

MAYOR OF LONDON

London Housing Strategy

EXECUTIVE SUMMARY

May 2018



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**Greater London Authority
May 2018**

Published by
Greater London Authority
City Hall
The Queen's Walk
London SE1 2AA

london.gov.uk
enquiries 020 7983 4000

ISBN 978-1-84781-691-7

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Foreword

As Mayor, I know that our housing crisis is the biggest threat to London's future. It is the main reason why all Londoners cannot share in our city's success.

In recent decades, we have created lots of jobs in London. Yet at the same time, we have failed to build enough homes, particularly the new homes for social rent and those for first-time buyers that we so desperately need. As a result, many Londoners have had to move out of the city. Others have been left living in overcrowded homes or struggling to afford sky high rents. Home ownership is now beyond the reach of most Londoners.

It doesn't have to be like this. With the right approach, and with government at all levels stepping up to play their part, we could fix the housing crisis. We could make sure every Londoner has access to a decent and secure home they can afford.

At present, most of London's new housing depends on a small number of large developers building homes for market sale. When I became Mayor, our audit showed just 13 per cent of new homes being given planning permission were affordable. We need a fresh approach to build the homes London needs.

To start with, we need a step change in investment from national government. We also need a radical boost in the powers available to City Hall and London's councils to get more homes built. In the meantime, I am doing all I can with the powers and resources I have. I am determined to make a difference now so we can start moving in the right direction.

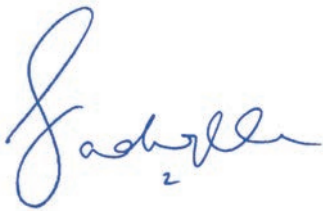
There are already clear signs of progress. We have seen a big jump in the level of affordable housing in planning applications. Under my ground-breaking new approach to the planning system, it is now well over 30 per cent. I have started to invest the record £4.82bn of affordable housing funding I secured for London from government. And last year, we started building more than 12,500 genuinely affordable homes. That's the highest number since City Hall took over responsibility for affordable housing. Crucially, this figure includes thousands of homes based on social rent levels. That's up from zero when I came into office.

But this strategy isn't just about what I am doing. It's about what others must do too, what extra powers and resources we need, and Londoners' own vision for housing in their city. Six months ago, I asked Londoners to have their say on my plans for housing. More than 2,000 of you responded. Your feedback has helped me make this final strategy even stronger.

Alongside what I am doing as Mayor, this strategy also outlines the role I want housing associations, councils, institutional investors, small builders, and community organisations to play.

This strategy is clear that, if we are to see a true step change in tackling the housing crisis, national government needs to play its part too. Reform of national land assembly rules could transform my plans to bring forward more land for housing. With more powers and resources, City Hall, councils, and housing associations could go much further in building social rented and other genuinely affordable homes.

London's housing crisis affects all of us in this city. We have started to make a difference in the past two years. To do even more, we need the full backing of government. This strategy sets out what we're doing and our plans to push the limits of our current resources and powers. I am determined we do all we can to build a city for all Londoners.

A handwritten signature in blue ink, appearing to read 'Sadiq Khan', with a small number '2' written below the name.

Sadiq Khan
Mayor of London



Executive summary

How to provide everyone who lives here with a decent, affordable home is the biggest challenge facing London today. Londoners know this only too well and their concern about housing recently hit the highest recorded level. One in three Londoners call it one of the biggest issues facing the UK. London's housing shortage has been caused by the failure, over decades, to build the new homes the city's growing economy needs. The effects of the housing shortage now reach into every aspect of Londoners' lives.

The Mayor's London Housing Strategy sets out his vision for housing, and his policies and proposals to make it happen. It is a framework for what the Mayor will do over several years, including over £4.8bn of affordable housing investment through to 2022. It also includes a host of other programmes and services provided by the Mayor and his partners, and his longer-term ambitions for the future. The Mayor is calling on all organisations that have a part to play in addressing London's housing crisis to work with him toward this goal.

THE MAYOR'S VISION AND PRIORITIES

Building the right number and the right mix of new homes, and addressing the consequences of the housing crisis, are part of the Mayor's vision for good growth. He wants every Londoner to have access to a good quality home that meets their needs and at a price they can afford. The Mayor wants to make the capital 'A City for all Londoners'. That means meeting London's housing needs in full, particularly the need for genuinely affordable homes. It means creating a city where businesses can thrive and the environment is protected. It also means that people from all walks of life should be able to share in the city's success and fulfil their potential.

