

Size Matters

The need for more family homes in London
June 2006



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**Greater London Authority
June 2006**

Published by

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

www.london.gov.uk

enquiries **020 7983 4100**

minicom **020 7983 4458**

ISBN 1 85261 891 4

Cover photograph Belinda Lawley

This publication is printed on recycled paper

Foreword



Tony Arbour AM, Chairman

According to demographers, London's population will grow from 7.4 million in 2004 to 8.1 million in 2016, with an additional 340,000 households seeking suitable accommodation. Increasing the availability of housing and in particular 'affordable housing' is a top priority. Our report aims to set out clearly how 'affordable housing' should be defined and describes how it is provided.

Our research highlights that in many boroughs, housing provision is falling behind ambitious targets. Furthermore, where developers are meeting targets, they may not be meeting local need. In order to meet their 'affordable units' targets house-builders often supply only the smallest units, as they are the cheapest. We found that there is a surplus of some 12,000 one-bedroom properties, but a shortfall of over 28,000 two, three and four bedroom dwellings for which there is the greatest need.

Our report primarily presses for greater clarity in defining 'affordable housing' in borough development plans and for changes to the Mayor's London Plan, his main strategic planning document, to better incentivise the building of homes with more bedrooms and more sophisticated methods of calculating necessary housing requirements.

My personal view is that 'affordable housing' is a phrase that is increasingly seen as meaningless. Greater clarity could be brought to the housing market if 'affordable housing' was better described as 'subsidised housing' provision. Furthermore it is worth reflecting on the findings of a government survey, reported in "Inside Housing", 14 April 2006, that a disproportionate number of shared ownership homes built as part of the key worker living programme remain empty, in contrast with a much smaller proportion of homes available for intermediate rent. This may be because where householders can exercise a choice they are unhappy about the siting, quality and size of what is available.

The Planning and Spatial Development Committee

Terms of Reference

The Planning and Spatial Development Committee is a cross-party committee of London Assembly Members, with the following terms of reference.

To examine and report from time to time on -

- the strategies, policies and actions of the Mayor and the Functional Bodies
- matters of importance to Greater London as they relate to spatial development planning matters in London.
- To examine and report to the Assembly from time to time on the Mayor's Spatial Development Strategy ('The London Plan'), particularly in respect of its implementation and revision.
- When invited by the Mayor, to contribute to his consideration of major planning applications.
- To monitor the Mayor's exercise of his statutory powers in regard to major planning applications referred by the local planning authorities, and to report to the Assembly with any proposal for submission to the Mayor for the improvement of the process.
- To review UDPs submitted to the Mayor by the local planning authorities for consistency with his strategies overall, to prepare a response to the Mayor for consideration by the Assembly, and to monitor the Mayor's decisions with regard to UDPs.
- To consider planning matters on request from another standing committee and report its opinion to that standing committee.
- To take into account in its deliberations the cross cutting themes of: the health of persons in Greater London; the achievement of sustainable development in the United Kingdom; and the promotion of opportunity.
- To respond on behalf of the Assembly to consultations and similar processes when within its terms of reference.
- To consider, as necessary, strategic planning matters as set out in Statutory Instrument 2000, No. 1493 - The Town and Country Planning (Mayor of London) Order 2000 and to make recommendations as appropriate. (The Assembly itself has no powers in relation to any individual planning applications).

Committee Members

Tony Arbour (Chairman)	Conservative
Bob Neill	Conservative
Peter Hulme Cross	One London
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1. Introduction

- 1.1 A major issue in the 2006 local elections, “affordable housing” in London has become a priority for policy-makers in both central and local governments. London’s population is growing at a rapid rate – from 7.3 million in 2003 to a projected 8.1 million by 2016, with an additional 336,000 households. This population increase will further intensify the pressure on existing housing supply and push up prices. The provision of affordable housing is in short supply. A GLA survey undertaken in 2004 found that around 50% of Londoners prioritised more affordable housing as the one way to improve the city as a place to live¹.
- 1.2 Property ownership is out of reach for many people, and London has a particular problem. Recently published figures from the Halifax bank shows that in the last ten years, the average house price in London has risen by 226%, compared to 177% in the rest of the country. Even in Barking and Dagenham, the borough with the lowest prices in London, the average cost is £170,325². A household income of £48,500 pa would be required to take out a mortgage to buy a house at that price. The average household income in London is £37,073³.
- 1.3 The shortage of affordable housing has a direct impact on overcrowding and households living in temporary accommodation. Figures for 2006 show there were around 150,000 households considered as overcrowded⁴, and 62,773 households living in temporary accommodation⁵, which is around 50% of the total in England. This is a surrogate indicator of the current shortage of housing. A large number of people living in unacceptable conditions can also put pressure on local health, education and social services.
- 1.4 Increasing the output of affordable housing is a Mayoral priority, which is set out in the London Plan – the key strategic planning document for London. The Mayor has laid out a series of targets for increasing affordable housing based on present and projected future need. Boroughs grant planning permission for local developments and they are responsible for meeting the Mayor’s targets. The Office of the Deputy Prime Minister (now the Department for Communities and Local Government) recently conducted a consultation on a Review of Powers for regional government, which could potentially result in the Mayor gaining more control over housing strategy and investment in London. A summary of the proposals can be found in Appendix 1.
- 1.5 The Planning and Spatial Development Committee decided to review the progress of the Mayor’s housing objectives and to investigate the barriers to meeting these targets. The terms of reference were:
1. To identify the extent to which Boroughs measure their affordable housing delivery based on habitable rooms/floorspace rather than numbers of units

¹ Housing in London: the London housing strategy evidence base, 2005, pp7, found at:

<http://www.london.gov.uk/mayor/housing/strat-evidence.jsp>

² Evening Standard (WEF) 18/04/2006, p21

³ PayCheck 2005, DMAG briefing pp5, found at:

<http://www.london.gov.uk/gla/publications/factsandfigures/DMAG-Briefing-2005-29.pdf>

⁴ The Mayor of London’s response to the ODPM’s consultation paper on the powers and responsibilities of the Mayor and Assembly, 2006, p4

⁵ Homelessness in London bulletin, February 2006, found at:

http://www.london.gov.uk/mayor/housing/homelessness_bull/docs/2006/bull_73_2006.rtf

(affordable housing comprises social housing, intermediate housing and in some cases, low-cost market housing).

