

Tackling London's housing challenges - Propertymark's housing plan for London
April 2024

With Mayoral and London Assembly elections taking place on Thursday 2 May 2024, Propertymark outlines its housing plan for London with key priorities for the next four years on how to tackle the unique challenges the capital faces.

The Mayor of London

The Mayor of London is in charge of £21.7 billion budget and is responsible for policing and transport across the capital. They also have a role in housing, planning and the environment. Importantly, the Mayor of London has the power to set targets on numbers and affordability of homes as well as approve or reject larger housing-building projects.

Housing in London

The Mayor of London's London Plan, adopted in March 2021, outlines a target to achieve 52,000 new housing completions per year (following the independent planning inspection); an increase from just over 42,000 in the previous London Plan. This compares to the 2017 Mayor's Strategic Housing Market Assessment, which identified a need for 66,000 new homes a year to satisfy housing need. Under the UK Government's latest version of the Standard Method for calculating housing need, the figure for London is 85,000 homes per year. Savills estimates an even higher level of required delivery to meet need and improve affordability, suggesting that 90,000-100,000 new homes are needed each year.

Key statistics

- Private rental prices in London increased by 6.9% in the 12 months to January 2024.¹
- London's average house prices remain the most expensive of any region in the UK, with an average price of £508,000 in December 2023.²

Ten point plan for London

- **Support homeowners and landlords with energy efficiency improvements** - expand the Mayor's Energy for Londoners programme to support homeowners and landlords to make energy efficiency improvements to property, reduce energy consumption, bring down the cost of people's bills and help achieve London's ambition of being a zero-carbon city by 2050.
- **Release land for residential development** - a greater focus on speeding up planning within Councils and building on land under the Mayor's control will ultimately allow more properties to be built and help make housing in London more affordable. The Greater London Authority as well as Transport for London and the National Health Service should release land for residential development and ensure that development works alongside local need including for families and older people. Redevelopment projects should be emphasis placemaking, making communities attractive places to live, work and visit while maintaining London's unique architecture and heritage.

¹ <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/costoflivinginsights/housing>

² <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/december2023>

- **Greater partnership working** - the Mayor of London should use their influence to increase collaboration between local authorities across London in order to improve coordination, enforcement and information sharing to drive forward standards and compliance in the property sector. Local authorities must also use the opportunity to reshape their relationship with landlords and property agents with regular engagement and collaboration.
- **Encourage employers to support renters** - the Mayor of London should work with employers across London to offer interest free loans to more Londoners to pay for their deposit when moving into private rented property. Repayments can be made in instalments via deductions from their monthly salary, over a period of time; such as twelve months. These schemes can help staff secure a property without incurring financial difficulty leading to debt and it can also help companies recruit and retain staff.
- **Avoid rent control** - the Scottish Government introduced rent caps and controls as part of their Cost of Living measures. This resulted in rents increasing to 13% at the start of 2023, reduced supply of property in the private rented sector and many local authorities have recently declared housing emergencies. Propertymark sees no advantages in restricting rent increases or introducing any rent stabilisation measures in London. Flexible tenancies and rent prices driven by market forces have led to the success of the private rented sector in London and across the UK. It is vital that landlords are not deterred from the market and have finances to invest and improve property standards.
- **Enforcement of short term let rules** - more needs to be done to identify ways to improve enforcement of cases in which commercial landlords are not complying with local planning laws or the 90-day limit for short-term lets in London. It is important that enforcement authorities can distinguish between using a primary residence for short term lets when the property is being under-utilised and commercial landlords renting out entire properties on a full-time basis. At the discretion of local councils, we think local authorities in London should consider implementing licensing of short term lets if there are specific challenges from over supply.
- **Licensing for London** – the introduction of a PRS Database and Property Portal as part of the Renters (Reform) Bill should end the necessity for local authority property licensing. While the Bill progresses, the Mayor of London should lead the way by exempting landlords from licence fees who use agents who are qualified and regulated by a professional body such as Propertymark. This ensures that properties are managed to a high standard and in compliance with regulations, regardless of the landlord's geographic location. Such measures not only promote professionalism within the rental sector but also contribute to maintaining the quality and integrity of rental properties across the board.
- **Local authorities should enhance their procurement process for former local authority properties by collaborating with local property agents** - one way to incentivise this partnership is by offering to cover the agency fee when securing the sale of the property through the estate agent. This approach not only supports businesses in the capital, but also leverages their expertise in marketing and selling properties effectively. By fostering such collaborations, local authorities can streamline the acquisition of properties, potentially securing better deals and efficiently expanding housing options within the community.

- **Greater powers and devolution** - with a population of over nine million inhabitants, and the highest house sales and rental values in the country, London has housing challenges that are unique when compared to other areas of the UK. To meet these challenges, greater powers and devolution to the Mayor of London are needed and that HM Treasury should fund the Mayor's block grant accordingly.
- **Boosting housing supply in all tenures** – London needs more social and affordable housing, but private landlords must be part of the solution. The supply of private rented property is not meeting demand with many landlords exiting the market due to increased costs from Section 24 of the Finance Act including the phasing out of Mortgage Interest Relief. The critical need for housing has resulted in some London Borough's offering cash incentives for private landlords to house vulnerable and low waged tenants creating a post code lottery of affordable housing. With greater block grant funding from increased devolution, the Greater London Authority should fund local authorities to support landlords in plugging gaps from increased taxation costs in return for letting to tenants in receipt of benefits or the low waged. Propertymark can help administer such a scheme with member agents working in partnership with local authorities to support vulnerable and low waged tenants into accommodation.

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