

DEBATE PACK

Number CDP 2016-0121, 13 June 2016

Affordable housing in London

There will be a Westminster Hall debate on Affordable Housing in London on Tuesday 14 June at 9.30 am. It will be led by Ruth Cadbury.

The Commons Library briefing [Meeting London's housing need](#) (September 2015) provides evidence of London's housing crisis; how much additional housing is needed; and the barriers and potential solutions to the issue arising from a selection of research projects.

Since the paper was last updated in September 2015 there have been some significant developments. As part of the Autumn Statement and Spending Review 2015 the Government made it clear that its housing strategy will focus on increasing access to home ownership, particularly through its Starter Home initiative, and in May 2016 Sadiq Khan took up office as the new Labour Mayor of London with a commitment to ensure that 50% of new homes developed are "genuinely affordable."

This debate pack provides an update on key statistics and developments since [Meeting London's housing need](#) was last updated.

The Commons Library Briefing [Planning for Housing](#) (May 2016) sets out how local authorities are directed to plan for housing, concern about unplanned developments, as well as the Government's proposals for planning reform which are intended to encourage more house building.

The House of Commons Library prepares a briefing in hard copy and/or online for most non-legislative debates in the Chamber and Westminster Hall other than half-hour debates. Debate Packs are produced quickly after the announcement of parliamentary business. They are intended to provide a summary or overview of the issue being debated and identify relevant briefings and useful documents, including press and parliamentary material. More detailed briefing can be prepared for Members on request to the Library.

Hannah Cromarty
Alex Adcock Laura Abreu
Cassie Barton

Contents

1.	Background	2
1.1	Definition of Affordable Housing	2
1.2	London's Housing Shortage	2
1.3	Affordability of Housing in London	2
1.4	New Affordable Housing Provision	5
1.5	The London Housing Strategy	7
1.6	The Government's Housing Policy	7
1.7	How to Address London's Housing Shortage?	8
2.	Press articles	11
3.	Press releases	12
4.	Parliamentary questions and debate	18
4.1	PQs	18
4.2	Debate	22
5.	Further Reading	23

1. Background

1.1 Definition of Affordable Housing

There is no statutory definition of affordable housing, but it is generally understood to include social-rented housing (provided by local authorities and registered social landlords) and other forms of subsidised housing, including low-cost home ownership schemes, which is rented out or sold at a price that is lower than the market rate. Since April 2012 the definition of affordable housing applied for planning purposes is that found in Annex 2 to the [National Planning Policy Framework](#). The Government intends to amend planning policy guidance to include Starter Homes in the definition of affordable housing.

1.2 London's Housing Shortage

The lack of affordable housing in London is a widely recognised problem. It is generally accepted that not enough new homes are being built in London to meet growing need. According to the London Housing Commission, London needs at least 50,000 new homes each year, yet current housebuilding is falling short: in 2015 around 25,000 new homes were built.¹ The shortage of housing is evidenced by rising house prices and rents, as well as rising levels of homelessness and overcrowding.

As house prices have risen, wages have not kept up. According to the National Housing Federation, the average London home now costs £526,000 - 16 times the average Londoner's salary of £33,000 a year.² First-time buyers, in particular, now need higher incomes and larger deposits to purchase their first home. Consequently, across London the proportion of households privately renting is growing while owner occupation (still the tenure of choice) is falling.

The Commons Library briefing [Meeting London's housing need](#) (September 2015) provides a detailed analysis of London's housing crisis, and the shortage of affordable housing.

1.3 Affordability of Housing in London

House price to salary ratios

One way of looking at housing affordability is to compare housing costs directly with incomes. The Office for National Statistics (ONS) has produced a measure comparing the median house price in each local authority with the median annual salary of a full-time worker.

This isn't a perfect measure: gross annual salary does not include the effects of deductions (e.g. tax) or additional income sources (e.g. benefits), and doesn't account for the fact that multiple-person

¹ London Housing Commission, [Building a new deal for London](#), March 2016, p.3

² National Housing Federation, [Home Truths 2015/16: The housing market in London](#), 23 February 2016

households often live on multiple salaries. However, it does provide a way of comparing local authorities with each other.

The table below shows the house price to salary ratios for the London boroughs. Of all the local authorities in England with data, 10 out of the top 15 were in London (and 16 out of the top 30 were). The highest ratio was in Westminster, where the median house price was 24 times higher than the median salary. The lowest was in Barking and Dagenham, with a ratio of 9.2. The lowest ratio in England overall was Pendle, at 4.7.

Ratio of median house price to median annual salary

London boroughs, 2014

	Ratio
Westminster	24.0
Camden	21.3
Hammersmith and Fulham	20.5
Islington	15.8
Barnet	15.5
Brent	15.5
Richmond upon Thames	15.5
Hackney	15.1
Haringey	15.1
Wandsworth	15.0
Southwark	15.0
Lambeth	14.6
Ealing	14.6
Harrow	14.4
Waltham Forest	13.6
Merton	13.4
Kingston upon Thames	12.8
Hounslow	12.4
Tower Hamlets	12.4
Newham	12.2
Greenwich	11.8
Enfield	11.6
Lewisham	11.5
Hillingdon	11.5
Redbridge	11.0
Bromley	11.0
Sutton	10.4
Croydon	10.1
Havering	9.4
Bexley	9.4
Barking and Dagenham	9.2
Kensington and Chelsea	..