2. To review evidence on the factors relevant to delivery of affordable housing, particularly affordable family housing, and its affordability. This will draw on evidence already received on funding, Borough targets, planning refusals, size thresholds for requiring affordable housing, mobility in housing allocations, and overcrowding.
- 1.6 Evidence was taken from the Association of London Government, the GLA Planning and Housing and Homelessness teams, the London Housing Federation, the London Region Housing Corporation and individual London Boroughs.
 - 1.7 The first part of this report clarifies the concept of affordable housing, examines the delivery process in London and considers how successfully targets are being met across London. The second part of this report focuses on the current shortage of affordable housing for larger family sizes.

2. What is affordable housing?

- 2.1 The concept of affordable housing is a confusing one. Some recent press reports have highlighted housing designated as affordable housing being sold at prices as high as £400,000 – over ten times the mean household income, which is not a definition of affordability most Londoners would agree with. Essentially affordable housing encompasses a number of schemes where housing costs are subsidised by government through the Housing Corporation⁶. The London Approved Development Programme for 2004/05 – 2005/06 was almost £1.5 billion⁷, which is an increase of approximately half a billion from 2002 – 2004⁸. GOL figures show that the average subsidy per unit in London is £59,500⁹.
- 2.2 Council housing is affordable rented accommodation managed by local authorities. It was for many years the primary form of affordable housing, reaching its peak in the 1970s. In the eighties, occupiers were given the right to buy their houses, and local authorities were encouraged to transfer their remaining stock to Housing Associations. This led to a significant reduction in council owned stock, although it still accounts for 15% of all housing in London (please see appendix 3 for more information).
- 2.3 New supply of government-funded affordable housing schemes apply to two types of housing tenancy – social rented and intermediate.
- 2.4 **Social housing** is housing owned by Registered Social Landlords (RSLs), who are independent not for profit housing organisations approved, and often granted money by the Housing Corporation. It is rented by the tenant. Housing is affordable in that rents are no greater than target rents as set by Government (ODPM) for local authority and housing association tenants. Social housing is allocated on the basis of need. Provided applicants meet the criteria (these vary between boroughs, but the GLA recommends an upper household income limit of £16,400), they will be added to the waiting list, which these can be very long due to the shortfall of social housing.
- 2.5 **Intermediate housing** is housing that can be bought outright, bought with a Housing Association shared ownership scheme or rented, at prices below those charged by the market.
- If applicants cannot afford to buy a home outright, they can buy it in stages, known as shared ownership. To part buy a home under a shared ownership scheme, applicants decide how much they can afford (minimum 25%, maximum 75% of the total price) and buy that share of the property from the housing association. The GLA's guidance recommends that households accessing intermediate housing have incomes of between £16,400 and £49,000. This figure is based on income house-price ratios.

⁶ The Housing Corporation is the national Government agency that funds new affordable housing and regulates housing associations in England.

⁷ Housing Corporation Allocation Statement for London 2004/ 2006

⁸ Housing Corporation Allocation Statement for London 2003/ 2004 and Housing Corporation Investment in London 2002/ 03: Outturn Statement

⁹ London Housing Board proposed ADP programme, 2004/05 and 2005/06, available at: http://www.gos.gov.uk/gol/docs/202207/203667/203686/prop_programme.pdf

- Rent is paid on the part that they have not bought. It is then possible to buy additional shares in the home until tenants own the entire property. If residents wish to sell the property they may do so in the normal way, or the landlord may wish to buy it back from them to ensure it is available to other households requiring low cost home ownership. Residents will be entitled to any profit they make on their share.