This vision underpins the five priorities of the Mayor's London Housing Strategy:

- building homes for Londoners;
- delivering genuinely affordable homes;
- high quality homes and inclusive neighbourhoods;
- a fairer deal for private renters and leaseholders; and
- tackling homelessness and helping rough sleepers.

This strategy's central priority is to build many more homes for Londoners - particularly genuinely affordable homes. The Mayor believes this is the only way to solve London's housing crisis over the long term. Doing so will require action to unblock stalled housing sites and increase the speed of building. It will require steps to diversify who is building new homes, as well as where and how they are built and for

whom. The Mayor is clear that he wants to meet our housing needs while protecting the Green Belt and open spaces. That means London must build at higher densities and ensure that all parts of the city host their fair share of new homes.

As well as building more genuinely affordable housing, we must ensure these new homes are high quality and safe. They must support London's shift to a low carbon future and be built with Londoners' involvement. Building the homes we need won't happen overnight, and we know that how we use the homes we have is important too. That is why this strategy sets out how the Mayor will help London's growing numbers of private renters and leaseholders. It also sets out how we can prevent and address homelessness and rough sleeping.

The next five sections set out how the Mayor will use his powers and resources to start tackling the housing crisis. The last section, 'Achieving the Mayor's vision', sets out the role he wants councils, housing associations, and private developers to play. It also sets out the action he believes Government must take, and what powers and resources should be devolved to London.

BUILDING HOMES FOR LONDONERS

The Mayor believes the only way to fix London's housing crisis is to build far more new homes. These new homes need to be genuinely affordable to Londoners. For years, we haven't built enough new homes to meet demand. We have become over-reliant on a relatively narrow range of development models, sites, and types of homes. To address this challenge, we must diversify who builds homes, and where and how they are built. The Mayor's Homes for Londoners team will pursue, support, and lobby for the changes required to make this happen. This includes new funding and policy approaches, as well as partnering with other levels of government and the housing industry.

- 1. Identifying and bringing forward more land for housing:** London's current land use policies, and its land market, have failed to bring forward enough sites for building new homes. The Mayor will increase supply by supporting more intensive use of London's available land, and by intervening in the land market. He will make greater use of new and existing land assembly powers, promote projects, and invest in infrastructure. He will work with public sector landowners so they can lead by example to release more land for homes. To protect the Green Belt, he will promote higher density schemes. He will prioritise development on brownfield sites, in and around town centres, and on smaller sites in areas that have traditionally hosted fewer new homes. The Mayor has set clear and ambitious

housing targets for every council in London to make sure they all contribute to the capital's needs. – Policy 3.1

2. **Investing in homes and infrastructure:** Public investment plays a vital role in sustaining and supporting homebuilding. It helps to speed up build rates, unlock stalled schemes, and make more land available for housing. The Mayor will use his resources and national programmes to invest in homes and infrastructure, including through his Affordable Homes Programme and the Housing Infrastructure Fund. Investment will be targeted in areas with capacity for the most new and genuinely affordable homes. He will also help home builders to access finance. Investment in new transport schemes will be targeted to support new homes, including major new rail lines like Crossrail 2, high quality rapid bus transit, as well as more local investment to make cycling and walking easier. – Policy 3.2
3. **Diversifying the homebuilding industry:** To increase levels of homebuilding in London, we must ensure more of the new homes being built are affordable to more Londoners. We must also ensure these homes are built by a wider group of organisations, including councils. The Mayor will offer packages of support to enable new players to complement the work of traditional private sector developers. He will provide support for new purpose-built private rented homes – the Build to Rent sector. This will create a more stable and well-managed supply of homes at a range of rent levels. There will be help too for small- and medium-sized builders to help them build more on smaller sites and in outer London, where market prices may be within reach of more Londoners. The Mayor will support housing associations to meet their affordable housing targets through investment and new 'strategic partnerships'. Finally, he will work closely with ambitious councils to help them get the resources they need to build more new council housing. – Policy 3.3
4. **Improving the skills, capacity and building methods of the industry:** At the moment, there are not enough people with the skills that London's construction industry needs, nor enough people who want to choose it for a career. If we rely on traditional building methods alone, it will be very hard to significantly increase the number of new homes. The Mayor will therefore work to address the construction skills gap by improving London's construction skills training system and supporting the industry through the risks posed by Brexit. He will also provide leadership and coordination to improve the image of construction. This includes supporting a shift to more components of London's homes being precision-manufactured, including in factories. – Policy 3.4

DELIVERING GENUINELY AFFORDABLE HOMES

The Mayor wants to make more homes affordable to Londoners on low and middle incomes. London's success depends on people from a mix of incomes and backgrounds being able to live here. Social housing is the basis of our mixed city, yet for many years, we have failed to build enough new genuinely affordable homes. This has put London's existing homes under increasing pressure.

