Is Government taking London’s housing crisis seriously?

By Alice Roberts & Grace Harrison-Porter

March 2025

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CPRE London and housing

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- Direct threat to Green Belt
- Desperate situation for millions of Londoners

- Our last webinar Autumn 2024, less clarity on relationship between London Labour and National Labour.
- Now – 88,000 homes per year target. Green Belt Review. Rent controls? Rental reform? Social housing?
- So we come back to this issue in March 2025 to ask, *Is the Government taking London's Housing crisis seriousy?*

The prevailing narrative reduces the crisis to housebuilding

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- "We don't have enough homes."
- "We don't have enough land to build the homes."
- "The planning system is stopping us building."

But does this narrative stand up to scrutiny?

“Increase supply, prices will come down!”

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- London’s population increased from 8.4 million in 2013 to 8.9 million in 2023 = growth of 6%
- Number of dwellings increased from 3.41 to 3.79 million over the same period = growth of 11%
- Average house price £335,000 in January 2013 to £564,000 in January 2025 = growth of 68%

- Additional housing stock outstrips population growth but prices rises anyway

“We’re not building enough new homes!”

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- The ‘net additional dwellings’ figure has averaged 38,000 for the last 10 years (Govt stats, table 122)
- Pipeline of 283,000 potential new homes already granted planning permission in London and waiting to be built. (London Councils, July 2024)
- Enough land to support housebuilding in London for 8 years – plus sites allocated by councils in Local Plans – enough to keep us going for many years more

“The planning system is the root of all our problems!”

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- London Councils highlights the pipeline of 283,000 potential new homes already granted planning permission in London and waiting to be built.
- Boroughs grant planning permission for over 57,000 new homes each year
- Over the last two years, 93% of major planning applications in London were approved within 13 weeks or within the agreed time period (according to DLUHC figures).

This narrative has been around for years – where has it got us?

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- Green land allocated for housing – green sites lost
- High-carbon, low-density, car-dependent development
- House prices and rents continue to rise

It's a LOSE – LOSE – LOSE scenario

Housing strategy?

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What we've got:

- Housing 'strategy' shaped by housebuilders' interests – not public need. Land is released in areas where profits are highest, countryside is lost, brownfield sites lie idle.

What we need:

- 20 year housing strategy which tackles distribution and tenure

Real crisis, real causes, real solutions

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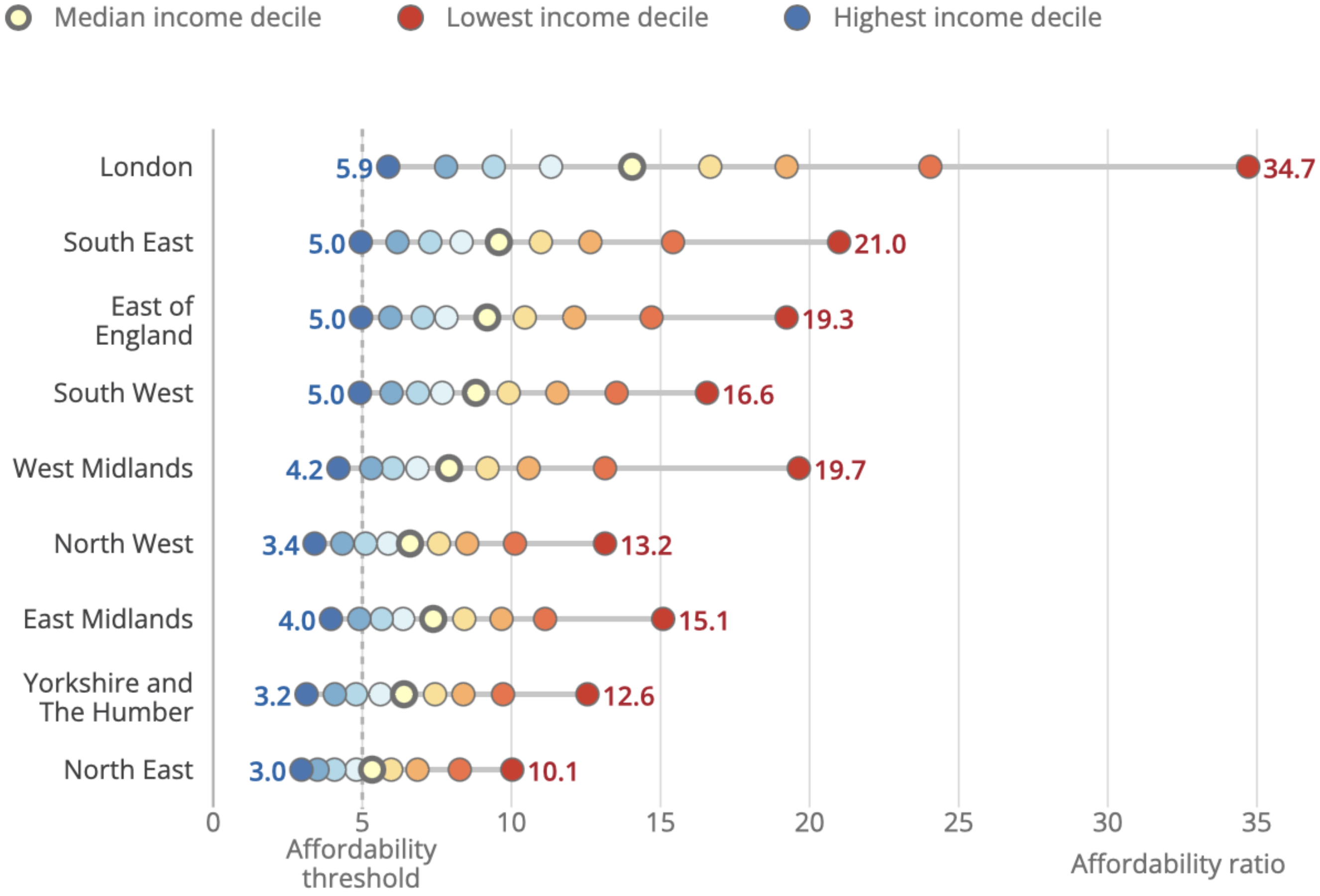
- Real crisis – affordability, security
- Real causes – cheap credit, housing as investment, loss of council housing, pressure on private (unregulated) rented sector
- Real solutions – stop fuelling demand, build social, end Right to Buy, regulate the private rented sector (including rent caps)
- ??

Figure 5: An average-priced home in the North East cost the equivalent of almost 10 years of income for a low-income household (10th percentile), compared with almost 35 years in London

Number of years' income equivalent cost of a median-priced home, by income decile, English regions, financial year ending (FYE) 2023



Source: Price paid data from the HM Land Registry, and Household Finances Survey from the Office for National Statistics

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Housing Purchase Affordability, UK: 2023

Ratios of house prices to annual disposable household incomes, by decile, for countries of the UK and regions of England. Part of our additional measures of housing affordability series.

