

General comments on the Homes for London Draft London Housing Strategy.

Mayoral housing supply aspiration

P1 The GLA will work with partners to deliver 420,000 homes over ten years. This will comprise:

- *220,000 for open market sale*
- *50,000 for purpose-built long-term private rent*
- *150,000 affordable homes to rent or buy*

London Councils welcomes the Mayor's aspiration to increase the delivery of new homes in London over the next ten years. For the past thirty years London has not delivered the number of new homes required to keep pace with both household growth and London's housing need backlog which has continued to grow annually as a result of endemic housing under delivery.

Any acceleration in the speed and overall quantum of housing delivery is to be welcomed but we believe will require a more strategic and creative approach to both the leveraging of additional housing finance but also the action that will be needed to increase both house building capacity as well as to reduce the level of land banking in London.

However, London Councils remains concerned that whilst the Mayor's overall new housing supply aspiration has increased, (in some measure to reflect the level of new household requiring housing), 42,000 new homes a year will not fully address current and future housing need in London. In this context we are mindful of the Mayor's London Strategic Housing Market Assessment which illustrated two growth scenarios ranging from 43,300 to 54,600 new homes a year as well as London Councils work which estimated a new build requirement of 52,600 new homes a year.

Affordable housing programme

P3 In the 2015-18 investment period, the GLA will seek to deliver 15,000 affordable homes per annum. This will comprise:

- *Sixty per cent for Affordable Rent*
 - *half at a "capped" rent*
 - *half at a "discounted" rent, of which 36 per cent will be family-sized. These will be targeted at low income working households.*

London Councils and individual boroughs are keen to ensure the successful delivery of the affordable housing programme, and welcome:-

- The inclusion of a capped rent element within the programme through, which it is hoped will address (in some measure) the housing needs of low income 'in work' households and others.
- A delivery approach designed to ensure that the programme is less back loaded than the current programme which will mitigate to some extent overall programme delivery risk and back loading in particular.

However London Councils has serious concerns over the lack of time and the proscriptive approach being adopted towards the bidding process and overall management of the affordable housing programme. In particular the timescale for boroughs to discuss and agree a delivery framework with registered providers and the GLA on how the programme will work

in each locality is both extremely tight (and in some instances not achievable) and in many respects is overly directive. It will restrict the scope for local decision making, where a flexible borough approach is particularly required with respect to the split of affordable rented homes that are provided at discounted and capped rent levels.

What will be crucial for all boroughs in being able to meet their housing needs, (aside from the overall delivery figure) will be the split between homes for rent built at capped rent and discounted rent levels, and particularly the breakdown by bed size within each category. Whilst the 'capped' rent strand of the affordable housing programme is to be welcomed and will deliver up to 4,500 homes annually at capped rent levels however this will only provide enough homes to meet the needs of only 30% of newly accepted homeless households in London¹.

Housing finance

P37 the GLA will lobby government for changes to housing finance arrangements in the capital. This will include:

- the relaxation of local authority borrowing rules for housing purposes
- the devolution of the full suite of property taxes to London Government
- exploratory work on how SDLT can be made more equitable and efficient.

London Government has jointly proposed to Central Government (through the London Finance Commission and the City Deal process) the

- complete removal of the housing revenue account borrowing cap
- devolution of the full suite of property taxes to London Government
- need for a redistributive mechanism with respect to the retention of SDLT.

However London Councils would additionally emphasise that boroughs' solely make decisions concerning the use and level of their HRA borrowing capacity. The extent of any future removal of individual borough borrowing caps should not be conditional on a decision made by the Mayor, or the specifics of an individual funding programme.

Housing Zones

P43 The Mayor will prioritise efforts and investment to bring London's major Opportunity Areas forward for development. Within this, up to ten Housing Zones could be identified.

Whilst the details of the Housing Zones are not currently available, London Councils will be expecting that that boroughs are closely involved in the development of Housing Zones in London with the objective of ensuring that Housing Zones address in a balanced way both regional and local housing delivery and affordability priorities as well as complementing the housing aspirations contained within London's Growth Deal bid.

