

MAYOR OF LONDON



London Housing Strategy

EXECUTIVE SUMMARY DRAFT
FOR PUBLIC CONSULTATION

September 2017



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Foreword

As Mayor, I have been clear that London's housing crisis is the single biggest barrier to prosperity, growth, and fairness facing Londoners today.

In recent decades, London has excelled at creating jobs and opportunities. Yet over the same period, far too little was done to build the genuinely affordable homes we need. Now a generation of Londoners are being priced out of our city. Many cannot afford their rent, live in overcrowded conditions, and see buying their own home as a distant dream.

It now costs more to rent a one-bed flat in London than it does to rent a three-bed home anywhere else in the country. Shamefully, 90,000 children in London live in temporary accommodation. Three out of four businesses cite housing as the biggest challenge to attracting staff. And one in four nurses and young teachers say they expect to leave the city in the next five years because of high housing costs.

The approach to homebuilding over recent decades has clearly not met the challenge we face. It has not built the number of homes we need nor the type of homes we need, and when I took

office, our audit showed just 13 per cent of new homes being given planning permission were affordable. These 'affordable' homes will have included those at 80 per cent of market rents – a level not genuinely affordable in most parts of London.

This is unacceptable and I am determined to make a difference. I have been honest with Londoners from the start – we are not going to be able to turn things around overnight. This is going to be a marathon, not a sprint. But we are working hard every day and we have already started to take big steps forward.

London currently depends on a small number of large developers whose model relies on homes built for sale. These large developers play a key role in homebuilding, but their contribution alone cannot solve the crisis. New City Hall analysis, set to be published in the autumn, will show that we need many more homes than are currently planned for, and that of these new homes around 50 per cent will need to be affordable. The biggest shortfall by far between what we are building now and what we need is amongst homes that are genuinely affordable to Londoners.

“This housing strategy is not only about the long-term, but also about doing all we can to help Londoners affected by the housing crisis right now.”

That is why my new housing strategy sets out an approach that will start to rebalance housing supply in London. It sets out how we have started to move in a better direction. I have already begun to invest the record £3.15bn of affordable housing funding I secured for London from Government, and I have introduced a new and innovative approach to increase affordable housing and speed up the planning system so that we can pick up the pace of change.

My housing strategy also outlines my vision for housing associations, councils, institutional investors, and small builders to play a far bigger role – and for City Hall to play a greater part in bringing land forward for building new homes. It sets out the importance of more higher density homes across the city, including in outer London, and more high-quality homes at a stable rent. Above all, it sets out the importance and necessity of building more genuinely affordable homes for Londoners to rent and buy.

But our ambition must stretch even further if we are to tackle this crisis. I will do everything I can using the powers I have in London, but Government also needs to play its part. Our plans

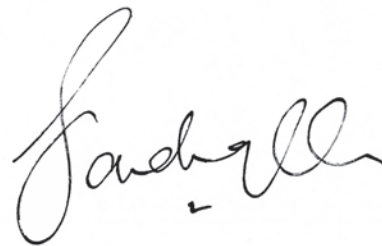
to bring forward more land for housing could transform supply in London if supported by more effective powers from Government. Likewise, our plans to build more genuinely affordable homes could achieve an even greater step-change if ambitious councils and housing associations were enabled to build more homes, supported by a long-term, stable and devolved funding settlement from Government.

This housing strategy is not only about the long-term, but also about doing all we can to help Londoners affected by the housing crisis right now. That is why we want to improve standards for Londoners renting privately, to help leaseholders get a better deal, and to make sure more is done to prevent homelessness and rough sleeping. I am also fighting for Londoners currently living in social housing and making sure their voice is heard – following the Grenfell Tower fire, I am determined to do whatever is necessary to ensure Londoners' homes are safe.

There is still a long way to go, but over the past year we have started the difficult process of turning things around. As part of this, I am pulling people

together and working with an alliance of developers, housing associations, councils, investors, businesses, and Londoners themselves. This draft strategy sets out the work we have started, our plans to push the limits of our current powers, and the scale of our ambitions for the future.

I want as many Londoners as possible to take part in this consultation as we shape the strategy's final version. Housing is an issue that affects everyone and every family in London. I want you all to have your say as we work towards building a city that works for all Londoners.

A handwritten signature in black ink, appearing to read 'Sadiq Khan', with a small checkmark below the name.