In London, the average home was not affordable for any household income decile; in three other regions, the average home was only affordable to the top decile.

https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingpurchaseaffordabilitygreatbritain/2023

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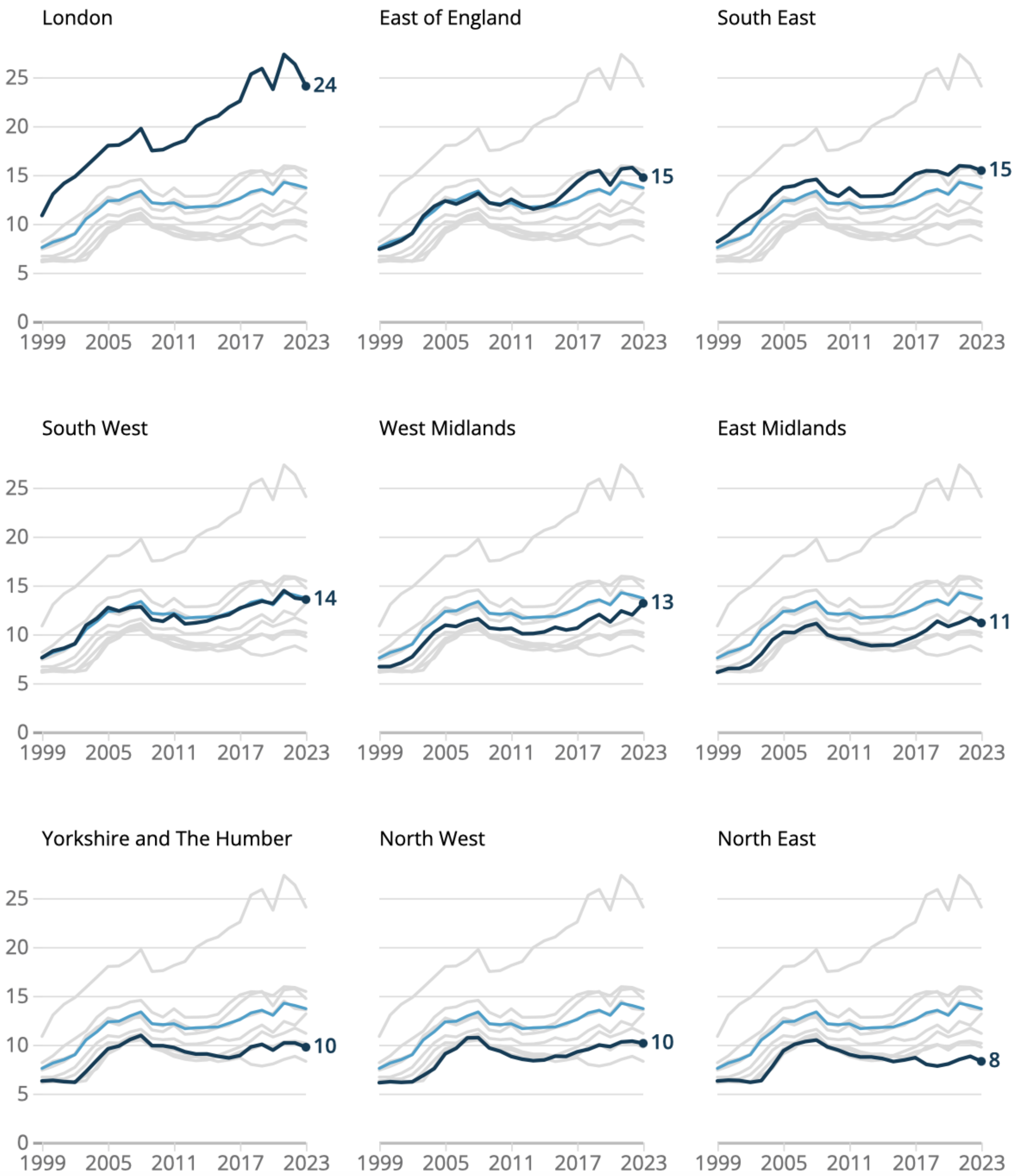
Housing Purchase Affordability, UK: 2023

Ratios of house prices to annual disposable household incomes, by decile, for countries of the UK and regions of England. Part of our additional measures of housing affordability series.

Figure 6: The number of years of income equivalent to buy an average-priced home in London has more than doubled for a lower-income household

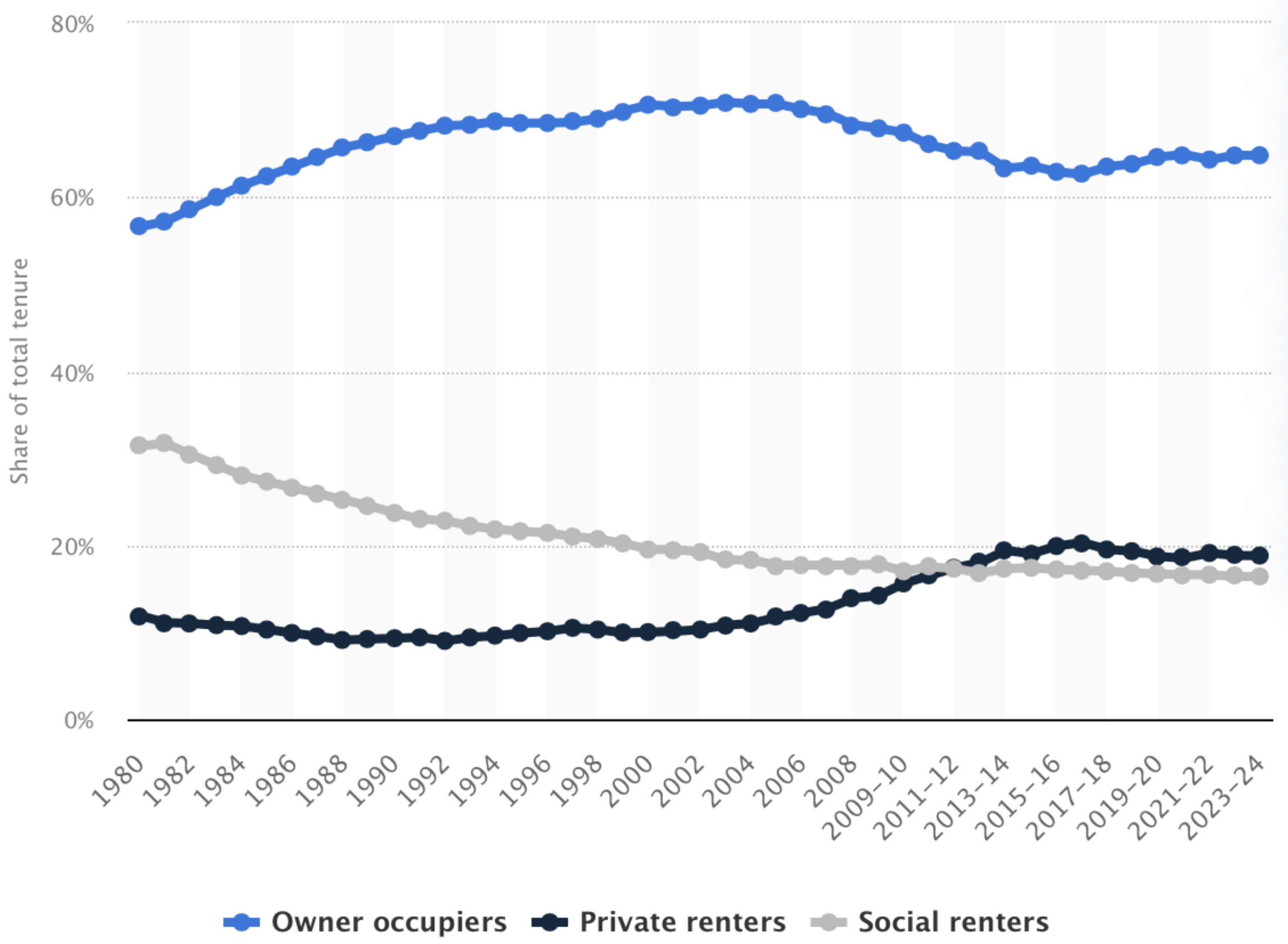
Years of income equivalent cost of an average-priced home for a 20th percentile household income, English regions, financial year ending (FYE) 1999 to 2023