.. = no data available

Source: Office for National Statistics, [Housing Summary Measures](#)

Rental price to salary ratios

The ONS has also produced a measure comparing median monthly private rents to median monthly salary. This has the same limitations as the house price ratio discussed above, but again provides a way of comparing local authorities to each other.

All of the 15 highest rent to salary ratios were in London, as were 22 of the highest 30. Westminster again had the highest ratio (the average monthly rent is 78.3% of the average salary) and Bexley had the lowest (40.4%). The lowest ratio in England was in Copeland, where the average rent was 22% of the average salary.

Median monthly private sector rent as a percentage of median monthly salary

London boroughs, 2014

	%
Westminster	78.3
Camden	69.6
Newham	67.9
Brent	65.3
Hackney	64.1
Islington	61.7
Southwark	61.2
Barnet	60.6
Lambeth	59.7
Tower Hamlets	58.6
Hammersmith and Fulham	58.4
Harrow	58.4
Ealing	58.3
Hounslow	58.3
Haringey	58.2
Enfield	57.2
Waltham Forest	55.7
Merton	55.2
Richmond upon Thames	54.1
Greenwich	53.5
Wandsworth	53.3
Hillingdon	51.3
Kingston upon Thames	49.9
Barking and Dagenham	48.9
Lewisham	48.3
Croydon	45.5
Redbridge	45.3
Sutton	43.5
Bromley	43.2
Havering	41.8
Bexley	40.4
Kensington and Chelsea	..

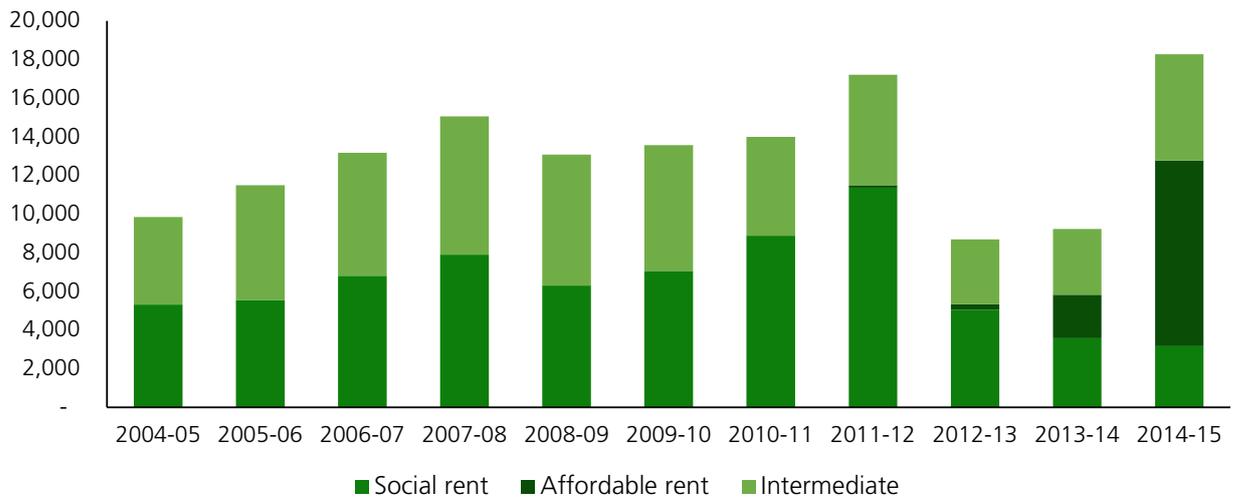
.. = no data available

Source: Office for National Statistics, [Housing Summary Measures](#)

1.4 New Affordable Housing Provision

The chart below shows the number of new affordable homes provided in Greater London by type. The statistics cover social rented housing, affordable rented housing and intermediate affordable housing (which refers to intermediate rent and affordable home ownership). These figures include new builds and acquisitions.

Additional affordable dwellings provided, London boroughs 2004-05 to 2014-15



Source: DCLG, [Live Tables 1006, 1006a and 1007](#)

The table below shows the number of additional affordable dwellings provided in each London borough since 2011-12, when affordable rents (ie. rents up to 80% of the market rent) were introduced.

