

How could the next London Plan address the city's most pressing challenges?



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INTRODUCTION

This briefing note seeks to provide an overview of how the targets of the current London Plan have been met and offer some inputs on what is next for any future iteration. A key factor is the delivery of housing targets in London, with significant discrepancies between projected needs and actual delivery. While the 2017 London Strategic Housing Market Assessment identified a demand for over **30,000** affordable units, actual completions have consistently fallen short. Despite a five-year average of over **34,000** housing units completed annually, the gap in affordable housing persists, exacerbated by factors such as economic constraints and planning challenges. Furthermore, recent government proposals will now alter housing targets, necessitating a reassessment of strategies to ensure sustainable growth and meet the pressing demands of London's diverse population.

Additionally, London's Opportunity Areas (OAs) play a crucial role in the city's urban development, aiming to deliver new homes, jobs, and infrastructure. Established in the 2011 London Plan, these areas focus on revitalising local economies, particularly on previously underused brownfield sites. This briefing note also highlights the successes and challenges faced by the Mayoral Development Corporations (MDCs), Old Oak and Park Royal Development Corporation (OPDC) and London Legacy Development Corporation (LLDC), while also addressing the implications of the proposed Grey Belt in helping to solve housing shortages. The LLDC is now in the process of transferring planning powers back to the relevant London Boroughs, with the last day that it will exercise its planning functions being until midnight on 30 November 2024¹.

These discussions are particularly pertinent right now as London Mayor Sadiq Khan has announced that consultation on the first draft of the new London Plan will begin by the end of 2025. This will be followed by an examination in public over the next two years (2026-27), with an expected target adoption date in 2027².

THE MATTER OF HOUSING TARGETS

The 2017 London Strategic Housing Market Assessment (SHMA) – submitted as part of the evidence base for the 2021 London Plan – reported that the local need in London was for **22,216** market homes. Whilst this target has been exceeded each year since³, the need for low-cost rent, at **30,425** units, and intermediate rent, at **11,660** units, as set out in the 2017 SHMA⁴, has not been met. Notably, the London Annual Monitoring Report (2021/22) identifies that a much greater number of affordable homes are now needed to meet this local need. Recent data has revealed that only 1,769 affordable homes are expected to be built in London this year, which is a **76%** drop⁵.

The five-year average for completion of housing units is **34,112**, with **2,056** studios/bedsits, **30,095** flats and **1,957** houses⁶, as detailed in Table 1. When compared with the respective planning approvals for housing (as shown in Table 2), it is clear that there has been a poor delivery rate of new housing in London and that several factors, including and beyond the planning system, are causing this.

Table 1: Housing completions by housing type for 2017/18 to 2021/22 (Net self-contained).

Type of housing	2017/18	2018/19	2019/20	2020/21	2021/22	5 Year Average
Studio/bedsit	1,647	1,719	2,418	1,811	2,685	2,056
Flats	27,033	30,941	33,092	27,173	32,235	30,095
Houses	1,737	2,773	1,628	1,835	1,811	1,957
Not supplied by applicants	1	0	11	7	3	6
Total	30,418	35,433	37,149	30,826	36,734	34,112

Date of download: 08 Feb 2024

Table 2: Housing Approvals by location for 2017/18 to 2021/22, including total and five-year average (net).

Location	2017/18	2018/19	2019/20	2020/21	2021/22	5 Year Average
Central Activities Zone	8,722	7,177	3,492	1,983	1,115	4,498
Inner London (outside CAZ)	19,453	31,466	30,661	20,765	20,464	24,562
Outer London	53,750	47,116	32,033	33,712	35,312	40,385
Total	81,925	85,759	66,186	56,460	56,892	69,444

Date of download: 23 Feb 2024

The London Annual Monitoring Report⁷ for 2021/22 states that the total housing approvals over the monitoring period was **56,892** housing units.

