

Committee: Council

Date: 14 September 2016

Wards: All

Subject: Strategic Theme: Sustainable Communities with a focus on housing

Lead officer: Director for Environment and Regeneration, Chris Lee; Director of Community and Housing, Simon Williams

Lead member: Cabinet Member for Environmental Sustainability and Regeneration, Councillor Martin Whelton

Contact officer: Head of Housing Needs and Strategy; Steve Langley; Future Merton programme manager, Tara Butler;

Recommendations:

1. That Council consider the content of the report.
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. Council at its meeting on 2 March approved the Business Plan 2015-2019.
- 1.2. The Business Plan represents the way in which the council will lead the delivery of the Community Plan via a number of thematic partnerships and strategic themes. Performance against these themes, plus an additional theme of corporate capacity, is monitored by Council.
- 1.3. Each meeting of Council will receive a report updating on progress against one of these strategic themes. This report provides Council with an opportunity to consider progress against the priorities under the '*Sustainable Communities and Transport*' theme, with a specific emphasis on housing.
- 1.4. The ambition for the theme as outlined in the council's Business Plan 2015-19 is 'to create a more sustainable borough, one which is less reliant on fossil fuel and which reduces its negative impact on the environment and climate change in particular'.
- 1.5. The portfolio holder is Councillor Martin Whelton. The Sustainable Communities Overview and Scrutiny Panel continues to exercise its statutory function in relation to housing, including housing need, affordable housing and private sector housing and their input is included in this report.
- 1.6. The Business Plan can be viewed at www.merton.gov.uk/businessplan.
- 1.7. The details be found attached as appendix A to this report.

2 DETAILS

- 2.1. At the meeting on 3rd February 2016, the council considered progress against the priorities under the '*Sustainable Communities and Transport*' theme.
- 2.2. This report to 3rd February council including a section on housing supply as well as other elements of this theme, including business growth, Crossrail2,

changes to the planning system (including the Housing and Planning Act) and air quality.

- 2.3. This report focusses specifically on housing and is jointly prepared between the Department of Environment and Regeneration and the Department of Community and Housing

Scrutiny function for the Strategic Theme

- 2.4. The Sustainable Communities Overview and Scrutiny Panel continues to exercise its statutory function in relation to housing, including housing need, affordable housing and private sector housing.
- 2.5. Reviewing the priorities for the Community and Housing Department Priorities as set for the next four years is an essential part of the Panel's remit. Performance monitoring information from the department is provided at each meeting. This is presented by a relevant department officer and subject to scrutiny by members.
- 2.6. Circle Housing Merton Priory (CHMP) manages nearly 9,500 homes across Merton; approximately 6,200 are socially rented and the remaining 3,300 are privately owned leasehold properties where CHMP is the freeholder..
- 2.7. As part of its on-going monitoring of CHMP's performance, during 2015/2016, the Panel focused on the repairs and maintenance service provided to residents. The Panel received regular performance updates including resident satisfaction ratings and met with CHMP representatives every six months.
- 2.8. During the next municipal year, the Panel plans to engage with the Tenants' Scrutiny Panel and examine case studies on the resolution of long standing issues. CHMP representatives will also attend the forthcoming scrutiny meetings in September and November 2016. This has been given high priority by the Panel given the planned merger of CHMP with Affinity Sutton, one of the largest social housing providers in England. Panel members are concerned how this will impact on service levels, future governance arrangements and how the new entity will fulfil Circle's pre-existing commitments to the Council and its community grants programme.
- 2.9. Austen Reid, Chief Operating Officer of CHMP, and Neil McCall, Group Operations Director of Affinity Sutton, will attend the September scrutiny meeting with Panel members having worked together to develop a list of questions to be put to both organisations. November's meeting will focus on repairs and regeneration.
- 2.10. The Sustainable Communities Overview and Scrutiny Panel is aware that a proposal is currently being developed by the Sustainable Communities team to support the development of a housing company by the council. (more detail on the proposed Merton Development Company can be found in Appendix A to this report) The Panel is keen that it has the opportunity to give this sufficient scrutiny and is currently discussing with the department when this might happen. The objective is that this should provide the Panel with the chance to subject the proposal to pre-decision scrutiny.
- 2.11. The Panel completed its Housing Supply Task Group in 2015/2016 examining how to increase the supply of affordable housing in Merton. This

involved looking at other Local Authority good practice and engaging stakeholders such as Housing Associations, the Greater London Authority (GLA) and the NHS. Research and guidance was gathered from organisations such as Shelter, the Joseph Rowntree Foundation and the National Housing Federation.

- 2.12. Recommendations included that a report be presented to the Sustainable Communities Scrutiny Panel in anticipation of the proposed 'Pay to Stay' policy. It was suggested this should consider how residents might be incentivised to move to alternative forms of affordable housing to free up much needed social housing. Another recommendation was that the council works with the private rented sector to encourage landlords to let properties to residents on the Housing Register and in receipt of Housing Benefit (more detail on this is contained within Appendix A)
- 2.13. All the recommendations were accepted by Cabinet. The Panel received an update in January 2016. The Task Group chair was pleased with the reported progress and this will be further reviewed at the Panel's November 2016 meeting.

3 ALTERNATIVE OPTIONS

- 3.1. None for the purposes of this report.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. None for the purposes of this report.

5 TIMETABLE

- 5.1. None for the purposes of this report.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. None for the purposes of this report.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. None for the purposes of this report.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. None for the purposes of this report.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None for the purposes of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. None for the purposes of this report.