Additional affordable dwellings provided, London boroughs

	2011-12	2012-13	2013-14	2014-15	Total	
Barking and Dagenham	370	90	500	1,190	2,150	
Barnet	660	360	390	470	1,880	
Bexley	350	170	90	390	1,000	
Brent	850	530	280	1,320	2,980	
Bromley	390	350	60	210	1,010	
Camden	230	470	210	320	1,230	
City of London	-	10	20	40	70	
Croydon	580	280	350	1,060	2,270	
Ealing	670	190	300	780	1,940	
Enfield	890	140	130	540	1,700	
Greenwich	490	270	640	930	2,330	
Hackney	1,020	590	550	890	3,050	
Hammersmith and Fulham	160	100	180	170	610	
Haringey	480	380	150	420	1,430	
Harrow	400	300	70	270	1,040	
Havering	460	450	260	780	1,950	
Hillingdon	660	200	120	290	1,270	
Hounslow	330	80	270	730	1,410	
Islington	890	390	330	130	1,740	
Kensington and Chelsea	60	140	130	150	480	
Kingston upon Thames	110	20	90	200	420	
Lambeth	680	310	260	850	2,100	
Lewisham	900	670	240	740	2,550	
Merton	470	190	120	140	920	
Newham	810	280	1,350	480	2,920	
Redbridge	30	140	10	90	270	
Richmond upon Thames	240	30	50	70	390	
Southwark	760	470	560	1,180	2,970	
Sutton	260	120	90	300	770	
Tower Hamlets	1,800	440	900	1,220	4,360	
Waltham Forest	630	320	190	1,010	2,150	
Wandsworth	420	140	260	600	1,420	
Westminster	180	80	100	280	640	
Total	17,230	8,700	9,250	18,240	53,420	

Source: DCLG, [Live Table 1008](#)

1.5 The London Housing Strategy

The Mayor of London has strategic oversight of housing, regeneration and economic development in London. [The London Housing Strategy, Homes for London](#) adopted in October 2014, sets out policies intended to meet London's housing needs. This document includes plans for building at least 42,000 new homes a year across all tenures, and for improving the housing opportunities of working Londoners.³

In his [manifesto](#) the new Mayor of London, Sadiq Khan, made it clear that his first priority is to:

Tackle the housing crisis, building thousands more homes for Londoners each year, setting an ambitious target of 50 per cent of new homes being genuinely affordable, and getting a better deal for renters.⁴

Shortly after taking up office Sadiq Khan [accused the previous mayor of letting down Londoners by failing to deliver affordable housing in the city](#). He reiterated his ambition to “fix London's housing crisis and ensure that all Londoners have the opportunity to rent or buy a decent home at a price they can afford” and committed to outline plans for this in the coming months.⁵

1.6 The Government's Housing Policy

The Greater London Authority is responsible for allocating funding in London for the Government's Affordable Homes Programme. Outside of London this role is carried out by the Homes and Communities Agency (HCA).

Measures intended to increase home ownership and drive up housing supply featured prominently in the [Conservative Party Manifesto 2015](#).

In the [Spending Review and Autumn Statement 2015](#) the Government set out a five point plan for housing, including delivering 400,000 affordable housing starts by 2020-21, focussed on low cost home ownership.⁶ This will include:

- 200,000 Starter Homes which will be sold at a 20% discount compared to market value to young first time buyers, with a £2.3 billion fund to support the delivery of up to 60,000 of these, in addition to those delivered through reform of the planning system.
- 135,000 Help to Buy: Shared Ownership homes, which will allow more people to buy a share in their home and buy more shares over time, as they can afford to. The scheme will be open to all households earning less than £80,000 outside London and £90,000 in London, and will relax and remove previous restrictions such as local authorities' rights to set additional eligibility criteria.

³ The Mayor of London, [The London Housing Strategy, Homes for London](#), June 2014

⁴ Sadiq Khan, [A Manifesto for all Londoners](#), 9 March 2016

⁵ Mayor of London, [Mayor reveals full extent of London's housing crisis](#), 16 May 2016

⁶ HM Treasury, [Spending Review and Autumn Statement 2015](#), CM 9162, November 2015, para. 1.146

- 10,000 homes that will allow a tenant to save for a deposit while they rent. This will be in addition to 50,000 affordable homes from existing commitments.
- at least 8,000 specialist homes for older people and people with disabilities.⁷

The Commons Library Briefing [Extending home ownership: Government initiatives](#) (March 2016) provides further information on Government initiatives to extend home ownership including low-cost home ownership schemes (e.g. equity loan schemes, shared ownership, Rent to Buy, Help to Buy, Starter Homes) and purchase schemes for social housing tenants. There is no specific Government-led initiative aimed at key workers – access to all the low-cost home ownership schemes is open to all who meet the eligibility criteria.

Other measures in the Government's five point plan for housing include: extending the Right to Buy to Housing Association tenants; accelerating housing supply (in particular through planning reforms); extending the Help to Buy: Equity Loan scheme to 2021 and creating a London Help to Buy scheme; and charging higher rates of Stamp Duty Land Tax on purchases of additional residential properties.⁸

The [Housing and Planning Act 2016](#) provides the legislative framework for taking forward some of these measures.

As the *Housing and Planning Bill* progressed through Parliament there was a great deal of debate about the impact of some of the measures on access to affordable housing in London. Amendments were secured to provide that each "higher value"⁹ social rented property sold by a local authority in London (the proceeds of which will be used to compensate housing associations for selling off their assets under the extended (voluntary) Right to Buy) may be replaced by two units of housing – these units may not be of the same tenure nor in the same location. Members questioned whether giving preference to Starter Homes on development sites, as opposed to social rented housing, would meet the breadth of London's housing needs. Starter Homes will be sold at a discount of 20% off the market price with an upper cap of £450,000 in London. The Government has stressed that it expects properties to be on the market at prices lower than £450,000.