However, just **36,734** units were completed. This was an increase compared to the previous year but is still far below the annual target, and more recent figures from Energy Performance Certificates demonstrate that the number of new homes completed in London as of December 2023 was trending significantly lower than the number that had been built by that point in the previous three years⁸. This is below the ten-year housing completion target set out in the London Plan Table 4.1, which states that **522,870** units should be completed between 2019/20 and 2028/29, working out as an average of **52,288** units a year. Therefore, in 2021/22, London provided **15,553** fewer units than their target.

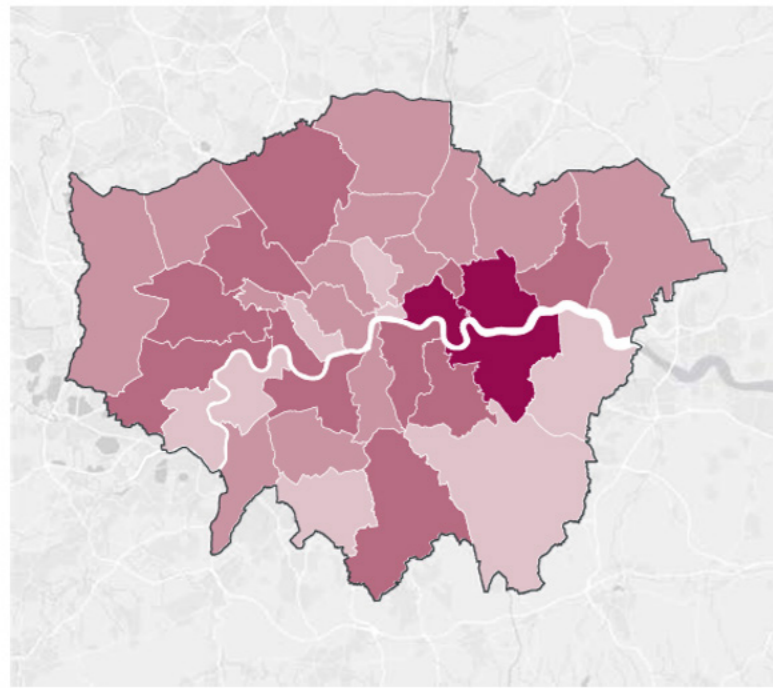


Table 3: 10-Year Housing Target for Net Completions

10 Year Housing Target for Net Completions

- 24,001 - 34,730
- 16,001 - 24,000
- 8,001 - 16,000
- 1,460 - 8,000

Source: GLA Planning
Contains OS data © Crown copyright and database right (2017)

The Labour government’s draft National Planning Policy Framework (NPPF), published in July 2024, includes a New Standard Method approach to calculating local housing need. This approach will increase the national total housing need but will reduce the local housing delivery for London. If adopted, the housing target for London would be **80,000** units a year⁹, compared to the city’s current housing target of **100,000** units¹⁰. Table 4 shows how the housing need would change under the proposed new method, which shows that more than 12 London Boroughs would see a reduction in their nationally prescribed housing need by more than a third, with some reductions more than **60%** in east London.

This failure to meet annual housing targets is further examined in the previous Government’s London Plan Review Report of Expert Advisers (February 2024). This report states that only **40,200** residential units were approved in 2022/23. The report highlights that the ‘good growth’ policies of the London Plan – which promotes “growth that is socially and economically inclusive and environmentally sustainable”¹¹ – have not been resilient enough to weather the subsequent changes in the context of London, which include worsening macroeconomic conditions, infrastructure constraints, and viability difficulties of specific schemes.

Notwithstanding the reduction of **20,000** residential units, given the fact that London has only completed **36,734** units in the monitoring period 2021/22, it seems increasingly unlikely that even the reduced target of **80,000** will be met. Therefore, a scheme of more concrete interventions is needed in order to determine how this target will be achieved.

