

HBF Report



Elections 2014: The Housing Poll



More new homes for london?..... 

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Industry commitment to tackle the crisis

House builders recognise the role that they play in helping to tackle the most serious social and economic threat currently facing the capital. That is why the Home Builders Federation, on behalf of its members has stepped up its engagement with the Mayor of London's Office and made detailed formal representations during the consultation on the Mayor's London Plan, published earlier this year. Ensuring that London, its boroughs and developers are fully aware of the scale of the challenge is a sensible starting place. HBF is therefore also working with councils to ensure that they are taking account of the relevant factors in assessing their housing need for the next five to ten years. For example it has recently made representations on the Lambeth and Hounslow plans encouraging these authorities to reflect the new London Plan targets in their revised plans.

House builders are increasing investment in sites in London. HBF's most recent Housing Pipeline statistics measuring planning permissions showed that 125 sites were granted consent in the last quarter of 2013 alone, contributing to a 17% increase in sites going through the system in the calendar year 2013 compared with 2012. But this is still not enough. Buoyed by the Help to Buy Equity Loan scheme and continuing strong demand for new homes, developers are building out sites more quickly than they can acquire worryingly scarce land.

Acknowledging concerns about the strength of overseas investment in the London new build market, HBF worked with its members at the end of 2013 to develop a voluntary commitment to market all new homes in the UK before, or at the same time, as they are available internationally. In March 2014, HBF also supported the Mayor's concordat which was signed by more than 50 developers once again agreeing to give equal opportunity to buyers in the UK. However, policies to actively discourage much-needed investment from abroad in new homes that actually provides the upfront finance to make a scheme viable would have negative consequences for the supply of new homes in the capital. HBF's report in December 2013, *Development in London*, outlined some of the many advantages that investment from overseas buyers brings to London and the UK more widely.

The 10 house building tests for London's council candidates in 2014

The 2014 local elections in London represent a critical juncture for the capital. London is facing a major social and economic crisis unless councils – and councillors – face up to the dire consequences of decades of under supply of housing and meet the challenge head on.

HBF is calling on the candidates and parties standing for election at the forthcoming local elections in London to prioritise house building and sign up to 10 steps to help prevent the capital's housing crisis deepening over the next four years.

Addressing the challenge

To help meet this once-in-a-generation challenge, we are asking candidates to:

1. Ensure that putting in place a long-term plan to help tackle the housing crisis is prioritised and put above party politics
2. Commit to ensuring that the number of new homes being built is at the level required by the borough's future household projections
3. Help to identify and allocate sufficient land for development
4. Commit to disposing of surplus land with minimum bureaucracy and delay
5. Ensure that planning obligations are set at realistic levels that do not threaten the viability of new housing
6. Work with the industry to reduce the number of unnecessary conditions attached to planning consents in order to get sites built out earlier
7. Work with the Mayor and neighbouring authorities both inside and outside of London to ensure that local housing needs are met where these cannot be addressed wholly within the London Borough in question
8. Help to facilitate the training of local young people so that they are equipped to help build tomorrow's communities
9. Consider the shifting demographics of the capital and address the housing needs of different age groups
10. Work constructively with communities and house builders to ensure that residents are fully aware of the social and economic benefits of development in their area

Benefits of supporting increased house building

As well as helping to meet the escalating challenge of housing a growing population and stemming an even deeper crisis, estimates suggest that for every £1 invested in construction, £2.84 is created in the economy¹, and each new home is shown to support 1.5 direct jobs and a further 0.9 in the supply chain.²

Therefore, with boroughs' support, increasing supply from current levels to help meet the Mayor's target of building 42,000 homes per year could:

- Boost national Gross Domestic Product by a quarter of one percent
- Sustain 38,000 jobs in construction in London
- Support 23,000 jobs in the supply chain around the UK

¹ http://www.local.gov.uk/c/document_library/get_file?uuid=a30b5f9e-8d33-4037-ace5-e7ddf4713cf4&groupId=10180

² *The Labour Needs of Extra Housing Output*, Professor Michael Ball (2005)

