

## **Six suggestions to improve housing delivery in London**

London has a severe housing crisis. Rents are becoming increasingly unaffordable, housing waiting lists are growing (according to data collected by the Government there were 246,575 households on council housing waiting lists in 2020<sup>1</sup>) and the average priced home in London now costs 13 times more than the average household income of Londoners (ONS). Homeownership is beyond the reach of many young, and increasingly not-so-young, people.

Compared to elsewhere in England, the Mayor of London has unique and significant planning powers in relation to plan-making and the development control that could make a big difference to the housing crisis in London. We look forward to working with the Mayor following the election and to helping support the Mayor's proposals for housing. To ensure that the issues facing the city, such as housing affordability and supply are addressed, we have made the following recommendations for the Mayor to consider. All are relatively easy to adopt and will not require legislative change. Nor will they impose major administrative or financial commitments on the Greater London Authority.

### **1. Under-take a strategic review of London's Green Belt**

The public examination of the Mayor's new London Plan demonstrated that London is physically unable to meet all its housing needs over the next decade. Analysis of London's housing needs compared to the supply of land available for residential development indicates that there will be a shortfall of some 140,000 homes in the next decade. Given the size of the housing waiting list across London, together with rising levels of homelessness and rough sleeping, and the struggle to meet the London Plan housing targets<sup>2</sup> even this large figure under-estimates the true scale of the housing need.

In view of scale of the unmet housing need, the government's expert advisers appointed to examine the London Plan, recommended that the Mayor undertakes a strategic review of London's Green Belt to explore whether there are options to sustainably accommodate these homes on land currently within the Green Belt. Although the Mayor has rejected this recommendation, the HBF invites the Candidates to reconsider the Panel's views and commit to a strategic review.

A review will only look at the potential options for the removal of land from the Green Belt. Importantly, a review does not mean that land will have to be removed. The strategic review, however, could be used as a basis to inform a discussion with Londoners about the pros and cons associated with releasing land for development that is currently within the Green Belt to meet London's pressing housing needs. Ultimately, the general public should still determine whether the Green Belt should be altered or left alone.

### **2. Identify and allocate small sites for small house builders**

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<sup>1</sup> MHCLG Live Table 600: numbers of households on local authorities' waiting lists from 1997.

<sup>2</sup> The most recent Annual Monitoring Report by the GLA shows that London provided 35,699 homes in 2018/19 compared to a need for 42,388 a year. In 2019/20 - the first year of the new London Plan - there were 41,720 net completions, compared to a need for 66,000 (see MHCLG Live Table 118).

Back in the 1980s small builders used to build nearly half of the homes in the UK<sup>3</sup>. They performed a major role in boosting housing supply nationally. Over the last thirty years they have experienced a dramatic decline owing chiefly to the reluctance of local authorities to identify land for them to build-on. The number of small builders has declined by 80% since 1990. Instead local authorities have tended to favour allocating larger sites for larger developers. Identifying and allocating small sites is considered too time-consuming for local authorities.

Support for small builders is vital to diversify the type of homes for sale and rent and introduce much needed competition into the housing market. As important, more small sites for small builders would help to increase build-out rates as builders compete for customers.

To support small builders, the Mayor should consolidate his policy in the London Plan to encourage more small site delivery and work to ensure that the London boroughs in their local plans identify and allocate sites of 0.25 hectares in size equivalent to accommodating 10% of the local housing requirement.

### **3. Build more homes for older people**

Even though London is a relatively young city compared to other parts of the UK, it will experience a substantial growth in its older population. The GLA expects the number of older people (aged 65 or over) to increase by 37% by 2029. Most people recognise the importance and social benefits of providing mixed and balanced communities with neighbourhoods made-up of people of different age-groups. Providing more homes for older people will also help to diversify the housing market, free-up homes for younger households, and help accelerate build-out rates.

The new London Plan acknowledges the importance of providing suitable homes for older people in building new communities and regenerating neighbourhoods. It identifies a need to build some 4,000 specialist older persons homes each year over the next decade to meet the needs of London's aging population.