Sadiq Khan
Mayor of London



Executive summary

How to provide all Londoners with a decent and affordable home is the greatest challenge facing our city today. Londoners know this only too well. Public concern with housing in the capital hit its highest recorded level in 2016. One in three Londoners now call it one of the biggest issues facing the country. London's housing shortage can be traced back to a failure, over many decades, to build the new homes the city's growing economy requires. The effects of this chronic shortage now reach into every aspect of Londoners' lives.

The Mayor's draft London Housing Strategy sets out his vision for housing in the capital, alongside policies and proposals to achieve it. It provides a framework for what the Mayor will do over several years, including over £3.15 billion of affordable housing investment through to 2021, as well as a host of other programmes and services provided by the Mayor and his partners, and his longer-term ambitions for the future. It is a call to action for all organisations that have a role 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 essential parts 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, the environment is protected, and people from all walks of life can share in the city's success and fulfil their potential.

This vision underpins the five priorities of the Mayor's draft 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.

The central priority of this draft strategy is to build many more homes for Londoners. 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, how, and for whom they are built. To meet our housing needs while protecting the Green Belt and open spaces, London must build at higher densities and ensure that all parts of the city take their fair share of new homes. This draft strategy sets out a comprehensive blueprint for supporting the step change in housing delivery that is now required.

It is essential we increase the supply of genuinely affordable housing, and we need to ensure that new homes are high quality, safe, support London's shift to a low carbon future, and are built in partnership with Londoners themselves. Furthermore, because we know that building the new homes we need won't happen overnight, in the meantime we need to do all we can to help Londoners now. That is why, in this draft strategy, the Mayor sets out his plan to help the growing numbers of private renters and leaseholders in London, and to take urgent action to prevent and address homelessness.

BUILDING HOMES FOR LONDONERS

The Mayor believes the only way to solve London's housing crisis over the long term is to build significantly more homes. For many years, the number of new homes being built has fallen far short of what Londoners need, as we have become over-reliant on a relatively narrow range of development models, sites, and types of homes. Central to addressing this challenge is to diversify who builds homes, and where and how they are built. The Mayor's strengthened 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 collaboration 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 respond adequately to the city's desperate need for new homes. The Mayor will work to increase land supply by supporting more intensive use of London's available land, and by proactively 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 by releasing more land for housing. The Mayor will also call for the devolution of new powers and greater resources to assemble more land, more quickly. To protect the Green Belt, the Mayor will promote higher density schemes and prioritise development on brownfield sites, in and around town centres, and on smaller sites in areas that have traditionally contributed less to London's supply of new homes. To ensure that all councils contribute to the capital's needs, clear and ambitious housing targets will be set for every council in London. – Policy 3.1

2. **Investing in homes and infrastructure:** Public investment plays a central role in sustaining and supporting homebuilding. It helps to speed up build-out rates, unlock stalled schemes, and make more land available for housing. The Mayor will use his resources and national programmes to invest in housing and infrastructure, including through: his Affordable Homes Programme; the Housing Infrastructure Fund; targeted investment in areas where delivery of new and genuinely affordable homes

can be maximised; and supporting access to finance for home builders. Investment in new transport schemes will be targeted to support new homes – whether major new rail lines like Crossrail 2, high quality rapid bus transit, and more local investment to make cycling and walking easier. The Mayor will work with Government and others to increase levels of investment in infrastructure, including through pushing for more devolution of funding powers to the capital, and new approaches to infrastructure finance and land value capture. – Policy 3.2

3. **Diversifying the homebuilding industry:** London will not increase its levels of homebuilding unless more of the homes built can be accessed by more Londoners, and until more homes are built by a wider group of organisations. The Mayor will offer packages of support to enable new players to complement the work of traditional private sector developers. Support for new purpose-built private rented homes – the Build to Rent sector – will provide a more stable and well-managed supply of homes at a range of rent levels. There will also be support for small- and medium-sized builders to help us build more

“The Mayor is determined to make more homes affordable to Londoners on low and middle incomes.”

on smaller sites and in outer London, where homes can be built faster and at more affordable prices. The Mayor will support housing associations to deliver their affordable housing targets through investment and new ‘strategic partnerships’. Finally, he will work closely with ambitious councils to help them access the resources they need to build new council housing. – Policy 3.3

- 4. Improving the skills, capacity and building methods of the industry:** At present, there are not enough people who have the right skills and who want to work in London’s construction industry, and relying on traditional building methods alone will make it hard to significantly increase the number of new homes. The Mayor will work to address the construction skills gap. He will provide leadership and coordination to improve the image of construction. He will also improve London’s construction skills training system, and support the industry through the risks posed by Brexit. A shift to more of the components of London’s homes being precision manufactured, including in factories, will be supported too. – Policy 3.4

DELIVERING GENUINELY AFFORDABLE HOMES

The Mayor is determined to make more homes affordable to Londoners on low and middle incomes. London depends on people of different means and backgrounds all being able to live here and contribute to its vibrancy and economic success. Social housing forms the foundation of our mixed city, yet for many years London has failed to build new affordable homes at the rate required, while its existing affordable homes are under increasing pressure.

