



Meeting housing needs across London and the wider South East: **The need for a strategic solution**

We await with interest the expert panel's report following Michael Gove's letter to the Mayor of London which will *'investigate the aspects of the London Plan which could be preventing thousands of homes being brought forward, with a particular focus on brownfield sites in the heart of the capital.'*

There is a belief held by some that housing delivery in London can be dramatically increased to meet need. However, current figures paint a different picture. If we take the year-to-date [Greater London Authority data](#) into account, as of January 2024, we can see that less than 1,500 homes have been completed against an annualised London Plan requirement of 52,000.

We urgently need to ask what London can realistically deliver in terms of its housing need, with the right policy framework, and whether this will ever be enough.

There are a range of factors that the panel will no doubt consider in their investigation: build cost inflation, the impact of mayoral policies on viability review and affordable housing, affordable housing funding, the 'second staircase issue', and the effectiveness of policy innovations such as co-location of residential and commercial.



Barking Riverside one of the largest new communities in London and in the UK with over 10,000 new homes.



Where are we now?

The current housing target for London equates to 52,000 new homes per year. However, the long-term average housing delivery rate is closer to 35,000 homes per year. The scale of the shortfall speaks to an ambitious development target in the context of a complex delivery environment. Economic headwinds, new regulation, and a finite supply of land mean that meeting this target is going to become even more challenging in the future, putting aside short-term economic cycles and regulatory events.

The London Plan identifies a need for 66,000 new homes per year. The Government's preferred 'standard method' housing need formula puts needs significantly higher at over 90,000 new homes per annum, more than double the housing growth rate.

The London Plan acknowledges that London has a significant impact on the wider South East (East of England and South East of England) and that collaboration with authorities outside London is necessary in terms of homes, jobs, and planned infrastructure investment.

The plan provides the potential for the Mayor to agree with wider South East authorities to address housing needs which cannot be accommodated within London. However, this approach has not been pursued (or certainly not to a positive outcome), despite encouragement from the Secretary of State in March 2021 to prepare a strategy to address unmet need in a joined-up way with authorities outside of London.

From our perspective, we believe London will not meet its need. The consequences of this are and will continue to be far reaching.

This begs the question, if London cannot meet its significant share of England's housing need in full, where should the shortfall go? To put it another way: we need to ensure that London delivers what it can but be honest on what it cannot and ensure we plan for this.

Where do we go next?

We need a solution and that must involve the wider South East.

Over the coming months, our team will seek to explore this issue focusing on the two sides of the coin. First, from a London centric point of view, examining what London can realistically deliver and the barriers and opportunities to this. We'll then look at the impact on the wider South East market and a myriad of other issues that arise, both policy-based and technical.

The starting point has to be an honest non-partisan, solutions-focused conversation informed by facts and rigorous analysis.

What is the role of the Thames Gateway, Cambridge and other potential growth areas? What is the role of new settlements and where should these be? How can we best deliver the

homes we need in the right place, at the right time, and be consistent with the need for economic growth and regeneration?

We look forward to updating you with our thoughts and findings in due course. Please do get in touch if you would like to discuss further.



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