

URBAN LAND INSTITUTE

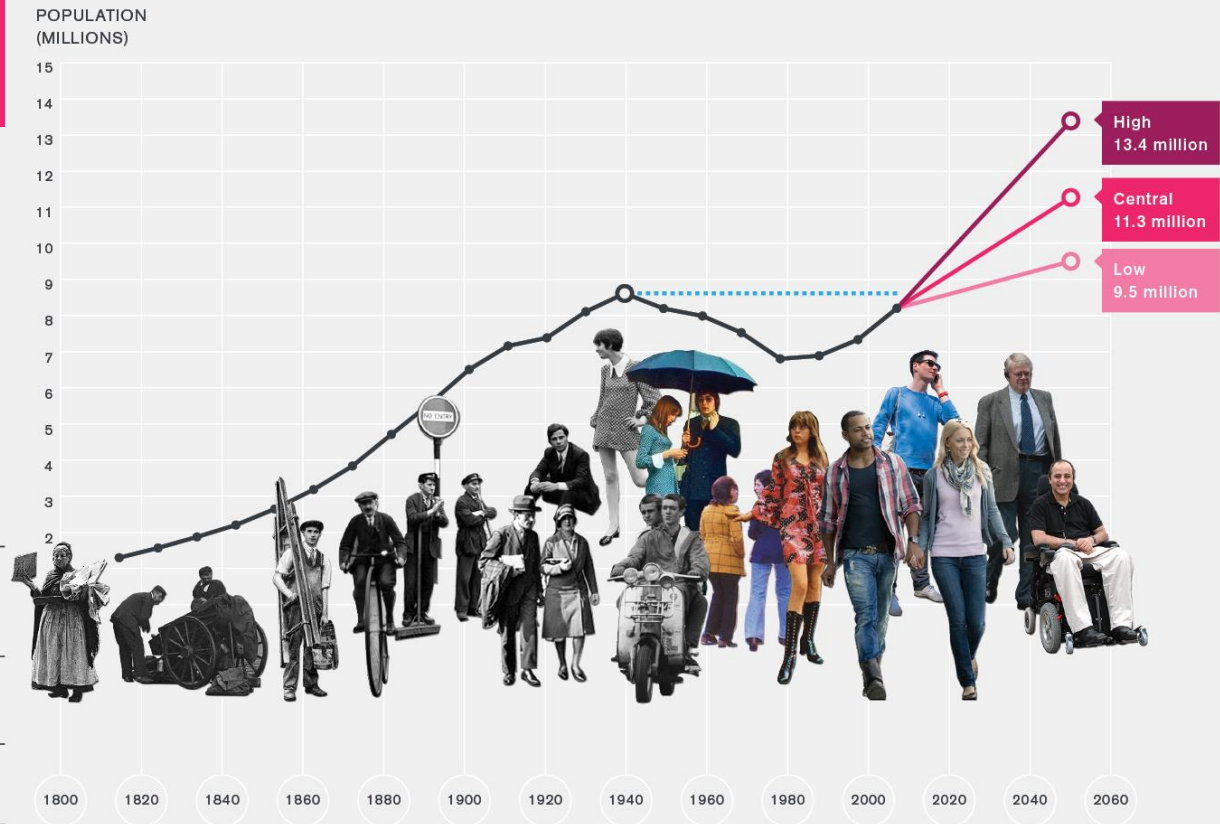
Richard Blakeway, Deputy Mayor, Housing & Land
Greater London Authority
October 2015

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GROWTH EXPECTED TO CONTINUE

London's population reached its highest ever level in early 2015, passing its previous peak of 8.6 million people in 1939.