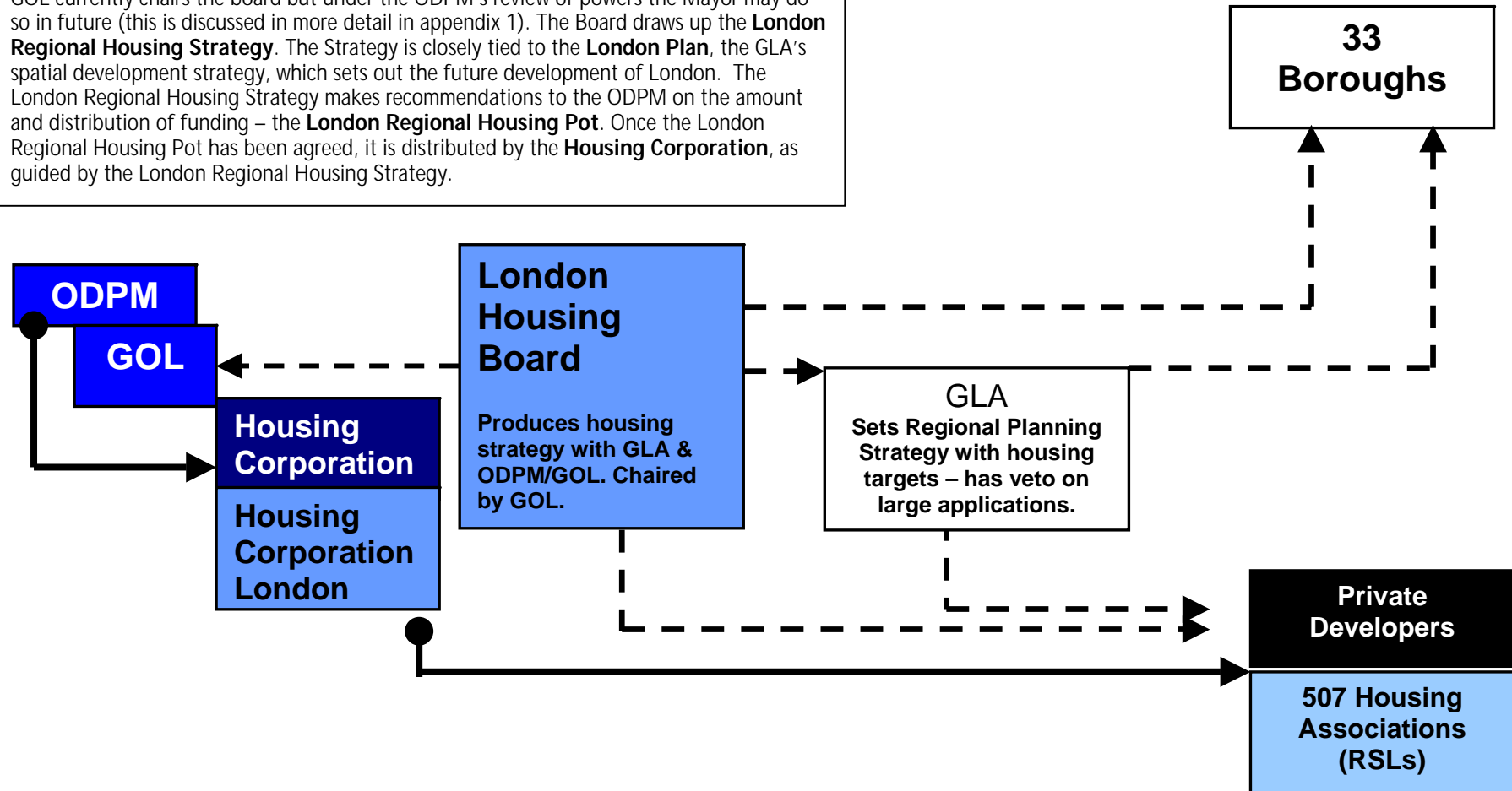
2.6 **Key worker housing** is housing specifically set aside for certain groups of frontline public sector workers, though there is no fixed definition. In most cases it will be intermediate housing (although some key workers will qualify for social housing) that is allocated to nurses, teachers, social workers and police amongst others to ensure that they are retained in the area where they work. There is a government-funded programme, Key Worker Living, whereby interest free loans can be obtained to help workers get on the property ladder. Often shared ownership schemes are prioritised for key workers.

Bodies and structures



2.7 The number of organisations involved in the planning and delivery of affordable housing can be baffling for residents and households. The various mechanisms of planning and funding are not accessible or transparent to the layperson. Diagram 1 overleaf demonstrates the workings of the bodies at a strategic and financial level.

Diagram 1: Financial and strategic housing arrangements in London, as at May 2006

The **London Housing Board** comprises the GLA, GOL, the Housing Corporation, Association of London Government, London Development Agency and English Partnerships. GOL currently chairs the board but under the ODPM's review of powers the Mayor may do so in future (this is discussed in more detail in appendix 1). The Board draws up the **London Regional Housing Strategy**. The Strategy is closely tied to the **London Plan**, the GLA's spatial development strategy, which sets out the future development of London. The London Regional Housing Strategy makes recommendations to the ODPM on the amount and distribution of funding – the **London Regional Housing Pot**. Once the London Regional Housing Pot has been agreed, it is distributed by the **Housing Corporation**, as guided by the London Regional Housing Strategy.



National Quango	Government Department	Local Quango	GLA Group or London Borough
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Financial Link 
 Strategic Link 

Targets

- 2.8 In London, the Mayor provides strategic guidance on how much of new housing is allocated as affordable housing. This is done through the London Plan, the key strategic planning document for London. The London Plan¹⁰ states that 50% of all new housing should be affordable. Within this, 70% should be social rented and 30% should be intermediate. The Mayor is keen to promote a mix of market and affordable housing on developments to create diverse and sustainable communities. The London Plan specifies that the affordable proportion should be well integrated and has the same appearance as the rest of the housing.
- 2.9 Borough targets for the overall amount of new housing are set out in the London Plan. Boroughs then set their own targets in their UDPs/LDFs¹¹, which can be flexibly applied to individual developments. Targets are assessed by the GLA through the London Development Database (LDD) into which boroughs input the amount of affordable housing they have secured from developers. In the next chapter we assess how well these targets are being met.
- 2.10 When property developers wish to build housing, they must seek planning permission from the local authority or borough. The borough will negotiate a 'Section 106 agreement'¹² with the developer to ensure that a certain percentage of the development is affordable. In practice, this means the developer passes either a portion of the land or completed units on to an RSL at a discount. The RSL will then often make a bid to the Housing Corporation to seek funding for the affordable portion of the development.

Thresholds

- 2.11 Boroughs will agree a threshold above which a proportion of the development will be designated as affordable housing, usually 15 units. There is anecdotal evidence that some developers are putting forward proposals that come in just under the borough threshold, to avoid contributing. However, many boroughs have recognised this is occurring and state in their UDP/LDF that they will seek a percentage of affordable housing on developments either by units or the size the development. Therefore, in Newham's case they will seek a proportion of affordable housing on sites where there is 15 units, or half a hectare. This removes the possibility that a developer could propose to build 14 units of larger housing, just to avoid contributing to affordable housing. It provides a useful safety net for councils, and the Committee would encourage all boroughs to adopt similar policies.

Land costs

- 2.12 London has a particular problem in trying to secure affordable housing because of the high land costs. When developers buy land, the price they rent or sell the property at will also be high to ensure they make a profit. Therefore the subsidy must be higher to ensure affordable housing falls within the right price range, and

¹⁰ Found at: <http://www.london.gov.uk/mayor/planning/strategy.jsp>

¹¹ **Boroughs** have strategic planning documents called **Unitary Development Plans** (UDPs), which are currently being replaced with **Local Development Plans** (LDFs), serving broadly the same purpose. These will set out the amount of affordable housing the borough will seek on each development. UDPs/LDFs should be broadly in line with the London Plan's requirements and vision for affordable housing.