5. **Ensuring homes are genuinely affordable:** Londoners have understandably become suspicious of the term 'affordable' in recent years. The Mayor wants to make sure they can be confident that more new homes will be genuinely affordable, by establishing clearer definitions of what homes are affordable for Londoners on low and middle incomes to rent and buy. The Mayor will invest in homes around social rent levels for Londoners on low incomes, in London Living Rent homes for middle income Londoners struggling to save for a deposit, and in shared

ownership homes for Londoners who cannot afford to buy on the open market. While encouraging innovation in other forms of affordable housing, the Mayor will set clear tests to ensure they are genuinely affordable to Londoners. – Policy 4.1

6. **Working towards half of new homes built being affordable:** The Mayor is committed to a long-term strategic target for half of new homes built to be genuinely affordable. To achieve this, he will ensure the planning system secures more affordable homes as part of new developments, including through fast tracking developments that meet the Mayor's minimum threshold. He will further increase the levels of new affordable homes through investment, including his programme of £3.15 billion to support 90,000 affordable home starts by 2021. He will also work with others to bring forward London's surplus or under utilised publicly-owned land to support the delivery of more genuinely affordable homes, including clear targets for Mayoral land. Longer term, the Mayor will make the case for far more investment to provide the homes that Londoners need. – Policy 4.2

7. Protecting London's existing affordable homes: As well as building more genuinely affordable homes, we must do more to protect London's existing affordable homes. The Mayor wants homes sold through Right to Buy to be replaced on a like for like basis, supported by Government reforms to make this more straightforward. Equally, he wants to ensure that homes demolished for redevelopment are replaced on a like for like basis and will make this a key planning requirement. He will also support a more efficient use of London's affordable homes, 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 environmentally sustainable. They must be accessible and inclusive of Londoners' diverse housing needs. Above all, new and existing buildings must be safe for Londoners, while more broadly we must ensure good quality construction, take measures to reduce the number of Londoners living in fuel poverty, and do more to adapt London's housing stock for an ageing population. Londoners need to feel involved in decisions

about homebuilding and their concerns about new development should be addressed.

8. Well-designed, safe, good quality, and environmentally sustainable homes: Alongside higher levels of homebuilding, there must be more focus on the quality, safety, and sustainability of homes and neighbourhoods. The tragic Grenfell Tower fire raises urgent questions about the safety and design of some existing buildings, and about how rules and regulations are written and enforced. The Mayor wants to encourage strict quality and safety standards. More widely, he will support excellent design to underpin an expansion in homebuilding, including through appointing Mayoral Design Advocates and supporting a new 'housing Expo' to showcase the best design for the types of new homes that London needs. The Mayor will help champion quality and design locally. His new social enterprise, 'Public Practice', will help to boost planning and regeneration expertise in councils. Through delivering his Environment Strategy, the Mayor also recognises the role of housing in enhancing London's environmental quality, including the public realm and green infrastructure within which housing is set, and improving energy efficiency of buildings themselves. – Policy 5.1

9. **Meeting London's diverse housing needs:**

To fulfil the Mayor's vision of a city for all Londoners, new homes need to be developed with the needs of all Londoners in mind, and existing homes need to be improved to support demographic change and to improve accessibility. The Mayor will work to ensure this happens by providing investment for specialist and supported homes, including for older or disabled Londoners, by adopting strict standards for accessibility, and by working with communities across London to develop proposals for specialist homes that meet their needs. – Policy 5.2

10. **Involving Londoners in**

homebuilding: Londoners' support for new homebuilding has been rising over recent years, as the need for new housing has become increasingly acute. The Mayor wants 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. More broadly, he will work to ensure that new housing development is matched with provision of health, education, and other facilities, so that communities are well prepared

for new homes. Homebuilding will become a more transparent and open process, while 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

