



House of Commons
London Regional Committee

Government policy on affordable housing for London

Oral and written evidence

Monday 22 March 2010

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London Regional Committee

The London Regional Committee is appointed by the House of Commons to examine the Government's regional policies for London and the Government's relationship with the Greater London Authority and regional bodies.

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Ms Karen Buck MP (*Labour, Regent's Park and Kensington North*) (*Chair*)

Jeremy Corbyn MP (*Labour, Islington North*)

Clive Efford MP (*Labour, Eltham*)

Siobhain McDonagh MP (*Labour, Mitcham & Morden*)

Mr Andrew Pelling MP (*Labour, Croydon Central*)

Mr Andy Slaughter MP (*Labour, Ealing, Acton & Shepherd's Bush*)

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The current staff of the Committee are: Martyn Atkins (Clerk); Emma Sawyer (Inquiry Manager & Senior Committee Assistant); Ian Blair (Committee Assistant); Anna Browning (Committee Assistant); and Matthew Wilkins (National Audit Office).

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Oral evidence

Taken before the London Regional Committee

on Monday 22 March 2010

Members present:

Ms Karen Buck (Chair)
Jeremy Corbyn

Clive Efford
Mr Andy Slaughter

Witnesses: **Steve Howlett**, Chief Executive, Peabody, and Chair, G.15, **Mark Thomas**, Head of Policy, Shelter, and **Bob Wilson**, Assistant Director for Market Intelligence, National Housing Federation, gave evidence.

Q1 Chair: Good afternoon. Thank you very much for agreeing to give evidence to us in this one-off session looking at housing in London. It is one of the passions of London Members of Parliament, as you will be aware. For the record, could you introduce yourselves very briefly and outline your particular interests?

Bob Wilson: I am Bob Wilson from the National Housing Federation. I am Assistant Director responsible for our regions overall, one of which is London.

Mark Thomas: I am Mark Thomas, Head of Campaigns at Shelter, the housing and homeless charity. We advise people in housing need in London, but we also campaign for more affordable housing provision in London.

Steve Howlett: I am Steve Howlett. I am chair of the G.15. I am also the chief executive of Peabody, but I am here as G.15. G.15 has about 410,000 homes in London, housing one in 10 Londoners. We have been providing about 10,000 homes a year at the peak. I must emphasise that we are an informal group; we are not a trade body.

Q2 Chair: Thank you. Starting with Mr Wilson, how do you currently define an affordable home? In terms of an assessment of where you think the need for affordable housing is, how do you strike that balance between affordable homes to buy and affordable homes to rent?

Bob Wilson: Our definition is fairly simplistic in many respects from where we are in the sector. Affordable homes for us describes our markets in terms of social rented accommodation and low-cost home ownership. It is defined by reference to the market that you're in, rather than any function of numbers. Although clearly in market sale or market purchase, it is simplistically put in numbers form as a function between price and annual earnings. You can apply those sorts of definitions, but in essence our view of affordability is that it is defined by the market you are in. Our market, from a housing association point of view, is rented social housing and low-cost home ownership. It is as simple as that.

Q3 Chair: To what extent do you feel that the pattern has changed in recent years and where do you see it going in terms of the proportion of the population needing affordable homes?

Bob Wilson: Well, clearly, there is a chronic shortage of supply in terms of affordable social housing, social housing to rent or shared ownership. That gap is getting worse. We all know this. We all know the numbers. We all know that, as each day goes by, the demand is increasing and certainly with the impact of the recession supply has been hit hard. That gap is getting bigger. Beyond that—the incidence between social rent—we still see from a Federation point of view that the bulk of the demand and the need is in relation to social rented housing. But clearly in more recent times, the case for low-cost home ownership has been well made. We all know equally that, in more recent times, a gap is opening up in the middle between those on the one hand who can be placed in social housing and the people who aren't poor enough to rank for a waiting list for social housing and aren't well enough off to afford to buy or even to part-buy. So there is a growing gap in the middle that is exacerbated by current conditions.

Q4 Chair: Remind the Committee, if you would, of the cut-off point above which a household would not qualify for social housing.

Bob Wilson: We know that in London at the moment the proposal is that that is raised. From our point of view, it is what it is. What is affordable in that sense, in London, as opposed to other parts of the country—

Chair: What is the figure?

Bob Wilson: I don't know the figure for cut-off. Steve?

Steve Howlett: The Mayor's proposal is to increase it to £72,000 for couples. For single people, I think it remains at around £60,000. Charities have other requirements as well, in terms of the bulk of our stock. I have to echo our concern. We were set up to house the working poor of London, and the working poor of London are finding it extremely difficult with the market as it is. On one of our estates an existing tenant pays £75 a week for a two-bedroom flat in Covent Garden. If she died, we could re-let it at £120 a week. The market rent there, including services, is £400 to £500 a week. There is a huge middle ground, which we have to find some way to help. I believe that if you can help that group, you can release housing at the lowest rent, so that some people can move up and out—a stepping stone to perhaps paying a higher rent for those that can

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afford it, perhaps shared ownership. If we don't do something like that, a lot of people are going to miss out.

Q5 Jeremy Corbyn: I am interested in the point you were making there. Doesn't it end up that associations like yours become a kind of social agency, operating around social policy? Surely, there ought to be a fixed rent basis, based as council rents are on costs of the building and of administration. It seems to me that you are looking at your tenants and examining their income, and then deciding the rent they will pay.

Steve Howlett: No, we have a rent formula that was set by the Government and we apply that. One issue is that there is also an intermediate market for people who don't qualify, and we are trying to provide for that market as well, providing a broader spectrum. I have to say that Peabody is always going to be there for the people who are on the lowest incomes. I want to see them do better. If they can stay in our homes, we can act as a springboard with them in situ. There is an issue at the moment, when we are all concerned about the future of public finance, about how we can generate funds to provide more housing. That is a part of the debate that we would like to take part in.

Q6 Jeremy Corbyn: Could I just make a quick point? Within that issue, your association, as much as any other, has been forced to sell quite a lot of properties in order to keep afloat. Do you see that as a good policy, or as something that you were forced into?

Steve Howlett: I've had discussions with some members of the Committee separately about the situation in their constituencies. Because of our historic low-rent policy, the introduction of a rent policy preventing us from raising rents to get private borrowing on existing properties to invest, and Government money being focused on new homes rather than existing ones, we were in a situation where we had to meet the Decent Homes standard. The only way we could raise the money—we couldn't put the rents up; we couldn't get public money—was to sell properties. I didn't particularly want to do that. I have to say that we would not now build a big estate that was exclusively low-rent. We would look for a mixed-income group of people to live there, and this has enabled us to do it. If we had been able to go faster towards the Government's affordable rent target—in one Member's constituency I mentioned, if we could have gone half way—we wouldn't have had to sell any properties. It was not something that we would want to do, but it had to be done. It certainly was not to get us out of a hole; it was to meet the objective of providing good homes for our existing tenants.

Q7 Chair: Isn't it true, on that point, that most of the properties that Peabody sold were street properties? Certainly, if one looks at the sales going on at auction, they are almost invariably RSL street properties being sold.

Steve Howlett: Actually, we've sold quite a lot of properties on our estates. We have had a real focus on bedsits and one-bedrooms and have tried to avoid selling larger homes, particularly as we have grown more confident that we can raise the money to meet the decent homes standard. I am happy to supply the figures if you want. I will say that we did sell some street properties, but that was in the early days of a policy when we really had to get on with trying to raise money.

Q8 Chair: Just on this point, Mr Wilson, are you aware of how many properties are sold by RSLs during a year, and do you track them?

Bob Wilson: We don't. I've no doubt that other agencies do—maybe the HCA, the TSA or the Corporation did in the past. We don't track them, other than, as we know historically from the global accounts that the Corporation used to produce and the TSA still produces, that there still is a turnover of sales proceeds in the corporate balance sheets of the sector. That may come from shared-ownership sales in that market. That market and those sales have actually been a key component in enabling housing associations to plough funding back into the business, so the notion that the sector would generally want to divest itself of social housing, when we all know that we need more social housing—net—is anathema. We would not naturally want to do that. The fact is, in financial terms, the sales proceeds from shared ownership in particular have actually been a key driver. In fact, without those net proceeds, for the past six years, the sector would have been in the red had it not been for those sales. They are part of that market that has been helping to drive the engine.

Q9 Chair: Just returning for a second to the issue of affordability and particularly the sales and, as you mentioned, the threshold being raised in the draft housing strategy, do you have an analysis—I don't know whether Mr Thomas knows anything about this from Shelter—of the number of people on housing waiting lists, for example, whose household incomes are in the category that is between the current threshold and the upper threshold that is being proposed in the new draft housing strategy? That is, households with incomes up to £70,000 who are actually on the housing waiting list.

Mark Thomas: I don't have those precise figures now. I'd imagine that the number is relatively small. Certainly, if we look at council tenants, the vast majority, nationally, earn less than £30,000. It would be interesting to look at that, but those aren't figures that I have. I would say that, in terms of intermediate provision, we would like to see more focus placed on intermediate homes for rent at sub-market levels at levels above social rented levels.

Q10 Chair: Just a last question from me: do you think, looking at the draft housing strategy, that it is a sensible use of resources to target affordable houses at households with incomes up to £70,000?

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Steve Howlett: I think that one of the things that we have to look at is whether the people moving into it are freeing up other accommodation that might be let at a lower rent. It is not as simple a question as looking at—

Q11 Chair: How many of your tenants have household incomes of over £60,000 or £70,000?

Steve Howlett: I don't know. I imagine it's quite low. We have a very low turnover rate, of something like 2.5%. Some of those residents' positions will have changed quite markedly since they were originally housed. We do not collect that information on current rents, only on when people are housed. It is obviously very low at the start.

Q12 Chair: Would there not be a prospect that you actually have some tenants with a reasonable household income?

Steve Howlett: Yes, that's exactly right. I think that having a mixed income group on our estates has been very helpful. That is, again, one of the reasons why we would support the provision of intermediate housing. It is a further element of choice for people.

Q13 Mr Slaughter: There is one point that I didn't quite follow. You were talking about a sector between social rented and the current intermediate sector. As I understand it, Mr Wilson, you were saying that the current intermediate sector was unaffordable to a substantial number of people who fell between the two stools and are not eligible or simply do not have access to social rented housing but are unable to afford intermediate housing or shared-ownership housing at the moment. Could you say more about that? What do you see as a solution? What type of units? Do you agree with Mr Thomas?

Bob Wilson: There is clearly a case for an intermediate rented market. I think it will become increasingly clear as the next few years go by, as the recession bites and with more to come, that that gap will appear and that the middle group will not be picked up by social housing in terms of waiting lists. It can't get on a waiting list in any case. It doesn't rank for inclusion on a waiting list and simply can't get a foot or a toe even on the bottom of any housing ladder. In terms of solutions, I think the private rented sector will be a natural area for that group to turn to, but we should not forget it in terms of an intermediate market.

Q14 Mr Slaughter: Are you admitting then that shared ownership—this is not a party political point, because both parties have put faith in shared-ownership housing—is not proven to be a solution to the shortage of affordable housing, particularly in London where prices are higher? Are you saying that, whether it is done through RSLs or through the private sector, we should be looking for, as Mr Thomas said, a rented sector above social housing rents but below market rents?

Bob Wilson: No, I'm not saying that. I think that the case for shared ownership over the years has been proven. It has acted as a good stepping stone and has

opened up a market for those people who want to move on from social rent and who aspire to own a house. There has been a market for it and it has been proven. I think that, going forward, it is a question of balance. Where should the priority be? We certainly still see the bulk of market pressure in the social rented sector, but that is not to say that low-cost home ownership doesn't have a part to play. I think that that has been proved. It is the market, which is broke, as opposed to the model, which is broke, if the market repairs itself, the model will again work. The proceeds from turnover in shared ownership will help to cross-subsidise. One of the reasons why housing associations have felt extra pressure these past two years is that the cross-subsidy that they have been able to lever in alongside private finance to drive the engine has gradually disappeared. I think there is a particular problem in the shared-ownership market with lenders to do with shared ownership and risk. Frankly, we do not understand that. I hope that, if and when things improve, that part of the broken market will work again.

Steve Howlett: There is substantial demand for shared ownership in London. People have come in their thousands to fairs to find out more and sign up. The difficulty, as Mr Wilson said, is the funding that is available, particularly from banks and building societies. Some banks won't fund shared ownership, because it is not the simple, vanilla model of somebody buying outright. Deposits have also presented problems for people, as has the complexity of the model. We would all like to see a simple model that people can understand. In shared ownership, you rent part and buy part, which is pretty simple, but some of the models that have come up have become too complicated and do not really say what they are about.

Q15 Mr Slaughter: But it is right, is it not, that the whole point that Mr Wilson made was that most shared-ownership properties, certainly in wealthier areas of London, require an income level substantially above that of the majority of people in social rented housing? There may be loss leaders doing it, but generally what I find is that you need a household income of £30,000 to £40,000. The very fact that the Mayor is extending that limit to £72,000 implies that they are looking for that sort of level. What I am asking is: do you agree that there is a market of people who are not currently being catered for who cannot access shared-ownership housing? It is not that it is too complicated or that there is nothing available. They don't seem to have the income to do it.

Steve Howlett: I think we need a broader market between the affordable rent levels and the intermediate. But I do think that the shared-ownership products do free up some of the lower-cost rented housing to make it available for others who need it more. The priority is to take nominations from local authorities for those shared-ownership sales.

Q16 Mr Slaughter: If you have a 2.5% turnover on tenants, would there not be a lot of envy of shared-ownership properties?

Steve Howlett: We do have a demand. People would like to have them. Affordability is, of course, an issue in London that makes it difficult for quite a lot of those people.

Mark Thomas: Can I just come in? There is a role for shared ownership. The issue is about the balance between shared ownership and problems of intermediate provision. At the moment, it is very much skewed towards shared ownership. Shelter would like to see a more equal balance, and more emphasis placed on intermediate provision. It is important that we are not in a situation of encouraging people into shared ownership when we are not absolutely convinced that it will be sustainable for them financially. Seeing the problems that we have got into, with people over-stretching themselves, the Government have to be very careful that they don't end up encouraging people to do that kind of thing. I have no doubt that the housing associations and others administering the schemes do tests and such things, but for people in the £30,000 to £40,000 income bracket, there are real questions about whether shared ownership will provide them with a sustainable housing solution to go forward.

Q17 Jeremy Corbyn: On the question of shared ownership, what evidence do you have of the numbers of those who bought into shared ownership who have staircased up? Secondly, it seems from personal experience that there is enormous disparity between the quality of management for leaseholding, the service charges and the arrangements for capital works and sinking funds. There seems to be a complete lack of uniformity across the piece. It sometimes looks from the outside that there is a temptation by the associations that own the freehold of the shared ownership of using them as a good source of cash for a long time to come by adjusting service charges.

Steve Howlett: On the issue of service charges, we want to recover the cost of services from shared owners, to make sure that the other parts of our operation are not subsidising the shared owners. We are open with what the charges are, and consult residents. I recognise that service charges can be an issue, but we are striving to be fair about how we apply them. Staircasing has slowed down quite appreciably in the last couple of years, but before that, it was something that did work well. When the economy and the market picks up again, perhaps it will start.

Mark Thomas: It is an issue when we think that more research and more information are needed about what happens to people who go into shared ownership and what their experiences are. People can find it quite difficult to move on. Some of our feedback is that people find the schemes very confusing. There is a proliferation of different schemes. It can be difficult for people to get their heads around what the rules are. We would like to see a move towards greater simplicity in schemes, as well

as greater transparency, and, critically, to ensure that, if people go into the schemes, they do so with really good independent advice, so that they are able to properly assess certain consequences.

