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**MAYOR OF LONDON**

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# **HOMES FOR LONDON**

**THE LONDON HOUSING STRATEGY  
JUNE 2014**

## INCREASING THE SUPPLY OF NEW HOMES

### 2.1 Delivering homes of all tenures

Over the last ten years the overall level of new housing supply has averaged between 20,000 and 25,000 homes per annum. This is significantly more than over the preceding twenty years, but not nearly enough to meet London's housing needs. Over the Mayor's two terms, more than 100,000 new affordable homes to rent or buy will be built, providing good quality homes for around a quarter of a million Londoners. This is significantly more than any eight year period for some decades, but it is still insufficient to meet London's need for affordable housing.

The Mayor will use his full range of powers to get more homes built in all sectors and this will involve new initiatives to secure additional finance, bring forward the land for development and build the industry capacity to deliver these homes, as set out in part four of this strategy.

### 2.2 An ambitious long-term programme for London

This strategy is fully consistent with, and should be read alongside, the policies in the Mayor's London Plan, and with the draft Further Alterations to the London Plan published in January 2014. The London Plan sets out the Mayor's long-term planning policies for London, and the draft Further Alterations amend the key housing policies in the London Plan to reflect new evidence on the requirement and capacity for new housing. The strategy sets out how the Mayor aims to deliver those homes and how the funding in the next investment round will be used to deliver these aims.

The 2013 Strategic Housing Market Assessment (SHMA), published alongside the draft Further Alterations to the London Plan, provides the evidence of London's requirement for new housing of each tenure and size to 2035. It takes into account the population and household growth discussed above, the affordability of different tenures,

Table 1: Annualised requirement for new homes, 2014/15 to 2034/35

	1bed	2bed	3bed	4+bed	Total	% of total
Market	2,798	5,791	8,545	6,083	23,217	48%
Intermediate	3,357	2,240	2,506	1,799	9,902	20%
Social rent	10,225	1,003	1,774	2,720	15,722	32%
<b>Total</b>	<b>16,381</b>	<b>9,034</b>	<b>12,825</b>	<b>10,602</b>	<b>48,841</b>	<b>100%</b>

and the backlog of housing need due to long-standing undersupply. The total backlog is estimated at around 349,000 households, but only around 121,000 of these require additions to the housing stock. The others need a different size or tenure of home, but will free up their own home for another household when they move. So these households affect the mix of homes required but not the total number.

Taking all these factors into account, the SHMA identifies a requirement for around 48,800 new homes a year between 2014/15 and 2034/35, a significant increase on previous estimates of housing need, broken down by tenure and size in Table 1.

These figures assume that the backlog of housing need is fully cleared over twenty years, that all those needing affordable homes have their needs met and that overcrowding and homelessness are completely cleared. The SHMA also considers another set of results covering just the ten years 2014/15 to 2024/25 and assuming that the backlog is cleared by the end of that period. Under these assumptions the annual requirement would be for around 62,000 new homes, due in part to higher household growth in these early years and in part to reflect the assumption that the backlog is cleared twice as fast.

The Strategic Housing Land Availability Assessment (SHLAA), also published alongside the draft Further Alterations, sets out the evidence on London's capacity for new homes, based on an exhaustive survey of allocated and potential housing sites carried out with the London boroughs. Taking into

account both larger sites (over 0.25 hectares) and the expected supply from smaller sites, it finds firm evidence of capacity for 42,000 new homes a year between 2015 and 2025 within existing London Plan policies and constraints. There is scope for delivering significantly more, up to the 49,000 SHMA need figure, particularly if the density of new schemes in Opportunity Areas and town centres can be increased.

In summary, the evidence indicates that both London's housing requirements and its capacity for new homes have increased significantly, but that the need for new homes still significantly exceeds the capacity. Getting to 42,000 a year will be a huge challenge in itself, almost doubling current levels of supply, and this strategy sets out significant changes to existing models of housing finance and delivery to help meet that challenge.

As shown in Table 1, around 25,600 or 52 per cent of the estimated annual housing requirement is for affordable homes, comprising 20 per cent intermediate homes and 32 per cent for affordable rent. However, the vast majority of new affordable homes in London are part funded by public subsidy and any affordable housing target must be deliverable in the light of plausible future subsidy levels. The draft Further Alterations therefore set a target for an average of 17,000 new affordable homes a year over the life of the London Plan, a level significantly higher than either the previous target or the average supply in recent years. If further housing capacity in London is identified then the affordable housing element of supply would also be expected to rise proportionately.