London Councils would not be expecting that the Mayor's approach to establishing Housing Zones to be overly interventionist or directive and that Housing Zones should be taken forward in a way that does not undermine or compromise the achievement of local borough housing, regeneration, economic development and planning strategies.

¹ Based on 2013/14 P1e DCLG Statutory Homeless return, indicating that 14,812 households were accepted as homeless in London 2013/14

In developing Housing Zones London Councils would expect the Mayor to explore with boroughs issues as

- How Planning Performance Agreements can be used to generate cost effective planning fees in order to fund (where appropriate) cross borough led housing delivery teams.
- Working with boroughs and registered providers to ensure that any additional recycled capital grant that might be generated is recycled into truly affordable housing which meets individual borough needs.
- That the GLA works in a supportive way with boroughs in any cross agency packaging of brownfield land for new housing.
- Recognise boroughs primacy over housing revenue account borrowing and management, whilst working constructively with boroughs to support the use of their HRA or other housing related investment to deliver more homes.
- Work with boroughs on initiatives to encourage small and medium sized builders to increase their building capacity and speed up their overall build rate.
- Work with the boroughs on supporting them to speed up the processing of planning applications by statutory agencies and utilities.
- Undertake complementary work supporting borough's work in the areas of improving conditions within the private rented sector.
- Work with boroughs to put in place appropriate governance arrangements to ensure that housing zones meet both borough and Mayoral housing delivery aspirations.

Making best use of land

P47 The Mayor will work with boroughs and other partners to support housing-led, high density, mixed-use town centre renewal.

We would expect this to be undertaken in a way that both reflects wider housing need in London and local housing and planning priorities.

P48 The potential to manage the release of surplus industrial land around transport nodes for higher density housing will be explored, taking into account London Plan policies.

We would expect this to be undertaken in a way that both reflect wider housing need in London and local housing and planning priorities.

Housing and infrastructure

London Councils would express its concern that the Mayor's draft Housing Strategy does not adequately reflect the importance of creating space for local action by boroughs reflecting their particular circumstances or the importance of wider infrastructure in supporting new housing in London.

Response to specific consultation questions

Setting the ambition

P2 Developers will be encouraged to provide private rented homes on schemes with more than one phase, to deliver at least 5,000 homes per annum across London. These homes will be covenanted for long-term private rented usage for at least fifteen years.

We agree that more can be done to encourage investment in the private rented sector. Long term planning use covenants can support this aim and are to be encouraged as they could act in a way that could guarantee rental income for investors, provide stability for tenants

and ensure that the properties remain within the private rented sector. However we would view this as additionality (and not an alternative) to the delivery of affordable homes that might be delivered on a scheme.

P4 The number of First Steps homes delivered in the capital will be doubled by 2020, and doubled again by 2025, helping 250,000 Londoners.

In the light of the current difficulties first time buyers and others have accessing home ownership in London, we welcome the Mayor's overall home ownership aspiration. However we remain very cautious over deliverability of the Mayor's overall First Steps delivery aspirations.

Improving design

P5 All new homes should be built to the London Housing Design Guide standards, as set out in the London Plan Housing Supplementary Planning Guidance.

Yes we agree.

P6 New homes should be built to Lifetime Homes standards, with at least ten per cent wheelchair accessible.

Yes we agree.

Improving existing homes and estates

P7 The GLA will have a plan in place to retrofit every poorly insulated home in London by 2030.

We agree with this in principle.

We would stress the valuable role that retrofitting can play tackling fuel poverty, specifically for the elderly who struggle to afford to heat their homes. However we are concerned that the investment potential for new homes may be re-directed for retrofitting instead of building new homes.

P8 All affordable homes in London should be retrofitted by 2020.

Noted.

P9 All London borough landlords should be in a position to independently resolve their Decent Homes backlog by 2016.

