

M17. Is the need for 66,000 additional homes per year identified by the Strategic Housing Market Assessment (SHMA) justified and has it been properly calculated for market and affordable housing having regard to national policy and guidance? In particular:

a) What weight, if any, should be given to the revised household projections published in September 2018?

b) What weight, if any, should be given to the potential impact of Brexit?

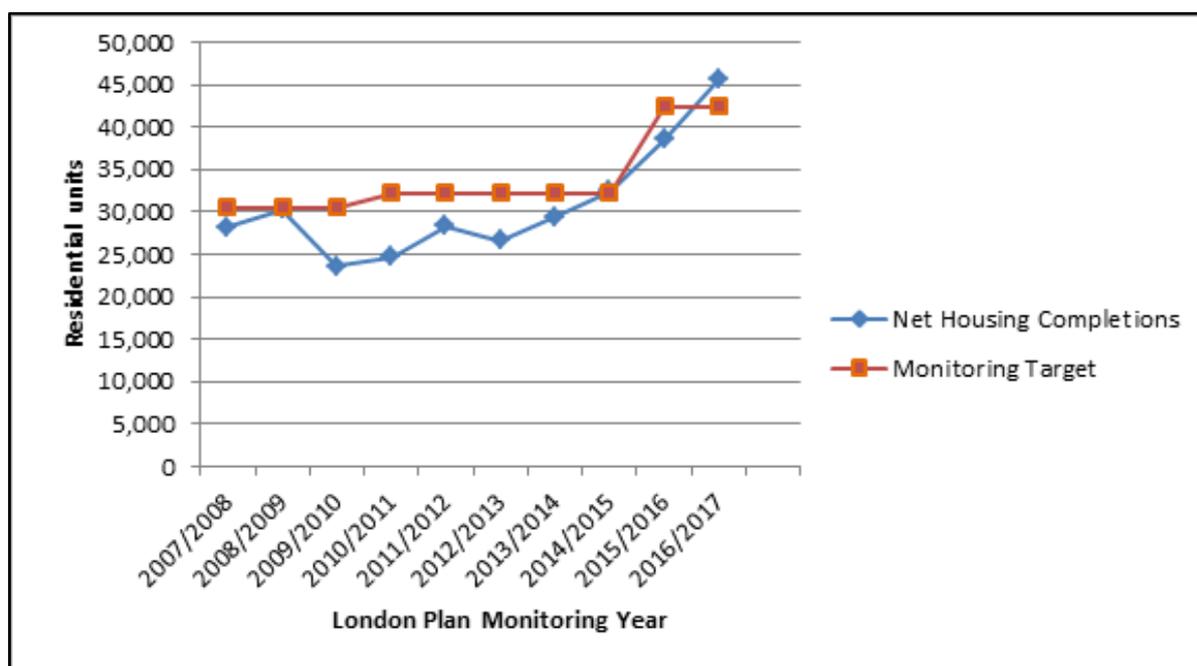
The Council are generally supportive of the GLA's SHMA (2017) as a basis for calculating strategic housing need and consider that it is justified and in line with national guidance. In our view, it is reasonable to continue to use the approach accepted under previous iterations of the London Plan, and to not give weight to the revised September 2018 household projections.

Notwithstanding the above, the London Borough of Newham (LBN) raise issue with the GLA's failure to adequately sensitivity-test growth projections given current uncertainty in the market. There is an increasing body of evidence which suggests that Brexit will have significant impacts on the housebuilding sector in the near future¹. This will be particularly testing for Local Authorities, not least through a lack of permissions materialising into actual starts, but from the threat that the extremely high targets (i.e. the policy 'on' position) will pose, particularly in light of the Government's new Housing Delivery Test (HDT). Given the potential for Councils to be penalised for market forces that are outside of their control, more thought is needed from the strategic standpoint as to how much impact shortfall against targets may have on the achievement of the broader spatial strategy.

Whilst actual impacts remain to be seen, we know from past trends set out in the GLA's own evidence base² what happens to both starts and completions during market downturn. The graph below sets out housing completions across London since the 2008 recession and demonstrates a clear drop in delivery in 2009/10 which took a further 5 years to recover.

¹ RICS: <https://www.rics.org/uk/news-insight/latest-news/brexit/> & <https://www.rics.org/uk/news-insight/latest-news/press-releases/residential-market-survey-november-2018/>

² London Plan AMRs 5 – 14 <https://www.london.gov.uk/what-we-do/planning/implementing-london-plan/monitoring-london-plan>



Thus in light of any post-Brexit recession, as housing completions fall and Local Authorities begin to fail the HDT it is unclear where this would leave the spatial strategy for London. In this scenario not only would Local Authorities see a weakening in their planning powers given the presumption in favour of sustainable development, but the same is true of the London Plan.

It is highly concerning that no sensitivity-testing has been included in the GLA's evidence base to account for market fluctuations and shortfalls in pan-London delivery given this serious threat. Overall such a short-sighted approach could see not only a fall in outputs from uncontrollable market forces, but from the decreased certainty arising from a failure in the planning framework London-wide. Not only could this impact housing (including affordable housing) delivery, it will also decrease the ability to secure essential infrastructure and to protect much needed employment land, green space, and heritage assets.