

Committee	Dated:
Policy and Resources Community and Children's Services (for information) Property Investment Board (for information)	24 September 2015 9 October 2015 14 October 2015
Subject: Increasing the supply of homes – the role of the City of London Corporation	Public
Report of: Director of Community and Children's Services The City Surveyor	For Decision

Summary

At the last meeting of the Committee Members were advised (via the notes of the informal meeting of the Resources Allocation Sub-Committee) that in response to the housing shortage in the capital a report setting out the scope for the provision of additional housing was being prepared and would be considered in the autumn. This report, in response to housing shortage in the capital, the City of London Corporation, set out proposed ambitions to deliver more homes in the policy document "Increasing the supply of homes – the role of the City of London Corporation."

The inability of the capital to supply sufficient housing to meet demand has led to problems of affordability for many households on low and medium incomes. This situation impacts not only London's communities, but is a risk to the capital's competitiveness and economy.

Meeting the housing needs of the capital requires the commitment and action of all local authorities to support new supply. The policy document before Members sets out the City Corporation's ambition to build on its presence and partnerships beyond the boundaries of the Square Mile to increase housing supply in the capital. It is an ambition that includes a commitment to increase the supply of homes on its social housing estates by 25 per cent, and provide 3,000 additional homes on development sites in the City Corporation's ownership. In doing so the City Corporation will deliver a range of homes – those that are social rented, homes that offer shared ownership and homes for market sale and rent.

Recommendation(s)

Members are asked to:

- approve the policy document "Increasing the supply of homes – the role of the City of London Corporation"

- approve the commitment of that document to provide additional homes through opportunities
 - I. on the City Corporation's social housing estates
 - II. on other City Corporation sites with development potential
- note that where the delivery of this vision will require additional resources this requirement will be set out and brought to Members for approval
- note that the progress of developing detailed proposals to support the ambition set out will be reported to Members.

Main Report

Background

1. The imbalance of housing supply and demand has seen house prices and rental costs rise faster than wage inflation. Homes for sale at the lower end of the capital's housing market are now only affordable to those whose incomes are in the top quartile.
2. It is estimated that London needs to deliver 49,000 homes each year for ten years to address the existing backlog and newly arising demand. This level of delivery has not been achieved in any year in the last decade. Issues of infrastructure investment, planning policy, skills and material shortages, site ownership and control, and the availability of debt financing have all contributed to constrained supply.
3. Such housing shortage not only impacts on the capital's population, but is a significant risk to London's economy as it threatens the successful recruitment and retention of staff.
4. Responding to this issue has become a priority for national, regional and local government.

Proposals

5. The policy document "Increasing the supply of homes – the role of the City of London Corporation" sets out the contribution the City Corporation can deliver to respond to the housing challenges facing the capital. It acknowledges that no single organisation can deliver the homes London needs – rather it requires all of London's local authorities to support delivery and maximise the opportunities for supply through their enabling role, their local plans and the formation of constructive partnerships.
6. In this context the City Corporation will play its role in meeting this challenge by identifying sites and partnerships through which new homes can be delivered. This includes opportunities both on its existing social housing estates and on other sites in the city's ownership that offer the potential for development. In doing so the City aims to deliver the ambition set out in the Policy to provide 3,700 homes by 2025.

7. The Policy before Members sets out an ambitious commitment to provide homes of mixed tenures for those on a range of incomes. Within the City Corporation's social housing estates this programme will be funded through planning gain receipts, grant funding, borrowing within the Housing Revenue Account and cross subsidy from market sale of some new homes. On development sites outside of the HRA the City will explore the potential of private financing, joint ventures, borrowing or disposal to support the development of new homes.
8. The City Corporation will also work to enable private/public partnerships to maximise delivery of new homes. In addition the Policy sets out the City's intention to work with London Councils, central government and the Mayor of London to influence policy change to enable and support the market to respond to the scale of need that exists.
9. If approved, the implementation of the objectives set out will be overseen by the Housing Steering Group, jointly chaired by the Director of Community and Children's Services and the City Surveyor. This will provide the leadership alongside that of the Common Council to deliver this ambition.

Corporate & Strategic Implications

10. The ambitions set out in "Increasing the supply of homes – the role of the City of London Corporation" is consistent with the City's corporate priorities of supporting London to be the world's leading financial and business centre, and for delivering for London and the nation.

Implications

11. Delivery of the City Corporation's housing vision will require additional resources. These resources will be identified in the detailed proposal set out to support delivery and will be brought to Members for approval.

Conclusion

12. Tackling housing shortage in the capital is one of the most urgent issues facing all tiers of government in London. The City Corporation has the opportunity to contribute to addressing this issue by increasing the supply of homes on development sites across London. In doing so it has the opportunity to provide homes of mixed tenures for those on a range of incomes.

Appendices

- Appendix 1 – Increasing the supply of homes – the role of the City of London Corporation

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