Building the homes that Londoners need will take time, and in the meantime the Mayor wants to improve life for London's two million private renters. Private renting is London's only growing housing tenure, yet renters face a range of challenges. These include rising rents and other costs, a lack of security and stability, and, in some cases, unacceptable conditions. The Mayor also wants to get a fairer deal for the more than half-a-million leaseholders in the capital – a vital task 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 to ensure private renters can expect consistently decent standards. His vision is for an effective system of regulation through property licensing and landlord registration, that is light touch for good landlords and focuses resources on pursuing those who behave unlawfully. As a first step to help improve standards, he will 'name and shame' landlords and letting agents who have acted unlawfully. He will also support councils to operate 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 affects Londoners across the board – from families on low incomes, to those affected by recent welfare reforms, to young people unable to save for a home of their own. At the same time, more households rely on private renting for a long term and stable home. Today, almost 600,000 London children live in the sector. The Mayor will work to promote a new deal – a London Model – for renters. This will offer greater stability and tenant rights, balanced with the legitimate 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. – 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 support improvements to the leasehold sector, particularly measures to improve the quality of advice and support available to leaseholders. This includes working with developers to extend the London Charter for service charges and ground rents to the wider leasehold sector. The Mayor supports the principles behind recently published central Government consultations on leasehold houses and ground rents, and over the longer term, he will push for fundamental reform of leasehold, which could include its replacement 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 severely 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 on the rise. A recent study estimated that one in 50 Londoners is now homeless – including 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 accommodation:** More and more Londoners have been finding themselves without a place to call home. Fundamentally this is due to the shortage of affordable homes and the insecurity of private renting. The Mayor will lead on tackling the root causes of this unacceptable situation, and he will 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 more coordination between councils when accommodating homeless Londoners. He will also focus on homelessness that is caused by violence against women and girls.
- Policy 7.1

“It is unacceptable that anyone sleeps on London’s streets. The Mayor’s aim is to ensure there is a way off the streets for every single rough sleeper in London.”

“The draft London Housing Strategy sets out the Mayor’s long term plan for addressing London’s housing crisis.”

15. Helping rough sleepers off the streets: It is unacceptable that anyone sleeps on London’s streets. The Mayor’s aim is to ensure there is a way off the streets for every single rough sleeper in London. He will provide leadership and coordination through his ‘No Nights Sleeping Rough’ taskforce. He will work with councils, charities, Government, and others to boost services beyond the £8.5 million 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

DELIVERING THE MAYOR’S VISION

The draft London Housing Strategy sets out the Mayor’s plan for addressing London’s housing crisis. Much can be done with existing powers and funding, and the ambition of the proposals in this strategy demonstrates the determination at City Hall to drive forward the changes and reforms that are required. However, the Mayor cannot solve this crisis on his own. Many organisations will need to play their role if this draft strategy is to be delivered. In particular:

Councils in London are at the frontline of the housing crisis and they will play a central role in the delivery of this

strategy. The Mayor wants to work with councils to ensure that they can support its aims through the whole range of their functions. This includes: planning and giving permission for new housing schemes; promoting regeneration and development across their areas; building new genuinely affordable homes; and ensuring that Londoners affected by the housing crisis are receiving the help and support they need. This draft strategy proposes clear expectations on councils for local delivery, backed up with a comprehensive package of support from City Hall.

Private developers will continue to build most of London's new homes. The Mayor recognises and values the contribution they make. This draft strategy sets out how he will support the sector by increasing the supply of land, investing in infrastructure to unlock new sites, and helping a wider range of developers and builders to play a bigger role. In return, he expects private developers to increase their levels of homebuilding. He also expects them to make their fair contribution to providing the genuinely affordable homes that Londoners need.

Housing associations are the main providers of new genuinely affordable homes. As such, they play a central role in the Mayor's vision for housing

in London. He will provide support to help them do more. This includes a substantial share of his current £3.15 billion of investment for new affordable homes. For the largest and most ambitious housing associations, the Mayor will create new strategic partnerships to support the delivery of key parts of this strategy.

The other central player in making this draft strategy a reality, both in the immediate future and over the longer term, is **Government**. The UK remains a highly centralised state. As such, London continues to rely on central Government for its funding and powers. The Mayor, like councils and businesses across London, is calling for a comprehensive and urgent devolution of funding and powers that recognises the scale of London's housing challenges. This would allow London to take the lead in solving its own housing problems.

CONSULTATION AND NEXT STEPS

The publication of this draft strategy marks the start of a three-month consultation. Following the consultation, the Mayor will consider responses and amend the strategy. He will then submit the final draft to the London Assembly and to Government for their consideration. The final version will be published in 2018.

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