Yes we agree.

However we are mindful that due to previous delays in central government decisions on decent homes funding that some boroughs did not receive their full decent homes funding allocations up to 2014/15, which will impact on some boroughs ability to complete their decent homes programme by 2016.

P10 No more than one per cent of homes in London should remain empty for more than six months.

Yes we agree.

London has currently over 42,000 homeless in households living in temporary accommodation and an overwhelming need for additional affordable housing supply. Maximising the use of existing stock be it through the reduction of under occupation or bringing empty homes back into use where is absolutely crucial.

We believe the Mayor's Housing Strategy needs to build on the current 'legacy' empty homes programme the Mayor has inherited from the HCA and be reconfigured to a London specific context. This will include action on empty flats above shops and more programme flexibility in order to work with and build on the successful borough and sub-regional efforts which have drastically reduced the level of empty properties in recent years.

A more structured intermediate market

P11 the GLA will continue to encourage providers to enable households to choose a First Steps home and then agree the appropriate financial package.

Yes we agree, but have concerns.

The actions taken to develop a First Steps programme which is more customer focussed and runs more effectively is to be welcomed. However safeguards need to be built into the programme to ensure that those 'in work' on lower incomes, but unable to access the market are assisted. The development of the First Steps programme needs to be undertaken after discussion with boroughs and in a way that reflects local borough housing priorities.

P12 the GLA will agree to support equity loans for households that who fall within the income thresholds for First Steps.

Noted.

P13 Intermediate homes funded by GLA programmes should be made available to all Londoners meeting the First Steps eligibility criteria, and should not be restricted by occupational definitions.

We welcome the opportunity to make the First Steps product more accessible to a broader range of households and thereby encouraging more people to take up home ownership. However, we would stress that this opportunity may still be out of reach for people on low incomes who will be unable to get on the property ladder.

P14 Affordable housing providers will be encouraged to offer tenants the right to part-buy their home and the GLA will fund housing associations to do so.

This is dependent on ensuring that housing providers replace the units with affordable rental homes so as not to reduce the overall supply of housing both on the basis of size and overall affordability.

P15 Mortgage lenders will be encouraged to treat lending for intermediate homes more like lending for open market ownership.

Yes we agree.

Supporting home ownership

P16 The Mayor will lobby government for legislative changes that make it easier for private sector leaseholders to obtain the right to manage.

Yes we agree.

P17 The Mayor will lobby government to ensure there is long-term stability around interest rates for home owners.

Yes we agree.

Stability around mortgage interest rates is crucial both in order that households can effectively plan and manage their expenditure, but also in order that interest 'spikes' which can lead to increases in the level of homelessness can be avoided.

P18 the Mayor will work with the Council of Mortgage Lenders to encourage lenders to offer in-principle mortgage approvals for nine months.

Yes, we support in principle.

We want to achieve stability in the market if this approach can increase the level of first time and other buyers resident in London who can access the owner occupied market (and in doing so release voids in the private rented sector) this is to be welcomed. Specifically we would be hopeful that this step could lead to an increase in the number of Londoners being able to buy properties off board and mitigate the current leakage of these properties into the PRS.

P19 The Mayor will explore with the development and finance industry the potential options for an extension of Help to Buy to support development finance.

Recognising the importance of the private rented sector

P20 The London Rental Standard will be implemented, with a target to accredit 100,000 landlords and agents by 2016.

Yes we agree.

P21 The GLA will work with boroughs to optimise enforcement action against rogue landlords and to understand the operation of the housing health and safety rating system.

Yes we agree.

We support efforts to tackle rogue landlords, boroughs are well equipped and experienced to exercise their enforcement duties when it is deemed appropriate. However we are mindful that taking enforcement action is both costly and time consuming for boroughs.

P22 The GLA will explore how longer tenancies can be promoted, within the framework of the assured short hold tenancy regime.

Yes we agree.