¹² A section 106 agreement is a private agreement between the borough and the developer, which obliges the developer to fund certain infrastructure costs (in this case part of the cost of the affordable housing) in return for planning consent.

funds are naturally limited. This is problematic as there is very little way of controlling land costs – they are driven by the market. There is scope for local authorities to use public land that they own, or to buy brownfield sites owned by other public bodies such as the NHS and Ministry of Defence to build housing. However, this is limited.

3. Delivering affordable housing

3.1 Table 1 below shows the total amount of affordable housing delivered, and as a percentage of the total housing built in London. The total housing stock has increased since 1997, but affordable housing has not followed accordingly. It can be seen that the proportion of affordable housing has in fact fallen quite sharply in the last few years.

Table 1: Housing delivery

Year	Total housing delivered	Total affordable housing delivered	Percentage of affordable housing of total completions
1997/8	19,998	8,986	44.9%
1998/9	19,627	8,123	41.4%
1999/2000	17,318	6,957	40.2%
2000/01	19,850	8,224	41.4%
2001/02	18,156	7,948	43.8%
2002/03	21,531	6,484	30.1%
2003/04	24,431	7,609	31.1%
2004/05	27,364	7,712	28.2%

Source: London Plan team and 'Delivering increased housing output' found at http://www.london.gov.uk/mayor/strategies/sds/lon_plan_changes/docs/deliver-incr-housing.rtf

3.2 The London Plan attribute this to a change in funding policy:

'The reason for the fall is that the Housing Corporation in 2002/3 switched a significant proportion of its funding to purchase of existing market homes under the Homebuy programme. This programme while giving middle-income households access to market housing does not increase the supply of affordable housing. If these homes are included in the affordable housing outturn, the affordable housing output increases to 9,890 homes per year over the last three years, just short of the London Housing strategy target of 10,000 homes.'¹³

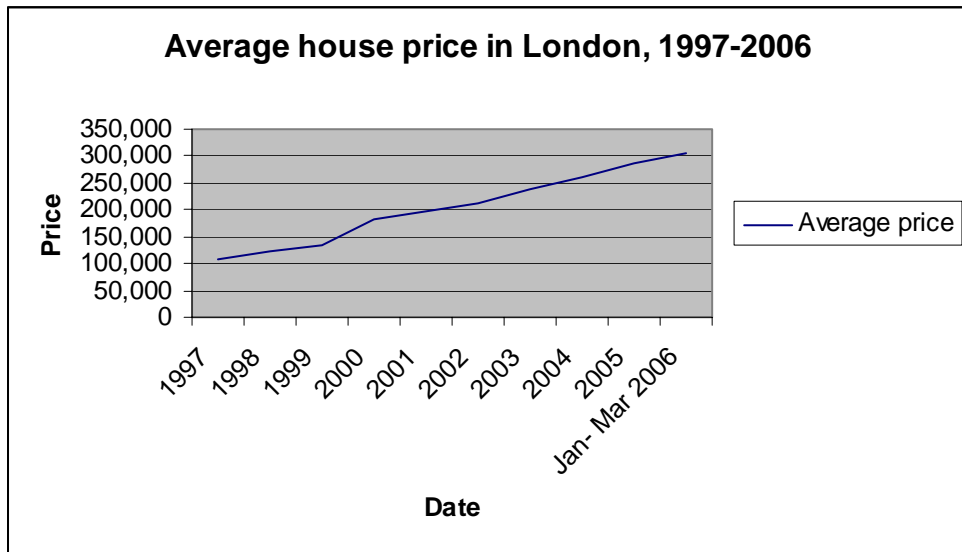
3.3 It is interesting to note that residential planning permissions granted have increased significantly in recent years. In 2001 there were 25,883 consents granted, in 2003 there were 30,468 and the provisional figure for 2004/05 (monitoring is now done on a financial year basis) is 51,484¹⁴.

3.4 Chart 1 overleaf shows the average house price in London over the last ten years. The increase in house building correlates with the increase in house prices. This is to be expected as developers will build more when they can make most profit. However, the percentage of affordable housing as a total of all housing built in declining. As developers increase the amount of housing, a decreasing proportion of it is affordable.

¹³ Written submission from London Plan team, available on request

¹⁴ Duncan Bowie, Planning and Spatial Development Committee, 2 November 2005

Chart 1: Average house prices in London since 1997



Source: Land Registry, found at: www.landreg.gov.uk/propertyprice/

3.5 Table 2 below shows the performance of London boroughs in securing affordable housing.

Table 2: Affordable housing completions by borough

Borough/ Sub-region	Overall % housing completions against Mayor's 2 year target	Borough target	Affordable housing as % total completions
Barking	88%	25%	50%
Barnet	135%	50%	8%
Bexley	54%	35%	32%
Brent	147%	50%	20%
Bromley	88%	30%	19%
Camden	66%	50%	27%
City	208%	33%	11%
Croydon	97%	50%	14%
Ealing	105%	50%	22%
Enfield	122%	25%	30%
Greenwich	237%	50% ¹⁵	27%
Hackney	133%	50%	63%
H& Fulham	118%	65%	70%
Haringey	34%	50 %	171% ¹⁶
Harrow	142%	50%	14%
Havering	101%	35%	7%
Hillingdon	105%	25%	32%
Hounslow	140%	50%	34%
Islington	121%	40%	20%
Kensington and Chelsea	65%	33.33%	39%
Kingston	149%	40% ¹⁷	5%
Lambeth	38%	50%	46%
Lewisham	100%	35%	39%
Merton	85%	30%	33%
Newham	188%	UDP 30%	26%
Redbridge	98%	25%	36%
Richmond	128%	40%	39%
Southwark	60%	50%	63%
Sutton	80%	No target ¹⁸	33%
Tower Hamlets	70%	35%	64%
Waltham Forest	67%	50 %	85%
Wandsworth	100%	25%	7%
Westminster	103%	50%	11%

Source: GLA Sub Regional Briefings, June 2005

¹⁵ on some sites

¹⁶ This figure is due to replacement of housing stock, rather than new build

¹⁷ 50% on larger sites

¹⁸ 25-30% in practice

3.6 A successful affordable housing policy is not just about the amount secured, but is also about meeting the needs of an area in terms of suitability. Table 3 below shows some significant problems in ensuring that the right size mix is achieved.

