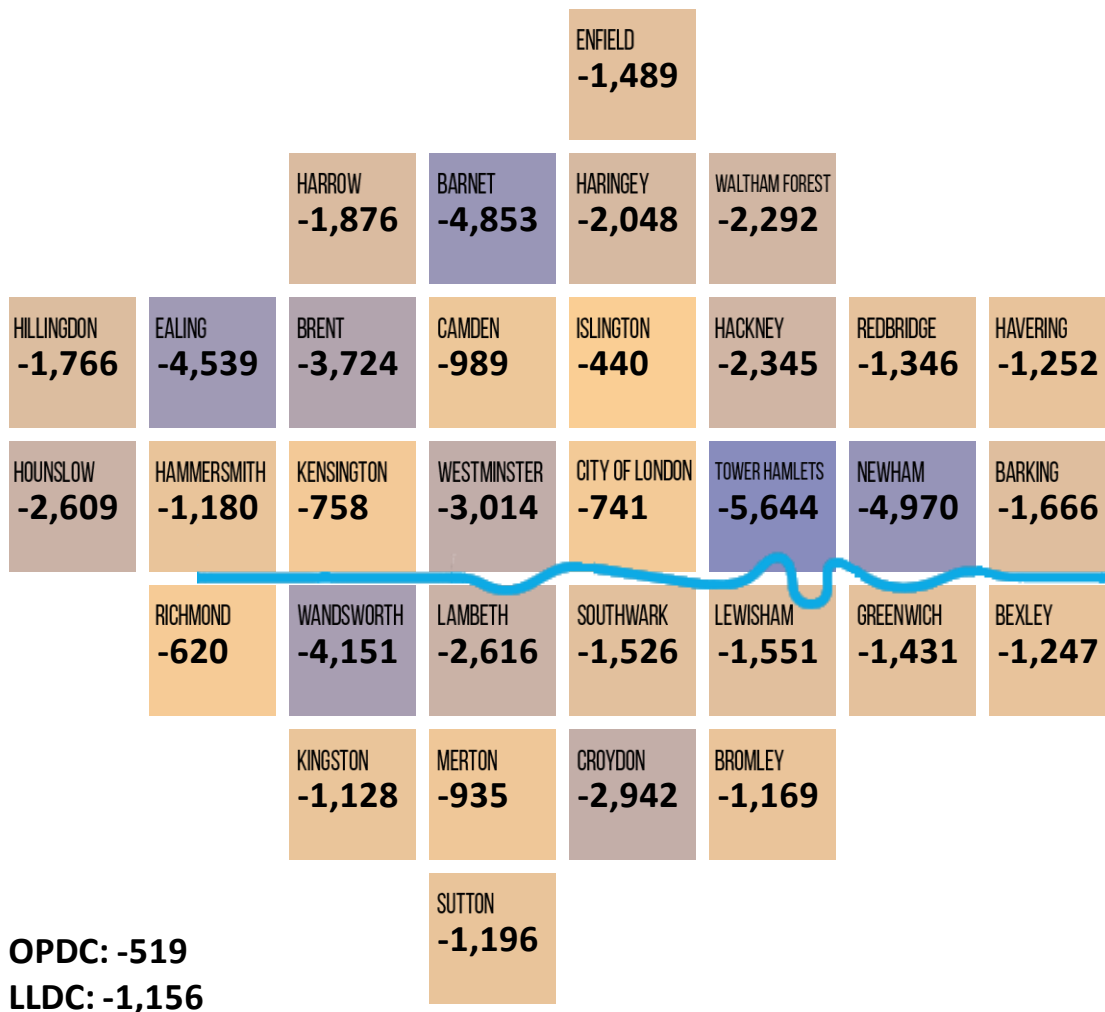
be delivering 65 per cent of new homes at affordable tenures.² Two thirds of these should be at truly affordable rates and one third at intermediate rates.

I found that, out of a total of 153,232 homes being planned, compared with this evidence-based need for 99,601 affordable homes, the number missing across London is even greater.

71,732 affordable homes have not been secured since January 2016, compared with what Londoners need.

Missing affordable homes vs assessed need since 2016

Shortfall compared with evidence-based need in the 2017 SHMA (65 per cent)



POTENTIAL VS ACTUAL: HOW EACH PLANNING AUTHORITY COMPARES

The number of missing affordable homes in each area results from a combination of the potential for affordable housing to be secured – based on the overall rate of development seeking planning permission – and the proportion being achieved through planning decisions.

The figure on page 7 shows this potential for each area compared with what was secured in the two years since 2016. From this, we can see that boroughs with large amounts of planned development that fall behind on the target – even by a few per cent – are having a much bigger impact on the overall shortfall.

For example, the Old Oak and Park Royal Development Corporation (OPDC) achieved the highest proportion of affordable homes in applications it handled, at 35 per cent. However, with only 680 potential new affordable homes, the number missing is just 93.