We support the move towards the exploration of longer term tenancies, where this is practicable and appropriate. It encourages stability for families and also gives them the opportunity to develop local networks and access to other services such as hospitals and schools. However we would be mindful of the unintended outcomes of this measure which

could result in less private rented market flexibility and the possible withdraw of private landlords from entering the private rented sector.

P23 The GLA is seeking to offer its employees interest-free loans of up to £5,000 towards private rental deposits, and will promote this initiative to London's employers.

Noted.

Boroughs already assist households who are potentially or statutory homeless with private sector rent deposits. We would be mindful of the impact that an explicit level of support could have on the 'rent deposit market', which could result in landlords further escalating the level of rent deposit required to match a notional minimal employer supported rent deposit benchmark.

However we view any further roll out of this incentive as being dependent on each boroughs local circumstances, with a notional rent deposit figure not being imposed on boroughs.

P24 Major Employers in the capital will be encouraged to invest in subsidised housing products to reduce the costs of renting for their employees.

Yes we agree and welcome the Mayor's acknowledgment that in some areas and parts of the market that subsidised housing is required for people in work.

There has been a vibrant tradition of organisations assisting their workers with 'subsidised' housing such as the British Airways Staff Housing Society and the Teachers' Housing Association.

Rethinking affordable housing allocations

P25 Local authorities and other affordable housing providers should give greater priority to working households for lettings.

London Councils would take the view that it is up to individual boroughs to make decisions as to their own allocations policies particularly in the context of addressing the housing needs of the 'usual preference groups'.

Boroughs will follow different approaches within their lettings strategies and would be mindful of this objective, particularly when undertaking their own allocations and nominations to housing associations. In both instances it is not always appropriate that lettings or nominations should solely comprise of households in work.

Facilitating mobility

P26 In order to encourage mobility and to enable best use of stock, affordable housing providers are encouraged to consider the use of fixed-term renewable tenancies.

London Councils supports the objective of greater housing mobility in London, both to enable boroughs (and other providers) to maximise the use of their housing stock but also to create choices for tenants wishing to move, particularly in the context of accessing employment but also those seeking safety after sexual and domestic violence.

The possible use of fixed-term tenancies must be discussed with boroughs and should be subject to the needs of the locality.

P27 For Affordable Rented homes funded through GLA programmes, five to ten per cent will be let on a pan-London basis, and ten per cent will be retained for nominations by the registered provider. This will replace the current system of sub-regional nominations.

Noted

P28 The Mayor will explore the expansion of the Housing Moves and Seaside & Country Homes schemes for under-occupiers and those in employment.

Yes we agree.

Improving mobility for tenants through the Seaside and Country Homes Scheme and Housing Moves is a good way of addressing under occupation and supporting those who wish to move outside London in particular. These decisions must be undertaken at borough level, as mobility has cost implications for boroughs, but should not be undertaken at the expense of borough nominations. There is also the wider debate about the changing demographic in London that needs to be addressed, in respect of the provision of housing for older people.

P29 Private sector landlords should consider the use of longer tenancies, tied in with greater certainty over rents, where this is viable.

Yes we agree.

P30 Affordable housing providers should consider adopting a high earners' contribution in line with the First Steps income thresholds.

Yes we conditionally agree.

However London Councils would want an assurance that the additional rental income generated from premium level rents are recycled back into affordable housing for rent and for sale.

P31 Providers of low cost home ownership should ensure that rent and service charge increases are proportionate and in line with rent increases more generally.

Yes we agree.

Exorbitant rent and service charges place an additional squeeze particularly on those on lower incomes. It also seriously impacts on the ability and number of tenants who are able to staircase up towards full home ownership.

Meeting a range of housing needs

P32 The provision of older people's housing should deliver a range of products, including shared equity, in mixed tenure developments.

Yes we agree.

As outlined above we believe strongly that there is a need for a wider set of more 'modern' older person housing products, that address both individual circumstances and the market in London but will assist in the provision of a supportive and household focused way. There must also be recognition of the increasing number of owner occupiers who are under occupying larger sized homes in London. Any policy development in this area should be

carried out in consultation with boroughs in the context of wider discussions around adult extra care provision.