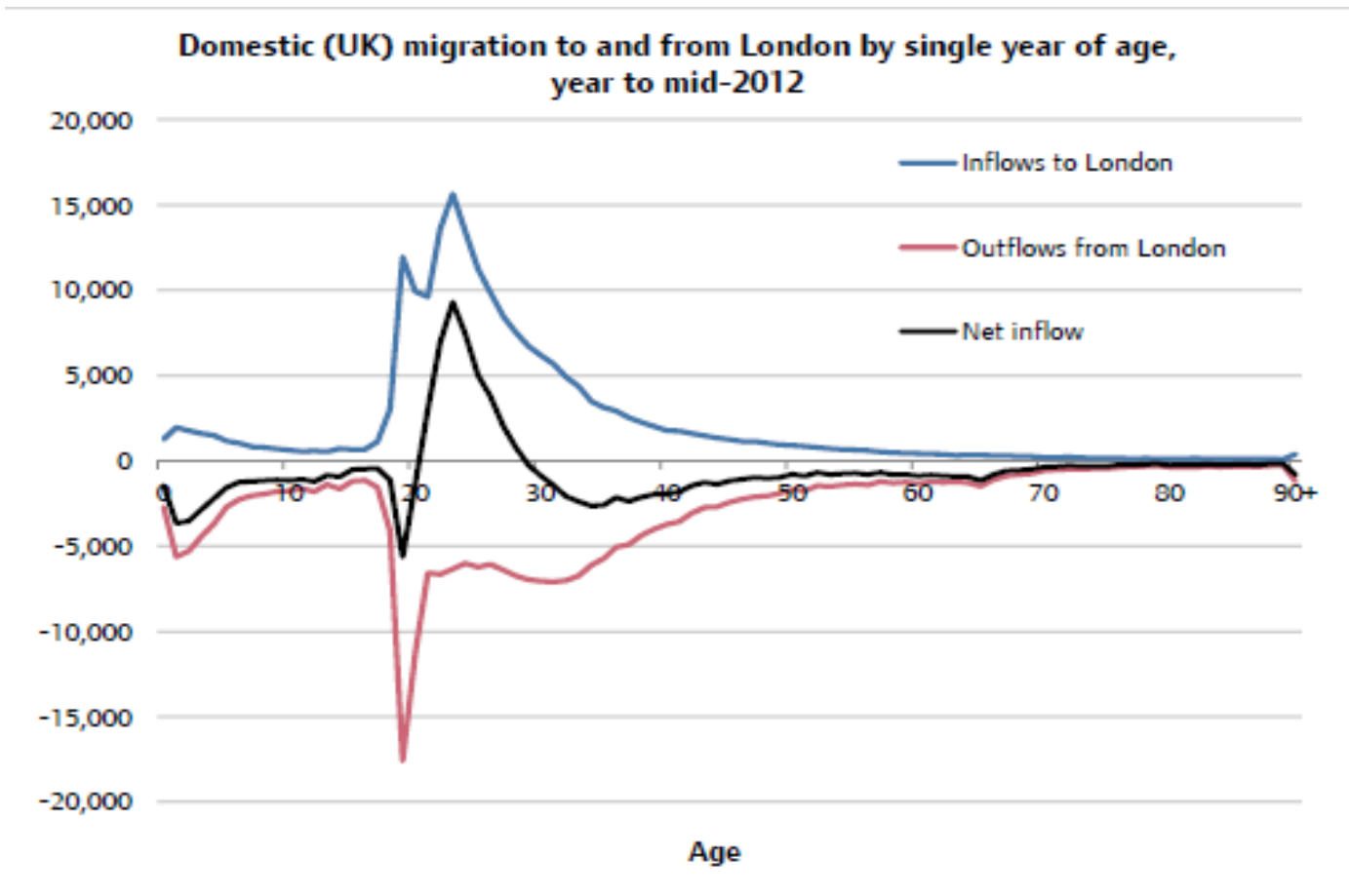


Projections show growth to 11.3 million inhabitants by 2050

An overall increase of 37% from 2011 to 2050

Source: GLA Intelligence Unit

MIGRATION IS MAKING LONDON YOUNGER



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COMMUTER FLOWS IN SOUTH EAST ENGLAND



Alasdair Rao, University of Sheffield

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OVERALL INFRASTRUCTURE REQUIREMENTS

By 2050, we estimate we will need the following across the city:

An additional 1.5 million homes



A 20% increase in energy supply capacity



Around 600 more schools and colleges



Around 40 new facilities that will be used for recycling, remanufacturing, reusing and waste management.



Approximately £1 billion of healthcare investment over the next 5 years



An extra 9000ha of accessible green space including 10% more green cover in central London and town centres



