Open Agenda

Housing Scrutiny Commission

Tuesday 2 December 2025
7.00 pm
Ground Floor Meeting Room G01A - 160 Tooley Street, London SE1 2QH

Supplemental Agenda No. 1

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5.	**REVIEW OF THE CURRENT CHALLENGES AND CONTEXT AROUND HOUSING DELIVERY** Supplemental Agenda includes pdf versions of the presentations made at the meeting by Southwark Council's Director of Planning and Growth, and by Richard Palmer, Delancey.	1 - 33

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Date: 21 January 2026

Housing Scrutiny Commission

December 2025

Southwark Council

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A	London’s Housing Delivery Crisis: A Sector-Wide Challenge
B	The Viability Challenge
C	Housing Delivery in Southwark
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Item A – London's Housing Delivery Crisis: A Sector-Wide Challenge

- **Historic lows in housing delivery:** London faces its most severe crisis since records began.
- **Viability is the key barrier:** rising costs, stagnant values, and limited funding hinder delivery.
- **Southwark's experience:** thousands of homes approved over recent years, but completions lag behind consents.

- **Sector-wide pressures:**
  - Collapse of international investor market
  - Weak domestic investor appetite
  - Affordability constraints for buyers
  - Housing associations not acquiring s106 homes
  - Shift towards student and co-living schemes with fewer regulatory burdens
  - Government narrative blames the planning system for delays and complexity.

- **Broader development impacts:** community infrastructure (schools, health hubs, community centres) at risk if housing delivery stalls.

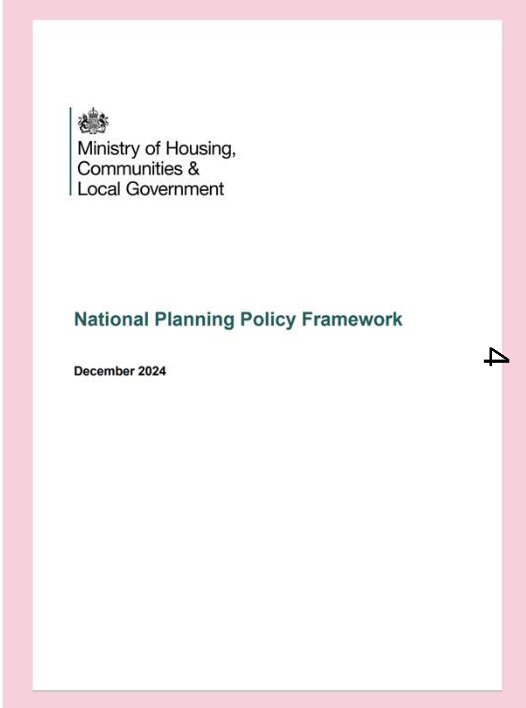
APPROVED HOMES

- **2021–22:** 1,067 homes
- **2022–23:** 3,263 homes
- **2023–24:** 2,923 homes
- **2024–25:** 2,105 homes
- **Total = 9,358**

Item B – The Viability Challenge

BACKGROUND / NPPF

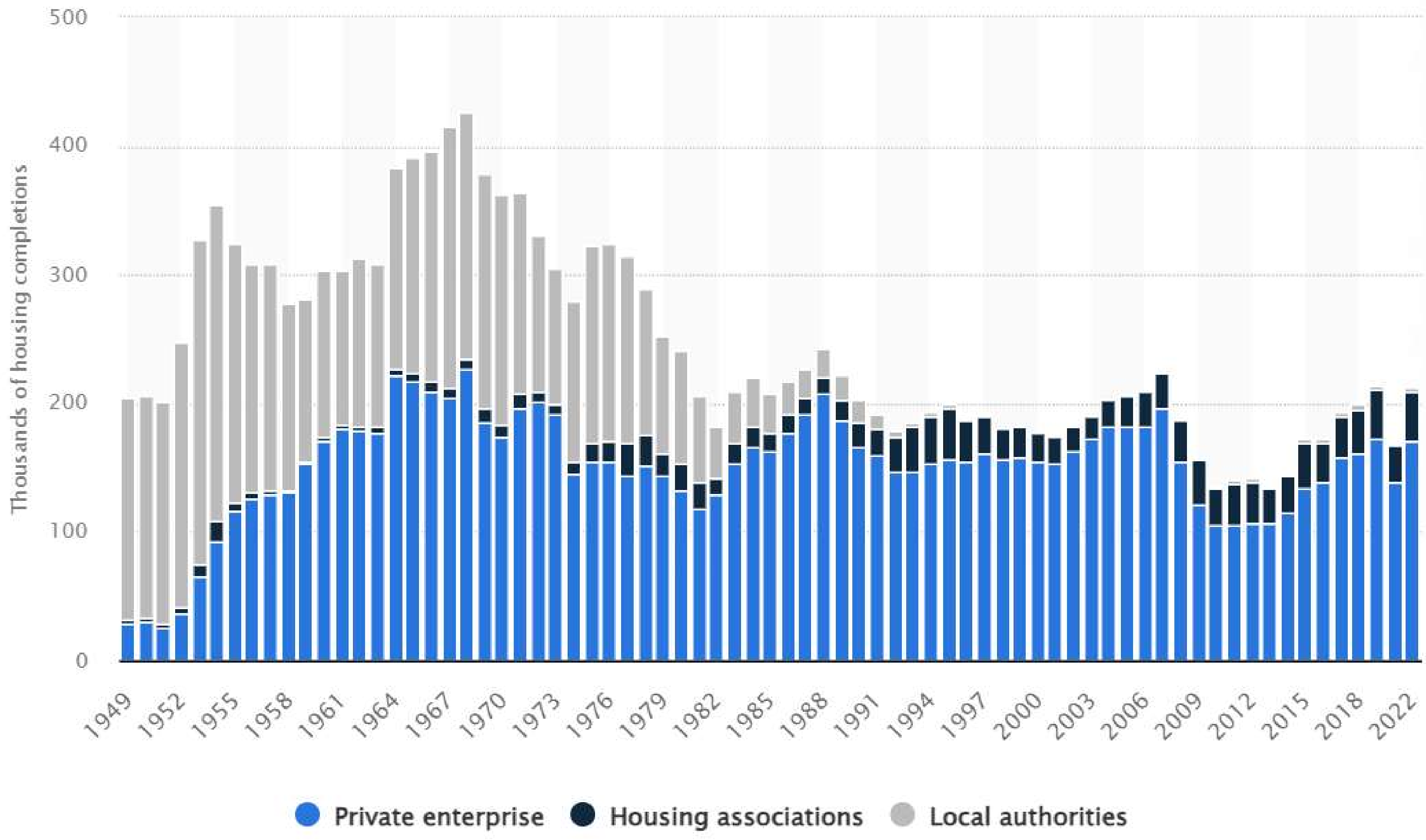
- **Viability:**
  Applications complying with up-to-date policies should be considered viable unless exceptional circumstances justify otherwise.
- **Viability Assessments:**
  Only required where justified. The **decision maker** determines the weight given to viability evidence, considering all circumstances. Assessments must follow national guidance and be publicly available.
- **Affordable Housing:**
  Policies should specify type and proportion (including Social Rent) and expect delivery on-site unless exceptional reasons apply.
- **Planning Decisions:**
  Must consider:
  - Need for different housing types and land availability
  - Local market conditions and viability


Ministry of Housing,
Communities &
Local Government

National Planning Policy Framework

December 2024

Item B – The Viability Challenge



POST WAR COUNCIL HOUSING 100,000 to 200,000 homes pa 1949 to 1979

- Construction of 100,000 homes pa would cost **£30bn pa** at current costs
- Construction of 200,000 homes pa would cost **£60bn pa** at current costs
- Current Affordable Housing Program budget is **£3.4bn pa**

Item B – The Viability Challenge

FUNDING SOCIAL RENT HOMES

- Social Rented Housing can only be delivered with **public subsidy** and can only be delivered at scale with ***significant*** **public subsidy** .
- s106 provides a partial subsidy, and it's a partial subsidy on the 150,000 to 200,000 homes the private sector has continually produced since 1949. It will not produce "additional" homes above the 150,000 to 200,000.
- Extra funding has been put into the AHP over recent months but details on the next programme won't be announced until the Summer. This is one of the strands of the "Future of Council Housing" work.
- 45 Years of underinvestment in social housing comes out at £1.125 trn (assuming £25bn/annum)

Item B – The Viability Challenge

GLA Affordable Housing Statistics.