Q18 Clive Efford: Mr Wilson, how do you feel that the housing market in general has changed? The current situation is that there are no 100% mortgages, and people require deposits. How does that change demand on shared ownership and the intermediate market? What do you think is the immediate and the long-term future?

Bob Wilson: Well, in recent times, there has been a massive effect. Notwithstanding what Mr Thomas said, in terms of shared ownership properties and the behaviour of lenders, the hoops that many applicants have to go through and the hurdles they have to jump over, which housing associations have to look at and review, are far more and far greater than in some other areas. In our view, the risks to the lender are certainly not any greater. CML produced some numbers last year, which showed that failure rates in relation to shared ownership mortgages were certainly no higher than in the rest of the residential market. But you're right to suggest that there has been a significant impact on liquidity problems generally in the economy. That has fed through into the private sector and people can't get 90 or 100% mortgages. One of the problems in the recent past is that people have been getting probably far more than that, and that is one of the things that stoked up the bubble, which has now burst. That non-availability and problem with liquidity in the market has had a significant impact in the short term, certainly on shared ownership.

Q19 Clive Efford: It has been suggested recently that there is going to be more demand for people to live in affordable housing while they save for deposits. Is that something that your industry is taking into account in future planning?

Bob Wilson: Yes, clearly. Someone last week said that the average age of the first-time buyer these days is 37. I heard that said, and our own David Orr said something similar, so clearly the shape, size and behaviour of the market generally is changing significantly. All that has to be planned for and taken into account—absolutely no doubt.

Q20 Clive Efford: Okay. Mr Howlett, Mr Wilson says that there are unnecessary barriers in the way of people going into shared ownership schemes with registered social landlords. Is that something that you recognise?

Steve Howlett: Not really. My interpretation of what was said is that we are very careful to make sure that people aren't over-committing themselves going into shared ownership. We'd like to see a system of much more flexible tenure where there can be a safety net for people whose circumstances change, and people can move up and down in terms of the cost of their provision and their share of ownership.

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Q21 Clive Efford: I'm going to move on, if I may. Mr Thomas, what assessment have you made of the progress that boroughs have made towards delivering affordable housing?

Mark Thomas: To start with the London-wide picture, obviously there has been some dropping off. One has to acknowledge that that is in the face of some considerable challenges. Drilling down to borough level, boroughs face very different levels of need and also, to some extent, different delivery challenges as well. However, there is quite a lot of variability between councils in terms of the targets they are setting themselves and the delivery of their targets, and also in terms of the relative weighting they give to social rented provision versus intermediate housing. A critical issue going forward is how we can make the structures in London work to make sure that boroughs have incentives to set ambitious but at the same time realistic targets that are based on meeting the housing need in their local areas and across London as a whole. I think that would be a critical test for policy.

Q22 Clive Efford: What about the Mayor's targets for affordable housing? Should they be altered? Are they realistic? Should they be increased?

Mark Thomas: The Mayor's committed to reviewing the targets in a couple of years, and we've said that the affordable target should be very much reviewed as a central part of that process, because over the longer term we would like to see a more ambitious target if that is achievable. A couple of years down the line will be the time to assess how the economic circumstances have changed and whether we can up our level of ambition.

Q23 Clive Efford: That's a bit mealy-mouthed, isn't it? You're supposed to be a pressure group. Is the Mayor's target sufficient to meet the needs of people in London or not? It's quite an important question.

Mark Thomas: The context is that the level of need for affordable and social housing is in fact above any of the targets that anyone has actually suggested. We feel that it is important to set realistic and achievable targets. We are then very committed to making sure that they are adhered to. In our minds, the overriding need is for social rented housing. The Mayor's targets equate to just over 9,500 social homes per year, which is in excess of what we have achieved over the past couple of years. Given the circumstances, we think that the targets are quite challenging, but we will absolutely be holding the Mayor to account for delivering against those. When we feel that a higher target would be appropriate, we will push for that.

Q24 Clive Efford: There was a target of 50% affordable housing on all housing developments and that is no longer the Mayor's target. Was that a retrograde step, or something we should be looking towards?

Mark Thomas: We feel that we have to look at the outcomes that were being achieved. As I say, the critical thing for us is what has been delivered in terms of social rent housing. There was great

variability there. The other thing is the split between intermediate and social rent housing. In fact, the previous Mayor's target was not being achieved. We will have to see how the targets play out, and whether they achieve that for us will be the critical thing.

Bob Wilson: I think, just to go back if I may, over one point, yes the targets are set certainly at the lower end in relation to assessed need. They are short of assessed need. Having said that, there is an assessed need across the country for 3 million homes by 2020. There is no way that is actually going to be met, but it remains or remained a target—it probably still is—but it is an aspirational target and that's fine. In terms of recent performance, however, in the past few years the current target is quite stretching. Having said that, with the prospect, potentially, of public spending cuts in housing, it will probably turn out to be quite stretching indeed. One of our concerns about the targets and the 50% you mentioned, is possibly more to do with the danger, as they currently stand, that by not having a percentage target of specific sites and moving to negotiated targets for individual boroughs, we may not end up with truly mixed communities. Some will overperform, some will underperform and you may not get the houses you want in the areas you want them; it may not be an even spread.

Q25 Clive Efford: Are there any boroughs that cause you alarm at the moment?

Bob Wilson: I wouldn't say there were any boroughs that cause me particular alarm. Our main concern is looking across the piece, and the feeling we get that dealing with targets this way could result in an uneven distribution and a concentration of social housing in areas where there is already significant provision. That will not help provide mixed communities.

Q26 Mr Slaughter: You're suggesting that the way that the current Mayor has set out his stall on targets could lead to difficulties.

Bob Wilson: It could, and we've made that point already.

Q27 Jeremy Corbyn: What comment would you make on the effectiveness of the Homes and Communities Agency in delivering affordable housing across London? Do you think that the strategies to get affordable housing for each borough where there is a problem of land supply are effective and working, because the statistics would suggest not?

Bob Wilson: Can I just check that the first part of the question is in relation to the effectiveness of the Homes and Communities Agency?

Jeremy Corbyn: Yes.

Bob Wilson: Certainly, in this last year and a half from an effectiveness point of view, the Federation's view is that it hit the ground running. It was flexible virtually from day one when it came to grant rates and some of the schemes that needed to be flexed to achieve any housing delivery. So we have been quite happy, from a Federation point of view, over the past

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year or so, that the HCA has been generally very flexible. We have some concerns in relation to single conversations, but that is a different question from the one you asked.

Steve Howlett: Could I just say that G.15 members are major customers of the HCA, and we are really pleased about how it's all worked? I think that if it hadn't been for the HCA and housing associations there would have been a real problem in the provision of housing in London over this period of economic difficulty. I think that we have been the only show in town, as it were. In terms of moving forward, I understand that the Mayor has agreed 40,000 targets with the boroughs. I do not know the individual breakdown of those. From our perspective, the most difficult thing in providing housing where we want to provide it is the cost, and central London is more expensive than outer London and there is also the difficulty of land supply. We are very keen to work around here, in Westminster, but there is a real shortage of land at prices that can lead to affordable housing. I didn't quite catch the last part of your question.

Q28 Jeremy Corbyn: Oh, sorry, maybe I wasn't clear enough. You partly answered it with your last answer. It appears to me that land supply is better in the outer London boroughs such as Bromley, Enfield and Redbridge—the outer ring. Social housing demands are high everywhere, but they are chronically high in the inner London ring of Hackney, Lambeth, Lewisham, Islington and Camden, *et cetera*, where land is more difficult to obtain. Do you feel that the Homes and Communities Agency has sufficient powers or is interventionist enough to try to redress this very serious imbalance?

Steve Howlett: It's early days. The first thing is that it had to deal with this economic recession and the difficulties. Single conversations with the boroughs are under way, and it is probably too early for me to say how far that has developed. I have to say it is not universal around inner London that there aren't sites available. I can say that we have a number of opportunities in Southwark and that in Hackney the local authority is being very helpful, and we also welcome the Mayor's initiative in terms of the land owned by the GLA family. If, as he has suggested, there are 30,000 homes on GLA-family-owned land and that can be got out and can help the people we are in business to help, that would be a very good thing. It is tough in Westminster, as land is in short supply. The local authority in Westminster has helped us, and I am really pleased to say that with money from the HCA and Westminster we are building 57 affordable homes, I think, in Pimlico—some rented, some shared ownership—with community facilities. So, things can happen, but it is very tight and difficult, and we are all trying to find ways of providing housing.

Jeremy Corbyn: Thank you. That's encouraging.

Q29 Mr Slaughter: I think we've dealt with the questions that I was going to ask, but following up on the questions from Mr Efford, I am a bit

perplexed because from the answers that you've given us so far, I am not sure whether you're doing your jobs very well. You all have a responsibility. Mr Howlett talked about Charter and the objectives of Peabody. Charter has a long illustrious history as a campaigning organisation for those who are either not on the housing ladder or are struggling to get on it. Equally, you are an advocate for the housing association movement. My experience on a week-to-week basis is of people in dire housing need, through either overcrowding or a lack of access to housing, who are not being served. I am not putting the blame on the Mayor, the Government or anyone in particular, but shouldn't you all be on your soap boxes shouting about this? Aren't you all paid to advocate for people who are in housing need? What you have said to us so far today is, "We'll wait and see what happens. With all those set targets and the difficult situation at the moment, let's wait and see what happens over the next couple of years." I'm not saying it's easy, but I am saying that I don't think you're trying very hard if this is the attitude you're putting forward.

Steve Howlett: Actually, I don't accept that at all. We are working with the Mayor, who has been there for two years; all the indications are that things are happening. We are all working really hard to provide housing in a very difficult economic situation. One of our biggest concerns is what is happening to public expenditure into the future—that is the real worry. I am a passionate advocate for the provision of affordable housing. It makes sense for people and it makes sense for the economy. Housing can be a real driver of economic regeneration. For every £1 billion the public have put in, we are able to raise of the order of £2 billion in private money to provide more housing. That has got more difficult as costs have risen and the market has decreased. For every £1 billion, I think we generate 21,000 jobs, which are really important to London's economy. We have to be realistic. It is very difficult when the whole environment is saying that public money is under severe threat. We will keep arguing for it and see how it all develops in the next few months, but I can assure you that we are working hard. I am very pleased that Peabody now, after a time of not providing new housing, is providing housing, and we will carry on doing that.

Mark Thomas: Perhaps I could add to that by saying that Shelter is absolutely committed to highlighting the gap between the housing needs—both nationally and in London—and what we are doing at the moment. Last week, we launched an initiative that was a league table of council performance up and down the country, highlighting what they assessed that they did in terms of affordable housing and what number of homes were actually getting built in the individual areas, encouraging greater transparency about that and very much encouraging local people to contact their elected politicians and hold them accountable for what was happening in their areas. There is, though, a debate about the means of getting to the outcomes that we want to see. We have seen some shift in approach in terms of the current Mayor and his relationships with

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councils. We will have to see how that goes. We are monitoring that very carefully. If it is seen not to be working, then we will be the first to talk about that.

Bob Wilson: If I could say as well that certainly the Federation over the past three, four or five years has championed the cause of more investment in social housing. The last comprehensive spending review was an example of just that actually, and a result for Federation lobbying. We will continue to champion that cause as we go forward and as the focus falls on public sector expenditure, and housing in particular. I just add, from our point of view, the drivers in terms of need in housing are the massive waiting lists, with 350,000 households in London; homelessness; and overcrowding. They are all drivers of need. The single most important solution that will answer those needs is building more housing. The simple fact of arithmetic is that you cannot build social, affordable housing without subsidy from somewhere, either in the form of public grant—or grant as equity, if that's the new phraseology—or free, discounted or public land; public land made free. That needs to happen. You can't do it without subsidies from somewhere. Going into the next public spending round, certainly the federation will be continually championing the cause for a better case for housing. If we cannot maintain the current levels of investment in public housing, then those problems will get worse and worse—that gap between supply and demand will get worse and waiting lists will grow. The reality is that we are moving into a situation under the next spending round where the pressure is on for cuts right across the board. Housing will be in there. We are arguing the case now for housing to be ring-fenced in the way that health and education are in the lead-up to the election. During the lead-up to the election, we would like to see housing rather higher up the agenda than it is.

Mr Slaughter: Again, I won't pursue that at the moment, because we are going on to housing needs.

Chair: No, do, because we'll run it together—I am conscious of time. Why don't you cover that as well, if you would like to?

Q30 Mr Slaughter: You have just mentioned overcrowding, Mr Wilson. This is an immediate problem. I take it that there had been no cuts, but an increase in the investment in housing in the last two years. There have been no cuts so far, but you're obviously right to be cautious given what may happen in the future. What strategies do you see being available to reduce overcrowding at the moment?

Bob Wilson: Again, obviously new build is, we think, the overriding solution. Building bigger family homes would be part of that solution. Setting targets within the targets, if you like, for bigger and family homes would be a good idea. We know that that is on the cards, and we know that everyone thinks that that is sensible. That is one of the solutions, and we are pleased to see some signs of that beginning to happen. As regards other on-the-ground solutions, I think, Mr Howlett, you'll be able to say something.

Steve Howlett: There is a lot going on, actually. Overcrowding is still one of London's biggest issues. One of the things that we've been doing is providing attractive new housing schemes for older people. We've got a scheme in Southwark, which has attracted people living in three, four or even five-bedroom affordable homes to move into older persons' housing, and I am very pleased that the Government have shown quite a lot of interest in that and seeing whether that is an opportunity. I think that, as well as providing new homes, we have to make better use of the existing stock—looking at ways that we can perhaps add on extra space to existing homes and build on existing estates. One of the things that we've been working on is called new generation lettings, which is targeting smaller homes at the older children of overcrowded families, so that they move out and create space. We're looking at the support that we offer people. Actually, one of the things that often encourages somebody under-occupying—I think we're in a situation where there's roughly a balance between under-occupation and over-occupation—is helping people move out of under-occupied property. It is not the financial incentives that do it, but somebody helping with the curtains and carpets, the move and the power suppliers. I know that a number of G.15 members are doing schemes like those.

I applaud a lot of local authorities that are sharing information with us. We are working together to tackle overcrowding. So I think it's a mixture of new supply, making better use of existing supply and focusing. One of the things that I know a number of associations have done is find out who the 20 most overcrowded families are, find solutions for them, and then move on to the next lot. I think when you target action on a particular family, it can bring results.

Mark Thomas: May I add a few things to that? First, the provision of family-sized homes is absolutely key in London. The Mayor has committed himself to a figure of 42%, so it is critical that he achieves that, and we're not there yet. In addition, there are a couple of aspects that aren't encapsulated in that target. The Mayor has also committed to halving severe overcrowding by 2016. But that doesn't include overcrowding in the private rented sector. One of the trends that we've seen in London is a sharp increase in the level of overcrowding, including severe overcrowding, in that sector. We'd like more to be done to look at that. In addition, the targets at the moment focus on family-sized housing, which is defined as three-bedroom or more. But there is an issue about the proportion of homes being delivered that are four-bedroom. Those are also much needed. It's important that we keep an eye on that. As Shelter said, we think that there's a case for a target for the number of four-bedroom homes delivered as well.

Q31 Mr Slaughter: Are you agnostic as to where these homes go within London? This goes back to the issue of overall targets or targets for individual boroughs. Clearly, the problem reflected in terms of central London is perhaps even more so in the case

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of family housing, because family housing, particularly with gardens, which need space, is even more difficult to come by. What's your view on that? Are you looking for most family housing to be either in outer London or in cheaper areas?

Mark Thomas: I think, for us, we'd say no. We recognise the greater barriers that exist in inner London, but we think it's really important that it's provided there as well.