A 50% increase in public transport capacity



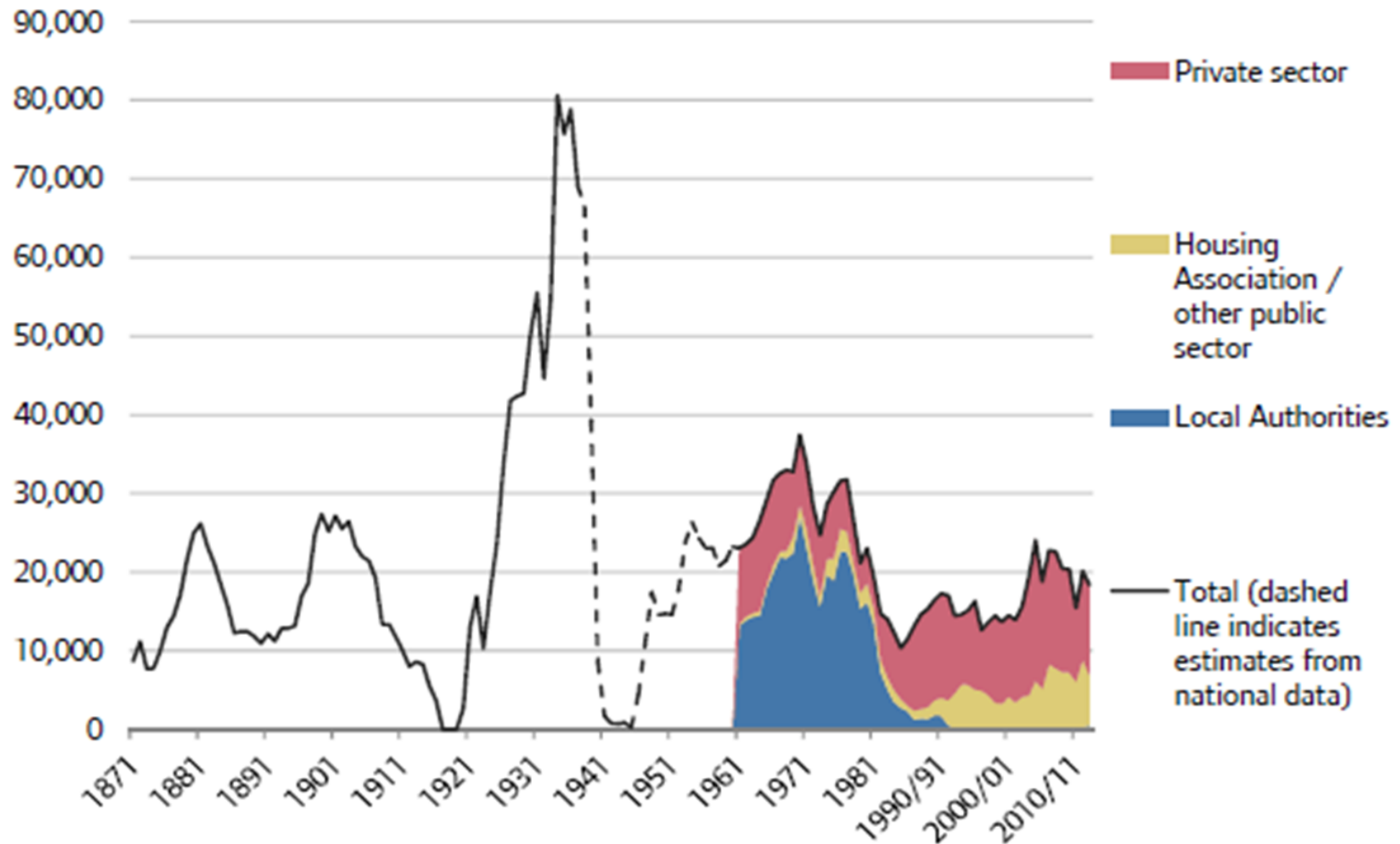
High speed digital connectivity



Thames Tideway Tunnel and other water infrastructure

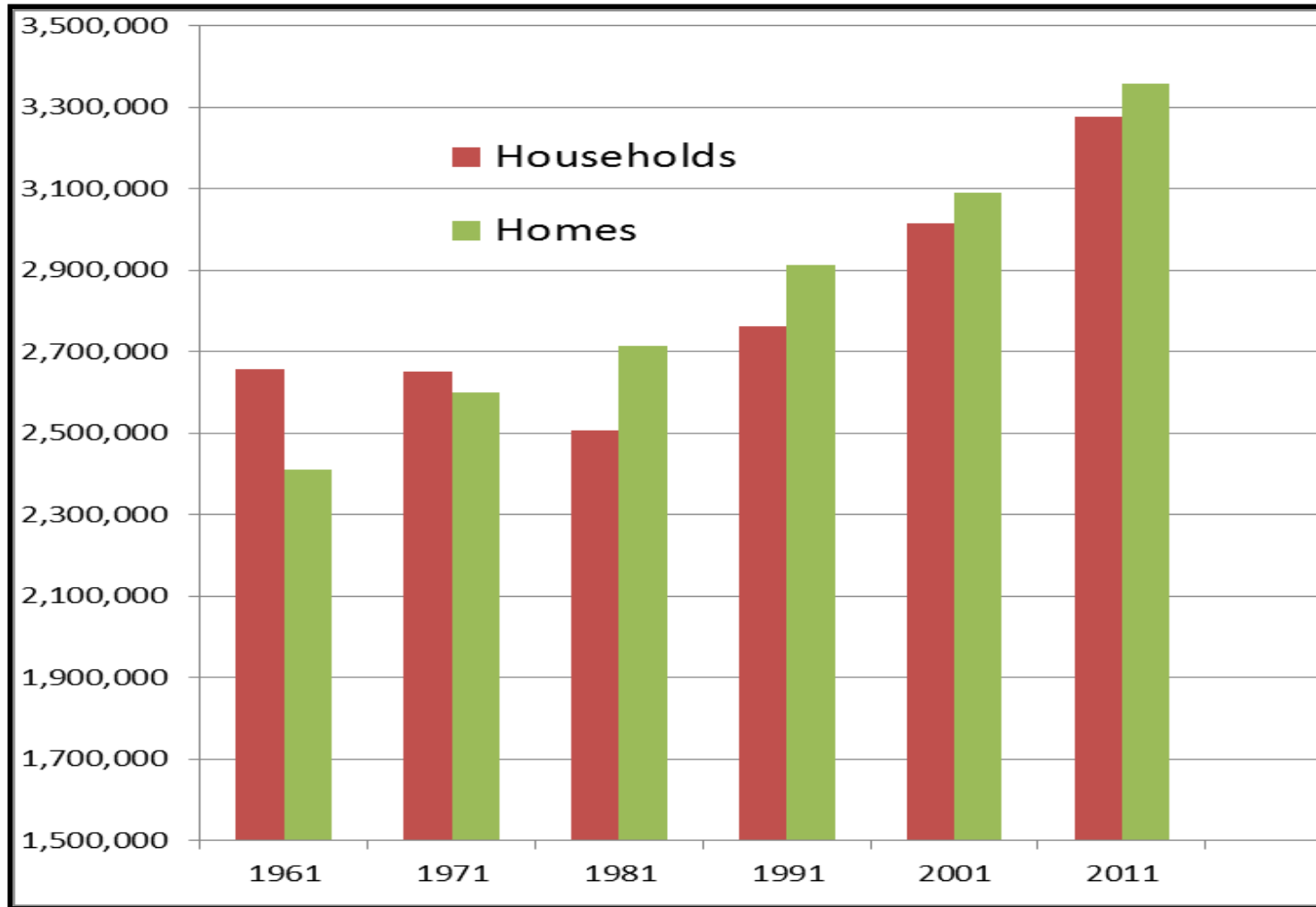
HOUSING SUPPLY