Selected region   England   All other regions

Source: Price paid data from HM Land Registry, and Living Costs and Food Survey and Household Finances Survey from the Office for National Statistics

https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingpurchaseaffordabilitygreatbritain/2023



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Distribution of property tenure in England from 1980 to 2024

In 2024, approximately 65 percent of all housing in England was owner-occupied. This share declined notably since the early 2000's, as house prices gradually grew and affordability declined.

https://www.statista.com/statistics/804446/property-tenure-distribution-in-the-united-kingdom/

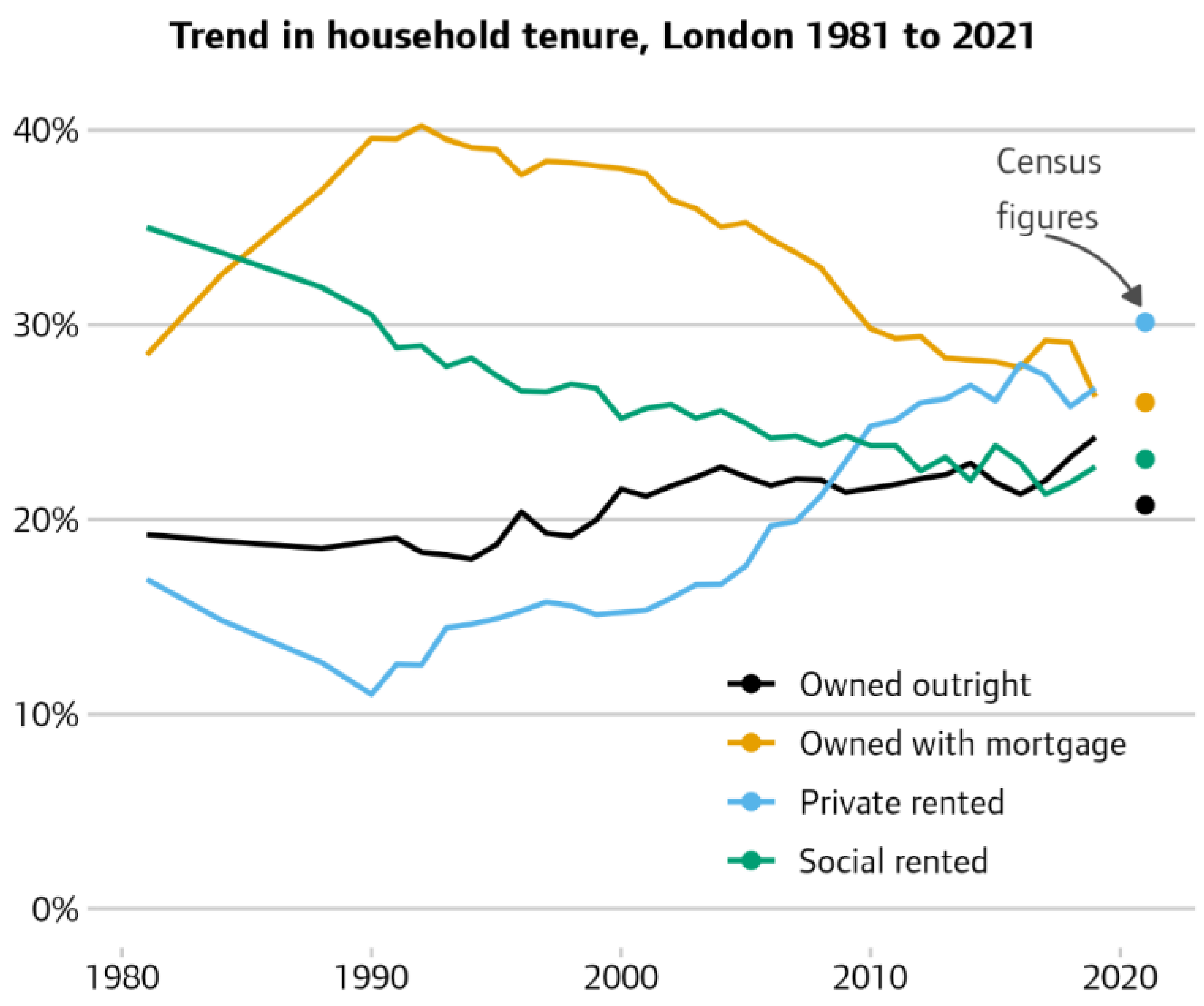

Figure 1: Data from Labour Force Survey and Annual Population Survey, ONS

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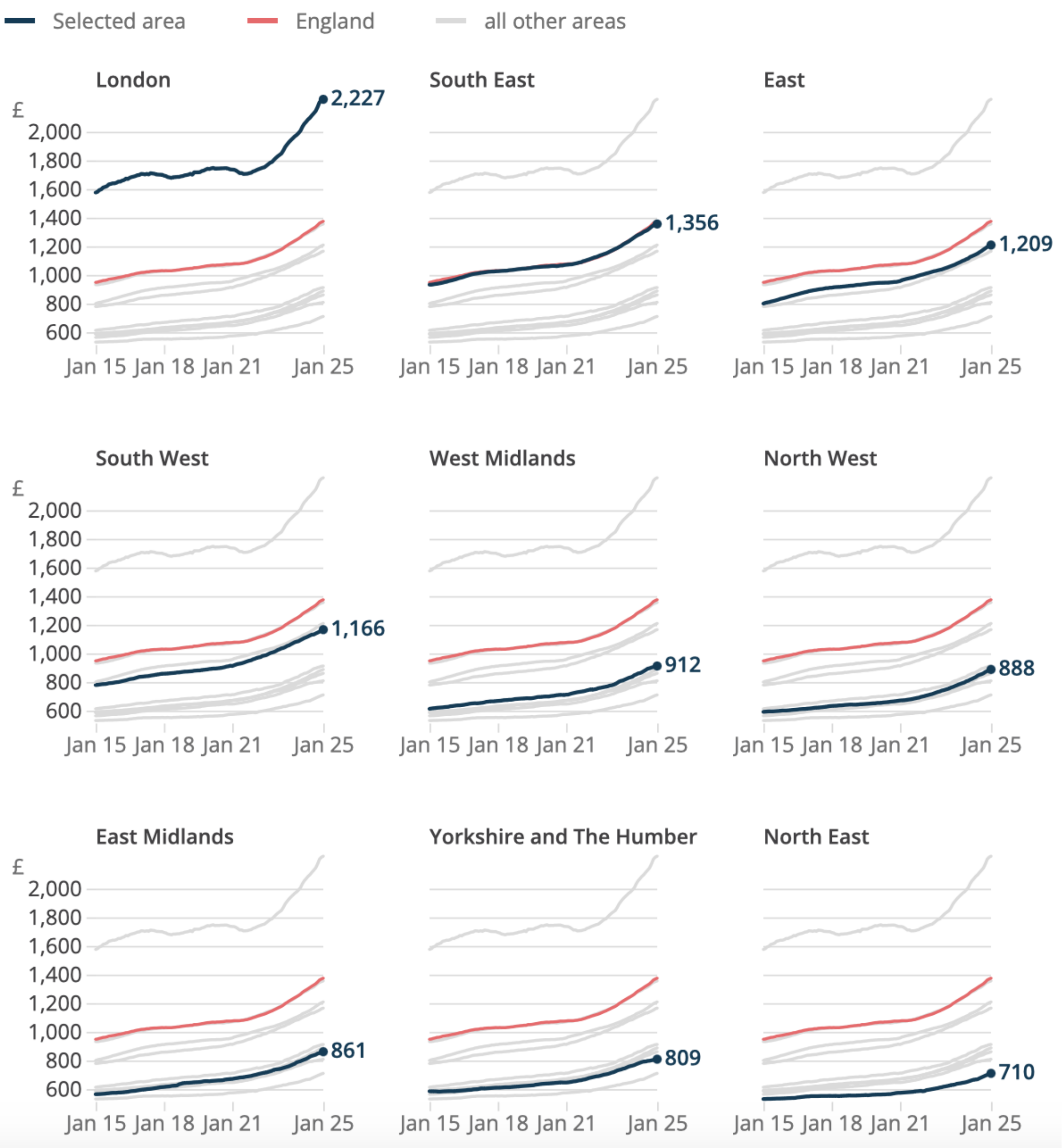