AFFORDABLE HOUSING STARTS IN LONDON BY TENURE (2012/13–2023/24)

- **2023/24 collapse:** starts fell from >20k to **<5k**.
- **2024/25** No recovery
- **2016 to 2022 slow recovery of social rent** following collapse post 2010 and the change in the definition of affordable housing to include **affordable rent.**

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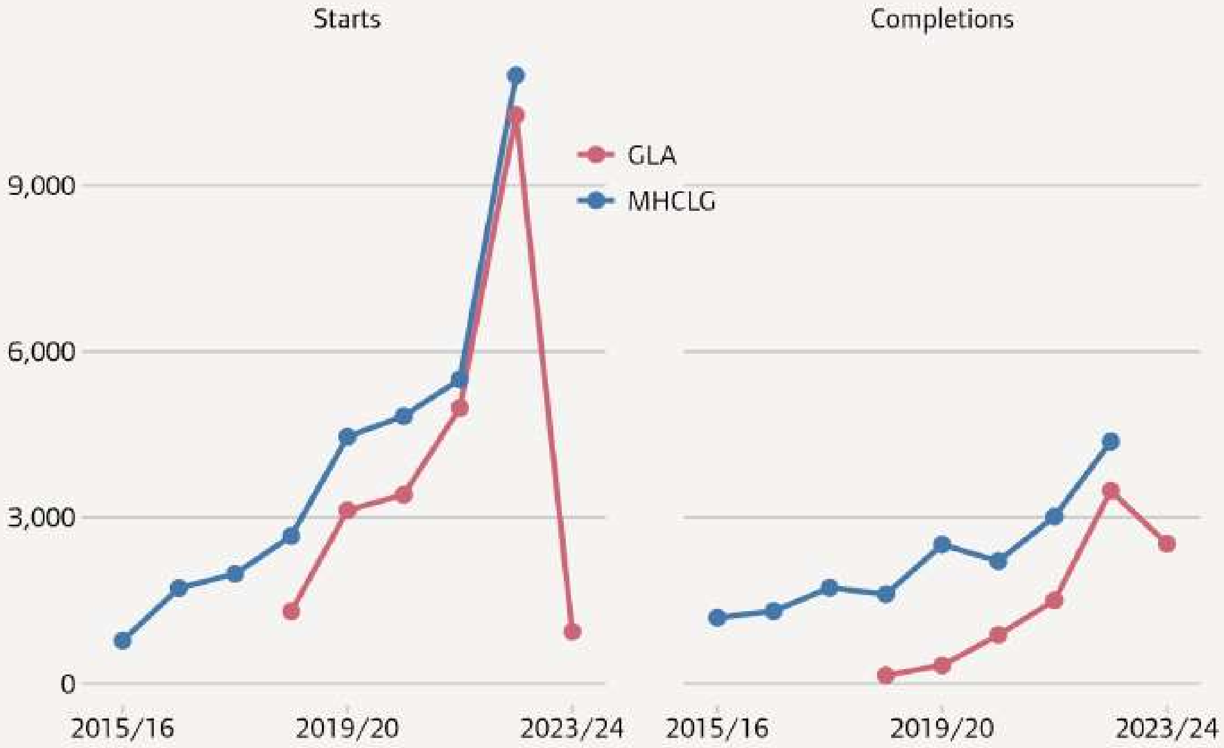
Number of council homes started and completed by London boroughs, 2015/16 to 2023/24



Total number of homes started and completed by London Boroughs according to MHCLG data from Live Table 1011 (2015/16-2022/23), and the number of those which were funded through the GLA's affordable housing programmes (2018/19-2023/24).

COUNCIL HOME STARTS AND COMPLETIONS

•**Starts collapsed in 2023/24:** after peaking above **9,000**, now near historic lows.

•**Completions:** showing delivery lag with downward trend following drop in starts.

•**Trend 24-25:** remains downwards.

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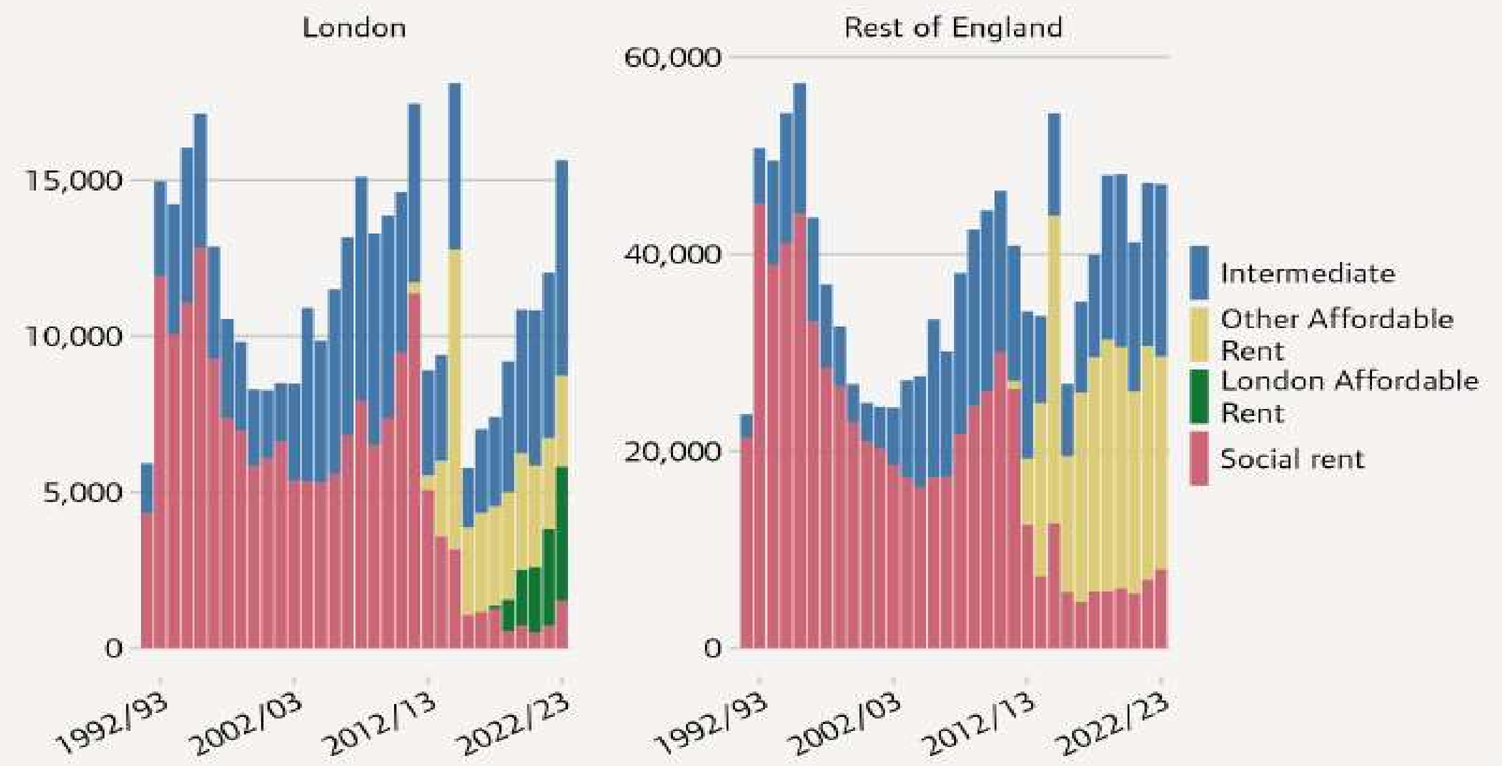
Affordable housing completions in London and other English regions (from all funding sources), 1991/92 to 2022/23



MHCLG affordable housing supply live table 1011. The figures include acquisitions and do not net off losses to the stock and therefore represent gross completions. Figures for 2023/24 are not yet available.

AFFORDABLE HOUSING – COMPLETIONS

- The 2012 NPPF introduced **80% discount market rent** (other affordable rent) as a legitimate affordable rent product.
- This lead to a subsequent **drop in social-rent product secured via s106 agreements** in London from 2012 onwards.
- This has driven the **growth in the housing waiting list** and the need for Temporary Accommodation.

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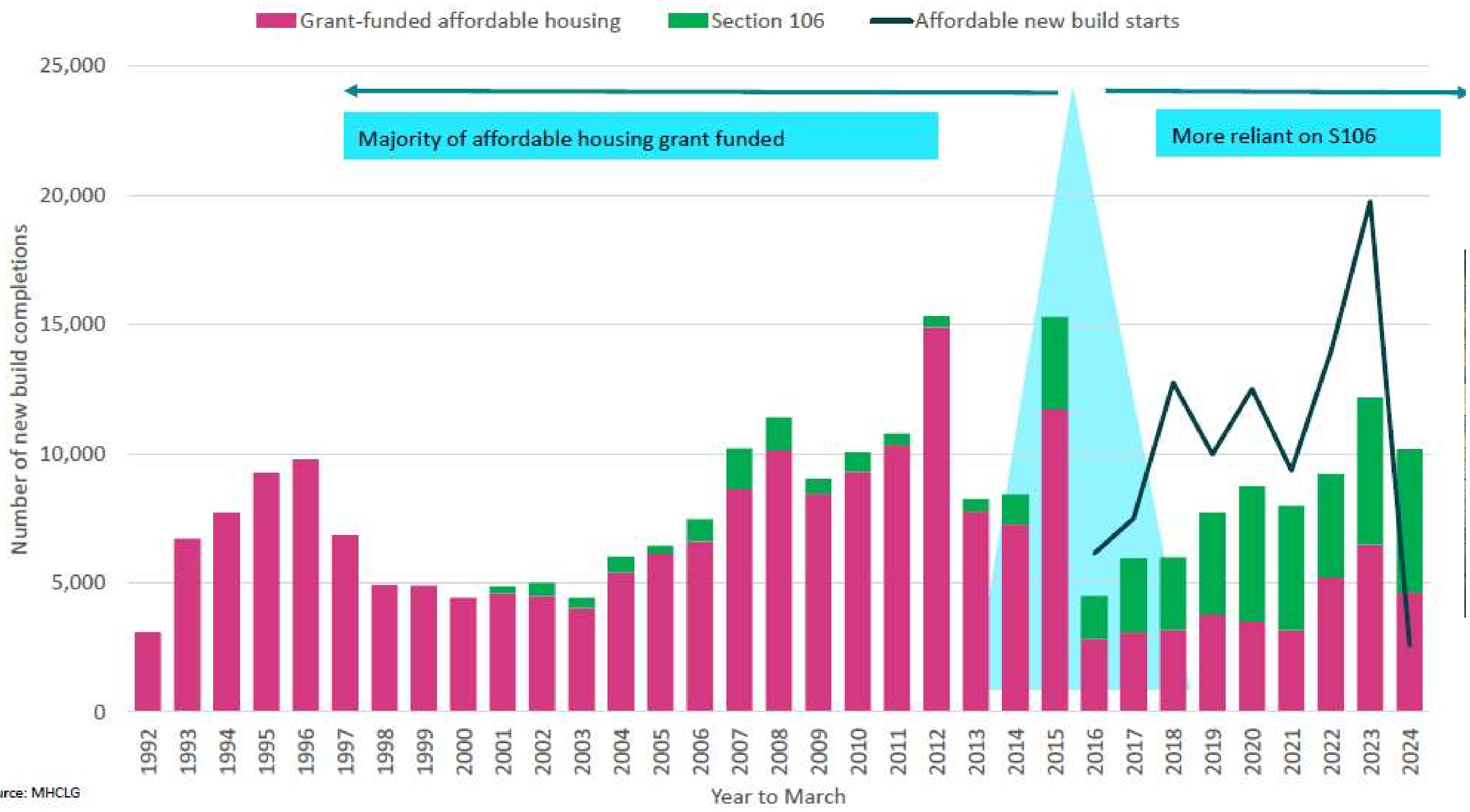

Source: MHCLG

AFFORDABLE HOUSING – RELIANCE ON S106

- **Historic shift:** Affordable housing was mostly **grant-funded** until 2014.
- **Post-2015 trend:** Delivery increasingly dependent on **Section 106** contributions.
- **Grant funding decline:** Limited government grants have reduced direct funding. Making delivery more dependent on developer funding and market conditions.