New homes built in Greater London, 1871 to 2012/13



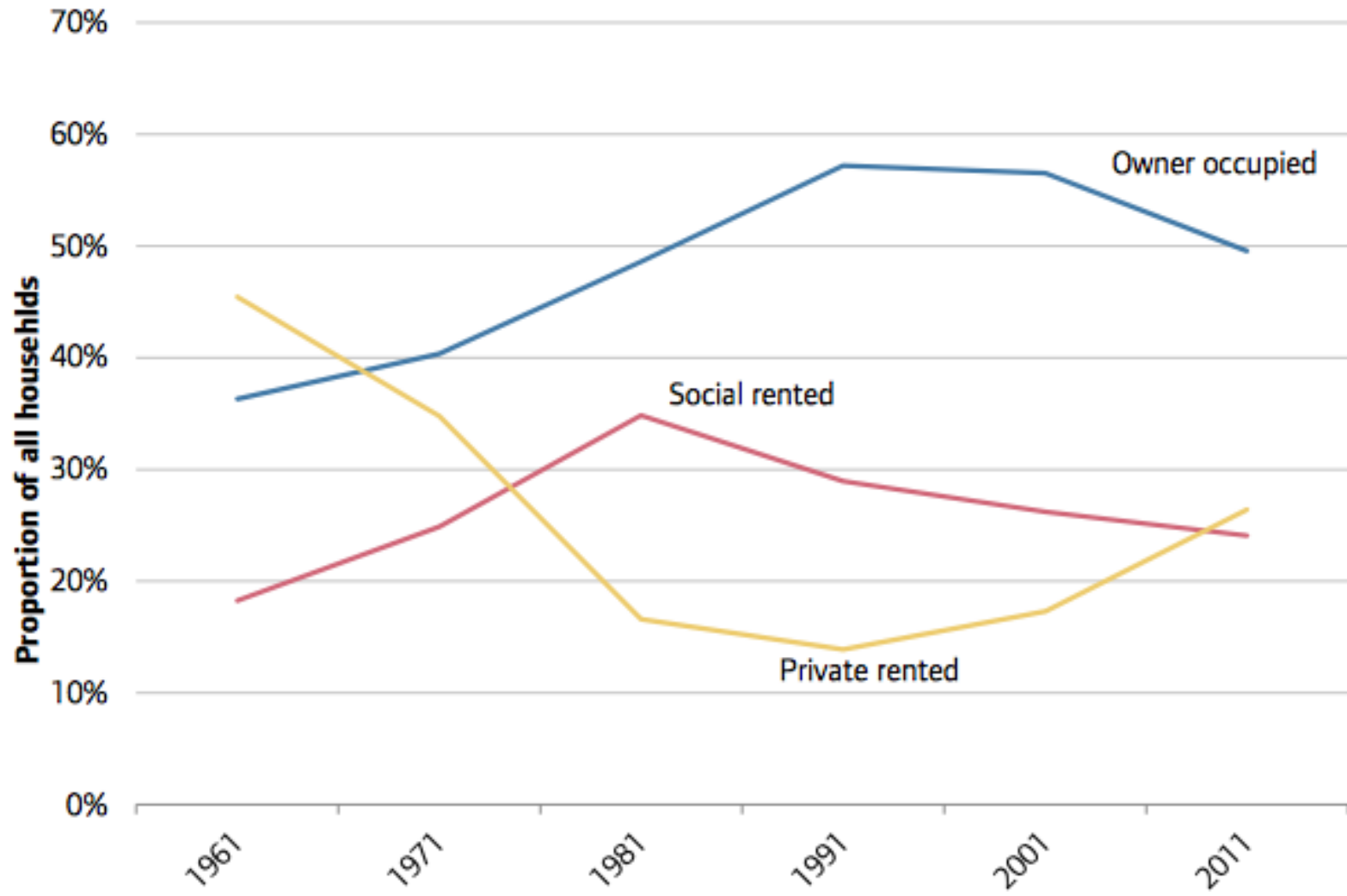
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HOMES VS HOUSEHOLDS



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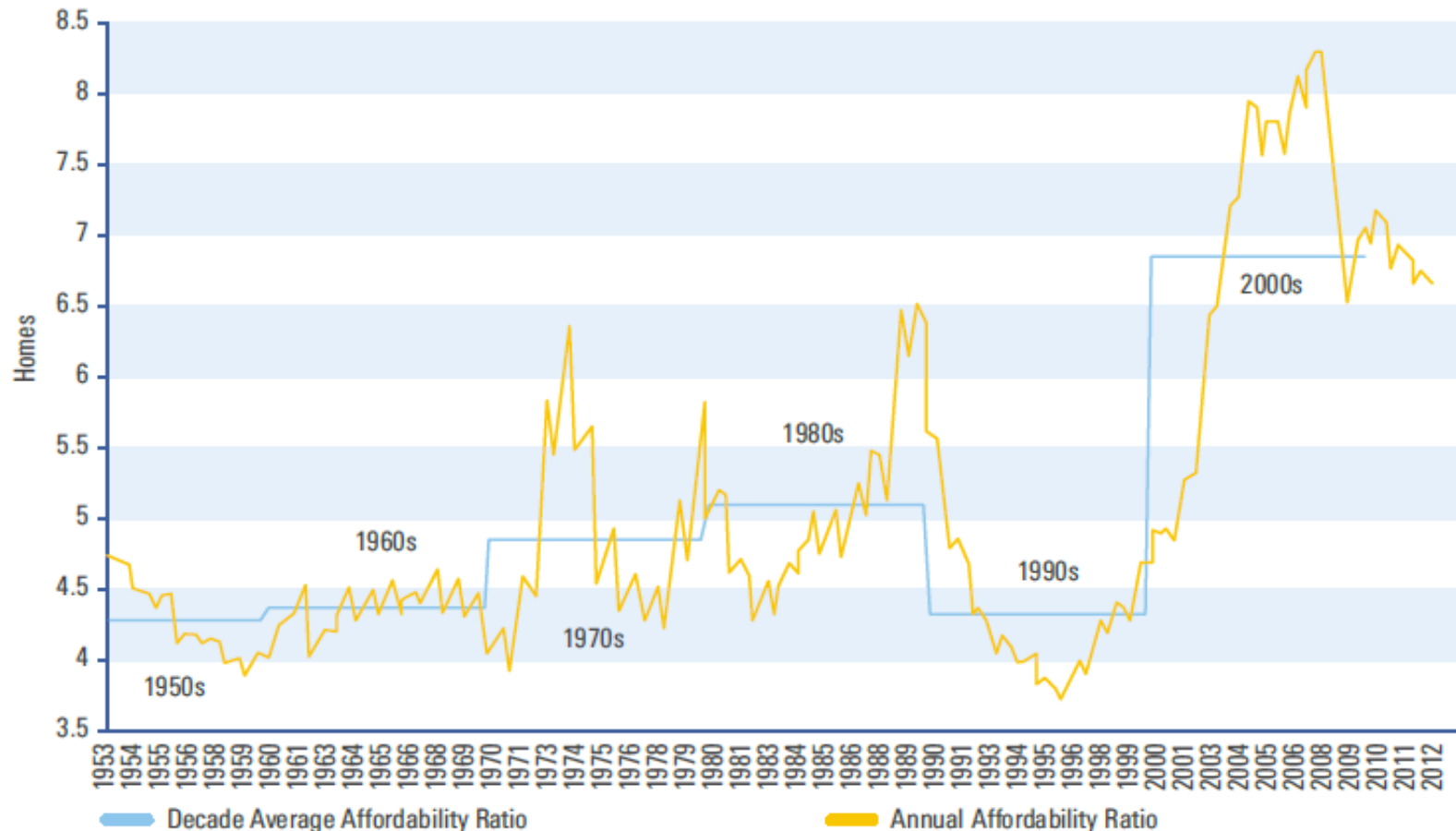
TENURE TRENDS...