GLA Housing and Land Housing Research Note 9: Understanding recent rental trends in London's private rented market. June 2023

Figure 6: Privately renting a property is most expensive in London

Average private rent, English regions, January 2015 to January 2025



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Private rent and house prices, UK: February 2025

The Price Index of Private Rents (PIPR) measures private rent inflation for new and existing tenancies. The UK House Price Index measures house price inflation.

Source: Price Index of Private Rents (PIPR) from the Office for National Statistics

https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/february2025

Private rent and house prices, UK: February 2025

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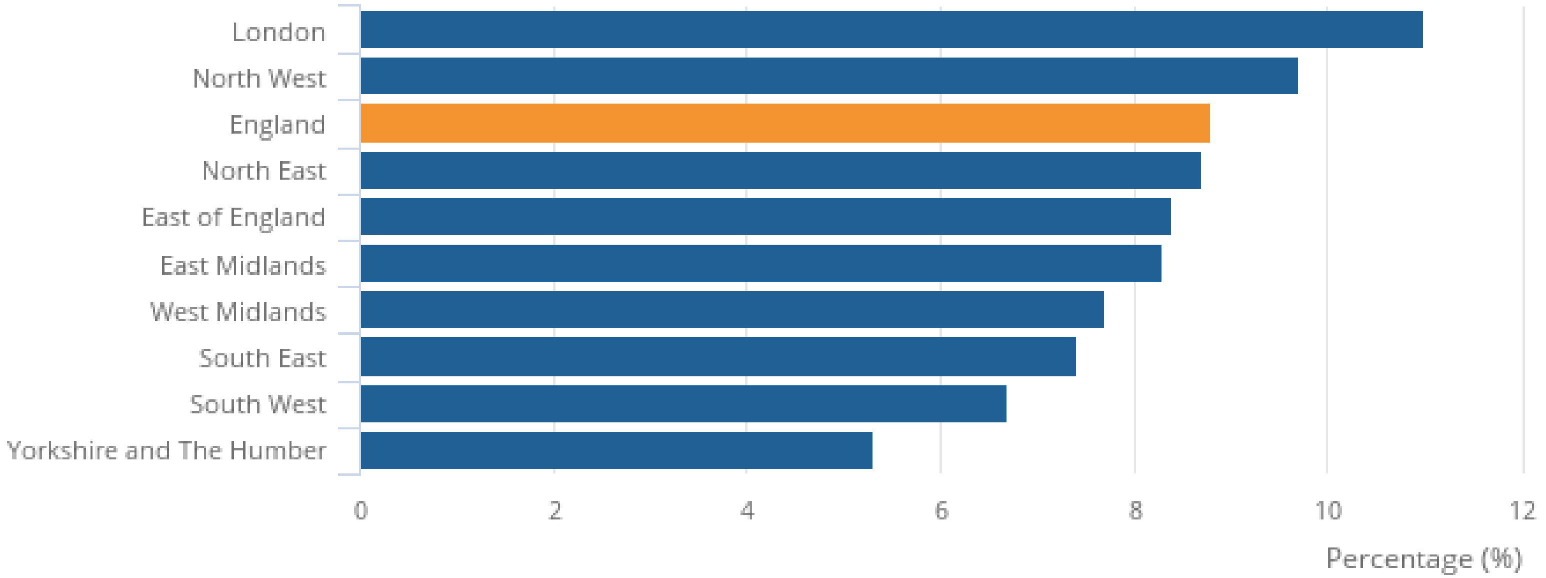
Figure 5: Average rent increases continue to be fastest in London