Scale of the crisis

Population and household growth

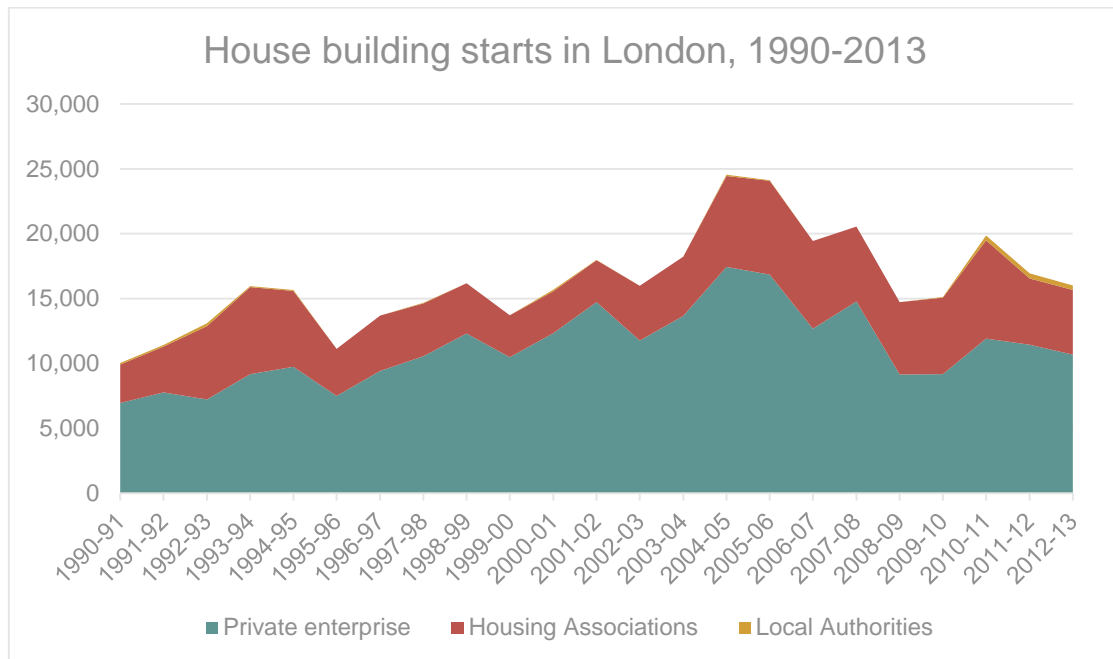
- London's population has grown from 6.7 million in 1986 to 8.4 million in 2013 and is projected to surpass its 1939 peak of 8.6 million as early as 2016
- Best estimates are that it will reach nine million by 2020 and ten million by 2030. This is the equivalent of adding the population of the UK's second biggest city, Birmingham, every ten years
- The most recently published iteration of the London Plan lifted the requirement of 32,000 new homes per year to 42,000 for the period 2015-2025. This is a number not achieved since the 1940s and more than two and a half times the annual average since 1990.
- Past delivery has been poor because new supply has been overly concentrated in the East London boroughs. It is now time for the other boroughs to play their part. The potential of zones 3 to 6 must be explored more thoroughly. The new housing targets being proposed by the London Plan by some boroughs are much too low.
- Official projections indicate that the number of households in London boroughs will increase by an average of 52,000 per year and will have expanded by 16% in the period 2011-2021³.
- The Mayor's own assessment acknowledges that there is a need to provide at least 49,000 dwellings a year in London, but he has identified capacity for only 42,000 dwellings. This means that there is an identified but unmet need for at least 7,000 dwellings a year. Collaboration therefore with the wider South East is vital to ensure that this undersupply can be made good through additional provision being made outside of London.
- Eight London boroughs will see the number of households in their areas increase by more than a fifth between 2011 and 2021