The next highest performing borough in terms of the proportion of affordable homes secured was Southwark, achieving 29 per cent. However, with more development taking place, this resulted in Londoners missing out on a much higher total of 472 affordable homes.

Tower Hamlets had the largest potential for affordable housing over the past two years, at 5,380 homes. Therefore, its mid-table performance in reaching policy targets (it achieved 23 per cent affordable housing) actually resulted in the highest total of missing homes over the past two years, at 2,281.

HOW MANY SOCIAL HOMES ARE MISSING?

I have recently looked at the net loss of social housing due to the redevelopment of estates.³ However, new housing developments on sites that do not already contain social housing should be delivering a significant net gain of new homes at this tenure.

With 'affordable' being defined in current London Plan policies at up to 80 per cent of market rents, these are often now the only truly affordable rents being provided in new developments.

The current London Plan policy 3.11, on affordable housing tenure, has a target for 60 per cent of new affordable housing to be delivered at social rents – overall 24 per cent of new homes.⁴ This means a potential for 36,776 social rented homes to be secured through planning over the period studied.

The shortfall in social housing according to current policies is huge. I found just 7,451 social rented and London Affordable Rent homes in the applications studied – less than five per cent.

London is therefore missing a total of 29,241 social rented homes since 2016.

HOW IS THE MAYOR'S NEW 'FAST TRACK' INCENTIVE APPROACH HELPING?

The Mayor's new 'fast track' threshold approach to affordable housing requirements was introduced in August 2017.⁵

The policy is set out in the Mayor's Affordable Housing and Viability Supplementary Planning Guidance (SPG) and offers developers of private land a fast-track route through the planning

process: bypassing viability negotiations if they meet a strict minimum of 35 per cent affordable housing without public funding.

It applies to developments capable of delivering more than ten homes (or which have a total floor space over 1,000 square metres).

In January 2018, James Murray, the Deputy Mayor for Housing and Residential Development, was asked about progress being made since the launch of the Mayor’s new ‘fast track’ policy by the London Assembly Housing Committee, and he said:⁶

“Do I think it is working? Yes ... Even before we had published the draft Supplementary Planning Guidance, we were hearing anecdotally that developers were putting in bids for land on the basis of delivering 35 per cent affordable housing and so they had already priced that into their bids for land.

“That meant that the discussions or arguments further downstream around affordable housing

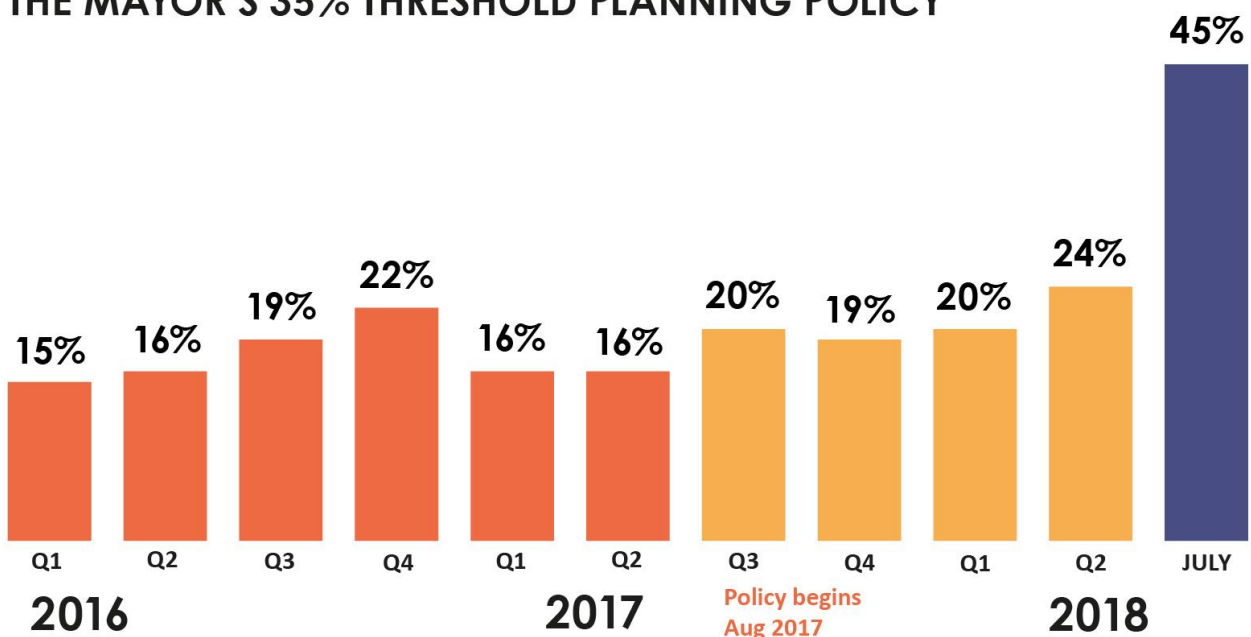
were going to be reduced substantially because they had already factored that in when they were buying the land upfront.”

Using the data in the LDD, I looked at how the proportion of affordable housing in eligible developments had changed before and after the new policy was introduced.