This failure to meet housing targets has taken place against a backdrop of issues within the planning and development industry and London as a whole. This context includes the following four strands that have restricted development and growth within the capital:

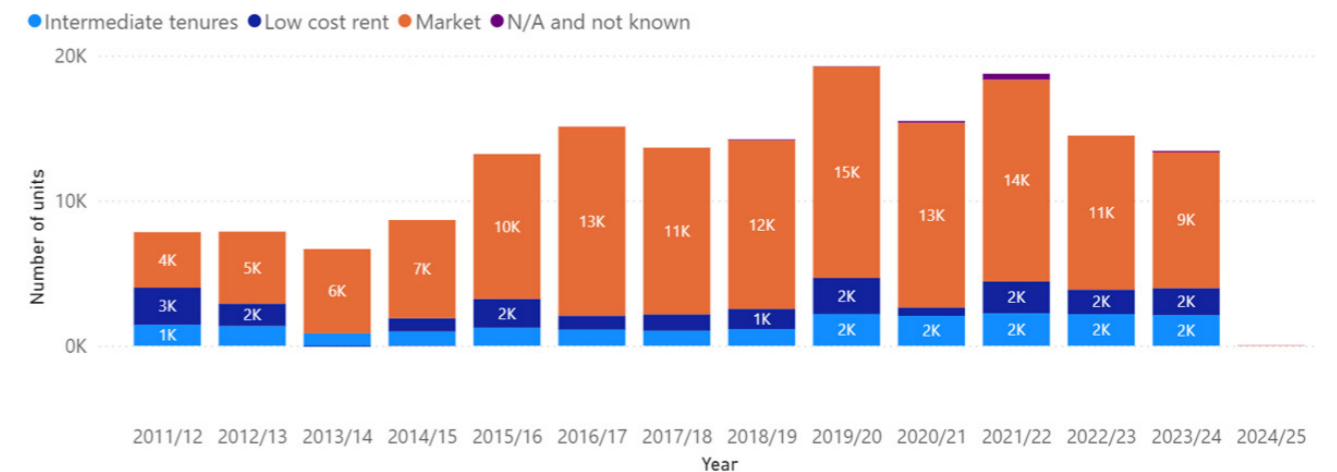
- Strong planning regulation as well as building and fire regulation
- Low consumer confidence in the development industry
- The reduction in funding available for funding of SMEs
- The unstable political landscape

These four factors have created a perfect storm in creating a slowdown of housing delivery within London and the UK as a whole.

LONDON OPPORTUNITY AREAS

The Opportunity Area designations have proven to be largely successful, as the majority of the areas located within OAs have seen faster decreases in unemployment rates and increases in the average housing price – both significant increases in economic indicators of successful regeneration¹². Additionally, since 2011, **168,577** new residential units have been completed within OAs, with **39,146** of these counting as affordable. Within 2023/2024 alone, **13,423** residential units and **3,976** affordable units were completed¹³.

Completions by year



Graph 1: Housing Completions in Opportunity Areas by Year

However, there are currently 47 OAs identified in the current London Plan¹⁴. This means it is difficult to streamline the investment into these areas fully. Therefore, in the next iteration of the London Plan, the number of OAs should be significantly decreased. This will allow further focused development and investment to regenerate deprived areas and fully take advantage of opportunities.

MAYORAL DEVELOPMENT CORPORATIONS THE LESSONS SO FAR

There are currently two Mayoral Development Corporations (MDCs) within London. The Old Oak and Park Royal Development Corporation (OPDC), covers land in three London Boroughs, Brent Ealing and Hammersmith and Fulham. The London Legacy Development Corporation (LLDC), was established in April 2012 to maximise the opportunities of the 2012 London Olympic and Paralympic Games¹⁵. MDCs are set up by metro mayors as statutory bodies to deliver sustainable and successful regeneration within set areas¹⁶.