5. **Ensuring homes are genuinely affordable:** In recent years, Londoners have understandably become suspicious of the term 'affordable'. The Mayor wants Londoners to be confident that more new homes will be genuinely affordable. He will create clear definitions of which homes are affordable for Londoners on low and middle incomes to rent and buy. He will invest in homes based on social rent levels for Londoners on low incomes. He will invest in London Living Rent homes for middle income Londoners struggling to save for a deposit. He will invest in shared ownership homes for Londoners who cannot afford to buy on the open market. The Mayor will also encourage innovative forms of affordable housing but will set tests make sure these homes are genuinely affordable to Londoners. – Policy 4.1
6. **Working towards half of new homes built being affordable:** The Mayor has a long-term strategic target for half of new homes to be genuinely affordable. To achieve this, he will ensure the planning system secures more affordable homes as part of new developments, including by fast tracking developments that meet his minimum threshold. He will also invest £4.82bn funding to support 116,000 affordable home starts by 2022. The Mayor will work with others so that London's surplus or under-used publicly-owned land can support more genuinely affordable homes, with clear targets for land controlled by the Mayor. – Policy 4.2
7. **Protecting London's existing social housing:** We must also do more to protect London's existing social housing. The Mayor wants homes sold through the Right to Buy, or demolished for redevelopment, to be at least replaced on a like for like basis. For large schemes where demolition is involved, he will only agree to provide funding where there has been a successful ballot of existing residents. He will also support a more efficient use of London's social housing, including helping tenants who want to move to more appropriate homes. – Policy 4.3

HIGH QUALITY HOMES AND INCLUSIVE NEIGHBOURHOODS

As London develops and grows, it must remain a great place to live and work. That means new homes and neighbourhoods must be well-designed, good quality, and sustainable. They must be accessible and suitable for Londoners' diverse housing needs. Above all, new and existing buildings must be safe for Londoners, whilst more broadly, we must ensure good quality construction. We must take measures to reduce the number of Londoners living in fuel poverty too, and do more to adapt London's housing stock for an ageing population. Londoners need to feel involved in decisions about homebuilding and any concerns they have about new development must be addressed.

8. **Well-designed, safe, good quality, and environmentally sustainable homes:**

We need to create high quality, safe and sustainable homes and neighbourhoods. The Grenfell Tower tragedy raised urgent questions about the safety and design of some existing buildings, and broader concerns on how rules and regulations are written and enforced. The Mayor wants to encourage strong standards of quality and safety. He will support excellent design in homebuilding, including through his new Mayoral Design Advocates. The Mayor will also raise standards through new supplementary planning guidance on housing design. A new social enterprise, Public Practice, will help boost councils' planning and regeneration expertise. Through delivering his London Environment Strategy, the Mayor also recognises the role of housing in enhancing London's environmental quality and resilience, including policies to improve the public realm and green infrastructure within which housing is set, as well as improving the energy efficiency of existing buildings. – Policy 5.1

9. **Meeting London's diverse housing needs:** The Mayor wants to create a city for all Londoners. To make this vision a reality, we must develop new homes with the needs of all Londoners in mind. We must improve existing homes to support demographic change and make them more accessible too. The Mayor will ensure this happens by investing in specialist and supported homes, including for older or disabled Londoners. He will adopt strict standards for accessibility, and will work with communities across London to develop proposals for specialist homes that meet their needs. – Policy 5.2

10. Involving Londoners in homebuilding: More and more Londoners now support homebuilding, as the need for new homes has become increasingly acute. Like the Mayor, they want to make sure people living and working in London benefit from new homes. In some cases, Londoners want to shape development themselves, and so the Mayor is funding a new Community-Led Housing Hub for London. He will also work to make sure that alongside new homes, facilities for health, education, leisure and transport are provided so that communities are well prepared for new homes. Homebuilding will become a more transparent and open process. Finally, the Mayor will take steps to address concerns about empty homes, overseas buyers, and the impacts of estate regeneration. – Policy 5.3

A FAIRER DEAL FOR PRIVATE RENTERS AND LEASEHOLDERS

The Mayor wants a better deal to improve life for London's two million private renters. They face a range of challenges in London's only growing housing tenure. These include rising rents and other costs, a lack of security and stability, and, in some cases, poor conditions. He also wants to get a fairer deal for the more than half-a-million leaseholders in the capital, which is vital for new developments too given that most new homes currently being built in London are leasehold.