Private rents annual inflation, English regions, January 2025

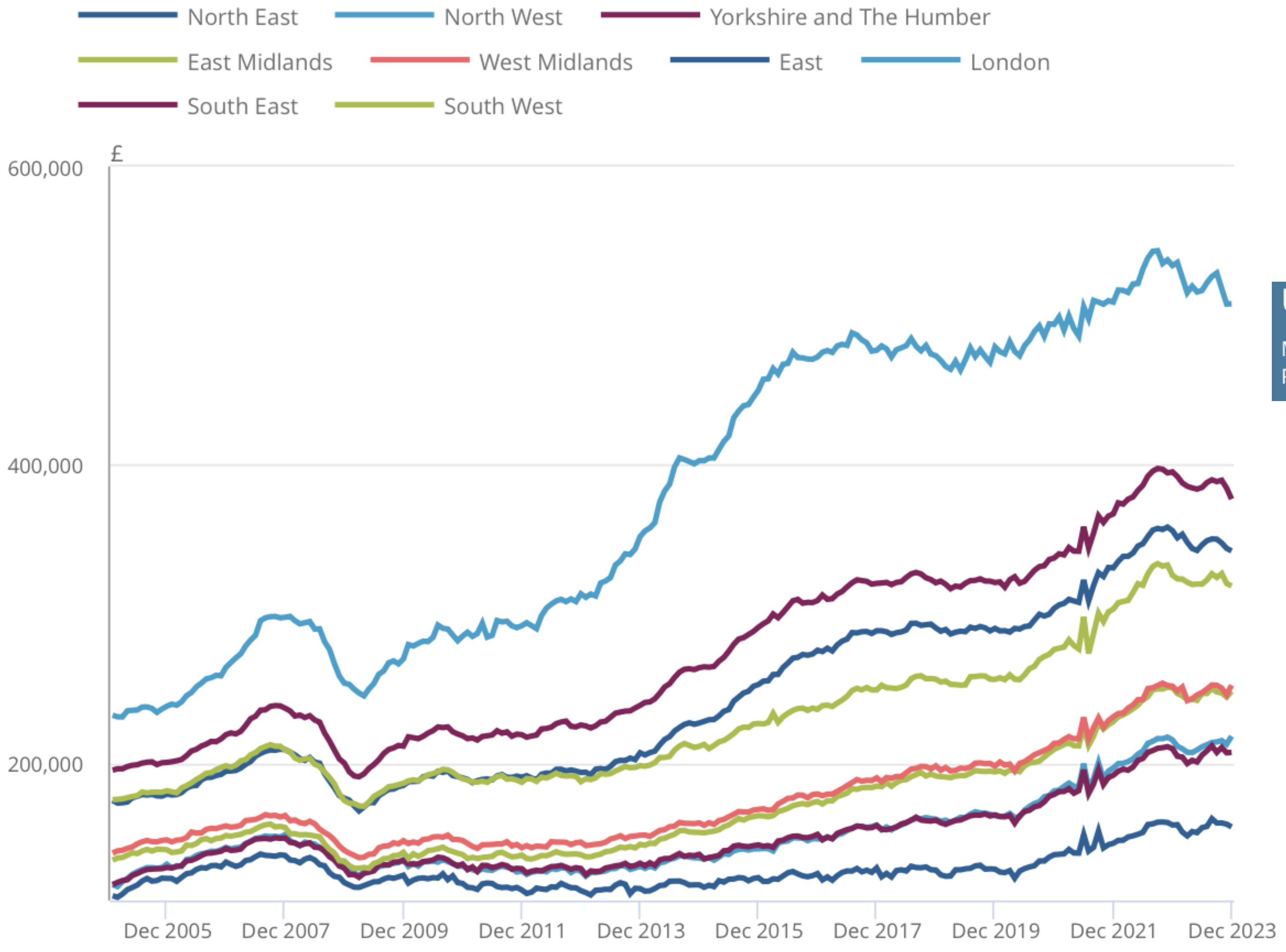


Source: Price Index of Private Rents (PIPR) from the Office for National Statistics

https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/february2025

Figure 5: London continues to have the highest average house price in England

Average house price, by English region, January 2005 to December 2023



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UK House Price Index: December 2023

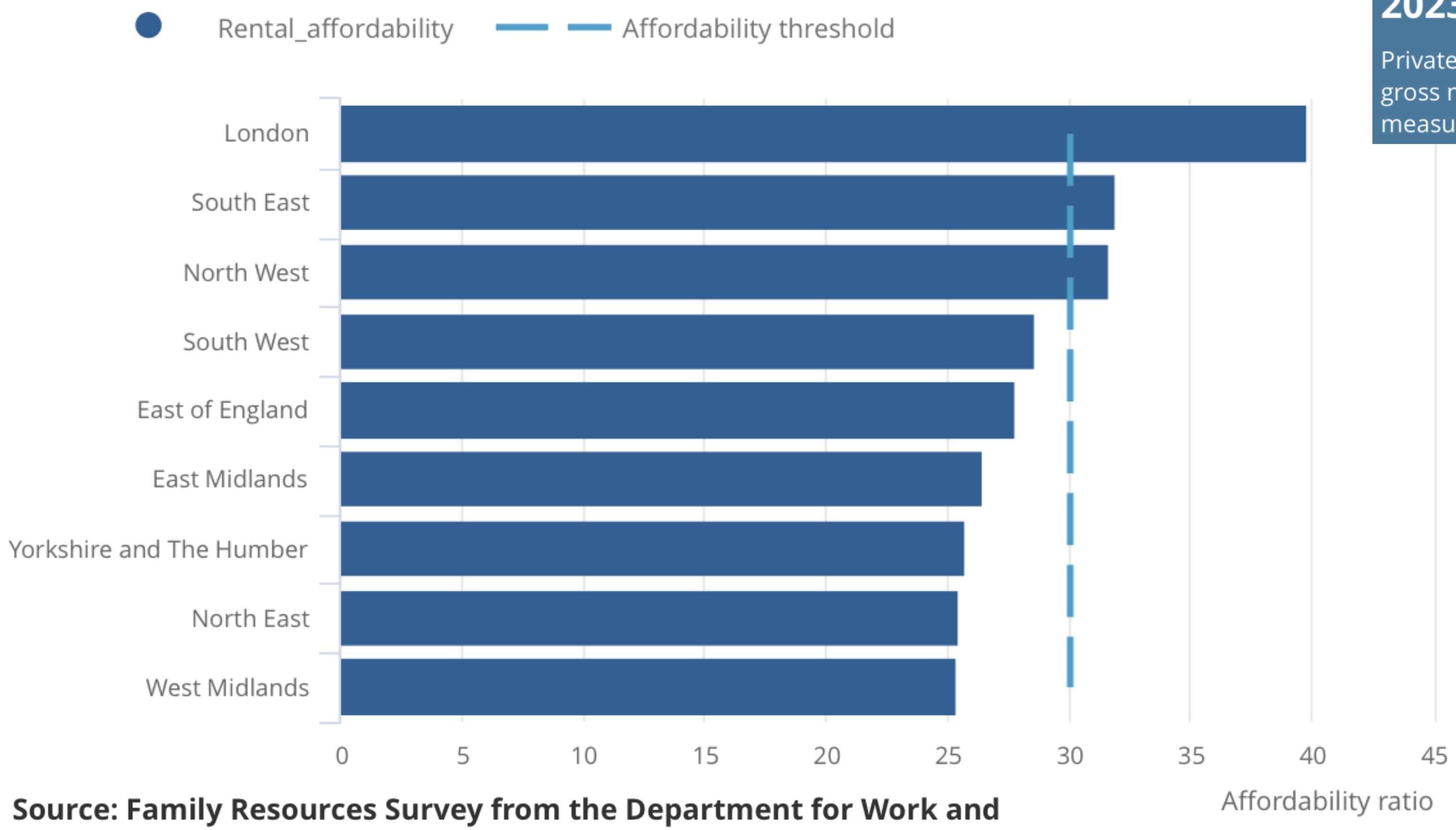
Monthly house price inflation in the UK, calculated using data from HM Land Registry, Registers of Scotland, and Land and Property Services Northern Ireland.

