

May 2009

The London Housing Strategy

Draft for public consultation



MAYOR OF LONDON

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**Greater London Authority
May 2009**

Published by
Greater London Authority
City Hall
The Queen's Walk
More London
London SE1 2AA

www.london.gov.uk
enquiries 020 7983 4100
minicom 020 7983 4458

ISBN 978 1 84781 256 8

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75 per cent recycled fibre content;
25 per cent virgin fibre, 10 per cent
FSC sourced; FSC and NAPM certified.

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I came to office a year ago with an ambitious vision for housing – where the homes and communities we live in bring us together and create a platform for success, to raise aspirations and opportunities and improve quality of life for all Londoners. The past year has been a turbulent one for London's economy and its housing market, a time when some may argue that real progress towards my vision would be impossible. Worsening market conditions have seen a continuing fall in house prices and a slump in sales, rising repossessions and serious challenges for the housebuilding industry.

Yet, in the face of what may seem like insurmountable new problems, as well as the enduring ones of old – affordability, homelessness and overcrowding – real progress is already being made. With the new Homes and Communities Agency (HCA) in place and my role as chair of the London Board, the capital is now seeing co-ordinated, creative and innovative approaches to development, so that we can deliver the homes we need in this difficult market. Regeneration projects have been a particular casualty of the downturn, so I have directed £186 million to kick start stalled schemes. Since March, one major struggling regeneration scheme



each week has been resuscitated through this funding, along with the new, flexible investment models outlined in the strategy. We have also successfully launched my new First Steps Housing programme, to give a helping hand to first time buyers on modest incomes through innovative and resilient intermediate products. It is still early days for First Steps, but I am committed to giving Londoners a better intermediate housing deal, by expanding eligibility, by improving marketing and by ensuring that products better suit their needs.

Through my stronger, more co-operative partnership with the boroughs, excellent progress has also been made in agreeing targets to deliver 50,000 more affordable homes across the capital by 2011.

In turn, the London HCA is on course to have an investment plan in place with every borough by the end of the year to deliver these homes, well ahead of almost every other region in country. I believe there is a strong case for a new settlement in London, building on the HCA's 'single conversation' and giving those boroughs with an agreed housing delivery target, a sound housing strategy, shared objectives and a demonstrable capacity to deliver, greater influence over what is built in their local area.

To further my aim of putting design at the heart of each new home that we build, I am delighted to be publishing my new draft Housing Design Guide this summer. The guide will mean that building publicly funded homes that are attractive, individual, spacious and green becomes the norm for London. Progress has also been made on improving existing homes: £285 million has been invested in projects with this aim, and I am on course to meet my pledge to invest £60 million in bringing empty homes back into use for affordable housing.

Finally, this year has seen the launch of my new London Delivery Board, which for the first time brings together London's key organisations to take action to deliver my target

to end rough sleeping in the capital by 2012. Ending rough sleeping is an ambitious commitment, but with the support, passion and expertise of all stakeholders I believe it is one we can honour and achieve.

There is clearly still much to do to build on these successes. Continuing to deliver new homes and improving existing ones must be a priority, as must tackling not only the new issues that we face in today's difficult and uncertain times but also the endemic problems that have been with us for many years. And the strategy is about more than just bricks and mortar. It is also about using housing to create a platform for opportunity for London's rich and diverse population: promoting greater social mobility, transforming failing areas into successful ones, reducing overcrowding and, above all, creating mixed and vibrant communities. One of the most transformational commitments I am making in this version of my statutory housing strategy is to halve severe overcrowding in the capital's social housing by 2016.

A concerted effort is needed to ensure that our existing stock of social rented homes helps those in most need. Existing stock should provide a wider range of housing choices, not a one-size-fits-all

solution, and give opportunities for greater mobility among social housing tenants. This is not because social housing is an inferior option; rather the pressure on social rented homes means that we can best help those with greatest need by ensuring that others, who are able to take the opportunity to move into other tenures, are supported to do so.

The publication last November of the first draft of this housing strategy, for consultation with the London Assembly and functional bodies, generated much debate about London's housing issues and solutions. Six months on, this second draft, for consultation with the public, highlights the progress of my policies to date and is coupled with a clear plan of action for achieving my housing vision over the coming years. I look forward to receiving Londoners' views about the aims and policies in this strategy, and, in particular, your ideas about how we can ensure that these are successfully delivered.

A handwritten signature in black ink, appearing to read 'Boris Johnson', with a long horizontal flourish extending to the right.

Boris Johnson
Mayor of London



The London Housing Strategy sets out the Mayor's vision for housing in London. This version of the strategy, published now for public consultation, is designed to respond to the challenges of the housing market, which have intensified over recent months. House prices are falling, unemployment is rising and developers are struggling to deliver new homes. But while the priority is to address these problems, it remains a strategy firmly focused on tackling London's fundamental underlying housing challenges: the unaffordability of home ownership, increased overcrowding, homelessness and the problems of an ageing housing stock.

But this is a new era for housing in the capital, with new opportunities to deal with the problems we face:

- The Mayor has new housing and planning powers and a new strategic housing role. His new approach is set out in this strategy and in his statements of intent on the new London Plan, Transport Strategy and Economic Development Strategy.
- The Homes and Communities Agency (HCA), the government's national housing and regeneration agency, is now up and running and already delivering innovative new solutions, to maintain delivery in a

difficult market. Its London Board, chaired by the Mayor, has taken on responsibility for a London budget of over £5 billion in the 2008-11 investment period. And its first Regional Investment Plan has now been published, setting out how it will deliver the aims of this strategy.

- The Mayor and boroughs are committed to a positive new approach to working, setting this out in their jointly published London Charter.¹ Working together they have already identified targets to deliver over 40,000 more affordable homes in this investment period – four fifths of the way towards the Mayor's target of 50,000.

The Mayor would like to grasp these opportunities and create a new settlement in London, empowering London boroughs to have far more influence over what is built in their local area. This strategy sets out a basis for such a devolution of responsibilities, where boroughs have agreed a housing delivery target for 2008-11 and have a sound housing strategy. The starting point is the HCA's 'single conversation', an ongoing process covering all aspects of housing and regeneration activities around the development of a shared vision and objectives, and a single investment framework for each area.

The London Housing Strategy centres around three priorities.

The first of these is to ensure that the additional homes so badly needed in the capital are delivered, including 50,000 more affordable homes. This will begin to tackle the backlog of housing need, helping thousands of families out of overcrowded or temporary accommodation and helping thousands more to take their first step into home ownership. To do this it will be essential to develop more innovative models of delivery in these turbulent and difficult economic times.

The second priority is to improve quality and design, to create new homes of which we can all be proud, to green both new and existing homes and to regenerate deprived areas and estates.

Finally, underpinning the entire strategy is the aim of promoting opportunity – to meet the housing needs and raise the aspirations of all Londoners across the capital, recognising the diversity that includes not only the city's great cultural and ethnic mix, but also its mix of ages, household types and needs. The Mayor will work with the HCA, the boroughs and other partners to make the housing we deliver a platform for success in the capital.

The Mayor's vision

The Mayor's vision for housing in London and his policies for achieving this vision are:

1 Raising aspirations, promoting opportunity

To promote opportunity and a real choice of homes for all Londoners, in a range of tenures that meets their needs at a price they can afford. To deliver the First Steps housing programme to enable many more Londoners to become homeowners, and to develop initiatives to help existing homeowners at risk of repossession and homelessness. To provide many more affordable rented homes and ensure that social renting provides an opportunity to foster aspirations and gives support to those who need it. And to promote a vibrant and attractive private rented sector to support London's economic vitality.

This will be achieved by ...

Providing more homes and a better mix of homes, and creating mixed communities

Individually negotiated borough housing investment targets will help to deliver the ambitious aim of 50,000 affordable homes between 2008 and 2011. More family sized homes, particularly affordable family homes, will be provided, as will more

homes to meet the access, space and adaptability needs of disabled and older people. London's new housing developments will help create more diverse communities with a mix of tenures. A greater social mix will also be promoted in existing neighbourhoods dominated by a single tenure.

Delivering more and better low cost home ownership, widening eligibility and improving access and information

Of the 50,000 affordable homes to be delivered between 2008 and 2011, 20,000 will be intermediate housing. The new First Steps housing programme will ensure that low and middle income Londoners are eligible for low cost homes and can access them more easily. There will be additional help for the capital's struggling homeowners.

Producing more social rented homes, providing for all and promoting opportunities

Of the 50,000 affordable homes to be delivered between 2008 and 2011, 30,000 will be social rented. Of these, 42 per cent will be for families and 1,250 will be supported homes. Among social renters, severe overcrowding should be halved, and underoccupation reduced by two thirds, by 2016. The social rented sector will become more economically diverse and social renters will have

more control and choice over their housing, with pan-London mobility in place by 2011 and the number of social tenants moving into the private or intermediate market doubling by 2016.

Providing more private rented homes and improving access to, and support, conditions and management in, the private rented sector

Institutional investment in the private rented sector will be promoted, intermediate renting – including rent to buy – will expand, and tenants and prospective tenants will be empowered and protected. Greater use will be made of private renting for homeless and vulnerable households. A review of London's private rented sector will be undertaken.

2 Improving homes, transforming neighbourhoods

To promote high quality design in 21st century homes that will match London's rich architectural heritage. To deliver higher environmental standards for all London's homes and neighbourhoods – in both new and existing homes. To promote successful, strong and mixed communities in which people are proud to live. And to deliver and maintain a reduction in the number of long term empty and derelict buildings – transforming these into homes for Londoners.

This will be achieved by ...

Improving design quality, design standards and the design process

The Mayor will produce a London Housing Design Guide to ensure higher environmental standards, better accessibility and more beautiful design in new homes in publicly funded developments. Affordable housing providers will play a key role in improving design.

Greening new and existing homes and greening the city

London's carbon emissions should reduce by 60 per cent by 2025. New publicly funded housing developments will meet a minimum of Code for Sustainable Homes level 3. Social rented homes will be improved beyond the Decent Homes standard and private homeowners will be helped to improve their homes' energy efficiency and to adapt them to climate change. A pan-London cross-tenure retrofit programme will be developed. Urban greening will be used to improve the quality of neighbourhoods and the environment, and back gardens will be better protected.

Revitalising homes and communities

Regeneration activity will be more effectively targeted and aligned with complementary social and economic initiatives. New investment models will be developed to drive forward

regeneration. Physical improvements will be designed to deter crime and improve accessibility and inclusion. Regeneration programmes will be designed in partnership with existing communities, and planned and delivered through local partnerships. Long term empty homes, derelict empty homes and listed buildings at risk will be brought back into residential use, and no more than one per cent of homes should stand empty and unused for over six months. Between 2008 and 2011, £60 million will be invested to bring empty homes back into use.

3 Maximising delivery, optimising value for money

To develop, through the HCA, new partnerships and approaches to providing homes in successful communities and to work with London's boroughs to ensure the effective local delivery of our shared aims.

This will be achieved by ...

Creating a new architecture for delivery, developing new investment models and promoting new delivery mechanisms

The HCA's London arrangements will ensure more effective relationships between all partners to drive housing delivery, and the Mayor and HCA will work with boroughs to devolve

increased responsibility for delivery. New investment models will be developed to tackle the impact of the credit crunch and de-risk development in London, to bring forward more market and affordable homes. Public sector land will be brought forward to support the provision of new homes. Existing homes programmes and major developments will be reviewed, to maintain housing starts and completions. New mechanisms for delivery that encourage greater local control, such as Community Land Trusts, will be supported.

Tackling homelessness, improving housing options, support and opportunities, improving management and empowering tenants

The number of households in temporary accommodation should be halved by 2010 and rough sleeping should end by 2012. Good quality advice and information on housing, including housing options, should be available to all Londoners who need it. Housing management should be of a consistent and high standard, with tenants and residents given opportunities for effective participation.

Equal life chances for all

London has a proud history of welcoming people, of promoting equality and of being inclusive. The city is uniquely cosmopolitan

in character, with a high level of migration into London from both inside and outside the United Kingdom. The Mayor is committed to promoting opportunity, and is determined that all Londoners should be able to share in their city's success and that there should be equal life chances and better outcomes for all who live, work or study in the capital.

Housing provision that meets the varying needs of Londoners is one key element of this. Low income Londoners and some groups are disproportionately affected by the shortage of good quality affordable housing. Others may face discrimination or need protection in the home or a move to alternative accommodation, such as women fleeing violence or those being harassed on the grounds of race or sexual orientation. The Mayor is committed to providing more accessible housing to meet the needs of those disabled, deaf and older people living in unsuitable homes that prevent them from living independent lives.

Next steps for this strategy

This strategy is published for consultation with stakeholders and the public, with the final statutory strategy due to be published towards the end of 2009. The Mayor will

continue to discuss the case for his proposals with government throughout the consultation period.

The draft is being published at a time of considerable and fast moving change in London's housing landscape. The credit crunch has resulted in a downturn in the housing market and significant uncertainty over medium and long term prospects. By the time the statutory strategy is published the situation may have shifted again. In addition, the architecture for delivering the capital's publicly funded housing has undergone fundamental change, with the launch of the HCA and its specific London arrangements in December 2008. The HCA's London Regional Investment Plan and this strategy have been produced in tandem, the two documents informing one another as they have been developed. The Mayor is also currently consulting on the statement of intent for his new London Plan and has produced, alongside this strategy, draft revised Housing Supplementary Planning Guidance. Consultation is now also underway on guidance setting out the Mayor's approach to working with boroughs to ensure that their housing-related strategies are in general conformity with this strategy, as required by the GLA Act 2007.

This version of the strategy necessarily focuses on the short to medium term,

principally for the purpose of directing the investment programme for 2008-11. It also contains a plan setting out details of how, when and by whom the actions outlined in each section of the strategy will be delivered.

Statutory consultation with the London Assembly and functional bodies on an earlier draft of this Strategy took place between November 2008 and January 2009, and the Mayor published his formal response to the Assembly's commission in early March 2009. The publication of this draft starts a three month period of statutory consultation with the public, during which the Mayor would like to receive Londoners' views about the issues raised in the strategy. Consultation ends on 31 August 2009.

The strategy will then be revised again in the light of comments received from the public and, following its submission to the Secretary of State, the statutory London Housing Strategy will be published in late 2009.

Please email your comments to mayor@london.gov.uk (with 'Draft London Housing Strategy' as the subject) or send your written comments to

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All information in responses, including personal information, may be subject to publication or disclosure under Freedom of Information legislation.

This document can be downloaded from **www.london.gov.uk**.

Please note that if you send a response by email it is not necessary to also send in a paper copy.



1 Raising aspirations, promoting opportunity

1.1 Rethinking London's housing

Vision

To promote opportunity and a real choice of homes for all Londoners, in a range of tenures that meets their needs at a price they can afford.

From vision to policy[†]

1.1.1 Providing more homes

- a The 50 per cent affordable housing target will be abolished.
- b Individual borough-based housing investment targets will be agreed, with the aim of delivering 50,000 affordable homes between 2008 and 2011.

1.1.2 Providing a better mix of homes

- a More family sized homes, particularly affordable homes, will be provided, with 42 per cent of social rented and, by 2011, 16 per cent of intermediate homes having three bedrooms or more.
- b More homes will be provided to meet the access, space and adaptability needs of disabled and older people.

1.1.3 Creating mixed communities

- a New housing developments will contain a mix of market, intermediate and social rented homes.
- b Greater social mix will be promoted in neighbourhoods dominated by a single tenure.

From policy to action

The Mayor will work with the HCA, London boroughs and other partners to:

- 1.1A oversee an investment programme to deliver 50,000 affordable homes by March 2011
- 1.1B agree housing investment targets with each borough
- 1.1C review the need and capacity for additional homes in London, including supported and specialist housing
- 1.1D achieve targets for 42 per cent of social rented and, by 2011, 16 per cent of new intermediate housing to have three bedrooms or more
- 1.1E monitor the bedroom size mix of all additional housing
- 1.1F monitor changes in the housing market, including new supply, property prices and repossessions
- 1.1G monitor the delivery of accessible housing and ensure enforcement of benchmark access standards, such as the Lifetime Homes and wheelchair accessible housing standards
- 1.1H develop proposals to improve tenure mix in neighbourhoods dominated by a single tenure.

[†] See also sections 1.2 on home ownership, 1.3 on social renting and 3.2 on delivering locally.

Why we need change

Meeting the housing needs and aspirations of all Londoners is a major challenge, in large part because the successful transformation of London into a thriving world city over the past two decades has come with considerable costs to those seeking a home.

Current market conditions

The past year has seen a rapid and deep downturn in the housing market, brought on in large part by a credit crunch which has resulted in severe restrictions to the availability of both mortgages for home purchase and finance for housing developers. New build house prices in particular have fallen; but as mortgages are harder to come by, access to owner occupation may be more out of reach than ever for many Londoners.² Home sales have fallen dramatically in London and in the rest of England, with volumes down to a third of their peak in late 2006.³ Over the past year, the number of first time buyers nationally is down by over 55 per cent and in London by over 52 per cent, with the average first time buyer putting down a deposit of 18 per cent, the largest average deposit in 35 years of available data.⁴ Housebuilders have meanwhile been hit by a 'triple whammy' of restricted demand, severe problems accessing credit and rising construction

costs, although the latter is likely to ease in 2009. Thousands of jobs are being lost nationwide from both housebuilders and the wider construction industry.

These are serious problems, and they reinforce the need for a strategic approach to meeting Londoners' needs and aspirations for housing. This strategy's vision – for more affordable homes, more family homes, more beautiful and sustainable homes and new opportunities for home ownership – and many of its policies to achieve this remain the right ones, regardless of whether the market is rising, stagnant or falling. Whether, and by how much, the downturn will worsen and how long it may last are hard to predict. But while it is with us, it is essential that fundamental changes are made to the way that housing is delivered, to ensure that we stay on course to produce the number of new homes that London needs (see section 3.1 on housing delivery).

London's population and homes

As well as changes in the housing market, changes in London's population also mean that a new approach to housing supply and opportunities is needed in the capital. London's population fell for half a century from its Second World War peak, reflecting the shift of Londoners to the new towns and the decline

of inner city manufacturing. As late as the 1980s, some parts of London still faced the problem of large scale blight and abandoned housing. The economic resurgence that began in the 1980s helped arrest the population decline and the number of Londoners is now rapidly growing. The population is expected to rise from 7.5 million in 2006 to between 8.8 and 9.1 million by 2031.⁵ This growth is primarily driven by natural increase (ie the excess of births over deaths), with migration indirectly contributing by lowering the average age of Londoners and thereby increasing the overall fertility rate.⁶

The number of households will grow faster than the overall population as the average household size is falling, due mainly to later marriage, fewer children, more divorce and longer lives. Of the 750,000 to 850,000 additional households that London will have by 2031, almost three quarters will be single person households.⁷ This population growth is influenced by strong growth in employment: by 2026 the capital is expected to have a total of 5.5 million jobs – almost a million more than in 2004 – and every year almost 700,000 people move into and out of the city.^{8 9}

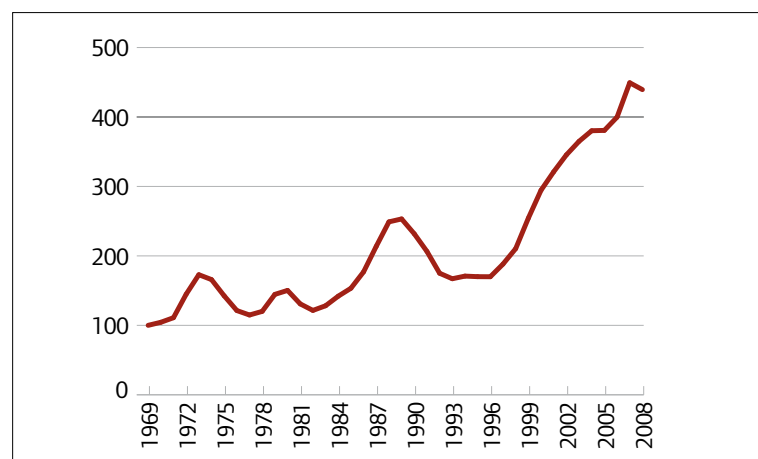
The growth of London and the success of its economy mean that demand for housing has long

Housing by numbers

Nearly **700,000** people, more than the entire population of Sheffield, move in and out of London each year.

outstripped supply – a situation that is likely to be exacerbated by the growth in the city's population. This gap between growing demand and limited supply helped fuel the longest sustained run-up in prices in the post war period, lasting from 1997 to early 2008. This boom has clearly now ended, with house prices falling and a slump in the volume of sales. During the boom, housing became increasingly unaffordable and despite the more recent price falls many low and middle income Londoners are still unable to get a foot on the housing

Chart 1.1a
Index of mix adjusted house prices in London, 1969 to 2008
(at 2008 prices, 1969=100)



Source: CLG, Housing Live Table 593, 2009

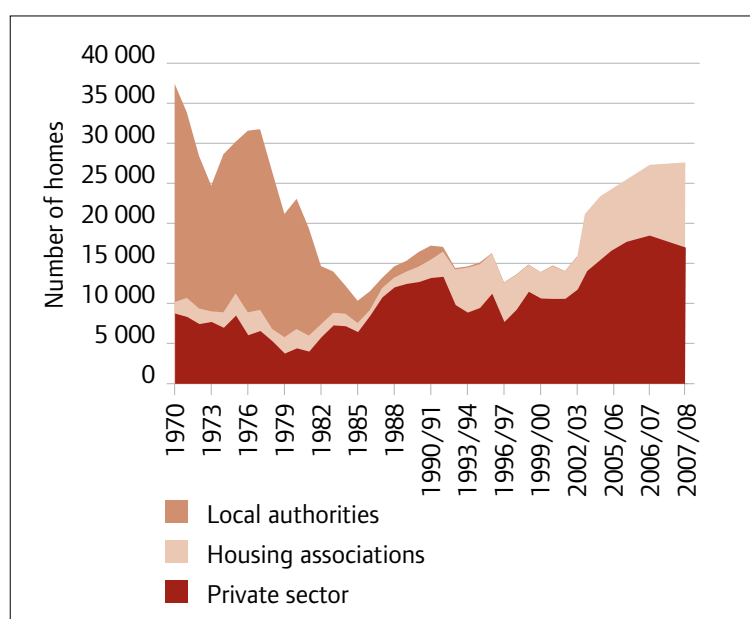
ladder. London still has the highest house prices in the country: even when higher incomes in the capital are taken into account, it has some of the least affordable housing. Even if the current downturn continues, the price of the average first time buyer property would have to fall by nearly a half to reach the level of just ten years ago.¹⁰

To some extent the private rented sector has stepped into the gap and has grown rapidly, with 20 per cent of London's households now privately renting their home – up from 15 per cent in 2001.¹¹ Over

the last three years, the number of homeowners in London has shrunk while the number of private renters has increased by 22 per cent.¹² As most Londoners would like to own their own home if they could afford it, the growth in private renting can be viewed partly as a measure of how much the aspiration to home ownership has been frustrated.

The rise in house prices has been exacerbated by the failure of housing supply to respond adequately to demand. New housing supply in London averaged 19,000 homes a year throughout the 1990s, but has been far higher in recent years, with net supply in 2007/08 of 28,199 homes.¹³ But that increase has been driven by the shift to smaller one and two bedroom flats, from around 7,400 in 1997/98 to around 23,400 in 2007/08.¹⁴

Chart 1.1b
Conventional housing supply in London by tenure, 1970 to 2007/08



Source: GLA, from CLG Housing Live Table 232 and GLA Annual Monitoring Reports, 2009

1.1.1 Providing more homes

It is clear that London desperately needs more homes. Despite the recent falls, property prices in the capital are still out of reach of most of those on low and middle incomes, and many Londoners are in acute housing need, as demonstrated by high levels of homelessness and overcrowding. Taking existing and future housing market conditions into account, the GLA's 2008 London Strategic Housing Market

Assessment concluded that 32,600 new homes, including 18,200 affordable homes, are needed every year.¹⁵

It will not be easy to fully meet these requirements. The supply of housing in London is constrained by the availability of suitable land, which is itself rightly limited by the strong protection put in place for the environment and character of local areas. As part of the overall aim of maximising housing supply without damaging the environment and reducing green space, including back gardens, the London Plan clearly limits construction on greenbelt or on protected open space. This leaves housebuilding in London reliant on the supply of previously developed or brownfield land. In recent years, brownfield sites have accounted for over 95 per cent of new supply across London as a whole and 100 per cent in the majority of boroughs.¹⁶ London's housing supply does not comprise only newly built self contained homes. Other sources include the return to use of long term empty private sector homes, non-self contained accommodation such as hostels and student halls, and caravan sites for Gypsies and Travellers.

Informed by the 2004 London Housing Capacity Study, which takes

'We urgently need fresh thinking to get more homes built and to give a helping hand to those who want to own their own home.'



into account constraints imposed by local and regional policies on environmental protection, density and competing land uses, the London Plan sets a target for total additional housing provision across London of 30,500 homes each year from all sources.¹⁷ This assessment of capacity is currently being reviewed in partnership with boroughs. A new Housing Capacity and Strategic Housing Land Availability Assessment will be published in 2009 and will inform new borough-level housing provision targets in the new London Plan.

East London is the area of the capital with the greatest potential for growth, representing 51 per cent of London's total capacity.¹⁸ By 2016, 100,000 homes could be provided in the London Thames Gateway, which falls within seven East London boroughs. The Lower Lea Valley alone will provide more than 9,000 new homes as a direct legacy of the 2012 Olympic and Paralympic Games, part of around 40,000 new homes in the area over the longer term. Outer

London also has a key role to play, with almost half (47 per cent) of the overall capacity for new homes in the outer London boroughs.

But building new homes alone is unlikely to have a significant impact in the short to medium term on London's affordability problem. Analysis from the government's National Housing and Planning Advice Unit shows that, everything else being equal, around 34,000 homes would need to be built annually just to keep affordability at current levels.¹⁹ In the shorter term, external influences such as the state of the economy, interest rates, pension policy and the availability of mortgage finance can have a greater bearing on affordability than the supply of new homes alone.

More affordable homes

While London needs more homes across all tenures, the most pressing need is for more affordable housing – both intermediate and social rented. More intermediate housing is essential to address the difficulty many Londoners face in affording a home of their own, and more social rented homes are needed to address the needs of London's homeless and overcrowded households, those with specialist housing needs as well as the many who cannot afford any alternative tenures.

London has higher levels of housing need than any other part of the country. The number of homeless households in temporary accommodation has fallen in the last year but remains high at 50,000 (of which an estimated 80 per cent contain children).²⁰ Following a dramatic rise since the early 1990s, around 200,000 of London's households are now overcrowded.²¹ Many of these will, at least initially, require a social rented home. But once they are in social housing, enhanced opportunities and incentives must be available to enable them to access home ownership, if and when they are in a position to do so.

Tough choices have to be made. London has limits on its capacity for new homes. Attempting to provide the majority of London's new housing provision as affordable homes is unrealistic, would risk the viability of the housebuilding industry and could result in unsustainable communities. This is why the Mayor is committed to removing the uniform target of 50 per cent affordable housing provision across London.

However, the Mayor is committed to delivering more affordable housing, and has adopted the ambitious aim of delivering 50,000 more affordable homes by 2011. This target, defined

by the government and the previous Mayor as including both new build and non-new build homes, was originally set in a very different housing market before the current Mayor was elected. It will clearly be a huge challenge to achieve in the current market, in particular with the collapse of cross-subsidy from Section 106 and low cost home ownership. New and radically different approaches are required, of which three are key:

- removing the 50 per cent affordable housing target
- developing new investment models
- setting new priorities for housing investment.

Removing the 50 per cent affordable housing target

London boroughs, and not the GLA, are best placed to decide the overall tenure mix of housing needed in their area. Recent experience shows that rigid affordable housing targets may be counter productive and that local flexibility can achieve more affordable housing overall. In 2006/07 just 34 per cent of the new homes produced in London were affordable²², and between 2005/06 and 2006/07 three boroughs that produced fewer affordable units on a percentage basis actually achieved significant increases in total delivery of affordable homes. Abolishing the 50 per cent affordable housing target

is therefore desirable, especially in the current economic climate, and will be achieved through formal alterations to the London Plan to be published by the Mayor in due course.

In place of a one-size-fits-all Londonwide target the Mayor has committed to agreeing individual affordable housing delivery targets with each borough for 2008-11, based on their capacity to deliver and the circumstances of each local area. Affordable housing delivery includes both new build supply and the addition of existing units to the affordable housing stock, the same definition that is used to monitor progress against Local Area Agreement (LAA) targets agreed between boroughs and central government.

Since November the Mayor has agreed targets with 21 boroughs to deliver a total of 23,154 affordable homes over the period, and has already identified scope to deliver a further 17,105 in the remaining boroughs, based on offers made by those boroughs or their existing LAA targets. This means that more affordable homes have been identified for delivery in London than have been delivered in any other previous three year period since the GLA was established. Appendices 1 and 2 set out details of the targets and their derivation.

Every borough has now either agreed or is actively negotiating an affordable housing target, the first time this has happened since the GLA was established. The total agreed so far amounts to over one third more affordable homes than the government agreed with boroughs in their LAA process, which took place in a better economic climate. The negotiations have been sensitive to current economic conditions and the impact of the market downturn on new housing supply has meant that some boroughs are not able to deliver to the levels envisaged a year ago.

However, this does not mean that the Mayor's 50,000 affordable homes target will not be delivered: some forms of delivery such as Open Market HomeBuy are difficult for boroughs to predict, and other homes will be delivered outside borough boundaries, for example through an expansion of the Seaside and Country Homes Scheme (see section 3.3 Investing to deliver). The Mayor will continue to work with boroughs and with the HCA to explore ways to revive housebuilding, unlock major sites and identify delivery mechanisms that can increase the rate of delivery, and will review progress in a year's time.