Table 3: Summary of housing required to satisfy existing housing need (as of 2004) by housing type and property size

Property size	Net shortfall (surplus)				Total
	Market	Intermediate	Social	Affordable housing total (social + intermediate)	
One bedroom	(3,800)	(3,800)	(4,500)	(8300)	(12,100)
Two bedrooms	(7,000)	11,900	3,800	15,700	8,700
Three bedrooms	(8,100)	100	9,300	9,400	1,300
Four bedrooms	(2,000)	7,000	13,400	20,400	18,400
Five or more bedrooms	(600)	(1,300)	2,000	700	100
TOTAL	(21,600)	13,900	24,000	38,900	16,400

Source: The GLA's Greater London Housing Requirements Study of December 2004 (figure 5); derived from ORS Housing Market Model, London Housing Requirements Study 2002

Note: Figures may not sum due to rounding

3.7 In every sector there is a surplus of one bedroom housing, but the striking figures are the chronic shortage of three and four bedroom housing, particularly in the social rented sector. These figures are worrying because such a lack of family sized housing will mean that many people are living in overcrowded conditions, with detrimental impacts on family relationships, child development and health. The Committee was particularly concerned about the mismatch occurring between the type of affordable housing being built and the needs of Londoners. The next section explores the reasons why this trend is occurring, and makes recommendations on how to rectify the problem.

4. Increasing the output of family homes

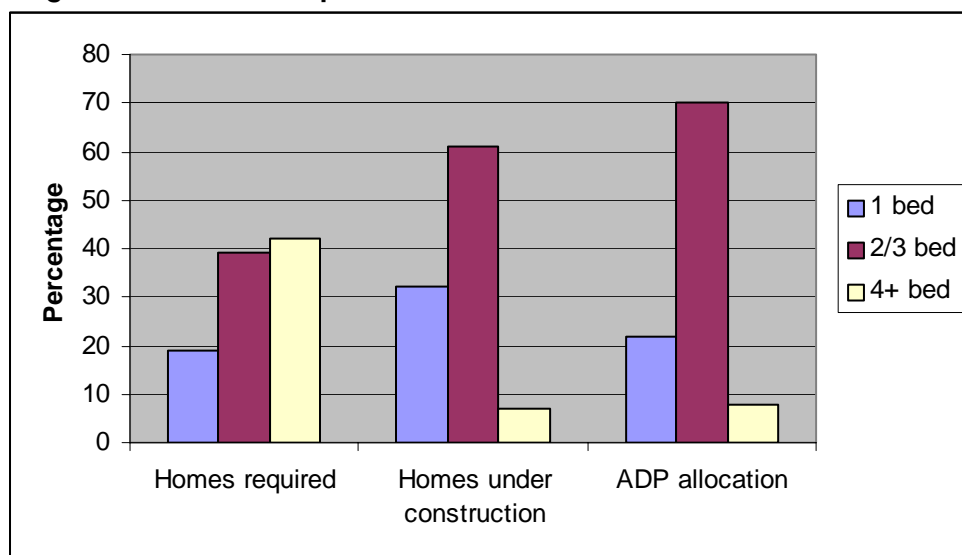
4.1 As seen in the previous chapter, there is an estimated shortage of over 30,000 three and four bedroom affordable homes. Particularly in the social rented sector, this will mean that many families are living in overcrowded conditions. There is no definitive measure of overcrowding, but the Bedroom Standard, used in most government and social research, offers more precise requirements, which each of the following having one bedroom:

- Married or co-habiting couples
- Single people over 21
- Two children under 10
- Two children between 10 and 21, of the same gender
- A person between 10 and 21, paired with a child under 10 of the same gender¹⁹

4.2 A report by Shelter, 'Full House', highlighted the negative effects on family relationships, children's development and education, and health. Overcrowding disproportionately affects black and ethnic minority (BME) groups, indeed they are twice as likely as white families to live in cramped conditions²⁰.

4.3 The Shelter report found that three quarters of respondents blamed the short supply of large affordable properties for their overcrowded conditions. Diagram 2 below shows the percentages of the size mix required and home currently under construction and homes that have been granted planning permission (ADP – approved development programme).

Diagram 2: Size mix requirements



Source: *Thinking Big*, ALG

4.4 Thirty four percent of allocations under the ADP for social housing were for three bedroom or more units, nine percent of which was for four bedroom homes. Three or more bedroom homes made up twenty seven percent of bids received, so it is to the Housing Corporation's credit that they boosted allocations for larger homes.

¹⁹ Shelter report: Full House?, 2005, appendix 1, pp38

²⁰ Housing in London: the London housing strategy evidence base, 2005, pp53

So ways need to be found to increase the overall supply of larger homes, and particularly larger affordable homes. Essentially there are three issues that hamper boroughs and RSLs in building larger homes – funding, suitability and the method used to calculate the amount of affordable housing per development.