Q32 Chair: I am conscious of the time, and you have been generous with your time. We have others waiting. As a very last point on this issue, the proportion of stock in the RSL sector that is given to local authorities for nominations across London is what? Can you remind us?

Steve Howlett: It depends, partly. It's generally 50%. On new lettings it can be 75% and in certain cases higher than that, but generally it's 50%.

Q33 Chair: If RSLs on average have around 50% of their own stock to deal with their own internal transfers, and so forth, why would it be that any RSLs have statutory overcrowding within their own stock?

Steve Howlett: I think it's the shape of the stock. Many associations, for a variety of reasons—history—have more smaller accommodation than large, and there has been an under-supply of larger accommodation. At times the funding system has very much favoured the provision of smaller accommodation, and I think it's that imbalance. A lot of our Victorian estate, for instance, is actually quite small. We've knocked two into one and three

into two, and so on, to create bigger ones, but we still have pressure on the volume of smaller accommodation.

Q34 Chair: Is that something G.15 and the Federation have made representations to the HCA about? Have they said that we need to be able to develop family-sized accommodation in each area, and what is the response to that?

Bob Wilson: Well, I think we are all singing from the same hymn sheet in that respect. I think there's a general recognition of the need to build more family-sized homes.

Q35 Chair: Why is it not happening? I'm just looking at my own borough. For example, last year: 29 units of three beds and above in the entire borough, in an entire year. So if we're singing, we're clearly not exactly dancing.

Bob Wilson: I think we probably come back to the targets and the fact that having targets as they now are—I'm not just talking about London, but across the board—for building more three-bedroom and above housing is a good thing. Having targets generally is a good thing, because it tends to drive results, and I come back to one of our concerns, being that the way the targets are in London at the moment we may not get that.

Steve Howlett: The HCA does have targets and has increased those targets since it came into being. I think it's around 43%, but you've got an expert witness coming to that. But we're very conscious that the HCA wants to see more family housing, and frankly so do we. What we've got to do is make sure there's a funding system that enables us to deliver it.

Chair: Thank you very much.

Witnesses: **David Lunts**, Regional Director for London, Homes and Communities Agency, and **Andrew Melville**, Head of Housing and Planning, Government Office for London, gave evidence.

Chair: Thank you very much for giving evidence. I know you were listening to the evidence before. For the record would you just introduce yourselves?

Andrew Melville: I am Andrew Melville, Head of Planning and Housing at the Government Office for London.

David Lunts: I am David Lunts. I am the London Regional Director of the Homes and Communities Agency.

Q36 Chair: Just picking up where we finished in the previous evidence session, and looking at this disconnect between levels of housing need in London, particularly. It is a general problem and it's very concentrated in some areas. Just starting with this issue of overcrowding, do you think it is acceptable that there are boroughs, including my own, where if you were waiting for a family-sized home the average wait would be 11 years?

David Lunts: No, I don't. Clearly, as your questioning in the previous session illustrates, the balance of need and availability is obviously not evenly spread across London. These are issues that we're having to deal with on a daily and weekly

basis. The point that Steve Howlett made to you is right; we are seeking to increase the proportion of family units that we fund, and it has increased quite substantially over the last two or three years. We are now very close to the 42% target that the Mayor has currently set for social rent. I have to say that for the intermediate housing we fund, it is much more difficult, and we are struggling to get anything much beyond 8% at the moment. But other factors come into play as well. For instance, there are efforts to look at what we can do on a sub-regional basis, and discussions are obviously going on at the moment between the GLA and boroughs about possibly looking even beyond sub-regions so that we can extend the nomination arrangements.

Q37 Chair: On sub-regional nominations, it would be interesting to have some figures. In the past, when I have asked my own borough about the number of nominations that it had in the sub-regions, they tended to come in under 10, because a lot of outer-London boroughs normally do little scams, such as designating all their stock as disability housing so that nobody gets a look in. Do you have up to date

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figures for the number of nomination rights that each borough has with its partners in sub-regional partnerships?

David Lunts: We do, but I am afraid I haven't got them here today.

Q38 Chair: Is that something you could drop us a note about?

David Lunts: It is something I could drop you a note on. Obviously, the figures are kept by the sub-regional partnerships at the moment, but it is something we have a keen interest in, going forward.

Q39 Chair: Again on overcrowding, I listened to what Steve Howlett said about other solutions, including things such as deconversions and extensions. Do you feel you have the right kind of information and the right kind of partnerships for RSL and borough work in funding that? There is a lot of potential to do that work, but the numbers are, frankly, derisory. Is it something that you are taking seriously and that you could put more resources into?

David Lunts: It is something that we are doing a lot of work on at the moment. We have to bear it in mind that when the HCA was set up 15 or 16 months ago, we were set up with the inherited programmes and targets that came from our predecessor bodies. Since then, we have been operating with the targets that were set as part of the 2008-11 programme round. That has been supplemented more recently with new initiatives such as Kickstart and local authority new build. But, broadly, the way we invest has to fit within the inherited programme regimes. That means that we are under considerable pressure to deliver targets in terms of not only the numbers of numerical units, but the amount of grant per unit of accommodation that we fund. One thing that I am quite keen to explore is whether there may be some merit, particularly in London, in looking a bit more at the amount of grant per person in a household that we support. The unit of accommodation tends to drive one a bit more towards more units for less money—so, smaller units; whereas what we want to do is increasingly to fund at an optimum level—given the amount of money we may have—the right outcomes for the right number of households and the right number of people. That sort of thinking is important. The other point I would make is that going forward, and certainly in terms of a new spending round, the agency and most of the boroughs we have talked to have made no secret of the fact that it would be useful perhaps to find a little more flexibility to respond to local circumstances. In boroughs such as Westminster, for instance, deconversion programmes obviously have quite an important place—potentially. In some other boroughs, where there is much greater land supply, that is perhaps less of an issue. So going forward, we would welcome a bit more flexibility.

Q40 Chair: Mr Melville, looking again at some of these issues, in particular the pressure that local authorities are under to achieve the 50% reduction in temporary accommodation, it seems from the

Government's own figures that the overwhelming majority of households that have been diverted from making a homelessness application are simply placed in the private rented sector. Does it cause you any concern that all we are doing is taking people out of the heading marked "temporary accommodation" and putting them under the heading marked "private rented accommodation" and paying housing benefit at that level?

Andrew Melville: The key thing is that their housing needs are being met. The way in which they are met will depend on what is currently available. The private rented sector clearly has a part to play in meeting those needs. The fact is that not enough affordable housing is being produced to meet all the requirements, and boroughs have to do the best they can with what is available.

Q41 Chair: Does it worry you that if rents are £400 a week we are putting people in a sector where we are guaranteeing them worklessness?

Andrew Melville: There is a consultation currently being done on housing benefit. One of the main aims of that consultation is to try to avoid precisely that—i.e., to try to provide support that will continue to support people when they get a job. Obviously the decisions still have to be taken on that, but it is one of the main aims of that consultation.

Q42 Jeremy Corbyn: Don't you think you have a responsibility as part of the wider public remit to make strong representations about the ludicrous levels of private rented accommodation in London and the costs? The Chair mentioned £400 a week. I am sure that all of us round this table could top that. We consign people to a life of worklessness and huge profits to a private landlord for often disgusting and inadequate accommodation. We are not helping anybody in this.

Andrew Melville: There is clearly no excuse for private landlords providing poor quality accommodation for high rents. Part of the purpose of the review is to have a look, particularly at the most expensive areas, to see if there is a better way to handle the use of housing benefit in those areas. It is well known that there are certain areas where nobody in a job could afford to rent a house other than with large amounts of housing benefit. The Government are very aware of that and are seeking to improve the situation. It is not an easy thing to do, but one of the key areas where we can help is by continuing the pressure to build more housing, particularly more affordable housing, which will help to reduce these practices.

Q43 Chair: Wouldn't limiting housing benefit to people in the more expensive areas, who are often in that accommodation because there is no social housing, simply reinforce the tendency to push poor people into poor communities?

Andrew Melville: That's precisely the concern. If we simply cut out certain areas we will find that the existing poverty is concentrated, and that is the last thing that the Government want. Equally, there is a need to get good value for the public money that is

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going in. In the longer term, the answer must be to provide more housing so that those needs can be met. It will not necessarily be possible to meet every need in every small part of London, but looking at London as a whole that is what we must try to do.

Q44 Chair: Just on that point, would you accept, looking at my own central London borough, that 29 units in a year of family sized accommodation is inadequate.

Andrew Melville: No, that is clearly not adequate. The targets that both the previous Mayor and the current Mayor have proposed on family housing—42% for social housing and increasing up to 16% for intermediate housing—are strongly supported by the Government.

Q45 Chair: Have the Government had a reply from the Mayor to the letter sent by John Healey about the disconnect between the Government's housing strategy and the Mayor's latest housing strategy?

Andrew Melville: We haven't had a detailed response from the Mayor. In relation to the London Plan, where many of these same issues came up, there will be an examination in public of the policies in that plan which starts on 28 June. A number of these issues will be coming up in a public examination. The Government have raised a number of issues there: for example, the split of social and intermediate housing and the Mayor's proposal to change that to 60:40. I must stress that 50% affordable housing target remains the target at the moment and will remain until there is a new London plan in place. The proposal to replace that with a numerical target is something that the Government want to look at very carefully, and also the income limit on intermediate housing. Those are three issues that the Government want to explore in detail, and understand the evidence and see whether that is the right way to go.

Q46 Chair: Would your expectation be that given the scale of housing need in London, the London Plan should be consistent with the Government's housing strategy?

Andrew Melville: The Government have made it clear in their comments on both the housing strategy and the London Plan that they want the Mayor to be ambitious in seeking to tackle affordable housing. They have some concerns about the reduction from a 50% target to a 13,200 numerical target, which is equivalent to around 40% or 38%, depending on how you measure it. They want to explore that in more detail, and if it is possible to do more, they would like more to be done. Obviously the Government do not want to set targets that are completely unrealistic. We need to look at the evidence and see whether it is possible to do more.

Q47 Mr Slaughter: I sniffed with the previous panel some spectating, combined with a bit of hand wringing as well. Do you not think with your respective roles that what you should be doing is pushing as far as possible for affordable housing to be delivered across London, in so far as that is

feasible? We have heard the example of Peabody selling off units. They often get singled out because they are quite prominent, but lots of local authorities and other housing associations are doing that as well. Others are demolishing properties or looking for redevelopment schemes that do not have similar proportions. If that is all going on, far from things getting better, they will get worse due to the direct actions of social landlords. Equally, as far as the HCA is concerned, do you monitor how aggressively authorities are bidding for money? Some authorities don't seem to be willing to take up what is on offer from the Government for a new build scheme, or bid for HCA money for development costs. Don't you think you should be doing more to encourage them, or to blow the whistle on authorities that aren't doing that?

David Lunts: Certainly, we are very ambitious for the delivery of affordable housing in London, and I think what we've tried to do over the last year or so is not only lead by example, but develop some new approaches and new investment models to try and encourage more of that to happen. For instance, we are spending a great deal of time with boroughs at the moment to encourage and cajole them to think about how they are handling their own assets, and in particular their land. There is quite a strong message from us now that we will not expect to be investing heavily in boroughs where land and other assets are not brought into play as part of the solution for accelerating the pace of delivery and improving the quality of outcomes. That is important in the current market, because without the public sector playing as a team, if you like, it is difficult to get the RSL sector or the private sector to do so as well. We are all conscious that we are going to get quizzed on value for money even more closely than we are now. In addition, based on 15 months of the HCA's existence, my experience of the vast majority of boroughs is that there is a good deal of enthusiasm and support for our approach. Most boroughs are keen to attract our investment. I would say that there is often a high degree of interest in tailoring that investment, as I've already suggested, to a certain set of outcomes. We're very clear that it has to include the delivery of affordable housing, and that includes social rented housing. In the vast majority of cases, that's not a difficult discussion—we're doing what we can.

Q48 Mr Slaughter: You say that most boroughs are co-operating. Are you finding that some aren't?

David Lunts: I think there are possibly a few boroughs that are a little slower than others.

Q49 Mr Slaughter: Would you like to name them?

David Lunts: Not particularly, no.

Q50 Mr Slaughter: The point is—wouldn't that be a good thing to do? I won't use a current example from the HCA, but I will go back to your predecessor, the Housing Corporation. I remember having discussions with the Housing Corporation about housing in Fulham, for example, where it was returning large sums of money that had already been

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successfully bid for. It was saying that there was too much affordable housing in the area, or handing back affordable units already negotiated to developers because they weren't wanted. That sort of behaviour flies entirely in the face of what all witnesses have said they are trying to achieve. Should you not be more whistle-blowing, or clearer about your expectations, or do you simply see yourself as having funds available for those who want them?

David Lunts: My experience is not that boroughs have been pushing us to take any investment back from schemes that we have indicated we wish to put our money into. There have certainly been one or two cases of boroughs giving us a steer, and that schemes that have been bid for through Kickstart haven't been strongly supported. I have to say that in most cases we agree with them, because they are poorly designed or inappropriate and frankly need to be recast, but in the main that has not been an issue. The way we choose to approach the matter is to undertake what we call the single conversation discussion with each borough. The single conversation is designed to be a strategic level, followed by an operational level, discussion and agreement, borough by borough, that looks at how the boroughs will deliver the targets that they've been set, how they will use their assets with our investment, how other players will be brought into play, whether the London Development Agency or TFL, depending on local circumstances, and then how we can shape a programme together with more clarity than in recent years about what we will undertake to do in the short, medium and longer terms. The response to that has been overwhelmingly positive. We have draft local investment plans from virtually all London boroughs. What we will be doing over the next few months—this is obviously dependent on decisions in spending reviews and so on—is distilling them down and cementing them into local investment agreements. I promise that each will be a detailed account of how each borough will work with us and with the Mayor to deliver their affordable housing targets.

Q51 Mr Slaughter: And that information about what boroughs have bid for and what they've been successful in is published, is it?

David Lunts: It will be.

Q52 Mr Slaughter: When will we hear about the next tranche?

David Lunts: We have said that we expect all boroughs to have concluded those discussions and have agreements that will be sanctioned by us and their cabinets by the end of the calendar year.

Q53 Mr Slaughter: But do we know at the moment what the bids for the current cycle are, and how much the boroughs are requesting from the HCA?

David Lunts: No, we don't, because we haven't got to the point where we've distilled it down in every case to hard numbers against hard schemes. It's an emerging picture. We have a clear view in some

boroughs, because some boroughs are clear about their priorities, and we are clear about the schemes that we can fund. In others, it is less clear, but the process will have to go through the summer, autumn and possibly the early winter because I don't want to put the HCA's name to an agreement until we've got some clarity about levels of resources from next April onwards.

Andrew Melville: Do you want me to add anything?

Chair: Yes, please.

Andrew Melville: You asked about delivery, and perhaps I could mention two aspects of that before coming on to an issue about policy. On delivery, one area that we've already touched on is use of public sector land, and Ministers have been clear that they want a more proactive approach. They've raised that with the Mayor, and work is going on to try to bring land forward more actively. A second area in terms of delivery is that the Government have negotiated local area agreements with boroughs—19 have an overall target for housing, and 22 have an affordable housing target. Those are targets that the boroughs have signed up to for delivery in the current three-year period, and we are coming towards the end of the second year at the moment. In terms of policy, the Government keep a close eye on the local development frameworks and core strategies that have been produced by boroughs. Certainly we will raise issues if we have concerns about a particular borough's proposals, and we will feed that to the panel that conducts the examinations if we think a borough is not following Government policy.

Q54 Mr Slaughter: When would you do that, and have you done that so far?

Andrew Melville: We have raised issues about housing with all the boroughs that are going forward to try to clarify policies. I know that you are particularly interested in Hammersmith and Fulham. It has said in one of its consultation documents on the core strategies that it is looking for the majority of new housing in the borough to be intermediate housing. We are asking questions about that because obviously there is a need for social housing as well. That is an issue we want to continue to keep an eye on.