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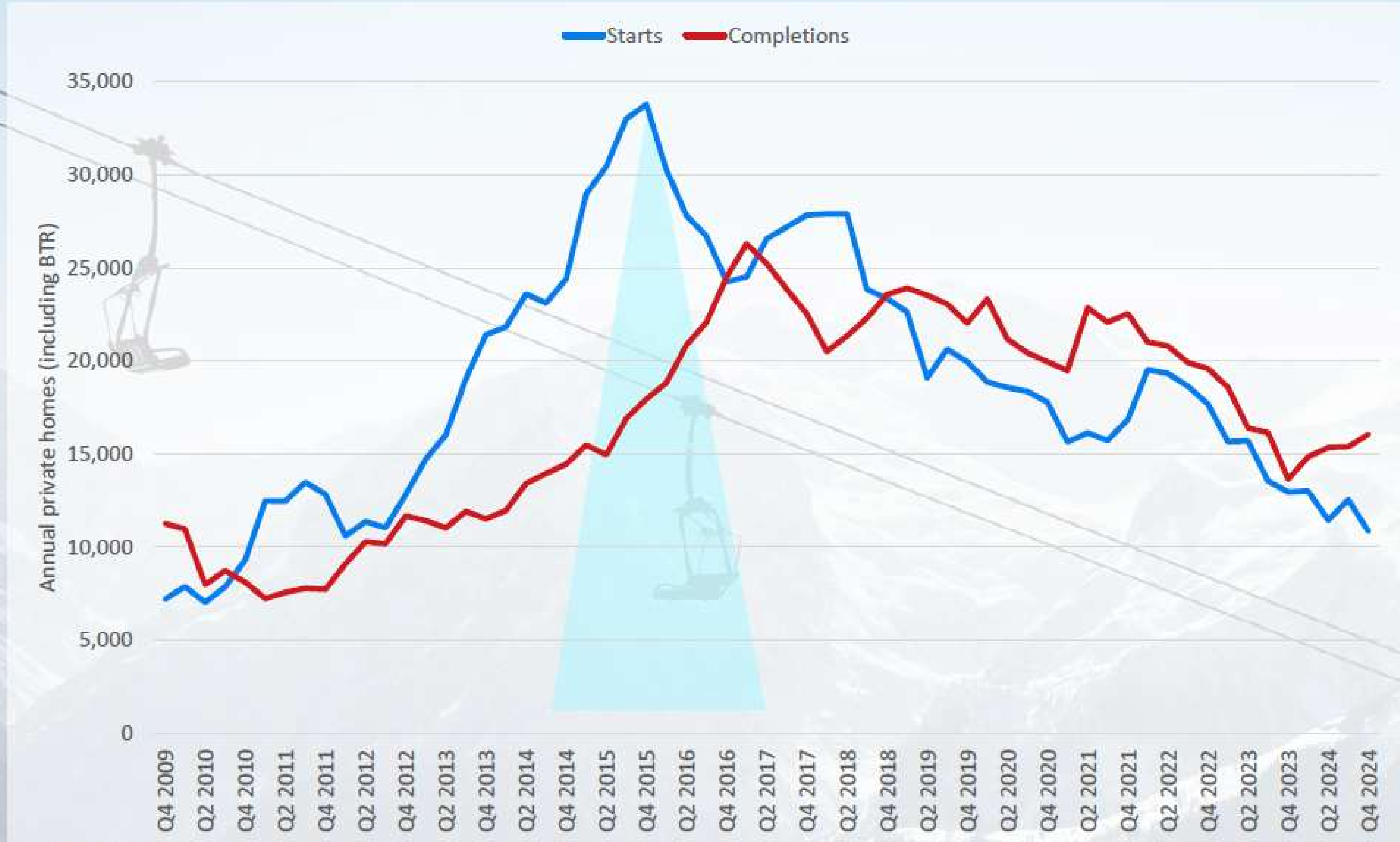
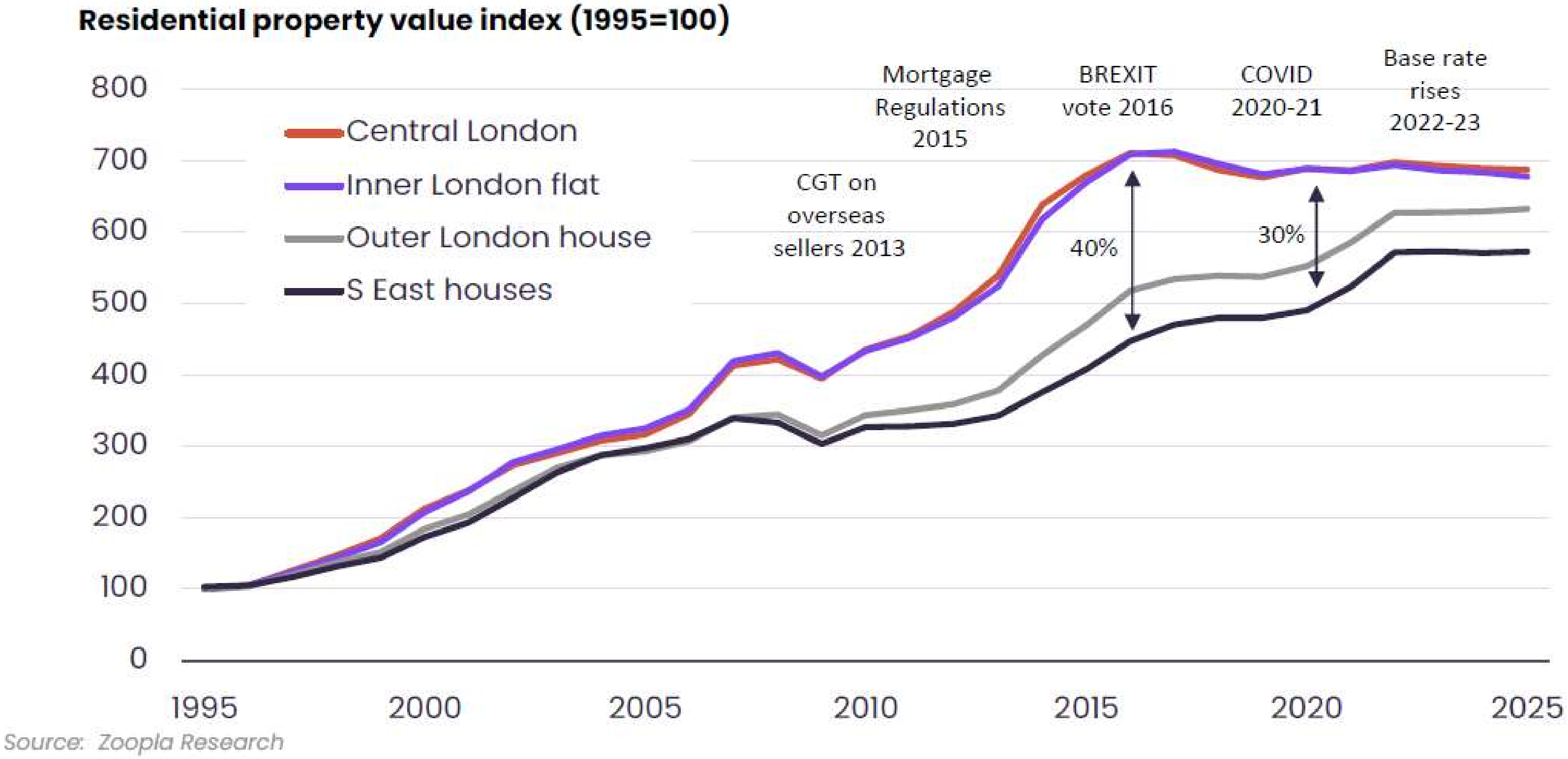


Source: Molior (sites over 20 private homes)

PRIVATE HOME STARTS COMPLETIONS

- **Starts peak in 2015:** Starts hit record highs (>30,000 units) before declining steadily
- **Post-2015 trend:** Both starts and completions trending downward, reflecting weaker market conditions.
- Private housing delivery increasingly constrained by viability and demand.