Source: UK House Price Index from the HM Land Registry and Office for National Statistics

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

Figure 3: Private rents in London, the North West and South East cost more than 30% of a private renting household's income in 2023

Percentage of median private renting household income equivalent to average rent, by region, financial year ending 2023



Source: Family Resources Survey from the Department for Work and Pensions and Price Index of Private Rents from the Office for National Statistics

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Private rental affordability, England and Wales: 2023

Private rent prices by country and English region, expressed as a percentage of gross monthly income of private renting households. Part of our additional measures of housing affordability series.

https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/privaterentalaffordabilityengland/2023

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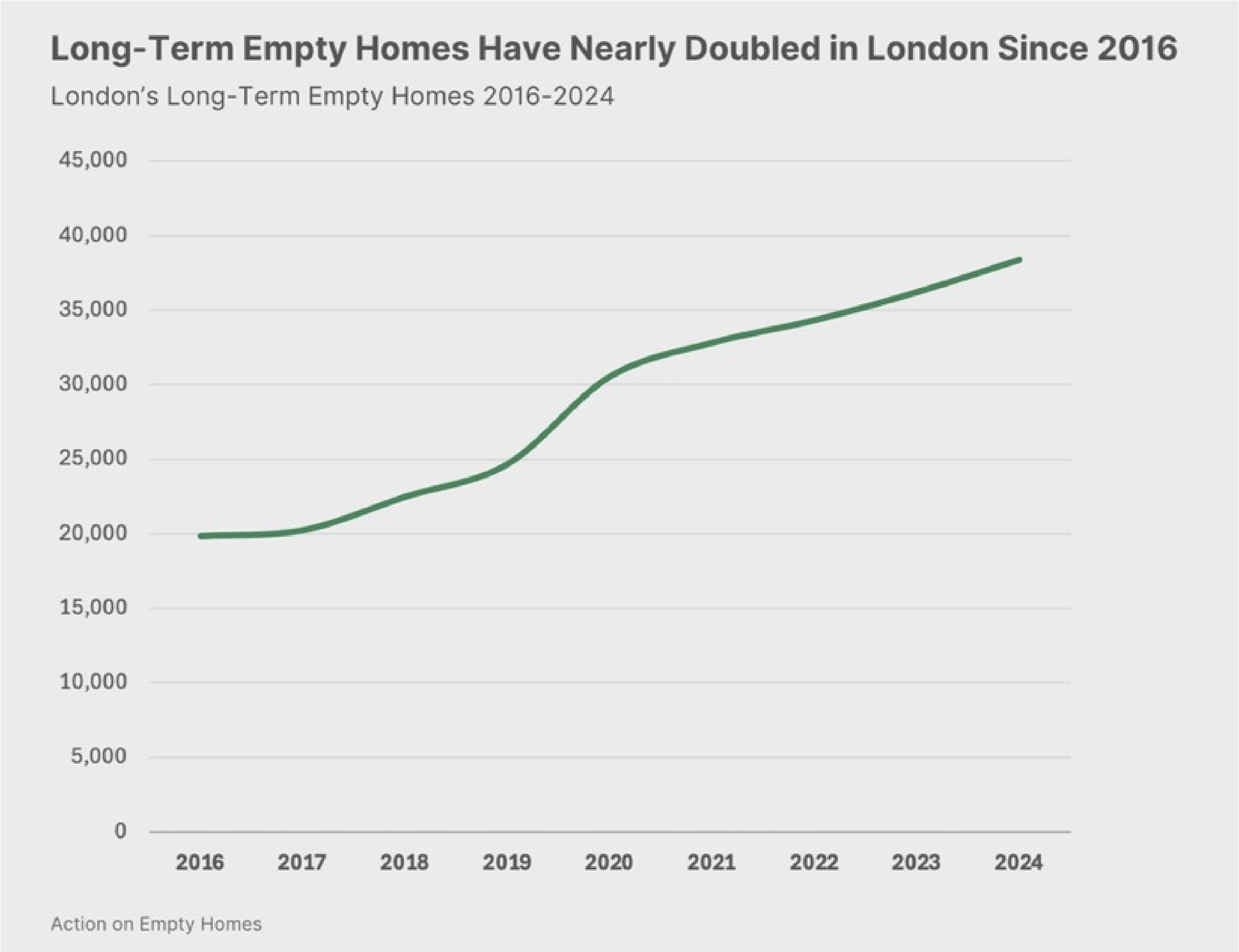
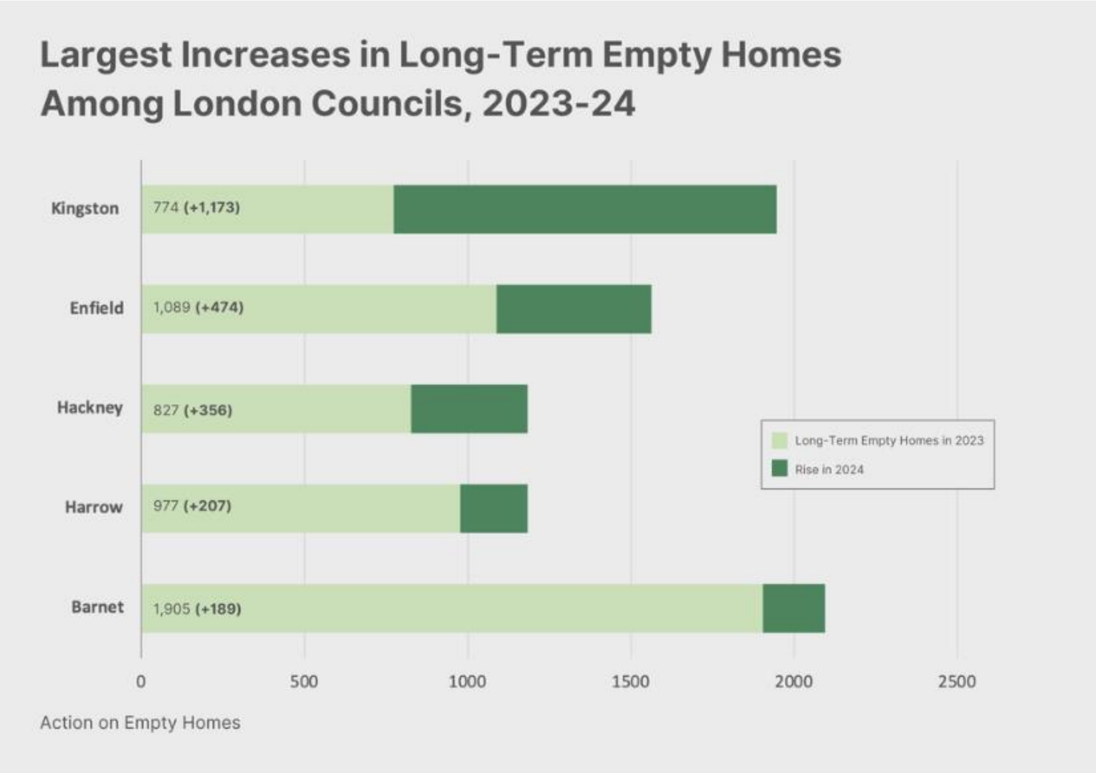