1.7 How to Address London's Housing Shortage?

There has been much research over the years into why London has such a severe housing shortage with a view to identifying barriers and developing solutions. This research has highlighted problems with; for example, the planning system (complex, inconsistent and subject to too much change); land availability; complex land ownership and high land

⁷ Ibid

⁸ HM Treasury, [Spending Review and Autumn Statement 2015](#), CM 9162, November 2015, para. 1.146

⁹ To date there is no information on exactly how this will be defined.

values; building at too low densities; and difficulties in accessing finance.

The former Mayor and the Greater London Authority have developed initiatives aimed at promoting development such as [Housing Zones](#) and the [London Land Commission](#). However, many commentators believe there is a need to do more and are concerned that some recently announced Government policies (e.g. reducing the benefit cap, extending the Right to Buy, and freezing Local Housing Allowance rates) could exacerbate London's affordability challenges.

It is generally accepted that there is no single 'silver bullet' solution for resolving London's housing shortage. There have been calls; for example, to review the policy of not building on London's Green Belt; increase density levels; remove blockages from the planning process and set and enforce 'hard' housebuilding targets for local authorities. Two recent reviews of London's housing shortage are outlined below.

London Housing Commission

In June 2015 the Institute for Public Policy Research launched the [London Housing Commission](#) to decipher evidence and produce a clear programme of action for London's housing market. The Commission's final report, [Building a new deal for London](#) published in March 2016, made a number of recommendations including:

- the Mayor and the 33 boroughs should join forces to strike a devolution deal with central government, committing to increase housing supply to 50,000 homes a year by the end of the decade, in return for new freedoms over planning, borrowing and taxes;
- a joint London Housing Committee should be formed to coordinate housing policy across London; and
- the Mayor and boroughs should implement a range of specific measures in order to: find more land, turn land into homes, improve planning, and provide more affordable homes.¹⁰

London School of Economics (LSE)

In 2014 the LSE London commenced a project to explore key barriers to increasing London's housing supply. The final report [Housing in London: Addressing the Supply Crisis](#) published in October 2015, identified possible ways to overcome the key barriers, with specific recommendations to: make planning more predictable; make land more available; speed up processes; and expand construction capacity.¹¹ LSE London's current project, entitled [Accelerating housing production in London](#), is examining a range of strategies and instruments to accelerate the development of new housing.

The Commons Library briefing [Meeting London's housing need](#) (September 2015) provides further information on the barriers and potential solutions to the shortage of affordable housing.

¹⁰ London Housing Commission, [Building a new deal for London](#), March 2016

¹¹ LSE London, [Housing in London: Addressing the Supply Crisis](#), October 2015

The Commons Library Briefing [*Planning for Housing*](#) (May 2016) sets out how local authorities are directed to plan for housing, concern about unplanned developments, as well as the Government's proposals for planning reform which are intended to encourage more house building.

2. Press articles

The Guardian, 8 June 2016

[What will housing success look like under Sadiq Khan?](#)

BBC News, 31 May 2016

[London councils 'fail to meet affordable homes targets'](#)

The Guardian, 25 May 2016

[Housing crisis: affordable homes vanish as developers outmanoeuvre councils](#)

Telegraph, 25 May 2016

[Sadiq Khan admits he has no targets for numbers of affordable homes in London he wants to build each year](#)

City AM, 16 May 2016

[London housing: Mayor of London Sadiq Khan plans to fast-track scores of sites owned by Transport for London to build homes](#)

London School of Economics blog, 9 May 2016

[Can the new London Mayor tackle the housing crisis?](#)

(Christine Whitehead, Emeritus Professor in Housing Economics)

The Guardian, 26 March 2016

[Affordable housing crisis has engulfed all cities in southern England, says Lloyds](#)

The Guardian, 15 March 2016

[London hits record low for new affordable housing, figures show](#)

The Independent, 25 November 2015

[Autumn Statement: George Osborne to promise 400,000 new homes by 2020](#)

The Guardian, 19 October 2015

[Estate regeneration: give power to the people who are losing their homes](#)

The Guardian, 30 September 2015

[London's homelessness crisis is spilling into the home counties](#)

The Evening Standard, 17 June 2015

[London housing shortage one of Britain's 'biggest public policy failures of the last 50 years](#)

The Guardian, 30 April 2015

[Only 43 homes in London are affordable for first-time buyers. So who's to blame?](#)

3. Press releases

Mayor of London

16 May 2016

[Mayor reveals full extent of London's housing crisis](#)

The Mayor of London, Sadiq Khan, has today (16 May 2016) exposed the full extent of the capital's housing crisis and accused the previous mayor of letting down Londoners and "leaving the cupboard bare" when it comes to delivering affordable housing in the city.

Immediately after taking office last week, Sadiq Khan asked officials to produce an urgent audit of City Hall's preparedness to tackle the housing crisis. The audit revealed the shocking scale of the challenge now facing the new Mayor to gear up City Hall to tackle the housing crisis. It showed:

- Affordable home delivery at near-standstill – last year, the previous mayor delivered the lowest number of new affordable homes since current records began back in 1991 – just 4,880 – and left a legacy of just 13 per cent affordable homes coming forward through planning permissions granted under his watch.
- An acute construction skills crisis – with annual construction apprenticeship starts in London averaging just seven per cent of the national total and with a total of 100,000 planned apprenticeships starts missed during the previous mayor's second term.
- A flawed process of identifying public land for homes – as it has been revealed the previous mayor's work to produce a digital 'Doomsday Book' of public land in fact includes scores of sites that will never be built on, including 10 Downing Street, City Hall, and the British Museum.