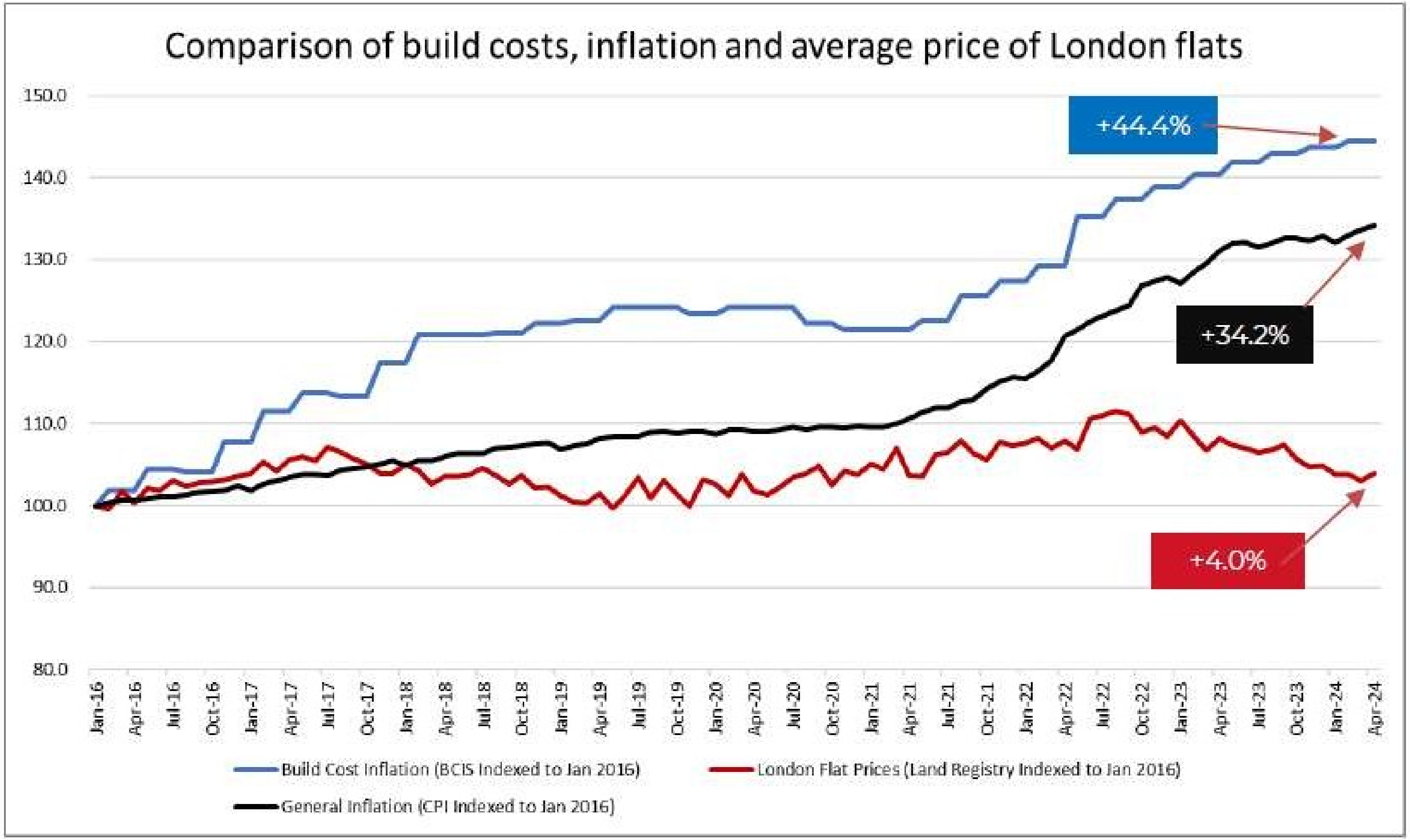
Item B – The Viability Challenge



RESIDENTIAL PROPERTY VALUE

- **Growth stalled since 2015:** Inner and central London flats show no growth.
- **Outer London & SE houses:** Moderate growth continues, widening gap with flats.
- **Drivers:** Mortgage Regs, 2015, Brexit vote (2016),, COVID impact (2020–21), and recent base rate rises have dampened demand.

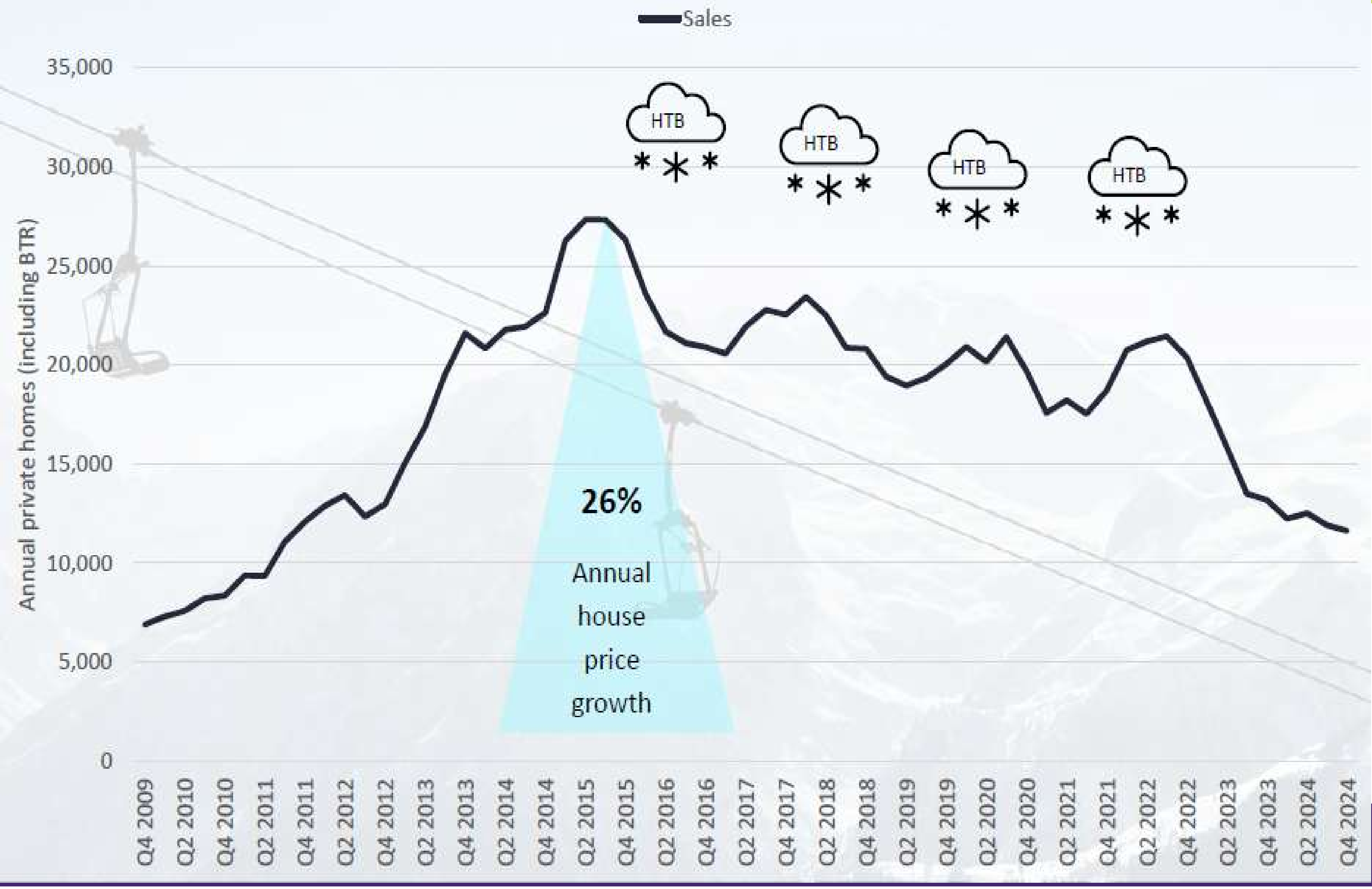
Item B – The Viability Challenge



BUILD COST INFLATION VS HOUSE PRICE GROWTH

- **Build costs up +44%** since 2016 – far outpacing house price growth.
- **London flat prices barely moved:** only **+4%** over the same period.
- **General inflation +34%:** still below build cost increases.
- **Implication:** Development viability squeezed as costs rise faster than sale values.

