

## MAYOR OF LONDON

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**Re: Planning Committee report – Designed, sealed, delivered: The contribution of offsite manufactured homes to solving London's housing crisis**

Thank you for your letter of 22 September 2017 in which you outline the findings of the Planning Committee's report into the potential of offsite manufactured homes to contribute to tackling the housing crisis in London. As I said when we discussed this issue at Mayor's Question Time on 14 September 2017, I would like to congratulate you for producing such a timely and important report as Chair of the Planning Committee.

We cannot deliver the number of new homes we need using traditional methods of construction alone. That's why we need to support a greater role for precision manufacturing in homebuilding. This not only has the benefit of boosting overall capacity in the construction sector, but also offers the potential of greater consistency and quality control, alongside additional benefits in terms of speed of delivery, cost efficiencies, and safety on site.

In my draft London Housing Strategy, I set out how I will support a move to precision manufactured homes and overcome some of the challenges faced by the industry in this area. I will do this by providing direct funding for these homes through my Affordable Homes Programme, particularly through the Innovation Fund and my strategic partnerships with housing associations.

Alongside this, I am negotiating with Government to secure a London share of the national Accelerated Construction Fund on a flexible basis, in order to further support precision manufactured housing in the capital. I am also keen for the new London Development Panel, which is in the final stages of procurement, to include experts on precision manufacturing who can support public sector landowners and housing associations to bring forward housing development as efficiently as possible.

All these actions help to promote more housing delivery in London that uses precision manufacture methods. However, in order to achieve a large and lasting step change, we need to ensure that all the key players work in partnership – that includes the Greater London Authority, Government, boroughs and, most importantly, industry. This is why my team is working closely with industry, including looking at how we could further support manufacturers and developers in working together to aggregate demand.

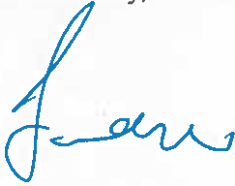
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A shift towards precision manufactured housing not only has the potential to have a direct, positive impact on the pace, scale and quality of homebuilding, but also to contribute to other objectives. The more pleasant, safe, and high-tech working environment provided by a precision manufacturing approach has the potential to increase the attractiveness of the construction industry to a new pool of workers – something that is particularly important given the skills challenges presented by Brexit.

Your report covers a wide range of issues and makes an important set of recommendations of which I am broadly supportive. My response to each of the specific recommendations is outlined in an attachment to this letter.

Thank you again for your work in investigating these issues and for making such a positive contribution to the future of precision manufacturing for homebuilding in London.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Sadiq Khan', written in a cursive style.

**Sadiq Khan**  
Mayor of London

Att.

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## **Mayoral response to recommendations in *Designed, sealed, delivered: The contribution of offsite manufactured homes to solving London's housing crisis***

- 1. The Mayor needs to provide a clear and strong leadership role in the development of awareness of OSM's potential. He needs to consider how best to promote the sector and to foster the confidence the industry and housing providers need.**

I strongly agree that it is my role to show leadership in supporting increasing the use of precision manufactured homes (PMH) and I outline how I intend to do this in my draft London Housing Strategy. The range of supporting measures I propose in the strategy – providing funding through the Innovation Fund and strategic partnerships, lobbying Government for a greater share of the Accelerated Construction Fund for London, and making use of my new London Development Panel to support a shift to PMH – have been developed to help promote such construction methods and build confidence across the industry. In addition, in September the Greater London Authority (GLA) worked with 'Buildoffsite' to host a pilot 'match-making' event for suppliers and potential clients of PMH and my officers are working to identify further ways of bringing together partners to deliver PMH projects.