The Mayor today visited the Landmark Court site in Southwark, which is owned by Transport for London and is land he believes is ripe for using to build at least 120 new homes.

Sadiq Khan has pledged to build new homes on land owned by City Hall, including Transport for London land, and intends to fast-track scores of sites, like Landmark Court, that are suitable for development, but not utilised by the previous mayor.

The Mayor, who wants to see 50 per cent of all new homes in London being genuinely affordable, also plans to bid to develop other public sector land across London and will work with Government ministers to ensure a far more active role for City Hall in identifying surplus public land that can be used for the construction of the new affordable housing London needs.

The Mayor of London, Sadiq Khan, said:

“London gave me the opportunity to go from the council estate where I grew up to being able to buy a family home we could afford. But today, too many Londoners are being priced out of our city.

“One of the first things we did when we got to City Hall was open the books and look at what was already in the pipeline and it seems the previous mayor has grossly let down Londoners by leaving the cupboard bare when it comes to delivering affordable housing.

“I am determined to fix London’s housing crisis and ensure that all Londoners have the opportunity to rent or buy a decent home at a price they can afford, but the scale of the challenge is now clearer than ever and we’re not going to be able to turn things around overnight.

“We will be outlining our plans in the coming months, but one of the first things we can do is work with Transport for London to fast-track their numerous surplus sites for development that have previously just been sat on.

“There is no doubt we have our work cut out, but I plan to personally get to grips with the mess that has been left behind and will insist on far higher levels of affordable housing in new developments.”

Notes to editors

- Of the 4,880 affordable homes constructed last year, only 738 were built for social rent at genuinely affordable rent levels. This is down by 94 per cent from four years earlier when 11,370 were completed.
- Under the last Mayor’s watch, just three per cent of approvals in 2014/15 were for social housing, down from 18 per cent in 2007/08.
- The previous Mayor missed out on 100,000 apprenticeships starts during his second term. There were only 151,000 new apprenticeships between August 2012 and January 2016 compared to his target of 250,000.
- The proportion of Londoners aged between 25 and 34 who own their own home has fallen from 38 per cent in 2008 to just a quarter last year.
- The site’s current tenant is in dispute with Southwark Council for using the site as a car park, as this is in breach of their permission to use the site for storage.

Chartered Institute of Housing

CIH Blog, 1 June 2016

[Addressing London's housing crisis](#)

Now that the excitement of the election campaign is over - and Sadiq Khan is settled in as the new London mayor - CIH London board vice chair, Martyn Kingsford OBE TD, takes stock of the challenge the Mayor faces.

Housing was a priority for all the candidates and the voting public in the recent election. London is facing a critical housing shortage, with a knock-on impact on affordability as people struggle to find the homes they need and can afford.

House prices in 2014 were [almost 10 times the median income](#); prices rose by [nearly 14 per cent in the year to March 2016](#), while [rents increased by 4.2 per cent](#).

And the worst impact is the significant rise in homelessness; 74 per cent of all households in temporary accommodation and 36 per cent of all homeless acceptances in quarter three of 2015 were from London, [up 10 per cent on the previous year](#). The number of households owed a homeless duty across all London boroughs has almost doubled in the five years since 2010. Businesses have been increasingly vocal about the risk the housing crisis poses in the long term to their - and London's - economic growth and prosperity.

House building

So the task before our new Mayor is clear - but it is also difficult, and it will take the combined efforts and expertise of all players to engage to go towards resolving it. The key will be taking steps to increase and accelerate house building.

London requires between 50,000 and 80,000 new homes a year, but delivery has fallen well short over a long period; in 2014/15, net housing supply was up but still only reached 31,894.

More of the new housing needs to be in lower price ranges, including social rent, affordable housing and low cost ownership; Savills' research identified the biggest gap between supply and demand lay at the lower cost levels, and increasing the tenure mix in developments is necessary to tackle this.

So the mayor's commitment to increasing the delivery of homes overall, of which up to 50 per cent are to be affordable (rent/ownership) is really welcome, although some question how this can be achieved given some of the wider policy drives that challenge the rental streams of housing associations (the one per cent reduction and the extension of the LHA cap for example).

Can we do it?

Overall, housing associations are positive that the ambition is achievable. The London Housing Commission, which included CIH chief executive Terrie Alafat CBE as one of the expert panel members, recommended the new Mayor work with associations to double their housing building in return for a pipeline of new sites, so it is a positive that the Mayor [committed to this in his housing manifesto](#).

Pivotal to making it happen will be the work of the Homes for Londoners team that Sadiq Khan will set up in City Hall and working with communities, boroughs, associations and developers to drive forward development. Fully utilising all the Mayor's levers - capacity to draw in investment, planning powers, and maximising use of public land

- will be pivotal. Aligning opportunities with other infrastructure plans, and working with Transport for London to include high density development around existing and new transport hubs will help.

