

Sadiq Khan
Mayor of London
(Sent via email)

CC: James Murray, Deputy Mayor for Housing and Residential Development

7 December 2017

Dear Sadiq,

I am writing on behalf of the Assembly's Housing Committee in response to your Draft Housing Strategy, published on 6 September 2017.

The Assembly's Housing Committee welcomes the publication of a new strategy seeking to address the many significant housing issues faced by Londoners. We of course share your views on the vital importance of boosting London's housing supply, notably including delivering a range of homes to provide an affordable and secure option for all Londoners.

In particular, we welcome the many proposals in the strategy which follow up recommendations we have made as a result of our investigations. These include:

- Moves to diversify the industry, through, for example, community-led development, engaging small builders and harnessing smaller sites. The Assembly has consistently backed these measures which should stimulate housing supply.¹
- Firm support for offsite manufactured housing (OSM), as suggested in the Planning Committee's recent report,² including funding through the Affordable Homes Programme and the Innovation Fund. We are particularly pleased that you have recognised the importance of aggregating demand in order to produce a more consistent development pipeline of OSM homes. We hope you will continue to show leadership in this area and foster further confidence in the industry, as well as considering using TfL land to accommodate OSM developments.
- Recognising the longer-term cost savings provided by supported housing schemes³ and investing in housing for older and disabled Londoners.⁴

Consultation timing

As you will know, we met the Deputy Mayor for Housing and Residential Development (along with other guests) on 5 November, to discuss selected aspects of the draft strategy. We valued the opportunity to exchange views with him, and thank him for his comments. However, we would like to record here formally, as noted during that discussion, our dissatisfaction with the timing of the consultation deadline for the strategy. The strategy will operate within the context of the new

¹ See, for example, [Homes down the track: a marathon and a sprint for TfL, London Assembly Housing Committee, June 2017](#) and [Diversity in London's housebuilding industry, London Assembly Housing Committee, 7 August 2014](#)

² [Designed, sealed, delivered, London Assembly Planning Committee, August 2017](#)

³ [Supported housing in the balance, London Assembly Housing Committee, November 2016](#)

⁴ [Homes for older Londoners, London Assembly Housing Committee, November 2013](#)

London Plan, a draft of which has only just been published. The Strategic Housing Market Assessment (SHMA), which sets out the data informing the London Plan, has also only just become available (although you chose to release the headline need figure in advance of the Budget). Serious consideration of how much of the strategy will work can only be undertaken within this wider context. In our view, it would have been better to allow stakeholders time to read and digest these other important strategic documents before requiring them to comment on this one part of your overall vision.

Key concern

With regard to the strategy content, our main overall concern relates to the gap between need and likely delivery. You have concluded a funding deal with government to deliver 90,000 'affordable' starts by April 2021. However, the SHMA indicates an overall need for 66,000 new homes annually in London, of which 65 per cent (some 43,000) should be 'affordable'. We applaud the ambition of the 90,000 affordable homes target but note that this falls well short of the need you have assessed. And we are concerned about your ability to deliver even on the target you have set with government.

Detailed issues

Breaking down this larger concern, the committee has a range of issues with the strategy it would like to raise.

Reliance on external resources to deliver

Many of the proposals in the strategy are reliant upon more government funding for homes or infrastructure, changes in government policy, or devolution of powers to support delivery. Examples include lobbying for further changes to Stamp Duty Land Tax⁵ or to local authority housing investment rules,⁶ calling for an increase in social infrastructure funding,⁷ or asking for devolution of powers over private rented sector licensing schemes.⁸ We cannot predict the likelihood of any of these changes occurring, nor when they may come about. Moreover, many, once implemented, would then take years to have beneficial effects. For example, we note the recent devolution deal for London with respect to healthcare. This may release surplus NHS land, and this may ultimately deliver more homes, which we support, but this is, at best, some way off. Your assessment is that we need an annual 43,000 affordable homes, but through the Affordable Homes Programme, which makes up three quarters of your housing capital budget,⁹ you currently only have funding leverage over fewer than 20,000 affordable homes annually.¹⁰ While we appreciate that the aim of the strategy is to set out medium to long term plans, and we can support many of the ideas in principle, the roadmap to realise them remains unclear. Meanwhile, London's housing crisis continues unabated. It would be helpful to distinguish clearly in the document what you can currently deliver, and what you would hope to deliver, given the right environment.

⁵ Policy 3.3Ai

⁶ Policy 3.3ci and Policy 4.3ci

⁷ Policy 5.3Bi

⁸ Policy 6.1Bi

⁹ Draft Housing Strategy, GLA, 6 Sept 2017, Appendix p211

¹⁰ Based on the £35,000 per unit average grant rate for the 2015-2021 Affordable Homes Programme

Genuinely affordable homes

You campaigned on the need for ‘genuinely affordable’ homes, contrasting this with the ‘affordable’ products which have been delivered over recent years. Both the SHMA 2017 and its predecessor indicate that the majority of affordable homes required are homes for rent. The strategy (reflecting your earlier Affordable Homes Funding Guidance 2016) sets out that two thirds of the homes you will fund will be intermediate products, either for London Living Rent (at rates above the old social rent levels, and which are actually rent-to-buy properties, not rented in perpetuity) or for shared ownership. However, there is no certainty at this stage over the proportion of these homes, genuinely affordable or not, which will ultimately be for rent. We will only discover this post-completion. The committee is therefore very concerned that not only will your strategy not deliver enough homes, but perhaps more significantly, that most of those it does deliver will not meet the specific needs you have identified.