The Mayor is also keen to give boroughs that agree a target more freedom and flexibility over what gets

delivered in their local area, and will sit down with these boroughs and with the HCA after the targets are settled to discuss how this could be achieved (see section 3.1 Delivering across London).

Affordable housing policies should take into account capacity and local, sub-regional and Londonwide assessments of needs. They should be applied flexibly to individual developments based on the need to provide the maximum reasonable amount of affordable housing while encouraging, rather than restraining, residential development, taking into account the individual circumstances of the site.

Developing new investment models

The Mayor will ask the HCA to urgently evaluate the resilience of existing investment models, together with options for a range of new investment models more suited to the current market. These models are explored in more detail in section 3.1 on housing delivery.

Setting new priorities for housing investment

The Mayor, as chair of the HCA Board, and the HCA, through its 'single conversations' with boroughs, will encourage investment partners to bring forward creative proposals to deliver the aims of this strategy:

- raised aspirations and greater opportunity
- transformed homes and neighbourhoods
- more effective delivery.

1.1.2 Providing a better mix of homes

As well as housing that is appropriate to the needs of Londoners in terms of income, there is also a significant unmet need for more family homes. The failure to provide enough larger homes over recent years has seen overcrowding grow by a third since between 1994-97 and 2004-07.²³

The most pressing need is for larger affordable homes, and this strategy sets a target for 42 per cent of social rented and 16 per cent of intermediate homes to have three bedrooms or more, up from 34 per cent and 4 per cent respectively in 2006-08.

Evidence suggests that there is not nearly the same level of need for new family sized homes in the private market. The 2008 London Strategic Housing Market Assessment found little net requirement for larger market homes across London as a whole, although there are bound to be local variations. This low net requirement for family sized homes in the market mainly arises because so much of London's future household growth will consist of single person households, and because so many

of London's existing owner occupied or privately rented homes are family sized – almost 60 per cent have three bedrooms or more, compared to just 30 per cent in the social rented sector.²⁴ Family sized housing is very expensive in the market, but as newly built homes typically account for less than five per cent of sales in London, increasing the proportion of larger homes in new supply would probably have little or no effect on prices, and there is no guarantee that these 'family sized' homes would actually be purchased and occupied by families.²⁵

Tens of thousands of households in London need accessible or adapted housing in order to lead fuller and more independent lives. Over 30,000 households have an unmet need for wheelchair accessible housing and more than 100,000 need redesigned or relocated bath or shower facilities.²⁶ Policies in the London Plan seek to ensure that all new housing in London is built to Lifetime Homes standards, and that ten per cent of new housing is designed to be wheelchair accessible, or easily adaptable for residents who are wheelchair users.

1.1.3 Creating mixed communities

Mixed tenure developments are essential if we are to provide the homes that London needs while

creating mixed and balanced communities. There should be no return to the post war mono-tenure estates that in some cases have left a legacy of deprivation and worklessness. And there should be no return to the segregation of London's population by the tenure of their homes, which concentrates new social housing in the very areas that already have the highest amount of social rented homes and market homes in areas with very little social housing.

To fully achieve the aim of mixed and sustainable communities, it would be necessary to take a more radical view of how existing homes are used and new homes are delivered. In London new social rented homes are predominantly being built in local areas where social housing already dominates; former Right to Buy properties are extensively used for temporary accommodation or are bought back by councils for social renting; some infill schemes create more social housing on the very estates where social housing is already concentrated; and the shortage of social rented homes means that the existing homes that do become available must be allocated to those in greatest need. All these decisions may, in isolation, represent good value for money and a sensible use of public assets. But, taken together, they

undermine the aim of creating more sustainable communities.

Transforming mono-tenure estates and deprived communities would require addressing all these factors in the round. HCA investment would need to be targeted at building new social housing in those local areas where there is currently least social housing. There would need to be a blanket assumption that former Right to Buys in local areas where social housing still dominates would not be used as temporary accommodation nor brought back into use as social housing. Infill schemes on estates which are still mainly social rented housing would need to be targeted at market and intermediate housing, not the provision of more social rented units. And, most radically, where a social rented unit on such an estate becomes available for letting, this would not be let for social housing, but would be sold on the open market. The receipts would then be ringfenced to provide new social rented homes in areas of the borough where there are currently fewer such homes.

For each of these issues the focus for consideration would have to be at a very local neighbourhood or estate level, because it is concentrations of mono-tenure housing that are the problem, not the overall level of social rented housing in any borough.

Case study | Sankt Eriks, Stockholm

Completed in 1997 on the riverside site of a former hospital, the Sankt Eriks development in Stockholm comprises 771 homes at a density of 148 homes per hectare.

The development is a mix of tenures – some privately owned, some social rented, the rest owned by a Stockholm co-operative. The apartments are spacious, with high ceilings, and nearly 40 per cent have three bedrooms or more.

Although a number of different architects worked on the site, each adhered to a masterplan set out by the City of Stockholm following extensive consultation with local residents, and a design code that ensured that the final product was in keeping with the traditional architectural style of the surroundings. Greenery is abundant and a park connects the housing to the river. Communal facilities include a laundry, sauna, bicycle parking and basement storage spaces for each flat.



1.2 Helping homeowners and first time buyers

Vision

To deliver the First Steps housing programme that will enable many more Londoners to become homeowners, and to develop initiatives to help existing homeowners at risk of repossession and homelessness.

From vision to policy

1.2.1 Widening eligibility

- a Of the 50,000 affordable homes to be delivered between 2008 and 2011, 20,000 will be intermediate housing.
- b Eligibility for First Steps will be assessed in terms of income rather than employment.
- c The top of the income range for low cost home ownership should increase to the equivalent of the joint salary of two basic rate tax payers in London for people unable to buy on the open market.

1.2.2 Developing the product range

- a New low cost home ownership products will be developed, where appropriate, to meet London's specific needs.

1.2.3 Improving access and information

- a Marketing of and information about low cost home ownership will be improved.

1.2.4 Helping struggling homeowners

- a Schemes will be developed that are appropriate to London's housing market context and the needs of London households, to support struggling homeowners, particularly families at risk of homelessness.

From policy to action

The Mayor will work with the HCA, London boroughs and other partners to:

1.2A oversee an investment programme to deliver 20,000 intermediate homes by March 2011

1.2B deliver the First Steps housing programme by

- funding new intermediate products
- increasing the upper income threshold for intermediate housing
- improving information on and access to intermediate housing

1.2C improve lenders' understanding of low cost home ownership products

1.2D ensure that schemes to support struggling homeowners reflect London's unique needs and context.

Why we need change

Home ownership is an aspiration shared by most Londoners, but is out of reach for too many. Despite the impact of the credit crunch on house prices, London's affordability crisis is the most severe of any part of the country, with lower quartile prices more than nine times lower quartile incomes and lenders requiring large deposits.²⁷ Around 45 per cent of Londoners see high housing costs as one of the most significant downsides of life in the capital.²⁸ In the short term, some first time buyers may choose to wait before purchasing a home, particularly given uncertainty around house prices and the continued unavailability of mortgage finance. However, home ownership remains the tenure of choice for the majority of middle income Londoners. This strategy therefore considers both short term responses to the housing market crisis and policies to ensure that first time buyers are not left behind when the market recovers.

Analysis by the Royal Institute of Chartered Surveyors (RICS) concluded in 2008 that despite falling prices London has seen the largest deterioration in housing market accessibility of any region. RICS estimates that the average couple on lower quartile earnings in London would need to save 100 per cent of their take home pay for approximately

16 months in order to amass a deposit on a home.²⁹

The number of first time buyers entering the market in London fell to a record low in the last quarter of 2008, when only 5,300 mortgages were approved for new purchasers. Around a fifth fewer first time buyers are accessing the market now than at the bottom of the housing market crisis in the early 1990s and levels are at their lowest for 35 years.³⁰ Although the government's temporary raising of the stamp duty threshold to £175,000 (and the extension of this announced in the recent Budget) is welcomed, its impact in London is likely to be limited. At current prices, only 11 per cent of London buyers will benefit from the increase, compared with 49 per cent of UK buyers and 72 per cent in the north of England, demonstrating the need for a regional variation in the threshold.¹⁵⁶

The income level at which Londoners can afford to buy is increasing: in London the average income of first time buyers in early 2008 was over 50 per cent higher than the average household income in the capital.^{31 32} Those who succeed in buying are increasingly dependent on help from family: the Council of Mortgage Lenders estimates that up to half of first time buyers under

30 receive help with deposits from their parents.³³ That help is often very significant: in London, first time buyers whose family contributed to deposits were able to put down an average of £67,000; without help, that figure falls to £19,000.³⁴

First Steps – enhancing opportunities for Londoners

For many low and middle income Londoners, buying a home in the intermediate market is the solution to building up housing equity and a route into home ownership. However, there is evidence that the range and nature of existing low cost home ownership products do not adequately take into account either London's unique circumstances, or the challenging economic climate now facing first time buyers and the housebuilding industry. Action is needed to address this and, to this end, the First Steps housing programme has been developed – not to compete with or supplant existing products and programmes, but to ensure that intermediate housing better meets the needs of Londoners.

To achieve the Mayor's aim of enabling many more Londoners to access home ownership and delivering 20,000 intermediate homes by March 2011, there are three pillars to the Mayor's flagship First Steps housing programme:

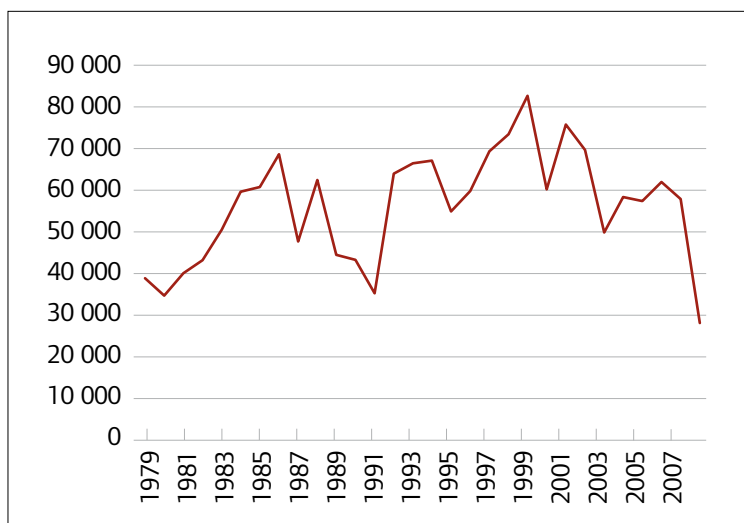
- widening eligibility to reflect the reality of high house prices and worse affordability in the capital
- developing the product range to address current gaps in the market
- improving access, information and the experience for buyers.

1.2.1 Widening eligibility

During difficult times, it is crucial that intermediate housing is made more flexible to support London's economy. Existing low cost home ownership products have too often operated in a way that cherry picks the groups that will be helped – usually 'key workers' in certain parts of the public sector. In addition, government schemes have excluded many Londoners unable to buy on the open market because of

Chart 1.2

Number of first time buyers in London, 1979 to 2008



Source: CML, Mortgage lending statistics, 2009

Housing by numbers

A couple on lower quartile incomes in London would need to save more than a whole **year's take home pay** to have the deposit needed to buy a home in the capital.

arbitrary income caps. London needs a dynamic intermediate market that provides for a broad range of people on middle incomes, helping to ensure that it does not become a city just for the very wealthy and the very poor.

Housing solutions must underpin London's diverse economy, not divide it into arbitrary boxes with some eligible for help and some excluded. In the present economic climate it is particularly important that a diverse range of economic sectors is supported; public sector workers, while essential, should not be the only priority for low cost home ownership. While London certainly needs nurses, teachers and planners, it also needs hoteliers and taxi drivers, IT professionals and retail workers, engineers and plumbers.

In recognition of the importance of London's diverse mix of sectors and industries in supporting London's economy, First Steps will ensure that, in future, eligibility for low cost home ownership in the capital is assessed in terms of income rather than employment. The Mayor welcomes

government's acceptance of this argument and its broadening of the HomeBuy programme to include all first time buyers who meet the income criteria for low cost home ownership.

At present, many Londoners unable to buy at market levels are disqualified from government schemes that apply the same household income cap (£60,000 a year) to first time buyers no matter where in the UK they live. A household earning £60,000 in the North East has very different prospects for home ownership to a household with the same income living in London, yet government eligibility criteria treat them just the same – despite the capital's higher house prices and wider affordability gap. In addition, this limit has not changed since 2004, despite worsening affordability.

To reflect London's position, First Steps will raise the joint applicant household income ceiling to the equivalent of twice the basic tax rate band limit (£74,800 in 2009/10). It is estimated that this change would increase the number of prospective households in London eligible by up to 60,000.³⁵

1.2.2 Developing the product range

There is a wide range of intermediate housing products in the market at the moment, with numerous products

‘London is leading the way in tackling this housing crisis, helping thousands of Londoners who have been left stranded for so long in both boom time and now during the downturn.’



available through the government, through London boroughs and, increasingly, from private developers. However, the products available to first time buyers do not always meet their needs, as demonstrated by the low take up of the extended Open Market HomeBuy product, and the limited success of Social HomeBuy (only around 120 social homes have been purchased in London so far, and many boroughs do not offer the scheme).³⁶ The new MyChoice HomeBuy and Ownhome products are proving more popular, suggesting that first time buyer demand is still strong in the current market as long as the right products are available. However, in many boroughs this is simply not the case, particularly in respect of New Build HomeBuy: several boroughs built fewer than 30 new low cost homes in 2007/08, at the height of the housing market boom.³⁷

First Steps is an umbrella programme, within which a number of different dedicated intermediate products for London can be accommodated. In the

current market in particular, there is scope for First Steps to encompass both low cost home ownership and intermediate renting (see section 1.4.1 on intermediate renting).

The first scheme under the First Steps programme has now been launched, with the HCA investing £42 million in London and Quadrant's UpToYou package. This is initially providing around 500 homes with a view to unlocking the delivery of 1,300 homes in total. It gives occupiers choice and flexibility by offering either low cost home ownership or intermediate renting with an option to buy in the future. The HCA will fund further products under the First Steps programme, as these are developed.

Housing by numbers

First time buyers' average deposits are **£19,000** where no contribution is made by parents or relatives, compared with **£67,000** for those receiving parental help.

Case study | UpToYou, London and Quadrant

London and Quadrant's UpToYou is the first scheme in the First Steps housing programme. It provides a choice of affordable housing options to meet people's varying needs and aspirations, using intermediate market rent and New Build HomeBuy products.

The essence of UpToYou is flexibility and simplicity. Customers who wish to buy can do so right away on a shared ownership basis. Those who would prefer to rent are also able to do so – either long term or until they want to switch to shared ownership. And with rents

below market levels, tenants are more able to save up for a deposit than they would be if they were renting privately.

Under the scheme, customers are able to choose from a selection of London and Quadrant's brand new homes across London to either rent or buy, depending on their individual circumstances.

With unstable property prices and difficulties in getting a mortgage, this product gives people choice while kick starting construction.



The intention in developing the First Steps programme is not to apply a one-size-fits-all model, but to work in partnership with developers to bring forward products that fill gaps within the market, including those identified in the GLA commissioned report by Tribal Consulting, and that are designed to address specific local requirements.³⁸ Where new products are made available through First Steps, a number of broad principles are guiding their development:

- **added value:** new products will need to demonstrate that they address unmet aspirations or specific characteristics of the London market, adding value to the existing suite of intermediate products. They will need to represent good value for money for the public sector, with value assessed not simply as short term grant per unit costs, but also longer term returns on public investment
- **responding to market conditions:** products should be well adapted to, and able to deliver in, the prevailing housing market conditions. This will mean both responding to the challenges posed by the current downturn and preparing for market recovery in the medium term. First Steps products should also seek to help sustain a pipeline of new supply through the coming years

- **innovation:** new products generating greater social mobility, offering incentives for households to enter low cost home ownership, and enabling mixed tenure communities will be supported
- **quality for the customer:** First Steps will deliver products that work for buyers, with good quality stock and maximum choice and flexibility for customers.

The GLA and HCA will harness the innovation that is already taking place in the intermediate market, and ensure that the First Steps programme and further new products launched are properly adapted to market conditions and London's particular needs. The GLA is also, through the HCA London Board, helping to bring forward public investment and, potentially, public land.

1.2.3 Improving access and information

For people wanting to access low cost home ownership, the overall picture is one of complexity and confusion, making it difficult for first time buyers to assess the various products on offer and for the intermediate housing market to become properly established as a mainstream product. Surveys of attitudes to home ownership indicate low levels of awareness of intermediate housing as a tenure. Fewer than

one per cent of respondents to the British Social Attitudes Survey identify intermediate housing as the tenure they hope to live in, yet 82 per cent say they would like to own their own home.³⁹ Low cost home ownership should be a vehicle for that aspiration, but the range of products and brand names confronting first time buyers can be bewildering and may partly account for the high number of applicants for intermediate housing who abandon their applications. The Council of Mortgage Lenders argued in 2009 that the HomeBuy range is over complicated and should be simplified.⁴⁰

New research by Ipsos MORI, commissioned by the GLA, into the experiences, needs and aspirations of potential customers of intermediate housing highlights some fundamental issues around eligibility and access to current provision. Surveying over 1,000 Londoners eligible for low cost home ownership, they found widespread misunderstanding about eligibility and income levels. Nearly half of respondents thought that only key workers could access low cost home ownership, around four fifths thought the maximum income for a single person was £30,000 or less, and two thirds thought the maximum was £40,000 or less for those on joint incomes. A third of respondents were completely unaware of where

to go to find out about the schemes on offer. For those people who had applied, there were issues over the lack of clarity of the various schemes and products on offer and the need for customers' expectations to be more carefully managed.⁴¹ Given these findings, the Mayor is committed to raising the profile of the sources of information on publicly funded schemes in London and ensuring that key and fundamental messages about eligibility are made clear to Londoners.

New HomeBuy agent contracts have recently been awarded and over the course of these the HCA London Board will work with the agents to ensure that improvements are made to the marketing of all intermediate products in the capital, responsive to the needs of customers and delivering value for money to the taxpayer. The board will have decision making responsibility over the ongoing contractual arrangements, with a steering group providing it with regular monitoring information. It will also work with the HomeBuy agents to develop an estate agent type of approach to marketing properties, combined with independent financial advice to individuals on appropriate intermediate products. This will bring the intermediate market into the mainstream, and ensure that it is driven by the concerns, preferences and choices of customers. During the

period, First Steps will also become the overarching intermediate brand for London, marketed by First Steps agents.

Beyond 2011, there will be further opportunities to consider how marketing of and access to intermediate housing might be reformed, and the Mayor will work with the HCA and HomeBuy agents to develop options for change over the next spending period.

Sustainable home ownership

Home ownership must be supported by sustainable levels of debt and responsible lending by the mortgage industry, to ensure that low cost homes are sold on a sound basis that does not expose buyers to undue risk.

The GLA will work with boroughs that are exploring their potential to provide secure affordable mortgages, to consider the scope for making these available to First Steps purchasers.

It will also work with traditional lenders to raise their awareness of the relatively low risk of lending to shared owners: at present, repossession and arrears rates are thought to be lower for low cost home ownership purchasers than for homeowners in general (about 0.15 per cent per year, compared with 0.22 per cent in the wider housing market).⁴²

In addition, anyone buying through First Steps will be offered independent financial advice, to ensure they can make informed decisions about the housing products that are suitable for them and understand the risks involved. Mortgages on properties bought under First Steps should be available only from FSA-regulated lenders, which operate responsible policies on arrears and possession proceedings.

Those engaged in either selling or letting First Steps products will be obliged to sign up to the requirement that applicants cannot allocate more than 50 per cent of their take home pay to their immediate housing costs, consisting of all their mortgage, service charge and rental payments.

1.2.4 Helping struggling homeowners

It is particularly important in the current market to ensure that sufficient steps are taken to assist homeowners who may face repossession, the consequences of which are far reaching and can result in homelessness, adverse social and health consequences and a damaged credit rating. Mortgage possessions in London courts increased by 24 per cent between the third quarters of 2007 and 2008, and numbers look set to rise. Also, many households in the capital are coming to the end

of relatively low fixed rate mortgage deals, with many having bought at the top of the market and therefore potentially having fallen into negative equity.⁴³

The government's package of measures to help homeowners at risk of repossession and homelessness is very much welcomed by the Mayor. However, there is a concern that these may not be sufficiently tailored to London's housing market and the needs of Londoners, and could fail to reach those who most need help. Some elements of the schemes may need to be amended if they are to provide real help to Londoners through the economic downturn.

While the up-front costs can be relatively substantial, using mortgage rescue to prevent homelessness can not only alleviate the trauma and upheaval that repossession brings for families, but can also generate substantial savings for the public purse. The government has estimated that the £200 million earmarked for mortgage rescue could generate up to £390 million in wider benefits through reduced benefit expenditure and increased rent and receipts for social landlords. Furthermore, the London Development Agency (LDA) has advised that mortgage rescue should be promoted to 'keep people in their homes... and ameliorate

the possibility of a new housing boom [driven by] speculator profits'. The LDA argues that repossessions create an opportunity for speculative investment, which can destroy confidence in the housing market, destabilise communities and create a new bubble in the housing market.⁴⁴

Despite this, the scale of the national mortgage rescue scheme appears modest. It is estimated that the £200 million existing funding will help around 6,000 households nationally to avoid repossession, yet the Council for Mortgage Lenders estimates that repossessions may rise to around 75,000 in 2009.⁴⁵ The GLA is working with the HCA to assess whether additional resources are needed in London.

However, it is vital that what ever funding is available in London is put to good use, by ensuring the national scheme is better tailored to meet London's needs and delivers the aims of the national programme in the capital.

The current income and house price caps for the scheme mean that many Londoners in need are ruled out. Only those with properties worth up to £295,000 and annual incomes of £60,000 or less are eligible for help. The ceiling on income fails to reflect the unique nature of London's

housing market and the higher incomes required to buy a home in the capital. It should therefore be increased to the level of the Mayor's proposed new income cap for low cost home ownership (see section 1.2.1).

In addition, average house prices are higher than the £295,000 cap in two thirds of London boroughs, including all but two boroughs in inner London. This is a particular concern in relation to family sized homes. With the average cost of a home in London in January 2009 at £301,000, a considerable number of family homes will still be outside the scope of the mortgage rescue scheme.⁴⁶ Many families will not be able to downsize or find cheaper, suitable accommodation in their area, and would therefore be at risk of homelessness.

With London's social housing sector already the most overstretched in the country, it is vital that the mortgage rescue scheme reaches families at risk of homelessness through the loss of larger properties, and so avoid putting increased pressure on social housing registers. Larger homes for social rent are in very short supply in London. For example in Croydon, even the highest priority households will wait an average of three years for a three bedroom home, while in Newham the average wait for a three

bed is ten years.⁴⁷ Families becoming homeless through repossession therefore face potentially lengthy stays in temporary accommodation, itself an expensive option for the public sector. Removing or raising the house price cap on mortgage rescue would allow boroughs and housing associations to take a more strategic view of how best to target the resources available.

For similar reasons, the Mayor would also wish to see the cap on assistance with mortgage interest payments for households on Income Support (ISMI) increased from the current level of £200,000 of mortgage capital. Indeed, the government's own equalities impact assessment on this notes that regional capital limits 'would be attractive in allowing ISMI to reflect regional variations in housing costs' but states that they were not introduced to avoid complexity.¹⁵⁷ This would also bring these schemes more into line with the new Homeowners Mortgage Support scheme under which households with mortgages of up to £400,000 may be eligible for help.

Finally, it is important that the mortgage rescue scheme is sufficiently flexible to adapt to households' circumstances as they evolve. In particular, some households may find that after an initial period of

financial stress they are once again able to take on a mortgage. The mortgage rescue scheme should, wherever possible, include a buy-back option for households who wish to repurchase their home if their circumstances improve. At the moment this is available only at the discretion of housing associations, which could lead some homeowners to consider less responsible 'sell and rent back' providers in the private sector. It might be possible to introduce some price restrictions to protect housing associations from making a loss on properties bought back in this way, via a price cap below which the property cannot be purchased back.

Following the Mayor's concerns that the mortgage rescue scheme as previously conceived would have failed to reach some of those households in most difficulty – those in negative equity who are facing repossession and therefore at risk of homelessness – the government has now revised the scheme to include those whose mortgage is less than 120 per cent of the value of their home (provided they meet the other eligibility criteria). Recent estimates suggest that 300,000 households were in negative equity in England by October 2008, rising to 500,000 by the end of the year. The total number in negative equity is projected to rise to between one million and two million in 2009.

The case for regional variations

The Mayor supports government measures to promote low cost home ownership and, more recently, to mitigate the impact of the current downturn on homeowners, first time buyers and the construction industry. However, because they have not necessarily taken into account the differences in regional housing markets and local earnings, these schemes may not be achieving their stated aims. Greater regional variation in the way that housing market measures are implemented would allow all areas of the country to respond sensitively to their local housing market conditions, and so ensure that help reaches the people who need it. In the London context, a lack of regional flexibility could reduce the effectiveness of a number of recently announced measures:

- Intermediate products: the income cap of £60,000 excludes many Londoners on middle incomes who cannot access market homes. There are specific issues with HomeBuy Direct, where only four per cent of properties coming forward for investment through this route were in London, due to not only the income cap but also the capped maximum purchase price of £300,000.
- Stamp duty threshold: the new (temporary) threshold of £175,000 has only limited impact in London, where just 11 per cent of buyers pay zero stamp duty compared with 49 per cent across the UK and 72 per cent in the North East.
- Income Support mortgage interest threshold: Income Support to meet the cost of mortgage interest payments was recently increased to £200,000 of mortgage capital. However, the government's own equalities impact assessment on this notes that regional capital limits would be attractive.
- Mortgage rescue: eligibility for the new scheme is capped by both property price (only homes worth £295,000 are covered) and income (with a maximum eligible household income of £60,000), ruling out many households in London – particularly those in family sized homes. The average cost of a three bedroom home in London in 2006 was £325,000, and £537,000 for a four bedroom home – putting families at greater risk of homelessness.

The rationale for these blanket house price and income caps needs to be clarified and reviewed by government, with a method developed for determining regional variations where appropriate. In the short term, the income eligibility for intermediate products should be increased in London under First Steps to the equivalent of twice the basic rate tax threshold for couples.

1.3 Improving the social rented sector

Vision

To provide many more affordable rented homes and ensure that social renting provides an opportunity to foster aspirations and gives support to those who need it.

From vision to policy[†]

1.3.1 Producing more social rented homes

- a Of the 50,000 affordable homes to be delivered between 2008 and 2011, 30,000 will be social rented.
- b Schemes that convert temporary accommodation into permanent social homes will be supported, where they represent value for money.

1.3.2 Providing for all

- a 1,250 new supported homes will be provided between 2008 and 2011, to meet the needs of older and vulnerable Londoners.
- b The accommodation requirements of Gypsies and Travellers will be provided for.
- c The level of severe overcrowding in the social rented sector should be halved, and the number of social rented households underoccupying by two or more bedrooms reduced by two thirds, by 2016.

1.3.3 Promoting opportunities

- a The social rented sector should become a more economically diverse tenure, with a reduction in worklessness among those currently in social housing and a better economic mix of future tenants.
- b Social home seekers should have more control and choice about where they live, through increased opportunities and incentives for mobility across borough boundaries and into home ownership and the private rented sector – with pan-London mobility in place by 2011 and the number of social tenants moving into the private or intermediate market doubling by 2016.
- c Disabled people should be able to participate in choice based lettings schemes on an equal basis to other social housing applicants.

From policy to action

The Mayor will work with the HCA, London boroughs and other partners to:

- 1.3A oversee an investment programme to deliver 30,000 social rented homes between 2008 and 2011
- 1.3B achieve the target to produce 1,250 supported homes between 2008 and 2011
- 1.3C encourage boroughs to protect existing Gypsy and Traveller pitches, refurbish existing sites where needed, and address the identified requirements for the provision of new sites⁴⁸
- 1.3D direct investment through the Targeted Funding Stream to support conversions and extensions to tackle overcrowding and to support temporary to settled schemes
- 1.3E tackle overcrowding and underoccupation in the social rented sector
- 1.3F support people living in social housing to obtain work and build skills by ensuring that the LDA's new commissioning model effectively targets those with the greatest disadvantage
- 1.3G improve the integration of the services commissioned by the Department of Work and Pensions with wider support across a range of services and ensure these meet the needs of social housing tenants
- 1.3H improve personalised and neighbourhood level employment support services
- 1.3I improve opportunities for geographical and tenure mobility
- 1.3J encourage social landlords to implement the London Accessible Housing Register.

[†] See also sections 1.1 on meeting Londoners' aspirations, 1.2 on home ownership and 3.2.1 on homelessness, and policy 1.1.2 on providing a better mix of homes.

Why we need change

For most Londoners, owner occupation is the preferred tenure. But, for many, the high cost of homes, the limited availability of mortgages and low or insecure incomes put home ownership, even that offered through low cost schemes, out of reach. Indeed the current housing crisis is in part driven by sub-prime mortgage lending to those whose incomes or circumstances make home ownership unsustainable. Even in the current falling housing market, prices are still far beyond the means of many households on low or middle incomes and mortgage availability is becoming ever more limited.