The private rented sector is critical in meeting the housing needs of London. However, the ending of a tenancy in the sector is now behind 47 per cent of statutory homeless cases in London, up from 17 per cent in 2010, so working with landlords and boroughs needs to be a significant part of the strategy to address the housing challenges for London.

A concentrated effort

We welcome the Mayor's commitment to look at a London living rent and a city-wide lettings agency. We would encourage him to extend this to link with an accreditation scheme to drive up standards and incentivise landlords to work with this, including offering longer term tenancies. The Mayor is well placed to use his powers to attract in more institutional investment to increase the provision of market rent schemes.

Without a doubt we need a concentrated effort from all players to address London's housing crisis. Our regional membership of housing professionals means we have the connections and expertise to play our part in that and we look forward to opportunities to do so.

Shelter

Shelter Blog, 7 April 2016

[Over half London's private renters are struggling. Renting needs fixing now.](#)

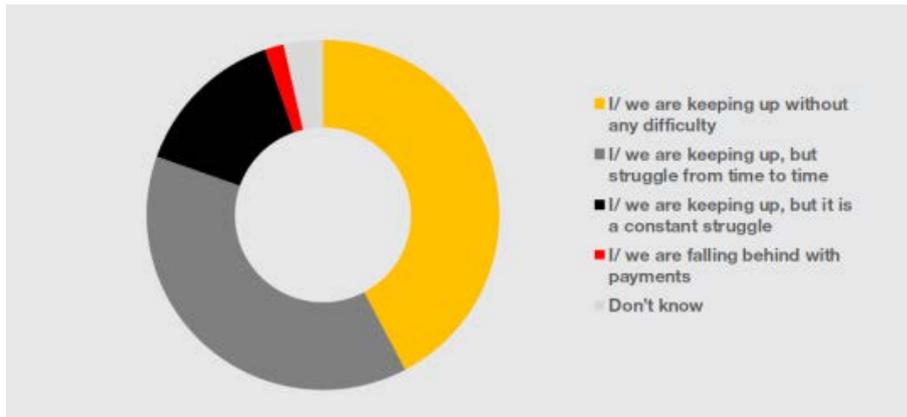
When does a city's housing problem get so bad that it's legitimate to describe it as a 'crisis'?

People often quibble about whether the current housing situation constitutes a 'crisis' or remains only 'very serious'. But with more than half of London's 2.7 million private renters now struggling to pay their rent at least some of the time, it's beyond doubt that the city is in anything other than a full-blown crisis.

Doing something about this crisis will be one of the biggest tasks for the next Mayor of London – and the one that Londoners will judge the Mayor's record on.

[Our new report out today sets out the extent of London's renting affordability crisis and the effect that it's having on over a million Londoners. And it provides the roadmap the Mayor will need to get to grips with it.](#)

Figure 1: Crisis point – more than half of London's private renters struggle to pay the rent



The effects of London's affordability crisis

More than 400,000 Londoners constantly struggle to pay their rent or are falling behind. With so many pushed so hard by their housing costs the consequences are bound to be serious. The findings of our research paint a bleak picture of a city struggling to make ends meet.

Renting Londoners are being forced to cut back on essentials, including food and clothing. Many are unable to even think about saving for a deposit to buy a home of their own. One in three have had to go into debt to pay the rent in the last year.

And for the worst affected, not being able to pay the rent is leading directly to homelessness.

The impact on low income households and renters with children is worse. So it is not surprising that our research also found more than half London's childless young couples were putting off having kids specifically because they were renting privately. Unaffordable renting is making London an extremely hard place to raise a family.

There are wider effects too, even for those who aren't renting themselves.

London businesses cite housing costs as one of the principle barriers to recruiting and keeping junior staff. And others have warned that it is becoming increasingly difficult to hire public sector workers like teachers, nurses and firefighters: the very people who make the city work.

What the next Mayor should do about it

There's no quick and easy way to make renting in London affordable. It took years of neglect for things to get this bad, and solving it will take years of sustained action.

But there is a route to tackling the affordability crisis in London's private rented sector.

1. Tackle the causes of the crisis by building the homes that London needs, including genuinely affordable homes

Underpinning London's unaffordable private rents, is a chronic shortage of homes and particularly genuinely affordable homes. We need the next Mayor of London to use their powers to get London building at least 50,000 homes a year, prioritising new homes to rent that are

affordable for Londoners on low and average incomes so they don't need to put up with high private rents at all.

2. Provide support in the meantime by defending housing benefit for private renters

Housing benefit is a lifeline to many Londoners who are struggling with high private rents. For many, it's the difference between them having a home or not, and it will continue to play a vital role over the years it will take to tackle the city's shortage of homes. But in recent years housing benefit growth hasn't kept up with rent inflation, putting a squeeze on household budgets.

Over the coming years low income renters are going face a four year complete freeze on Local Housing Allowance rates (that's the housing benefit they can claim to pay private rents). The Mayor needs to champion the need for low paid Londoners to live in the city and should campaign to ensure that the housing benefit rates set by the government are sufficient to make this happen.

3. Stop London's dysfunctional market making things worse for all renters by improving the rental market

While the shortage of homes underpins London's affordability crisis, unstable rents, high moving costs and discrimination are making it worse. Moving costs alone add an average £1500 to the amount that London renters have to find every time they move home, which happens all too often.