³ DCLG Live Table 425

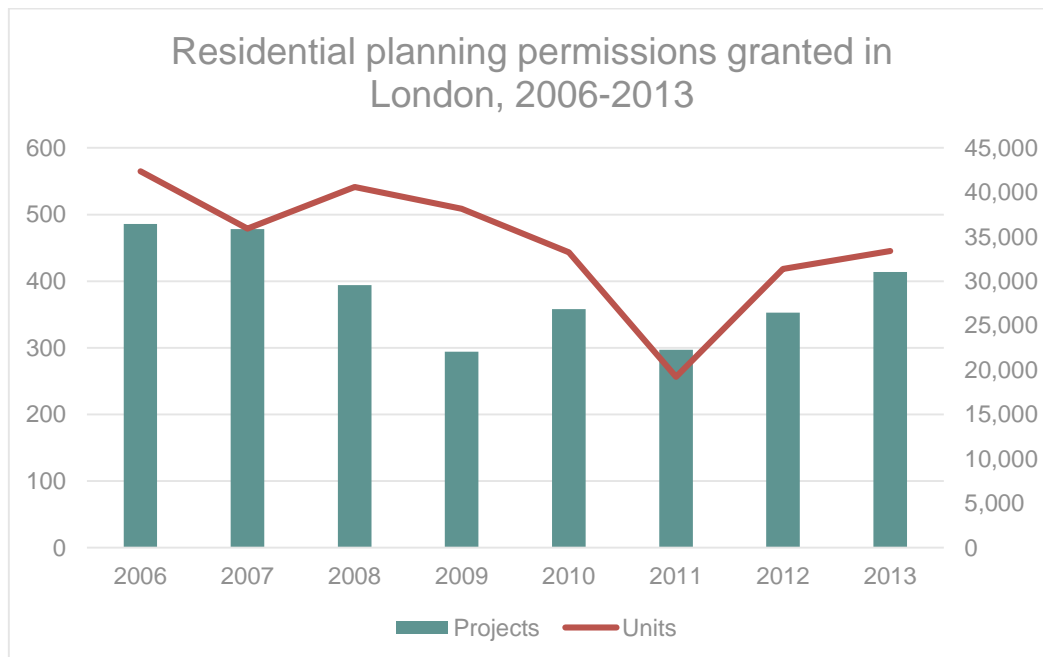
	Households 2011 (000s)	Households 2021 (000s)	Total Change (000s)	Percentage Change
ALL LONDON TOTAL	3,278	3,804	526	16
<u>INNER LONDON BOROUGHES</u>				
Camden	97	115	17	18
City of London	4	7	3	58
Hackney	102	115	13	13
Hammersmith and Fulham	81	84	4	5
Haringey	102	119	16	16
Islington	94	110	17	18
Kensington and Chelsea	78	81	3	4
Lambeth	131	148	17	13
Lewisham	117	139	22	19
Newham	102	116	14	14
Southwark	121	153	32	27
Tower Hamlets	102	135	33	32
Wandsworth	131	146	15	12
Westminster	106	125	19	18
INNER LONDON TOTAL	1,368	1,593	226	16
<u>OUTER LONDON BOROUGHES</u>				
Barking and Dagenham	70	85	15	21
Barnet	136	165	28	21
Bexley	93	104	11	11
Brent	111	121	10	9
Bromley	131	149	17	13
Croydon	146	164	18	13
Ealing	124	142	18	14
Enfield	120	143	22	18
Greenwich	101	110	9	8
Harrow	85	99	15	17
Havering	97	109	12	12
Hillingdon	101	116	15	15
Hounslow	95	113	17	18
Kingston upon Thames	64	79	15	23
Merton	79	99	20	25
Redbridge	100	122	22	22
Richmond upon Thames	80	93	12	16
Sutton	79	91	13	16
Waltham Forest	97	109	12	12
OUTER LONDON TOTAL	1,911	2,211	300	16

House building

House building is slightly above the long-term average but still woefully short of the numbers required to prevent even more households being priced out of the capital.



The number of planning permissions granted for residential development in London has increased in recent years but the pipeline still fails to reflect the need for new housing in London