Q55 Clive Efford: Can you tell us about single conversation agreements? Do the HCA and GOL work together on them and on negotiating the agreements with local authorities?

David Lunts: Yes, we do and we will continue to do so. There are two stages. One is to sit down with the borough and get to the point where there is what we call a local investment plan. The plan is a fairly high-level document that deals with the points I have already referenced: how are the various targets going to be handled at borough level, how are our respective assets going to be played in and how is the borough concerned going to take some ownership and responsibility for delivering and so forth? That will then be translated into a local investment agreement—so we go from plan to agreement—which will have to depend on greater clarity about where we will stand in the new financial year from

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2011-12 onwards. Our interest in that is not only to have it as an arrangement or agreement between the agency and the borough, but to have input from the GLA, the LDA where they are investors, Transport for London, the Government Office for London and so forth. It is a multi-agency agreement even though it is primarily about housing and regeneration.

Q56 Clive Efford: Do you intend to set targets for local authorities to try to stretch them as part of the agreements?

David Lunts: We are at the moment working within the parameters set by the Mayor's affordable housing targets and the local area agreement targets. We will certainly want to flesh those out. I am also conscious that the Mayor's targets only run to 2011-12. There is a question about what happens to them beyond that. We will certainly want to see that our agreements are performance driven. The agreements will not just say, "We'll fund this," and then just sit there. The idea is that they will be performance-managed over a three, four or five-year period. The short answer is yes, we will want targets.

Q57 Clive Efford: How will they be determined? You have the Government on one side and the Mayor on the other, but where do you draw the line over who takes precedence?

David Lunts: The Mayor's housing strategy requires the Government to sanction it. At the moment, as Andrew has already explained, there are some issues where the current Government have said to the Mayor that they want to test some of the things through the London plan review process, because that is happening over the summer. I anticipate that by the autumn or early winter we will all be clear about the basis on which the Mayor's housing strategy and the various other policies that support housing delivery in London are to be taken forward. We will need to operate within the parameters set by the Mayor's London plan and the Mayor's housing strategy. In addition to that, you are quite right—there will always be a requirement for us to respond to, and operate within, the broad parameters of national policy. But the arrangements in the GLA Act are such that that should be relatively straightforward, because the Mayor and the Government have to agree the basis on which his statutory strategies—whether it is housing or the London plan—are eventually agreed.

Andrew Melville: May I just add to that? The Mayor's London plan and the boroughs' core strategies set long-term planning policies, including housing targets. They will set what needs to be achieved over the next 10 years and more. Within any particular shorter period, you then need to look at the amount of money available and set short-term funding targets. There are two sets of targets. First, what are we trying to achieve in the long term? Secondly, what can be achieved in the immediate period with the money available?

Q58 Jeremy Corbyn: Very quickly, I am looking at the figures for section 106 and affordable housing developments. The proportion of build achieved

from section 106 compared to affordable is very low. Do you have any concerns about the operation of section 106 agreements?

Andrew Melville: I will correct that if it is wrong. These figures in the table that was in the memorandum relate to section 106-provided housing that didn't have grant. You are quite right that the proportion of housing provided without grant was reduced significantly from 1,560 homes in 2006-07 to 580 last year. That is simply a reflection of the way the market has gone in recent years. We are obviously concerned about the economic situation and the fact that it is having an impact on what developers can afford to pay. In the long term, the answer to this is not to drop affordable housing from the requirements, but to have flexible requirements that take account of what can be afforded.

Q59 Jeremy Corbyn: May I interrupt you? The reason why I asked the question is that I am concerned that developers come up with a lot of what can only be described as sob stories to local authorities about how they can't do X, Y and Z under section 106. Too often, local authorities either believe them or allow them to pay instead of building. The losers are always the poorest people and those in need. In your assessment of this, I just wondered whether we should be a bit tougher in the operation of section 106.

Andrew Melville: I think we are reasonably tough. Certainly in the cases that we see, which tend to be the larger and more complex ones, we normally expect to see a viability assessment, which is normally done independently. We also normally expect that, wherever possible, housing should be provided on site. That is part of the general approach. It is not always possible to provide it all on site, but that is certainly what we are looking for, and it is also what the GLA is looking for in its policies.

David Lunts: I have dug the figures out. The figures that Andrew is quoting are the delivery of affordable housing through section 106 that are basically grant free. It is interesting year on year. I have the quarter two figures for this year compared with last year, and the proportion of affordable schemes that we are funding through section 106—we often continue to fund section 106 schemes—has dropped from 64% rent to 12%. On low-cost home ownership, intermediate housing has dropped from 50% to 11%. So you can see that there is a complete collapse of section 106 schemes coming through.

Q60 Mr Slaughter: I am going to use an example from my own experience. I monitor the planning committees of both my local authorities every three or four weeks. I noted these trends very strongly. First, section 106 agreements are now pretty derisory in terms of what they are asking for. Secondly, even when section 106 agreements have been given, the previous provision for affordable housing is now being renegotiated so that the money is going to the other form of housing. Thirdly, the schemes that had been given planning permission are now coming

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back with the affordable housing or section 106 agreement removed. All of those trends again move towards a decline in the number of affordable housing units being constructed. Is that something that you are aware of? Is it something we can do anything about, and is there any DCLG guidance that would suggest that the planning authorities had taken the wrong course?

Andrew Melville: In terms of renegotiating section 106 agreements, the guidance that applies to determining applications in the first place will still apply, so authorities should still be looking to maximise the amount of affordable housing to meet needs. Obviously, if there's a strong viability case that a scheme won't go ahead if they have to provide the amount originally negotiated, the Government are keen that we don't see a complete halt to house building, so a realistic reassessment of what can be afforded is fine. If there's any evidence that authorities or developers are misusing that to do less than they could afford to do—

Q61 Mr Slaughter: It's not the developers who are misusing it, although they may be the beneficiaries. It's the local authorities that are misusing it. Would you be concerned if a local authority was saying to a developer, "Oh, you remember you promised us 60 units of affordable housing. We don't really need those any more. We'll still have the money or a cash sum in lieu, but we'll spend it on something else"?

Andrew Melville: We would be concerned if authorities were saying that there was no need for affordable housing, because there cannot be many places in London where that could be true, given the overwhelming needs. Obviously, that's a separate issue from whether a scheme can or cannot afford to pay for affordable housing. We wouldn't want schemes to be halted by insisting on unrealistic requirements.

Q62 Mr Slaughter: But if there's no viability study or the developer has done a viability study that hasn't been challenged by the local authority, who is to say whether it's reasonable? If you got consent for a scheme with, say, 20% affordable housing a year ago and you now go back and say, "We'd like that to go through planning again, but we'd like 2% affordable housing now because in the current market conditions, we don't think we can afford that, and here's our expert who says that's true," should authorities be renegotiating that?

Andrew Melville: I don't know whether David wants to comment on how this is happening with grant-funded schemes, but certainly if we were aware of a

scheme, we would expect to see a revised viability assessment in those circumstances, with an independent check, so that it is not just the word of the developer but something that is subject to an independent check.

David Lunts: Certainly we ask quite searching questions of RSL partners who have an allocation for grant—the vast majority of section 106 schemes still need grant—and who then hand it back because they say that the scheme is not going ahead or, even worse, it's going ahead without any affordable housing. We would ask quite searching questions about that. Andrew is right about the viability point. One of the things that we're doing at the moment is reviewing, together with the GLA, the basis on which viability testing is done, because one of the difficulties at the moment is there are different systems and it's all too easy for people to get confused or be played off. We will go forward with a single revised viability tool that can deal with the new circumstances. The other thing I'd say is that our strong advice to boroughs—quite a number of them are taking it—is that if a scheme is not viable with its current section 106 agreement, our recommendation is that on an open-book basis, if section 106 agreements are to be revised to deliver a scheme that otherwise won't start, that viability should be reviewed and redone on an annual basis. It's not the case, for instance, that an applicant or a developer can in effect remove their section 106 obligations, bank the site, wait for better times and then have a scheme that no longer has the section 106 obligations it should have.

Q63 Mr Slaughter: Is there DCLG guidance on that issue?

Andrew Melville: There is DCLG guidance on seeking affordable housing in the first place. I'll need to talk to the DCLG about whether there is guidance on revising the section 106s.

Q64 Mr Slaughter: We've gone over our time, but I'd be grateful if you could do that, Mr Melville, and let me and other members of the Committee know whether that is the case. Mr Lunts, in so far as you have current data available for the amount of grant that is going into boroughs, could you let us have a copy of that information?

David Lunts: Yes, certainly.

Chair: Thank you very much to both of you. Mr Lunts, you'll let us have that and also a note on out-of-borough nominations.

David Lunts: Yes.

Chair: Thank you.

Written evidence

Memorandum from the National Housing Federation (LH 01)

EXECUTIVE SUMMARY

- The National Housing Federation London region welcomed the Mayor's adoption of a target to deliver 50,000 affordable homes in the three years to 2011. However, the current economic situation has meant that this target is now not likely to be delivered until 2012. This is due, in part, to the significant reduction in the delivery of affordable housing via S106 planning gain.

While the Federation accepts that in the current circumstances housing delivery will be affected, we are concerned that proposals to delegate delivery to the boroughs will result in less efficient and less effective delivery of affordable housing.
- We are concerned that in the absence of an overall requirement that all boroughs should deliver affordable rented housing, we will see this tenure delivered primarily in those boroughs which already have the highest levels of deprivation and where there are already high concentrations of affordable housing. If we are to have mixed and balanced communities then affordable housing should also be delivered in more prosperous areas which currently have lower levels of affordable housing.
- The Federation is concerned that in spite of the overwhelming need for an increase in the supply of affordable rented housing, the target for delivery of this tenure has, in percentage terms, been reduced.
- We are concerned that the delivery of new larger homes is below target. Such homes are urgently needed if we are to address the pernicious effects of overcrowding which affects the capital disproportionately.
- The private rented sector can be a viable alternative for many in housing need. However, greater certainty over funding in the medium to longer term is needed if housing associations are to continue to deliver high quality, well managed housing in this sector.
- It is essential that the level of Supporting People funding is maintained if housing associations are to continue to provide cost effective support to the most vulnerable in our society.
- Housing associations have proved to be a resilient sector in the face of the current economic climate.

INTRODUCTION

The National Housing Federation represents 1,200 independent not-for-profit housing associations in England and is the voice of affordable housing.

The London region of the Federation represents some 350 housing associations. Between them, they house around one in 10 Londoners.

The London region of the Federation is represented at the Mayor's Housing Forum and actively lobbies national, regional and local government to create the conditions and adopt the strategies which housing associations need if they are to continue to deliver the high quality, well managed and affordable housing which London needs.

In the current uncertain economic conditions, which have seen a collapse in private house building in the capital, housing associations' resilience and ability to continue to invest in land and housing, has shown the strength of the sector and its continued importance to the delivery of affordable homes and successful communities.

1. PROGRESS TOWARDS MEETING GOVERNMENT TARGETS ON AFFORDABLE HOUSING IN LONDON

1.1 Affordable housing targets in London are set by the Mayor, subject to approval by the Secretary of State. The Federation welcomed the Mayor's commitment to providing 50,000 affordable homes across London over the next three years. We note though, that the current economic environment and level of house building activity in London has meant that this target is now expected to be delivered over the four years to 2012.

1.2 The target of 50,000 homes was set on the basis of the expected levels of subsidy available. The National Housing Planning Advice Unit estimates that the overall number of new homes which are required in London each year is between 33,000 and 42,000.

1.3 We understand that the Mayor has, (at end of February 2010) agreed with the London boroughs, that they will deliver 41,000 affordable homes over the three years to 2011, with the remaining 9,000 homes to meet the 50,000 target, delivered by 2012. Although there is an overall, London-wide target that 60% of this housing will be for affordable rent, there are no individual borough targets for the delivery of affordable

rented homes. We fear that this lack of prescription will mean that the overall target for affordable rented homes will not be met. It is also likely to result in some boroughs delivering very low numbers of affordable rented housing, choosing instead to focus on low cost home ownership.

1.4 The Federation welcomes the Mayor's commitment to provide more family-sized homes, with 42% of new social rented and 16% of intermediate homes having three bedrooms or more. The Federation would like to see the Mayor take a stronger stance in ensuring that the private sector fulfils the same family home targets. The Federation has long campaigned for more family homes in the capital, outlined in our publication "Think Big".¹ (For more information, see section 3.3–3.5)

1.5 The Federation welcomes the commitment to provide more homes meeting the access, space and adaptability needs of disabled and older people, particularly in view of demographic trends. Especially as 14% of social housing tenants in London have a long-term limiting illness.

2. PROGRESS ON DELIVERY OF AFFORDABLE HOUSING ACROSS THE WHOLE OF LONDON

2.1 The Federation has concerns that the Mayor has changed the delivery mechanism from one which is a percentage of affordable housing on each site, to this negotiation of individual borough targets. We fear that without very strong direction and management from the Mayor, this will result in some boroughs delivering much more than others. It could also lead to further concentrations of social rented housing, particularly in areas with a high level of land for development. East London has the greatest potential, representing about 51% of London's total capacity, but maximising development in this area would lead to even higher concentrations of social rented housing. The lack of a target on each new development removes the borough's mechanism lever to deliver mixed communities even in private developments. Many boroughs used the 50% target to engage private developers in delivering affordable housing on every site, in fact, the use of commuted sums had significantly decreased in London. Without this tool, we are likely to see concentrations of social housing developed in areas where land is cheap, thereby further increasing social polarisation.

2.2 The Mayor's proposals to delegate the responsibility for the delivery of affordable homes to boroughs also gives us concern. Three boroughs, Westminster, Hackney and Croydon are currently taking part in a "delegated delivery pilot". This new mechanism is intended to incentivise and enable local authorities to deliver new housing through a tailored and flexible approach (from the Homes and Communities Agency via the London Housing Board), within the national and regional delivery framework. Again, the Federation is concerned that this may sideline housing associations, who have already proved themselves to be effective and efficient deliverers of affordable housing. We are also concerned that this new mechanism may not deliver the same value for money as housing associations have achieved over the years.

3. IDENTIFICATION OF CAUSES OF HOUSING NEED IN LONDON AND ADDRESSING THE NEEDS OF FAMILIES IN LONDON

Homelessness

3.1 In 2008–09, 12,780 households were accepted as homeless. London has the highest proportion of homeless families in the country but the number of acceptances is declining, year-on-year, due to successful interventions by local authorities and housing associations. The G.15 for instance, the group of 15 largest housing associations in London, is working in partnership with London's local authorities to increase the level of nominations from local authorities to void properties, which are given to those households identified as statutory homeless.

Overcrowding

3.2 Overcrowding is a major cause of housing need in London. CLG housing statistics show us that nearly 7% of households in London are overcrowded, more than 2.5 times the national rate and the highest proportion in the country. In Tower Hamlets, the most overcrowded borough in England, 13% of families are overcrowded. Recent research published by Karin Housing Association, which houses a high proportion of Somali households, showed that for this particular community overcrowding was of epidemic proportions, with 69% of the research sample households saying they were overcrowded. We know that overcrowding has a massive impact on educational achievement for children and leads to poor health, stress and family breakdown. The Mayor has a target to halve overcrowding by 2016. Whilst this is a laudable aim, there seems to be no real strategy to achieve this and projected delivery of larger homes is also unlikely to meet the pent up demand.

Larger homes

3.3 We are simply not building enough homes, enough affordable homes, or enough high quality homes for families. While high density one and two bedroom flats may appear to satisfy a need for smaller homes for what demographic projections tell us is an increasing number of smaller households, this masks the urgent need for affordable, family sized homes for London's diverse communities.

