

Recommendations for the Mayor of London: addressing London's housing crisis

Delegates at the RGS-IBG 21st Century Challenges Policy Forum shared their views

Seeking Common Ground:

Delivering affordable, timely and sustainable housing for London's workforce

On 20 June 2016, the RGS-IBG held a Policy Forum, as part of our 21st Century Challenges programme, to discuss how to deliver timely, affordable and sustainable housing in London.

This event was attended by almost one hundred director-level representatives from a range of sectors including local and national government, think tanks, leading academic institutions, housing associations and professional bodies in house building and planning. More information about the event, including outputs from the evening can be found at the 21st Century Challenges website.¹

Delegates who attended the Policy Forum shared their recommendations on how Sadiq Khan as the Mayor of London could deliver the required 50,000 new homes² in London, every year for five years, 50% of which he pledged would be 'genuinely affordable'. Twenty-four delegates provided a written response to the question, the majority of whom felt the goal was unachievable. However, recommendations on how progress could be made fell under five general themes.

This document provides a summary of the key themes. The themes were:

1. Radical policy change from central government.
2. Devolution of powers to the Mayor of London.
3. Fiscal and strategic measures required in London.
4. Increasing the supply of land, including from the greenbelt.
5. Increasing the diversity of housing supply.

1. Radical policy change from central government

It was acknowledged by the majority of delegates that a radical shift in the political and financial commitment of the UK Government was required if the Mayor of London was to address the housing crisis, with one delegate stating that it was likely to be impossible to achieve in light of the recent assent of the Housing and Planning Act 2016³. One reason for this opinion is a concern that extending the 'Right to Buy' initiative to housing associations, without providing extra funding for councils to build new affordable homes, will force the poorest residents out of their homes, particularly in expensive areas of London⁴.

There was also a call from delegates for a greater understanding of the barriers to building houses, which in their opinion should be debated at a general public level, as well as policy

¹ <https://21stcenturychallenges.org/policy-network/policy-seminars/past-events/housing-and-austerity/>

² Source: Sadiq Khan for London (2016) Housing.

³ The Housing and Planning Act 2016 received royal assent on 12 May 2016 to make provision about housing, estate agents, rent charges, planning and compulsory purchase.

⁴ Source: The Guardian (2016) Experts say housing bill signals end of the road for affordable housing.

and practitioner level. However, it was acknowledged that this was difficult given the highly politicised context within which such debate takes place.

One current barrier identified by a delegate was the short term planning that results from the current five-year Mayoral and government period of office, and thus results in inadequate future planning. The need to plan for housing in the long term was emphasised and it was recommended that cross-party cooperation on designing a housing plan, spanning at least three to ten years, if not twenty years, was prioritised. This point was also made by former Housing Minister and MP, Nick Raynsford, who sat on the panel during the Housing Policy Forum. The long timescale it takes developers to gain planning permission to build both private and not-for-profit houses was also acknowledged as a key barrier to delivering the desired numbers of homes.

2. Devolution of powers to the Mayor of London

To make real progress in the housing sector, it was suggested that the essential first step should be a campaign for very significant devolution of powers to the Mayor of London, in both housing, and tax and spending. Without this, it was suggested that the UK Government's decision-taking on house building in London would always be paramount, and therefore the city would never be in a position to meet its housing needs. It was argued that a Mayor with requisite powers, however, could put Londoners in charge of which decisions on housing they accept or reject, including agreeing on the best means to pay for development.

3. Fiscal and strategic measures required in London

One delegate felt that whilst it is frequently said that London cannot build sufficient housing, it is in fact truer to say that London is building new very high density houses. However these are generally treated as investment properties, not homes, and thus are not affordable for the great majority of those working and wishing to live in London. The delegate proposed that fiscal measures be implemented to prevent this from happening.

A fiscal measure suggested by one delegate was a concerted drive to make investment-focussed property purchases much less attractive. This could be achieved either through taxes or restrictions on ownership, resale and profits. A similar point was made about implementing strict laws on the ownership of second homes and empty homes, to provide an incentive for keeping the price of the current building stock affordable.

From a strategic planning point of view, it was suggested by one respondent that the current London Plan should look at all options for housing whilst supporting London boroughs to prepare up-to-date housing plans and identify how land in their area should be allocated. This would also allow for the building up of a secure and accurate evidence base on the availability of land and its owners, including public land. However, another delegate suggested that before any revision in the current Plan should take place, the implementation of the existing plan should be tightened. A suggestion for how this could happen was to

ensure that the Greater London Authority appointed more Planning Officers to assist with 'strategic' applications⁵.