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AFFORDABILITY IS A CHALLENGE

Graph 3: Affordability ratio as a proportion of gross nominal salary 1953 - 2012³⁰



ECONOMIC IMPACT

- London's GVA is £338bn - bigger than Sweden or Switzerland
- London has the 5th largest urban economy in the world, after Tokyo, New York City, Los Angeles and Seoul
- Productivity of central London workers 50% higher than UK average

But:

- Lack of housing reduces employment growth – will soon cost £1bn p/a of 'lost' growth to London economy - £85bn by 2025
- Housing cost rising up business agenda - 40% of businesses worry about impact on housing costs on recruitment/costs; 56% of employees worry about living costs, and 49% would consider leaving the city due to costs
- 2012/13: net outflow of 30-39 year olds from London– the highest number on record & 10% increase on 2010
- Rent accounts for more than half of average pre-tax income in 13 of 33 districts of London

HOUSING A KEY MAYORAL PRIORITY



“The shortage of housing is perhaps the gravest crisis the city faces.”

URBAN RENEWAL – THE GLA’S ROLE

The GLA in London has four key roles in urban renewal:

- Landowner
- Planning authority
- Coordinating agency
- Funding body

These four roles have varying importance with each development

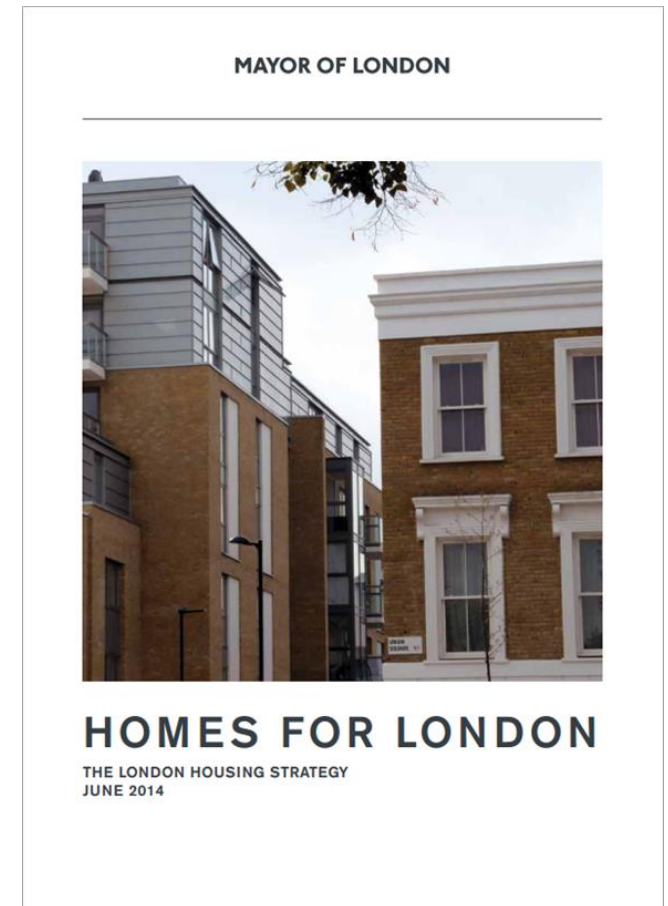
GLA ‘family’ includes Transport for London (and Police, Fire/Emergency & LLDC) – key to regeneration



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THE MAYOR'S LONDON HOUSING STRATEGY

- Key aim to deliver at least 49,000 homes pa
- Makes economic case for housing as key infrastructure
- Priority to better reward working Londoners
- Specific proposals to boost supply
 - Housing Zones
 - Housing Bank
 - Estate regeneration
 - New products & approaches



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POLICIES TO BOOST SUPPLY

- Mayoral Housing Covenant (MHC) – 2015-18: 42,000 homes (60% sub-market rent, 40% intermediate housing)
- Housing Zones - £400m to boost supply of 50,000 homes in affordable areas of London
- London Housing Bank – £200m to bring forward sub-market rented homes for medium term to unlock stalled development
- Help to Buy – Government loans or underwrites 20% of value of new home up to £600,000
- Starter Homes – homes sold at 20% discount to market to first time buyers under age of 40 (must live in home and not sell for five years)
- In total, at least 1 in 3 Londoners currently receive some form of government housing subsidy