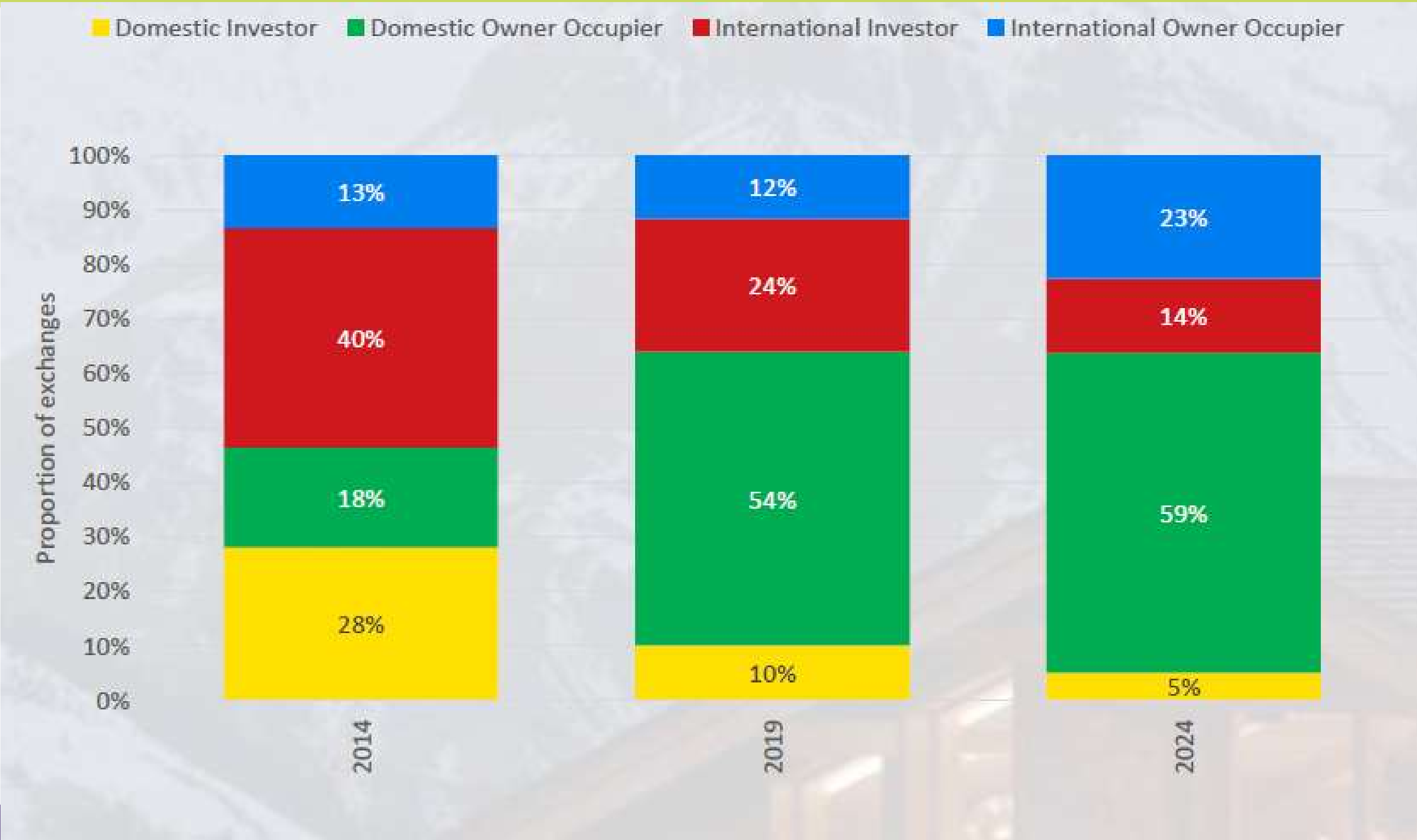
Item B – The Viability Challenge



PRIVATE SALES VOLUMES – KEY TAKEAWAYS

- **Peak in 2015:** Sales volumes reached record highs before a sustained decline.
- **Downward trend:** Continuous fall since 2016, despite Help to Buy support.
- **Current levels:** Sales now near pre-2013 figures, signalling weak market demand.
- **Implication:** Lower transaction volumes reduce developer confidence and delivery.

Item B – The Viability Challenge



PRIVATE HOUSING MARKET

- **International investors decline:** 40% in 2014 to 14% in 2024.
- **Domestic owner-occupiers:** now 59% , up from 18% in 2014.
- **Domestic investors decline:** from 28% to just 5%.
- **International owner-occupiers rising:** up to 23%.
- **Implications,** increasingly reliant on domestic buyers, reducing overseas capital flow.

Item B – The Viability Challenge

2014 planning timeline

2 ½ years
to start on site

4 years
to first sale receipt

C. £200m
upfront capital investment

PRE FIRE SAFETY & BUILDING SAFETY REGULATOR

•**Shorter timelines:** ~2½ years to start, 4 years to first sale.

•**Upfront cost:** ~£200m before revenue.

•**Costs begin to be recovered after 4years.**

Item B – The Viability Challenge

2025 planning timeline

4 years
to start on site

6 years
to first sale receipt

C. £200m
upfront capital investment

POST FIRE SAFETY & BUILDING SAFETY REGULATOR (2025)

- **Much longer timelines:** ~4 years to start, 6 years to first sale.
- **Upfront cost:** ~£200m before revenue.
- **Costs begin to be recovered after 6 years.** Risk with BSR delays.

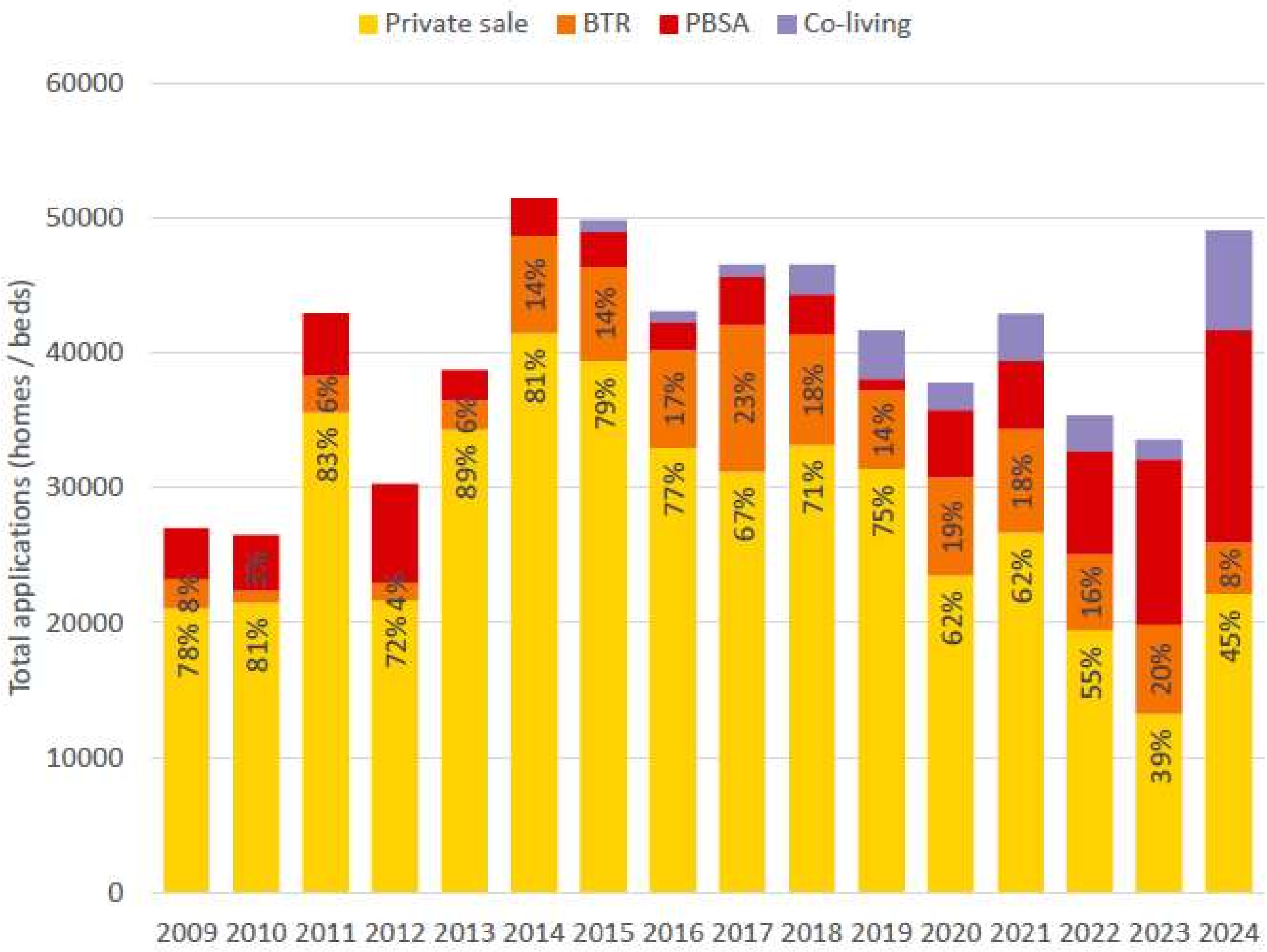
Item B – The Viability Challenge

2015	London	2025
£455,000	Average house price	£665,000
12% (peaked at 26% in Q2 2014)	Annual house price growth	2.0% (2024) 3.0% (2025 forecast)
1.92%	Average mortgage rate (2 yr, 75%)	4.60%
£108,000	Average FTB buyer deposit	£153,000
£68,000	Average FTB income	£103,000
0.4%	Annual Inflation	3.0%
HtB	Government support	n/a
126,000	London transactions	110,000 (est.)

PRIVATE SALE MARKET – LAST DECADE

- **FTB income:** jumped from £68k to £103k.
- **Deposits:** rose from £108k to £153k.
- **Mortgage rates:** more than doubled (1.9% → 4.6%).
- **Implication:** Affordability gap widening despite slower price growth.