The Mayor of London doesn't currently have all the powers necessary to get to grips with the dysfunctions in the rental market, which are retained by the government. But the election of a new Mayor provides the perfect opportunity to campaign for the powers they need to improve affordability for London renters by:

- Introducing longer tenancies with predictable rent increases and
- Banning letting fees for private tenants

Without taking all three of these steps, the next Mayor will fall short.

All are needed to get to grips with the long term causes of London's crisis and ensure that support is available in the interim.

They will be no mean feat to achieve, whoever becomes Mayor, but families across London will be depending on them to do so.

[Click here to read our report on how to make renting more affordable for more Londoners in full.](#)

4. Parliamentary questions and debate

4.1 PQs

[Affordable Housing](#)

Asked by: Ruth Cadbury

How will the Government policy to subsidise starter homes address the affordable housing crisis for low and middle-income earners—cleaners, social workers, teachers, middle managers, nurses—given that it is estimated that, in London, one needs a household income of £97,000 and a deposit of £20,000 to afford an average starter home?

Answered by: Brandon Lewis

I draw the hon. Lady's attention to the comments of my right hon. Friend the Secretary of State a few moments ago. In this country, first-time buyers pay £181,000 on average for a new home, so, with a 20% discount and a 5% deposit, her figures do not quite add up. Given that 86% of our population want the chance to own their own home and that first-time buyers are the generation worst hit by Labour's recession in terms of housing, I am proud that we have doubled the number of first-time buyers. We want to deliver 1 million during this Parliament, and the starter homes initiative is just part of the solution.

06 Jun 2016 | Oral questions - 1st Supplementary | 611 c820

[Affordable Housing: Greater London](#)

Asked by: Lammy, Mr David

To ask the Secretary of State for Communities and Local Government, what estimate his Department has made of the average price of affordable starter homes that will be built in (a) Tottenham, (b) Islington, (c) Barnet, (d) Haringey, (e) Enfield and (f) London in (i) 2016 and (ii) each of the next four years.

Answering member: Brandon Lewis

The Starter Homes policy is expected to deliver at least a 20% discount from market value on new homes built for first time buyers under 40 years of age. We recognise that first time buyers can face affordability pressures within parts of London which is why we want Starter Homes to make a significant contribution to housing delivery. The London £450k price cap is not an expectation of the going price for a Starter Home. In London in 2014, the average price paid by a first time buyer was £364k – which would equate to a starter homes price of £291k. We are consulting on starter homes regulations which will set the requirement for starter homes and any exemptions. The Department does not make assessments on the number of starter homes that are to be built by local authority area.

12 May 2016 | Written questions | 36792

[Housing Associations](#)

Asked by: Mackintosh, David

To ask the Secretary of State for Communities and Local Government, what procedures his Department has to ensure that housing associations maintain an adequate level of housing stock available for key workers.

Answering member: Brandon Lewis

Housing associations have ambitious plans to increase their housing stock over the next few years. The Government is supporting this with £8 billion of funding to deliver over 400,000 affordable homes. This will extend the opportunity of home ownership to more hard working families, including key workers, through measures aimed at doubling the number of first time buyers. The funding prospectus for the new Shared Ownership and Affordable Homes Programme was published on Wednesday 13 April.

The voluntary Right to Buy between the Government and the housing association sector will give another 1.3 million families the chance to purchase a home at Right to Buy level discounts. Homes sold to tenants under this agreement will be replaced on a one for one basis using the proceeds from the sale of the property.

04 May 2016 | Written questions | Answered | House of Commons | 33503

[London: Housing Costs](#)

Asked by: The Lord Bishop of St Albans

My Lords, there is much concern that the focus on starter homes could threaten the provision of alternative housing schemes that are more suitable for those on low incomes, such as shared ownership. Will the Minister assure the House that Her Majesty's Government's emphasis on these starter homes will be in addition to other affordable schemes such as shared ownership rather than replacing them?

Answered by: Baroness Williams of Trafford | **Party:** Conservative Party

I can certainly assure the right reverend Prelate that the £4.1 billion that the Government are putting into shared-ownership homes, to achieve 175,000, demonstrates their commitment to things other than starter homes.

01 Mar 2016 | Oral questions - Supplementary | House of Lords | 769 c699

[London: Housing Costs](#)

Asked by: Lord McFall of Alcluith (Lab)

My Lords, as of December 2015 the Mortgage Advice Bureau stated that the average down payment for a London home is £179,248. How can any young couple, never mind those on the lower living wage, afford such a price?

Answered by: Baroness Williams of Trafford

My Lords, products such as the Help to Buy ISA and the equity loan that the Government are proposing to raise from 20% to 40% in London should help first-time buyers. But I appreciate that house prices in London are not cheap.

01 Mar 2016 | Oral questions - Supplementary | House of Lords | 769 c699

[London: Housing Costs](#)

Asked by: Lord Kennedy of Southwark (Lab)

My Lords, first I declare an interest as a councillor of the London Borough of Lewisham. The Minister recently confirmed to me in a Moses Room debate:

“I agree that not everybody will be able to afford a starter home”.—
[Official Report, 22/2/16; col. GC 40.]