Since April 2012, the LLDC has been working to regenerate the Queen Elizabeth Olympic Park and surrounding areas in east London. It has been delivering a key aspect of the legacy of the 2012 Olympic and Paralympic Games¹⁷, benefitting from support from all three London Mayors in that time. One key success story of this MDC is the free-to-access **560-acre** urban park which wins the Green Flag quality status annually¹⁸. In a planning context, this provides key public amenity space not just for residents in the LLDC area, but also for residents of surrounding East London.

In terms of assisting in meeting London's housing targets, the LLDC has a target of **33,000** units by 2036, with a total of **11,000** being built out and a further **13,000** being granted planning permission as of June 2023. In terms of economic successes, the LLDC has a target of creating **40,000** jobs across the Elizabeth Olympic Park by the mid-2030s, with tens of thousands created as of June 2023¹⁹.

Alongside these benefits, the LLDC has also sponsored a range of successful meanwhile uses, including a Good Growth Hub²⁰, and the famous and renowned ABBA Arena, attracting over **2 million** guests to the area so far²¹, contributing approximately **£320** million in turnover to the wider London economy in its first year of operation²². The Good Growth Hub, delivers tangible benefits to the residents of East London, offering career opportunities, training and skills to individuals aged between 18 and 30 years old²³. This also assists developments located within the LLDC to meet the Mayor of London's 'Good Work Standard', which focuses on principles including ensuring employers are, as a minimum, paying the London Living Wage²⁴.

The LLDC has also focused on improving the sustainability and environmental benefits of development schemes, from the creation of approximately 10 new wildlife habitats within the park itself, including woodlands, wildflower meadows and wetlands, but also achieving a **25%** reduction in corporate energy consumption since 2015, targeting net zero by 2030²⁵.

This MDC has provided a range of success stories for East London and is now in the process of transferring planning powers back to the relevant London Boroughs, with the last day that the LLDC will exercise its planning functions being until midnight on the 30 November 2024²⁶.

The Old Oak and Park Royal Development Corporation (OPDC) has had a more turbulent story so far, following its beginnings in January 2015, promising **25,500** new homes and **65,000** new jobs, alongside planned construction of new stations for the HS2 and Crossrail links in West London. Following its creation, the MDC has faced a range of criticisms, attributing its slow rate of development to its flawed set-up, with a lack of investment, resulting in few or no resources to buy land or implement needed infrastructure. According to critics, this effectively turned the MDC into a bureaucratic organisation, further complicating the planning process in the area²⁷.

This can be demonstrated in the example of the body losing its key planning battle for the redevelopment of Old Oak North and the former Cargiant site into social infrastructure to support the planned residential-led development in 2019²⁸. OPDC sought to purchase the land owned by Cargiant via a compulsory purchase order, however, Cargiant was able to successfully dispute the sale of their land, which made up around **20%** of the development's footprint.

Without this key site, it seemed unlikely that the OPDC would be able to meet its aim of **25,500** new homes, instead delivering over **10,000** units less, at **14,200** homes, according to the Planning Inspectorate²⁹. This effectively forced the OPDC to go back to the drawing board and make significant amendments to its Local Plan.

However, the OPDC has now started to gain momentum in delivering its targets, with **4,301** homes completed since the OPDC inception, with **761** units completed between March 2023 and March 2024. Whilst the OPDC's Local Plan sets an annual housing target of a minimum of 993 homes delivered per year, Table 5 highlights that there are approximately **8,000** homes identified for delivery in the future planning pipeline. Of these **8,000** units, **7,420** are expected to be delivered in the next five years. There has also been of net gain of industrial floorspace between March 2023 and March 2024 of **39,774** sqm, with an overall net gain of **190,249** sqm since the OPDC's inception³⁰.