¹ *Think Big: Delivering family homes for Londoners*, National Housing Federation, London Region (2006).

3.4 The Mayor and the Homes and Communities Agency have set a target that 42% of all publicly funded homes in the 2008–11 investment round should be three bedroom and above. At the last reporting date, (to end October 2009), allocations were at 38%.

3.5 However, historically building has fallen well short of this, with CLG statistics showing that in the last available reporting year of 2008–09, 11% of flats and houses built by private developers in London were three bed and above, while 16% of housing association new build homes were three bed and above.

Private rented sector

3.6 As the Rugg Rhodes² review highlighted, temporary housing in the private rented sector (PRS) can be a viable alternative tenure for many people. This can include people moving on from supported housing projects as well as people needing relief from overcrowding or homelessness. The use of the private rented sector to house homeless and vulnerable households will reduce the current significant pressure on London's waiting lists. In the capital, waiting lists have risen 46 % in the past five years with 353,130 households on London's social housing waiting lists in 2008, a 6% rise on the previous year.

3.7 Housing associations working in this area have agreed common standards for high quality housing management and maintenance and services to their tenants in the PRS. The Federation's London Leased Accommodation Strategic group, which comprises representatives from our sector as well as from local authorities and statutory agencies, has worked closely with the Department of Work and Pensions on the reform of temporary housing funding arrangements.

3.8 Our sector does, though, need more certainty around funding via housing benefit in the medium term, and a more strategic approach from boroughs if we are to maximise the benefit which accommodation in the PRS can offer. Without funding certainty, housing associations are unable to take the business risk of procuring, renovating and maintaining properties from the PRS. We are keen too, to support the development of Social Lettings Agencies (SLA). SLAs could be a means of rationalising the procurement of leased accommodation within a borough and taking a more strategic approach to procurement. In the absence of a mechanism like SLA, local authorities, housing associations and others can all be competing to attract landlords and their properties. This can have the effect of inflating the incentives on offer, increasing the cost to the public purse.

Supported Housing and Supporting People funding

3.9 The Federation welcomes the Mayor's commitment to provide 1,250 new supported homes between 2008 and 2011 to meet the needs of vulnerable and older people. However, there are many groups of vulnerable Londoners who will not be catered for within this target and the Federation believes the Mayor must use his statutory housing powers where appropriate, to achieve a pan-London approach in a number of key areas, in particular, the provision of hostels and supported housing. It is the vulnerable and difficult to reach smaller groups such as ex-offenders or those fleeing domestic violence who will slip through the net if there is no coordinated approach to represent the challenging and specialist housing needs of these Londoners.

3.10 The Federation lobbied hard to retain the ringfence for Supporting People (SP) funding. Given the importance of this funding stream in supporting vulnerable people, we argued that removal of the ringfence may be a precursor to seeing this funding stream diverted from such support. We are pleased that SP has been retained as a named grant within local authority funding, but will closely monitor its use to ensure it is not diverted elsewhere.

4. THE EFFECT OF THE CREDIT CRUNCH ON THE SUPPLY OF HOUSING IN THE PRIVATE SECTOR AND THROUGH SECTION 106 AGREEMENTS

4.1 In 2008–09, Housing associations completed 6,970 homes for affordable rent, representing just over 36% of the 19,330 homes completed in all tenures, including homes for low cost home ownership. In the previous financial year, housing associations built over 50% of the total number of homes built in the capital and a 16% increase on the previous year, while overall new home completions fell by 22%. In addition to this, in 2008 overall housing starts on site fell by 41% in London, while in contrast housing association starts increased by 1%. These statistics illustrate the resilience of the housing association sector in the face of the economic downturn and the contribution made towards alleviating housing need in London.

4.2 A recent report by the Tenant Services Authority on the impact of the credit crunch on housing associations suggested that the sector has weathered the recent period of economic turbulence relatively unscathed. "Its core rental income stream accounts for 80% of turnover and is around 65% government funded through Housing Benefit, ensuring that it has a greater degree of certainty over its revenue than most commercial businesses. This stability, in addition to government support for capital investment, means the sector has been able to continue growing during the downturn and enables it to undertake valuable projects which would be untenable in the commercial sector."³ However, rents for 2010–11 have been effectively frozen, the cost of borrowing has escalated and there are inflationary pressures on the maintenance and management cost base.

² *Review of Private Rented Sector Housing*, Centre for Housing Policy, University of York, Rugg, J and Rhodes, D (2008).

³ *The impact of the credit crunch on housing associations*, TSA, February 2010.

Affordable housing developed via S106 agreements

4.3 Homes and Communities Agency data for 2009–10 shows that in the first quarter (April till July 2009), 28% of the Agency's expenditure in London was allocated to affordable housing schemes arising from S106 planning gain. In the second quarter, this had dropped to 12%. Overall, S106 delivery of affordable housing was down 25% from 2008–09 to 2009–10.

8 March 2010

Memorandum from the Government Office for London (LH 02)

SUMMARY

- The Government's goal is that everyone should live in a decent home, which they can afford, in a community where they want to live.
- The Mayor of London has a strategic role on housing and planning. The Mayor produces a statutory London Housing Strategy, makes recommendations to Ministers on the allocation of housing investment in London, and produces the London Plan.
- The Mayor's evidence on the need for housing is set out in a Strategic Housing Market Assessment which estimates that 325,800 homes are needed from 2007–17.
- The need for affordable housing (particularly social housing) is high due to the continuing problems of affordability, homelessness and overcrowding. The Mayor estimates that, in 2007–17 an extra 18,200 affordable homes a year are needed, 80% for social rent.
- In his draft London Plan, the Mayor has proposed a target for total new homes in London of 33,400 a year from 2011.
- The Mayor's proposed affordable housing target (13,200 a year) falls well short of need (18,200). The Mayor's own evidence shows that 80% of the 18,200 affordable homes needed should be social rented units. The Mayor however proposes a figure of 60% of his 13,200 target.
- Overall housing delivery in London in the last three years has roughly equalled the current London Plan target.
- Affordable housing delivery in London has been between 32% and 37% of conventional supply in the last three years.
- The Government recognises that market conditions are challenging but believes that the Mayor must be more ambitious and use all his powers to increase the supply of housing, particularly affordable housing.
- The Government has responded to the downturn by implementing measures to stabilise market conditions and minimise the impact. It has put substantial extra investment into housing, a sign of its commitment and ambition in the face of very difficult circumstances and despite the unprecedented delivery challenge.
- The Government is continuing to invest in affordable housing in London. London is receiving £2.8 billion in 2009–11 through the HCA's National Affordable Housing Programme—43% of the national allocation. London is also accessing funding from the national Kickstart and LA new build programmes.

NATIONAL POLICY

1. The Government's goal is that everyone should have the opportunity of living in a decent home, which they can afford, in a community where they want to live. Affordable housing policy seeks to provide high quality homes in mixed sustainable communities for those in need; widen the opportunities for home ownership; and offer greater choice, flexibility and choice to those who rent.

2. Planning Policy Statement 3 sets out the Government's planning policies for affordable housing. The Government is committed to providing high quality housing for people who are unable to access or afford market housing, as well as helping people make the step from social-rented housing to home ownership.

3. The Government has put substantial extra investment into housing, a sign of its commitment and ambition in the face of very difficult circumstances and despite the unprecedented delivery challenge. London is receiving £2.8 billion in 2009–11 through the HCA's National Affordable Housing Programme—43% of the national allocation. London is also accessing funding from the national Kickstart and LA new build programmes.

THE ROLE OF THE MAYOR OF LONDON

4. The Mayor chairs the Homes and Communities Agency London Board, a non-statutory committee of the main HCA Board, which includes representatives of the HCA, London Councils, the GLA, LDA and others involved in housing delivery in London. The HCA London Board terms of reference provide for the HCA Chair or Chief Executive to refer any of its decisions to the HCA's main Board for determination.

5. Through his chairmanship of the London Board and through his Housing Strategy the Mayor has influence over the HCA's activities in London, but has no power to direct the National Affordable Housing Programme, or any other national programme resources in the capital. The Mayor also makes recommendations to Ministers on the allocation of the targeted funding stream, a separate funding stream of some £194 millions in 2010–11.

6. The GLA Act 2007 requires the Mayor to produce a statutory London Housing Strategy consistent with national policy. The Strategy, published on 27 February 2010, confirms the Mayor's target to deliver 50,000 affordable homes in London, but over four years rather than the three years previously announced. It sets out the Mayor's vision for housing. Some key proposals are to be taken forward through changes to the London Plan.

7. The Minister for Housing and Planning wrote to the Mayor on 20 January 2010 (letter at Annex A) saying he had decided not to direct the Mayor to change the strategy but expressing his concerns about the Mayor's ability to deliver the required levels of housing in London. A key reason for the Minister deciding not to direct was that many of the proposals of most concern appeared also in the London Plan where there would be a later opportunity for Ministers to make a direction if necessary.

8. The Mayor is currently reviewing the London Plan. Public consultation closed on 12 January 2010. The draft Plan proposes to accommodate growth, with a new target of 33,400 additional homes a year for 2011 to 2021. The Plan proposes replacing the 50% affordable housing target with borough targets totalling 13,200 homes a year, replacing the existing 70/30 social/intermediate split with a 60/40 split, and extending the income threshold for intermediate housing from £60,000 to £74,000, for family housing only.

9. The Minister for Housing and Planning wrote to the Mayor on 12 January, (Annex B) expressing his "serious concerns about the scale of ambition set out in the Plan".

10. The London Plan is subject to Examination in Public by an independent panel. This starts on 28 June 2010. The final version of the Plan is submitted to the Secretary of State for Communities and Local Government who can direct changes to be made if the Plan is in conflict with Government policy, or has negative impacts outside London. The process should be completed by early 2012.

HOUSING NEED IN LONDON

11. The GLA published the *London Strategic Housing Market Assessment* in April 2009. It concluded that London required 325,800 homes over 10 years.

12. The need for affordable housing is high due to the continuing problems of affordability, homelessness and overcrowding in London. The assessment shows a total annual affordable housing need of 18,200 a year, split 80% social rented and 20% intermediate housing.

HOUSING REQUIREMENTS, 2007–17—MAIN SCENARIO

Size	Housing tenure			All tenures
	Market	Intermediate	Social	
1 bedroom	56,500	—	—	56,400
2 bedrooms	67,800	5,300	88,400	161,500
3 bedrooms	19,400	12,000	—	31,300
4+ bedrooms	—	19,300	57,200	76,500
Total	143,600	36,500	145,600	325,800

Source: London Strategic Housing Market Assessment, GLA (April 2009).

13. The requirement for market housing is focused on smaller units. Intermediate housing need is for dwellings with at least two bedrooms; enough private rented housing is available for those households requiring only 1 bedroom. There is sufficient one-bed social housing, but a need for additional two-bed social housing, and a need for over 50,000 additional social rented homes with at least four bedrooms.

14. On 30 September 2009, London accounted for 76% of the England total of households in temporary accommodation at 43,490, 8,760 less than a year earlier. 93% of these households in London were in self-contained temporary accommodation. 2,410 households were accepted by the London authorities as homeless in the third quarter of 2009, down 30% from the same quarter in 2008.

15. The number of households in London on local authority housing waiting lists was 354,389 on 1 April 2009; 11.2% of all households in London, an increase of 15% on 2005 (309,072) and 3% higher than the England total (8.2% of households).

16. London is estimated by CLG to have 34% of all overcrowding in England, with 310,000 children living in overcrowded accommodation in 2008–09, 21.5% of all the children living in London. To tackle overcrowding the Government in 2008–09 funded London boroughs to build on the work of earlier London pilots and develop strategies and action plans. The Government continues to support the pathfinders, and has published the lessons learnt from the pilots.

OVERALL HOUSING SUPPLY—TARGETS

17. The current London Plan has an overall target of 30,500 homes a year for 2007–08 to 2016–17, made up of 27,597 “conventional supply”, 1,578 non-self-contained units, and 1,317 reduction in net vacancies:

<i>Borough</i>	<i>10 year target</i>	<i>Annual monitoring target</i>
Barking and Dagenham	11,900	1,190
Barnet	20,550	2,055
Bexley	3,450	345
Brent	11,200	1,120
Bromley	4,850	485
Camden	5,950	595
City of London	900	90
Croydon	11,000	1,100
Ealing	9,150	915
Enfield	3,950	395
Greenwich	20,100	2,010
Hackney	10,850	1,085
Hammersmith and Fulham	4,500	450
Haringey	6,800	680
Harrow	4,000	400
Havering	5,350	535
Hillingdon	3,650	365
Hounslow	4,450	445
Islington	11,600	1,160
Kensington and Chelsea	3,500	350
Kingston	3,850	385
Lambeth	11,000	1,100
Lewisham	9,750	975
Merton	3,700	370
Newham	35,100	3,510
Redbridge	9,050	905
Richmond	2,700	270
Southwark	16,300	1,630
Sutton	3,450	345
Tower Hamlets	31,500	3,150
Waltham Forest	6,650	665
Wandsworth	7,450	745
Westminster	6,800	680
London Total	305,000	30,500

Source: London Plan, consolidated with alterations since 2004, GLA (February 2008).

18. The draft Replacement London Plan has an overall target of 33,380 for 2011–21, made up of 30,784 conventional supply, 1,849 non-self-contained units and 749 reduction in vacancies:

<i>Borough</i>	<i>10 year target</i>	<i>Annual monitoring target</i>
Barking and Dagenham	15,100	1,510
Barnet	22,550	2,255
Bexley	3,350	335
Brent	10,650	1,065
Bromley	5,650	565
Camden	6,650	665
City of London	1,100	110
Croydon	13,300	1,330
Ealing	8,900	890

<i>Borough</i>	<i>10 year target</i>	<i>Annual monitoring target</i>
Enfield	5,600	560
Greenwich	25,950	2,595
Hackney	11,600	1,160
Hammersmith and Fulham	6,150	615
Haringey	8,200	820
Harrow	3,500	350
Havering	12,350	1,235
Hillingdon	6,200	620
Hounslow	4,750	470
Islington	11,700	1,170
Kensington and Chelsea	5,850	585
Kingston	3,750	375
Lambeth	12,550	1,255
Lewisham	11,050	1,105
Merton	3,200	320
Newham	25,000	2,500
Redbridge	7,600	760
Richmond	2,450	245
Southwark	20,050	2,005
Sutton	2,100	210
Tower Hamlets	28,850	2,885
Waltham Forest	7,600	760
Wandsworth	12,800	1,280
Westminster	7,700	770
London Total	333,800	33,380

Source: London Plan, Consultation Draft Replacement Plan, GLA (October 2009).

19. The National Housing and Planning Advice Unit (NHPAU) advice on the supply range to be tested for London is 33,100 to 44,700 dwellings a year.

20. Boroughs set targets for overall housing supply in their core strategies, part of their Local Development Frameworks. Four boroughs have so far adopted core strategies, all setting targets identical to the current London plan targets.

21. Local Area Agreement targets are agreed between the Government and local authorities for three years. The following 19 boroughs have a target for overall housing delivery in their LAA:

<i>Borough</i>	<i>2008–09</i>	<i>2009–10</i>	<i>2010–11</i>	<i>Total</i>
Barking and Dagenham	1,190	1,190	1,190	3,570
Barnet	859	1,774	2,366	4,999
Bexley	338	338	338	1,014
Brent	915	915	915	2,745
Camden	597	597	597	1,791
Croydon	903	903	903	2,709
Ealing	1,150	992	1,190	3,332
Greenwich	1,250	1,250	1,750	4,250
Hackney	1,085	1,085	1,085	3,255
Hammersmith and Fulham	500	500	500	1,500
Haringey	1,657	1,602	1,195	4,454
Havering	535	590	590	1,715
Islington	1,000	1,000	1,000	3,000
Kingston	349	349	349	1,047
Newham	1,100	1,400	1,800	4,300
Redbridge	707	940	1,233	2,880
Southwark	1,630	1,630	1,630	4,890
Tower Hamlets	2,999	2,999	2,999	8,997
Waltham Forest	665	665	665	1,995
London Total	19,429	20,719	22,295	62,443

Source: Local Area Agreements (GOL) NI 154.