There lies the problem. Funds are being diverted into the starter home scheme, for homes which are unaffordable to most people on modest incomes, from other housing schemes. Why does the Minister think it is acceptable that the Government are reducing the options for people on modest incomes and the living wage, who are often at the poorer end of the private rented sector, which will mean that often their dream of owning their own home will remain only a dream.

Answered by: Baroness Williams of Trafford

My Lords, there are a number of products on offer to first-time buyers, including shared ownership, which might require a deposit of as little as £1,400. There is Rent to Buy and a number of other products should people want home ownership.

01 Mar 2016 | Oral questions - 1st Supplementary | House of Lords | 769 c698

[Affordable Housing: Greater London](#)

Asked by: Rosindell, Andrew

To ask Mr Chancellor of the Exchequer, what steps he is taking to increase the affordability of homes in the Greater London area for people under the age of 30.

Answering member: Greg Hands

The Government is committed to making the aspiration of home ownership a reality for as many households as possible. At the Spending Review the Government announced a series of measures which will help people under 30 in Greater London and elsewhere become homeowners.

These include plans to deliver 200,000 Starter Homes to be sold at a 20% discount to first time buyers under 40 and 135,000 Help to Buy: Shared Ownership homes. Government also announced that it will introduce London Help to Buy, increasing the value of Help to Buy equity loans in London to 40% from 25%, as well as extending the Help to Buy: Equity Loan scheme for a further year to 2021. These

schemes are also supported by the recently launched Help to Buy: ISA, through which the Government tops up mortgage deposit savings for first time buyers by up to £3,000.

14 Jan 2016 | Written questions | 21185

[Affordable Housing](#)

Asked by: Mr Mark Prisk (Hertford and Stortford) (Con)

Some Opposition Members believe that homes can be made more affordable, particularly in London for example, by returning to the bad old days of rent controls. Will the Minister assure me and many other Members of the House that the Government have no intention of giving powers to any future Mayor to reintroduce rent controls in London?

Answered by: Brandon Lewis

As my hon. Friend will know, we are very keen to see more and more localism and devolution of power, but I am happy to tell him that this Government will not allow us to fall into the trap that Labour often encourages people to fall into. The reality is that rent controls simply drive supply down and end up increasing rents, so we are very much against them and they will not be allowed under this Government.

14 Dec 2015 | Oral questions - Supplementary | House of Commons chamber | 603 c1266

[Affordable Housing](#)

Asked by: Wes Streeting

Given that average property prices in London have exceeded half a million pounds, first-time buyers will need to earn at least £70,000 a year to buy their first home. Does the Minister consider that affordable and, if not, what effective action will he take to put home ownership within the reach of the many and not just the few at the top?

Answered by: Brandon Lewis

I am glad that the hon. Gentleman is now joining our call to build more homes that are affordable for people. Starts are up some 57% in his constituency since 2010, which is a good start, but we want to go even further. That is why we want to deliver more shared ownership, giving people a wider opportunity to get on the housing ladder, along with the 20% discount on starter homes through Help to Buy on just a 5% deposit.

14 Dec 2015 | Oral questions - 1st Supplementary | 603 c1265

[Affordable Housing: Greater London](#)

Asked by: Foxcroft, Vicky

To ask the Secretary of State for Communities and Local Government, what estimate he has made of the number of affordable homes that will be (a) started and (b) completed in (i) Lewisham, Deptford constituency, (ii) the London Borough of Lewisham and (iii) London.

Answering member: Brandon Lewis

The Department does not forecast affordable housing delivery by locality by year. The Government is committed to deliver 275,000 affordable homes in England across 2015-20 with £38 billion of public and private investment.

06 Jul 2015 | Written questions | 4446

4.2 Debate

[Affordable Housing \(London\)](#)

09 Sep 2015 | Parliamentary proceedings | 599 cc53-79WH

5. Further Reading

National Housing Federation, [*Home Truths 2015/16: The housing market in London*](#), 23 February 2016

Shelter England, [*Making renting more affordable for more Londoners*](#), April 2016

Shelter England, [*Research: How much of the housing market is affordable?*](#), April 2015

Shelter England, [Tube Map of Affordability](#) (private rents)

About the Library

The House of Commons Library research service provides MPs and their staff with the impartial briefing and evidence base they need to do their work in scrutinising Government, proposing legislation, and supporting constituents.

As well as providing MPs with a confidential service we publish open briefing papers, which are available on the Parliament website.

Every effort is made to ensure that the information contained in these publically available research briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

If you have any comments on our briefings please email papers@parliament.uk. Authors are available to discuss the content of this briefing only with Members and their staff.

If you have any general questions about the work of the House of Commons you can email hcinfo@parliament.uk.

Disclaimer

This information is provided to Members of Parliament in support of their parliamentary duties. It is a general briefing only and should not be relied on as a substitute for specific advice. The House of Commons or the author(s) shall not be liable for any errors or omissions, or for any loss or damage of any kind arising from its use, and may remove, vary or amend any information at any time without prior notice.

The House of Commons accepts no responsibility for any references or links to, or the content of, information maintained by third parties. This information is provided subject to the [conditions of the Open Parliament Licence](#).