In addition, the private rented sector is all too often not considered as an option by those in housing need. This is sometimes because it is genuinely not appropriate or affordable, and sometimes because of negative perceptions. As a consequence, a social rented home is the housing goal for over 350,000 households on London's borough housing waiting lists – a figure that has increased by over 80 per cent in the last decade.⁴⁹

The GLA's 2008 Strategic Housing Market Assessment identifies a requirement for an additional 325,800 homes between 2007 and 2017, of which 145,600 should

be social rented.⁵⁰ It also shows a significant requirement for larger social rented homes, with a need for almost 40 per cent of the social homes required to have four or more bedrooms.

There has been significant decline in the number of social lettings, with only 40,400 in London in 2007/08 – almost 40 per cent fewer than in 1998/99.⁵¹ This decline is due not only to the net loss of social rented homes during this period, but also the declining turnover in the sector, as tenants with an increasingly younger profile remain longer in their homes, and rapidly rising house prices put the transition to home ownership beyond reach. The most extreme symptoms of this shortage are the growth in severe overcrowding, the reliance over recent years on temporary accommodation and delayed move on from hostels (see section 3.2.1 on homelessness).

Families needing larger social rented homes can languish for many years on housing waiting lists, or in temporary accommodation, as a result of London's shortage of family sized affordable homes. Currently, there are over 68,000 families on London borough housing waiting lists in need of a home with three or more bedrooms – a consequence of the

undersupply and lack of turnover in the social sector over the last ten years.⁵² In 1997/98, 38 per cent of new social rented homes developed by housing associations had three or more bedrooms, but this had halved to only 19 per cent by 2005/06 and was still only 29 per cent in 2007/08.⁵³

London also needs more supported housing. With an ageing population, the persistence of rough sleeping and people with a diverse range of needs requiring support, demand for specialist supported housing is high.

Increasing the supply of social rented housing is heavily dependent on the availability of funding, and it cannot be assumed there will be sufficient funding to resolve housing need through the supply of new social rented housing alone. More intelligent use of the social housing stock is also required, as well as a greater emphasis on building and supporting the aspirations of social tenants to improve their economic circumstances, to be more geographically mobile and to widen the housing options available to them.

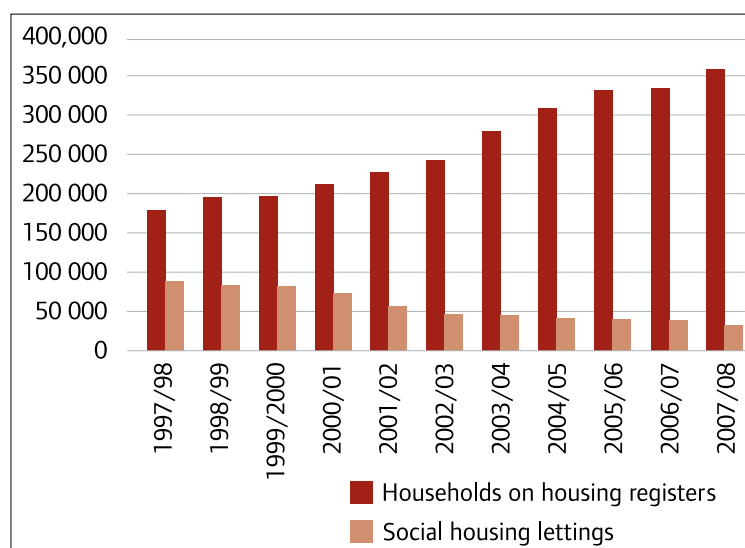
1.3.1 Producing more social rented homes

Social rented housing is a vital resource. As part of a range of housing opportunities social renting can provide a springboard for those

who aspire to and can afford home ownership, and stability, security and affordability to those for whom buying or renting privately is not appropriate. Investing to provide more social rented housing is a vital element of the response to London's housing shortage and is key to accommodating many of the low income workers who are essential to the capital's economy. It is also a vital component of meeting the needs of local communities – through contributing to a choice of tenures, improved environments and better quality of life.

The Mayor is committed to providing many more social rented homes in London, with 30,000 of the 50,000 more affordable homes to

Chart 1.3
Households on housing registers and social housing lettings in London, 1997/98 to 2007/08



Source: CLG, *Housing Strategy Statistical Appendix data*, 2008

Housing by numbers

London's housing waiting lists have increased by nearly **80 per cent** in the last **ten years**.

be delivered between 2008 and 2011 earmarked for social renting. These will be delivered through the HCA's National Affordable Housing Programme (NAHP), through other partners such as the LDA, and through those boroughs delivering homes without grant.

Social rented housing can be delivered through the conversion of temporary homes to permanent, as well through new development. Many homeless households are temporarily housed in homes leased from the private rented sector. Converting these into permanent social rented homes can provide additional social rented supply, as well as deliver value for money to the public purse by capturing revenue flow from housing benefit and capitalising it to provide additional social rented homes. Where this is the case, the Mayor will continue to support temporary to permanent schemes.

1.3.2 Providing for all

Increasing specialist provision

Many people's support needs can be met within general needs housing,

through floating support. But for some, accommodation-based support is more appropriate. In recent years the provision of new supported housing has fallen significantly, and an estimated 587 additional homes with accommodation-based support are now required each year to 2017 across a range of needs groups.⁵⁴ Some of these can be provided by remodelling existing provision, but a great many (over 400 each year) will need to be new homes. Though the planning and revenue funding of such provision is the responsibility of the boroughs (see section 3.2 on delivering locally), the Mayor clearly has a key role through his investment powers in enabling these additional homes to be provided.

The health, education and employment prospects of Gypsies and Travellers have historically been very poor in London, due in part to an inadequate supply of suitable accommodation. At the last count, in July 2007, there were 806 Gypsy and Traveller caravans on sites in London. Of these, 80 per cent were on authorised socially rented sites, five per cent were on privately owned sites and the remainder were on unauthorised sites. The 2008 London Gypsy and Traveller Accommodation Needs Assessment, produced by the London boroughs with the co-operation of the GLA, demonstrates

the need for a total of 768 new residential pitches over the next ten years, more than doubling the current number of pitches in London (Appendix 3 includes a borough breakdown).⁵⁵ Much of this need arises from Gypsies and Travellers currently housed in unsuitable or poor quality accommodation. After consultation with the London boroughs and with Gypsies and Travellers, the Mayor will set out proposed targets for pitch provision in each borough in his draft London Plan, due to be published in late 2009.

More larger homes

After decades of decline, overcrowding in London has increased in recent years. Around 27,000 households in London are now severely overcrowded, of which 11,000 are social renters.⁵⁶ Most recently, the greatest increase in overcrowding has been in the private rented sector, doubling from 28,000 households at the start of the decade to 59,000 in 2006/07 and with around 10,000 households now severely overcrowded.⁵⁷ The impact of overcrowding on communities, families and individuals is huge. Overcrowding tends to be concentrated in particular neighbourhoods, is more likely among minority communities, and is linked to poorer health and educational outcomes and increases in anti-social behaviour.

To address this serious and growing problem, the Mayor has set a target to halve severe overcrowding in the social rented sector by 2016. A similar step has been taken recently by the City of Westminster, which has pledged to rehouse more than 1,000 of its overcrowded households over the next five years.

Section 1.1.2 sets out the Mayor's clear commitment to increase the proportion of family sized affordable homes, so that 42 per cent of new social rented and, by 2011, 16 per cent of new intermediate homes provide for families needing three bedrooms or more. The target for larger intermediate homes will be achieved in stages: eight per cent in 2008/09, 12 per cent in 2009/10 and 16 per cent in 2010/11.

While investment in more family sized social rented homes has to be a priority, this will neither entirely solve the problem of overcrowding for many years to come, nor necessarily fulfil the aspirations of social tenants. Other creative solutions are needed, and these are set out below in the section on making better use of stock.

Better use of the social housing stock

Given that new supply alone will not solve the problem of overcrowding, the delivery of more family sized social

Case study | Tackling underoccupation – Wandsworth

The London Borough of Wandsworth is using a range of methods to encourage households underoccupying larger homes to move to somewhere smaller, so releasing these for families who are overcrowded or have other high levels of need.

In common with most boroughs, Wandsworth offers cash incentives to social tenants willing to trade down to a smaller home. But, on the basis of findings of a survey of underoccupiers it carried out in 2007, which it followed up with phone calls and home visits, the borough is now piloting additional initiatives. These include prioritising underoccupiers for the allocation of newly built, general needs social rented

homes; making 'split' lettings (ie of two smaller properties) to underoccupying parents and their adult children; and allowing underoccupiers to move into a new home with one bedroom over and above their assessed need, where they release more than two bedrooms.

In the new Rudyard Court scheme, developed by London and Quadrant and opened in February 2008, 11 of the 19 flats were offered to people who had been living in social rented homes that were too big for their needs. This attractive new development therefore not only provided contemporary new homes for its tenants but also enabled larger homes to be freed up for families in need.



rented homes must be complemented by a range of other measures. This includes investment in conversions or extensions of existing social housing to provide larger homes, or in situ improvements to properties occupied by overcrowded households, such as partitioning and the provision of additional toilets or bathrooms. In recognition of the fact that, in London, almost as many households in social housing have at least two rooms above the bedroom standard than there are overcrowded households, many social landlords operate successful schemes to free up underoccupied homes. Given the important contribution that tackling underoccupation can make to addressing homelessness and overcrowding, the Mayor has set a target for a two thirds reduction by 2016 in the 64,000 social renting households with two or more bedrooms above the bedroom standard.⁵⁸ The pan-London Seaside and Country Homes Scheme, which the Mayor is committed to expanding, potentially to include younger households, will play a valuable role in helping to achieve this target.

In addition, some boroughs are recognising that they may be able to meet the wider aspirations of overcrowded households on their transfer lists through providing more creative housing options. These include enabling existing tenants

to access more readily available larger private rented homes, often in preferred locations and of property types that may never be available in the social rented sector. Improving access to private rented homes, linked with employment support, could also provide new opportunities for the adult children of existing tenants – potentially alleviating overcrowding and promoting social mobility.

1.3.3 Promoting opportunities

The time is right to look at the changes needed to ensure that the sector better meets the aspirations and improves the life chances of its current and future residents.⁵⁹ Social landlords, and the housing options they can make available to social tenants, can play a powerful role in promoting social mobility, both through offering personalised support services to overcome barriers to employment, and through promoting opportunities for asset ownership that can improve self-esteem and confidence and tackle dependency. Social housing has throughout its history provided a secure platform of stability and affordability from which individuals and families can improve their lives and prosperity. From this base, many social tenants have chosen to move on into home ownership as their personal circumstances have changed and their incomes have risen.

More recently the social sector has become increasingly characterised by lower levels of employment and associated social problems. This is primarily because scarcity has driven a needs-led allocation of social housing. In areas of very high demand, such as London, the impact of this approach has been to limit new entrants to social housing to the neediest, resulting in a disproportionate number of social tenants with characteristics that are likely to disadvantage them in the labour market: low skills, low educational attainment, language barriers, long term illness or disability, being a lone parent or being from an ethnic minority. This concentration of poorer households in social housing risks fuelling further social exclusion, particularly on some estates where there is a risk of stigmatisation, and of creating conditions of insularity and inwardness that foster further disadvantage.

It is clear that the security and subsidised rents offered in the social sector are not delivering the positive impacts on employment levels that might be expected. More must be done to capitalise on what should be ideal conditions for tenants to become active participants in the labour market, even during the current economic downturn, and transform social housing into a tenure of opportunity and aspiration. This

transformation is already happening on some estates and in some areas. Through investment in the buildings and the community, many tenants have been helped to gain the skills and confidence to aspire to and build more successful lives. But the continuing challenge is to focus on policies that support social mobility for all, ensuring that the success of some initiatives, areas and estates is replicated across the tenure and across the capital.

Policy has to respond to the communities it shapes, by using investment in regeneration and new developments to provide for more mixed tenure communities. The aim must be to create economically diverse and sustainable communities, rather than continue the intensification of poverty in segregated areas. In this context, the contribution of allocations policies could be re-examined to assess their potential role for achieving a greater balance and mix of tenants into areas dominated by worklessness.

A personalised approach that focuses on individuals and develops their ambitions is also essential. All social tenants should have the opportunity to receive support to improve their life chances and raise their aspirations, tailored to help them overcome their specific barriers to employment. Aspirations should

be fostered and rewarded through opportunities to acquire housing assets, perhaps in an existing rented home or through the chance to move into low cost home ownership or private housing elsewhere. Equity shares to social housing tenants could also be used to achieve broader policy outcomes, with eligibility potentially linked to engagement with employment and training schemes or the possession of a good tenancy record.

The release of equity shares to tenants could make home ownership possible for social tenants otherwise unable to access housing assets, and could also free up much needed social rented homes. However, it is particularly important to ensure that home ownership is sustainable for such tenants and does not place them in a worse or less secure financial position than they would have been as social tenants.

London's boroughs and housing associations have led the way in developing choice based lettings for social tenants, with almost every borough providing such a scheme and delivering customer choice to social home seekers. For those occupying or seeking social housing, however, opportunities to move across borough boundaries (which are freely available to those seeking market housing)

Housing by numbers

In 1979, social housing tenants made up a **fifth** of the richest ten per cent of the population; by 2004/05 this had fallen to just **one per cent**.

are currently very limited, severely constraining the choices that can be made by people aspiring to move to a new area for employment, social or other reasons.

Tackling worklessness

It is clear that too many people of working age who live in social housing are not in employment. Almost two thirds of all workless households in London live in social housing, and almost half of all working age households in social rented homes are not in employment – compared with 19 per cent of private renters and seven per cent of owner occupiers.⁶⁰ This scale of worklessness lies at the heart of unacceptably high levels of working age and child poverty in this tenure, where two thirds of all children are affected. But this has not always been the case: in 1979, social housing tenants made up a fifth of the richest ten per cent of the population, but by 2004/05 this had fallen to just one per cent.⁶¹ Tackling this scale of worklessness, and the inter-generational poverty of opportunity and aspiration it brings with it, is

essential to the well being of this city and its citizens.

The concentration of worklessness in social housing presents both an opportunity and a challenge, a challenge that is already being responded to by a range of organisations. First, boroughs have a statutory remit to support the economic well being of their communities and many of their statutory functions impact on worklessness. These include their role as a social landlord, as administrators of housing benefits and their new duties to secure sufficient childcare for their residents. They also manage Local Strategic Partnerships and Local Area Agreements, which provide a targeted framework through which public, private and third sector agencies direct resources to tackle localised employment and training issues including childcare, skills and other barriers to work.⁶²

Second, many social landlords – both boroughs and housing associations – play an essential role in helping people back into work by developing and providing a range of services to broaden their current and prospective tenants' opportunities, so that they can expand and fulfil their aspirations.⁶³ This could include, for example, using equity shares as an incentive

for engagement in employment or training. Social landlords are uniquely placed to use their knowledge and experience of local communities, including demographics, needs and barriers to employment, to provide appropriate services. But while many social landlords are already delivering innovative services to help their tenants into training and employment, and are well placed to create services and bid for future funding, others still need to establish partnerships with welfare to work providers and to develop initiatives that will give a holistic service to their tenants.

The integration of such services, and the key contribution social landlords can make, is highlighted by the strategy of the London Skills and Employment Board (LSEB), which is chaired by the Mayor.⁶⁴ Such approaches are also central to the government's housing reform agenda, and are reflected in the housing options trailblazers underway in five London boroughs that have been designed to offer a greater range of advice to people looking for housing.

The Mayor plays a vital role in supporting this work through both the LSEB and through the LDA, his agency responsible for driving London's sustainable economic growth. The LSEB will direct £700 million a year combined Learning

and Skills Council and LDA funding to improve the skills of half a million Londoners. A priority for the LDA is to invest in programmes that tackle barriers to employment, such as the Childcare Affordability Programme, and help to improve and strengthen the skills of the workforce. In achieving this priority, the LDA aims to focus on the hardest to reach who do not engage with mainstream provision. Typically this includes those in social housing, who are particularly at risk of experiencing multiple and severe barriers to employment.⁶⁵ The LDA recognises that the best way to engage these hard to reach groups is through trusted intermediaries, such as social landlords, and funded six housing association pilots in 2008 to tackle worklessness among tenants.

Improving access to home ownership

For some council and housing association tenants, social renting should and could be a step on their housing journey, rather than a final destination. Increased opportunities and support are needed to enable social tenants to take advantage of low cost home ownership. All residents should have the benefit of regular housing options advice as a matter of course, with the aim of doubling by 2016 the number moving into the private or intermediate market.

Housing by numbers

Almost **half** of all working age households in social rented homes are not in employment – compared with **19 per cent** of private renters and seven per cent of owner occupiers.

Owning a home is traditionally one of the primary ways in which people are able to build up assets for their retirement, or to pass on to future generations. Exclusion from home ownership is a major cause of wealth inequality, affecting both current generations and future ones. As shown in section 1.2, first time buyers' ability to enter the housing market is much lower if their family is not able to help with a deposit, often accessed from their own housing equity. Helping social housing tenants to become homeowners, where they can afford to do so, is one way of breaking this cycle of wealth inequality.

A significant number of people in social rented housing aspire to be homeowners in the future. According to the British Social Attitudes Survey, for example, 45 per cent of social housing tenants express a preference for home ownership.⁶⁶ For many social housing tenants, making the move into home ownership could be a realistic prospect. GLA estimates suggest that around 63,000 existing council and housing association

Case study | Housing and Employment Project – Camden

As one of only 12 government-funded enhanced housing options trailblazers, Camden is now building on the success of its overcrowding and estate-based worklessness initiatives to develop an innovative 'Pathways for All' approach.

The new Pathways for All service will work with council tenants to help them overcome housing need and to maximise housing mobility and opportunities in life by improving access to jobs, training and education and helping tenants and their families build confidence and self-esteem. It will address the underlying issues that may be preventing people from getting back to work and generally being more successful, such as low confidence or a lack of skills.

The service will be delivered by an interventionist, proactive Mobility Work and

Lifeskills Team, which will work with tenants and their families in their homes to help them understand and access housing, training and employment options and overcome debt and money management problems.

In its first year the service will target 1,100 tenants and hope to work in depth with 600. New social housing tenants will be one target audience, setting expectations early on that social housing can be part of a journey.

Other groups to be offered the service include overcrowded and underoccupying households, households within households (particularly non-dependent adults still living at home), as well as families who are living in stressful circumstances albeit not necessarily high housing need.



tenants in London earn between £20,000 and £60,000 per year, and are in an age group that could consider taking out a standard 25 year repayment mortgage.⁶⁷

It is also important that the products on offer are genuinely attractive to social housing tenants. For example, the initial and ongoing costs of buying need to be at a level to make home ownership attractive and affordable. There may also be a mismatch between the homes offered through the scheme and tenants' motivations for entering home ownership. Social HomeBuy is commonly offered as an opportunity to buy the property a tenant is currently renting, whereas tenants becoming homeowners are often motivated by the desire to move to a better property or area or a house rather than a flat.⁶⁸

Innovative products are emerging to help social tenants into home ownership, such as the London Borough of Hammersmith and Fulham's Tenant Reward and Purchase Scheme. The scheme rewards tenants with up to ten per cent of the value of their property earned over five years in reward for an exemplary tenant history, which can be realised as a cash sum towards purchasing a home. Helping social housing

tenants to achieve their home ownership ambitions can both benefit these households and provide good value for money for the taxpayer by freeing up much needed homes for social renting. Helping an existing social housing tenant or someone on a housing register into low cost home ownership costs half as much as providing a new social home for rent.⁶⁹ In London, social tenants for whom low cost home ownership is a sustainable option will be given priority for support, including through First Steps.

Increasing opportunities for mobility

Pan-London mobility for social tenants operated successfully in the capital between 1889 and 1986. However, over the last two decades choices for the majority of social home seekers have been constrained by borough boundaries which, in many parts of London, cut across neighbourhoods that people consider their local area. This lack of opportunity for mobility prevents many people in housing need in high demand areas from benefiting from social housing opportunities in those

Housing by numbers

63,000 social tenants in London could potentially afford to buy a home.

areas with the greatest capacity for new homes. It also acts as a barrier to people who need to move to a new area for family reasons and to those who wish to take advantage of employment opportunities across the capital. Housing association tenants have many more opportunities for mobility than those in council homes because their landlords operate across a number of boroughs. In the last five years, just 13 per cent of council tenants who moved to another council home moved across borough boundaries – compared with 27 per cent of those moving within the housing association sector (and 52 per cent of those moving within owner occupation).⁷⁰

Providing access to a proportion of the social housing available, either existing homes that become vacant or new homes, is one way of giving social home seekers in London greater choice and control over where they live. While most people will undoubtedly choose to remain in their local areas, others will want to take up opportunities for homes in new areas, including the chance to move out of the capital through initiatives such as the Seaside and Country Homes Scheme. To help social renters to meet their aspirations to move to new areas, the Mayor is working with the HCA, government and social landlords to make pan-London

mobility a reality by 2011. In addition, he is investing £5 million in the Seaside and Country Homes Scheme.

Enhancing choice for disabled people

Poor use of the social housing stock can impact on particular needs groups with specific housing requirements. For example, there is strong evidence that disabled people in particular are being failed under current arrangements. In 2006/07, only 42 per cent of wheelchair users moving into a housing association home were allocated a wheelchair accessible property, while 70 per cent of lettings of wheelchair accessible homes were to households with no wheelchair user.⁷¹ Despite the increase in tenant choice through the development of choice based lettings (CBL) schemes over recent years, disabled people often remain excluded or unable to fully participate in decisions about their housing.

The London Accessible Housing Register (AHR) will give social landlords the tools to address this by providing standard categories of accessibility for all homes advertised through CBL, to ensure that accessible homes are better matched with the people who need them. Only through such action can this better match be achieved. The AHR will also have the potential to improve the advice and

support available to disabled people, though further work is required on issues such as the transfer of care packages and adaptations, particularly for moves across borough boundaries. Following the completion of two successful pilots – in Tower Hamlets and Kensington and Chelsea – the roll out of the project across London will commence in summer 2009, with Kensington and Chelsea hosting the programme office to deliver this.

Reforming the social rented sector

The current severe shortage of social rented homes, particularly larger homes, brings the issue of tenancy reform into sharp focus. There are questions over whether it is the best use of public resources for tenants to occupy subsidised homes that are larger than their household needs and also whether it is appropriate for people to benefit from subsidised rents when they are financially able to afford higher, or even market level, rents or indeed owner occupation. However, as the Hills review identified, reforms to address either or both of these issues could have negative unintended consequences and may only achieve their intended aims over a relatively long period of time.¹⁵⁸ Nevertheless, there is a debate to be had on whether the social housing offer of a decent home at an affordable rent can be achieved

Housing by numbers

In 2006/7, almost **70 per cent** of London's housing association lettings to wheelchair accessible homes were to households with no wheelchair user. Over the same period, only around **four in ten** lettings to wheelchair users were to wheelchair accessible homes.

in a way that is not tied to a specific home at a given level of rent in perpetuity.

1.4 Improving the private rented sector

Vision

To promote a vibrant and attractive private rented sector to support London's economic vitality.

From vision to policy[†]

1.4.1 Providing more private rented homes

- a More institutional investment in privately renting will be promoted, to improve the image, quality and appeal of the sector.
- b The intermediate rented sector will be significantly expanded.

1.4.2 Improving conditions and management

- a The number of accredited landlords will increase significantly, at least doubling by the end of 2011.

1.4.3 Improving access and support

- a Better information on rent levels will be available, to empower those seeking a home in the private rented sector.
- b Increased use will be made of statutory schemes to protect rent deposits.
- c The private rented sector will play a key role in housing homeless and vulnerable households, where it provides high quality housing management and reasonable security of tenure and support is available where needed.

From policy to action

The Mayor will work with the HCA, London boroughs and other partners to:

- 1.4A direct investment through the Targeted Funding Stream to improve the condition and use of privately rented homes occupied by vulnerable people
- 1.4B increase the supply of intermediate rented homes
- 1.4C increase the number of landlords in the London Landlord Accreditation Scheme
- 1.4D set up the London Rents Map, and raise awareness of Tenancy Deposit Schemes
- 1.4E expand the appropriate use of the private sector as a discharge of duty for homeless households
- 1.4F improve the evidence base on London's private rented sector.

[†] See also sections 2.2 on greening existing homes and 3.1 on housing delivery.

Why we need change

The private rented sector provides a vital and often relatively affordable housing option for Londoners, and is the first choice for most of the thousands of people who move to the capital every year. It plays a crucial role in sustaining the dynamism of the capital's economy, responding to the demands of a changing, flexible and mobile labour market. As the recent review of the sector found, it provides homes for a diverse range of people, including young professionals, students, economic migrants and people in housing need.⁷²

In recent years the private rented sector has grown rapidly in response to the rising costs of home ownership and the shortage of social housing. This growth has been largely driven by buy to let landlords, but current market conditions have brought this activity to a standstill, and repossession of these properties threatens to exacerbate housing need.

Much of the private sector provides well managed, good quality accommodation. However, sub-standard properties and inadequate management remain unwelcome features of a small part of the sector, particularly at the lower end.

The private rented sector will continue to be an essential and

necessary component of London's future housing supply, providing variety and choice to meet a range of housing needs, and deliver options to those who may have in the past limited their aspirations and choice to the social sector.

Given the unique nature of the capital's housing market, housing needs and private rented sector, the Mayor intends to undertake a London specific assessment, building on the national review mentioned above.⁷³ This will establish the particular opportunities and challenges for this vibrant sector, with the aim of enhancing the enormous contribution that it makes to meeting the needs and aspirations of Londoners.

1.4.1 Providing more private rented homes

London's private rented sector has seen a resurgence over the last 15 years, and almost one in five London households now privately rents a home.⁷⁴ This is, in large part, due to the sector's flexibility compared with owner occupation and social renting. It is also often more affordable than

Housing by numbers

Each year, around **one in eight** households in London move home, over half of them into privately rented accommodation.

buying a home. In all boroughs, the average cost of private renting is lower than owner occupation, and while London's house prices have increased in nominal terms by over 100 per cent since 2000, private rents have risen by less than 20 per cent.⁷⁵ Over half of the one in eight households in London that move home each year move into privately rented accommodation.

The rapid growth of the sector has in no small part been due to the activity of buy to let investors. In 2006 an estimated two thirds of all new build property was bought by investors, most being small scale investors.⁷⁶ In this respect, this expansion of the buy to let market is welcome, as it has increased the much needed supply of rental homes, most of which are good quality and well managed.

In the current period of housing market uncertainty, demand for private rented homes is strong and strengthening, as falling house prices and limited mortgage availability cause more people to delay buying a home. On the supply side, however, buy to let activity, particularly among small investors, is collapsing as market conditions become less favourable and debt financing scarce. New buy to let mortgages have fallen sharply in the last year, from 17 per cent of outstanding BTL mortgages in

the third quarter of 2007 to just eight per cent in the third quarter of 2008. At the same time, there has been a doubling of the proportion of buy to let mortgages three months or more in arrears and of repossession of buy to let properties. Rents, which have been remarkably stable over the last ten years, particularly when compared to house prices, are showing clear signs of rising in response to this shifting balance in supply and demand.

Rising rents, falling house prices and a potential glut of unsold new market homes can provide an improved investment opportunity to larger institutions. Greater institutional investment in the supply of private rented homes should be encouraged, as it can bring more professional and less fragmented management, greater stability, high quality standards and, potentially, longer term rental periods. This in turn is likely to improve the image of the sector and increase its appeal to a broader range of potential tenants.

Institutional investors' primary concern is securing a steady and reliable income stream over the long term rather than seeking the capital appreciation that has driven the buy to let market. The private or intermediated rented sector would seem an ideal investment opportunity that is as yet unrealised

for institutions, and opportunities for such investment should be promoted. This could include, for example, build to let developments, which could direct additional long term capital into the industry, incentivise higher quality building and improve ongoing management of the homes provided.

Recent work has explored the policy and practical barriers to institutional investors in housing.⁷⁷ Current market conditions have made some of these barriers harder to overcome, but have also lowered others. For example, the decline in homes being purchased means that more people need to rent privately and that there are increased opportunities for investors or housing associations to buy unsold flats for use as private renting. Lower house prices also improve the rental yields that investors look for, as yields are an expression of the rental income compared to the cost of acquiring the home.

It is notable that across most of the rest of Europe and in North America, it is institutions, not private landlords, that are responsible for the majority of the private rented sector. In these same countries the private rented sector tends to offer greater certainty to both landlord and tenant than in the UK. To enable greater institutional investment in London's new housing, the HCA has launched its Private

Rental Sector Initiative. Investors, such as pension funds, have been invited to submit expressions of interest setting out how they could work with the HCA to develop a long term funding model for new private rented housing. The Mayor would be keen to see any public support for institutional investors delivering not just private rented homes, but also affordable homes to rent.

Providing more intermediate rented homes

Intermediate renting offers homes at rents that are substantially below open market levels and are affordable to households on incomes in the London Plan intermediate income band.⁷⁸ The advantages of intermediate renting are that it can provide professionally managed, good quality homes to those not in a position to commit to, or afford, alternatives such as full or low cost home ownership. To date, intermediate renting has generally been targeted at public sector workers – often those working in England for a limited period – but there is a case for it to be more widely available.

‘I want to help the private tenants who live in London.’



One group that could benefit from the flexibility and lower rents offered by the intermediate sector is key workers at the outset of their career, eg junior doctors and trainee teachers. For some of these groups, housing options have reduced significantly in recent years. For example, trainee doctors are no longer eligible for halls of residence and the numbers of homes provided directly by employers, eg for nurses and police officers, have reduced dramatically. At this stage in their lives these groups are unlikely to aspire to, or be able to afford, owner occupation and in the short term may have incomes and debts at a level that makes private renting prohibitively expensive. While intermediate ownership will be a good option for some at a later stage, others will, within a few years, be able to afford to buy on the open market.

