

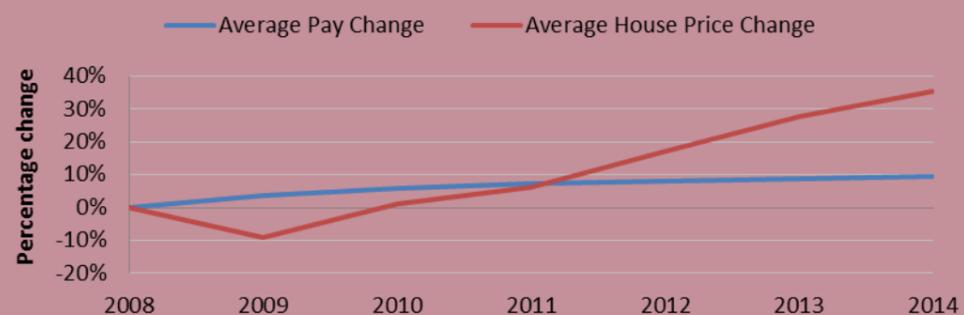
# The truth of Boris Johnson's housing policies

**Over £500,000** Average house price in London

**120%** Increase in number of rough sleepers

**£1,600** Average cost of rent per month

The cost of housing has risen hugely compared to average pay



Since 2008 average house prices have increased 3.5 times faster than average wages

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# THE COST OF BORIS

## An Agenda for Housing Londoners

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# An agenda for housing Londoners

***The challenges facing the next Mayor will be far tougher than the one inherited by Boris Johnson in 2008. Nowhere is this more the case than on housing.***

To meet the housing need in London, the latest evidence shows we will need to build at least 49,000 new homes every year, for the next twenty years – a level not achieved since the city's expansion into 'Metro-Land' during the 1930s. The scale of the challenge is made starker by the position we start from. Just 18,260 new homes were built last year; only a little more than a third of what we need in the capital.

## ***For 30 years we have failed to build enough homes***

The situation has become worse in recent years as London's population has grown. Right to Buy and Buy to Let mortgages have fuelled demand for homes at the same time as supply has been constrained. The number of new homes now needed is more than double the first mayoral target of 23,000 homes per annum set a decade ago.

During Boris Johnson's mayoralty, housing completions have not once topped the level they reached during the depths of the financial crisis. In essence, the downturn in London's house building market has never halted and the recovery in house building is still a long way off.

Government plans to extend the 'Right to Buy' scheme will make things significantly worse, particularly as it is to be funded by forcing councils to sell off more expensive homes, a policy which will disproportionately hit London. Each of these 'reforms' will serve to dramatically reduce the number of social and affordable rent properties in the capital – the complete opposite of what we actually need from Government.

**Just 18,260 new homes were built last year; only a little more than a third of what we need in the capital**

## ***Falling wages, rising housing costs***

The consequences have been dire for Londoners. With the typical home now costing more than half a million pounds, average private rents at £1,600, and a new definition of affordable housing that is unaffordable to low- and middle-income households, it is easy to see that the cost of housing is causing great hardship for many in the capital.

For many low and middle-income families, the high cost of housing is forcing them to consider whether it makes sense to stay in London. When you take into account the cost of living in London, falling wages, the real terms cut to working-age benefits, tax credits, and housing allowance, and a benefit cap that penalises Londoners, there's an increased likelihood of this happening.

## ***Homelessness increasing***

The impact is shocking. After years of steady decline homelessness is now increasing, as the shortage of affordable housing combines with other factors such as cuts to social security. The result has been a 120% rise in rough sleeping since 2008. Key workers – nurses, teachers, fire fighters, etc. – are now increasingly being



squeezed out of London by excessive housing costs. Despite 30% of homes in the private rented sector now failing to meet 'Decent Homes' standards, tenants have little choice – forced to take what they can get.

The Mayor once said that high house prices were "the right problem to have". This is a view unlikely to be shared by many Londoners or indeed business leaders. A recent CBI and KPMG survey found that London's businesses now view the cost of housing as London's second biggest weakness as a place to do business.

## ***Undermining London's public services & economy***

It's this wider impact which escalates the housing crisis from a personal tragedy for those who cannot afford a home, to a wider question about the future of London. Slowly but surely, the cost of housing is undermining London's economy and public services.

Last November, the then head of the London Ambulance Service said that the organisation is struggling to recruit and retain staff who can no longer afford to live near their place of work. Unless a solution can be found, London will find it increasingly hard to keep services moving.

The crisis is now so deep that the problem cannot be solved simply in a four year mayoral term. If we are to reverse the crisis, radical action is needed from day one of the next mayoralty to lay the foundations of a twenty-year programme to fully tackle the housing shortage.

## ***Immediate action to make housing affordable***

This should include the creation of a new housing body to directly commission new housing from City Hall. Working in partnership with developers, this could also be a platform to help small builders compete in London's housing market, expanding a closed market that has – for many reasons – been unable to deliver the quantity of homes needed.

The new Mayor must redouble efforts to persuade the government to remove the arbitrary borrowing cap on council house building, enabling London's councils to invest an additional £2.8 billion in expanding the city's affordable housing stock. Localising decision-making powers over Right to Buy would also enable councils to better manage their resources and maximise the amount they can invest in building new homes.

Whilst we need to make the case to government for extra investment in building affordable homes, a key aim is to secure the fiscal devolution of property taxes, as they have been to the Scottish and Welsh governments. London generates a large amount of Stamp Duty because house prices are so high. Devolving this revenue stream would allow the money raised by the problem of high prices to be reinvested in solving it.

But the kind of affordable housing we build is also important. The Affordable Rent model, at up to 80% of market rent, was enthusiastically imposed by the Mayor but is anything but affordable. What was essentially a replacement for traditional social rented housing is unaffordable even to middle-income households in many parts of London and will undoubtedly lead to an increase in the benefit bill.

Under Boris Johnson's stewardship the capital's housing problem has grown into a fully fledged crisis. There are no quick fixes to correcting London's housing shortage, but with the right policies and a Mayor actually committed to finding solutions, the foundations can be laid to deliver a fairer, more affordable and successful city.

**The shortage of affordable housing combined with other factors has resulted in a 120% rise in rough sleeping since Boris became mayor in 2008**