Item B – The Viability Challenge

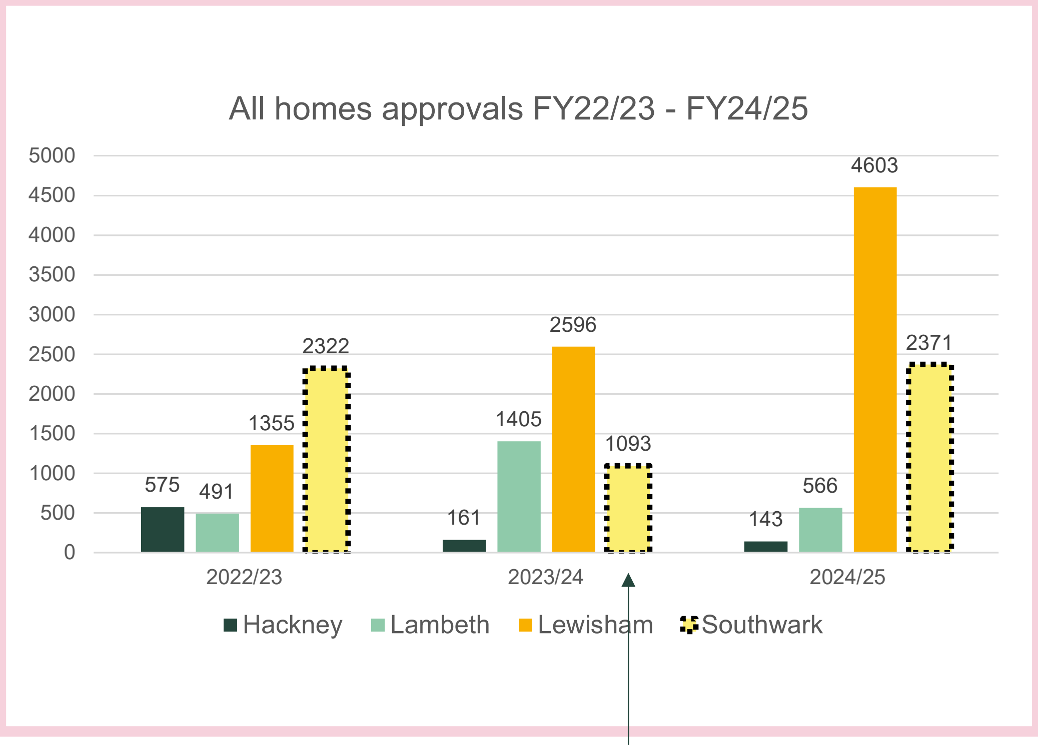


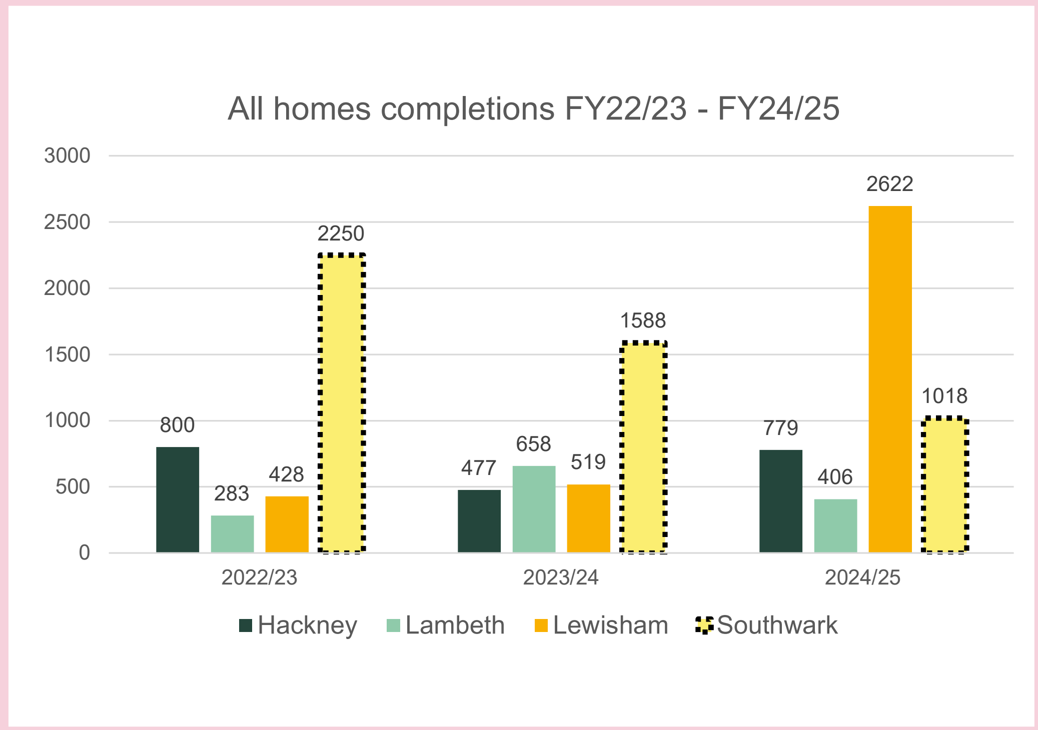
LONDON APPLICATION RATE BY TENURE

PLANNING APPLICATIONS – KEY TAKEAWAYS

- **Private sale share:** down from **80%+** in early 2010s to **45% in 2024**.
- **PBSA (student housing) rising:** now a major contributor to applications.
- **Co-living emerging:** noticeable growth since 2021.
- **Implication:** London's pipeline increasingly reliant on non-traditional tenures.

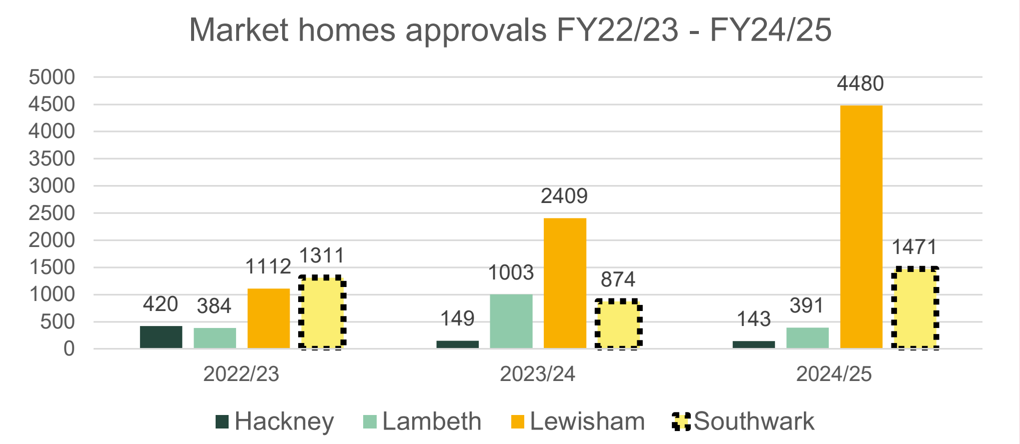
Item C – Housing Delivery

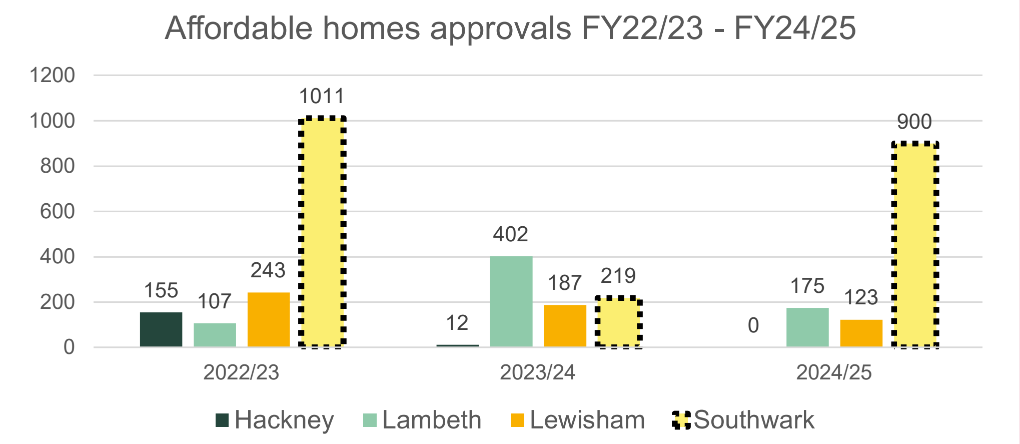


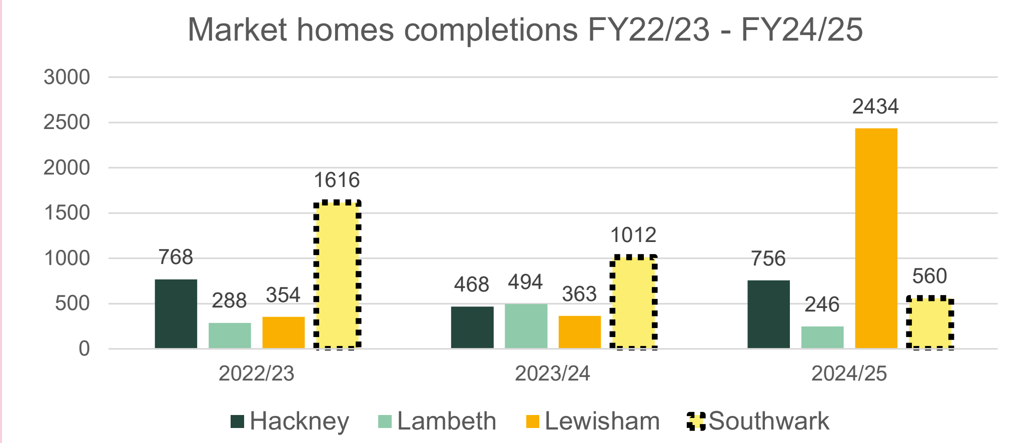


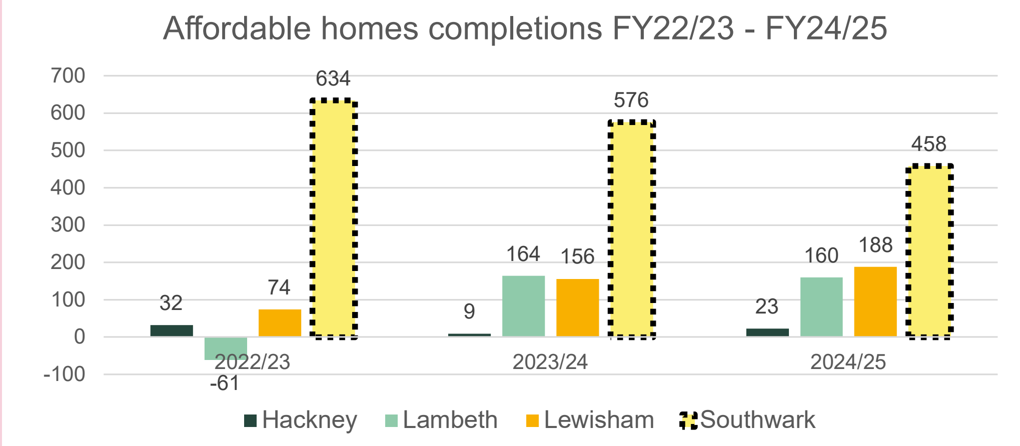
In 2023/24 over 1,000 of homes approved, with resolution to grant (decision notice not yet issued)

Item C – Housing Delivery









Item C – Housing Delivery: Southwark

FY25/26 Q1 + Q2 KEY STATS
- Total approvals = 1,834 (including 6 major applications
- Total completions = 282 (including 1 major)

FY24/25 Q1 + Q2 KEY FACTS
- Total approvals = 578 (including 3 major applications
- Total completions = 366 (including 4 major)