AFFORDABLE HOUSING—TARGETS AND POLICIES

22. The existing London Plan sets a strategic target that 50% of all new housing in London should be affordable, with 70% social rented housing and 30% intermediate.

23. The draft Replacement London Plan proposes to drop the 50% target and replace it with a numerical target of 13,200 more affordable homes a year (39.5% of the 33,400 overall target), of which 60% should be social rented and 40% intermediate.

24. Four boroughs have adopted core strategies, all with a 50% affordable housing target; three with a 70/30 split and one a 60/40 split.

25. The following 22 boroughs have a target for affordable housing delivery in their Local Area Agreement:

<i>Borough</i>	<i>2008–09</i>	<i>2009–10</i>	<i>2010–11</i>	<i>Total</i>
Barking and Dagenham	595	595	595	1,785
Barnet	508	779	982	2,269
Brent	458	458	458	1,374
Croydon	452	452	452	1,356
Enfield	100	35	456	591
Greenwich	437	437	613	1,487
Hackney	543	593	593	1,729
Harrow	200	200	200	600
Hillingdon	155	155	155	465
Hounslow	225	225	225	675
Islington	620	470	400	1,490
Kingston	140	140	140	420
Lambeth	480	550	570	1,600
Lewisham	429	429	429	1,287
Merton	105	105	105	315
Richmond	160	119	119	398
Southwark	500	900	815	2,215
Sutton	220	220	220	660
Tower Hamlets	1,688	1,688	1,688	5,064
Waltham Forest	332	332	332	996
Wandsworth	375	375	375	1,125
Westminster	122	335	137	594
London Total	8,844	9,592	10,059	28,495

Source: Local Area Agreements (GOL) NI 155.

26. The Mayor has negotiated three year affordable housing targets with London Boroughs for the same period as Local Area Agreements. These are the targets set out in the Mayor's Housing Strategy:

BOROUGH AFFORDABLE HOUSING DELIVERY TARGETS, 2008–11

<i>Borough name</i>	<i>Number of homes Target</i>
Barking and Dagenham	1,785
Barnet	2,269
Bexley	566
Brent	1,600
Bromley*	795
Camden	1,000
City of London	50
Croydon	1,803
Ealing	1,065
Enfield	648
Greenwich	1,825
Hackney	1,779
Hammersmith and Fulham	967
Haringey	1,115
Harrow	656
Havering	800
Hillingdon	598
Hounslow	730
Islington	1,902
Kensington and Chelsea	270
Kingston upon Thames	420

<i>Borough name</i>	<i>Number of homes Target</i>
Lambeth	1,803
Lewisham	1,395
Merton	315
Newham	2,300
Redbridge	650
Richmond upon Thames	398
Southwark	2,453
Sutton	660
Tower Hamlets**	5,064
Waltham Forest	1,090
Wandsworth	1,221
Westminster	925
Total	40,917

* This was the original target proposed to Bromley by the Mayor, which both Bromley and the HCA expect to exceed. It is not yet a formally agreed target.

** This is Tower Hamlets' Local Area Agreement target agreed with the Government.

Source: London Housing Strategy, GLA (February 2010)

27. The HCA has been established with a number of new and inherited programmes with distinctive teams responsible for their implementation. Programmes active in London are as follows:

- The National Affordable Housing Programme.
- The Property and Regeneration Programme.
- Kick Start, a Housing Stimulus package.
- Local Authority New Build programme, a Housing Stimulus package.
- Public Land Initiative, launched under the Housing Pledge.
- The Thames Gateway Programme.
- Decent Homes Programme.
- Gypsies and Travellers Programme.
- Growth Area Fund.
- Housing PFI.

28. Instead of dealing with a number of separate agencies, programmes and funding regimes, local authorities, working closely with their partners, can engage with the HCA as a unified source of assistance and investment to support the delivery of affordable housing and regeneration, within a strong “place-shaping” context.

29. The HCA is developing this approach through a process known as the Single Conversation with individual agreements being developed with all 33 London Boroughs. Single Conversation agreements will help guide the agency's future investment decisions and the HCA has set a target for all agreements to be in place by March 2011. By the end of February 2010, twenty seven London boroughs had developed draft plans which will form the basis of the agreements. The Single Conversation will also involve the LDA and TfL to better align wider public investment at borough level.

30. These agreements will over time influence investment decisions so that, rather than operating individual projects and programmes, the HCA will invest in ways that support the specific aspirations and plans of boroughs as well as meeting its own national targets.

OVERALL DELIVERY

31. The most recent figures for overall housing delivery on a basis comparable with the London Plan are set out below. These should be compared with the conventional count target of 27,597.

NET ADDITIONAL DWELLINGS PROVIDED BY BOROUGH

<i>Borough</i>	<i>2004–05</i>	<i>2005–06</i>	<i>2006–07</i>	<i>2007–08</i>	<i>2008–09</i>
Barking and Dagenham	461	495	530	815	387
Barnet	973	768	575	1,178	1,015
Bexley	200	96	241	262	222
Brent	363	1,039	914	791	931
Bromley	759	617	836	701	488
Camden	574	624	381	371	892
City of London	160	48	29	95	95
Croydon	662	669	1,121	1,455	1,528
Ealing	460	602	1,325	1,398	828
Enfield	374	169	691	935	333
Greenwich	2,082	1,774	1,042	783	760
Hackney	810	805	1,186	1,570	2,047
Hammersmith and Fulham	437	316	623	510	453
Haringey	860	530	894	538	740
Harrow	561	447	706	373	770
Havering	455	310	791	330	648
Hillingdon	244	499	188	398	785
Hounslow	570	481	1,437	1,661	537
Islington	620	736	1,767	1,669	2,270
Kensington and Chelsea	281	211	163	73	102
Kingston	538	333	313	290	184
Lambeth	804	1,069	1,120	1,207	1,095
Lewisham	503	916	358	800	923
Merton	346	698	426	557	774
Newham	591	919	878	939	1,088
Redbridge	706	636	1,017	625	623
Richmond	583	893	221	307	350
Southwark	1,596	1,165	1,967	1,726	1,047
Sutton	438	502	262	621	467
Tower Hamlets	2,465	2,575	2,370	2,063	2,887
Waltham Forest	392	492	673	743	731
Wandsworth	1,490	1,315	1,282	1,028	1,581
Westminster	527	1,260	963	757	721
LONDON TOTAL	22,885	24,009	27,290	27,569	28,302

Source: Annual Monitoring Reports for various years, GLA, housing provision conventional supply

AFFORDABLE HOUSING DELIVERY

32. Delivery in recent years is set out below. The London Plan does not set numerical targets for affordable housing, but the figures can be compared with 50% of the 27,597 conventional count figure, which is 13,799:

ADDITIONAL AFFORDABLE DWELLINGS PROVIDED BY BOROUGH

Net affordable completions

<i>London borough</i>	<i>2006–07</i>	<i>2007–08</i>	<i>2008–09</i>
Barking and Dagenham	135	215	157
Barnet	27	56	409
Bexley	115	134	50
Brent	637	423	485
Bromley	142	267	177
Camden	219	115	414
City of London	0	0	0
Croydon	471	625	416
Ealing	629	412	309
Enfield	225	444	73
Greenwich	515	282	239
Hackney	468	713	915

<i>London borough</i>	<i>2006–07</i>	<i>2007–08</i>	<i>2008–09</i>
Hammersmith and Fulham	458	237	315
Haringey	312	211	339
Harrow	152	116	228
Havering	178	125	301
Hillingdon	46	117	177
Hounslow	572	793	214
Islington	602	1,117	398
Kensington and Chelsea	64	13	30
Kingston upon Thames	54	109	0
Lambeth	233	348	564
Lewisham	–81	233	228
Merton	145	244	265
Newham	263	388	556
Redbridge	310	54	117
Richmond upon Thames	39	112	135
Southwark	735	576	319
Sutton	–118	188	243
Tower Hamlets	823	787	1,505
Waltham Forest	229	236	298
Wandsworth	241	309	481
Westminster	23	371	231
London	8,863	10,370	10,588

Source: Greater London Authority, Annual Monitoring Report 6 (February 2010)

33. The table below shows the HCA's actual and forecast completions for 2008 to 2011:

<i>Sub-region</i>	<i>Sponsor LA Name</i>	<i>2008–11 Forecast incl Actual Completions</i>			
		<i>2008–09 Actual Completions</i>	<i>2009–10 Forecast incl Actual Completions</i>	<i>2010–11 Forecast Completions</i>	<i>Total 2008–11 Forecast incl Actual Completions</i>
		<i>Total</i>	<i>Total</i>	<i>Total</i>	<i>Total</i>
East	Barking and Dagenham	197	114	52	363
	City of London	0	0	0	0
	Hackney	798	864	765	2,427
	Havering	551	17	138	706
	Newham	531	688	544	1,763
	Redbridge	180	196	176	552
	Tower Hamlets	989	1,825	1,200	4,014
	Waltham Forest	487	57	361	905
	[1] Open Market products via Zone Agent	230	282	87	599
East Total		3,963	4,043	3,323	11,329
North	Barnet	146	133	547	826
	Camden	230	190	362	782
	Enfield	129	80	454	663
	Haringey	260	242	130	632
	Islington	349	287	284	920
	Westminster	290	478	213	981
	[1] Open Market products via Zone Agent	235	477	4	908
North Total		1,639	1,887	1,994	5,712
South East	Bexley	45	173	240	458
	Bromley	229	205	309	743
	Greenwich	420	337	1,002	1,759
	Lewisham	78	265	491	834
	Southwark	433	604	633	1,670
	[1] Open Market products via Zone Agent	318	316	0	930
South East Total		1,523	1,900	2,675	6,394
South West	Croydon	426	812	696	1,934
	Kingston upon Thames	0	27	73	100
	Lambeth	382	638	869	1,889
	Merton	183	67	73	323
	Richmond upon Thames	126	40	4	170

Sub-region	Sponsor LA Name	2008–11 Forecast incl Actual Completions			Total 2008–11 Forecast incl Actual Completions
		2008–09 Actual Completions	2009–10 Forecast incl Actual Completions	2010–11 Forecast Completions	
	Sutton	260	65	108	433
	Wandsworth	390	174	149	713
	[1] Open Market products via Zone Agent	426	461	41	1,298
South West Total		2,193	2,284	2,013	6,860
	West Brent	635	476	685	1,796
	Ealing	437	234	230	901
	Hammersmith and Fulham	255	241	398	894
	Harrow	193	276	246	715
	Hillingdon	278	302	483	1,063
	Hounslow	199	10	23	232
	Kensington and Chelsea	156	455	115	726
	[1] Open Market products via Zone Agent	215	333	78	866
West Total		2,368	2,327	2,258	7,193
Grand Total		11,686	12,441	12,263	36,390
London-wide Property and Regeneration*		313	136	316	765

34. The table below shows the proportion of larger homes the HCA is seeking to deliver and its current forecasts:

Larger Homes Allocations—2008 to 2011

	GLA recommendations	Total NAHP 08–11 allocations Programme
Larger Homes (Rent) (all allocations to date for all years to 2014)	42% new programme allocations	40%
Larger Homes (NBHB) (all allocations to date for all years to 2014)	8%, 12%, 16% new programme allocations	8%

Includes LA New Build and KickStart programmes

Data as at close 31 January 2010

35. The table below shows the HCA's targets and forecasts in relation to the Code for Sustainable Homes:

Code for Sustainable Homes—achievements on Level 3 and 4 (allocations to 2014, 2008–11 programme only)	CSH 3 on all new build homes	CSH3: 77.3% CSH4: 21.8% CSH5&6: 0.1%
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Includes LA New Build and Kick Start.

36. The table below shows the HCA's actual and target spending in London:

<i>HCA London estimated programme expenditure, 2008–11</i>			
<i>Baseline programmes</i>	<i>2008–09 outturn £m</i>	<i>2009–10 £m</i>	<i>2010–11 £m</i>
National Affordable housing Programme	1,003	1,486.1	1,322.1
Property and Regeneration	60	62.8	39.2
Growth Funding	22	29.9	20
Thames Gateway	12	26	22
Community Infrastructure Fund	6	23.4	25
Places of Change	12	3.5	6.2
Gypsy and Traveller Site Grant	0	1	2
Total	1,115	1,632.7	1,436.5

37. The proportion of affordable housing funded entirely by planning obligations (section 106 agreements) is shown below. The proportion peaked in 2006–07, and had fallen by nearly two thirds by 2008–09.

<i>London</i>	<i>2000–01</i>	<i>2001–02</i>	<i>2002–03</i>	<i>2003–04</i>	<i>2004–05</i>	<i>2005–06</i>	<i>2006–07</i>	<i>2007–08</i>	<i>2008–09</i>
Social Rent, of which:	6,080	6,610	5,370	5,350	5,330	5,570	6,820	7,910	6,270
Section 106 (new build)— total	150	300	180	330	180	500	510	540	180
Intermediate Affordable Housing	2,190	1,880	3,110	5,560	4,520	5,930	6,390	7,330	6,610
Low Cost Home Ownership, of which:	2,190	1,880	3,110	5,360	4,170	5,280	5,550	6,610	6,140
Section 106 (new build)— total	110	210	220	290	130	360	1,050	720	400
Total S106	260	510	400	620	310	860	1,560	1,260	580
As % of affordable	3.1	6.0	4.7	5.7	3.1	7.5	11.8	8.3	4.5
All affordable	8,270	8,490	8,480	10,910	9,850	11,500	13,210	15,240	12,890

Source: Live Table 1000: Additional affordable homes provided by type of scheme, England and Government Office Regions (by area where homes located), CLG.

Annex A

20 January 2010

Dear Boris

LONDON HOUSING STRATEGY

Thank you for your letter of 9 December 2009 to John Denham enclosing the “Intend to publish” version of the London Housing Strategy.

The provision of enough good quality housing, particularly affordable housing, is essential to the long-term economic success of London, as well as meeting the needs and aspirations of ordinary Londoners. This is vital, not just to meet increased pressures as a result of the economic recession but also to ensure a sufficient supply of affordable homes for the workforce which is essential to sustaining the economic growth and long term success of London. My letter of 12 January, responding to your draft London Plan, set out the Government’s very serious concerns about your lack of ambition on key housing policies that are also referred to in the Housing Strategy. This lowering of ambition will lead to lower levels of delivery and further delay in providing the housing that so many Londoners need.

I am particularly concerned about your proposed policy to reduce the provision of new affordable rented homes by councils and housing associations, equivalent to 2,755 fewer homes each year from existing plans. This is at a time when London borough housing waiting lists have risen by over 20,000 in the two years to April 2009. The Government believes we need more, not less, social rented housing, which is why I made provision of more such homes a priority in our £1.5 billion Housing Pledge last year.

Too many families on ordinary incomes are unable to buy a home and I believe we must target our help through the Government’s Home Buy programme to those who would struggle most to get a start in the housing market without it. The situation is stark. Only one in six of London’s households have an annual income of £60,000 or more, while almost two thirds have an annual income of less than £30,000. Your proposal to make the same support available to those earning above £60,000 and up to £74,000 will spread government support thinly, meaning that fewer households on lower incomes with the aspiration to own their own home will be able to do so.