https://www.actiononemptyhomes.org/news/in-london-longterm-empty-homes-have-nearly-doubled-since-2016

https://static1.squarespace.com/static/6553693f7d629a133b6a4ece/t/6736552db915ff480c2d66db/1731613998118/LONDON2024LTEmptyHomesAnd2ndsREFERENCE.pdf

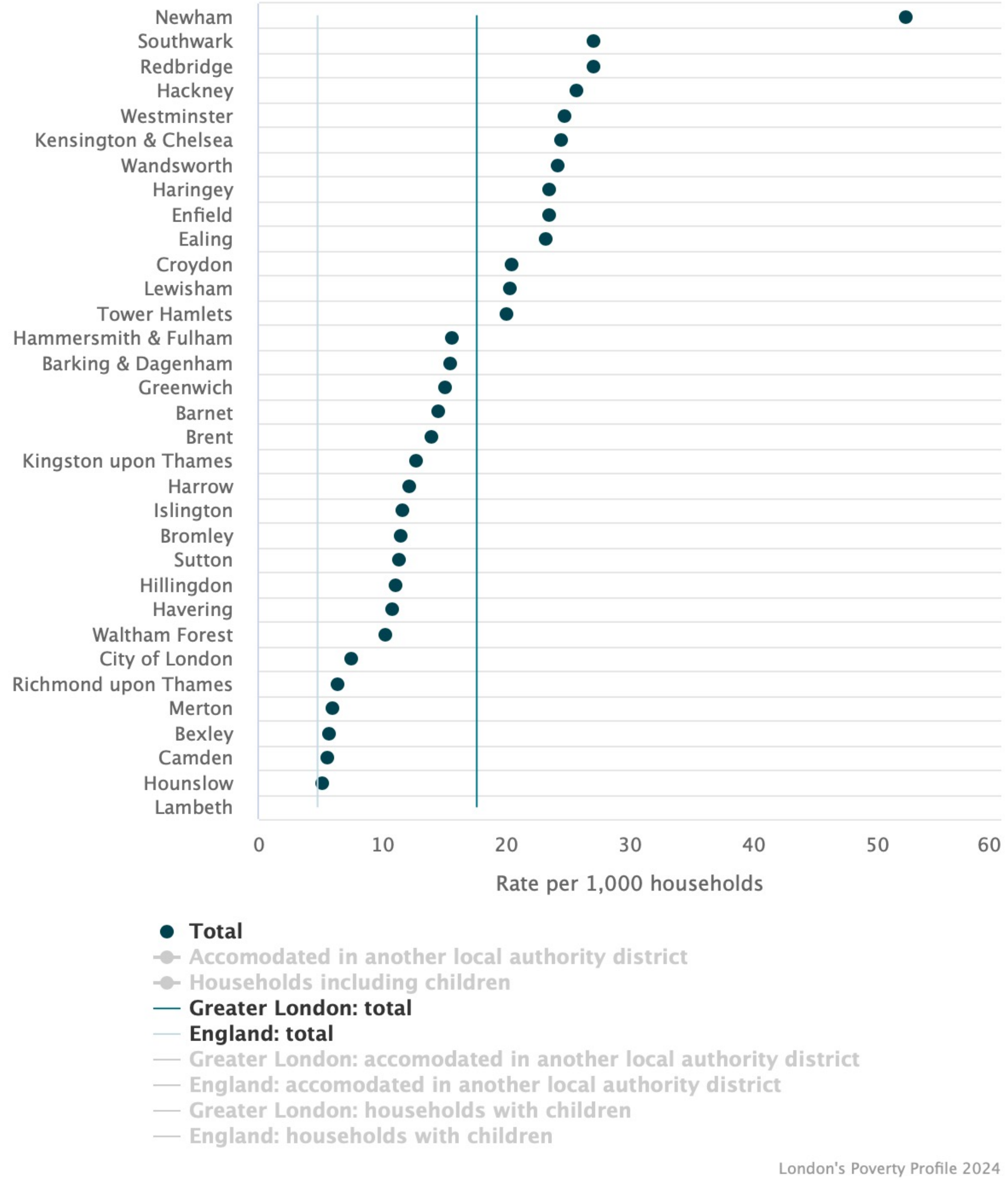
In London there is a 93% increase in the number of long-term empty homes since 2016



87,216 homes in London are not in use
- 38,386 are long-term empty homes
- 48,830 are second homes

Proportion of households in temporary accommodation in London boroughs (2024 Q2)

Data source: Statutory homelessness live tables, Detailed local authority level tables, Ministry of Housing, Communities & Local Government