Incentivising building for families

- 4.5 There are several problems with the way the funding streams work. The ALG Affordable Housing and Investment team told the Committee that ‘the funding for affordable housing is just nowhere near enough to meet the need’²¹. The Housing Corporation grant system does not take account of land costs, and so the grant alone is often not enough for housing associations to procure larger homes. Consequently, they are becoming more dependant on s106 funding from developers. A change to this policy could offer less value for money to the Housing Corporation because wealthier areas generally have higher land costs. Money would therefore be need to be diverted towards wealthier areas with higher land values to meet the need for affordable housing there. Even in wealthier areas there is a need for affordable housing.
- 4.6 The way funding is allocated to both intermediate and social rented schemes can be problematic. The rent differential between small and larger social rented properties is relatively small, reducing the incentives for housing associations to build larger homes. The Housing Corporation has moved to tackle this issue by assessing applications and distributing grants on a per person²² and per unit basis, thus increasing funding for larger homes. Previously, it was assessed just on a per unit basis, which was skewing funding towards smaller properties. They have also been prioritising funding for larger housing. The change of policy has had a visible effect – 35% of the social housing grant is now going to three bedroom plus developments. This is in line with the initial target in the London Housing Strategy – 35% of affordable homes should be three bedroom plus. The Committee welcomes the Housing Corporation’s approach and the important first step they have achieved in increasing the number of large affordable homes.
- 4.7 Much of the new RSL supply in London is actually bought ‘off the peg’, meaning that it is built by the private developers as part of their normal activities then passed onto the RSL at a discount. This often means that the RSL has little or no influence over the kind of unit it receives, so if the wider site consists largely of small flats that’s what it gets. Best practice in this area is for local authorities to try and ensure that RSLs are involved in negotiations at an early stage and so can influence what developers produce.

Can families live in high-density housing?

- 4.8 High density housing can be an efficient and cost effective method of development, but there are concerns that some developments are too dense. The Supplementary Planning Guidance for the London Plan sets out guidelines for the number of homes and habitable rooms per hectare.
- 4.9 There is an ongoing debate on this subject. Whilst Camden and some other boroughs believe that with the right controls, high density housing can be made

²¹ Chloe Fletcher, Planning and Spatial Development Committee, 2 November 2005

²² Based on intended occupation, worked out by average occupation.

suitable, housing associations such as East Thames Housing Group disagree. The London Plan advocates that low density housing is more suitable for families.

- 4.10 Family sized housing has more specific requirements than smaller units because of the presence of children. High density housing which tends to be located near city centres has not traditionally been thought of as suitable for families. However, families can be 'designed in' if high density developments include associated facilities such as public space, play space for children and youth facilities. High density housing does not necessarily need to be in high rise blocks, but could be high density two storey blocks. This has been considered to be successful in Camden and Islington. Well designed high density housing, with reasonable space standards and good facilities can be an effective way of providing affordable housing, but it needs close monitoring.
- 4.11 East Thames Housing Group challenge the belief that high density housing is cost effective and disagree that it always works in city centres. They believe that the reality is high density housing can work, but residents must be affluent and have choice about where they live, the housing and public space is well maintained, and there are not too many children²³.

Making the targets fit the need

- 4.12 The London Plan uses units or the number of dwellings built as a monitoring tool for the LDD. Though this is by far the simplest measure of housing, it does not take account of one of the key housing issues – size mix. For example, a developer could propose that 30 units be built – with 15 one bedroom affordable units and 15 three-bedroom market units. This would clearly be unsatisfactory as it not likely to be filling a particular housing need. Furthermore, the developer is allocating the minimum amount of space to the affordable element. Therefore, the current situation with the glut of one-bedroom homes is occurring partly because boroughs can be numerically meeting their targets for proportions of affordable housing, but not in fact meeting the housing needs of their area.
- 4.13 Supplementary Planning Guidance to the London Plan states:

"[In some cases] it is more appropriate for the calculation of the affordable housing proportion to be in terms of habitable rooms or floorspace²⁴".

Definitions

Habitable rooms

- 4.14 Habitable rooms are all rooms except hallways, bathrooms, WCs, laundry rooms and storage cupboards. Using this method is a better measure for indicating the proportion of larger family homes, as well as negating the predominance of small affordable units. However, it is a more complex methodology, so is more difficult for planners to assess. Some boroughs, such as Merton were concerned that internal subdivisions (i.e. room size) are not subject to planning controls so it would be possible to have three-bedroom housing but with very small rooms. The GLA London Plan team has commissioned a study on space standards, the results

²³ East Thames Housing Group presentation to ALG Seminar 'Thinking Big', 12 December 2005

²⁴ London Plan Supplementary Planning Guidance, November 2005, pp51, found at: http://www.london.gov.uk/mayor/strategies/sds/spg_housing.jsp

of which are not yet published. Previously, the Parker Morris standard was applied to social rented housing but this was removed during the 1980s. The Committee would support a return to internal space standards and awaits the finding of the study with interest. Evidence from the Royal Borough of Kingston suggests that developers have designed open plan ground floors with no separation between kitchen and living room in their market housing to reduce the number of habitable rooms used in the calculation of the affordable element. Using habitable rooms as a measure will also tend to reduce the total number of affordable units provided.

Floorspace

- 4.15 This method has the advantage of allowing the council to obtain larger units, and ensure there is a better size mix. It also negates the possibility of developers building large family housing with very small rooms. The Committee understands that the ALG currently favours this measurement. However, it can be complex and time consuming to calculate, and again will generally produce a smaller amount of units.

The debate

- 4.16 When looking at borough UDP/LDFs, the diversity is striking. Whilst some boroughs are strongly in favour of using habitable rooms as a measure, others are very much against it. Overall, many boroughs advocate a mixture of methods. Hounslow mention that when assessing a planning application they will usually look at the number of units, and if this is lower than they require, they will consider it in terms of habitable rooms. If this meets requirements, they will accept it. Westminster note that it may be preferable to use a floorspace calculation if the unit calculation, whilst the right proportion, is not delivering the right type and size of housing units. **This is as it should be, with boroughs identifying the housing needs of the local area and selecting the best method to meet this need.**
- 4.17 The key issue here is the delivery of affordable housing on a practical level (consideration of each individual case) against strategic priorities (targets set out in the London Plan). Local economic and social requirements and considerations are vital to delivering of affordable housing, and boroughs require flexibility in how they implement their planning targets. It will not be appropriate for every housing development to be 50% affordable, higher or lower. This is what boroughs should be aiming for, but they must have a degree of autonomy in how they secure this.
- 4.18 Where the Committee's concerns lie however, is how effectively some boroughs are actually assessing the needs of their area. All boroughs (except, we understand, Wandsworth) carry out housing requirements studies approximately every five years. This will assess the current and future needs of the area and will indicate the level of overcrowding. Some boroughs have used these studies to set out a size mix policy for their area, but it is a minority. Newham state that their preferred mix is 20% one bedroom, 40% two bedroom, 25% 3 bedroom and 15% four bedroom. Hackney has a similar policy. The Committee believes this is a highly useful guide both for the council planning department and developers, and should be used more extensively by boroughs.
- 4.19 The Committee welcomes the strategic lead provided by the Mayor on affordable housing and sees targets as a useful measure of performance. However, it is concerned that it is also leading to a focus on delivering net completions rather

