

## **Written evidence submitted by Tom Copley, Deputy Mayor for Housing and Residential Development [DSH 028]**

Thank you for inviting me to give evidence at the Committee's recent session on the long-term delivery of social and affordable rented housing and for your recent follow-up letter. I have set out my responses to your questions below.

### **1. Do you agree with the conclusions of the UK Housing Review 2020 which stated that, in London, "the gap between actual delivery and the 2022 target remains large"?**

Both the Mayor and I are aware that the target of delivering 116,000 affordable homes by 2022 is ambitious, but this is commensurate with the scale of housing need in London. The targets agreed with the Government are challenging, and they rightly increase towards the end of the programme, noting the time it takes to scale up delivery in development programmes. The Mayor has consistently exceeded these targets, last year supporting starts of over 17,000 affordable homes in London - more than in any year since GLA records began in 2002/3. This included over 7,000 homes at social rent levels - more than the total number of homes for social rent delivered over the previous Mayor's second term – and over 3,300 homes delivered by councils, the most in any year since 1984/85.

However, I recognise the scale of the challenge we face in delivering the affordable homes London needs, particularly in light of uncertainty produced by the Covid-19 pandemic and the possibility of a no-deal Brexit. One of our concerns is that the Covid-19 crisis is likely to slow the delivery of housing schemes. This is partly due to the halt on much of London's construction work during the lockdown period, but also due to the ongoing need for reduced levels of on-site labour to ensure social distancing rules are followed. Both of these factors will cause delays to delivery, and so we have made clear to the Government that it needs to extend the long stop date for starts in the current Affordable Homes Programme for another year to March 2023 and provide equivalent extensions to our Land Programmes which also support the delivery of social housing. We know that sharp deadlines or 'cliff edges' between programmes have counterproductive consequences for supporting partners to deliver homes and these extensions are essential in order to give partners the certainty they need to continue delivery in these challenging times.

Certainty of funding beyond the end of the current Affordable Homes Programme is also crucial for our partners, and I would also urge the Government to enter detailed discussions with the GLA about the scale and scope of the next programme as soon as possible. Without this certainty, many of our partners will be extremely cautious about purchasing land for future development. The sooner we know the size and shape of the new funding settlement, the smoother the transition between programmes will be.

As well as delivering the new homes that London needs, we must ensure that we protect the capital's existing precious stock of affordable homes. I am concerned about the loss of existing social rented homes through Right to Buy (RtB) and that there has been no Government response to the 2018 consultation on the 'Use of receipts from Right to Buy Sales'. The Government must publish its response to this consultation as soon as possible - without changes to the current RtB system the Government risks undoing the work that we are doing to build more social rented homes. My team has spoken with London boroughs about how the Government could support housing delivery in light of Covid-19, and overwhelmingly councils asked for restrictions on the use of RtB receipts to be lifted. While I'm pleased the Government has listened to these concerns by proposing a six-month RtB receipts repayment extension, I am concerned that this timeframe

still does not provide sufficient time to spend these funds. The ongoing uncertainty of Covid-19 means that a longer extension is needed.

Specifically, the Mayor would like to see the following changes to the current system:

- The removal of the time limit for the use of Right to Buy receipts (or extended from three to five years, at a minimum)
- The removal of the cap on expenditure per replacement unit, currently set at 30 per cent, which would enable councils to access 100 per cent of the value of receipts
- The removal of restrictions to combine the use of Right to Buy receipts with other capital grant funding

In addition, local authorities should be able to transfer RtB receipts to their housing delivery companies to deliver new homes and if the Government retains a time limit on the use of RtB receipts, it should remove the requirement for councils to pay interest on 'overdue' unspent receipts.