FUNDING PROSPECTUS



THE M/
COVEN
2015-18 PR

THE LONDON HOUSING BANK

Discussion paper



Housing Zones

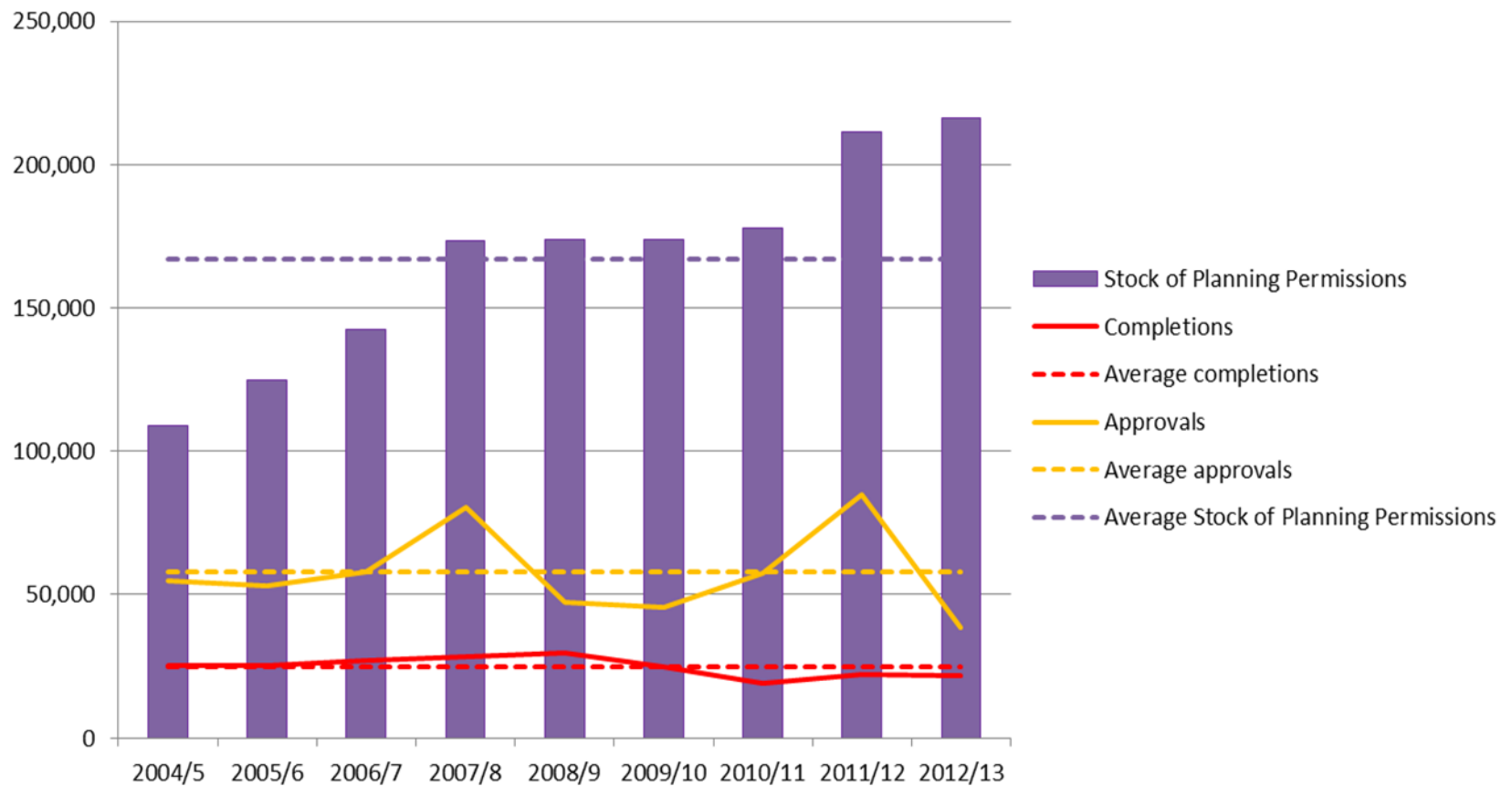
A Prospectus



MAYOR OF LONDON

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HOUSING PIPELINE, APPROVALS AND COMPLETIONS IN LONDON 2004-2013



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MARKET HOUSING

- First Time Buyers:
 - Median House price: £256,000
 - Median Deposit: £64,000
 - Median Income: £52,000
- 29% of new build homes below £290k – significant proportion affordable to First Time Buyers
- ‘Help to Buy’: helped 7,000 households into homeownership since 2013
- Housing Benefit: roughly 25% London households, 1/3 in PRS
 - £6.2bn in 2013/14