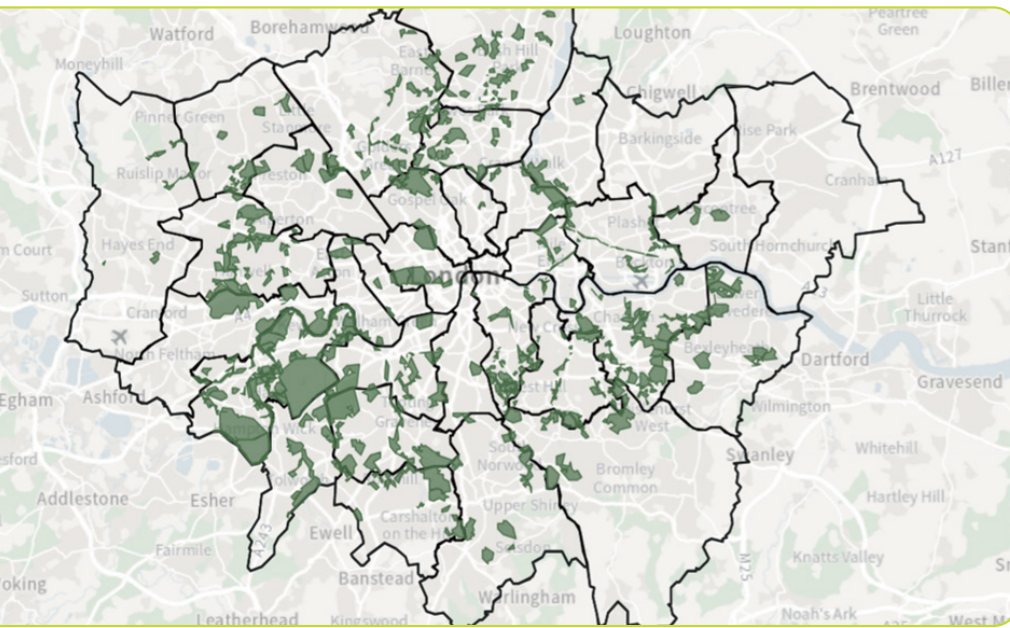
Homes completed within monitoring period	761
Homes completed since OPDC's inception	4,307
Homes started on-site	1,530
Permission granted (not started)	3,418
Resolution to grant permission	0
Submitted Apps, Pre-Apps or Developer Discussions	2,904
Total	7,852

Table 5: Key Development Statistics for the OPDC

One possible new MDC area that merits discussion is Oxford Street and its surrounding area, especially given the new plans for pedestrianisation announced by Sadiq Khan³¹. Khan announced his intention to "transform Oxford Street to deliver a safer, greener part of the capital that creates new jobs and boosts growth for London". He also highlighted his plans to model some aspects of this regeneration on the success of the partial pedestrianisation of Times Square³². It is vital that Oxford Street is putting its best foot forward as it is globally known as the shopping destination for London residents and visitors alike. The creation of an MDC for this area could provide the needed organisation, funding and support to realise its improvement and pedestrianisation projects.

THE RISE OF THE GREY BELT

As it stands, the Green Belt currently covers approximately **13%** of England³³, and was originally designed to control the growth of large built-up areas, including London, and to prevent large towns from merging. Under Labour's new plan for planning in England, if a Council fails to meet their housing target, then portions of the existing Green Belt land will be re-designated as Grey Belt, with half of residential units built within Grey Belt land to be designated as affordable housing. Labour currently defines the Grey Belt as land located on the edge of existing settlements and/or roads, as well as car parks and old petrol stations³⁴.



Map 1: Metropolitan Open Land within London

Similarly, Metropolitan Open Land (MOL), a designation in use within London, is also a protected area of landscape, nature conservation, recreation, or scientific interest. Designated MOL land receives the same level of protection as the Green Belt³⁵.

Despite this push for the use of the Grey Belt, a cross-party vote in September by the London assembly resulted in the assembly unanimously calling on ministers to

“maintain the strong and longstanding protections for London’s Green Belt”³⁶.

However, the release of Green Belt land as Grey Belt is a significant opportunity for London and its boroughs to meet their housing targets, especially considering the current failure of the London Plan to meet its targets.