## **2. How many affordable housing completions, rather than starts, has the GLA delivered per year since 2016?**

The number of GLA affordable home completions since 2016 is as follows:

<b>Year</b>	2016/17	2017/18	2018/19	2019/20
<b>Completions</b>	4,934	5,355	7,544	7,775

## **3. How many affordable housing starts have begun per year since 2016?**

The number of GLA affordable home starts since 2016 is as follows:

<b>Year</b>	2016/17	2017/18	2018/19	2019/20
<b>Starts</b>	7,416	12,555	14,544	17,256

## **4. How confident are you that you will be able to deliver the 66,000 affordable homes requirement for London? What impact will COVID-19 have on this target?**

The Mayor is committed to delivering more of the homes that Londoners need. Tackling the housing crisis and delivering more genuinely affordable homes are key priorities of the new Intend to Publish London Plan. The London 2017 Strategic Housing Market Assessment identifies the need for 65,900 new homes per year of all types (not just affordable homes, as the question suggests) in London between 2016 and 2041, of which 47 per cent should be for low cost rent.

The London Plan aims to deliver, as a minimum, just over 52,000 homes with a target that 50 per cent of these be genuinely affordable. This figure has been reduced from 65,000 following recommendations from the Government's Planning Inspectors, based on their view of the deliverability of London's small sites. As such, the Plan does not seek to meet all of London's identified need, however it remains ambitious and together with the London Housing Strategy provides a comprehensive framework of policies designed to bring about the step-change needed to significantly increase housing supply.

To achieve this, the Plan highlights a range of sources for housing delivery, contains new mechanisms that are already delivering increased levels of affordable housing, and encourages and supports boroughs to set delivery-focused plans, optimising housing delivery in the right places. Combined with Mayoral programmes that provide proactive interventions into the

housing market - including financial support, the encouragement of new partners and products, and tackling the construction skills gap - the Mayor not only has ambitious targets but attempts to address practical constraints to the delivery of homes.

It's too early to say what the precise impact of Covid-19 will be, but it's clear that it could present real challenges for our partners in their efforts to deliver the affordable homes that London needs, particularly as we don't yet know how serious any economic shock arising as a result of the pandemic may be. Despite this uncertainty, we have been working closely with our partners to understand how we can support them through these challenging times.

I've convened a Housing Delivery Taskforce which is focusing on developing a post-Covid-19, cross-sector recovery plan. It's important that we recognise the issues with the housing market that existed before the pandemic, and that we come through this crisis with a renewed focus on building the social and other genuinely affordable homes that London needs. We know that partners are concerned about the resilience of the construction sector, demand for housing, development viability challenges and maintaining a pipeline of developable land, amongst other things. The Taskforce is looking into all these issues and how we can best work together with all partners to address them, and is on track to publish its recovery plan in July.

In addition to extending the long stop dates for the current Affordable Homes Programme, the Government should announce details of the next programme as soon as possible, recognising the scale of need in the capital by giving London a significant share of this funding. Whilst Covid-19 presents uncertainty for the sector and the wider economy, the Government should use this as an opportunity to promote growth and address housing need. The number of affordable homes delivered in England more than doubled following the recession at the start of the 1990s, reaching a peak of 70,000 in 1994/95. A similar increase now would boost the economy, help thousands of young people who would otherwise face uncertain futures embark on careers in construction, and help meet the increasing need for secure, affordable homes.

Finally, the Government must reconsider plans for its First Homes scheme. Analysis by the GLA shows that introducing First Homes into London could mean that for every three First Homes delivered, two social rented home are be lost, through direct diversion of developer contributions and loss of cross-subsidy from shared ownership homes. Our analysis also shows that first homes would only be affordable to households earning £76,000 per year – the top 2% of Londoners. This means that in London they are unlikely to benefit many key workers, the Government's stated target market for First Homes. Given current market uncertainty, this is not the time to introduce a housing product of this nature, particularly one that may undermine the delivery of the genuinely affordable homes that London needs. I hope the Government will shelve these plans as soon as possible.

I hope these answers are sufficient for the purposes of your inquiry. Should you need any further information please do not hesitate to ask and I will be happy to provide it.

*June 2020*