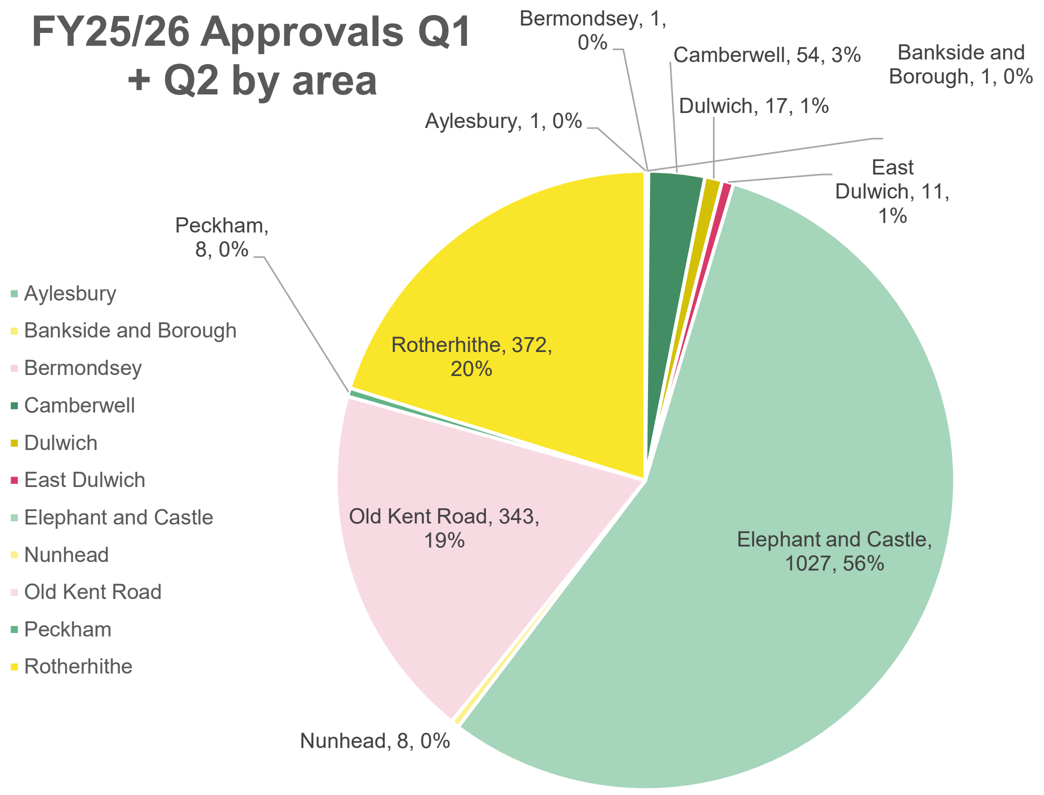
Approvals by Tenure (FY24/25 Q1 + Q2)
- Around 65% approvals were for market housing, 10% intermediate and 25% social housing
There was 1,025 student bedspaces, equivalent to 410 homes

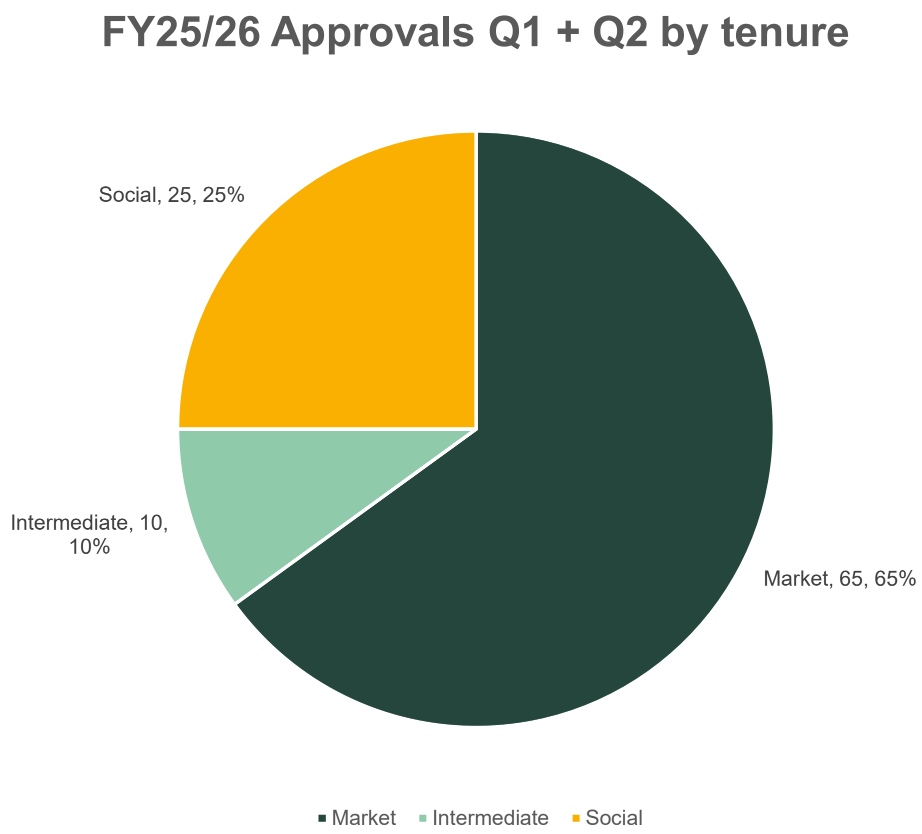
Approvals by Area (FY24/25 Q1 + Q2)
- Approvals concentrated in Elephant and Castle (over 50%) and Rotherhithe (approx 33%), Old Kent Road (19%)

Completions by Tenure (FY24/25 Q1 + Q2)
- Completions dominated by market housing (nearly 75%). This is because the majority are minor apps (change of use, conversion, extension)
- Social housing completions represent around 20%, intermediate tenure minimal
- No student housing completions in this period.

Completions by Area (FY24/25 Q1 + Q2)
- Completions concentrated in Old Kent Road (over 90%)
- Small proportion in East Dulwich and Bermondsey.

Item C – Housing Delivery: Southwark





Item D – Recent Planning Developments

GLA Emergency Measures (Oct 25)

Fast-Track Planning Route

Fast-track route on private land for schemes committing to ≥20% affordable, with 60% of that for social rent, time-limited to 31 Mar 2028 (or next London Plan).

Community Infrastructure Levy Relief

Temporary CIL relief (borough CIL) and up to 50% for qualifying brownfield schemes; excludes Mayoral CIL, student and co-living.

Design Guidance Relaxation

Design guidance flexed to ease density constraints (dual aspect, dwellings per core, cycle parking), with performance safeguards.

Expanded Mayor's Powers and Investment

Mayor's call-in powers expanded: ≥50 units and Green Belt/MOL cases; streamlined hearings to cut months off determinations. £322m Developer Investment Fund to unblock stalled schemes.

Consultation Nov – Dec 2025 — **Measures live** — **Adoption 2026**

Item D – Recent Planning Developments

NPPF: Transit-Oriented Development (Nov 25)

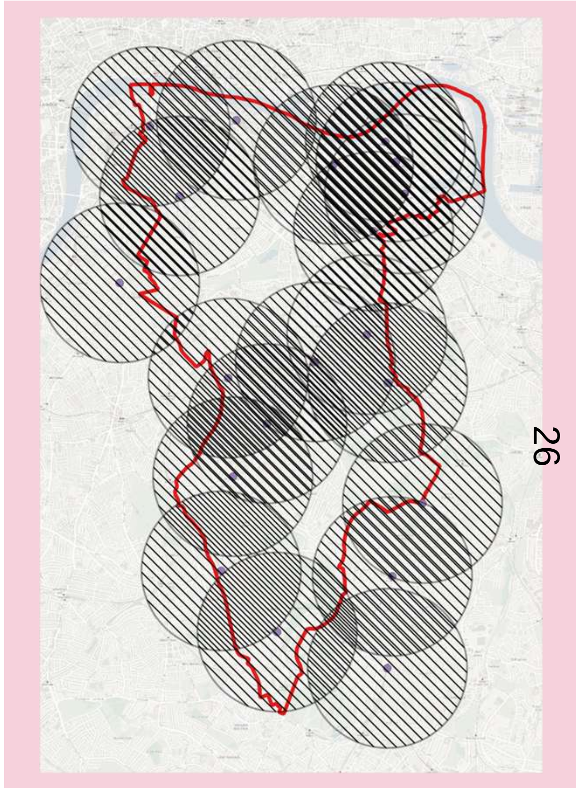
- **Default "YES" for housing:**
  Automatic presumption in favour of major residential development within a 15-minute walk of well-connected train or tram stations.

- **Minimum density expectations:**
  New developments must meet or exceed set density standards to maximise sustainable growth.

- **Secretary of State intervention:**
  Councils must notify Government if they intend to refuse schemes of 150+ homes in these catchments; the Secretary of State may intervene and make the final decision.

- **Faster decisions:**
  Inquiries may be replaced by written representations to speed up the process.

- **Streamlined statutory consultees:**
  Proposal to reduce the number of mandatory consultees by up to 40% (e.g., removing Sport England, Theatres Trust, The Gardens Trust). Consultation live until 13 January.



Consultation begins – Late 2025

Consultation closes – Early 2026

Measures live - Early to Mid 2026

Planning Committee 2022/23 – 2024/25: Summary

FY2022/23

Approved Housing

3,263 Homes, of which includes
919 Council Homes
0 Alms Houses
And a total of 1,512 Affordable Homes (47% affordable by home, 53% by habitable room)
£17.11 mill off site contributions to affordable hous-

Total since 2022/23 to date

- <u>8,291 homes</u>
- 5,299 market homes
- 2,992 affordable homes
- 197 intermediate homes
- 4,033 student bedspaces
- 2,104 co-living homes
- 572 hotel rooms

FY2023/24

Approved Housing

2,923 Homes, which a total of 1,181 is Affordable Homes (40% affordable by home, 47% by habitable room), and includes 794 Social Rent Homes (27% affordable by home, 33% by habitable room).

888 Co-living Homes
2,219 Student Housing

£38.95 mil off site contributions to affordable housing

FY2024/25

Approved Housing

2,105 Homes, of which includes
1,213 Private Homes
And a total of 892 Affordable Homes (35% by habitable room), which includes 695 Social Rent Homes and 197 Intermediate Homes.