As the chart below shows, his new ‘fast track’ planning incentive has not yet increased the overall proportion of affordable homes in the planning process significantly. However, from the 11 applications so far recorded in July this year the average proportion has increased to 45 per cent – a sign that the requirement to achieve just 35 per cent affordable homes could be strengthened in future.

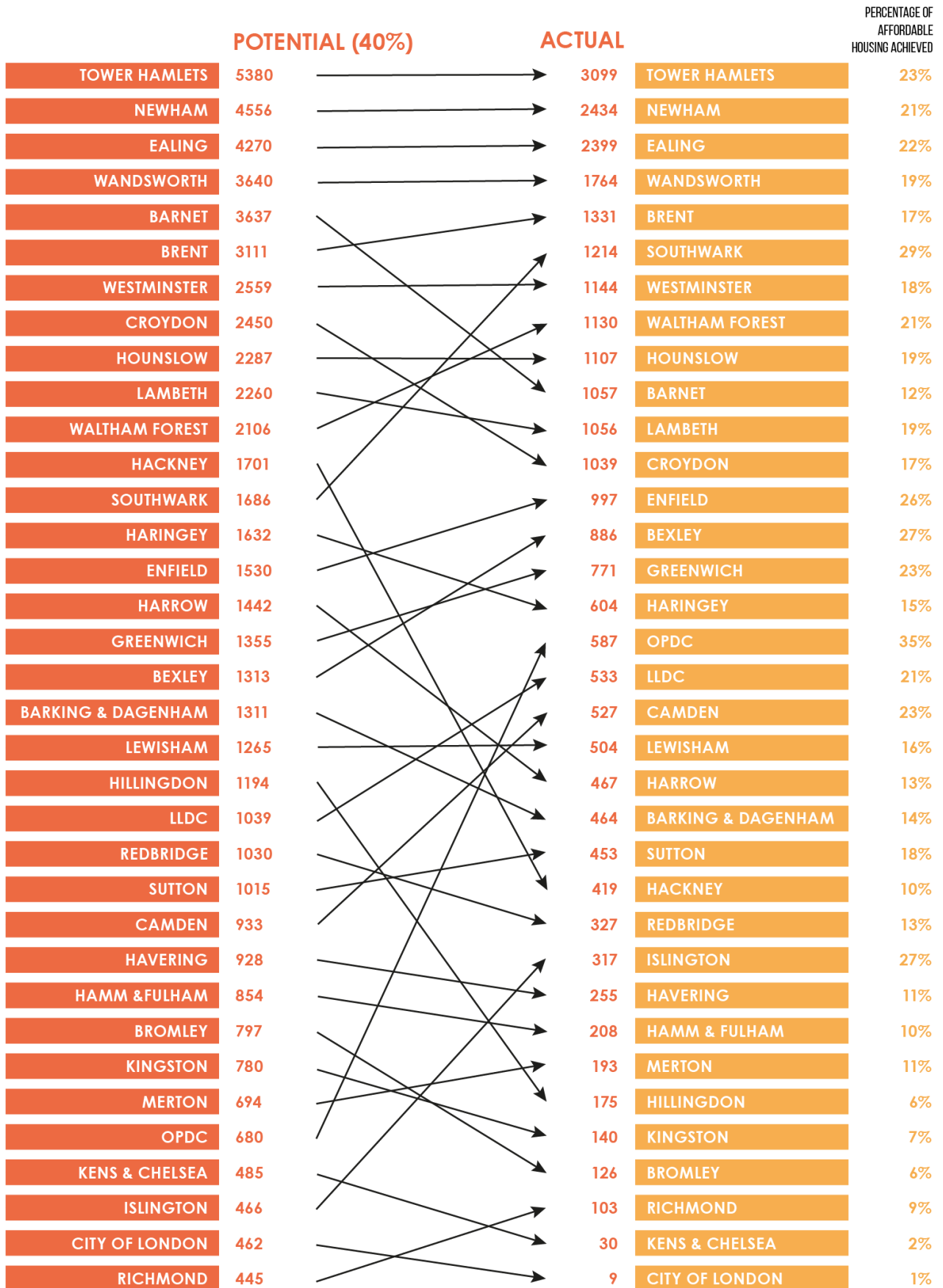
Future progress needs careful monitoring and, I believe, a review date sooner than 2021, which is what is currently set out in the draft London Plan.

AVERAGE AFFORDABLE HOUSING ACHIEVED BEFORE AND AFTER THE MAYOR’S 35% THRESHOLD PLANNING POLICY



*Policy applies to developments of more than 10 homes

AFFORDABLE HOMES IN PLANNING PERMISSIONS SINCE 2016



WHAT DO YOU THINK?

I would like to hear more from Londoners about how the Mayor and the GLA can work with boroughs to get more affordable homes from the developments being built in London.

Please get in touch with me if you have any comments or suggestions.

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This report sets out my views as an individual Assembly Member and not the agreed view of the entire Assembly.

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