- 2. The Mayor should critically examine all of his strategies and guidance to see if there are any policy barriers to wider adoption of OSM, or if there are areas where he can encourage the use of OSM to achieve wider strategic objectives. Throughout this direction and guidance, the issue of ensuring OSM provides a high-quality solution must be emphasised so that recent improvements in the performance of the sector are maintained, recognised and valued by the public and housing providers.**

As stated above, I outline in my draft London Housing Strategy how I intend to support precision manufacture and this support is also reflected in the new draft London Plan. In my draft housing strategy, I outline how the move to PMH will not only support an increase in the pace and quality of housing delivery, but will also help to make a career in construction attractive to a wider range of Londoners. Widening the pool of construction workers in London is essential if we are to meet the challenges of Brexit, which are likely to be felt in London particularly acutely. The link between PMH and skills and training is also being picked up through my Construction Academy Scheme, which aims to ensure that there are enough construction workers to deliver the homes that Londoners need, including ensuring that training provision reflects the changing needs of the construction sector, particularly in relation to PMH.

- 3. The Mayor should work towards defining and adopting a Manufactured Housing Design Code building on emerging government construction strategy thinking in the UK and also what is currently being developed in Australia. The code should be developed in conjunction with designers, manufacturers and housing providers and specify the key rules for a 'Design for Manufacture and Assembly' approach to London housing.**

I was struck by this recommendation on first reading your report and agree that an approach to greater standardisation is necessary to drive volume in PMH. GLA officers have been working with the Construction Leadership Council as part of its Innovations in Buildings workstream to identify how to remove barriers to delivering precision manufactured housing at scale. One of the potential interventions identified through this work is a standardised approach to design. I am keen to financially support this work and expect officers to progress the necessary approvals to enable this in the near future. I have also asked officers to work to identify other potential co-funders to support this work alongside the GLA.

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- 4. The Mayor should announce a further round of his Innovation Fund that is specifically focussed on OSM. This would reflect the particular grant profiles required to support OSM developments, potentially underwrite projects and act as a spur to capacity building in the OSM industry. Mayoral funding support might even extend to financial assistance with capital funding where appropriate.**

The first round of my Innovation Fund has generated significant interest from a range of different organisations (particularly those with proposals involving PMH) and we will be announcing details of successful bids in due course. We have now re-opened the Innovation Fund for continuous bidding and, as with the round earlier this year, we expect there to be significant interest from a range of organisations and projects, in particular those with PMH-related proposals.

- 5. The Mayor should look at the potential of using GLA and especially TfL-owned land to stimulate the OSM sector. OSM homes are quick to build and quick to generate rent. The Mayor may wish to review his strategy for housing on GLA sites in this respect, and for TfL owned land that may be particularly suitable for OSM if the sites are constrained and prove challenging for traditional construction. The Mayor should actively work to stimulate partnerships and facilitate continuity of demand on land beyond his direct control.**

Ensuring the delivery of affordable housing on public land, in particular land within the GLA family, is a priority for me, as outlined in my draft London Housing Strategy and new draft London Plan. This means that Transport for London (TfL) and all landowners should be looking at ways to bring forward high-quality, affordable housing as quickly as possible and precision manufacturing may be one of the best ways of doing this. TfL is already looking at how this approach may enable them to make best use of their land for new homes. As stated above, my officers have been working with 'Buildoffsite' to pilot an approach that brings together suppliers and potential clients of PMH projects. They are investigating how to further support partnerships that would offer the benefits of continuity of demand that long term working relationships can provide.

- 6. The Mayor should set up a London-specific fully pre-qualified OSM led procurement framework. The key objective would be the attraction of a sufficient number of developers and contractors capable of delivering housing using a range of OSM led solutions and which are suitable for the variety of sites and typologies and all the specific challenges that exist in London. This procurement framework would also ensure the implementation of the Mayor's wider objectives, including housing quality and space standards through the application of a new London Manufactured Housing Design Code.**

**The Mayor should also set up an independent panel of experts charged with advising on the range of areas indicated above with particular reference to financial due diligence, design and planning, market-making, and engineering and technical expertise.**

I agree that procurement frameworks can have a key role in accelerating the construction of housing. That is why my officers are now procuring a new London Development Panel to support public land owners in delivering residential-led development on their land. The new panel will gather together a pool of the capital's expertise in housing delivery and will include panel members with a range of experience, including in the delivery of precision manufactured homes.

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I am not planning immediately to set up a formal panel to advise on PMH, but I will keep this under review. However, if work on the standardisation guide progresses as expected, I will ensure that my officers engage with a wide range of stakeholders and draw on a diverse range of expertise as part of this process.