To achieve this, the London Plan sets 'benchmark 'targets' for the supply of these specialist homes for older people for each London borough. Unfortunately, these benchmark targets are non-binding and some London boroughs have refused to make provision for older people in their areas.

HBF recommends that the candidates explore what can be done to improve the supply of older persons housing. For a start, it should insist that the benchmark targets are translated into policy in every London borough local plan. It should also operate a 'presumption' in favour of older persons housing to improve the prospect of meeting these benchmark targets.

### **4. Encourage more tall buildings**

To meet the future development needs of London, it is likely that the overall density of development will need to increase across the whole of the capital. In some areas, especially centres enjoying good public transport connections, taller buildings will need to be built. This is acknowledged in the new London Plan. The Mayor's new housing targets are predicated, in part, upon building more densely and building more tall buildings.

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<sup>3</sup> *State of Play: Challenges and Opportunities Facing SME Housebuilders*: HBF, October 2020.

The new London Plan delegates responsibility to the London boroughs to delineate those areas where tall buildings will be permitted. Unfortunately, many London boroughs, delegate this to applicants who then have to justify a tall building on site-specific grounds but without knowing whether this will be acceptable to the local council. This is too uncertain and ineffective. To help deliver more tall buildings to deliver the Mayor's housing targets the Mayor should work with the boroughs to help delineate those areas of Greater London where tall buildings would be allowed. This will provide more certainty for applicants.

## **5. Align energy efficiency measures with national Building Regulations**

The housebuilding industry is committed to improving the environmental performance of new homes. In terms of reducing CO<sub>2</sub> emissions, the industry is in discussion with Government about the establishment of new Building Regulations relating to energy and ventilation that will establish a challenging but also realistic pathway to achieving an 80% reduction in CO<sub>2</sub> emissions from all new homes from 2025. To assist the industry in this endeavour, the London Mayor should adhere to the new Building Regulations that Government has set earlier this year and withdraw standards specific to London that exceed national regulations. It will take time for the supply chain and skills levels to adapt to meet the higher regulatory standards required by 2025.

In addition, the Mayor should not be prescriptive about the technology to be deployed by housebuilders to achieve the energy efficiency requirements of the Buildings Regulations. For example, in some schemes it may be appropriate to provide energy through installing district or Community Heat and Power plant. In other schemes, Air Source Heat Pumps and the use of photo voltaic panels may provide a much better solution. As research in this field is accelerating quickly and new products will come to the market in the next few years that are likely to be more cost efficient for residents to run it is inadvisable for the Mayor to make prescriptive policy in this area.

## **6. Monitor delivery against London Plan housing objectives and take remedial action in cases of under-delivery**

Too often the Mayor has set new targets and policy objectives through the London Plan but has failed to enforce these at the local plan level. Local plan production often lags significantly behind the adoption of the London Plan. Once the new London Plan is adopted, it can be another five years before all the London borough local plans have been updated to reflect the new targets set by the London Plan. This means that housing targets fail to be embedded in local plans in time and consequently targets are missed. Other London Plan policy objectives also get neglected.

The Mayor should commit to monitoring local plan production and intervene where there are signs of significant under-performance in delivery against targets. In failing areas, the Mayor should agree an action-plan to improve housing delivery quickly.

If delivery overall across London shows signs of faltering significantly, then this could indicate that the strategy informing the London Plan is a flawed one and this should trigger an immediate review of the London Plan that embraces a new approach to housing delivery.

## **The Home Builders Federation**

The Home Builders Federation (HBF) is the representative body of the home building industry in England and Wales. The HBF's member firms account for some 80% of all new homes built

in England and Wales in any one year, and include companies of all sizes, ranging from multi-national, household names through regionally based businesses to small local companies. Private sector housebuilders are also significant providers of affordable homes, building 52% of all affordable homes in 2019/20<sup>4</sup>.

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<sup>4</sup> MHCLG Statistical Release: *Affordable Housing Supply: April 2019 to March 2020, England*