than meeting the housing needs of an area. As Berwyn Kinsey of the London Housing Federation notes “we do not want...to chase after units if they are the wrong units, if they are the wrong size, and if they are in the wrong place”.²⁵ The Committee feels that there are a number of things that could be done by boroughs and the Mayor to ensure that boroughs are able to deliver the right amount of the right type of housing.

Best practice for boroughs

- 4.20 This section seeks to set out some best practice guidelines for boroughs to ensure they are maximising the amount of affordable housing. Camden has been praised by the London Region Housing Federation for holding discussions with them at an early stage on the development of their UDP and around seeking Section 106 funding, to enable the Housing Corporation to model schemes and work out the amount of social housing grant that could be procured²⁶.
- 4.21 The Committee considers that size and mix policies based on housing requirements studies are a vital tool in guiding planners when assessing applications, as well as providing developers with a template of what the council requires.

Recommendation 1:

Borough planning departments should include size and mix policies, based on their housing needs assessments to calculate the required mix of units in their area, and set out these requirements in their UDP/LDF and development briefs for larger sites or where appropriate.

- 4.21 There must be adequate scope for local planning systems to reflect and implement the local needs of communities, so there must be a degree of flexibility in how local authorities assess planning permission. There is no ‘one size fits all’ formula to ensure affordable housing is of the right type. However, many boroughs only use units as a method of calculating affordable housing proportions and the Committee feels there is scope to investigate other, possibly more effective measures.

Recommendation 2:

Where boroughs only use unit measurements to calculate the amount of affordable housing, consideration should be given to including habitable rooms or floorspace as an alternative or complementary measure to secure the required housing mix.

- 4.22 The Committee is concerned with reports of housing designated as affordable being sold for over £400,000. Generally it is because the section 106 agreement has not had a tight enough definition of what affordable housing is – i.e. three and a half times the range of household incomes between £16,400 - £49,000.
- 4.23 This allows developers to advertise housing as affordable, as it has been defined as such through the section 106 agreement, but sold at prices that do not meet the definitions of affordable housing. The Committee sees this practice amongst developers as unacceptable. They have a key role to play in the delivery of

²⁵ Berwyn Kinsey, Planning and Spatial Development Committee, 7 September 2005

²⁶ Steven Douglas, Planning and Spatial Development Committee, 2 November 2005

affordable housing and should not be seen to be avoiding their responsibilities. The ALG make the point that the Mayor's targets should not just be seen as directed towards the boroughs, but that they are also for the benefit of private developers and RSLs²⁷.

- 4.24 This is clearly a worrying problem, but one that can be avoided if boroughs ensure they include precise definitions of affordable housing both in the UDP/LDFs and in the section 106 agreement.

Recommendation 3:

Boroughs should ensure that the definition of affordable housing (3.5 times the household income between £16,400 - £49,000) is stated explicitly in their UDPs/LDFs.

The role of the London Plan

- 4.25 The Housing and Homelessness Team and the Planning Team at the GLA have both identified concerns over the lack of larger affordable homes, and have built in consideration to this in the London Plan and the Supplementary Planning Guidance accordingly. The SPG contains projected size mix requirements for the next 15 years, for all housing, as well as social, intermediate and market, which can be found at Appendix 2. The SPG advises that boroughs have their own size mix policies, although as we have seen this is far from universal. The Committee believes that there could be more specific referral to size mix policies, as well as a strategic framework for tackling this urgent need in the London Plan.

Recommendation 4:

Forthcoming revision of the London Plan should set out a strategic framework to tackle the shortfall of affordable family housing including targets for meeting housing needs in boroughs and sub regions.

- 4.26 The Committee would also like consideration to be given of a more sophisticated method of assessing borough housing targets in the London Plan, a view supported by the ALG²⁸. The use of units as a monitoring tool is a straightforward and simple measure, but seems to be pushing boroughs towards hitting numerical targets, rather than the housing need of their area.

Recommendation 5:

Forthcoming revision of the London Plan should consider ways of making targets better reflect meeting the borough housing need, such as meeting size mix policies or the number of people housed.

²⁷ Cllr Jamie Carswell, Planning and Spatial Development Committee, September 2005

²⁸ Chloe Fletcher, Planning and Spatial Development Committee, 2 November 2005

Appendix 1: Summary of ODPM Review of Powers

The Office of the Deputy Prime Minister is currently undertaking a review of the powers devolved down to regional governments. Further powers being considered for control by the Mayor are learning and skills, waste management, planning and housing.

The potential changes in housing would be for the Mayor to gain control of the London Housing Board (currently chaired by GOL) and to either be able to make recommendations to the government on the distribution of the Regional Housing Pot, or to gain control of the Pot itself. This will give a more joined up approach to strategic planning for housing and will simplify the current strategic complexities that exist.

The London Assembly and the ALG broadly supported the Mayor gaining control of both the Housing Board and Pot, but urged that checks and balances must be in place. In particular, the ALG felt that the Mayor should only have control over new housing, as full control over all investment could deprive boroughs of making local investment decisions.