Most intermediate renting has been through housing associations and other Housing Corporation investment partners. Current market conditions offer opportunities to substantially expand this small but growing sector. Developers with unsold new market homes may want to take advantage of housing associations' expertise to manage these properties in the short to medium term, and build to let models could be developed as a form of

housing supply that does not rely on outright purchase at the outset.

Similarly, there could be advantages for the housing association sector in considering intermediate rent. When mortgage constraints and concerns about falling values impact on the demand for low cost home ownership, housing associations could opt instead to offer properties for intermediate renting, at least in the short to medium term. Such an approach has led to the development of rent to buy products, that have responded to the offer of a fixed period of intermediate renting followed by an option for the tenants to purchase a share of the property.

1.4.2 Improving conditions and management

Conditions tend to be worse in the private rented sector than in other tenures: nationally, 41 per cent of all privately rented homes are non-decent, compared with 27 per cent of homes across all tenures. Furthermore, almost half of vulnerable households in the private rented sector live in non-decent housing, compared to a third of vulnerable owner occupiers.⁷⁹ It is important to focus public intervention and resources at this lower end, especially given the concentration of vulnerable households it accommodates. The challenge is to

ensure uniformly high levels of quality and management across the sector and across the capital.

Poor quality – both in management and property standards – can have serious consequences for both the health and well being and the safety and security of individuals and communities. Poor quality accommodation can endanger tenants, create or worsen health problems and also have a financial impact on tenants, for example in terms of fuel poverty. Poor management, particularly in large flatted developments, can lead to problems such as anti-social behaviour and community fragmentation. These problems are more likely where landlords are inexperienced, under-resourced or negligent. Many buy to let landlords in particular are unable to offer the standard of professional management the sector requires.

London's boroughs lead efforts to tackle poor standards and are responsible for taking action where standards fall below those set out by legislation. Enforcing and implementing legislation (eg HMO licensing and the Housing Health and Safety Rating System), as well as promoting landlord accreditation, is a demanding and resource intensive challenge for the boroughs. Many

provide an exemplary service, and it is important that the good practice of some boroughs becomes common practice for all, right across the capital. Boroughs led the development of the London Landlord Accreditation Scheme. This focuses on improving the quality of landlords' management, providing them with information, training and professional development in order that they provide their tenants with a good standard of management, and safe, environmentally sustainable and high quality accommodation. Such schemes are essential and it is important they are used across London. However, it is also important that this work is backed up by capital investment to improve standards and regenerate areas where lower end private rented accommodation is concentrated.

1.4.3 Improving access and support

Though private renting is more affordable than buying, rents are still prohibitively high for many Londoners in some parts of the capital. While the average monthly rent across London as a whole is estimated at £1,265, average rents range from £823 in the cheapest borough to £1,668 in the most expensive.⁸⁰ For a city with a highly mobile population, it is essential that those seeking a home in this sector have the information

to be able to make informed choices appropriate to their requirements and resources. The Mayor's forthcoming London Rents Map will ensure that prospective tenants are provided with this information, improving decision making and potentially raising standards and leading to more competitive rents.

Costs such as deposits and rents in advance can require potential tenants to commit significant resources up front. Based on average rents, tenants in London can expect to pay an average deposit and rent in advance of £2,530 – more than Londoners' average monthly salary of £2,398.⁸¹ For those moving between rented properties, the speedy return of monies paid in advance is vital to ensuring access to and continuation of housing. This is particularly important given the high level of mobility among private renters – with half of privately renting households headed by someone aged under 35 moving at least once a year.⁸² For some tenants, disputes with their landlords over the return of all or part of their deposit cause long delays, and trap much needed (but disputed) funds. The introduction of Tenancy Deposit Schemes, mandatory since April 2007 for all new assured shorthold tenancies, offers protection against landlords who may previously have sought to withhold deposits

without good reason. The efficient operation and take up of these schemes is essential to maintain an effective private rented sector.

Greater use for vulnerable and homeless people

The private rented sector houses a diverse range of Londoners, including vulnerable people, ex-offenders and those who have been homeless.

As part of a range of options the private rented sector can respond to the requirements of these groups, by offering more choice and quicker access than other housing tenures. With the right level of support and safeguards (such as using accredited landlords), these features can make private renting a desirable housing option. Because of the chronic shortage, social housing cannot provide for all – and should not therefore be seen as the automatic route to a home for all people in housing need.

People moving on from supported housing and hostels form one such group for which private renting is often appropriate, and more could be done to ensure that better use is made of this option. Over 40 per cent of the capital's supported housing and hostel residents are estimated to no longer need the support offered in their current accommodation and are ready to move on.⁸³ Blocking this

provision means that valuable support is lost to someone else and that limited financial resources are being spent inappropriately.

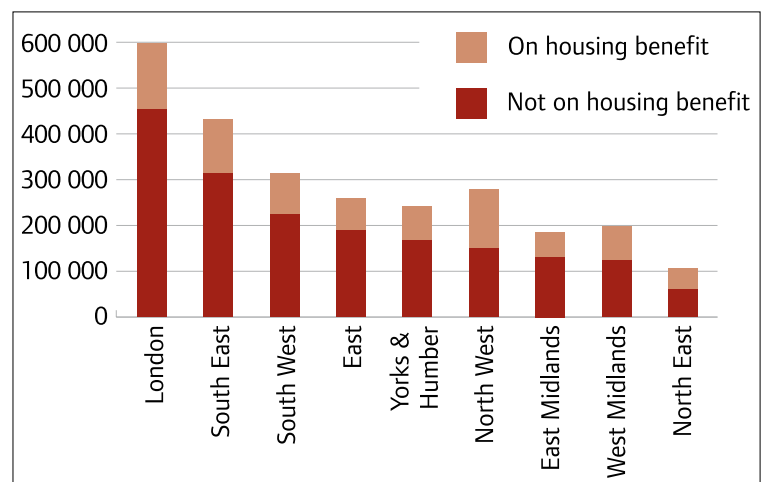
Many boroughs and service providers provide access schemes to help homeless people, ex-offenders and other vulnerable people, such as care leavers and adults with learning disabilities or mental ill health, to find and sustain homes in the private rented sector. Such schemes can offer settled housing, through careful assessment of needs and properties and by offering support that is tailored to the individual and is not inextricably linked to tenure. Investing in such schemes meets needs, is an efficient use of resources and plays a vital role in tackling wider social problems, for example reducing re-offending and preventing rough sleeping.

The private rented sector can also offer good quality accommodation to statutorily homeless households. Where leasing or other arrangements provide such homes on a relatively long term basis, eg five or ten years, they offer settled accommodation, providing levels of stability equal to those experienced by those in the social or owner occupied sector. On this basis, there is a good case for reviewing homelessness legislation in order to recognise that these homes are not temporary, but an opportunity

for homeless people to build stable lives and for boroughs to discharge their duty.

The use of the private rented sector for vulnerable and homeless people has the potential to lessen the increasingly unrealistic demands made on the social rented sector, but it requires a culture change in terms of housing options and expectations, both for individuals and, in some cases, their advisers and support workers. It also needs investment in support services, and careful attention to avoid the risk that, as in some areas of social housing, parts of the private rented sector become concentrated with economically inactive households or those with the highest needs.

Chart 1.4
Private rented sector, by region and housing benefit claims, 2007



Source: GLA, analysis of data from CLG and DWP, 2008



2 Improving homes, transforming neighbourhoods

2.1 Designing better homes

Vision

To promote high quality design in 21st century homes that will match London's rich architectural heritage.

From vision to policy

2.1.1 Improving design quality

- a All new build homes developed with public funding, or as part of schemes that contain affordable homes, will deliver higher quality in line with the forthcoming London Housing Design Guide.
- b The architectural, environmental and aesthetic quality of homes will be a key consideration in housing investment and planning decisions.
- c New publicly funded housing developments will embody Secured by Design principles.
- d New housing developments will achieve the highest standards of accessibility and inclusion, with all homes built to Lifetime Homes standards and at least ten per cent designed to be wheelchair accessible or easily adaptable for residents who are wheelchair users.

2.1.2 Improving the design process

- a Affordable housing providers will play a greater role in the design of affordable housing.
- b Design champions will be appointed by public sector agencies, in line with industry best practice.

From policy to action

The Mayor will work with the HCA, London boroughs and other partners to:

- 2.1A use the standards in the London Housing Design Guide to prioritise housing investment decisions
- 2.1B ensure that the standards set out in the London Housing Design Guide are adopted by housing developers in the delivery of all developments that include affordable housing
- 2.1C encourage private developers to adopt the standards in the London Housing Design Guide
- 2.1D make designing out crime a key priority for planning and housing investment decisions
- 2.1E ensure that future housing management and maintenance are considered during the design process
- 2.1F review and update the Mayor's best practice guidance on accessible and inclusive housing
- 2.1G support industry best practice to appoint design champions
- 2.1H support a design award to promote excellent design of London's 21st century housing, to include the design of sustainable family housing and with a particular emphasis on encouraging architectural excellence.

Why we need change

Increasing the supply of housing in London must go hand in hand with an improvement in design and quality of the homes that are built. High quality homes and neighbourhoods can make a significant contribution to the preservation of London's distinctive and diverse character and its unique heritage. Homes must be well designed, sustainable and attractive. They must provide the accessibility, adaptability and flexibility required for 21st century living, meet the needs of London's diverse population, address the challenges of climate change and help to sustain thriving neighbourhoods.

Attention must also be paid to the quality of the urban realm. This means preserving green spaces and ensuring high quality landscaping, improving

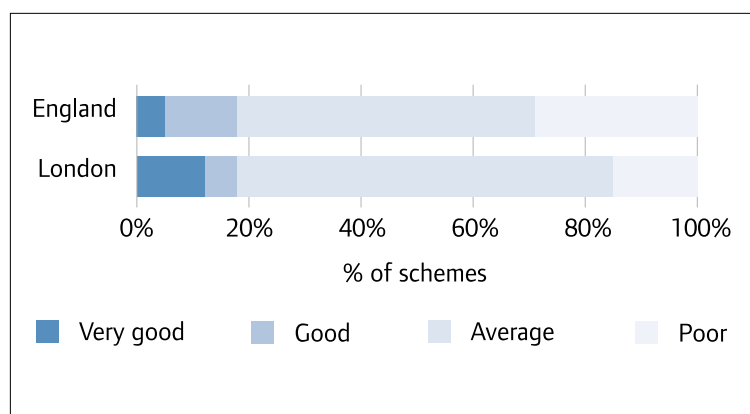
access to open space and play and recreational space for children and young people, designing out crime and creating lifetime neighbourhoods accessible to the whole community.⁸⁴ Ensuring good provision of local public transport, services and amenities must also be a key component of the creation of new lifetime homes and neighbourhoods. The planned scale of housebuilding over the coming years creates new challenges for architects, but it also brings unique opportunities for new housing that will be cherished as attractive, spacious, accessible, safe and green.

2.1.1 Improving design quality

There are many examples of well designed and innovative housing schemes in London, but there are also many that are shamefully poor. A disappointingly small proportion of recently completed housing developments in London has been assessed as being good or very good by CABE, the government's advisory agency on urban design.⁸⁵ This situation clearly needs to be improved.

The forthcoming London Housing Design Guide will consolidate the raft of standards, policies and guidance concerned with the design of new housing in London and set minimum standards in a number of key areas. Covering building design,

Chart 2.1
Design ratings of homes built between 2004 and 2007



Source: CABE, *Housing Audits, 2004 to 2007*

‘I want a London where we respond to population growth with housing which is affordable but distinguished, and which will be admired by future generations.’



urban design and environmental performance, it will include standards and guidance on space, safety and security, acoustic design, daylighting and natural ventilation, and access to private and public open space. It will reflect the social and demographic changes in society that shape new forms of urban living. These will include, in particular, the need for flexible space that requires rooms to take on wider functions, such as home-working, the use of computers and other technological advances; and accessible and adaptable space to accommodate the diverse needs of London's households over their lifetimes.

The Guide will bring together and clarify the required standards that are specific to London, including London Plan policies and HCA standards, thus providing more certainty to the development process.⁸⁶ It will include both essential and preferred standards in a number of key areas including internal space standards, private outdoor amenity space, storage space, floor to ceiling heights, daylight and sunlight, and shared

circulation areas including entrances, corridors, stairs and lifts. At its heart will be the aim of creating a distinctive architecture for London's housing, designing for the 21st century, while ensuring that new developments are appropriate to their context and respect London's architectural heritage. The Guide will celebrate the diversity of housing types in London and provide creative and inspirational responses to the challenges set by the London context. For example, aspects such as daylighting requirements and the subtle relationship between floor to ceiling heights, window size and depth of homes will have an effect on fenestration. The inclusion of individual and interesting features of architectural merit will also be promoted, for example as part of the decoration of entrances to residential buildings.

Though aimed at improving homes provided through public funding, the standards in the Guide will be expected to influence and promote good practice across all sectors of the housebuilding industry.

Density

A key design challenge is the need to build at optimal densities, in order to house London's increasing population within what is a constrained land capacity, while protecting open space. The London Plan contains density guidelines that set a strategic framework for appropriate densities in different locations, aiming to reflect and enhance local character by relating the density of new developments to transport accessibility and capacity and adequate provision of social infrastructure. London's new residential developments are necessarily denser than those in the rest of the country. Completions in London in 2007/08 were at an average density of 121 homes per hectare, compared to between 35 and 49 in other regions.⁸⁷

However, this is still lower than the density of the highly popular Georgian terraces of Islington and Notting Hill, or many successful contemporary European developments – illustrating that higher density housing can be

compatible with attractive design and desirable homes. High density does not simply mean tall buildings, which will be sited in only a limited number of places in London where the existing context can support them.

2.1.2 Improving design standards

Space standards

New homes in the UK are some of the smallest in Europe.⁸⁸ The average size of a newly built home is only 76m² in the UK – compared with 109m² in Germany and 88 m² in Ireland.⁸⁹ Although there are currently space standards for publicly funded new homes, including the HCA HQI range and English Partnerships standards (which in general both exceed Parker Morris standards), some new schemes still produce homes that are too small to accommodate different family activities and provide sufficient storage.⁹⁰ Good space standards are particularly important in higher density housing and in affordable rented housing, which is generally occupied to maximum capacity.

Smaller homes can provide an affordable step onto the housing ladder, particularly for individuals and couples without children, allowing them to trade space against other factors such as location and the advantages of home ownership

Housing by numbers

The average size of a newly built home is only **76m²** in the UK – compared with **109m²** in Germany and **88m²** in Ireland.

Case study | Borneo Sporenburg – City of Amsterdam

Borneo Sporenburg is an innovative and successful housing development on city-owned land in Amsterdam's former dock area. The brief was set by the city authorities to generate new models of higher density inner city development – at 100 homes per hectare – of predominantly low-rise family housing and flats near the city centre.

While all the homes have a common structure and standard floor to ceiling heights (to reduce construction costs), they have been designed by

individual architects to provide variety in style, scale and rhythm, and include a number of self build homes. Each home has a frontage on the dock on one side and the street on the other. The result is a vibrant urban landscape with colourful buildings facing the calm waterfront areas. Safety is enhanced with streets feeling safe and comfortable because of generous windows, and front doors open out onto the public realm. This scheme demonstrates that with careful design family housing can be incorporated into dense urban areas.





‘I think it shameful that new buildings in London have some of the smallest rooms in Europe, and we will be re-establishing the space standards first promoted by the visionary planner Sir Parker Morris in 1961.’

over renting. But to continue to build cramped homes for families is indefensible. Even individual household needs change over time and smaller homes are less adaptable. The London Housing Design Guide will promote housing with good space standards that are capable of meeting Lifetime Homes requirements, offer long term adaptability and flexibility and promote health and well being. Flats below 50m² are unlikely to meet these requirements and smaller compact studios should therefore only be provided where there is a distinct housing need for single person accommodation and where well designed communal areas and amenity spaces are included in the development.

In the affordable sector, improvements will be made through the establishment of the minimum internal space standards set out in the London Housing Design Guide. Overall, space standards need to improve across all tenures, and it is quite possible that current market conditions will increase the premium on quality.

Crime and anti-social behaviour

Crime, anti-social behaviour and the fear of crime affect both the well being of individuals and their ability and willingness to participate fully in London life. Crime leads to neighbourhoods becoming run down, neglected, feared and prone to more serious criminality. It also imposes a huge financial cost on businesses and householders through increased insurance costs, loss of belongings and damaged goods.

Good design, using Secured by Design principles, can avoid the creation of areas where anti-social behaviour, crime and the fear of crime flourish. Estates that embody Secured by Design principles experience a quarter less crime, and residents' fear of crime in these areas is also lower.⁹¹ Designing out crime should not, however, mean creating gated communities, which can serve to divide rather than unite, damaging the cohesion of neighbourhoods and communities.

A consistent approach needs to be taken when designing new housing developments, using common sense

design principles. These include eliminating blind spots for criminal and anti-social activity, promoting informal surveillance of shared space and ensuring entrances are safer and better controlled – alongside other measures such as improved fire safety.⁹² But good design alone is not enough to ensure that our neighbourhoods are safe and successful. Equally vital are high quality management and maintenance, both of which need to be planned for early in the design and build process.

The Mayor has a statutory duty to prevent crime, disorder and anti-social behaviour in London and is working together with boroughs, urban designers and planners, safer neighbourhood teams and the police on these issues.⁹³ This collaboration will promote a comprehensive approach to tackling crime prevention in new housing developments, and must be built into decision making on both housing investment and planning.

Designing for older and disabled people

With an expected increase of around 200,000 older people in London by 2025, there is a need to build much more inclusive and flexible housing and to ensure that the housing market responds effectively

Housing by numbers

Disabled people are **more than twice as likely** as other Londoners to be living in unsuitable housing.

to the needs and aspirations of older and disabled people.⁹⁴ The situation in which disabled people are more than twice as likely to be living in unsuitable housing as other Londoners needs to be addressed.⁹⁵ New affordable and market homes need to be built to be accessible and adaptable to meet changing circumstances over a lifetime, on developments and in communities that are attractive to, and safe for, older and disabled Londoners.⁹⁶ The London Plan requires all new homes in London to be built to Lifetime Homes standards and at least ten per cent to be designed to be wheelchair accessible or easily adaptable for residents who are wheelchair users.

2.1.3 Improving the design process

Much of the best designed affordable housing is developed directly by housing associations. However, up

Housing by numbers

Estates that embody Secured by Design principles experience **a quarter** less crime.

to two thirds of affordable housing over recent years has been delivered with some Section 106 contribution.⁹⁷ But in too many of these new S106 developments, where developers work with housing associations to deliver the affordable housing, the housing association's expertise in design and management is not built into the design process at an early enough stage.⁹⁸ This is likely to have contributed to the development of poor quality and hard to manage homes in the affordable sector. As a result of the downturn in the housing market, developers are likely to be working more closely with housing associations, which may provide opportunities for housing associations to demand higher standards of design from developers.

The London Housing Design Guide will provide guidance on embedding good design throughout the development process, from the initial preparation of the brief to procurement and delivery. The design process can also be strengthened by involving housing associations and other affordable housing providers at the earliest possible stage and increasing the importance given to high quality design in the HCA investment decision making process. Taking forward CABE's proposal for design champions within each borough will

also be key to providing vision and leadership on the design agenda.⁹⁹

Case study | Angela Carter Close, Metropolitan Housing Trust

Angela Carter Close in the borough of Lambeth is an example of a small, high quality and sustainable affordable housing development built on an infill site in Brixton, South London. Owned and managed by Metropolitan Housing Trust, it consists of three flats and nine houses, including large family houses with up to five bedrooms. These homes have all been built to Lifetime Homes standards and two are wheelchair accessible. Secured by Design principles have been used to ensure that the scheme is free of dark, unobserved areas and has appropriate height security fencing and good lighting. There has been a particular emphasis on including features for children on the site, such as large family gardens and a children's play area.

The development has an excellent EcoHomes rating, equivalent to Code for Sustainable Homes level 4, and its wood frames were built off-site from sustainable timber. Other environmental features include cavity wall insulation of recycled newspaper, a sedum roof and, for five of the homes, solar panels. The scheme is conveniently situated, with good transport links, and also has a bike shed for each home.

The exemplary design of this development, by Anne Thorne Architects, has led to its shortlisting for the Constructing Excellence awards and it won the award for small social housing developments at the Inside Housing Sustainable Housing Awards 2008.



2.2 Producing greener homes

Vision

To deliver higher environmental standards for all London's homes and neighbourhoods – in both the new homes we build and our existing homes.

From vision to policy

2.2.1 Greening new homes

- a New housing investment will contribute to reducing London's carbon emissions by at least 60 per cent by 2025.
- b New housing developments will meet the highest standards of sustainable design and construction.
- c All new publicly funded homes will meet at least level 3 of the Code for Sustainable Homes immediately, with many schemes reaching higher levels.
- d All new housing developments will provide low carbon and renewable energy generation, provided on site where this is feasible.

2.2.2 Greening existing homes

- a Social rented homes will be improved so that they are more than 'decent'.
- b By 2016 all occupied homes in London will achieve a SAP rating of at least 40, and should aim for a rating of 65 where the building fabric will allow.
- c Private homeowners will be helped to improve the condition of their homes, with an emphasis on improving environmental performance.

2.2.3 Greening the city

- a Green housing organisations will be promoted and given priority for housing investment.
- b Urban greening – trees, parks, open space and green, brown and cool roofs – in housing developments will be used to improve the quality of neighbourhoods and the environment.
- c Back gardens will be protected as far as strategically possible from new housing development, subject to any permitted development rights.

From policy to action

The Mayor will work with the HCA, London boroughs and other partners to:

- 2.2A direct investment through the Targeted Funding Stream for housing developments that demonstrate an exemplary approach to energy efficiency and tackling climate change, help develop supply chains and new technologies, and share good practice
- 2.2B improve the quality and sustainability of all new housing developments
- 2.2C develop a successor to the Decent Homes standard
- 2.2D support vulnerable households in the private sector to improve their homes to the Decent Homes standard and beyond
- 2.2E develop a pan-London retrofit programme
- 2.2F establish low carbon zones
- 2.2G ensure that Londoners are encouraged to maximise their income and improve the energy efficiency of their homes, to tackle fuel poverty
- 2.2H encourage housing organisations to ingrain environmental sustainability into their businesses and improve the environmental performance of their operations, existing and new homes
- 2.2I protect the environmental benefits of gardens in promoting biodiversity, abating the heat island effect, reducing flood risk and contributing to local character and amenity more effectively.

Why we need change

The capital's 3.2 million homes account for 38 per cent of London's total carbon emissions (excluding aviation) through the energy they consume and, too often, waste.¹⁰⁰ Without intervention this will increase rapidly, driven by the growth in the number of homes and increases in energy consuming household goods. As well as being London's largest single carbon dioxide emitting sector, our housing stock is also exposed to the impacts from inevitable climate change – increased risk of flooding, water scarcity and overheating. But climate change is not the only challenge requiring physical changes to London's housing stock. There are currently 740,000 households in London living in fuel poverty (based on a residual income definition) and, if energy prices continue to rise, this number is likely to increase.¹⁰¹

Now is the time for action – the economic cost of tackling climate change now has been estimated at one per cent of global GDP; acting later will cost between five and ten times as much.¹⁰² Solutions lie in taking action on how new homes are designed, built and managed, retrofitting existing homes, maximising incomes and promoting a greener city. Equally it will not be possible to rise to the challenges of climate change and address other

environmental concerns without tackling the quality and condition of our existing homes.

Considerable progress is already being made. Recent legislation, in particular the Climate Change Act 2008, aimed at creating greener homes and neighbourhoods, is backed by tough targets: a reduction in national carbon emissions of at least 26 per cent by 2020, then 80 per cent by 2050, against a 1990 baseline.¹⁰³ The government has also recently published a draft plan, the Heat and Energy Saving Strategy, which sets out its heat and energy vision to 2020 and beyond, and seeks views on a range of policies helping to reduce the UK's CO₂ emissions from homes and businesses and contribute to the target of obtaining 20 per cent of all EU energy from renewables by 2020.¹⁰⁴

The Mayor's new responsibilities to produce a climate change mitigation and energy strategy and a climate change adaptation strategy for London provide the framework for action in the capital. The Mayor has set an ambitious target of a 60 per cent reduction in carbon emissions by 2025, based on the latest climate science, but recognises that achieving this is dependent on additional action by central government. He has also set a target to decentralise 25 per cent of the capital's energy supply by 2025.

2.1.1 Greening new homes

New housing can make a significant contribution to tackling climate change and to improving the environment. New homes also need to be located, designed and constructed for the climate they will experience over their lifetime and the challenges that the increased risks of floods, water scarcity and overheating (the 2003 heatwave caused 600 deaths in London) will bring.¹⁰⁵ They can also be designed to reduce exposure to air pollution, through better ventilation and layout.

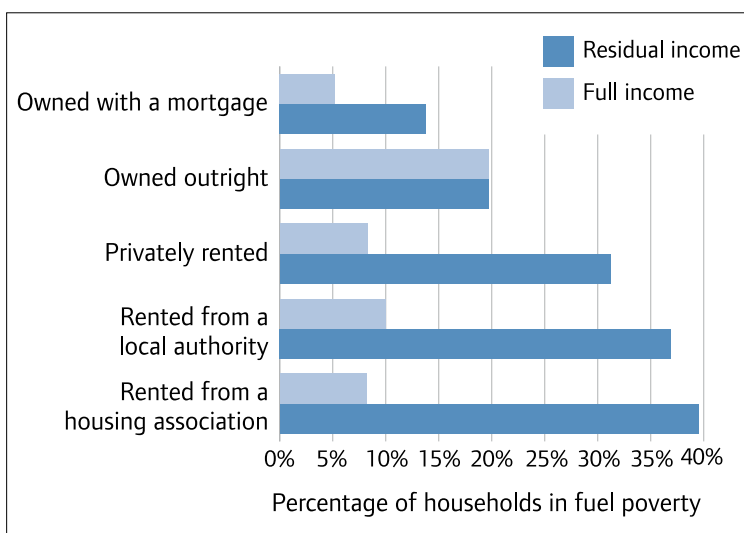
This can be achieved by requiring sustainable design and construction, while also respecting the existing character of neighbourhoods. The London Plan requires all new developments to make the fullest contribution to the mitigation of and adaptation to climate change, to minimise emissions of carbon dioxide and promote better environmental practice. The Mayor's London Plan Supplementary Planning Guidance on sustainable design and construction (currently being revised) supports these aims.¹⁰⁶ The Mayor will also work with partners to meet the objectives and policies set out in his strategies on waste management, air quality, energy, biodiversity and ambient noise that will reduce the environmental impact of new homes.

Housing by numbers

The economic cost of tackling climate change now has been estimated at **one per cent** of global GDP. If we act later, it will cost between **five** and **ten times** as much.

All new publicly funded homes are subject to minimum standards, set out in the government's Code for Sustainable Homes (CSH), for overall sustainability performance, including energy and water use. The Code uses a 1 to 6 star rating system, with homes meeting level 6 being zero carbon and displaying very high levels of sustainability in other aspects including water efficiency. It became mandatory on 1 May 2008

Chart 2.2
Fuel poverty in London by tenure and income definition, 2008



Source: GLA, *Fuel Poverty in London, 2008*



‘We need to concentrate efforts to slash carbon emissions and become more energy efficient in order to prevent dangerous climate change. But we also need to prepare for how our climate is expected to change in the future.’

for all new homes built to be issued with a CSH rating: from 2010 all new homes will be expected to meet an energy efficiency requirement of level 3 and from 2016 all new homes will be expected to be zero carbon.¹⁰⁷ As a first step, the HCA has adopted a minimum requirement of level 3 for all affordable homes funded in London between 2008 and 2011.¹⁰⁸

In London, there are opportunities to go further. Priority is already being given to funding homes that exceed level 3; and additional resources, through the Mayor’s Targeted Funding Stream, are supporting exemplary schemes that reach levels 5 or 6. This additional funding, which recognises the barriers that housing developers face in meeting the higher levels of the Code, is intended to encourage the development of the new technologies and supply chains needed to achieve zero carbon residential development in London.

Through economies of scale, larger developments offer increased opportunities for producing low carbon homes, in particular through decentralised energy. At relatively little extra cost, they can offer connections to Combined Cooling Heat and Power or Combined Heat and Power networks, enabling them to reach level 4 of the CSH. Heating and cooling networks can also incorporate the use of renewable sources of energy. A further valuable contribution can be made through the provision of appropriate on-site renewable energy generation. Some boroughs are already setting high standards for renewable and low carbon energy generation in new developments.

2.2.2 Greening existing homes

The homes that are with us today will represent roughly two thirds of the homes that will still be with us in 2050: new homes account for less than one per cent of the housing stock in any given year. Therefore, the 60 per cent carbon reduction target cannot possibly be met without a major programme of retrofitting this stock. London’s homes, on average,

Housing by numbers

The 2003 heatwave caused the deaths of **600** Londoners.

Case study | Bourbon Lane – Octavia

Built on a previously contaminated brownfield site, the scheme – located in Hammersmith and Fulham – provides 78 affordable homes for families and key workers: 45 for rent and 33 for shared ownership. It is located between a retail development and traditional terraced housing. A competition for developing best practice in the design of affordable housing resulted in the design for this development.

Bourbon Lane contains public mews areas, and every home has a private garden, roof garden or balcony. All properties are clad in

timber from a sustainable source. The scheme is designed to be energy efficient, including a Combined Heat and Power plant to generate electricity on site which provides space heating and hot water for each of the homes.