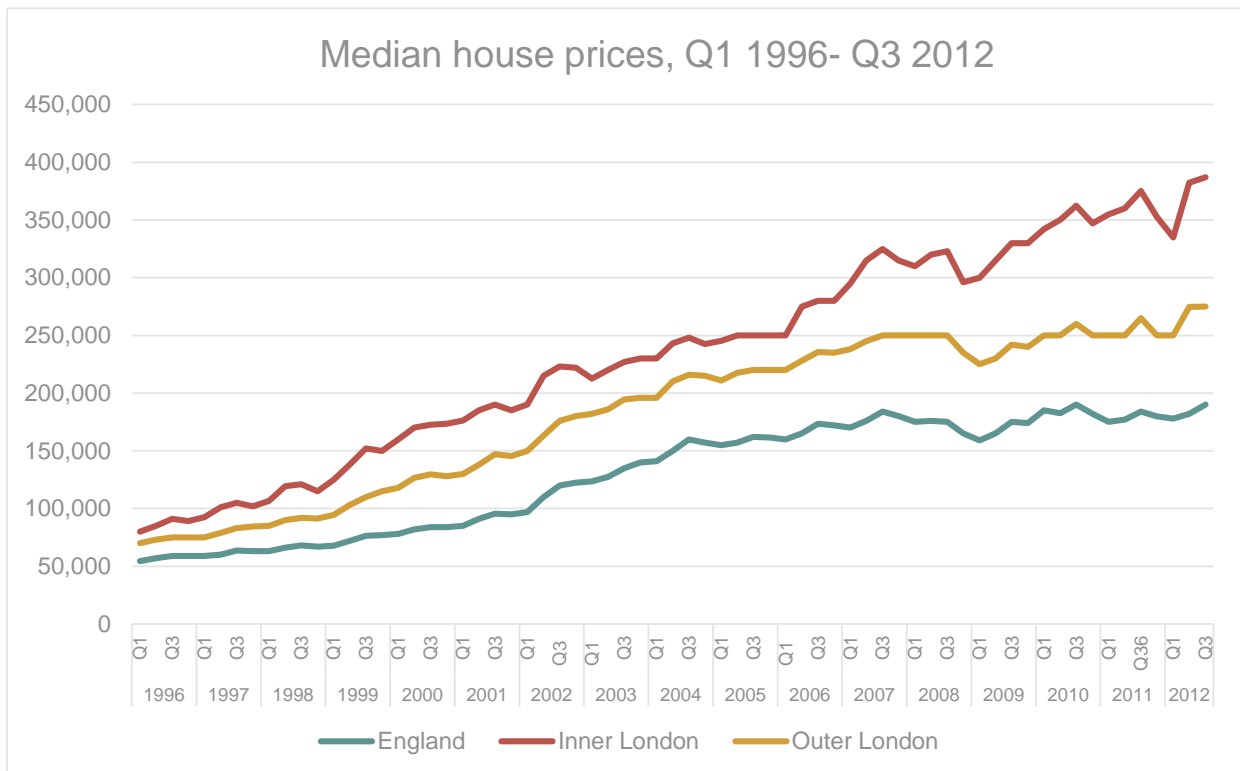
Implications of the crisis

Economic competitiveness

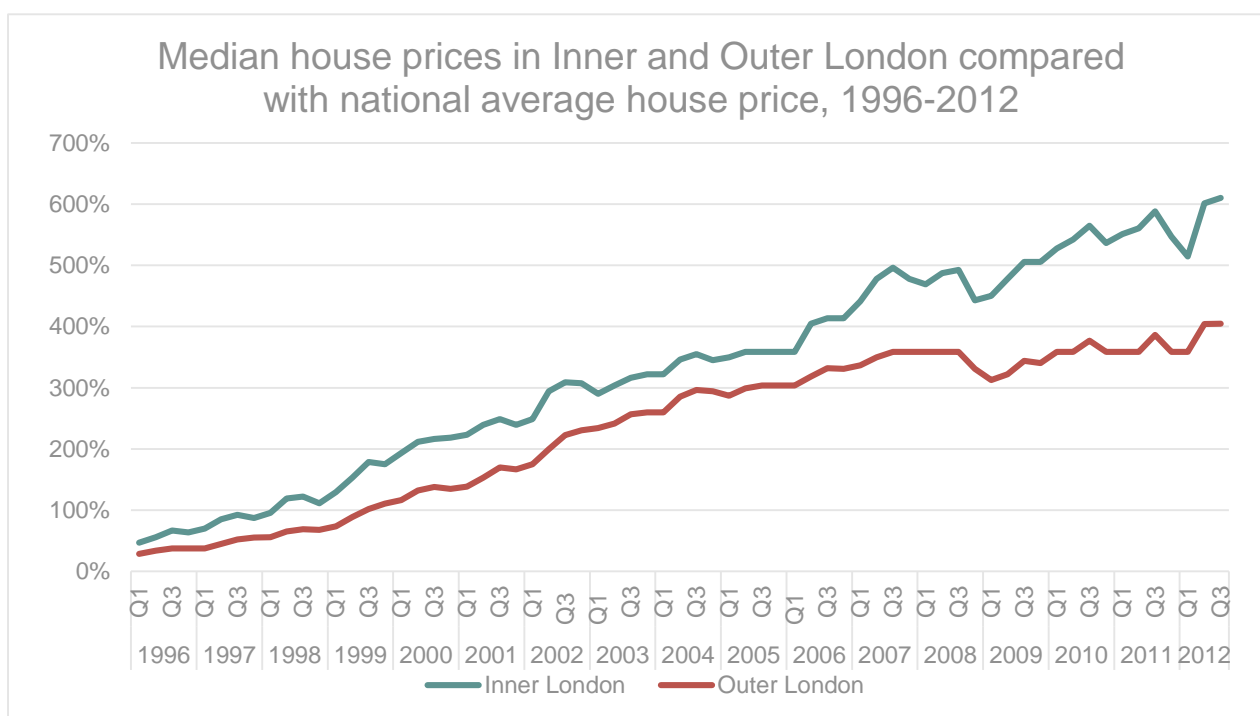
Housing costs are beginning to affect London's competitiveness. In a survey by CBI London in July 2013, businesses identified housing as the second most significant weakness of London as a city to invest and grow a business in. This was deemed more important than transport concerns and second only to 'overall operating costs'. (*London Business Survey*, CBI London, July 2013)

House prices and affordability

Median house prices in Inner London were just short of £400,000 by the end of 2012 while average prices in Outer London were £275,000.



