

Quality and Quantity; Policy Objectives and Outputs: Is the Mayor of London Delivering on his Housing and Social Justice Objectives?

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Abstract

This article reviews the role played by the Mayor of London in planning for housing in London since the establishment of the new London governance structure in 2000. The objectives set out by Ken Livingstone were ambitious. However while the quantity of new homes built in London has increased, the type of housing built does not meet the targets set for affordable housing and for family sized housing, most homes completed being relatively small and expensive flats for sale. The article sets out the policy changes required to ensure that the Mayor's housing and social justice agenda is delivered.

Keywords

*Housing Policy; Social Housing; Urban
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Introduction

Affordable Housing is not surprisingly becoming a central issue in the forthcoming Mayoral elections due in May 2008. It has also been a key element of Gordon Brown's first set of policy statements as Prime Minister. When Ken Livingstone was elected as first Mayor of London in 2000, he set as one of his key objectives a target that 50% of new homes developed in London should be affordable by households on low and middle incomes. 35% of new housing was to be social rented housing at fixed rents for low income households – 15% was to be 'intermediate' housing for middle income households – defined in 2004 as households of incomes under £40,000 a year. The London Plan itself was based on three interwoven themes: strong, diverse, long-term economic growth; social inclusivity to give all Londoners the opportunity to share in London's future success; and fundamental improvements in London's environment and use of resources. The Mayor has sought to make social justice one of his central political commitments. He has sought to intervene in a number of policy areas relating to social justice, for example support for a higher London minimum wage, and support for refugee integration.

In September 2007, Ken Livingstone published his new draft housing strategy. In it he claimed that there had been a significant increase in housing output in London and that his 50% affordable homes target was deliverable – if only the Conservative and Liberal Democrat controlled local councils would make their contribution. While the policies set out in the strategy are progressive, and contrast with the half-baked proposals put forward by Boris Johnson, the Conservative candidate for the Mayoralty, the story is actually more

complex and the Mayor's powers to deliver his targets are fairly limited. The Annual Monitoring report, which the Mayor is required to publish, demonstrate that progress towards the critical affordable housing social justice objective has been slow. Firstly while there has been some increase in housing output in London over the last few years, net additions to stock are only about 28,000 a year, while the last published estimate of the annual need for new housing in London was over 35,000 a year. That estimate – in the 2004 London housing requirements study is now out of date and superseded by recent higher population growth estimates, which reflect previous under-estimates of immigration. Even the most recent estimates discount the needs of short-term migrants.

More problematic is the fact that only 31% of housing output in London the last three years is categorised as affordable – and a third of that is in fact 'intermediate' shared ownership, now for households in the £25,000 to £50,000 a year income range (the threshold having been significantly increased since 2004 given the significant increase in market houseprices). Output of new social rented housing has only been about 7,000 a year compared with the 22,000 a year needed, so the backlog in unmet housing need for social rented housing is increasing rather than reducing, especially when you take into account the continuing, though lessened, flow of council homes into the market sector through council house sales. The fact

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that some of the shared ownership homes are increasingly expensive is well known – what is less common knowledge is that with the Government's rent target system, which takes into account property value as well as income, and increasing service charges for higher density mixed tenure developments, new social housing in inner London can take up as much of 50% of net household income for the households housed,

rather than the 30% assumed in the London Plan definition of affordability.

There is an even greater problem – most of the new social rented housing and shared ownership

housing being built is not suitable for families, and the new supply of social rented homes for larger families is minimal. The vast majority of new development being undertaken in London is flatted rather than houses – a contrast with most of the rest of the country, including the Home Counties. Only 27% of recently completed social rented homes in London have three or more bedrooms. In last year's new Housing Corporation programme, this was increased to 35%, and the new housing strategy takes the target to 42% - but the decision not to set a target for four bedroom or larger homes is disappointing, given output is only about 4% and the Housing Requirements Study estimated a requirement for 4 bedroom homes at over 40%. We need to dramatically change the type of homes being built in London if we are to deal with the increase in overcrowding – overcrowding in London doubled between 1991 and 2001 – with increasing

shortages in affordable family housing and increases in labour migration to London, necessary to fuel London's booming economy, it is likely that the next census will pick up a further increase in overcrowding. The polarisation of extreme wealth and poverty is getting worse rather than being lessened.

Considerable media attention has been given to the return of high rise development to London. Simon Jenkins, coming from a position as chair of English Heritage, made a strong attack on the Mayor's

ambitions to change London's skyline in the Guardian on 28th September. He referred to Ken Livingstone claiming that building high produces more affordable housing. Unfortunately building high generally does not significantly increase affordable housing output. The build costs of high rise developments are sometimes as much as four times a unit as low rise developments, so unless there are very high premiums on the penthouse flats, which is only possible in some central London locations, high rise developments don't provide more subsidy for social rented housing. Moreover, given most of the flats in high rise developments are studios and small one and two bedroom homes, there is always a limit to how many three and four bedroom social rented or shared ownership homes you can get in the lower floors with reasonable access to playspace. If you take the affordable housing contribution for a development off-site, there is an increasing difficulty, especially in central London, in finding an appropriate site, which doesn't just

make the tenure and social polarisation even worse.

Building a few high rise developments for market demand in central London would not in itself be a major difficulty – the problem now is that higher rise development now represents a high proportion of London development – average development densities have in

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fact increased from 70 homes a hectare to 131 homes a hectare over the last few years. Given some outer London boroughs are still developing at only 30-50 dwellings a hectare, the averages disguise average

development densities in some central boroughs of 150-300 dwellings a hectare, and several individual schemes of over 1,000 dwellings a hectare. Moreover this tower block tendency is not limited to central London – many outer London boroughs – Ealing, Redbridge, Newham, and Barking for example, all want their landmark buildings – one of the highest density schemes recently consented is the Pioneer market tower in Ilford.

There is a solution – build at medium densities of 70-150 dwellings a hectare which allows you to get both a good tenure mix and provide some family housing – this means increasing development densities in suburban areas, but limiting tower block development to top of the market central London sites, where profits can subsidise at least an equivalent floorspace of family sized social rented housing on a more appropriate site. Government needs to pay a much higher level of subsidy than the current £105,000 a rented home, to get more family housing and to get rents and service charges down. The treasury is

still assuming a new home will somehow cost less subsidy. When build costs are increasing at 10-15% a year, climate change adaptation costs can add on £30,000 a unit cost, and prime sites can cost £50- £100m a hectare, this is bluntly ludicrous. In central London, and other high value areas, grant at £150,000 to £200,000 a home would be more realistic. Finally if the Government is serious about sustainable communities as well as saving the planet, the Government needs to pay for the transport infrastructure, hospitals schools and leisure facilities, rather than load the cost onto developers, which just inflates house-prices and rents.

Most of the Mayor's and Government policies for increasing housing supply are right in principle, but unless Government pays for them, we are not going to get the quantity AND quality of homes we need. The information on what has actually happened on the ground is publicly available and needs to be used by a wide range of community based campaigners to demonstrate that significant progress towards this critical social justice objective has still to be achieved, and this can be used to support the case for both greater investment in affordable housing and for changes in the built form of housing that is provided so that an outcome more consistent with social justice objectives can be delivered.

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