Your Strategy contains the aim of creating mixed communities. However, I am concerned that your approach will do the opposite and concentrate affordable, and particularly social rented housing, in certain areas of London. Moving away from a percentage target for affordable home to be 50% of all new homes built, to a London-wide numeric target could make it easier to locate the gains in new affordable housing numbers in some areas rather than to others, and harder for you as Mayor to use your planning powers to ensure an even and equitable spread across the City. Indeed we already see that in some parts of London, schemes are planned and approved with no or little social housing, and we see council strategies emerging which state, for example, in one borough “most of the additional affordable housing should be intermediate housing affordable by households on a broad range of incomes”. This simply puts the burden of providing social housing on other boroughs. That is unacceptable.

Nevertheless, I have decided against issuing a direction to amend your Housing Strategy for two reasons.

Firstly, as your draft housing strategy makes clear the proposals of most concern in your Housing Strategy are policies dependent on changes to the London Plan. These include your desire to reduce the supply of affordable housing, change the targets for new affordable homes, scale back the priority for new social housing for those on council waiting lists and give greater priority to wealthier first time buyers over those on ordinary incomes. The London Plan is, of course, subject to further stages of scrutiny and

amendment before it is finalised and so the Government will continue to make the case up until and through the independent Examination in Public, that these policies fail the needs of Londoners and fail the needs of London's economy. The Secretary of State of course reserves his right to take a judgement on these matters in considering the London Plan after the Examination in Public later this year.

Secondly, despite our disagreement with these policies, I recognise your direct electoral mandate and that you are ultimately accountable to the people of London at the ballot box. In this context, we will weigh carefully the use of our legal powers to direct with considerable caution.

We will continue to monitor closely the delivery of new housing and affordable housing in London, and the likely impact of your policies on London and its future success.

Given the current delivery challenges in London, you have a responsibility to use all of your powers and the full extent of your influence to increase the number of affordable homes in London. You will recall that when we met in November you agreed to look urgently at how you could bring forward more LDA and other GLA agencies' land for affordable housing. We also discussed the opportunity for you to use the HCAA's new Public Land Initiative, which I launched as part of the Housing Pledge in June, to do so. This is one area where it is possible to increase the numbers of affordable housing quickly and on some scale. I am disappointed that you have not made any real progress on this and I urge you to act on this without further delay. I have asked the HCA to prepare to step up its work with you and your London public agencies, should you want to take advantage of our Public Land Initiative.

There are a number of areas where your proposals in the Strategy are helping to deliver national policy. I am very pleased with the work you are doing in partnership with my Department through the London Rough Sleeping Delivery Board to eliminate rough sleeping in London by 2012 and I also welcome your support for our initiative to reduce fraudulent of social rented stock

I hope that we can work together to help increase the quality and quantity of housing that we desperately need in London. I think it would be helpful if we could meet again soon to discuss how we can make progress.

John Healey MP

Annex B

12 January 2010

Dear Boris

The Government welcomes the opportunity to comment on your draft London Plan.

London is fundamental to the success of the UK, and we want to see London consolidate its position as one of the most pre-eminent cities in the world. But London faces significant challenges as it recovers from the global financial crisis. It is vital that the strategies you are developing, including the London Plan, support London's key traditional and emerging sectors and ensure Londoners are empowered to take advantage of the opportunities they provide.

A particular challenge for London is housing, London faces some of the most acute housing need in the country and has a mixed record delivering the housing Londoners deserve. London needs 326,000 new homes over the next decade and over 180,000 of them must be affordable. Yet London last year failed to spend £120 million of its National Affordable Housing Programme allocation on homes for Londoners.

The London Plan is an opportunity to set out a clear spatial strategy for how London will change over twenty years. A major part of this is setting out how the Mayor and the Greater London Authority will use the unique powers and influence you have to deliver the homes that London needs.

In this context of high levels of need and a mixed delivery record, I have serious concerns about the scale of ambition set out in the Plan and the commitment to using the Greater London Authority's powers to the full to ensure London has the homes that Londoners need.

The overall housing targets described in the plan fall short of the National Housing and Planning Advice Unit's lower range for the housing need in London. This means that even if this target is met, London will still not be dealing with the central problem of affordability in the city.

The London Plan does not show how London will meet the numbers of affordable homes the city needs. Your own data demonstrates that London needs 18,200 affordable homes per year. Yet the Plan proposes a target of just 13,200. This represents 40% of all new housing in London, down from 50% under the last London Plan, and your election promise to build 50,000 affordable homes over three years has now been stretched over four years.

Within this pressing demand for more affordable home, Londoners need a high proportion of these to be social rented through councils and housing associations. Your own evidence shows that there is a need for 80% of 18,200 affordable homes London needs each year to be for social rent, yet the Plan proposes to reduce the proportion available for social rent from 70% to 60%.

I am also concerned that too many families on ordinary incomes will continue to be unable to buy a home. It is important that public money made available through the Government's Home Buy programme is targeted most efficiently at those who would not be able to get a start in the housing market without it. Only

one in six (16%) of London's households have an income of £60,000 or more each year, and almost two thirds (60%) of all households in London have an income of less than £30,000. Our Home Buy help is designed to offer help to these families. The Plan however, proposes spreading the public money available to them more thinly, by making the same support to those earning above £60,000 a year up to £74,000. Giving priority to higher earning families will mean that fewer on ordinary incomes will be able to gain access to home ownership.

Finally, the Plan is unclear on how the GLA will use its powers to ensure the new homes needed are built. The move to a numerical target for new affordable home, away from a percentage, may make it more difficult for you and the GLA to use your powers to intervene on individual sites to ensure affordable housing is being built. I know you are committed to using surplus public sector land held by the GLA's agencies, the LDA, TfL and others for affordable housing, yet there are few recent results and I hope that GLA can make greater use of our new Government Public Land Initiative, as we agreed in the Autumn. My current concern on delivery is that the Plan describes greater responsibility for housing provision by the London Boroughs, yet, it does not describe how the GLA will support this provision, nor what will happen if London Boroughs individually or collectively do not or are unable to meet London's wider housing needs.

We are emerging from the worst recession in 50 years. The downturn has hit house building hard and made delivery of affordable housing more difficult but more important. The Government does not believe these current challenges can lessen our ambition. As you know, even in the teeth of the recession, the Government has stepped up its commitment and its investment to maintain and increase the supply of affordable housing over this year and next. The London Plan is a long term plan. It needs to show how London's housing need will be met over the next 20 years, beyond the immediate delivery difficulties that we face now. The scale of the ambition described in the Plan does not yet do that.

I hope this Government response to the draft London Plan is useful.

John Healey MP

10 March 2010

Memorandum from G.15 (LH 03)

INTRODUCTION

G.15 is a group of London housing associations and comprises:

A2 Dominion Group	Metropolitan Housing Trust
Affinity Sutton	Notting Hill Housing
AmicusHorizon Group	Network Housing Group
Catalyst Housing Group	Peabody
Circle Anglia	Southern Housing Group
East Thames Group	The Hyde Group
Family Mosaic	The L&Q Group
Genesis Group	

G.15 makes a significant contribution to London life. Collectively, G.15 associations house around one in 10 Londoners and manage around 410,000 homes. We build over 10,000 new homes every year and have a strong track record of working in partnership with the public and private sectors.

We invest over £25 million annually in economic and community development to create thriving, sustainable neighbourhoods across the capital—in areas such as employment, skills, education, health and well-being, volunteering, financial inclusion, family intervention, welfare benefits support, supporting older and vulnerable people and engaging younger people.

1. Government policy on the supply of affordable homes in London, and how that policy is shaping delivery in the public and private sectors over the coming housing cycles

1.1 We have welcomed the Government's commitment to and funding of affordable homes over its term, in particular:

- Flexibility and speed of response during the economic downturn.
- Additional funding to support economic recovery, create new jobs and apprenticeships and “kickstart” developments which stalled during the downturn. We have been impressed by the start made by the London HCA; they have got things moving; been flexible; and displayed a willingness to work with Registered Social Landlords (“RSLs”) and government to explore new models of funding and delivery.

We are, however, concerned about future public spending cuts and the impact this will have on the housing sector and the individuals and families desperately in need of a home. It is important, even in these challenging times, to continue to increase the supply of new affordable homes to avoid the shortage of appropriate housing which contributes to tensions within our communities.

- A focus on the quality of existing stock through the Decent Homes programme. This has undoubtedly improved the quality of housing for a large number of Londoners. We would point out that, whilst local authorities were able to access public funding, this was not the case for RSLs. RSLs were not able to increase rents to pay for this work and have financed it themselves. This is a significant achievement across the sector.
- Setting targets for the delivery of new homes—they might slip and, ultimately not be achieved, but they are still important.

1.2 The economic downturn exposed the frailties of the model for the delivery of affordable housing. Its reliance upon cross-subsidy and Section 106 arrangements, has not withstood economic pressures and it is important that both government and the sector learn lessons and takes the opportunity to re-evaluate.

1.3 We are not building sufficient numbers of affordable homes. Demand exceeds supply and we believe we are storing up problems for future generations.

1.4 We believe that housing is key to achieving the government's policy outcomes in other areas, eg education, health, employment. A good home, somewhere that is safe, warm, clean, light, well-maintained and evokes personal pride, provides a solid foundation for individuals to build on. Housing needs to move higher up the national and regional political agenda.

2. *Progress towards meeting Government targets*

2.1 The impact of the economic downturn has jeopardised the government's targets of 2 million homes by 2016 and 3 million homes by 2020. New build programmes slowed; funds have become more expensive; there has been a lack of capital liquidity to fund new schemes and acute lack of mortgage finance for those buying new homes; sales have fallen; and the social housing model, reliant upon cross-subsidy and s106 arrangements, has not withstood these pressures.

2.2 G.15's focus is London. Affordable housing targets in London are set by the Mayor, with approval by the Secretary of State. The Mayor has committed to delivering 50,000 affordable homes (30,000 social rented; 20,000 intermediate), now by 2012. We commend and support this ambition. We do, however, have a concern that this is at the lower end of the National Housing Planning Advice Unit's estimates of required supply and is not sufficient to meet the capital's needs. Waiting lists for social housing continue to grow and there is a desperate need for more homes. We are concerned that progress is not quick enough.

2.3 We have welcomed the Mayor's commitment to build more family homes (42% of new social rented having three bedrooms or more) and to provide more homes meeting the access, space and adaptability needs of disabled and older people.

2.4 G.15 maintains that there needs to be consideration of future challenges:

- Future funding—as referred to in 1.1 above, we are very concerned about future cuts in public spending. Affordable housing requires grant, loans and rents to pay for loans. We need to consider how to balance the equation between grant, equity and personal subsidy and advocate a new model, as outlined in 3.7 below.
- Environmental challenges—the scale of the challenge to retro-fit existing properties is not to be under-estimated. Conservative estimates to bring existing homes into line with the Code for Sustainable Homes through refurbishment, sit somewhere between £25-30,000 per property. This does not include any additional costs such as the need to temporarily rehouse tenants to carry out more invasive works. Solutions will require powerful partnership working between central and local government, RSLs and energy suppliers. We welcome the Department of Energy and Climate Change's Household Energy Management Strategy and proposal to introduce a new Warm Homes Standard. We await more detail on how this will be delivered.
- Balancing investment in new homes, existing stock (maintaining and going beyond Decent Homes) and investment in our neighbourhoods.

3. *Progress on delivery of affordable housing across the whole of London*

3.1 London has contributed 26% of all new affordable homes over last 10 years (and 23% in 2008–09). RSLs have continued to deliver during downturn. G.15 organisations made starts on just over 7,000 homes in both 2008–09 and 2009–10. We have, over a number of years, delivered large-scale building programmes and built up an in-depth knowledge of local areas. In a difficult economic climate, housing associations have been the only delivery mechanism of affordable housing. We have the resources, access to finance and skills to continue to do this and to move quickly.

3.2 London has unique characteristics. There are different markets in different parts of the city. All have different issues and have been affected by the economic downturn in different ways and are recovering at different paces.

3.3 The housing market in London is polarised. There is a wide gap between high and low earners and also those too well-off for social housing and too poor to buy or rent on the open market. This makes it particularly important to have a range of housing options—particularly to cater for those delivering essential services, key to the capital retaining its status as a world-class city.

Example: A two bedroom flat in Covent Garden in a Victorian property: the tenant was paying £75 a week, including services. Sadly, the tenant died. The new rent that we are allowed to charge is around £120 a week, including services. The market rent for that property would be around £500 a week.

3.4 Demand still exceeds supply. Social housing waiting lists grown in 22 London Boroughs and now cover almost 1 in 9 London families. At the same time, lettings to social housing have fallen, as turnover has slowed and mobility has not increased.

3.5 The Mayor has changed the mechanism for delivering affordable homes. It is based around individually negotiated borough targets, rather than a percentage on each development. We understand that the Mayor has now agreed targets with each of the London Boroughs to deliver 40,000 homes by 2011. There is some concern that this approach may jeopardise delivery of the overall total and result in affordable homes in geographical areas where there is already a high concentration.

3.6 The role of local authorities into the future is very interesting. We believe there are opportunities to make better use of public land and local authorities have a key part to play in bringing land forward. There is some concern about the Mayor's proposed model of "delegated delivery" and the extent to which boroughs are geared up for and have the necessary resources and expertise to deliver significant volumes of new homes in a relatively short time frame. We have some concern that plans announced recently in the Mayor's housing strategy for London have pre-empted the results of the pilot in the Boroughs of Westminster, Hackney and Croydon. This might require new and more innovative partnerships, structures and ventures between local authorities and housing associations.

3.7 We question whether the existing housing model will deliver into the future. We suggest a different model is required, based around:

- A richer menu of options—more choice at different rents and shared ownership proportions (at a level people can afford). This would bring more money into the system and allow public investment to go further, as well as promoting balanced communities. The combination of a greater tenure mix and sub-market rent mix would also increase social mobility and enable people to move more easily without losing their community ties.
- A secure escalator into intermediate rent or ownership options (with support) and back if circumstances change.
- Support for and "mainstreaming" of shared ownership products. We have been disappointed at the lack of lender support for shared ownership and the apparent misapprehension about the relatively low levels of risk.
- Recalibration of the delicate balance between grant, equity and personal subsidy—towards a fairer system.
- More flexibility in lettings policies—not only to facilitate greater geographical and social mobility, but also to maintain core stability in communities.
- A stronger private rented sector, which meets the needs of a greater number of individuals and families and supports RSLs in creating thriving and sustainable neighbourhoods.

4. Identification of causes of housing need in London

4.1 Housing in London is under severe pressure and there are many causes of need, in particular:

4.2 *Overcrowding*—the rate of overcrowding in London is more than 2.5 times the national rate and 32,000 households are severely overcrowded. In one central London borough, Tower Hamlets, around 13% of total households, are overcrowded. This impacts on life chances—overcrowding has a major impact on families and children, causing health problems, high levels of stress and anxiety, family breakdown and educational underachievement. It has arisen as a result of sustained under-delivery of larger homes, a transient population in certain areas, limited supply and a mismatch between housing stock and demand.

4.3 We welcome the Mayor's commitment to halve severe overcrowding in London by 2016, but question how this might be achieved in practice without tight control of delivery targets and more flexible mechanisms for mobility.

4.4 It is important to note that overcrowding is matched by a larger number of under-occupied homes. We need strong policies in this area and many housing associations are doing important and innovative work in this area, including:

- Adaptations and better use of existing stock to provide more space (space-saving furniture, balconies)—this can be a challenge for particular types of stock
- Offers and incentives to under-occupiers (including more attractive options and schemes for older people)

- “New generation” lettings schemes for adult children of existing tenants looking to move to independent accommodation and therefore relieve overcrowding in family homes
- Personalised support and advice for over-crowded families
- Use of community spaces (including clubs for children to do homework)
- Schemes to link housing and employment, giving tenants further opportunities to enhance their life chances
- Working more closely with Local Authorities to share information and make the best use of stock
- Attractive options and schemes for older people, freeing up under-occupied properties.