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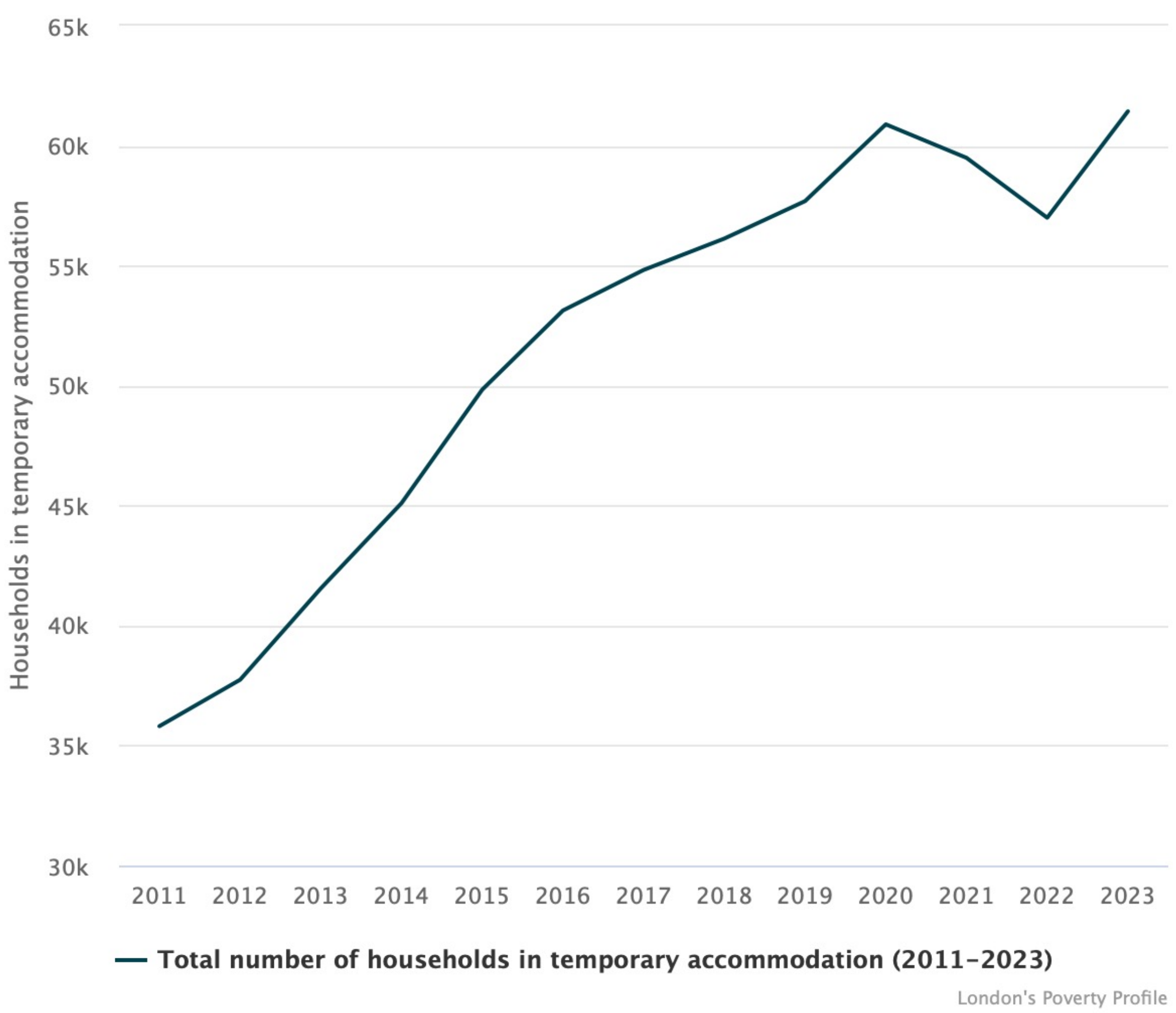
Total number of households in Temporary Accommodation (2011-2023)

Data source: Temporary accommodation live tables (2019–2023). Discontinued & Temporary accommodation tables (2002–2018), MHCLG



https://trustforlondon.org.uk/news/temporary-accommodation-london-data/

- London boroughs collectively spent £114m every month on average – or £4m daily – on temporary accommodation for homeless Londoners in the 2023-24 financial year [1].

- Boroughs' spending on temporary accommodation jumped by a dramatic 68% in just one year (comparing 2022-23 to 2023-24) [2].

- More than 183,000 Londoners are estimated to be homeless and living in temporary accommodation arranged by their local borough [3]. This is the highest-ever level of recorded homelessness in the capital – equivalent to at least one in 50 Londoners.

- The number of Londoners in temporary accommodation includes almost 90,000 children. London Councils estimates this is equivalent to one out of every 21 children living in the capital and means on average there is at least one homeless child in every London classroom.

- The shortage of suitable accommodation means boroughs are increasingly reliant on placing homeless families in B&Bs. Over the past two years there has been a 662% increase in families placed by London boroughs in B&Bs.

- Rough sleeping has also grown significantly in the capital. In the ten years since 2014, rough sleeping has spiralled by 58%.

https://www.londoncouncils.gov.uk/news-and-press-releases/2024/emergency-warning-issued-london-homelessness-hits-new-records

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How much councils spent on temporary housing for the homeless, year to March 2024

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- •Newham: £132.6 million (36 per cent increase on 2023)
- •Westminster: £99.4 million (52 per cent increase)
- •Lambeth: £85 million (28 per cent increase)
- •Enfield: £77 million (32 per cent increase)
- •Lewisham: £74.4 million (29 per cent increase)
- •Brent: £69.6 million (134 per cent increase)
- •Southwark: £62.2 million (23 per cent increase)
- •Redbridge: £61.2 million (34 per cent increase)
- •Croydon: £60.8 million (20 per cent increase)
- •Kensington and Chelsea: £52.3 million (8 per cent increase)
- •Tower Hamlets: £51.2 million (Slight increase from previous year)
- •Hackney: £50.8 million (12 per cent increase)
- •Wandsworth: £49 million (22 per cent increase)
- •Ealing: £47.4 million (Slight decrease from previous year)
- •Barnet: £34 million (28 per cent increase)
- •Greenwich: £29.8 million (36 per cent increase)
- •Hammersmith and Fulham: £28.6 million (35 per cent increase)
- •Bromley: £27.4 million (18 per cent increase)
- •Camden: £25.7 million (48 per cent increase)
- •Waltham Forest: £25.5 million (17 per cent increase)
- •Kingston: £21.6 million (33 per cent increase)
- •Hillingdon: £20.4 million (83 per cent increase)
- •Barking and Dagenham: £18.9 million (Same as previous year)
- •Islington: £18.5 million (£25 per cent increase)
- •Harrow: £16.4 million (18 per cent increase)
- •Havering: £15.8 million (16 per cent increase)
- •Hounslow: £15 million (Same as previous year)
- •Richmond: £14.1 million (48 per cent increase)
- •Bexley: £14.1 million (Slight decrease from previous year)
- •Merton: £13.8 million (263 per cent increase)
- •Sutton: £9.1 million (17 per cent increase)
- •City of London Corporation: £1.1 million (52 per cent increase)

https://uk.news.yahoo.com/london-boroughs-spending-most-temporary-070000776.html?

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With thanks to volunteer Grace Harrison-Porter

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