Bourbon Lane has won numerous awards. These include the prestigious Housing Design Awards, which are sponsored by the government and showcase strong designs that can successfully re-invigorate and regenerate neighbourhoods and provide good quality homes to the highest environmental standards.



have higher Standard Assessment Procedure (SAP) rating than homes in the rest of the country (53 against 51), indicating that they are more energy efficient. However, this is in large part because London has more flats than elsewhere. These averages therefore mask the homes that are still very energy inefficient, and action must be taken to retrofit them accordingly. Retrofitting is equally important for ensuring that homes are able to cope with the challenges brought about by hotter summers, increased water scarcity and more extreme weather events such as flooding. One of the additional benefits of retrofitting is the improvement in water efficiency, which enables households to reduce their fuel use and, as a consequence, reduces both carbon emissions and their utility bills.

London's homes pose particular retrofitting challenges since there is a higher proportion of 'hard to treat' homes in the capital than in other regions, mainly because of the higher proportion of flats and

houses in London with solid walls.¹⁰⁹ Existing retrofit schemes (Warm Zones, Coldbusters and Warmth and Comfort) are delivering well but need significant expansion. At the present rate, they will only have sufficiently treated an estimated half a million of the 3.1 million homes in London by 2012.¹¹⁰ The government plans to target seven million homes nationally for an energy upgrade over the next ten years and will expect every single home to be 'greened' by 2030.¹¹¹

In recognition of the need to move away from isolated, flagship demonstration projects, towards mainstreaming and retrofitting entire neighbourhoods, the Mayor is working with the London Collaborative and London Councils to bring together a cross-tenure Londonwide homes retrofit programme – a key initiative for delivering CO₂ reductions. In current housing market conditions, there is a strong case for increasing spending on energy efficiency retrofit measures as a way of creating jobs and supporting London's construction



'We have rightly set ourselves tough challenges to protect and improve London's environment now and in the future. I want to see that all Londoners are incentivised and encouraged to play their part in doing this.'

industry. The scheme could deliver simple retrofit measures to 1.8 million homes by 2015 with savings of 1.3 to 2.1 million tonnes of CO₂ each year once completed.¹¹² It would build on existing programmes and funding such as Warm Front, the Carbon Emissions Reduction Target and the Targeted Funding Stream, and bring more resources for retrofitting into London.

Alongside this, the Mayor will develop Low Carbon Zones, showcasing how entire areas can be retrofitted to minimise carbon emissions. Retrofitting existing stock can also help to offset the environmental impacts of new development, working towards the concept of environmental neutrality.

It is encouraging that substantial numbers of Londoners are becoming aware of environmental issues in relation to their homes, and the potential link between lower carbon emissions, better insulated homes and lower fuel bills. For example, a recent GLA survey shows that 31 per cent of Londoners know that they can help protect the environment by insulating their home and 37 per cent recognise that this also saves them money on their energy bills.¹¹³ However, there is still a pressing need to provide more information and advice to Londoners about ways in which they can reduce their carbon emissions through

Housing by numbers

Nearly **a third** of Londoners are aware that insulating their home can help protect the environment and **37 per cent** recognise that this would also save them money on their energy bills.

changed behaviour and taking simple energy efficiency measures in their homes.

It is anticipated that 95 per cent of local authority homes in London will have been improved by 2010 when the Decent Homes programme draws to a close. This programme has made much needed improvements to the quality of London's social rented homes and it is important that the government's current review of housing finance for the next spending review enables London boroughs to maintain these homes to good standards beyond 2010.

However, as welcome as it was, the Decent Homes standard set very low standards for energy efficiency and did not address Londoners' aspirations to live in homes and neighbourhoods that are not just 'decent' but are also safe, accessible, green and better adapted to future climate impacts. The GLA is working with boroughs and other partners to develop a successor standard to Decent Homes that will deliver

these wider aims while providing local flexibility to respond to other concerns. Upgrading of existing district heating networks and converting to Combined Heat and Power where possible is another key way of improving energy efficiency on London's housing estates.

A significant number of homes in the private sector, many of which are occupied by vulnerable households, are very energy inefficient. A lack of awareness of available measures, and the complexity of and time involved in pursuing these, can act as a disincentive to households taking action. People need appropriate support through the process of arranging for an audit of their home, choosing the right financial product and arranging for works to be done. Boroughs and home improvement agencies can help to facilitate this process.

For many homeowners, finance is the main barrier to making adaptive and environmental improvements. Boroughs, sub-regional partnerships and home improvement agencies often help vulnerable households to access the public resources to which they are entitled. These include income-related benefits, Disabled Facilities Grants and energy efficiency measures through the Carbon Emissions Reductions

Target and Warm Front and the new Community Energy Savings Programme to be introduced in Autumn 2009.¹¹⁴ However, services vary greatly and some households need more assistance than others to access these opportunities. In general there needs to be greater awareness of where impartial advice and help can be sourced. There is also wealth locked away within many homes that could be released to fund physical improvements, although there are fewer opportunities for this in the current market. Maximising the take up of equity-based loans will help to improve private homes comprehensively in the context of shrinking public resources; but despite equity-based loan products being widely available, take up has been uneven. What is needed is a range of products and support services that caters to the varying needs of able-to-pay and vulnerable households, and greater clarity over their costs and implications.¹¹⁵

A variety of mechanisms need to be explored to incentivise green improvements, including the removal of disincentives to green behaviour, such as Council Tax discounts on empty properties and the high level of VAT on refurbishment, which is now starting to be addressed through the removal by European finance ministers of obstacles

to cutting VAT (potentially to 5 per cent).¹¹⁶ Having the correct mechanisms and incentives in place to enable landlords and households to behave in green ways will be crucial to achieving greener neighbourhoods.

For the poorest quality homes, particularly in the private sector, boroughs have the key role in ensuring improvements through their duty to ensure that all homes comply with the Housing Health and Safety Ratings System (HHSRS), the statutory minimum standard for fitness. Fully implementing the HHSRS will remove, or at least reduce, the most serious health and safety risks within homes, whatever their tenure. It will also fulfil one of the requirements of the Decent Homes standard and help to identify properties where more extensive work is needed in order to increase energy efficiency, accessibility and comfort for occupiers. The GLA is working with boroughs and other partners to improve the referral process to boroughs under the HHSRS for private landlords who refuse permission for improvement works to remedy Category 1 hazards. There is also a need to provide incentives for private sector landlords to improve the energy efficiency of their homes. All landlords are legally required to provide energy

performance certificates to their tenants and there is recent research suggesting that a home's energy efficiency and estimates of future energy bills are becoming increasingly important for tenants.¹¹⁷ There is also a tax break (the Landlords Energy Saving Allowance) available to private landlords for the installation of energy efficiency measures up to £1,500, but take up of this to date has been very low.

2.2.3 Greening the city

Greener ways of living, through changed behaviour, green skills training and environmentally sustainable design and construction, need to be promoted. This means that housing organisations need to think about their businesses differently, not just by providing greener homes but also by becoming greener landlords and leading by example. All organisations that receive public sector funding should be demonstrating exemplary standards by using a corporate organisational environmental sustainability framework, such as the Sustainable Homes Index For Tomorrow, which is endorsed by the Mayor, or another recognised framework.¹¹⁸

The National Indicator (NI185) also provides a measure for the total CO₂ reductions from local authority operations, and many boroughs and

Housing by numbers

Greening around **a third** of the **10 million m²** of roof space in just four areas of central London could store enough water to fill **35** Olympic swimming pools.

housing associations are already taking steps to review their energy efficiency and to work up ways of measuring this. Also, green skills training needs to be provided for staff and residents. Some housing providers have already started to become greener as organisations, for example by lending residents energy saving meters and by training frontline staff to become accredited energy advisers.¹¹⁹

New and existing housing developments need improved facilities for waste collection and recycling, reductions in car use, and design that encourages pedestrians and cyclists. European and government policy and directives require substantial reductions in the use of landfill and increases in recycling and composting, and the London Plan includes a commitment to ensure that 85 per cent of London's waste is managed in London by 2020. All new developments must therefore provide adequate space for recycling facilities. Furthermore, reliance on cars can be reduced by supporting cycling, walking and the use of public transport, and considerable guidance is available to

support these policies.¹²⁰ The London Plan also sets out a parking strategy, which seeks to ensure that the on-site car parking on new developments is at the minimum necessary and does not undermine the use of more sustainable forms of travel.

Urban greening – trees, living roofs and walls, and gardens – improves the quality of the environment and London's ability to mitigate and adapt to climate change. It can provide more access to open space, reduce building energy demand, promote sustainable urban drainage, reduce surface water flood risk and enhance biodiversity.¹²¹ In recent years, London has lost a significant number of domestic gardens to housing development and in 2006 alone 1,113 new homes were built on garden land.¹²² This loss of back gardens needs to be addressed through measures to protect them from residential development.¹²³ In addition, where feasible, new housing developments should incorporate living roofs and walls. The environmental benefits of doing this are substantial: for example, it has been estimated that greening around a third of the 10 million m² of roof space in just four areas of central London (the City of London and parts of Hackney, Tower Hamlets and the West End) could store enough water to fill 35 Olympic swimming pools.¹⁵⁹

London's magnificent trees, parks and open spaces are a defining feature of the city and are key to the capital's quality of life. More trees will be planted on new and existing housing estates and the Mayor has pledged to plant 10,000 street trees by the end of his first term in office.¹²⁴ He has also made a commitment to invest £6 million to improve the quality and safety of London's parks. More green spaces, including areas of land around residential development, will provide Londoners with refuges from the stresses and strains of high density urban living, improving quality of life, well being and health and resilience to the impacts of climate change.

2.3 Revitalising homes and communities

Vision

To promote successful, strong and mixed communities in which people are proud to live. To deliver and maintain a reduction in the number of long term empty and derelict buildings – transforming these into homes for Londoners.

From vision to policy

2.3.1 Targeting regeneration

- a Funding for physical regeneration will be more effectively targeted at those estates and areas that need it most.
- b Estate regeneration will continue through the housing market downturn and beyond.
- c Housing regeneration will be aligned with complementary social and economic initiatives.
- d Physical improvements will be designed to deter criminal activities and will be sustainably managed and maintained over the long term.
- e Physical improvements will be designed to improve accessibility and inclusion.

2.3.2 Delivering regeneration

- a Regeneration programmes will be designed in partnership with existing communities and will give full consideration to the impact of regeneration activity on equalities target groups.
- b Regeneration initiatives will be planned and delivered through local partnerships, with all agencies being clear about their respective roles and responsibilities.
- c The current one-size-fits-all approach will be replaced by approaches tailored to the specific issues faced by particular schemes and localities.

2.3.3 Reducing the number of empty homes

- a No more than one per cent of homes should stand empty and unused for over six months.
- b Long term empty homes, derelict empty homes and listed buildings at risk should be brought back into residential use.
- c Better information should be available to help target action to tackle abandoned and derelict homes.
- d There should be no financial incentives to leaving homes empty.

From policy to action

The Mayor will work with the HCA, London boroughs and other partners to:

- 2.3A develop common criteria for investment in regeneration and the outcomes to be achieved
- 2.3B target investment towards stalled regeneration schemes that are ready to be built out, including £77 million from the Targeted Funding Stream and an initial £109 million from the HCA's Kick Start Programme
- 2.3C develop new investment and business models to drive forward area and estate regeneration
- 2.3D ensure that transport, social infrastructure and housing investment are aligned to achieve desired outcomes
- 2.3E ensure that all regeneration schemes seeking public investment promote resident engagement and support for proposals, consideration of the impact of schemes on equalities target groups and long term sustainability
- 2.3F explore innovative approaches to long term community ownership in regeneration schemes, such as Community Land Trusts
- 2.3G direct investment through the Targeted Funding Stream to bring empty homes back into use
- 2.3H undertake an audit of long term empty homes
- 2.3I remove Council Tax discounts on long term empty homes.

Why we need change

London is a diverse city, incorporating some of the most affluent neighbourhoods in the UK, as well as some of the most deprived, with four of the country's ten most deprived local authorities.¹²⁵ While many Londoners have shared in the capital's economic success and the opportunities this affords, others have not. As a period of economic uncertainty ensues, London is characterised by concentrated areas of deprivation, often with high levels of social rented housing, living cheek by jowl with wealthy areas. In 2001, 50 per cent of London's social housing was concentrated in 25 per cent of its council wards while, in contrast, 25 per cent of its wards contained only five per cent social housing. This concentration has been further compounded with new social housing often built in areas with already high levels of social housing. Evidence shows that in the ten per cent of London wards with the greatest concentrations of social housing, 15 times as many new social rented homes were built over 2004-07 as were built in the ten per cent of wards with the lowest concentrations of social rented housing.¹²⁶

The decline in the overall proportion of homes in London that are social rented housing – from 35 per cent in 1981 to 26 per cent in 2001

– has further compounded the concentration and residualisation of social housing on larger estates, with the homes allocated primarily to the most disadvantaged.¹²⁷ In some cases, the outcome has been to create areas perceived as unattractive to those in work with a choice of where to live, seen as unprofitable by the shops and services that make neighbourhoods attractive, and considered unviable by the businesses that could provide local jobs. Some are blighted by very poor quality and unpopular housing, with convoluted layouts that are inaccessible, particularly for disabled people and children, and are threatening as they can provide places for criminal activities.

Together with high levels of crime and anti-social behaviour, poor educational standards, child poverty and high levels of mental and physical health problems, these factors present a challenge that goes far beyond just improving homes. It is essential that this challenge is met – and that our capital city's existing homes and neighbourhoods are made fit for purpose and are not overlooked as efforts are made to build a city that can accommodate growth. Communities where deprivation is entrenched need to be reconnected with opportunities for an improved quality of life. Intervention is required to reverse

physical, economic and social decline in areas where market forces will not intervene unaided. In housing terms this means transforming difficult and unattractive residential areas into attractive, well connected, accessible and safe places for Londoners to live and creating a better mix of tenure. This will improve the quality of life experienced by residents and also attract the mix of households and private investment necessary to revive ailing areas.

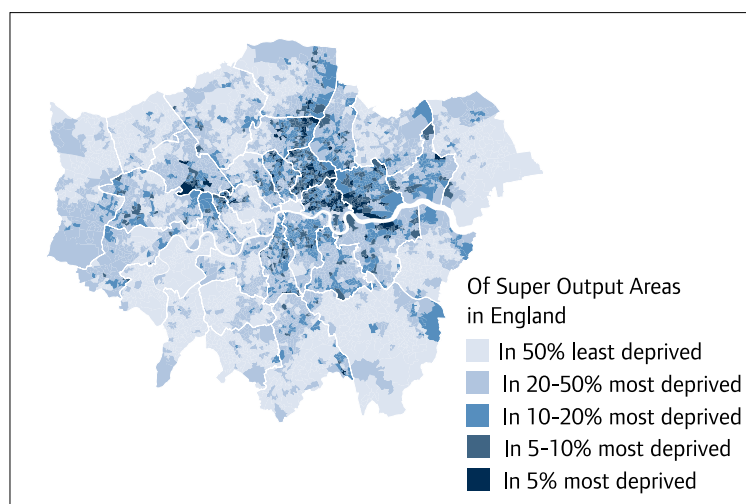
Another key challenge in the revitalisation of communities is bringing empty homes back to use. There are currently 82,000 empty homes in London – 2.5 per cent of the total housing stock. Almost 17,000 of these homes are owned by boroughs, housing associations and other public sector bodies, while 66,000 are in the private sector.¹²⁸ While this remains unacceptably high, the number of empty homes in the capital is at its lowest since the 1970s. As a proportion of the housing stock it remains below the national average of 3.1 per cent.

It was largely the significant rise in house prices between 1997 and 2007 that drove the reduction in the number of empty homes during that period. Higher demand drove down the number of empty homes as it made it economically viable to

bring them back into use. It will be a significant challenge to maintain the current level of empty homes in a market downturn, and very stretching to reduce it further. During the housing market downturn of the early 1990s the number of empty homes soared, increasing by over 30,000.

Properties are empty for a variety of reasons. In the short term, these are mostly related to the natural functioning of the housing market, with properties vacant awaiting sale or under offer, or being refurbished prior to occupation. Such properties are re-occupied relatively quickly, generally without the need for public intervention to bring them back into use. More than half the properties standing empty at any one time are this type of short term empty housing

Map 2.3
Deprivation in London, 2007



Source: GLA, *Focus on London*, 2008

Housing by numbers

An empty property can devalue neighbouring properties by as much as **18 per cent**.

A fifth of those living near an empty home believe that the empty home attracts crime.

and will be brought back into use within six months.

More problematic are the 35,000 (1.1 per cent) of London's private and public sector homes that have been empty for more than six months.¹²⁹ In the private sector, there are a number of reasons why properties are left empty. These include being caught in protracted legal disputes, being abandoned or derelict, or the owner not intending to or having insufficient incentive or resources to bring the property back into use. Returning such properties to use is challenging and expensive, often requiring enforcement action or significant investment to make them habitable.

2.3.1 Targeting regeneration

A strategic and targeted approach to investing in estate and area renewal is required to ensure that resources are invested where they are needed most, and to greatest effect. The causes of area decline can be complex, will be specific to an area, and will often not be reversed by physical regeneration

alone. Too often regeneration initiatives have failed to address the interlinked issues of poor quality local housing conditions and environments, worklessness, a poor economic base and the poor provision of public services.¹³⁰ They have thus failed to link physical improvements with wider interventions on jobs, learning and skills, crime prevention and health. This has inevitably resulted in interventions that do not fully address the causes of decline, and are unsustainable over the long term – improving the bricks and mortar but leaving the communities untouched.

Delivering through challenging market conditions

Current market conditions have had a destabilising effect on many regeneration schemes. Most are reliant, to varying degrees, on cross-subsidy from the sale of market housing and low cost home ownership. Dramatic falls in the level of sales and prices of new homes have left many schemes stalled and unable to proceed as planned, with significant gaps in funding.

The Mayor recognises the crucial role that public investment has to play and is working with the HCA to meet these challenges. £77 million from the Targeted Funding Stream will be made available to regeneration schemes, which are ready to be

built out to completion but have stalled and cannot proceed without the right injection of investment. In alignment with this intervention the HCA is launching a Kick Start Programme, investing an initial £109 million into stalled estate regeneration schemes and other strategic development schemes in London. The Mayor is working with the HCA and his other investment partners to support and develop business and investment models, which are less reliant on cross-subsidy through the sale of new homes, and more sustainable in the longer term.

In order to deliver successful regeneration in the current market, all the agencies involved in regeneration will need to co-ordinate their efforts. The HCA, bringing together housing and regeneration funding and responsibilities, and working with the LDA, provides an effective vehicle for this joined up approach. The agency is enabling regeneration activity to be aligned with wider public investment and is facilitating unlocking the potential of sites and connecting them to their surrounding areas. As Chair of the London Board of the HCA, the Mayor is now providing the strategic oversight to link housing investment with investment in transport, economic development, adult learning and skills and health inequalities.

Enabling mixed communities

Regeneration often takes place in areas where there is a failure to retain or attract residents with housing choice. This means that by its very nature it is concerned not only with existing residents, but also with the needs and aspirations of new residents that might be attracted to an area. Providing opportunities for low cost home ownership in areas dominated by social rented homes can attract low to middle income employed households to an area, contributing to the creation of a strong community, and can also enable local residents to attain an asset. Together with the provision of new market housing, this mixing of tenures is an essential step in creating more mixed communities across the capital. The aim of creating more mixed and sustainable communities also requires a more stringent local focus on the location of new social rented homes, to ensure that new social homes are not built predominantly in areas where concentrations already exist, but are incorporated into sustainable mixed

Housing by numbers

Between 2004 and 2007, **15 times** more new social rented homes were built in the **ten per cent** of London wards with the greatest concentrations of social housing than were built in the ten per cent of wards with the least.

tenure developments across the capital.

It is essential, at a local level, to understand the scale and nature of housing need and aspiration within existing estates and their surrounding areas, and the potential within an estate or area to meet that need. Where estates have the potential for densification, a mixed tenure approach has also provided regeneration schemes with the opportunity to cross-subsidise improvements to existing homes. However, in the face of the housing market downturn an over reliance on cross-subsidy is threatening the sustainability of many schemes (as explained further below) and ways must be found of meeting these new challenges. Additionally, densification must not be at the expense of the provision of green or play space or of necessary community services and infrastructure. In some circumstances, incorporating adjoining spaces can add value to a regeneration scheme.

Designing safe and attractive neighbourhoods

Regenerating estates and areas provides an opportunity to really improve the lives of residents living in difficult and unattractive locations, creating a sense of belonging, ownership and inclusion. Remodelling of estates and areas must be done in

accordance with the design principles that will be set out in the forthcoming London Housing Design Guide, taking account of local surroundings and the scope to design out unpopular and unsuccessful buildings. Ensuring that the built form deters criminal opportunism and provides residents with an increased sense of security should be prioritised in design briefs. The London Housing Design Guide will offer guidance on how this can be achieved without compromising the attractiveness or openness of an area.

2.3.2 Delivering regeneration

Engaging and empowering residents

Engaging with residents is essential to understanding the aspirations of local communities and designing regeneration schemes that have the support of existing communities – and benefit from their knowledge. This is particularly important in ensuring that plans do not overlook the needs of excluded groups. For example, engaging with local access groups and disabled residents can ensure that barriers to inclusion are identified and removed. The process of consultation and involvement can empower residents, and regeneration activity in and of itself can provide opportunities to build capacity among residents that can lead to later employment.

Case study | HOPE VI, USA

HOPE VI (Housing Opportunities for People Everywhere) is a large scale programme of public private partnerships in the USA, which was launched with the aim of improving social and economic outcomes by breaking up concentrations of poverty. Targeted areas of concentrated deprivation are demolished in their entirety and rebuilt as high quality, well managed mixed income, mixed tenure communities. Residents who do not wish to return to the housing development are given housing vouchers to move to other areas, with around a quarter choosing to return on average. Around 100,000 homes have so far been demolished or designated for demolition

under the programme, with 50,000 homes built and 45,000 in the pipeline.

Under the scheme, housing authorities lever in significant private investment (\$1.85 for every \$1 of public funding) to raise debt finance. The offer of tax credits towards the development of affordable housing and returns from the sale of private and intermediate homes provide incentives for private investors. This programme has enabled public private partnerships to deliver on a large scale and has brought substantial economic and social benefits to deprived areas by effectively dispersing concentrated poverty.



Community empowerment is important in creating strong communities that have the confidence to work with partners to jointly tackle issues that affect residents, from anti-social behaviour to crime. London scores lowest of all English regions on measurements of neighbourliness – 12 per cent of Londoners do not know any of their neighbours at all (double the national rate) and four in ten do not feel that their neighbourhood is a place where ‘people look out for each other’.¹³¹ Research has shown that communities that score well in levels of social cohesion are more likely to report crime to authorities and that greater community engagement can reduce crime, the fear of crime and anti-social behaviour.^{132 133} Clearly, these problems will not be solved by physical and economic revival alone. These measures must be supported by action aimed at bringing broken communities back together again.

Efforts must be made to create neighbourhoods where all residents feel that they belong to a community, regardless of their tenure, and where

unacceptable behaviour will not go unnoticed. An important part of this will be reconnecting neighbours with each other through joint activities, or an increased and co-operative role in managing their own areas.

Regeneration also offers the opportunity to pass ownership and control of local assets, such as housing estates, to communities. A number of flexible community ownership models can facilitate this. In the conventional Community Land Trust (CLT) model, for example, a third of the board are CLT residents. The result is a directly accountable model of governance that empowers residents. CLTs also offer the means by which communities can share in the growth and uplift in land values that accompany regeneration, tenure diversification and better connection with surrounding areas. These can be used to provide community benefits such as permanently affordable housing (see section 3.1 on housing delivery).

Reconnecting isolated communities

Housing estates need to relate to their surrounding area. Estates and areas that are disconnected from surrounding areas, infrastructure and facilities are not conducive to the well being of existing residents and are unattractive to new

Housing by numbers

12 per cent of Londoners do not know anybody in their neighbourhood, **double** the national rate.

Case study | Royal Arsenal, Woolwich – English Heritage and Berkeley Homes



This scheme has brought a broad range of historic buildings back into beneficial use and converted a number of them into new homes. It demonstrates how a creative approach to the re-use of historic assets can help both to increase housing supply and to act as a catalyst for wider regeneration of the local economy.

When the Royal Arsenal closed in 1967, the future of the site – which at one time provided employment for 80,000 people – was uncertain. Regeneration, led by Berkeley Homes, is bringing back to life over 20 listed buildings and is transforming a range of buildings into novel and attractive homes. Many of these were on the English Heritage ‘buildings at risk’ register, with some dating back to before the Napoleonic era.

The area now has a mixture of converted and new build homes, supported by a range of new local services and cultural infrastructure, including a new museum and heritage centre. Southern Housing Home Ownership’s development at the Royal Arsenal provides 102 affordable flats, which are available for shared ownership. In other parts of the site, historic workshop complexes are proving eminently suitable for conversion to modern industrial uses.

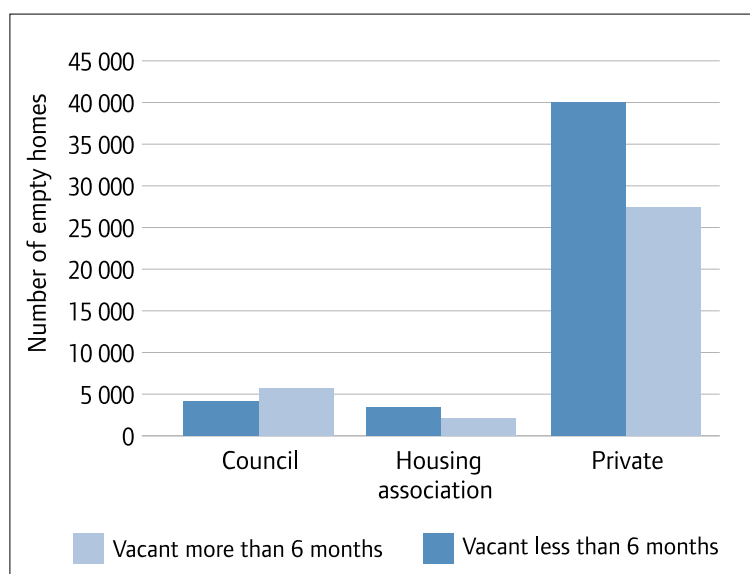
High quality design has ensured that the historic nature and features of the buildings have been retained to preserve the extensive heritage of the site.

Housing by numbers

Sixteen of London's 33 boroughs give owners the maximum **50 per cent** Council Tax discount on long term empty homes.

residents. Identifying additional needs beyond housing plays a key role in recasting struggling areas as attractive neighbourhoods. This can be done through partnership working with key local and regional agencies, including Primary Care Trusts and TfL. Equally, the creative use of the assets available enables the best value to be achieved within a scheme, in terms of both cross-subsidy and long term outputs.

Chart 2.3b
Empty homes in London by tenure and length of vacancy, 2007



Sources: CLG, *Housing Strategy Statistical Appendix*, 2007;
NHF, *Housing Statistics*, 2007

2.3.3 Reducing the number of empty homes

To reduce and maintain the proportion of these most challenging empty homes to just one per cent of all homes will require investment to bring at least 3,000 homes back into use. If, as previous experience demonstrates, a market downturn drives up the number of empty homes, this target becomes even more challenging. However, the gains from such action go beyond providing additional housing: derelict and abandoned properties in particular have a very negative impact on an area. They often attract vandalism and anti-social behaviour, they can spoil the built environment, creating local eyesores, and can seriously affect the value of neighbouring properties. An empty property can devalue neighbouring properties by as much as 18 per cent and a fifth of those living near an empty home believe that the empty home attracts crime.^{134 135} Therefore, targeting housing resources, such as those available through the Targeted Funding Stream (see section 3.3 on housing investment), provides a value beyond increasing housing supply, by improving neighbourhoods for the wider community.

London's long term empty properties include 140 listed residential buildings at risk of being lost due to neglect or decay.¹³⁶ Bringing such properties into use will not

only provide more homes, but will also safeguard the capital's historic buildings. English Heritage's buildings at risk register provides information about these listed buildings, but there is no similar source of information about other (non-listed) derelict empty housing stock. It is essential that a mechanism is developed to identify these other derelict properties across London, to enable investigation, prioritisation, intervention, investment and monitoring to take place. The Mayor is therefore working with boroughs to audit long term empty homes in the capital.

Boroughs play the key role in tackling empty properties. Many have dedicated officers offering advice, information, support and, in some circumstances, grants to owners to bring empty properties into use. Where other measures fail, there are opportunities for enforcement through the use of Compulsory Purchase Orders and Empty Dwelling Management Orders and a range of other legal sanctions and powers.

For those properties empty for a long time, action will often need to be aligned with significant resources. These can come from boroughs or through investment from the Targeted Funding Stream, and will need to align a commitment to and support for enforcement with capital investment.

It is perverse that there are currently financial incentives to leaving a property empty, with a statutory exemption from Council Tax for the first six months a property is empty and a discounted rate of up to 50 per cent thereafter. Boroughs have the discretion to reduce or remove the discount on homes empty for more than six months. Six have removed the discount entirely and a further ten give a discount of below the 50 per cent maximum – recognising that high discounts may provide an incentive to owners to keep properties empty, and do not serve to penalise those that do so.

'It is an absurdity that so many properties are empty in London when families are languishing on council housing waiting lists desperately hoping for a home.'





3 Maximising delivery, optimising value for money

3.1 Delivering across London

Vision

To develop, through the HCA, new partnerships and approaches to providing homes in successful communities.

From vision to policy

3.1.1 Creating a new architecture for delivery

- a The HCA London arrangements will be put in place to drive delivery.
- b The Mayor and the HCA will work with boroughs to devolve increased responsibility for housing delivery.