It is proposed that the Housing Strategy be statutory, thus the Mayor would have new powers to enforce his strategy on boroughs. Currently, the London Plan can only make recommendations to boroughs over issues such as threshold size and the percentage of new build housing they will be seeking as affordable. The London Assembly supported this idea, provided a full strategy approval and amendment procedure is in place. However, the ALG is opposed to a statutory strategy, again because they believe the Mayor should only have direction over new build and boroughs should be able to continue making local decisions over housing.

At the time of writing, no decision had been announced, but it is highly likely that the Mayor will be granted control of the Housing Board and Pot. However, it is unclear as to whether the Housing Strategy would be made statutory, and thus how much power the Mayor would have to enforce his decisions.

Appendix 2: The London Plan Supplementary Planning Guidance on size mix

Overall housing mix	1 bedroom household 32% 2/3 bedroom household 38% 4 bedroom or larger household 30%
Social housing mix	1 bedroom household 19% 2/3 bedroom household 39% 4 bedroom or larger household 42%
Market housing mix	1 bedroom household 25% 2/3 bedroom household 75% 4 bedroom or larger (note paragraphs below)
Intermediate housing mix	1 bedroom household 66% 2/3 bedroom household (note paragraphs below) 4 bedroom or larger household 34%

Appendix 3: A short history of Council Housing

Council Housing is a term used to describe affordable, rented accommodation, which is owned and managed by a Local Authority (or 'Council'). The first real step towards creating large scale Council Housing came in the form of the Housing and Town Planning Act 1919.

Mass building programmes were introduced across the country after the Second World War. The introduction of the Right to Buy, under the Housing Act 1980, led to many Council properties being purchased by tenants.

The Housing and Planning Act 1986 gave Councils the option to transfer all, or part, of their housing stock to another landlord, such as a Housing Association. This was widely utilised and during the 1990s the number of Housing Association owned properties increased, whilst the number of Council owned properties decreased.

The 2000 Housing Green Paper, "Quality and Choice: a decent home for all", outlined a policy to encourage the transfer of 200,000 council homes per year to the 'not-for-profit' registered social landlord sector, where it is supported by tenants with the aim of bringing all social housing up to a decent standard by 2010²⁹.

Local Authority housing stock in London decreased by 5 per cent between 1991 and 2002 due to a wide range of factors: primarily 'Right-to-Buy sales', 'Large Scale Voluntary Transfers' to registered social landlords, sales to sitting tenants and private owners, and selling into shared ownership³⁰.

	Own Occ		LA		RSL		Pr Rent	
	Number	%	Number	%	Number	%	Number	%
1994	1652	55.6	648	21.8	188	6.3	483	16.3
1995	1664	55.6	638	21.3	192	6.4	497	16.6
1996	1688	56.1	628	20.9	198	6.6	495	16.5
1997	1711	56.5	621	20.5	204	6.7	490	16.2
1998	1738	57.1	596	19.6	219	7.2	489	16.1
1999	1753	57.3	575	18.8	239	7.8	491	16.1
2000	1786	58.1	553	18.0	250	8.1	484	15.8
2001	1813	58.7	530	17.2	271	8.8	476	15.4
2002	1819	58.6	516	16.6	278	9.0	493	15.9
2003	1827	58.5	500	16.0	279	8.9	518	16.6
2004	1858	59.1	483	15.4	282	9.0	522	16.6

Source: ODPM statistics, found at:

http://www.communities.gov.uk/pub/591/HousingStatistics2005PDF1342Kb_id1162591.pdf

²⁹ http://www.tpas.org.uk/sub_page.asp?artid=253&id=1&cat=3&nameCat=

³⁰ <http://www.statistics.gov.uk/cci/nugget.asp?id=386>

Appendix 4: List of organisations and individuals submitting written and oral information

The Committee would like to thank all those organisations and individuals who took the time to contact the Committee and provide information for the scrutiny.

Copies of the written submissions received by the Committee and records of meetings are available on request from the London Assembly Secretariat.

Written submissions:

GLA Housing and Homelessness Team
GLA London Plan Team
The Housing Corporation
The Home Builders Federation
LB Newham
LB Brent
LB Lambeth
LB Sutton
LB Westminster
LB Kingston
LB Kensington and Chelsea
LB Hounslow
LB Merton
LB Islington

Meetings:

The Committee heard from the following at its meeting on 2 November 2005:

- Chloe Fletcher, Head of Affordable Housing and Investment, Association of London Government
- Janet Sutherland, Head of Housing Partnerships, London Borough of Camden
- Duncan Bowie, Principal Strategic Planner (Housing), GLA
- Alan Benson, Head of Housing and Homelessness, GLA
- Berwyn Kinsey, Head of London Housing Federation, London Housing Federation
- Steven Douglas, London Region Housing Corporation

Appendix 5: Orders and Translations

For further information on this report or to order a bound copy, please contact:

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You can also view a copy of the Report on the GLA website:

www.london.gov.uk/assembly/reports/index.htm

If you, or someone you know, needs a copy of this report in large print or Braille, or a copy of the summary and main findings in another language, then please call us on 020 7983 4100 or email assembly.translations@london.gov.uk

Appendix 5: Principles of Assembly Scrutiny

The powers of the London Assembly include power to investigate and report on decisions and actions of the Mayor, or on matters relating to the principal purposes of the Greater London Authority, and on any other matters which the Assembly considers to be of importance to Londoners. In the conduct of scrutiny and investigation the Assembly abides by a number of principles.

Scrutiny reviews:

- aim to recommend action to achieve improvements;
- are conducted with objectivity and independence;
- examine all aspects of the Mayor's strategies;
- consult widely, having regard to issues of timeliness and cost;
- are conducted in a constructive and positive manner; and
- are conducted with an awareness of the need to spend taxpayers' money wisely and well.

More information about the scrutiny work of the London Assembly, including published reports, details of committee meetings and contact information, can be found on the GLA website at www.london.gov.uk/assembly

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