P33 The GLA will undertake a review of equity release products.

Yes we agree.

Equity release can provide a solution for elderly tenants who wish to access the equity in their homes without having to move from their property. Care must be taken to ensure that this issue is taken forward sensitively, ensuring that the products offered work are in the best interests of the homeowners and offer good value for money and avoid the mistakes of recent financial product misselling.

P34 the level of severe overcrowding in affordable rented housing should be halved by 2016.

Yes we agree the aspiration to reduce overcrowding in London.

However the achievement of the Mayors overcrowding aspiration needs to be considered in the wider context of his other allocations related aspirations such as an almost exclusive focus on boroughs rehousing those who are work etc.).

The route into addressing overcrowding is both to build affordable family sized homes and converting existing properties as well as taking tenant centred measures to reduce under occupation as a way of freeing up properties which are currently under occupied across all housing sectors in London.

P35 The Mayor will work with boroughs and other partners to ensure no one new to the streets sleeps rough for a second night, and no-one lives on the streets of London.

Yes we agree.

P36 Boroughs should continue to make appropriate use of mechanisms such as NOTIFY and the pan-London inter-borough accommodation agreement when placing homeless households in out of borough accommodation.

Yes we agree.

Financing housing delivery

P38 The GLA will make greater use of equity investment or loan guarantees in future spending rounds, where it is able to recover and reinvest its original investment.

We welcome the opportunity to reduce the overall cost of borrowing for boroughs and we agree that it is the decision of individual boroughs to make their own investment judgements based on local decision making and the needs of the local area.

P39 the GLA will work with partners to explore the concept of the London Housing Bank model and will publish a discussion paper in 2014.

We welcome the opportunity for boroughs to engage in discussions with the GLA the concept of the London Housing Investment Bank, which would expect will balance both risk and delivery.

P40 The GLA will work with the regulator to explore how housing associations can be incentivised to maximise development capacity.

Housing associations along with boroughs remain key partners in the drive towards increasing housing supply. We would like to see the relationship strengthened between the GLA and regulator, and this should be included in discussions with the G320.

P41 Targeted disposals and conversions of properties should be utilised to unlock capacity, but only within the context of a contract with the GLA to deliver an affordable housing programme.

We agree that all stakeholders are keen to maximise delivery around the affordable rent programme. Conversions and disposals have a role to play by utilising units of accommodation, which should remain at affordable levels, when this can be achieved. These decisions should be made at borough level and boroughs should be given the power to veto decisions made on disposals and conversions if it is not systemically in keeping with the local needs of the local area.

Bringing land forward for development

P42 The GLA will work with boroughs to review estate regeneration appraisals to bring forward development. This could include creating a long-term investment portfolio.

We agree that this will need to be delivered in consultation with boroughs.

P44 The GLA will have an exit strategy in place by 2016 for all its transferred landholdings.

Noted.

P45 The GLA will promote garden suburbs on sites such as Barking Riverside.

Yes we agree in principle as long as discussions are in consultation with boroughs and reflects the wider housing need in London and is in keeping with local housing and planning priorities.

P46 The GLA will act as a conduit for all public sector land in London, and will encourage public land holders to use the structures the GLA has in place, such as the LDP and its public land register, to bring forward landholdings.

We see that London local government has a key role to play, in the context of setting the strategic priorities of the local area. The proposals featured in Growth Deal proposals suggest how this can be delivered more effectively.

Increasing development capacity

P49 The GLA will encourage institutional investment in London's PRS, including through its own landholdings.

Yes we agree.

P50 A programme to encourage and support small and medium-sized builders to enter the London market will be developed, including for custom and self-build

We support this proposal as it complements on the suggestions contained in the London Councils Housing Challenge discussion document, where we argued that more should be done to encourage small and medium sized businesses into the market.