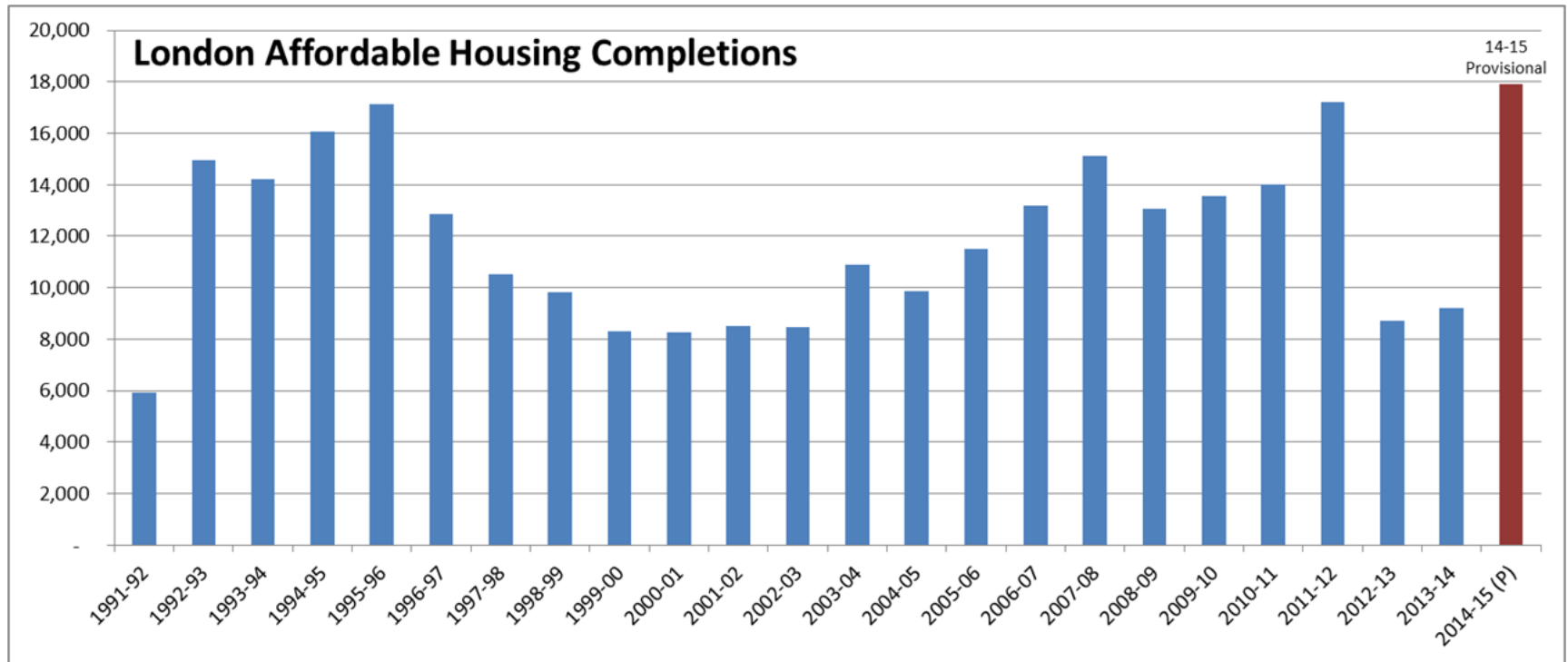
PURPOSE BUILT MULTI-FAMILY HOUSING (PRS)

- The Private Rented Sector (PRS) now accommodates 30% of London's households and is growing
- Mayor's Housing Strategy sets a target of 5,000 long term/purpose built PRS per annum
- 19,000 units in planning, under construction or completed since 2012
- Buy-to-Let – London accounts for 24% of UK total lending & national total lending doubled since 2007
- Planning policy updated to promote use of covenants to ensure long term PRS use
- Mayor actively promoting long-term PRS on his land– four sites will deliver almost 1,300 PRS homes

LONDON'S SOCIAL HOUSING

- Around 22% of London households, 33% in central London
- Historically low 'social' rents (30%-40% of market) and lifetime tenancies with strong tenant rights
- For households in 'housing need' – now increasingly prioritising working households (37% of social tenants in full/part time work cf 72% private tenants & 92% of owners)
- In London the Mayor has £1.25bn of funding to deliver 42,000 affordable homes 2015-18
- Right to Buy for council tenants – 8,800 since 2010
- Facing challenges of:
 - 4-year rent reductions & lower welfare benefits cap
 - 'Right to Buy' extension to housing association tenants
 - High value council house sales
 - Grant funding cuts