A stronger private rented sector and links with trusted private landlords could help in this area, enabling us to give more opportunity and confidence to those wishing to move out of social housing.

4.5 *Homelessness*—London has highest proportion of homeless households across the country, but this declining due to successful interventions and programmes, many by our organisations. G15 has a “Homelessness Offer” which sets out our approach:

- We house homeless households through nominations and lettings to permanent homes; lettings to temporary homes; making best use of stock to provide more homes; and initiatives to meet the needs of vulnerable households.
- We prevent homelessness and tenancy sustainment through housing advice; family mediation; domestic violence support; and supporting ex-offenders.
- We work closely with our local authority partners and other stakeholders through local authority relationship managers.

4.6 London is a growing city and demographic changes are likely to create and re-shape housing need—in particular, the number of older people is forecast to grow (over 75s by a third), as is the number of single person households. This needs to be balanced against the requirements of London’s families.

4.7 Pressures in this area take us back to the requirement for a new model, characterised by a range of viable and attractive housing options.

5. *Government policy on addressing the housing needs of families in London*

5.1 London needs more family housing. The supply of one and two bedroom flats has increased at the expense of family housing (which accounted for just 13% of new homes in 2008–09—less than half the level of 10 years ago). 39% of social housing requirement is for homes with four bedrooms or more.

5.2 Lettings policies are not always sufficiently flexible to allow family members to remain in existing neighbourhoods to support each other—or to address overcrowding.

5.3 It is important that policies in different areas support each other and do not, for instance, create disincentives to work, which might jeopardise the longer-term economic and social welfare of families.

5.4 As described above, a greater mix of tenures could encourage more diverse communities and remove some of the barriers to social mobility.

6. *The effect of the credit crunch on the supply of housing a) in the private sector and b) through section 106 agreements*

6.1 The severe downturn in private housebuilding has in turn had a major impact on the provision of affordable homes due to the loss of cross-subsidy. During the credit crunch, we saw private sector sites mothballed; and as land and sales values fell, developers increasingly found section 106 agreements, impractical and in need of renegotiation.

6.2 Housing associations performed well and were building new homes throughout the downturn. This was backed up by a recent TSA report, which confirmed that housing associations’ trading performance has come through the economic downturn “relatively unscathed” and praises associations on their swift response

7. *Wider Role of Housing Associations*

7.1 We would like to highlight the wider role of housing associations across London.

7.2 The sector invests in hundreds of programmes outside housing—areas such as employment, skills, education, health and well-being, volunteering, financial inclusion, family intervention work, supporting older and vulnerable people and engaging younger people. This is funded through a variety of sources including central and local government, Big Lottery and associations’ own funds.

7.3 We provide opportunities and life chances for our tenants and people in our communities. We are ideally placed to deliver these services, as we know our customers and have access to “harder-to-reach” groups.

7.4 Our offer to tenants during the downturn included employment and training (although job placement is much tougher); welfare benefits support; debt advice; energy efficiency advice to avoid fuel poverty; and flexible tenure policies.

17 March 2010

Memorandum from Shelter (LH 04)

1. Shelter welcomes the opportunity to give evidence to the Committee on the provision of affordable housing in London.

PROGRESS ON THE DELIVERY OF AFFORDABLE HOUSING IN LONDON

2. The latest available CLG data for the gross provision of affordable housing in London is detailed below:

<i>London</i>	<i>2005–06</i>	<i>2006–07</i>	<i>2007–08</i>	<i>2008–09</i>
Social Rent, of which:	5,570	6,820	7,910	6,270
Homes and Communities Agency (new build)	4,140	4,770	5,140	4,110
Homes and Communities Agency (acquisitions)	810	1,220	1,950	1,760
Other Homes and Communities Agency Schemes	100	320	250	170
Local authorities (new build)	0	0	30	10
Section 106 (new build)—total	500	510	540	180
of which, Section 106 (new build)—IMS only	50	40	90	20
Private Finance Initiative	30	0	0	40
Intermediate Affordable Housing	5,930	6,390	7,330	6,610
Intermediate Rent, of which:	650	830	720	470
Homes and Communities Agency (new build)	510	800	680	460
Homes and Communities Agency (acquisitions)	140	40	40	10
Low Cost Home Ownership, of which:	5,280	5,550	6,610	6,140
Homes and Communities Agency (new build)	1,830	3,010	3,970	3,400
Homes and Communities Agency (acquisitions)	2,650	1,020	770	1,280
Other Homes and Communities Agency Schemes	0	0	40	0
Section 106 (new build)—total	360	1,050	720	400
of which, Section 106 (new build)—IMS only	130	230	230	170
Assisted Purchase Schemes	440	480	1,120	1,070
All affordable	11,500	13,210	15,240	12,890

Source: CLG Live Table 1000

3. The above figures reflect new build and acquisitions but not losses through demolition and sales. Figures for the net number of conventional affordable completions in London are available from the GLA's February 2010 Annual Monitoring Report 6, and show an increase from 8,863 in 2006–07 to 10,370 in 2007–08 and 10,588 in 2008–09.

4. The recession has undoubtedly played a major part in the reduction in the number of affordable homes provided between 2007–08 and 2008–09. In particular, the level of affordable housing delivered through Section 106 has more than halved, while grant costs per unit have risen.

5. The existing London Plan sets a target of 27,597 additional dwellings per year to 2016–17, of which 50% should be affordable, split 70:30 between social rented and intermediate housing. This equates to 13,799 affordable homes, 9659 social rented and the remainder intermediate. However, the Mayor's Housing Strategy and the draft replacement London Plan have set out a new numerical target of 13,200 affordable homes per year, split 60:40 between social rented and intermediate provision.

6. While the period until 2007–08 saw good progress in increasing the gross number of affordable homes provided in London, the CLG data indicates that the split between social rented and intermediate provision has failed to match the 70:30 target. In 2007–08, only 51.9% of affordable homes provided were for social rent, and in 2008–09 this figure fell slightly to 48.6%.

HOUSING NEED IN LONDON

7. The GLA's 2008 Strategic Housing Market Assessment concluded that at least 32,600 new homes are needed each year over the term of the London Plan. Of these, it said that 18,200 should be affordable, split 80:20 between social rented and intermediate provision.

8. London has some of the most acute housing need in England. As of the end of 2009, it had more than 354,000 households on local authorities' housing waiting lists and over 43,000 households in temporary accommodation. Over 330,000 children in London live in overcrowded accommodation, and overcrowding in London has risen in recent years, particularly in the private rented sector (CLG, Survey of English Housing). The average London house price in 2009 was £352,355, nearly 13 times the median income, and on average Londoners spend 42% of their household income on housing (Shelter YouGov survey, October 2009).

9. While Shelter is mindful of the barriers and uncertainties affecting affordable housing delivery in London at present, we believe it is essential to ensure that the supply of affordable housing is maximised. Given this, we would like to see the affordable housing target set out in the Mayor's Housing Strategy and draft replacement London Plan to be subject to regular review, so that the opportunity can be taken to revise this upwards should the delivery environment improve.

10. In view of the scale of overcrowding in the capital, it is also vital that priority is given to delivering more family sized affordable homes. We strongly welcome the commitment in the Mayor's housing strategy that 42% of new social rented housing and, by 2011, 16% of intermediate housing should have three bedrooms or more, and will be monitoring carefully to see if this is achieved.

THE ROLE OF LOCAL AUTHORITIES

11. Local authorities are responsible for assessing housing need in their areas and in setting and achieving targets for the delivery of affordable housing. The Mayor has a vital role in co-ordinating this process to ensure that need is measured on a robust and consistent basis and that his overall targets for London are met.

12. In the past, levels of affordable housing provision have varied considerably from local authority to local authority, both in terms of the overall number of affordable homes provided, and in terms of the proportion of total delivery accounted for by social and intermediate housing.

13. We welcome the Mayor's commitment to working across boundaries to co-ordinate local, sub-regional and Londonwide SHMAs so that sub-regional and strategic housing needs are accounted for when setting individual borough affordable housing targets. However, we believe that more detail is required on how the Mayor intends to work together with the boroughs to ensure that ambitious affordable housing targets are set and to monitor their performance in achieving these.

14. Shelter strongly supports the London Plan's focus on the development of mixed tenure communities. However, while we acknowledge the need to build homes of all tenures, we would not want to see this policy result in an oversupply of intermediate or market homes in areas that have a greater need for social rented homes. Where the profile of local need demands it, and in particular in areas where the proportion of social housing has historically been low, we would therefore like to see the Mayor support local authorities to adjust the profile of affordable housing provision to give a greater weighting to social rented housing than the 60:40 split set out in the London Housing Strategy.

22 March 2010

Letter from Head of Planning and Housing, Government Office for London (LH 05)

At the session on 22 March I promised to provide further information on Government guidance on the use of planning obligations (S106 agreements) to support affordable housing during the economic downturn.

The main CLG guidance on planning obligations remains that in ODPM Circular 05/2005. The latest written guidance from CLG on planning obligations and the recession is included in a letter from CLG's Chief Planning Officer of 12 May 2009. I attach a copy.⁴

Guidance has also been published by the Home and Communities Agency in July 2009, entitled *Investment and planning obligations. Responding to the downturn*.⁵ The Advisory Team on Large Applications (ATLAS), which is part of the Homes and Communities Agency, has published web-based guidance on *Responsive Planning Practices for Changing Economic Time* and practice notes under section T1.3 of the guidance.⁶

1 April 2010

⁴ Ev 34

⁵ http://www.homesandcommunities.co.uk/public/documents/Investment_and_planning_good_practice_note.pdf

⁶ http://www.atlasplanning.com/page/news/article.cfm?coArticleNews_articleid=19&coArticleNews_back=1

Letter from Chief Planner, Department of Communities and Local Government

PLANNING FOR HOUSING AND ECONOMIC RECOVERY

I am writing to outline what we are doing to help planning authorities to respond to the downturn and, in particular, to ensure that planning is in a position to deliver when the upturn in the economy happens. This letter sets out a range of measures building on the housing stimulus package announced in the Budget. We need to ensure that planning complements that package to continually respond to economic and market circumstances.

It will come as no surprise in that context that the Government attaches particular importance to the identification of a good supply of land for housing. Planning Policy Statement 3 was published in November 2006 as a direct response to the Barker review, which drew attention to the problems created by not having enough suitable land on which to build the houses necessary for a growing population. Now is the time to ensure that land supply is in place so that we can deliver more housing as industry returns to health. Continued effort to re-profile schemes as well as getting sound plans in place will help create the conditions to attract capital investment and allow local authorities to guide and steer investment in ways that the community wants.

HOUSING AND PLANNING AND DELIVERY GRANT AND LAND SUPPLY

We are today launching a consultation on revisions to Housing and Planning Delivery Grant (HPDG), ensuring that it continues to provide the strongest possible incentive to local authorities in significantly changed circumstances. Details can be found at: <http://www.communities.gov.uk/planningandbuilding/planning>

The consultation reflects the fact that a necessary condition to facilitate a speedy recovery of the housing market, when demand starts to pick up, will be the availability of sufficient, suitable land for development. A key issue is how to ensure that the supply of land for housing is deliverable. Effectively this means two things: firstly, reviewing existing sites to judge whether there are actions that can be taken to unlock sites and allow development to go ahead, and secondly looking carefully with the development industry at all new opportunities. Paragraphs 28–38 of the consultation document set out our approach on land supply, with paragraphs 30–31 referring particularly to the issue of the deliverability of sites.

In year three of HPDG we propose that grant will only be available for a completed SHLAA with a five year supply of deliverable sites in place and with evidence of active involvement of a partnership. There will also be a bonus for the completion of an implementation strategy in line with paragraph 62 of PPS3 that sets out how LPAs will plan for different scenarios, and bring forward land into their five year supply if housing delivery does not occur at the rate expected. Ideally this would be contained within the LDF but this requirement should not delay plan making. A sensible approach would therefore be to consider the requirements in PPS3 and clearly set out what this means for the authority. This can then be updated and reviewed, and form part of the LDF when the opportunity arises—for example as part of the core strategy.

We propose that these steps are underpinned by comprehensive checks. From the selective checks we have carried out in year one, it is clear that there is still some way to go to ensuring that there are robust assessments of land supply that users of the planning system can be confident in.

We do, however, recognise the pressures facing planners and developers to ensure that the supply of land for housing identified in more economically buoyant times is reviewed and effectively managed in the light of the downturn. In recognition of this, for year 2 and for work undertaken up to March 2009, we will continue to reward authorities who can clearly demonstrate a five year supply of land for housing. There will be extra incentives for the publication of a SHLAA, and a bonus if this has been drawn together with the help of a housing market partnership.

We have also today published a best practice report prepared on the basis of selective checks of five year land supply assessments following payments of HPDG in year one. I would recommend that you read Land Supply Assessment Checks a copy of which can be found on our website at: <http://www.communities.gov.uk/planningandbuilding/planning/planningforhousing/>

In particular, authorities will want to have regard to the findings on establishing the deliverability of sites in Chapter 6 of the report. Chapter 7 outlines key conclusions and suggested best practice, with specific examples given in appendix 5. We are grateful to those of you who co-operated with the checks and propose to carry our further checks in year two of the grant with the aim of providing further advice and guidance.

PLANNING PERMISSIONS

One impact of the current uncertain economic conditions is that some developers are experiencing problems bringing schemes forward within the standard three-year permission period. We are aware of the concerns that this is causing both to local planning authorities and developers.

I recently wrote to remind you that you can use existing powers under section 91 of the 1990 Town and Country Planning to grant five rather than three year consents where appropriate in order to help bring forward development. In current conditions, local planning authorities may wish to consider the advisability, in individual cases, of granting permissions with a longer duration.

We are also considering the possibility of allowing the extension of existing permissions beyond the standard three-year period, and how this might work in practice. We will be consulting shortly.

SECTION 106 AND VIABILITY

Now more than ever it is important to help authorities to ensure existing planning permissions are built out. Ultimately, section 106 agreements are contractual agreements between developers and local authorities to deliver what is necessary to make a development acceptable in order to obtain planning consent. Where they are asked to do so, local planning authorities should be carefully reviewing whether obligations are agreed through section 106 accord with the five principles set out in B5 of planning circular 05/05.

- We also announced in our response to the Killian Pretty Review that we are undertaking a work programme to maximise the effectiveness of section 106 planning obligation negotiations by sharing knowledge and best practice. This includes:
- Work with the Law Society to update our model agreement for planning obligations to assist in providing standard terms to be used by local authorities to speed up negotiation and drafting of section 106 agreements where possible.
- Facilitating the development of regional section 106 practitioners groups to assist in sharing of knowledge and best practice among local authority practitioners. This will seek to provide support for practitioners to deal with the current economic conditions.
- Working with the Homes and Communities Agency to explore the development of a toolkit for use by local planning authorities to predict the affordable housing contribution that can be supported through section 106 in a local authority or housing market area.
- Conducting new research, undertaken by the University of Sheffield and the University of Cambridge, to study the use and value of planning obligations in 2007–08 (the latest year for complete data)—to provide a better understanding of the use, effectiveness and general practice on the ground. Survey work is currently in the field and we would encourage any authority yet to respond to reply to the research team. Furthermore, we confirmed in the Budget that the Community Infrastructure Levy (CIL) regulations will come into effect on the Common Commencement Date of 6 April 2010.

NEXT STEPS

It is important that planning is in a position to help deliver when the upturn in the economy happens. This means making sure enough land is available for housing and economic development and that planning permissions are in the “pipeline” and can be implemented. We are working across the sector to assist, give advice and when appropriate support changes to planning system to this end.

12 May 2009

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