3.1.2 Developing new investment models

- a The HCA and LDA will review their existing programmes and London's major developments to seek to maintain housing starts and completions.
- b The HCA and LDA will lead on developing new investment models to tackle the credit crunch and de-risk new development.
- c The HCA and LDA will lead on bringing forward public sector land to support the provision of new homes.

3.1.3 Promoting new delivery mechanisms

- a New delivery arrangements will be supported, including Community Land Trusts (CLTs), Local Housing Companies (LHCs) and public/private partnerships.
- b Institutional investment in the residential sector will be promoted.

From policy to action

The Mayor has worked closely with the HCA in putting together the new arrangements for the capital and drawing up HCA London's first Regional Investment Plan. This investment plan, together with the investment plans of the London Thames Gateway Development Corporation (LTGDC) and LDA, represent the delivery plan for this section of the strategy .

Why we need change

The downturn in the housing market has created major challenges for delivery, with London's housing supply pipeline drying up. The credit crunch has choked off the ability of both potential buyers to obtain mortgages and developers to raise the capital to fund new development. This has left developers unable to sell the new homes that they have completed or to start on new sites. Over coming years, as the sites currently in construction finish building out, developers will be at best reluctant, at worst unable, to bring forward new sites. This will particularly be the case for the larger and more speculative sites – such as those in the Thames Gateway.

There is a pressing need for co-ordinated, creative and innovative approaches to ensure that London delivers the homes it needs in this turbulent and challenging market. In these circumstances, the creation of the HCA, alongside the new powers devolved to the Mayor, could not have come at a more necessary time.

This also means that now is the right time to be rethinking how housing is planned for and delivered in London. The Mayor regards boroughs as the principal partners in housing provision in London and is keen to work towards a new settlement that puts

the London boroughs at the forefront of housing delivery.

3.1.1 Creating a new architecture for delivery

In the past, public investment in housing has too often been poorly co-ordinated between national government, its agencies, regional government and local authorities. Although individual programmes may have delivered their core aims, the wide variety of funding streams, running on different lines to different target regimes, led to patchy delivery and sub-optimal use of resources.

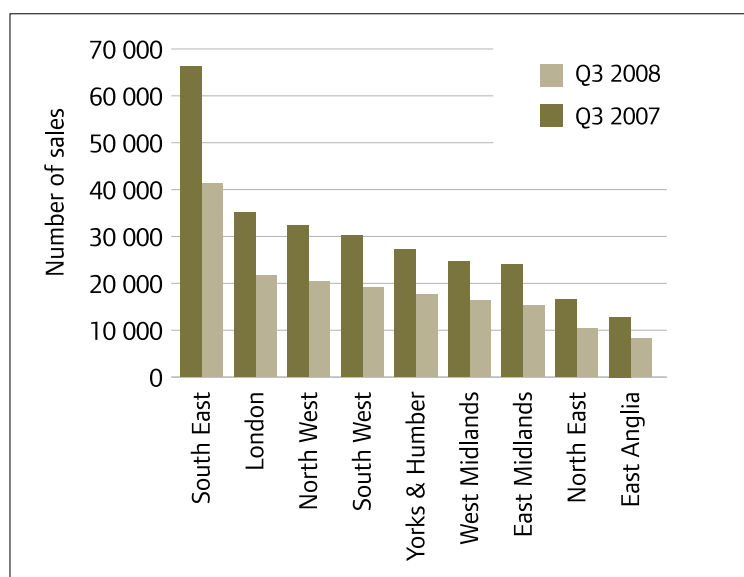
The need to improve the co-ordination, planning and delivery of public housing investment was recognised in the creation of the HCA, which was launched on 1 December 2008. The HCA brings together the investment functions of the former Housing Corporation, the property and regeneration functions of the former English Partnerships, and various housing and regeneration functions from CLG, including delivery responsibility for the Thames Gateway. In the London arrangements, it also aligns the HCA's property and regeneration programme with the land and housing roles of the LDA.

London accounts for around 40 per cent of the HCA's national budget.¹³⁷ This represents a combined

budget of around £5 billion in London for the period 2008-2011, partly still managed nationally (for example, the Decent Homes programme and arms length management organisation [ALMO] funding) but mainly administered by the HCA London region. The aim over the spending review period is to seek to bring these funding streams together, moving towards a single pot for London.

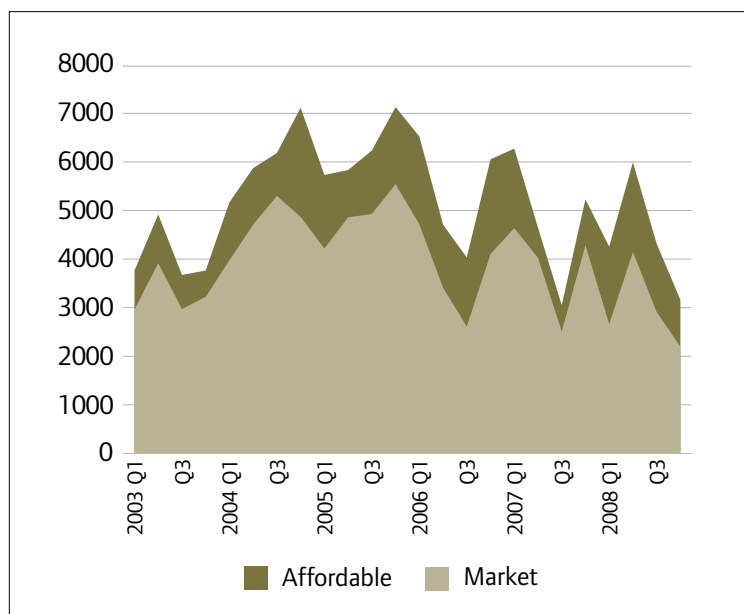
The specific HCA arrangements in London recognise the capital's uniqueness – in terms of its governance, its economic position as the cornerstone of the UK economy, and the scale of its housing challenge. To reflect this, the HCA London Board has been set up to direct the HCA's London programme. It is formally a sub-committee of the national board, acting as London's investment committee. The Board is chaired by the Mayor, and includes representatives from London Councils, the LDA and the LTGDC, alongside the HCA's chair and chief executive. The London sub-committee also operates with a delegation to make its own investment decisions, in accordance with the national framework of delegations agreed between the HCA's national board and government. These arrangements offer a unique and powerful opportunity to secure strategic and operational alignment between the key public housing and

Chart 3.1a
Sales of homes by region, third quarter 2007 and 2008



Source: Land Registry, House price index and housing sales data, 2009

Chart 3.1b
Quarterly housing starts in London by tenure, 2003 to 2008



Source: Communities and Local Government, Live Table 217, 2009

regeneration agencies. The HCA will be the primary agency for the delivery of this strategy as, through the Housing and Regeneration Act 2008, it is required to have regard to the strategy when making its investment decisions in London.

Devolving delivery

The Mayor is responsible for setting out the number and mix of homes that are needed to meet London's needs and for setting the strategic aims for housing investment in London. The HCA is responsible for ensuring the effective delivery of those aims. But it is boroughs that are best placed to judge the mix of homes needed to meet local needs and aspirations, within the context of their community plans and place-making role. The Mayor will work with the HCA and boroughs to develop mechanisms to incentivise and empower boroughs to deliver the homes that London needs.

The Mayor would like to see a new settlement in London, adapting and adopting a system pioneered in France of six year 'delegation contracts'. These enable French local authorities to decide where, what type, and by which provider, affordable housing is built. The quid pro quo to this devolution of strategic housing responsibilities in London would be that the local authority must agree

a three year housing delivery target, be in general conformity with key regional housing aims in its housing-related strategies and demonstrate the capacity to deliver at the outset.¹⁶⁰

London is in a unique position to deliver such a shift in responsibilities. The Mayor has newly devolved housing powers and, as chair of the HCA London Board, is well placed to direct investment to ensure the most effective outcomes. The starting point is the HCA's 'single conversation', an ongoing process of negotiation with the boroughs aimed at a single investment framework for each area. This should mean that, instead of dealing with a number of separate agencies, programmes and funding regimes, boroughs, 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. Rather than operating individual projects and programmes in particular localities, the aim is that the HCA, working alongside the LDA and TfL, should shape its investment decisions and strategies around the specific aspirations and plans of particular places.

But the unique architecture for delivery in London can be the basis for going further than the national

model in London, delivering a locally driven, bottom-up approach, in line with the aims of the London City Charter – a set of principles agreed by the Mayor and London’s elected members that is enabling them to work together more effectively in delivering first class services to Londoners.¹³⁸ The extent of the shared aim to deliver the homes London needs is demonstrated by most boroughs’ willingness to agree stretching affordable housing delivery targets. Where they meet the requirements for general conformity, delivery and an agreed housing target as described above, London’s boroughs could be given significantly more autonomy over affordable housing delivery in their area. The aim is to afford to those London’s boroughs that agree such a contract a level of delegation over their local investment programme broadly similar to that which the HCA London Board has over the London programme.

The new style of partnership in France mentioned earlier has proved popular with that country’s local authorities, encouraging previously reluctant local authorities to promote affordable housing. And it has worked, with new social housing completions up by around a third. So in London, under the Mayor’s more collegiate working relationship with the boroughs and with a shared commitment to

deliver his Londonwide housing aims, this approach could provide more certainty over delivery in this uncertain market.

Working with the industry

It is also recognised that HCA London must build strong relationships with public and private developers and housebuilders, who are essential to overcoming the challenges to housing delivery. As with the boroughs, the HCA will lead the conversation with the wider housing industry to ensure effective alignment of public and private investment in housing in London.

The downturn in the market creates both the scope and the need for new housing developers to enter the London housebuilding sector, to increase capacity and diversity in the industry and bring in new investment. The HCA can play the lead role in attracting new entrants from elsewhere in the UK and from abroad – to bring new ideas and examples of international best practice to London and to make more use of modern methods of construction, which can reduce costs, increase the speed of development, improve standards of management and enhance safety on construction sites. While the construction industry always has potential to provide Londoners with apprenticeship and training

opportunities, the current downturn means the key employment focus is on retaining the existing workforce by maintaining housing delivery.

The effect of the current market on the housing association development sector, together with the creation of the HCA and Tenant Services Authority (TSA), makes this a good time to be considering the future of housing associations. Since the 1980s, housing associations have become the primary providers of new affordable housing, now managing around 45 per cent of London's social rented homes. There are many directions in which the sector could change over the coming years, which could move it in quite different directions.

There is a case for giving associations greater freedom from the public sector – such as allowing them to demutualise, to set rents outside the rent restructuring process or to take responsibility for their own lettings policy outside the requirement to meet needs that is placed upon local

authorities. There is also a case for bringing them closer to the public sector – such as rationalising stock in any local area to a small number of associations, ensuring the majority on Boards is made up of elected councillors and tenants or bringing their homes into local authority ownership so that they operate as ALMOs. Further proposals that could transform the way they operate include introducing the same Right to Buy as applies to council stock, transforming them where possible into Community Land Trusts or formally separating developing from managing. Whichever direction is taken, the housing association sector is likely to see as much change over the next ten years as it has over the last 20.

Place-making

But investment in housing alone can only build homes – it cannot create and maintain communities. The Mayor wants to ensure that housing investment is as much about place-making as it is about procuring affordable housing. Ensuring that the right infrastructure is provided at



‘I will use my position, as chair of the Homes and Communities Agency London Board, to drive delivery and develop innovative models of delivery in the capital.’

the right time is essential, especially on larger sites where the impact on existing local communities and services can be significant.

The HCA combines a very substantial investment programme with widely drawn powers on regeneration and land use, aligned with the Mayor's new housing and planning powers. Similarly, the HCA's investment programme will be aligned with the Mayor's Londonwide investment, in particular on transport, regeneration and economic development. At a local level, these will be joined up by ensuring that the LDA and TfL play into the 'single conversation'. The unique London arrangements will bring together these powers, resources and influence and ensure the alignment of housing, regeneration and other infrastructure investment – to deliver sustainable communities in these difficult times.

3.1.2 Developing new investment models

It is clear that in the changed housing market, reliance on the models of housing investment that delivered in the buoyant market of the last ten years will not deliver the homes that London needs. The HCA will need to develop a range of new approaches to how it invests in the capital, including moving to an investment rather than grant model,

Housing by numbers

Over **half** of London's housing pipeline is on just over **200** large sites.

de-risking development and taking a more flexible approach to grant.

De-risking development can take many forms, from deferring receipts for public land to reduce upfront costs, to agreeing planning frameworks in advance of applications to provide greater certainty to developers, to using development agreements to foster working relationships between stakeholders. What these have in common is a focus on achieving long term housing outcomes and mitigating the impact of short term fluctuations in the market. Given that a key driver of this downturn has been a lack of liquidity, the substantial resources of the HCA in London have a central role to play in the current situation.

The HCA is already responding to the difficulties in the housing market through a number of innovations that will need to be extended over the coming years. These include:

Grant flexibilities

In view of the rising real costs of developing affordable housing, largely because of the absence of

cross-subsidy from low cost home ownership and the rising cost of development finance, the HCA has introduced flexibilities in the level of grant that is able to be awarded to schemes via the NAHP. While it must seek value for money on all its investment decisions, this greater flexibility is intended in particular to ensure that new sites come forward.

The HCA has asked all its investment partners to consider their bids to the NAHP on a package basis. It has replaced the former process of annual bidding rounds followed by intermittent engagement with investment partners on individual projects and bids with continual market engagement and a new invitation to submit portfolios of schemes. This has enabled the HCA to look at grant levels on a more strategic basis, and should give investment partners the confidence to bring forward new schemes, thus helping to build the programme.

In the recent past, NAHP grant was not available for demolition and renewal schemes unless there was a net increase in new affordable housing. The absence of a viable sales cross-subsidy model, has left estate renewal schemes faltering. The HCA has now changed this approach and has agreed to grant fund a number of schemes.

Gap funding and kick starting development

The HCA has already started a rolling review of major regeneration sites across London, with a view to identifying the specific investments that can help to keep activity alive through the market downturn. The first phase of this work, the Kick Start Programme, completed and reported to the HCA London Board in February 2009. The first five schemes to be funded were announced in March 2009 as the Aylesbury Estate in Southwark, the Heart of East Greenwich, St Andrew's Hospital in Tower Hamlets, Woodberry Down in Hackney and the Holloway Road London Wide Initiative project in Islington.¹³⁹ This includes measures such as targeted acquisitions and assisting with infrastructure, in return for the HCA taking a share of any surpluses when values and scheme viability improve. This work should continue and expand to look at a wider range of sites in the coming year.

The HCA is considering how to extend the steps it has already taken to provide forms of gap funding for developers experiencing liquidity problems. This is of most benefit on flagship schemes with proven demand but where lack of development finance could prevent start on site, or on large sites in danger of being

mothballed. In some cases, this could be most effective in the form of investment rather than grant. The HCA could then enter into an overage agreement to ensure that when the market turns and house prices start to rise, the public sector receives a return on its investment, to be recycled into further development. This could also work by investing in the affordable homes to kick start a development and deferring any cross-subsidy from the market homes until prices and the market have picked up.

Although driving delivery on large sites is a key focus for the HCA, relatively small sites of less than ten units are still responsible for a sixth of homes in the pipeline.¹⁴⁰ Many of these smaller sites could increase the proportion of affordable housing without raising concerns about the return of mono-tenure development and thus theoretically, on their own, represent up to 60 per cent of the affordable housing target. However, although not dependent on market sale and cross-subsidy, such schemes may need more flexible grant arrangements for them to be brought forward. Investment partners are encouraged to seek out these sites and boroughs are encouraged to make the maximum appropriate use of the available HCA funding to support affordable housing in their areas.

Flexible tenure

Some degree of acquisitions of new build housing, originally intended for the market but to be turned into affordable homes, is likely to be a part of the response to the market downturn. To prevent some of the errors of the early 1990s market rescue package, these acquisitions must only be undertaken where the quality, mix and location of these homes are appropriate.

At present, developers are primarily responding by producing their own, non-publicly funded, shared ownership, discounted market sale and renting options to shift the market homes. But with regard to shared ownership, some of these new build homes are currently unoccupied. While a large part of this is down to mortgage availability for potential purchasers, in some part it will require a funding solution.

Many of these homes may best be used in the short or medium term for forms of intermediate renting and rent to buy products, as set out in sections 1.2.2 and 1.4.1. This would help meet the need for more rented units during the current freeze in house buying and ensure the continued viability of developments. These homes could be converted into shared ownership or market sale when mortgage availability improves and the market recovers and

as the circumstances of the occupants change.

Bringing forward land

Much of the land available for residential development in London is in public sector ownership, including two thirds of the capacity for new homes in the Thames Gateway.¹⁴¹ This needs to come forward in a way that can deliver the housing targets in this strategy. There is also the potential to provide new homes on existing housing estates and other public land. The HCA is already working with a number of boroughs to identify and grant fund affordable housing development on their small and medium sized sites. Some boroughs are well established in this field, while others are keen to do more, especially if it delivers new local authority controlled stock. The Mayor wants to see this extended, as well as larger regeneration schemes that can deliver densification, where these investments also deliver more mixed and sustainable communities.

However, while there is significant land in public ownership, most development land is held by developers and other private owners. Where there is fragmented ownership, this can be a barrier to effective delivery. In these cases the public sector can assist with land assembly in order to bring sites together and release trapped potential.

Over half of London's housing pipeline, nearly 100,000 homes, is on just over two hundred large sites (of over 150 units), many of them in east London and the Thames Gateway. It is delivery on these large sites that is most at risk in the current market.

In recent years grant from the NAHP has not been available to support land acquisition costs. This has now been changed so that acquisition costs can be supported as a part of the overall bid for grant, thus encouraging new supply to be developed. But this can be taken further, with HCA investment in land to drive development, representing a very different approach to the developer-led models that were the norm in recent years. It would require the HCA to pump prime sites, concentrating public investment at the front end of development – but enabling it to take greater control of the mix and design of these developments. In a market where new developer-led schemes may be much fewer, this could be a particularly valuable tool.

New national initiatives

HomeBuy Direct is a national programme that has been designed to take developers' surplus stock and convert it to shared equity affordable housing. It has had a very limited take up as yet in London, as

the constraints of the programme in terms of eligibility – in particular, the £300,000 house price cap and the £60,000 income cap – make it a less appropriate intervention in the capital than it is in other regions.

The National Clearing House was introduced by the Housing Corporation in July 2008 to assist developers who can offer bulk volume programmes of stock or properties nearing completion of over 500 homes (now reduced to 250 homes). As with HomeBuy Direct, the volume of bids received in London for this programme has been relatively small. This is because the National Clearing House approach suits large volume builders putting together cross-regional programme proposals to be considered as a single package, a developer profile that is far more typical outside London.

For both these programmes, along with other national initiatives such as mortgage rescue (see section 1.2.4), it is clear that they need to be extended or adapted in London to ensure they deliver the aims of the national programme and meet the needs of Londoners.

Further flexibilities

Over the period of this strategy and the HCA's Regional Investment Plan, the Mayor and HCA will be

considering the success of the approaches set out above and will be looking for opportunities to further innovate. It is likely that additional flexibilities will be required to maximise outcomes through what is likely to be an extended period of market distress. Among the ideas that the Mayor and HCA are keen to explore with partners are:

More flexible tenure

The Mayor is keen to explore further the opportunities for more flexible forms of tenure, which could help to develop a wider range of options for occupiers and investors. Current programmes assist owner occupiers who find themselves in arrears difficulties – enabling them to staircase down to shared ownership. The Mayor and HCA would be keen to look beyond this to enable a fully flexible approach to tenure where people move both ways along the social rent → intermediate rent and ownership → owner occupation continuum as their circumstances and aspirations change through their lifetime; with no tenure seen as a natural destination and no tenure seen as a second best.

Better use of public land

The Mayor is keen to build new supply by bringing forward surplus public land, or acquiring new sites for delivery through the HCA and LDA. Reducing the upfront costs

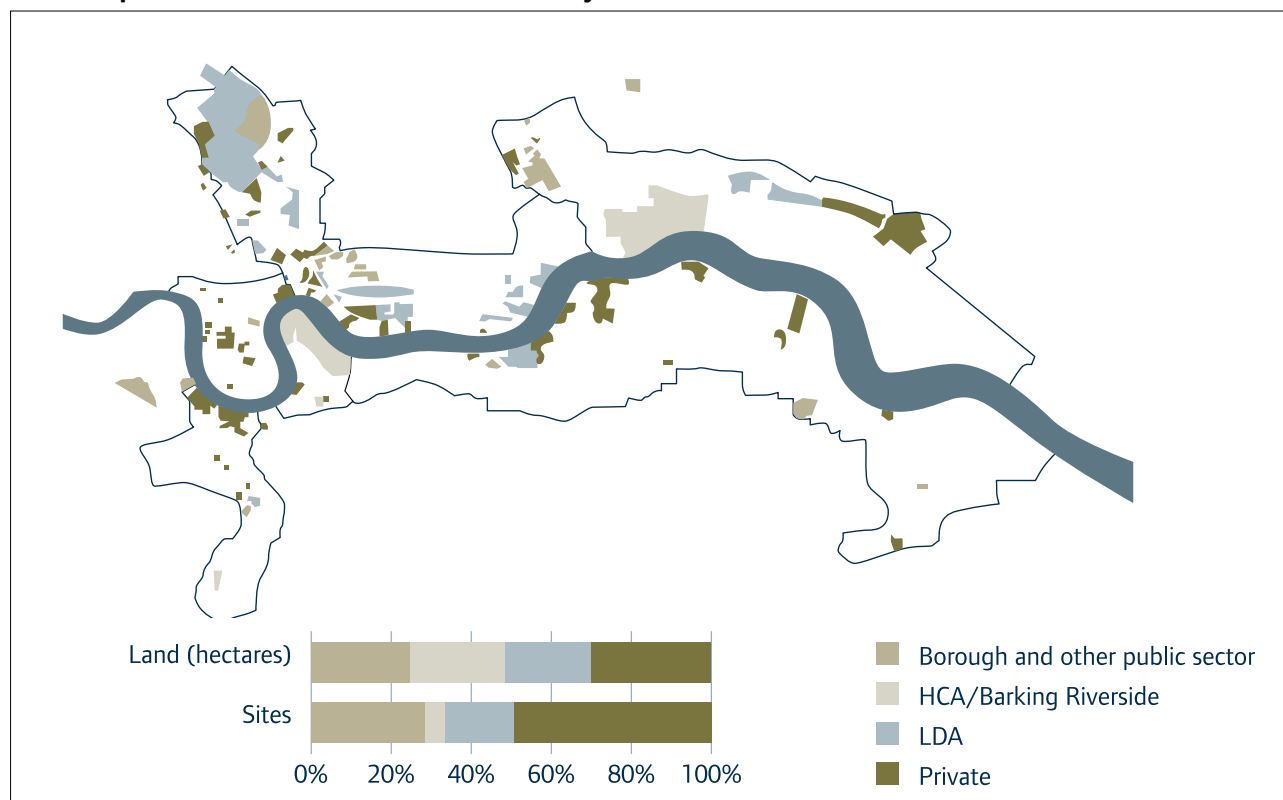
on this land can significantly ease the cash flows that would otherwise constrain new supply options for the foreseeable future and, alongside providing this certainty and de-risking, the public sector would be able to stipulate the outcomes it wishes to see from development. The Mayor will ensure that the GLA family identifies all potentially developable land and is an exemplar in how this is brought forward. He will also encourage other public sector land holders to work with the

LDA and the HCA to bring their land forward to support housing delivery.

Supporting the private rented sector

The private rented sector in London houses a far larger proportion of the population than in any other part of the UK. It thus presents both opportunities and challenges and these are addressed in detail in section 1.4.1. However, the HCA should explore the potential for it to play a role in supporting the modernisation and

Map 3.1c
Ownership of sites in the London Thames Gateway



Source: LDA, Sites database, 2007

professionalisation of this sector, including options for a new private rental fund.

Longer term joint ventures

The Mayor is keen that the HCA develops the long term partnership arrangements that can help mitigate the risks and front-end costs associated with development and regeneration. More on this is set out in the following section.

2011 and beyond

A comprehensive review of new financial models will be undertaken to ensure the financing of new affordable homes from 2011 and beyond. This will look at ways to attract new private sector and institutional investors and to make better use of public assets, including land, to make public subsidy go further in this uncertain period.

3.1.3 Promoting new delivery mechanisms

The conventional market-led model for affordable housing, driven by section 106, cross-subsidy from low cost home ownership receipts and underpinned by grant funding, is no longer viable in the current market. There is also no certainty that significant new development will come forward through this model in the near future. To compound this problem, it is highly likely that

the next spending round will be the tightest for many years, as public finances seek to recover from the impacts of increased spending in the current round to combat the downturn. Taken together, there is a looming hole at the centre of finance for affordable housing after 2011.

Yet there is still a pressing need to deliver the new homes and regeneration London needs, if we are to accelerate through the recession to economic upturn. If we are unprepared for economic upturn, inflationary bubbles and speculation will return and long term sustainable growth will not be delivered. Housing investment does not simply address the demand for new and improved homes; it is also a key employment sector and is essential in maintaining capacity within the industry to respond to the upturn.

This is why we need to look at new, more innovative models of delivery. New delivery mechanisms, based on long term value creation, could make better use of the available assets and financial resources to unlock development in the current climate, as these models can be less exposed to market risks. There is also a natural fit between long term investment models and some of the new tenures that are emerging, such as intermediate rent and rent

to buy products. Innovative models using public land holdings can also support non-profit and community organisations and improve overall outcomes by providing communities with opportunities to own and manage local assets.

New models being developed in London include:

Local Housing Companies (LHCs)

This model is based on a partnership between a local authority and private companies, using public land and private cash to build new homes. The local authority transfers land assets in its ownership to a joint venture company on long term leases as the sites become available for development, at no cash cost but at an agreed book value. Ownership of the company is shared between the local authority and an investment partner, which matches the local authority's land investment with an equivalent financial contribution to fund the construction. As an equal owner of the LHC the local authority can retain up to half the equity, meaning it can shape the development brief for the site and receive a proportion of any profits.

The London Borough of Barking and Dagenham is the first of 14 pilot authorities selected by the government to appoint its private

sector partner. This LHC will regenerate Barking town centre and deliver over 4,000 new homes on local authority-owned land across the borough over ten years. It will also lead to a range of social and economic outcomes including tenure diversity, a local labour scheme and the local accountability and management that are features of the LHC approach.

Progress on the national LHC programme has demonstrated that developers and investors are showing interest in sharing of risk and the greater certainty that such partnership models deliver. In addition, an information pack will soon be available to assist local authorities in procuring their private sector partners and a financial model has been created in order to support local authorities in evaluating their options.

However, the programme has encountered delays due to government concerns over the lawfulness of local authorities setting up Limited Liability Partnerships, and the balance sheet treatment of the vehicle's debts. These obstacles need to be overcome if this model is to make the real contribution to delivering more and better homes in London that was envisaged in the housing Green Paper of July 2007.

Community Land Trusts (CLTs)

In these models public land is transferred into the ownership of a trust controlled by members of the local community, who then use this control to provide community benefits. CLTs hold the potential to build strong communities based on empowerment, engagement and trust, and to reduce crime and anti-social behaviour. Their long term focus also gives them the potential to de-risk development and deliver through fluctuations in the market while ensuring affordability in perpetuity. The Housing and Regeneration Act 2008 established a legal basis for CLTs, defining them as bodies that:

- further the social, economic and environmental interests of a local community
- use any profits to benefit the local community
- enable individuals who live and work in the area to become members of the trust
- are controlled by members of the trust.

The Mayor welcomes this legal recognition and is committed to supporting the delivery of CLTs in London. While CLTs could be a means to promote sustainable communities on new developments, they may also have an important role as part

of regeneration activities in deprived areas and estates (see section 2.3.1 on regeneration). In either case, the CLT would develop a mixture of tenure types under its umbrella, which would facilitate the consideration of innovative products such as mutual home ownership. To compensate for the limited capacity and experience of CLTs at present, it is likely that they will need to work in partnership with housing associations and boroughs to secure grant and to develop and manage properties.

To help promote a London pilot, the Mayor has brought together the major investment agencies in London, as a CLT Delivery Board. The board will take forward and ensure funding for this commitment, and will overcome the barriers to developing CLTs in an urban environment. The agencies involved are reviewing existing proposals for CLTs in the capital, alongside existing and proposed estate regeneration schemes with the potential to take forward a CLT. The aim is to ensure the first pilot CLTs start to be delivered within the 2008-11 investment round.

Council-led development

The Mayor supports London boroughs that wish to develop housing directly, provided this offers value for money in comparison with other options. For this reason he supports the government's proposed

Case study | Champlain Housing Trust, USA (formerly Burlington CLT)

The Champlain Housing Trust in Vermont, founded in 1984, is the largest and most developed CLT in the USA. It was the first CLT in the USA to secure municipal funding and has been extremely successful in delivering permanently affordable homes to people on low and medium incomes. Champlain has over 4,000 members, with a diverse property portfolio that includes over 1,600 rented homes, five co-operatives, and 440 shared equity and resale-restricted family homes and

condominiums. In addition to its residential portfolio, Champlain holds several commercial properties that provide office space for a credit union, an emergency food store, a homeless provider, a legal aid centre and a community centre. In 2006, Burlington CLT merged with another not-for-profit organisation that doubled its size. In 2008, Champlain won a World Habitat Award from the Building and Social Housing Foundation.



amendments to the HRA subsidy system, which will encourage council housebuilding. But the Mayor feels that these measures should form part of a much wider package – to provide local authorities with more autonomy over how housing is delivered, with greater flexibility over what is built and clear financial incentives to ensure communities are encouraged to support the delivery of new homes.