In 1996, house prices in London were around 35% higher than the national average. By 2012 the average price was 500% the average elsewhere.



Based on a deposit requirement of 10% of purchase price and an income multiple of 3.5, there are eight boroughs in which the average home is only affordable to households with six figure incomes, assuming they have a £40k+ cash deposit.

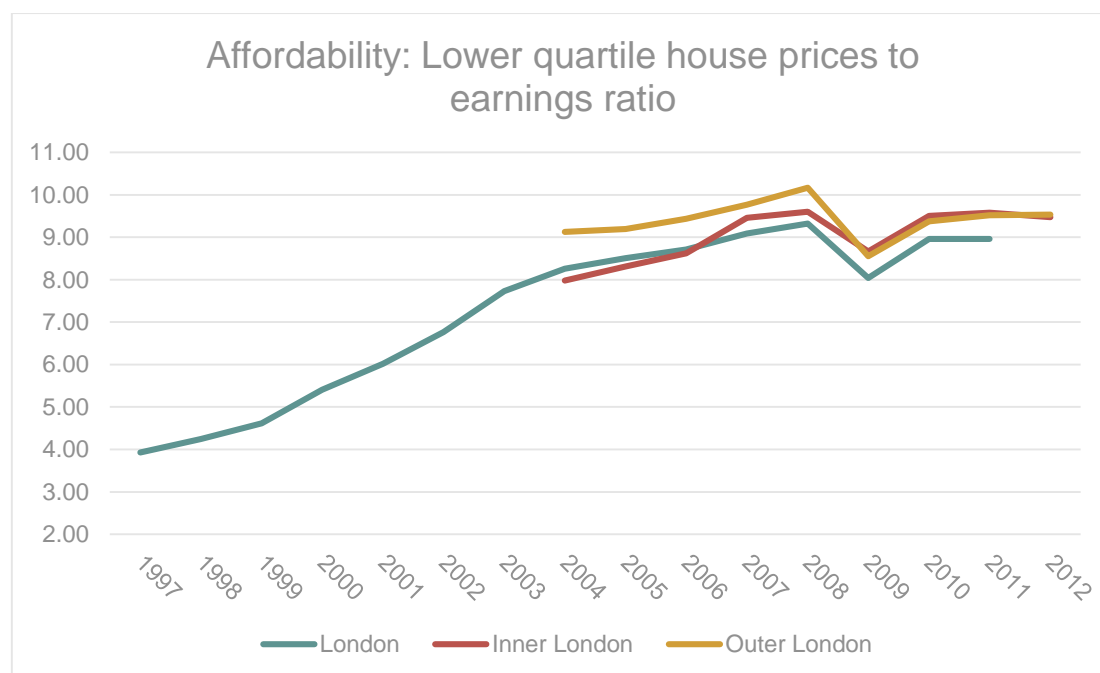
This would make the majority of London boroughs unaffordable for the average doctor, dentist, airline pilot or Member of Parliament.

Borough	Median price	Deposit requirement	Estimated household income
Kensington and Chelsea	950,000	95,000	244,286
Westminster	630,000	63,000	162,000
Camden	520,000	52,000	133,714
Hammersmith and Fulham	509,002	50,900	130,886
City of London	482,500	48,250	124,071
Richmond upon Thames	445,000	44,500	114,429
Wandsworth	435,000	43,500	111,857
Islington	415,154	41,515	106,754
Barnet	355,000	35,500	91,286
Southwark	345,000	34,500	88,714
Lambeth	339,999	34,000	87,428
Hackney	332,000	33,200	85,371
Haringey	328,000	32,800	84,343
Brent	325,000	32,500	83,571
Ealing	322,000	32,200	82,800
Kingston upon Thames	320,000	32,000	82,286
Merton	316,000	31,600	81,257
Tower Hamlets	310,000	31,000	79,714