(CO) LIVING IN LONDON

One possible answer to London’s housing crisis could be found in the rise of co-living developments. Co-living is defined as an arrangement where an individual rents a room within a communal block, with benefits including shared amenities and social activities. Co-living developers claim to aim to promote a sense of community within their developments³⁷.

The UK has seen a rise in the number of single households, from **7.8 million** in 2013 to **8.4 million** in 2023, an increase of **8%**³⁸, with the biggest proportion of households in the UK private rented sector being one-person households at **35%**, followed by two-person households at **32.4%**. It is also important to note that **26%** of renters in the UK are from abroad³⁹. In 2021 the average deposit needed to purchase a property within London was approximately **£115,750**, which is over double the national average of around **£53,930**⁴⁰. Additionally, **60%** of renters in the UK do not believe they will be able to buy a house within five years, with the average age of the first-time buyer being **34**⁴¹. This is likely to be even higher in London, with the average house price (as of August 2023) being **£539,074**. Sources state that the average salary in London ranges between **£44,370** to **£57,362**⁴².

Whilst the presence of LSPBSL is recognised and strongly encouraged by the GLA, only seven London Boroughs have specific policies addressing co-living/LSPBSL development.

However, is co-living really, at least a partial answer to London’s housing crisis? Co-living developments typically present their core appeal as professional management, all-inclusive price, and greater flexibility for the tenancy durations that they offer. They model themselves as an upgrade to Houses in Multiple Occupations (HMOs), providing more privacy and services included. The reduction of private space provided to tenants is mitigated with the tagline “compact but comfortable”⁴³, but is that true?

Co-living does not fall under the C3 (Dwellinghouses) Use Class and is instead treated as Sui Generis.

Therefore, the space standards are much reduced in comparison to standard housing. The 2021 London Plan includes Policy H16 (Large-scale purpose-built shared living) which covers co-living developments and in February 2024, the GLA published the Large-Scale Purpose-Built Shared Living (LSPBSL) London Plan Guidance (LPG).

As the London Plan does not recognise LSPBSL as being suitable for being delivered as affordable housing, contributions are instead required to be made via payment in lieu towards conventional C3 affordable housing at other developments in the city. This is justified in part by it being noted that LSPBSL units do not meet the residential space standards set out in the London Plan, with the provision of below-market-rate accommodation not being an acceptable alternative to an off-site financial contribution. As discussed in previous sections, the lack of provision of affordable housing is a key component of the housing crisis, which co-living units are not addressing. Even where space standards fall below those which are Nationally Described, there is arguably a case to be made for LSPBSL homes to offer an affordable component and more meaningfully play its part in addressing affordability and increasing diversity.

In conclusion, whilst there is a place for co-living in meeting a legitimate rising need, the current London policy H16 does not go far enough to ensure it avoids the pitfalls, instead going as far as to further increase the stratification of London society and social inequality. To address this, a new London Plan should require co-living and similar developments to provide an onsite affordable housing component in order to mitigate this and should limit the requirements for elements with high service charges.



CONCLUSION

Any new London Plan will have a range of factors and issues to tackle. For example, London's housing crisis remains a pressing challenge that requires immediate and coordinated action. The persistent shortfall in affordable housing, despite higher overall completion rates, underscores the need for targeted strategies that address the specific needs of vulnerable populations. The recent proposals to adjust housing targets could further complicate the situation, necessitating a re-evaluation of existing policies to ensure that local needs are met effectively.

Additionally, the experiences of Mayoral Development Corporations illustrate the importance of robust investment and infrastructure planning in achieving regeneration. To navigate these challenges, stakeholders must prioritise innovative solutions, such as the potential reclassification of Green Belt land into Grey Belt, while maintaining protections for green spaces. By fostering collaboration among local authorities, developers, and communities, London can work towards a more sustainable development landscape that meets the diverse needs of its residents and supports economic growth.

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