However, empowering local authorities to build, directly, through Local Housing Companies or in other partnerships, raises the question of whether 33 separate local authority delivery arms being set up across London is the most effective way to deliver. There are significant attendant costs and barriers, including: difficulties in recruiting expertise; the absence of economies of scale at this level; the cost of development finance and difficulty of securing it in the current borrowing environment. In contrast, an approach that allowed borrowing at scale, with partnership working across authorities, working with the HCA and LDA (which also have land for development) could form the basis for a local authority-led regional or sub-regional investment portfolio.

Local authorities can bring significant resources to any such partnership, including land,

prudential borrowing, their reserves and pension funds, as well as leverage over planning gain. The HCA, LDA and TfL, under the direction of the Mayor, bring substantial capital investment, LDA and European revenue resources and development expertise. Other key partners could be equity investors, looking for secure long term returns. The investment vehicle would be a form of regional or sub-regional infrastructure investment company, tailoring intervention to local regeneration priorities, reflecting Local Investment Plans and Multi Area Agreements. In London, housing would be a key sector in the short term together with transport investment and vocational training. Resources would be drawn from the investment company, sites appraised and made ‘oven ready’ (investment modelled, master planned, infrastructure in delivery), planning consented through the local council and GLA and sub-regional developer partnerships or consortia set up.

The LDA is currently working up a proposal for a model that would provide a local authority-led alternative to the currently stricken volume housebuilder model. This would bring together the key players in housing delivery, with the key advantage that it could be implemented relatively quickly.

Other emerging models

Boroughs, housing associations, other public agencies and private companies could also consider entering into other forms of partnership and joint ventures in which the risks and rewards of development are shared between partners, making use of the different resources of public, private and not-for-profit sectors. Despite difficult market conditions, there is still scope for the right public-private joint ventures to improve housing delivery. Just as lower house prices make longer term investment propositions more attractive, falling development costs incentivise innovation in this area. New partnership approaches to residential development will be welcomed from all quarters, if these can deliver quality homes and broaden the base of housing supply. These could be supported through new forms of finance that capture the benefits of infrastructure investment, for example through tax incremental financing, tariffs or the community infrastructure levy.

A further source of resilience in the industry could come from increasing institutional investment in residential development, for example, from large pension funds or insurance companies. This could primarily be in the form of subsidising private rented and intermediate rented

products and Section 1.4.1 sets out how the Mayor and HCA are working together to promote an institutional rented sector in London. However, the Mayor is keen to extend public sector support where appropriate, to institutions, where this enables them to bring forward a full mix of market, intermediate and social rented homes.

3.2 Delivering locally

Vision

To work with London's boroughs to ensure the effective local delivery of our shared aims.

From vision to policy[†]

3.2.1 Tackling homelessness

- a The number of households in temporary accommodation should be halved by 2010.
- b Rough sleeping should be ended by 2012 and the number of rough sleepers experiencing the 'revolving door' of homelessness should be reduced.
- c People in temporary accommodation should have full access to education, health and, where required, social services.

3.2.2 Improving housing options, support and opportunities

- a Good quality advice and information on housing, including housing options, should be available to all Londoners who need it.
- b Supported housing services required on a pan-London or sub-regional basis, or for more mobile client groups, should be improved and protected.

3.2.3 Improving management and empowering tenants

- a Housing management should be of a consistent and high standard, with appropriate approaches adopted in areas where a large number of social landlords operate and in new and mixed tenure developments.
- b Tenants and residents should have opportunities for meaningful and effective participation and engagement.

[†] See also section 1.3 on social renting and 1.4 on private renting.

From policy to action

The Mayor will work with the HCA, London boroughs and other partners to:

- 3.2A ensure the development, implementation and monitoring of a strategic action plan to end rough sleeping, through the new London Delivery Board of the government, the boroughs and the voluntary sector, led by the Mayor
- 3.2B ensure full participation in and use of NOTIFY – the system for notifying health, education and social services about households in temporary accommodation
- 3.2C ensure the provision of good quality and comprehensive advice and information on housing and housing options
- 3.2D make adequate revenue funding available to support Londoners in a variety of housing situations, in line with the anticipated increase in the number of new supported homes
- 3.2E consider the need to provide cross-borough specialised supported housing services, particularly for more mobile client groups
- 3.2F take the needs of service users from other boroughs and strategic considerations fully into account before making changes to Supporting People services of sub-regional and pan-London importance
- 3.2G ensure full participation in the Multi-Agency Witness Mobility Scheme
- 3.2H consider cross-borough pilot projects that combine accommodation and support to reduce re-offending
- 3.2I encourage holistic sanctuary schemes to be offered to victims of violence preferring to stay in their homes and cross-borough moves for those fleeing violence
- 3.2J maintain levels of good quality housing management and consider tailored and innovative approaches where appropriate
- 3.2K ensure meaningful and effective resident participation and engagement structures are in place.

Why we need change

Each tier of London government has a specific contribution to make in improving the lives of Londoners. While the Mayor provides leadership and makes strategic decisions in the interests of London as a whole, many areas of policy are the responsibility of boroughs and are best dealt with at a local level. Where this is the case, boroughs and local agencies should be left to do the things that they do best, with intervention from the Mayor only where this is appropriate and the strategic interests of London require it. This approach underpins the London City Charter, referred to earlier in this document.¹⁴²

One of the most critical roles of London boroughs is leading on place-making and the promotion of sustainable communities. Their Sustainable Community Strategies set out their long term, strategic vision for their area, with Local Area Agreements underpinning delivery plans for realising that vision. Working with partners, stakeholders and local people, they develop that vision and drive its delivery.

In recent years, boroughs have increasingly worked together, on a sub-regional basis, to tackle cross-borough issues. This way of working enables boroughs to pool their resources and benefit from

economies of scale when developing and implementing projects. London's sub-regional housing partnerships were formalised in 2003 when housing investment in London moved onto a sub-regional basis. There are currently five sub-regions: west, south west, north, east, and south east. Each one has a sub-regional housing co-ordinator and appointed officers, responsible for leading on sub-regional policy priorities and for delivering and managing cross-borough programmes. The planning sub-regions will be reviewed through the development of the new London Plan. However, this need not necessitate any change in the housing sub-regions: the new London Plan will adopt a more flexible approach and support boroughs and other agencies in coming together in geographical groupings fit for particular purposes to tackle the problems of different areas, including those which span administrative boundaries.

This section outlines the Mayor's approach to the key London housing issues where boroughs and sub-regions play the lead role and, in many cases, for which boroughs are statutorily responsible. These include tackling homelessness, providing options, advice and opportunities, enabling independence through support and managing homes and neighbourhoods.

3.2.1 Tackling homelessness

Homelessness affects many thousands of people in acute housing need in the capital, including rough sleepers and tens of thousands of others living in temporary accommodation, insecure housing or hostels. While the provision of housing is an important part of the response to homelessness, a raft of other measures is needed to tackle this most serious and persistent housing problem. These include specialist supported accommodation for those who require it, help in accessing the private rented sector, support to address life skills, access to training and employment opportunities, specialist health services, tenancy sustainment and help to return to and reintegrate with existing support networks.

London is the only region of the country that has failed to meet national targets to reduce rough sleeping by two thirds, with an estimated 250 rough sleepers on any one night in the capital – half of the national total – and over 3,000 in the course of a year.^{143 144}



‘We need a new era of co-operation between London’s Mayor and the borough councils to forge the best solutions for local communities.’

It is unacceptable that one of the world’s leading economies has people sleeping on its streets with a lower life expectancy than those living in 189 of the world’s 195 countries.¹⁴⁵ Many long term rough sleepers have complex and multiple needs, which can only be addressed through intensive support and appropriate services. A high proportion of rough sleepers are ex-offenders (39 per cent have been in prison) and there is clear evidence that stable accommodation can reduce re-offending by 20 per cent.^{146 147} Many people also repeat a cycle of homelessness and rough sleeping over many years – with just under half of people sleeping rough known to services from an earlier spell on the streets, and almost a third having previously lived in hostels.¹⁴⁸

Co-ordinating services for rough sleepers is particularly difficult in London, where borough and health services cover different geographic areas within a single city. This can result in service inequalities and exclusions from services due to issues of local connection, which can be particularly problematic for highly mobile groups or those with specialist needs. A specific issue for London, in particular central London, is that it has historically attracted people from throughout England and beyond, some of whom are or

have become homeless. The central London boroughs have historical concentrations of services, and as a result experience high inflows of people. Positive outcomes for most homeless people are more likely if they return to their original community and support networks, so it is important that adequate reconnection arrangements and protocols are in place to enable this to happen where it is appropriate.

Meeting the 2012 target to end rough sleeping in London requires a new and dynamic response. For that reason the Mayor has established the London Delivery Board – a strategic partnership to identify lasting and sustainable solutions to rough sleeping in the capital. The board, the first of its kind in London, brings together key London boroughs, central government departments and agencies, representatives of the voluntary sector, the LDA, NHS London and Metropolitan Police.

The London Delivery Board has been established to bring joint commitment to and ownership of the problem of rough sleeping and the target to end it. The Board will develop actions that reflect that rough sleeping is a pan-London problem requiring a response that is both wider than borough level and cross-sectoral. This partnership approach will ensure that the most

effective use of resources is achieved, and that better strategic co-ordination results in better outcomes.

The board's action plan will deliver the objectives of the government's national Rough Sleeping Strategy in London.¹⁴⁹ It will build on and reinforce the strengths of existing partnerships and strategic approaches, including the London Rough Sleepers Reconnections Protocol, which needs to be implemented by all boroughs to ensure it is effective. In doing so it will reach beyond the central London boroughs where rough sleeping manifests, to London's outer boroughs and beyond – to address the causes of rough sleeping and prevent the consequent flow of people into central London. The action plan will address the needs of entrenched rough sleepers with complex needs, ensure hostel provision is most effectively used, encourage move-on solutions to meet housing and support needs, respond to the fifth of rough sleepers who are A10 nationals and sustain the commitment and actions of partner organisations, agencies, government departments and boroughs at a local level to deliver an outcome for London.

Early priorities for the board include:

- relaunching the London Reconnections Protocol to ensure

meaningful involvement from all boroughs

- establishing a targeted response for the most entrenched rough sleepers
- supporting the development of a specialist project for rough sleepers with multiple needs especially targeting those who have behavioural and health-related problems linked with alcohol abuse
- working with partners at United Kingdom Border Agency and Jobcentre Plus to tackle the growing problem of rough sleepers with no recourse to public funds who require a specially targeted intervention
- engaging outer London boroughs to improve their work to prevent rough sleeping
- improving access to health and social care services
- working with boroughs and providers to dramatically improve the proportion of rough sleepers moving on from temporary hostel accommodation in a planned way.

The chronic shortage of available social rented homes means that most statutorily homeless households (primarily families with children and vulnerable people) face a period in temporary accommodation. While this can sometimes provide good quality housing, it is frequently used for very long periods, often at very high weekly rents that discourage employment. But effective support for those in temporary accommodation can ensure that lives are not put on hold. In particular, it is essential that people in temporary accommodation, especially children, have access to services, including education, health and social services. Two thirds of the 52,250 households in temporary accommodation are in properties leased from the private rented sector, where much of the Housing Benefit paid (often for very high rents) ends up in landlords' pockets. Innovative schemes exist (such as those funded by the Settled Homes Initiative) that capture this funding over time and use it to convert temporary homes into the social rented homes London needs.



'We must aim to get people off the streets and in to work. I have committed to ending rough sleeping by 2012 and I will explore further how I can best support this aim.'

Where such schemes demonstrate that they offer value for money to the public purse and can also provide additional social rented homes, there is a clear case for further investment.

Because of their statutory responsibilities, London's boroughs in particular shoulder the burden, financial cost and challenges of homelessness. In the face of this ever more challenging problem, they work – often in partnership with other agencies – to reduce and tackle homelessness, meet housing need and provide stable and settled homes. These approaches are starting to pay dividends. Intensive work on homelessness prevention has resulted in the number of households accepted as homeless falling by over 50 per cent over the last five years.¹⁵⁰ Progress is also now starting to be made towards meeting the 2010 target to halve the numbers in temporary accommodation, with numbers having fallen by ten per cent since the baseline of December 2004.¹⁵¹

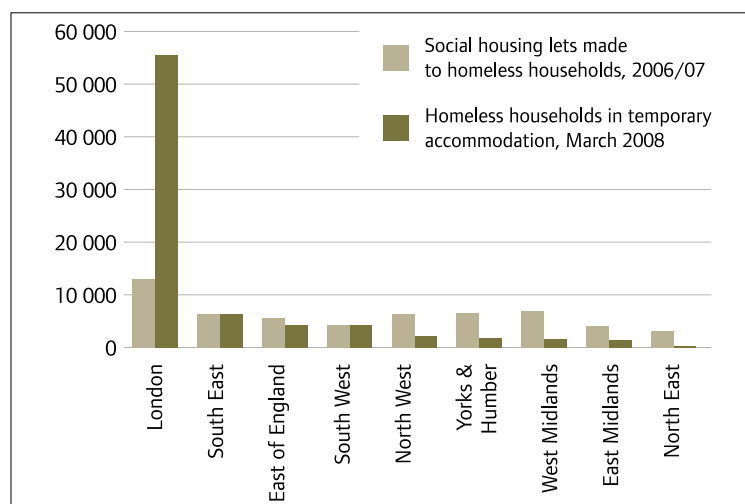
Key to sustaining this progress will be the role of housing associations. In their Offer to London document, the G15 group of housing associations have set out their role in providing homes for homeless households, in preventing homelessness through tenancy sustainment and in working in partnership with London's local

authorities to deliver better outcomes in tackling homelessness. As this offer is delivered, it will provide a model for other housing associations outside of the G15 to ensure further success in tackling homelessness.¹⁵²

3.2.2 Improving options, advice and opportunities

Given the myriad housing problems that Londoners can encounter and the range and complexity of housing options available to them, it is essential that there is open and easy access to good quality housing advice across the capital. Many boroughs successfully achieve this by providing a one stop shop, encompassing their homelessness functions, private

Chart 3.2
Homeless households: numbers in temporary accommodation and lettings by region



Source: CLG, *Housing Strategy Statistical Appendix and Statutory Homelessness Statistics*, 2008

Housing by numbers

Life expectancy is higher in **189** of the world's **195** countries than it is for London's rough sleepers.

Stable accommodation can reduce re-offending by up to **20 per cent**.

sector landlord/tenant advice, the provision of information about different tenure options – including private renting and low cost home ownership – as well as advice and support for people underoccupying social rented homes who may wish to move. London also has a rich independent housing advice sector, which complements borough provision and provides a vital range of specialist assistance to people with specific needs.

In the current market, there is a particularly pressing need for comprehensive and effective independent advice and support to people at risk of repossession and for better information to target help at those who are most vulnerable. Although the government's measures to assist vulnerable homeowners are to be welcomed, further action is needed to prevent homelessness, to develop legitimate and sustainable options to enable those in difficulty to remain in their home and to protect

people from the more unscrupulous 'sell to rent back' schemes currently on offer. Section 1.2.4 sets out details of how the government's mortgage rescue scheme needs to be adapted to meet the particular needs of London's struggling homeowners.

Supporting independence

Many of London's most vulnerable households require housing support to promote and maintain independence, better health and improved life chances. For some, this is most appropriately provided in their existing home through floating support, while others require support linked to accommodation (see section 1.3.2 on supported housing).

To this end, London boroughs, acting as commissioning bodies in partnership with local health, voluntary sector and other agencies, receive Supporting People (SP) revenue funding to provide housing support services to around 130,000 Londoners. In 2009/10 this funding will be paid to all local authorities, including boroughs, as a specific unringfenced named grant and will be included in the Area Based Grant from 2010/11.

While SP commissioning bodies are best placed to assess and deliver support for people living locally, the development and maintenance of services for some groups has been

Case study | Transitional Spaces Project

The project, led by the charity Off the Streets and into Work (OSW), uses a combination of coaching, support and financial incentives to help homeless people into work and into sustainable private rented sector homes.

As a 'work first' model, it takes a radically different approach to working with homeless people to achieve their ambitions. OSW has developed a coaching model, where the emphasis is on providing an individual and responsive service that is highly motivational and progressive.

The project has proved particularly effective in enabling ex-offenders and homeless

young people to move into their own homes. Thirty per cent of clients are ex-offenders, of whom almost a quarter have secured full time sustainable jobs and have moved into the private rented sector. For people under 25, the statistics are very similar, although an even higher proportion has moved into the private rented sector.

The project demonstrates the potential of the private rented sector as an appropriate housing option for homeless and vulnerable people, and the significant role employment can play as a route out of homelessness. It also enables valuable hostel and supported accommodation to be freed up for those most in need.



uneven across London, especially for people who are mobile between boroughs.¹⁵³ These include single homeless people and people at risk of domestic violence, or those for whom demand for services arises across London as a whole, for example ex-offenders. One way of improving this is through better sub-regional and regional planning and commissioning of SP services, to ensure, in particular, a closer connection with the housing growth agenda and with relevant strategies for older people and to tackle health inequalities.

In planning services, specific attention needs to be paid to the issue of our ageing society – especially with traditional sheltered housing not always meeting modern standards or expectations. In this context it is particularly important to consider how new and innovative models of housing support can be developed and tailored to meet both the needs and aspirations of the ageing ‘baby boom’ generation, now, by and large, in its 60s.

3.2.3 Improving management and empowering tenants

Residents want neighbourhoods that are peaceful, safe and enjoyable to live in. Housing management plays an important role in contributing to this and since the late 1990s boroughs and housing associations have significantly

improved their performance in this area. The new TSA, which has taken over responsibility for regulation from the former Housing Corporation, has a wider regulatory role and broader remit and this is likely to further drive up management standards and services for tenants in the future.

Good housing management is about much more than collecting rents and enforcing tenancy conditions. It includes tackling anti-social behaviour, involving local people in decision making and supporting vulnerable people – and can extend to services such as those to tackle worklessness and to provide housing options advice. In many areas, a broader neighbourhood management approach can be beneficial.

Housing developments, both new and old, are often a mix of tenures, with multiple landlords, often including buy to let and social landlords. This can cause problems in neighbourhoods where there is no single standard of management or overall responsible body. Potential approaches to address this include setting up commonhold arrangements or having a single organisation take responsibility for managing entire multi-landlord developments.

Section 2.1 highlights the huge impact that crime, the fear of crime

and anti-social behaviour can have on people's lives and neighbourhoods and how good housing design can alleviate these. Housing management and meeting the needs of vulnerable groups have an equally large role to play. The boroughs in particular have responsibilities to prevent domestic violence and rehouse victims of violence, to ensure intimidated victims and witnesses are appropriately rehoused and to tackle anti-social behaviour such as littering, vandalism, graffiti, drug dealing and noise.

As the tier of government closest to local people, boroughs have a key role in empowering communities and enabling residents to influence how their areas and homes are managed. Social landlords have well developed participation structures, with boroughs responsible for tenant participation compacts, and housing associations required to follow the TSA's requirements for resident involvement.¹⁵⁴

Mechanisms for the delivery of affordable housing can also act to empower communities. Community Land Trusts, for example, can be used to put public sector land and assets into the permanent ownership and control of communities, which can then use them to provide wider community benefits such as

affordable housing (see section 3.1 on housing delivery).

3.3 Investing to deliver

The HCA is responsible for the bulk of investment in housing in London, with a budget of over £5 billion during the period 2008-11. Details of how this funding is being used are set out in the HCA's Regional Investment Plan.

In addition to this, the public sector supports the delivery of the Mayor's housing aims in a range of ways: through bringing land forward for development; by investing in transport or other infrastructure; or by using statutory powers, including planning or compulsory purchase powers. A key part of this is the LDA's responsibility for the largest property and regeneration budget in London and its role in managing the Mayor's Targeted Funding Stream (see below).

The core of this funding for housing in London is the Regional Housing Pot - London's share of national housing resources for producing new

and improving existing homes in the capital. The Mayor is responsible for advising the Secretary of State on the apportionment of the Regional Housing Pot, setting out how it could best be used to deliver local and regional priorities, within the broad framework of national policy.

For 2008-11, all London's major public sector agencies responsible for housing-related investment agreed a common set of objectives, criteria, and standards for the use of their resources, to ensure consistent decision making on funding priorities. These informed the former Housing Corporation's National Affordable Housing Programme 2008-11 Prospectus and the GLA's Bidding Prospectus for the Targeted Funding Stream 2008-11.¹⁵⁵ They have now been incorporated into the HCA's London Regional Investment Plan. This plan wraps in additional resources which were previously outside the Regional Housing Pot, for example for Arms Length Management Organisations and the Private Finance Initiative, ensuring that these too help deliver the aims of this strategy.

London's Regional Housing Pot for 2008-11 was split into three streams: funding for the former Housing Corporation (and now the HCA) to provide affordable homes; resources to enable London boroughs to achieve

Table 3.3a
Apportionment of London's Regional Housing Pot, 2008-11

	£m	% of programme
Affordable homes from previous programmes	510	13
Affordable homes from 2008-11 programme	2,695	68
Improving existing homes		
Decent Homes standard	440	11
Targeted Funding Stream	331	8
Total	3,976	100

the Decent Homes standard; and the Targeted Funding Stream, which comprises a number of programmes to address London's most pressing housing needs. The distribution of the resources between these three streams is set out in Table 3.3a.

National Affordable Housing Programme

The NAHP funds social rented and intermediate homes, mainly through new build but with some purchase of existing stock primarily for low cost home ownership. Resources are allocated through a bidding process to approved investment partners.

This programme, which receives by far the largest slice of the Regional Housing Pot, is the most important public funding for the provision of the new affordable homes needed in London. In 2008-11 the programme is:

- providing 44,000 affordable homes
- increasing the provision of family homes, with targets for 42 per cent of social rented and, by 2011, 16 per cent of intermediate homes to have three or more bedrooms
- widening options for home ownership
- improving the quality of new homes to address climate change by ensuring that all new homes achieve a minimum of level 3 of the Code for Sustainable Homes (CSH),

with priority for schemes that go further

- providing at least 1,250 homes for people with housing support needs, in line with the pan-London assessment of need
- earmarking £5 million to boost the supply of homes in the Seaside and Country Homes Scheme – for older Londoners in social rented homes wishing to move out of the capital.

The Decent Homes programme

This programme provides funding to London boroughs to enable them to improve their homes to meet the Decent Homes standard. This amounts to £440 million in 2008-11 (11 per cent of London's Regional Housing Pot). Funding is available from the Targeted Funding Stream for boroughs that wish to go beyond the Decent Homes standard to make further improvements in the quality of social rented homes. Allocations to each borough are set out in Appendix 4.

The Targeted Funding Stream

This programme, amounting to £331 million in 2008-11, funds projects that aim to make better use of London's existing homes and enable London boroughs and social landlords to address some of the capital's most pressing local housing needs. The programme is also important

in delivering on the wider climate change and environmental agenda, providing additional funding to new build projects to go beyond CSH level 3 and funding initiatives to reduce CO₂ emissions from existing homes.

The bidding prospectus was published in March 2008 and bidding closed on 31 July. Resources for this programme are split between the NAHP and Section 31 grant (which is an unringfenced grant paid direct to local authorities) and are set out in Table 3.3b.

The Mayor made recommendations to the Housing Minister in December 2008 and the Minister has approved the recommendations for 2008/09

and 2009/10. Full details of allocations made direct to London boroughs are set out in Appendix 5. The HCA will make direct allocations to this funding stream through the NAHP in due course.

Gypsy and Traveller Site Grant

This funding is available to London boroughs and housing associations wishing to provide new Gypsy and Traveller pitches or sites, or undertake the refurbishment of existing sites, for these communities.

Settled Homes Initiative

This funding programme supports the government's target to halve the number of households living in temporary accommodation by 2010.

Table 3.3b
Targeted Funding Stream – distribution of funding

Individual funding programmes	2008/09 £m Agreed spend			2009/10 £m Agreed spend			2010/11 £m Recommended spend			Total for 2008-11 £m
	S31	NAHP	Total	S31	NAHP	Total	S31	NAHP	Total	
Gypsy and Traveller Site Grant	2	0	2	2*	0	2	2	2	0	2
Settled Homes Initiative	0	0	0	0	21	21	0	9	9	30
Improving the Condition and Use of Existing Homes	34	0	34	59	68	127	39	33	72	233
Innovation and Opportunity Fund	10	0	10	28	1	29	22	1	23	62
Total	46	0	46	89	90	179	63	43	106	331

*Bidding for this funding is still open and allocations will be announced later in 2009

Its objective is to provide permanent homes let at or below target rents for homeless households currently in temporary accommodation (see sections 1.3 on social renting and 3.2 on homelessness).

Improving the Condition and Use of Existing Homes

The aim of this funding programme is to enable London boroughs and investment partners to put in place initiatives to improve the quality of existing homes and to promote the better use of the existing housing stock. It comprises a portfolio of activities, with borough partners determining the best mix of these according to local needs and opportunities:

- improving local homes and meeting local need by bringing long term dilapidated and listed empty properties back into use
- improving the homes of vulnerable households in the private sector
- extending and converting existing homes to provide much needed family sized housing to meet the needs of overcrowded households
- providing assistance to London boroughs wishing to regenerate their estates or renew areas.

Innovation and Opportunity Fund

The aim of this programme is to help organisations to develop innovative

approaches to tackling climate change and to bring land forward for development. The 2008-11 Innovation and Opportunity Fund has three priorities:

- delivering on the climate change agenda for new homes, by providing funding to enable developers to improve the quality of affordable homes from CSH levels 3 or 4 to levels 5 or 6
- improving local authority homes beyond the Decent Homes standard by piloting elements of the successor standard to Decent Homes
- accelerating the delivery of affordable housing, in particular social housing, through innovative approaches to land assembly.

Affordable housing delivery

Table 3.3c sets out the predicted total number of affordable housing completions in 2008-11 from London's public sector investors.

Table 3.3c
Projected number of affordable homes to be delivered 2008-11

	Affordable homes	Of which	
		Social rented	Intermediate
HCA	44,072	27,163	16,909
Other	6,015	3,248	2,767
Total	50,087	30,411	19,676

Case study | The Targeted Funding Stream in action

Loan Fund, South East London Sub-region

The Loan Fund, operated by all the boroughs in the South East London Sub-region, offers interest-free loans to vulnerable people living in the private sector, so that they are able to improve their homes to meet the Decent Homes standard. The improvement to their homes means that older and disabled people are able to live in a safe and healthy environment, assisting them to live independently. Work to properties includes improving heating systems



and installing thermal insulation. This cuts the cost of heating, reduces fuel poverty and cuts carbon emissions.

Value for money is ensured by using borough Home Improvement Agencies to select and appoint contractors and supervise works. The South East London scheme is one of the few schemes in the country to successfully deliver equity release loans to vulnerable households. Local authorities are able to offer larger sums with loans than is possible with grants. The South East London Sub-region aims to develop the loans scheme further and share experience with other interested boroughs and sub-regions.

The Loan Fund received £2.2 million from the Targeted Funding Stream and just under 400 homes were improved to the Decent Homes standard or above during 2006-08, at an average unit cost of £5,500.

Extensions and De-conversions Programme, North London Sub-region

The Extensions and De-conversions Programme was set up to tackle overcrowding in existing local authority owned stock in the North London Sub-region.

The aims were:

- to increase the number of larger family sized homes (four bed+) across the sub-region

within the existing social housing sector and help address overcrowding

- to undertake works where possible with the household remaining in situ to maintain social cohesion and minimise disruption to households' lives
- to stretch the resources available to local authorities for such initiatives, enabling more properties to be targeted
- to help prevent the disposal of properties where the costs for undertaking the work are prohibitive without the injection of Targeted Funding Stream grant
- to help support sustainable mixed communities, with properties meeting the Decent Homes standard
- to implement an exemplary eco-homes pilot
- to provide local training and employment opportunities.

For the period 2006-08, 43 larger family sized homes were extended or de-converted at

an average total cost of £97,665 (including borough contributions). This compares to an average grant input of £241,940 to build a similar sized social rented home.

Empty Property Scheme, South West London Sub-region

In South West London, some of the Empty Property Scheme funding is being used to renovate and convert an existing building to provide 11 new units of accommodation. The building, located in Croydon, is listed on the English Heritage website.

When the work is completed, Amicus Horizon Group Limited will lease eight of the new homes, comprising two bedroom flats, for five years. The new accommodation will be used to house vulnerable families from the London Borough of Croydon's housing register. Funding for the project includes £195,000 from the Targeted Funding Stream empty property grant



programme and over £100,000 from the private sector programme.

All properties have been refurbished to the Decent Homes standard.

Warm Zone, West London Sub-region

The West London Warm Zone project is an award winning scheme, part funded by the Targeted Funding Stream, which improves the homes of vulnerable homeowners. It provides households with improved heating systems and home insulation and, in an enhancement to the core scheme, can install smoke alarms for vulnerable households. Door to door assessments are carried out by a team of assessors to identify the needs of individual households. Benefit health checks and practical advice about warmth and energy issues are also provided.

In addition to the Targeted Funding Stream funding for Warm Zone, West London was successful in bidding for money from Defra to spend on marketing and other activities to improve energy efficiency measures.

This funding provided an extra 10,000 assessments and a strong sub-regional advertising campaign. The project worked in partnership with the London Fire Brigade to carry out free fire safety surveys for all households assessed under the scheme.

In 2006-08 the West London Warm Zone scheme improved over 2,500 homes to the Decent Homes standard, as well as improving 10,000 homes with cavity and loft insulation, helping families out of fuel poverty and cutting carbon dioxide emissions for many other properties.