Harrow	310,000	31,000	79,714
Bromley	292,500	29,250	75,214
Hounslow	278,000	27,800	71,486
Redbridge	269,500	26,950	69,300
Hillingdon	265,000	26,500	68,143
Lewisham	250,000	25,000	64,286
Enfield	250,000	25,000	64,286
Greenwich	250,000	25,000	64,286
Waltham Forest	247,500	24,750	63,643
Sutton	247,000	24,700	63,514
Croydon	235,250	23,525	60,493
Havering	230,000	23,000	59,143
Newham	218,000	21,800	56,057
Bexley	217,000	21,700	55,800
Barking and Dagenham	173,000	17,300	44,486

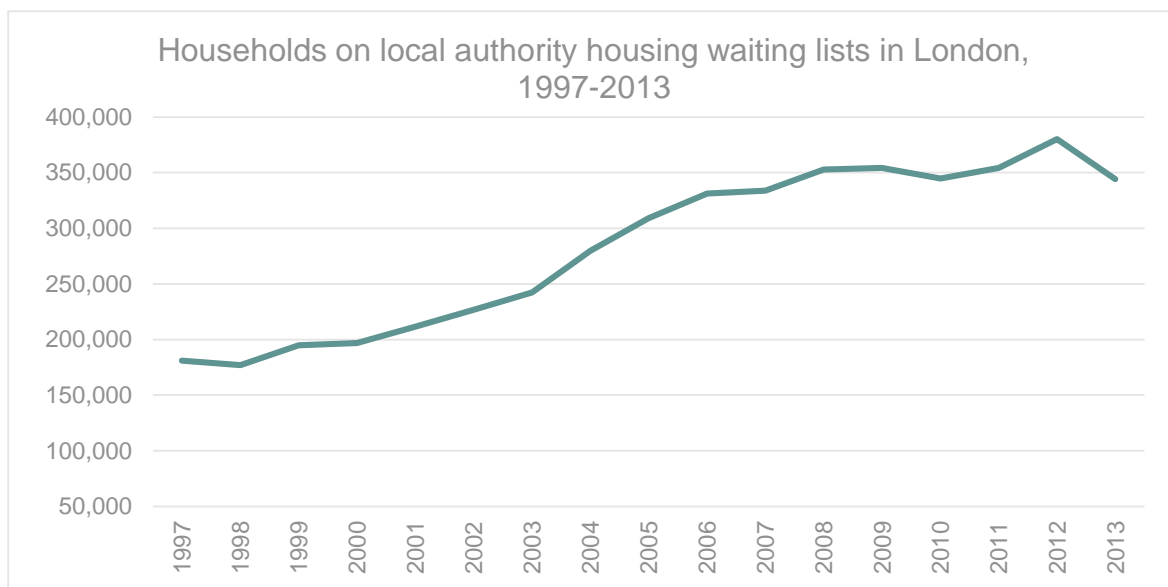
The ratio of lower quartile house prices to lower quartile earnings is 9.48 in Inner London and 9.53 in Outer London. This is compared with a ratio of 3.93 for London in 1997. (DCLG Live Table 576)

In 16 of London's 33 local authority areas, lower quartile house price to earnings ratio is greater than 10.



Housing waiting lists and temporary accommodation

There are 344,000 families on social housing waiting lists in London – 180,000 more than there were in 1997



Households on Social Housing Waiting Lists by borough⁴

Borough	Households	Borough	Households
Waltham Forest	25,054	Ealing	9,213
Tower Hamlets	24,428	Kensington and Chelsea	8,867
Newham	24,179	Croydon	8,848
Camden	20,720	Merton	8,196
Islington	19,178	Lewisham	7,830
Brent	17,580	Enfield	6,315
Hackney	15,090	Wandsworth	5,919
Lambeth	15,070	Kingston upon Thames	5,515
Southwark	14,713	Richmond upon Thames	4,415
Redbridge	13,338	Westminster	4,161
Greenwich	12,490	Harrow	3,676
Barking and Dagenham	11,596	Bromley	2,335
Havering	11,592	City of London	1,312
Hillingdon	10,879	Barnet	981
Haringey	9,838	Sutton	979
Hounslow	9,640	Hammersmith and Fulham	768
Bexley	9,579		
ALL BOROUGHS			344,294

At the end of 2013 there were 42,430 households in London living in temporary accommodation – three times as many as in the rest of England.

⁴ As at 1st April 2013. (DCLG Live Table 600)



About HBF

The Home Builders Federation (HBF) is the representative body of the home building industry in England and Wales. The HBF's members account for around 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.

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