Acceptability of intensification

The committee understands the need for a more efficient use of London’s brownfield land to ensure we can build enough homes. However, we are not sure that the arguments surrounding your policies for intensification and densification are well-understood across London. How communities feel about changes to their home environment will be vital in gaining their assent for these plans – you, and the boroughs and other stakeholders involved, will need to ensure that local people are clear in advance on the rationale for new proposals, and, most importantly, that they can see a direct benefit for them, from schemes which will impact their day-to-day lives. Along with the boroughs and their partners, you will need to listen to them to ensure their concerns are properly dealt with.

Issues of sustainability and quality must also be carefully addressed. In particular, the long-term management and maintenance of densely-built homes, especially where higher-rise buildings are concerned, need to be carefully considered. Issues commonly arise, for example, around parking, the management of refuse and security, and, as density increases, these issues can become even more acute. You need to be very clear that new schemes are dealing with these issues upfront if we are to make higher density development work for Londoners.

Finally, on this point, there are few references in the strategy specifically to social housing estate regeneration. This seems surprising since you published your draft Estate Regeneration Guide almost a year ago in December 2016. Can you please clarify when your final guidance will now be issued?

Capacity of small sites/builders

The committee welcomes your focus on engaging the capacity of smaller building firms and wholeheartedly supports it. Proposals to defer the Community Infrastructure Levy and to defer land payments in the new Small Sites, Small Builders programme, are positive. However, the committee would also like to see you bring forward measures which would help smaller firms gain access to finance, another perennial obstacle they face.

Small builders are often expert at developing smaller sites, especially through infill, and we recognise the need to harness more effectively the opportunities offered by small sites. However,

we have concerns around the current capacity of the boroughs to bring forward many more small sites than they are currently processing. As you know, borough planning and development teams are working at full stretch. Smaller sites can be just as resource intensive as larger ones, but ultimately yield fewer homes, which may explain, in part, a tendency to focus on larger sites. There may be potential for the boroughs to package a series of small sites together to facilitate economies of scale during the later development stages, but this may not make life any easier for the boroughs upstream. So it is not clear to us that urging the boroughs to bring forward more small sites, or setting specific borough level targets, is realistic or workable. Supporting them with streamlining planning procedures might be more effective.

We are also unsure whether introducing a 'presumption in favour' of residential development on small sites will add value, although anything which encourages more appropriate diverse sites to come forward is to be welcomed.

We support your text promoting community-led housing, but note that it only figures in one policy measure. We would like to see it figure more prominently, perhaps in proposals to diversify the industry¹¹ or to deliver more genuinely affordable homes.¹²

Intervention in the land market

In *Homes Down the Track*¹³ we noted the need for a more strategic approach to acquiring and developing parcels of London land for housing. We shall only later be able to assess the success of your decision to intervene actively in the land market with a new revolving fund. At this stage, we note that:

- A fund of £250m is unlikely to go far, though it makes sense to approach this new venture with caution
- Land acquisition is risky; you need to ensure that the risks are well-managed, mitigated and shared where appropriate.

The need for family homes and to alleviate overcrowding

We welcomed your adoption of the 'habitable rooms' (rather than a 'per unit') measure for new affordable homes¹⁴ which could help to address the financial disincentive for providing larger (family) properties. However, since the current funding target continues to be measured in units (90,000 starts), it is questionable how effective the habitable rooms measure will be.

We are surprised that the 2017 SHMA shows such a substantial need for one bedroom units (over half of net annualised requirement, compared with only one third in the previous assessment). Furthermore, there continues to be a substantial need for family housing, yet there is no target for larger family homes in your draft strategy. We strongly recommend that you include a target percentage for larger homes offering three, four and five bedrooms, which would help ensure the homes we build meet the needs of London families, not just smaller households. We shall be returning to this issue in our scrutiny of the draft London Plan.

¹¹ Policy area 3.3

¹² Policy area 4.2

¹³ Our 2016 report on the use of Transport for London land to develop homes

¹⁴ Set out in the Affordable Housing and Viability (August 2017) planning guidance

Your strategy also does not include a target to alleviate overcrowding. Previous strategies have done so, and although measuring overcrowding is complicated, we would like specific reassurance in the text that you are focused on this persistent problem affecting thousands of Londoners.

Lack of levers within the private rented sector

You note yourself the phenomenal rise in the size of London's private rented sector (PRS), with over one quarter of London households now living in privately rented homes. However, without devolution of further powers, your ability to influence London's PRS is limited. It seems unlikely, therefore, that landlords will be keen to engage with any new London Model of renting unless and until there is a clear imperative for them to do so.

It makes sense to share good practice among the boroughs with regard to licensing schemes and dealing with criminal activity. We will want to see clear evidence, however, that your London Boroughs' Private Rented Sector Partnership actually makes a difference.

Homelessness

The committee welcomed your recent announcement of funding to support outreach for rough sleepers on London's transport system. We also approve the continuation of a range of services and accommodation development for London's homeless people, but note that there are few new proposals on rough sleeping or homelessness in the draft strategy. The committee's recent report on 'hidden homelessness'¹⁵ identified the large number of 'hidden homeless' people in London. We would particularly like to see new initiatives in this area, and for you to adopt the other recommendations in the report.

Additional comments

You have created the Homes for Londoners board to oversee housing in London. We note that the board commissions task and finish groups to report on specific issues, but the committee is concerned that the board itself lacks diversity. There are no resident or smaller building firm representatives, for example. If a greater diversity of London voices is not part of the commissioning discussion, it is hard to see how you can be sure that all of London's needs are being evaluated.

We trust these comments are helpful in revising your draft, and that you will take them on board for the final strategy.

Yours sincerely,



Sian Berry AM

Chair of the Housing Committee

¹⁵ [Hidden homelessness in London, London Assembly Housing Committee, September 2017](#)