Other proposals on how the housing crisis could be addressed included empowering local authorities to set high requirements for the proportion of affordable housing through Section 106 and Community Infrastructure Levy (CIL) agreements⁶. One delegate suggested rolling out the London Living Rent initiative⁷, as soon as possible, whilst another argued that the Mayor should prioritise negotiating grants for low-rent homes. A case was also made for rent flexibility within housing associations, as a tool for building investor confidence in the housing association sector.

4. Increasing the supply of land, including from the greenbelt

Another significant barrier to addressing the housing crisis, as identified by delegates, was the amount of public land available for building homes. Increasing the availability of this land was seen as a necessary first step to meeting the Mayor's goal, especially if it was sold with the caveat of being available for affordable housing only. Six delegates also explicitly advocated for development on the greenbelt in order to reach the housing target; one specific example being the strategic use of low-quality green belt areas around railway stations. However, one delegate argued strongly in favour of reinforcing the greenbelt policy in order to encourage the compact city and prevent urban sprawl.

Another option proposed was the provision of derelict land grants, so that brownfield land could be developed at no extra cost for developers. The densification of housing around stations was also suggested, but not be at the expense of building many miles out of London, as this would encourage even longer commutes and very expensive travel for workers.

The key priority for one delegate was for local authorities, Transport for London (TfL), utility suppliers and other public bodies to make land available for the construction of social housing, housing for local workers and truly affordable housing to rent. A suggestion for how this could be achieved was to consider the land as a contribution from the public body. In return the public body would receive a stake in the ownership of the property created on the land, potentially with an allocation of units for their own low paid employees.

A further suggestion of how the stake in ownership could be created was by the public body in question granting a long lease (e.g. 99 years) and being paid a percentage of the passing rental income (e.g. 5%). The site with the property on it could then revert back to the public body at the end of the long lease.

5. Increasing the diversity of housing supply

As well as an increase in the supply of land, a number of delegates also called for greater flexibility in the diversity of supply. For example, it was suggested that the demolition of council estates should be stopped immediately and that the Mayor of London should

⁵ The Mayor is consulted on all planning applications that are of Potential Strategic Importance (PSI) to London. These are commonly known as 'referred' applications (Source: Greater London Authority (2016) What powers does the Mayor have for planning applications?).

⁶ For current requirements, visit The Planning Advisory Service (2015) S106 Obligations Overview.

⁷ Sadiq Khan, in his Mayoral Election manifesto pledged to create a new form of affordable housing, with rent based on a third of average local income, not market rates (Source: Sadiq Khan for London (2016) Housing).

prioritise subsidised housing⁸ (over commercial development) and provide opportunities for housing associations to deliver this.

One delegate felt that a 50,000 per year target would possibly be feasible, if the Mayor was to co-ordinate bringing forward public land for housing associations to build mixed-tenure schemes. Another suggestion was that whilst in the short term, it could appear easier to rely on big house builders and housing associations to provide homes, in the long term, there could be greater merit in promoting other suppliers, such as community-led housing, small builders and self-builders. There was also a call for multiple funding streams to be provided to fund this kind of house building.

Further recommendations on how to diversify the supply of housing were put forward by David Ireland OBE, Director of the Building and Social Housing Foundation in a guest blog post on the 21st Century Challenges website.⁹ His recommendations included moving beyond home ownership to property guardianship¹⁰, temporarily using empty open space for assembling prefabricated homes, and supporting housing cooperatives and formal co-housing options.

21st Century Challenges Programme

The 21st Century Challenges programme of Policy Forums and public panel discussions consider the big social, environmental and economic challenges of our time. The Policy Forums form an integral part of the Society's activities as the UK's learned society and professional body for geography. The purpose of the discussion meetings is to convene and stimulate thoughtful and evidence-led dialogue, from different perspectives, on matters that have strong geographical dimensions; to brief policy makers where appropriate; and to promote networking within the sector.

⁸ Financial assistance in covering the cost of housing.

⁹ RGS-IBG (2016) Solving London's Housing Crisis: Moving on from the Status Quo - <https://21stcenturychallenges.org/2016/06/23/solving-londons-housing-crisis-moving-on-from-the-status-quo/>.

¹⁰ Living in otherwise empty homes at low cost.