Best practice in private sector renewal, East London Sub-region

The Targeted Funding Stream has funded the expansion of the Warm Zone pilot from its base in Newham. Warm Zone provides energy efficiency measures and tackles fuel poverty among vulnerable people living in the private sector. The service is provided both within and beyond the East London Sub-region, across 24 London boroughs. Its unique focus on visiting homes, backed up by direct referrals from health professionals, reaches even the most vulnerable clients. Once clients are identified, they are helped to maximise their income and provided with a basic safety net of handyperson and hazard removal assistance to keep them safely in their homes. Since its inception, Warm Zone has delivered an increase in claimed benefits of £2.5 million per year and a reduction of 20,000 tonnes of

carbon emitted per year. In 2008/09 match funding was generated from government and industry to provide financial assistance in 4,611 homes, to support loan funded work in a further 31 homes and to assist thousands more through handypersons and home improvement agencies.

In addition, funding through the Targeted Funding Streams has enabled the Sub-region to develop the balanced use of assistance and enforcement to maximise investment in returning empty properties to use. This includes procuring frameworks of tenancy management and works contractors to support the use of Empty Dwelling Management Orders and Compulsory Purchase Orders, which have been made available to all London boroughs. Current priorities are to generate a steady stream of such work and to target listed empty homes.





Delivering the London Housing Strategy

This section sets out the forthcoming tasks, key partners and timescales for delivering the London Housing Strategy. It reflects each of the sections of the document, clearly referencing how each task will take forward specific actions.

The HCA's Regional Investment Plan, together with the investment plans of the LDA and the LTGDC, effectively form the delivery plan for section 3.1 (Delivering across London) of this strategy. Details of the HCA's plan can be found at www.homesandcommunities.co.uk. For section 3.2 (Delivering locally), the actions and tasks have been merged, as it is for the London boroughs to determine how to take these forward to support the Mayor's policies. Section 3.3 (Investing to deliver) is a summary of the investment decisions that have been made for the period 2008-11 and therefore has no delivery plan.

1 Raising aspirations, promoting opportunity

Action	Task(s)	Key partners (lead in bold)	Timescale
1.1 Rethinking London's housing			
1.1A Oversee an investment programme to deliver 50,000 affordable homes between 2008 and 2011	Agree the HCA's London Regional Investment Plan	HCA London Board	Published alongside London Housing Strategy, May 2009
	Agree the business plans of other public sector investors in affordable housing	GLA , LDA, LTGDC	April 2010
	Monitor implementation of business plans	GLA , HCA, LDA, LTGDC	Quarterly
	Agree memorandums of understanding with each London borough	HCA , London boroughs	End 2009
	Monitor and report on delivery of affordable housing	GLA , CLG, London boroughs	Quarterly monitoring Annual reporting
1.1B Agree housing investment targets with each borough	Agree affordable housing delivery targets with each borough	GLA , London boroughs	Alongside statutory London Housing Strategy, end 2009
	Abolish the 50 per cent Londonwide affordable housing target through the new London Plan	GLA	Publication of new London Plan, end 2011 (public consultation draft, October 2009)
	Provide guidance in the revised Housing SPG for the transitional period until new London Plan is published	GLA	Draft published alongside draft London Housing Strategy, May 2009
1.1C Review the need and capacity for additional homes in London	Publish the 2008 London Strategic Housing Market Assessment	GLA , London boroughs, GOL	Published alongside draft London Housing Strategy, May 2009
	Undertake the Strategic Housing Land Availability Assessment	GLA , London boroughs, London Councils	Autumn 2009
	Update the Supported Housing Need Assessment	GLA , London boroughs, HCA, NHF	March 2010
1.1D Achieve targets for 42 per cent of social rented and, by 2011, 16 per cent of new intermediate housing to have three bedrooms or more	Monitor delivery against agreed targets for 2008-11	GLA , HCA, London boroughs	Quarterly

Action	Task(s)	Key partners (lead in bold)	Timescale
1.1E Monitor the bedroom size mix of all additional housing	Publish monitoring data in the London Plan Annual Monitoring Report	GLA , London boroughs	Annually
1.1F Monitor changes in the housing market	Publish the Housing Market Update	GLA , HCA	Quarterly
1.1G Monitor the delivery of accessible housing and ensure enforcement of benchmark access standards	Publish monitoring data in the London Plan Annual Monitoring Report	GLA , London boroughs	Annually
1.1H Develop proposals to improve tenure mix in neighbourhoods dominated by a single tenure	Consult on and develop an action plan for creating greater tenure mix	GLA , HCA, London boroughs	End 2009
1.2 Helping home owners and first time buyers			
1.2A Oversee an investment programme to deliver 20,000 intermediate homes by March 2011	Agree the business plans of key public sector investors in affordable housing	HCA London board	April 2010
	Monitor implementation of business plans	GLA , HCA, LDA, LTGDC	Quarterly
	Monitor and report on delivery of affordable housing	GLA , CLG, London boroughs	Annually
	Publish revised Housing SPG to provide guidance on the tenure split for affordable housing		Draft published alongside draft London Housing Strategy, May 2009

Action	Task(s)	Key partners (lead in bold)	Timescale
1.2B Deliver the First Steps housing programme by: <ul style="list-style-type: none"> • funding new intermediate products • increasing the upper income threshold for intermediate housing • improving information on and access to intermediate housing 	Identify the need for and, where appropriate, promote new products	HCA , GLA, London boroughs	Alongside statutory London Housing Strategy, end 2009
	Ensure the business plans of public sector investors in affordable housing reflect extended eligibility criteria	HCA London Board	April 2010
	Revise the planning definition of intermediate housing in the revised Housing SPG to reflect extended eligibility criteria	GLA	Draft published alongside draft London Housing Strategy, May 2009
	Publish research on the awareness of and access to intermediate housing	GLA	Published alongside draft London Housing Strategy, May 2009
	Work with the new HomeBuy agents to improve marketing and access	HomeBuy agents Steering Group	From mid-2009
1.2C Improve lenders' understanding of low cost home ownership products	Engage with lenders and developers	HomeBuy agents Steering Group	From mid-2009
	Provide lenders with improved information on products		
1.2D Ensure that schemes to support struggling home owners reflect London's unique needs and context	Improve the evidence base on households at risk of repossession and the method for determining eligibility criteria	GLA , GOL	Autumn 2009
	Ensure that schemes to support struggling home owners reflect extended eligibility criteria	GLA , HCA London Board, CLG	Alongside statutory London Housing Strategy, end 2009

Action	Task(s)	Key partners (lead in bold)	Timescale
1.3 Improving the social rented sector			
1.3A Oversee an investment programme to deliver 30,000 social rented homes by March 2011	Agree the business plans of key public sector investors in affordable housing	HCA London board	April 2010
	Monitor implementation of business plans	GLA , HCA, LDA, LTGDC	Quarterly
	Monitor and report on delivery of affordable housing	GLA , CLG, London boroughs	Annually
	Publish revised Housing SPG to provide guidance on the tenure split for affordable housing		Draft published alongside draft London Housing Strategy, May 2009
1.3B Achieve the target to produce 1,250 supported homes between 2008 and 2011	Monitor delivery against agreed target for 2008-11	GLA , HCA, London boroughs	Quarterly
1.3C Encourage boroughs to protect existing Gypsy and Traveller pitches, refurbish existing sites where needed, and address the identified requirements for the provision of new sites	Translate identified needs into local targets	GLA , HCA, London boroughs, housing associations	2009
	Set targets for the provision of new sites in the new London Plan	GLA	Publication of new London Plan, end 2011 (public consultation draft, October 2009)
	Deliver new and refurbished Gypsy and Traveller sites to meet identified needs	London boroughs	By 31 March 2011
1.3D Direct investment through the TFS to tackle overcrowding	Allocate remaining TFS funding to conversions and extensions	LDA , HCA, GLA, London boroughs, sub-regions, housing associations	April 2010
	Monitor and report on delivery	GLA , LDA, HCA, London boroughs	Quarterly monitoring Annual reporting
1.3D Direct investment through the TFS to support temporary to settled schemes	Allocate remaining TFS funding to temporary to settled schemes	HCA , GLA, London boroughs, sub-regions, housing associations	April 2010
	Monitor and report on delivery	GLA , HCA, London boroughs	Quarterly monitoring Annual reporting

Action	Task(s)	Key partners (lead in bold)	Timescale
1.3E Tackle overcrowding and underoccupation in the social rented sector	Promote initiatives to free up social rented homes	London boroughs, housing associations, sub-regions	Ongoing
	Establish baseline data on levels of overcrowding	London boroughs, housing associations	2009
	Other actions and tasks to tackle overcrowding are set out throughout the strategy and delivery plan		
1.3F Support people living in social housing to obtain work and build skills by ensuring that the LDA's commissioning model effectively targets those with the greatest disadvantage	Ensure housing associations are included in the development of the LDA commissioning model	LDA, London Skills and Employment Board, London boroughs, housing associations	End 2009
1.3G Improve the integration of Department of Work and Pensions-commissioned services with wider support across a range of services and ensure these meet the needs of social housing tenants	Work with the Department of Work and Pensions to ensure that the services it commissions meet the needs of social housing tenants and are effectively integrated with wider support across a range of services	London Skills and Employment Board, GLA, DWP	End 2009
1.3H Improve personalised and neighbourhood level employment support services	Provide more personalised and neighbourhood level employment support services to customers accessing housing options or advice services	London boroughs, housing associations	From mid-2009
1.3I Improve opportunities for geographical and tenure mobility	Establish a scheme to promote mobility across boroughs and sub-regions	HCA, GLA, London boroughs, housing associations	2011
	Deliver the First Steps housing programme (see 1.2A of the delivery plan)		

Action	Task(s)	Key partners (lead in bold)	Timescale
1.3J Encourage social landlords to implement the London Accessible Housing Register (AHR)	Roll out the London AHR to social landlords	London AHR Programme Board , GLA, London boroughs, housing associations	2011
1.4 Improving the private rented sector			
1.4A Direct investment through the TFS to improve the condition and use of privately rented homes occupied by vulnerable people	Allocate remaining TFS funding for private sector renewal	LDA , HCA, GLA, London boroughs, sub-regions, housing associations	April 2010
	Monitor and report on delivery	GLA , LDA, London boroughs	Quarterly monitoring Annual reporting
1.4B Increase the supply of intermediate rented homes	Develop an investment model for new long term intermediate rented products	HCA , GLA, London boroughs, housing associations	March 2010
1.4C Increase the number of landlords in the London Landlord Accreditation Scheme (LLAS)	Encourage landlords to sign up to the LLAS	London boroughs	From mid-2009
	Promote the LLAS through the London Rents Map website	GLA	From August 2009
1.4D Set up the London Rents Map, and raise awareness of Tenancy Deposit Schemes	Develop and launch website	GLA , Rents Service	August 2009
	Maintain and update website	GLA , Rents Service	Quarterly
	Improve information on Tenancy Deposit Schemes through the London Rents Map	GLA	From August 2009
1.4E Expand the appropriate use of the private rented sector as a discharge of duty for homeless households	Ensure that qualifying offers involve accredited landlords and two year minimum tenancies	London boroughs	From 2010
1.4F Improve the evidence base on London's private rented sector	Undertake a London review of the private rented sector	GLA	Autumn 2009

2 Improving homes, transforming neighbourhoods

Action	Task(s)	Key partners (lead in bold)	Timescale
2.1 Designing better homes			
2.1A Use the standards in the London Housing Design Guide (HDG) to prioritise housing investment decisions	Publish the HDG	LDA	HDG draft in summer 2009, final HDG alongside statutory London Housing Strategy, end 2009
	Prioritise investment for developments that meet the HDG standards	HCA	From 2010
2.1B Ensure that the standards in the HDG are adopted by housing developers in the delivery of all developments that include affordable housing	Hold consultation and training events on the HDG with boroughs and developers	LDA, GLA, HCA, London boroughs, housing developers	From mid-2009
	Encourage private developers to involve housing associations at an early stage in the design process	Housing developers	From 2010
2.1C Encourage private developers to adopt the standards set out in the HDG	Hold consultation and training events for private developers on the HDG	LDA, housing developers, boroughs	From mid 2009
	Inform the development of London Plan policy on design	GLA	Publication of new London Plan, end 2011 (public consultation draft, October 2009)
2.1D Make designing out crime a key priority for planning and housing investment decisions	Update Secured by Design principles in the revised Housing SPG, the HDG and the new London Plan	GLA, LDA	Draft revised SPG published alongside draft London Housing Strategy, May 2009 Publication of draft HDG, summer 2009 Publication of new London Plan, end 2011 (public consultation draft, October 2009)

Action	Task(s)	Key partners (lead in bold)	Timescale
2.1E Ensure that future management and maintenance are considered during the design process	To be included in the HDG	LDA , HCA, developers	From 2010
2.1F Review and update the Mayor's best practice guidance on accessible and inclusive housing	Commission and publish guide	GLA , LDA	2010
2.1G Support industry best practice to appoint design champions	Work with CABI to promote design champions in boroughs and housing associations	LDA , CABI, boroughs, housing associations	From mid-2009
2.1H Support a design award to promote excellent design of London's 21st century housing	Launch London design award	LDA , GLA, HCA	Summer 2009
2.2 Producing greener homes			
2.2A Direct investment through the TFS for housing developments that demonstrate an exemplary approach to climate change	Allocate remaining TFS funding to developments that demonstrate an exemplary approach to climate change	LDA , GLA, HCA, London boroughs, sub-regions, housing associations	April 2010
	Monitor and report on delivery	LDA , GLA, HCA, London boroughs	Quarterly monitoring Annual reporting
2.2B Improve the quality and sustainability of all new housing developments	Publish the draft revised Sustainable Design and Construction SPG	GLA	Publication of draft SPG, summer 2009
	Monitor delivery through analysis of energy statements submitted as part of planning applications	GLA	Autumn 2009 and bi-annually thereafter
2.2C Develop a successor to the Decent Homes standard	Agree core areas to be included in, and identify resources for, any new standard	CLG , GLA, HCA, TSA, London Councils, London boroughs, sub-regions, housing associations	2011
	Evaluate pilot TFS-funded projects that go beyond Decent Homes	LDA	From 2009

Action	Task(s)	Key partners (lead in bold)	Timescale
2.2D Support vulnerable households in the private sector to improve their homes to the Decent Homes standard and beyond	Allocate remaining TFS funding to improve homes to Decent Homes standard and beyond	LDA , HCA, GLA, London boroughs, sub-regions, housing associations	April 2010
	Monitor and report on delivery	GLA , LDA, HCA, London boroughs	Quarterly monitoring Annual reporting
	Work with boroughs to implement the Housing Health and Safety Rating System more effectively	London boroughs , GLA	March 2011
	Ensure that households have access to comprehensive home improvement services and support	London boroughs , Home improvement agencies	Summer 2009
2.2E Develop a pan-London retrofit programme	Identify resources for and develop the retrofit programme	GLA , London Councils, London Collaborative London boroughs, sub-regions, housing associations, Energy Savings Trust, utility companies	2009/10
	Pilot area based cross-tenure approaches to retrofitting existing homes		
2.2F Establish low carbon zones	Launch of bidding process and announcement of bids	GLA	Summer 2009
	Delivery of low carbon zones	London boroughs , GLA, Energy Savings Trust, utility companies, private sector, community organisations	By 2012
2.2G Ensure that Londoners are encouraged to maximise their income and improve the energy efficiency of their homes, to tackle fuel poverty	Deliver an annual information campaign for older Londoners and carers	GLA , Citizens Advice, Age Concern London, the Princess Royal Trust for Carers, Energy Savings Trust, London boroughs, sub-regions, utility companies	Annually

Action	Task(s)	Key partners (lead in bold)	Timescale
2.2H Encourage housing organisations to ingrain environmental sustainability into their business plans	London housing organisations to sign up to SHIFT or other corporate environmental sustainability framework	London boroughs , housing associations, GLA, HCA	From mid-2009
	Ensure the delivery of green skills training to housing staff and residents	London boroughs , housing associations	From mid-2009
2.2I Protect the environmental benefits of gardens	Elaborate on guidance in revised Housing SPG	GLA	Draft revised SPG published alongside draft London Housing Strategy, May 2009
	Set out revised policy in new London Plan	GLA	Publication of new London Plan, end 2011 (public consultation draft, October 2009)
2.3 Revitalising homes and communities			
2.3A Develop common criteria for investment in regeneration and the outcomes to be achieved	Ensure a consistent approach to regeneration across the investment plans of all public housing investors	HCA London Board	April 2010
	Build up an evidence base about areas and estates in need of regeneration	HCA , GLA, LDA	2010
2.3B Target investment towards stalled regeneration schemes that are ready to be built out	Deliver the TFS and HCA-funded Kick Start Programme for stalled regeneration schemes	HCA , GLA, LDA, London boroughs, housing associations	From mid-2009
2.3C Develop new investment and business models to drive forward area and estate regeneration	Develop new models that mitigate risk and overcome a reliance on cross-subsidy	HCA , GLA, LDA	From mid-2009
2.3D Ensure that transport, social infrastructure and housing investment are aligned to achieve desired outcomes	Ensure that infrastructure investment plays out in the 'single conversation'	HCA , GLA, HCA, TfL, London boroughs	From mid-2009

Action	Task(s)	Key partners (lead in bold)	Timescale
2.3E Ensure that all regeneration schemes promote resident engagement and positively impact on equalities target groups	Build evidence of resident support and involvement into investment criteria	HCA , LDA GLA, London boroughs, housing associations	From mid-2009
	Monitor the impacts of estate regeneration schemes	LDA , GLA, HCA	From mid-2009
2.3F Explore innovative approaches to long term community ownership in regeneration schemes	Support the delivery of Community Land Trusts (CLTs) and other innovative vehicles for regeneration	GLA , HCA, LDA, London Councils	From mid-2009
2.3G Direct investment through the TFS to bring empty homes back into use	Allocate remaining TFS funding to bring empty homes back into use	HCA , GLA, London boroughs, sub-regions, housing associations	April 2010
	Monitor and report on delivery	GLA , HCA, London boroughs	Quarterly monitoring Annual reporting
2.3H Undertake an audit of long term empty homes	Publish results of audit in London Plan Annual Monitoring Report	GLA , sub-regions, London boroughs	Annually from 2011
2.3I Remove Council Tax discounts on long term empty homes	Use the discretion offered by the legislation, where appropriate	London boroughs	From mid-2009

3 Maximising delivery, optimising value for money

Action/task	Key partners (lead in bold)	Timescale
3.2 Delivering locally		
3.2A Develop, implement and monitor a strategic action plan to end rough sleeping	Mayor's London Delivery Board	From mid-2009
3.2B Ensure full participation in and use of NOTIFY	London Councils , London boroughs, primary care trusts	From mid-2009
3.2C Ensure the provision of good quality and comprehensive advice and information on housing and housing options	London boroughs , housing associations, HomeBuy agents, voluntary sector, Association of Housing Advice Services, Legal Services Commission	Ongoing
3.2D Make adequate revenue funding available in line with anticipated increase in the number of new supported homes	London boroughs	Ongoing
3.2E Consider the need to provide cross-borough specialised supported housing services, particularly for more mobile client groups	London boroughs	Ongoing
3.2F Take needs of service users from other boroughs and strategic considerations fully into account before making changes to Supporting People services of sub-regional and pan-London importance	London boroughs	Ongoing
3.2G Ensure full participation in the Multi-Agency Witness Mobility Scheme	London boroughs , housing associations	Ongoing
3.2H Consider cross-borough pilot projects that combine accommodation and support to reduce re-offending	London boroughs	Ongoing
3.2I Encourage holistic sanctuary schemes to be offered to victims of domestic violence preferring to stay in their own homes and cross-borough moves for those fleeing violence	London boroughs , housing associations, voluntary sector	Ongoing
3.2J Maintain levels of good quality housing management and consider tailored and innovative approaches where appropriate	London boroughs , housing associations, TSA	Ongoing
3.2K Ensure meaningful and effective resident participation and engagement structures are in place	London boroughs , housing associations, TSA	Ongoing



Appendix 1 Affordable housing definition

How proposed borough affordable housing targets were derived

The target to deliver 50,000 affordable homes across London between 2008 and 2011 was set on the basis of the funding available and the Mayor's targets for tenure and size mix and design standards.

The starting point for apportioning these homes between London boroughs was to divide the 50,000 on the basis of each borough's agreed share of overall housing capacity, as set out in the London Plan. This baseline was then compared to any Local Area Agreement targets for affordable housing already agreed by the boroughs. Where a borough had agreed a higher LAA target than the baseline, the LAA figure was adopted. Finally, the baseline was compared to the level of affordable housing delivery in the previous three years. Where a borough had shown it could deliver a higher figure than the baseline, the recent delivery figure was adopted. If neither the existing LAA target or recent delivery was above the baseline figure, the baseline figure was adopted as the proposed interim target.

The Mayor used these proposed interim targets as a starting point in negotiations with each borough. The aim is to agree a local target with every borough, taking into account

the pipeline of development known to the borough and the HCA, to deliver 50,000 affordable homes across London. Appendix 2 sets out the current position on these targets.

Definitions of affordable housing

Affordable housing is designed to meet the needs of eligible households whose incomes are not sufficient to allow them to access decent and appropriate housing in their borough. It should include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision. Affordable housing comprises social and intermediate housing.

Social housing is housing provided by a landlord where access is on the basis of housing need, and rents are no higher than target rents set by the government for housing association and local authority rents.

Intermediate housing is housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria for affordable housing set out above. Intermediate housing can include shared equity products (eg HomeBuy), other low cost homes for sale and intermediate rent.

Affordable housing delivery includes the construction of new build affordable housing but also the addition of existing units to the stock of affordable housing through schemes such as Open Market HomeBuy and the purchase and repair by housing associations of street properties for social renting.

Appendix 2

Borough affordable housing targets, 2008-11

	Number of boroughs	Number of homes
Targets agreed	21	23,154
Targets under negotiation	12	17,105
Total	33	40,259

The total number of homes for 'targets under negotiation' comprises the sum of existing LAA Targets and proposed targets from those boroughs without LAAs.

Table 1 summarises the overall position for boroughs in London in terms of agreeing an affordable housing target with the Mayor.

Borough name	Agreed target	Existing LAA targets
Barking and Dagenham	1,785	1,785
Barnet		2,269
Bexley	566	
Brent		1,374
Camden	1,000	
City of London	50	
Croydon	1,803	1,356
Enfield	648	591
Greenwich		1,487
Hackney	1,779	1,629
Hammersmith and Fulham	967	
Haringey	1,115	1,020
Harrow	656	600
Hillingdon	598	465
Hounslow	730	675
Islington	1,902	1,490
Kensington and Chelsea	270	
Kingston upon Thames		420
Lambeth	1,803	1,600
Lewisham	1,395	1,287
Merton		315
Richmond upon Thames	398	398
Southwark	2,453	2,215
Sutton		660
Tower Hamlets		5,064
Waltham Forest	1,090	996
Wandsworth	1,221	1,125
Westminster	925	594

Table 2 sets out the boroughs that have agreed an affordable housing target with the Mayor and/or have agreed an LAA with government.

Appendix 3

Gypsy and Traveller accommodation: estimated need for residential pitches by borough, 2007-17

	'Minimum' need			'Maximum' need		
	2007-12	2012-17	2007-17	2007-12	2012-17	2007-17
Barking and Dagenham	2	2	4	9	3	12
Barnet	0	0	0	13	2	15
Brent	7	7	14	13	8	21
Bexley	2	5	7	46	11	57
Bromley	17	12	29	96	23	119
Camden	1	1	2	4	1	5
City of London	0	0	0	0	0	0
Croydon	7	3	10	15	4	19
Ealing	5	6	11	52	12	64
Enfield	0	0	0	2	0	2
Greenwich	14	8	22	35	10	45
Hackney	8	5	13	27	7	34
Hammersmith and Fulham	0	0	0	5	1	6
Haringey	4	2	6	50	8	58
Harrow	0	0	0	14	2	16
Havering	12	5	17	17	6	23
Hillingdon	3	3	6	35	8	43
Hounslow	3	3	6	11	4	15
Islington	0	0	0	3	0	3
Kensington and Chelsea	3	3	6	8	4	12
Kingston upon Thames	-1	4	3	11	5	16
Lambeth	2	2	4	7	3	10
Lewisham	4	1	5	16	3	19
Merton	2	2	4	12	4	16
Newham	7	3	10	15	4	19
Redbridge	2	3	5	13	4	17
Richmond upon Thames	2	2	4	11	3	14
Southwark	6	6	12	10	7	17
Sutton	4	4	8	8	5	13
Tower Hamlets	19	6	25	33	7	40
Waltham Forest	-1	3	2	4	4	8
Wandsworth	1	2	3	7	3	10
Westminster	0	0	0	0	0	0
London total	135	103	238	602	166	768

Source: London Gypsy and Traveller Accommodation Needs Assessment, May 2008.

London total does not match total given in the Gypsy and Traveller Needs Assessment Report due to rounding of borough figures. The 'maximum' need figure is most consistent with government guidance as it takes into account need arising from those with a psychological aversion to bricks and mortar housing. The Gypsy and Traveller Accommodation Needs Assessment also identifies requirements for transit pitches and for provision for Travelling Showpeople, which are not shown here

Appendix 4

Decent Homes funding, 2008-11

	Allocation (in £000s)		
	2008/09 agreed spend	2009/10 agreed spend	2010/11 recommended spend
Barnet	2,208	2,263	2,319
Camden	10,643	10,643	10,643
City of London	40	41	42
Croydon	3,256	3,256	3,256
Ealing	5,900	5,900	5,900
Enfield	4,797	4,797	4,797
Greenwich	6,742	6,742	6,742
Hackney	17,700	17,700	17,700
Hammersmith and Fulham	6,072	6,072	6,072
Haringey	6,233	6,233	6,233
Harrow	2,725	2,725	2,725
Havering	2,114	2,114	2,114
Islington	9,112	9,153	9,194
Kensington and Chelsea	5,100	0	0
Kingston upon Thames	1,439	1,439	1,439
Lambeth	8,757	8,689	8,689
Lewisham	2,697	2,600	2,700
Merton	2,090	2,090	2,090
Newham	16,410	16,410	16,410
Sutton	1,244	1,244	1,244
Southwark	12,526	12,526	12,526
Tower Hamlets	15,500	15,500	15,500
Waltham Forest	6,680	6,680	6,680
London total	149,985	144,817	145,015

Source: Government Office for London, 2008

Appendix 5

Targeted Funding Stream allocations made through Section 31 grant, 2008-10

£000s	2008/09				2009/10			2008-10
	Gypsy and Traveller Site Grant	Improving Condition and Use of Existing Homes	Innovation and Opportunity Fund	Total 2008/09	Improving Condition and Use of Existing Homes	Innovation and Opportunity Fund	Total 2009/10	
Barking and Dagenham	16			16		1807	1807	1823
City of London								
Hackney								
Havering					1017	887	1904	1904
Redbridge								
Newham						2023	2023	2023
Tower Hamlets					1774	5,500	7274	7274
Waltham Forest								
East Sub-region allocation		8,414		8,414	11,745		11,745	20,159
East Sub-region total	16	8,414	0	8,430	14,536	10,217	24,753	33,183
Bexley	171			171				171
Bromley								
Lewisham								
Greenwich					1,000	4,800	5,800	5,800
Southwark					30	1,502	1,532	1,532
South East Sub-region allocation		5,152		5,152	8,708		8,708	13,860
South East Sub-region total	171	5,152	0	5,323	9,738	6,302	16,040	21,363
Croydon						2,857	2,857	2,857
Lambeth								
Kingston upon Thames	1,997			1,997				1,997
Merton								
Richmond upon Thames						248	248	248
Sutton	66			66	100		100	166
Wandsworth								
South West Sub-region allocation		7,194		7,194	11,967		11,967	19,161

£000s	2008/09				2009/10			2008-10
	Gypsy and Traveller Site Grant	Improving Condition and Use of Existing Homes	Innovation and Opportunity Fund	Total 2008/09	Improving Condition and Use of Existing Homes	Innovation and Opportunity Fund	Total 2009/10	
South West Sub-region total	2,063	7,194	0	9,257	12,067	3,105	15,172	24,429
Brent			2,035	2,035				2,035
Ealing					978		978	978
Hammersmith and Fulham						2,822	2,822	2,822
Harrow								
Hillingdon			1,775	1,775				1,775
Hounslow								
Kensington and Chelsea								
West Sub-region allocation		6,356		6,356	9,424		9,424	15,780
West Sub-region total		6,356	3,810	10,166	10,402	2,822	13,224	23,390
Barnet								
Camden					500	3,735	4,235	4,235
Enfield								
Haringey								
Islington					200	1,831	2,031	2,031
Westminster			6,468	6,468	2,000		2,000	8,468
North Sub-region allocation		6,705		6,705	9,728		9,728	16,433
North Sub-region total		6,705	6,468	13,173	12,428	5,566	17,994	31,167
Total	2,250	33,821	10,278	46,349	59,171	28,012	87,183	133,532

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Vietnamese

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Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος εγγράφου στη δική σας γλώσσα, παρακαλείστε να επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυδρομικά στην παρακάτω διεύθυνση.

Turkish

Bu belgenin kendi dilinizde hazırlanmış bir nüshasını edinmek için, lütfen aşağıdaki telefon numarasını arayınız veya adrese başvurunuz.

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫੋਨ ਕਰੋ ਜਾਂ ਹੇਠ ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

Hindi

यदि आप इस दस्तावेज की प्रति अपनी भाषा में चाहते हैं, तो कृपया निम्नलिखित नंबर पर फोन करें अथवा नीचे दिये गये पते पर संपर्क करें

Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি (কপি) চান, তা হলে নীচের ফোন নম্বরে বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں چاہتے ہیں، تو براہ کرم نیچے دیئے گئے نمبر پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى الاتصال برقم الهاتف أو مراسلة العنوان أدناه

Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