AFFORDABLE HOUSING DELIVERY

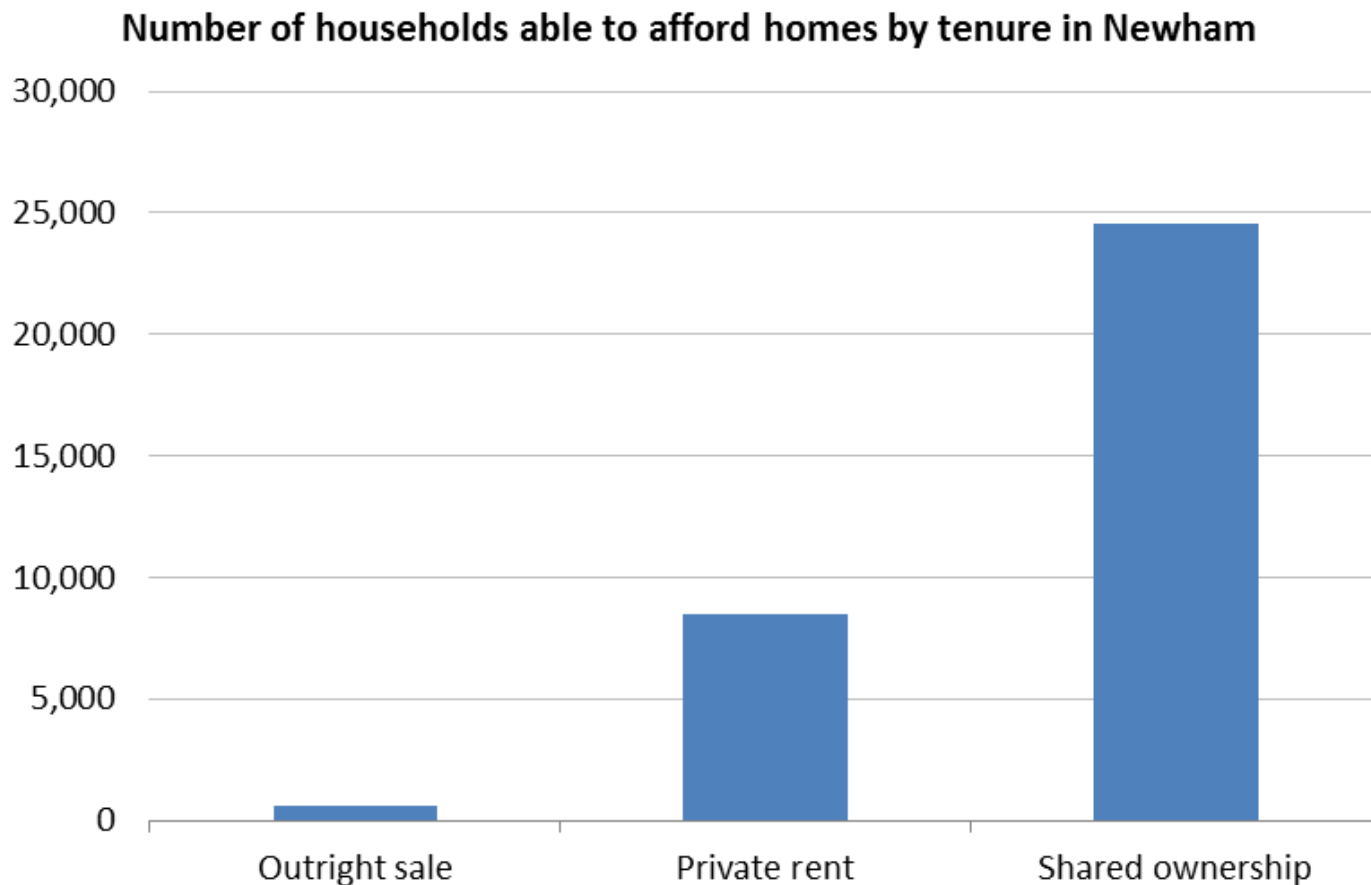


INTERMEDIATE HOUSING

The Mayor's 'First Steps' initiative:

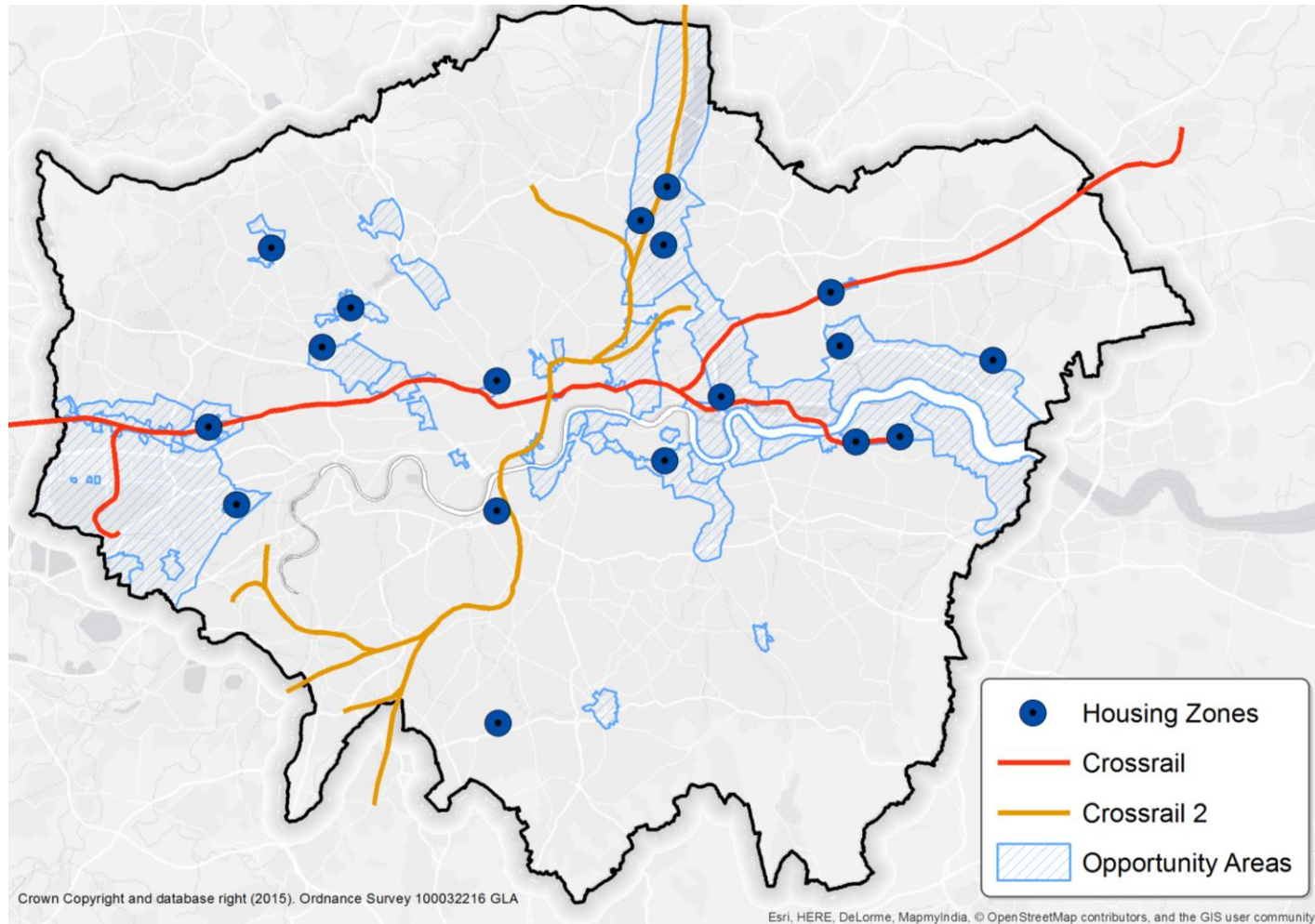
- Part buy-part rent allows access to those normally unable to afford home ownership
- 52,000 in shared ownership (part-buy, part-rent)
- Mayoral priority to enable 250,000 Londoners into low cost home ownership by 2025
- 40% of homes in 2015-18 programme
- In 2013/14:
 - Median purchase price: £250,000
 - Median buyer income: £37,000
 - Median deposit: £13,200
 - Median buyer age: 33
- Mayor has improved product to widen access/eligibility, allow 'passporting' of owned shares, and made resale easier

INTERMEDIATE HOUSING



Source: Hometrack

INVESTMENT ACROSS THE CITY



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LONDON'S CAPACITY TO INCREASE DENSITY



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REGENERATION IN LONDON





THANK YOU

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