£22.485 mil off site contributions to affordable housing

1,216 Co-living Homes
1,814 Student Housing
572 Hotel rooms

Total homes are +1,226 the housing requirement of 7,065 (2,355 pa) homes.

Note the Council can not require planning consents to be implemented, but can enable the supply by supporting development.

Housing Development in 2025 - A Perfect Storm

Southwark Council's Housing Scrutiny Commission | 2nd December 2025

Richard Palmer, Development Director

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Elephant & Castle Town Centre

- 1,366 Homes inc 337 Affordable
- 730 Purpose Built Student Beds
- Over 200,000 sq.ft. Retail & Leisure Space
- 5 Screen Cinema
- 56,000 sq.ft. Workspace
- UAL:LCC University Campus for 5,500 Student & Staff
- World Class Cultural Venue
- New London Underground Station
- New Public Relam and Town Square
- Vibrant Day & Night Economy

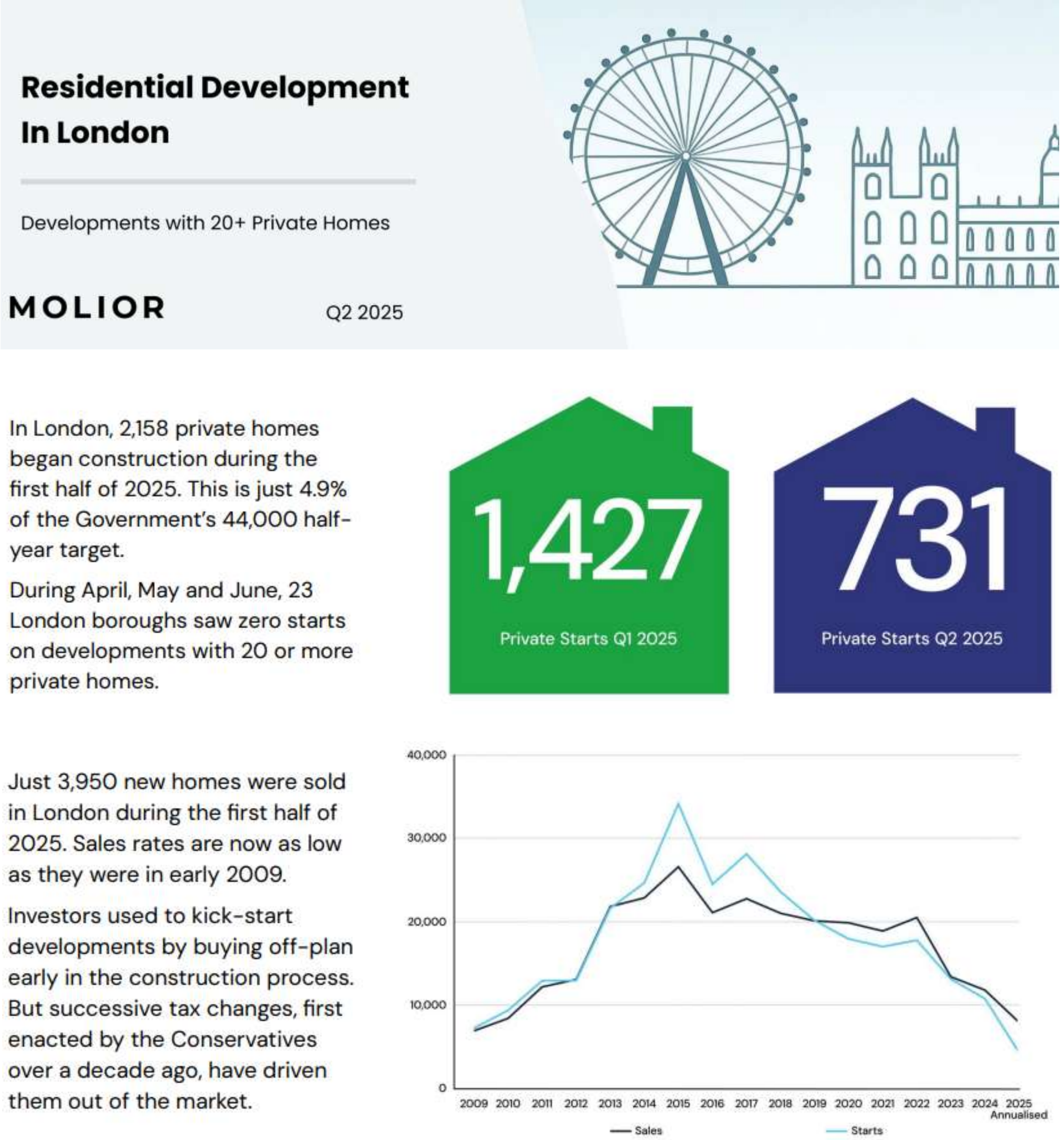
Earls Court

- 7.5m sq.ft Masterplan
- £10bn GDV
- c.4,000 Homes, targeting 35% Affordable
- 2.5m sq.ft. Commercial Workspace
- 3 Anchor Cultural Venues
- Up to 100 Cafes, Restaurants & Shops
- 20 acres of Public Realm & Green Space
- Zero Carbon Low Cost Energy
- Community Hub & Nursery
- 23,500+ Jobs, Skills & Training Opportunities
- £75m Potential Local Spend per Year
- £3bn GVA per Year to UK Economy

London Housing Crisis

A Perfect Storm

- Build Cost Inflation
- Cost of Finance
- Building Safety Act
- Sustainability Measures
- Increased Policy Burden
- Affordable Housing
- Softening Yields
- Restricted construction resources
- Programme Uncertainly in Planning and BSA
- Political Uncertainly



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Potential Solutions

No Silver Bullet

- Government Support at National Level
- Further Reduction in % Affordable Housing
- Further Fast Tracking and CIL Relief
- Measure Should Apply to All Living Use Classes
- Increased Resources in both Planning Teams and the Building Safety Regulator
- Increased Delegated Powers to Speed Process
- Relaxation in Certain Design Standards – Dual Aspect, Balconies ?

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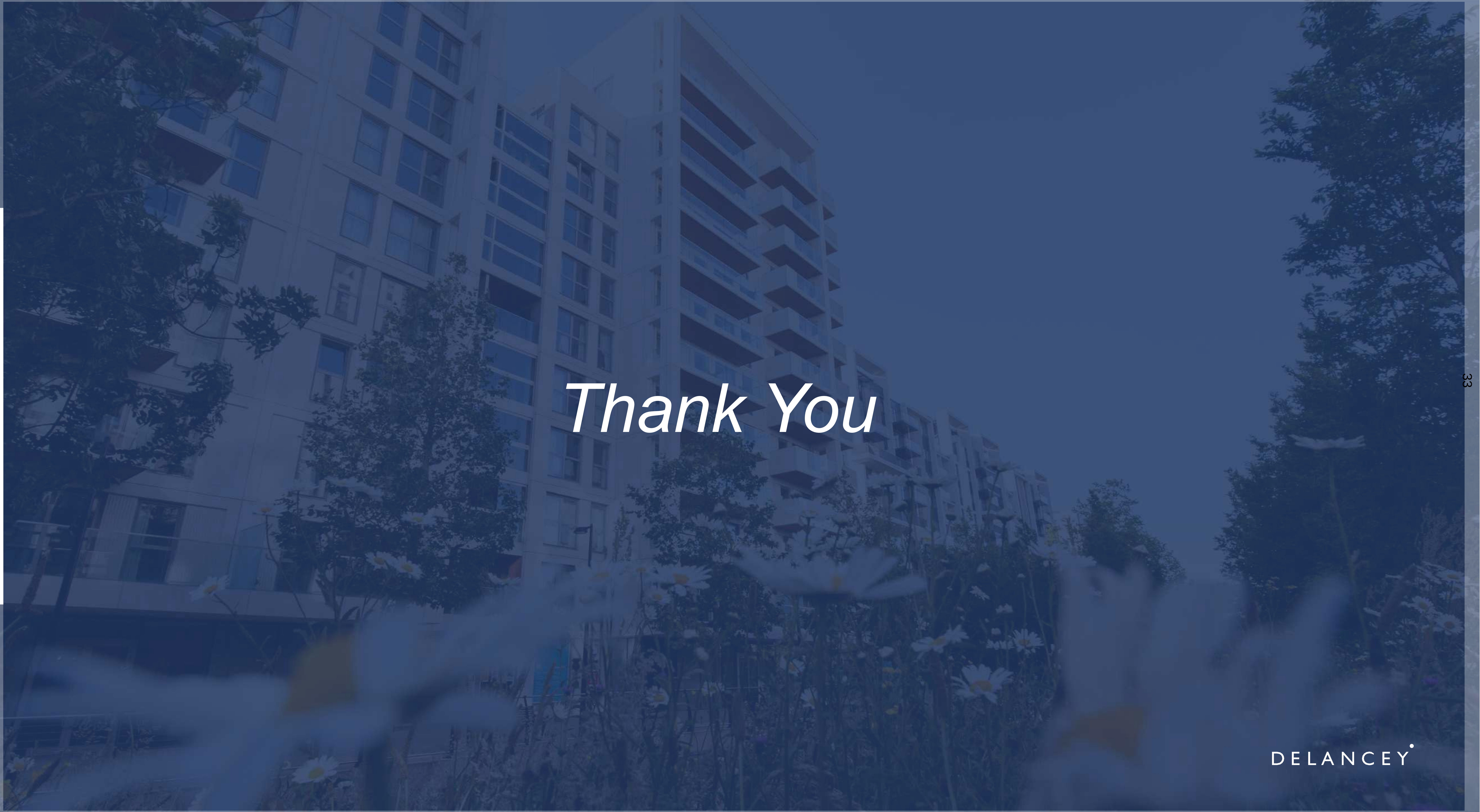

Thank You

DELANCEY