11. Improving the quality of private renting: Most landlords offer a good service to their tenants. However, almost a quarter of privately rented homes fail to meet the Decent Homes standard, and councils struggle to enforce minimum standards. The Mayor wants councils to have the tools and resources they need so that private renters can expect consistently decent standards. He wants better regulation through property licensing and landlord registration. The new system would be light touch for good landlords, with resources focused on pursuing those who behave unlawfully. As a first step to help improve standards, he will 'name and shame' rogue landlords and letting agents. He will also support councils to run well-designed property licensing schemes, and to more closely share information and coordinate their actions. – Policy 6.1

12. A more secure, stable, and affordable private rented sector: The high costs of renting in the capital are felt by Londoners across the board. Examples include families on low incomes, those affected by recent welfare reforms, and young people who can't save for their own home. At the same time, more households rely on private renting for a long-term home, with around 550,000 London children now living in the sector. The Mayor will work to develop proposals for a new tenancy model – a London Model – for renters. This will offer greater stability and tenant

rights, balanced with the valid interests of landlords. He will also work to address upfront costs and fees facing renters, and will urge Government to improve the support it provides for Londoners on lower incomes struggling to pay their rent. In addition, he will support models of rent stabilisation that do not negatively impact on the delivery of new homes. – Policy 6.2

- 13. Reforming and improving leasehold:** Most new homes built in London today are sold on a leasehold basis. Despite this, many leaseholders know little about their rights and obligations, and the system remains open to abuse. The Mayor will work to improve the leasehold sector by improving the quality of advice and support on offer to leaseholders. This includes through a ‘How to Lease’ guide for Londoners. He will work with developers to extend the London Charter for service charges in shared ownership properties to the wider leasehold sector. The Mayor supports Government moves to address issues with leasehold houses and ground rents. In the longer term, he will support reform of leasehold, which could include replacing it with a fairer tenure. – Policy 6.3

TACKLING HOMELESSNESS AND HELPING ROUGH SLEEPERS

The impacts of London’s housing crisis are felt by many – yet few experience it more acutely than the thousands of Londoners who have no home at all. London is one of the world’s wealthiest cities, yet the high cost of housing, and lack of support for those who need it, means homelessness has been increasing. A recent study estimated that one in 50 Londoners is now homeless. This includes those living in temporary accommodation, single people in hostels, and around 8,000 people who last year were seen sleeping on the streets. The Mayor has been clear that, in a city as wealthy as London, we have a moral duty to tackle homelessness head on.

- 14. Preventing homelessness and helping homeless Londoners into housing:** More and more Londoners have nowhere to call home. Fundamentally, this is due to the lack of affordable homes, the insecurity of private renting, and changes to the welfare system. The Mayor will lead efforts to address and call for action on the root causes of homelessness. He will also work with councils to try and prevent homelessness and help homeless Londoners into sustainable accommodation. This includes investing in places for homeless Londoners to live, and supporting joint efforts between councils to accommodate homeless Londoners. He will also focus on homelessness that is caused by violence against women and girls. – Policy 7.1

15. Helping rough sleepers off the streets: It is unacceptable that anyone has no choice, or feels they have no choice, other than to sleep on London's streets. The Mayor's aim is to make sure there is a route off the streets for every single rough sleeper in London. His 'No Nights Sleeping Rough' taskforce will provide leadership and coordination. He will work with councils, charities, Government, and others to boost services beyond the £8.5m a year he has committed toward support for rough sleepers. He will invest in improving and expanding London's network of hostels and refuges. – Policy 7.2

ACHIEVING THE MAYOR'S VISION

The London Housing Strategy sets out the Mayor's plan to address London's housing crisis. Much can be done with existing powers and funding. The ambitious proposals in this strategy shows how determined City Hall is to drive forward the changes and reforms needed. However, the Mayor cannot solve this crisis on his own. Many organisations will need to play their part if this strategy is to be delivered.

Councils in London are at the frontline of the housing crisis and will play a central role in the delivering this strategy. The Mayor wants to work with councils make sure they can support its aims through the full range of their functions. This includes: planning and giving permission for new housing schemes; promoting development across their areas; building new council homes for social rent; and ensuring that Londoners affected by the housing crisis get the help and support they need. This strategy proposes clear expectations on councils for local delivery, backed up with support from City Hall. The Mayor will work with councils to ensure that their local housing strategies are in general conformity with this strategy.

Housing associations are currently the main providers of new genuinely affordable homes including those based social rent levels. As such, they play a key role in the Mayor's vision for housing in London. He will provide support to help them do more, including a large share of his current £4.82bn of investment for new affordable homes. For the biggest and most ambitious housing associations, he will create new strategic partnerships to support key parts of this strategy. The wider charitable sector also has an important role to play, which includes supporting those Londoners who find themselves at the sharp end of the housing crisis.

Private developers will continue to build most of London's new homes. The Mayor will support the sector's important contribution by making more land available and investing in infrastructure to unlock new sites. He will also help a wider range of

developers and builders to play a part. In return, he expects private developers to build more homes, and to build their fair share of the genuinely affordable homes Londoners need.

The other central player in making this strategy's vision a reality, both now and in the future, is Government. The UK remains a highly centralised state. That means the policies in this strategy will only get us so far. We cannot double housing supply within the current homebuilding model, nor can we build the right level of affordable homes and infrastructure with the current level of Government funding. We cannot improve life for London's private renters through existing regulations alone, and homelessness will not be solved if its root causes are ignored.

That is why the Mayor, like councils, businesses and charities across London, is calling for a comprehensive and urgent devolution of funding and powers. It is the only way to resolve the scale of London's housing challenges.

Government needs to act across five areas:

1. **Securing land for new homes:** It is the job of the planning system to find where new homes can be built. However, planning policies and consents alone cannot ensure that land identified for new homes actually comes forward for development. Too much suitable land lies empty or is being poorly used. We need effective powers we can use proactively to support land assembly and encourage more efficient use of land. To support this, the Mayor is calling for a radical reform of land assembly rules. This includes the reform of compulsory purchase powers, the introduction of new land assembly mechanisms and resources, and much stronger powers for City Hall over public land earmarked for new homes, particularly land owned by Government. He wants a long-term commitment to a more progressive system of land taxation.
2. **Funding affordable homes and infrastructure:** London government doesn't have the funding it needs to build enough affordable homes, nor to invest in all the infrastructure required to underpin the step change in homebuilding we need. Funding deals with Government are made periodically, or for specific schemes, and the terms on which they are agreed tend to change each time. The Mayor is calling for more Government funding through a major and long-term affordable housing and infrastructure settlement, underpinned by fiscal devolution. He would also like to see more revenue funding for supported housing to enable the development of new homes for Londoners with support needs.

- 3. Transforming homebuilding and empowering municipal government to deliver:** Homebuilding in London depends on a small number of large private sector developers who build generally expensive homes for market sale. This model of homebuilding will not help us build the number nor the type of new homes London requires. We need different models and different types of builders to build more homes that Londoners can afford. We also need concerted intervention by governments at all levels, and the powers and resources to go with it. The Mayor is calling for immediate action to support council homebuilding and address the lack of resources and capacity within council planning and housing departments. He also wants devolution of planning powers, a commitment to explore the long-term potential for a London-wide municipal homebuilding programme, and further devolution of skills funding and certainty for EU nationals working in London's construction sector.
- 4. Reforming the private rented and leasehold sectors:** England's private rented sector is among the worst regulated in Europe. The Mayor wants a radical overhaul of how standards and conditions are regulated in the private rented sector. He wants a commitment from Government to work with him to put a new model of private renting in place, with the aim of helping to give tenants much more stability. He also wants to explore options for addressing high rents and steep rent increases. Issues with the leasehold sector also mean Londoners who own their own homes are often exposed to high costs and poor practices. The Mayor wants Government to reform the leasehold sector, which should include a commitment to a long-term shift toward alternative and more progressive types of housing tenure.
- 5. Tackling homelessness and its root causes:** The structural causes of homelessness are far beyond the powers of local government or City Hall to solve. The Mayor is calling for extra resources for council homelessness departments which recognises the scale of the crisis, and an urgent review of welfare reform measures and their impact on homelessness. He wants it to be recognised that lack of action in other areas – such as reforming private renting and building more affordable homes – is a direct cause of the homelessness crisis. Finally, he wants Government to commit to working with him to implement a rough sleeping plan of action for London.

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