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

Appendix A: Report on Sustainable Communities (focus on housing)

Appendix A to Report on Strategic Theme – Sustainable Communities with a focus on housing

INTRODUCTION

1. There is currently high demand for homes in London and in Merton. This report sets out the initiatives Merton is undertaking to increase the supply of all types of new homes, the opportunities we are pursuing around regeneration initiatives and creating a council-owned housing company, and the ongoing challenges we face.
2. Merton has made good progress in meeting and exceeding our housebuilding targets, in managing temporary accommodation for homeless households, preventing homelessness and in pursuing innovative projects to try and manage housing supply and demand in the borough. There will be challenges ahead particularly in the affordable housing sector with the reduction in housing benefit due later this year. Merton is well placed to meet these challenges and is putting plans in place to address housing demand and increase housing supply.

Demand and housing need.

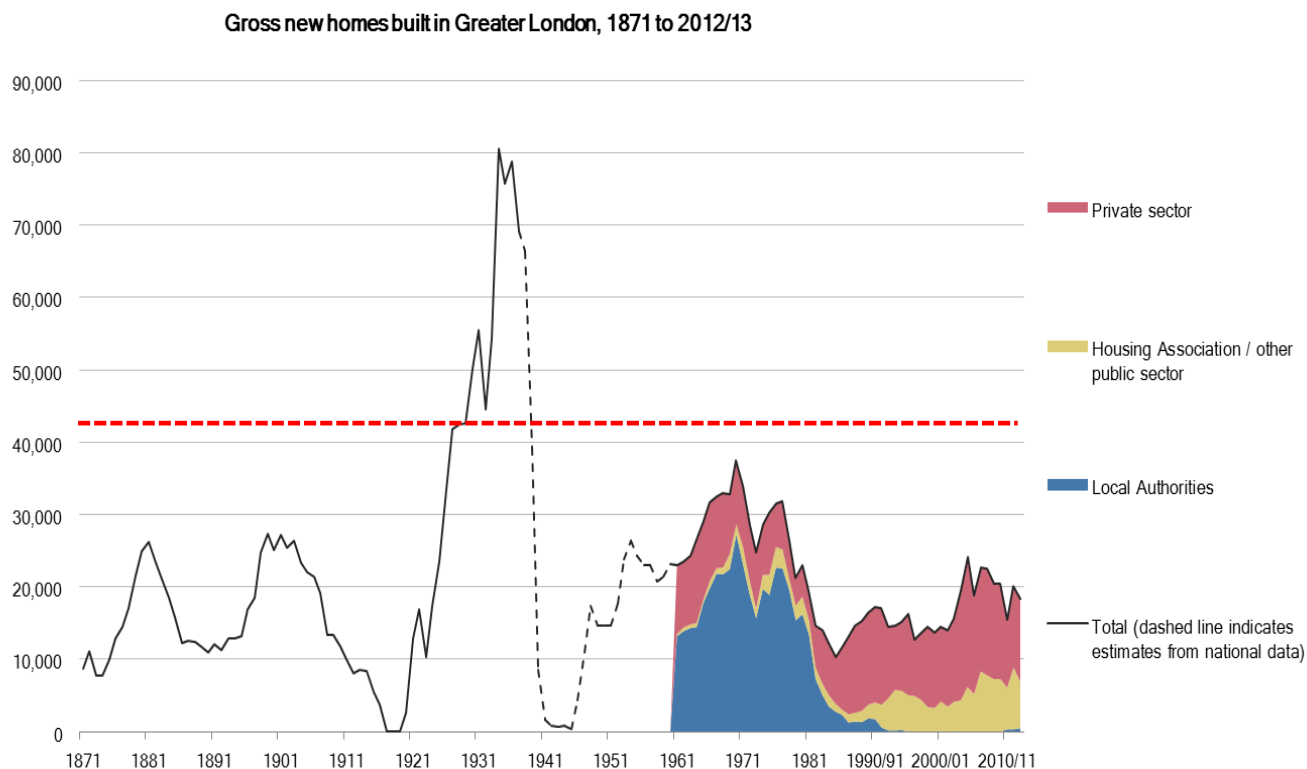
3. There is currently a constantly rising demand for new homes in Greater London and in Merton.
4. Work undertaken by the Greater London Authority on behalf of the Mayor of London and London boroughs illustrates that London's economy has grown rapidly for the last 20 years, doubling in size between 1997 and 2012, growing from £147billion to 309 billion. During this time London's economy has become a greater proportion of the UK economy as a whole.
5. This economic success has led to a rapid growth in population during the same period after decades of falling population between the 1940s-1980s. Between 1986 London's population was 6.8million and by 2013 it had risen to 8.4million. In early 2016 London became the largest it has ever been, passing its previous 1939 population peak of 8.6million. If these trends continue, London's population is forecast to reach 10million people by 2036.
6. This significant growth after decades of falling population is influenced by a number of factors, all of which arise from the attractiveness of London's buoyant economy:
 - A decline in out-migration. Over the past 20 years London – and Merton in particular- has become a better place to raise a family, with good schools, green space, local amenities and access to jobs. People are not, as happened previously, moving out of London to raise their families, which can be seen in the rapid rise in demand for primary school places.
 - Natural population growth: London's population is relatively young and the birth rate remains steady. As before, people are choosing to stay in London to raise families.

- A steady rate of in-migration. The access to jobs and quality of life in London is very attractive and in-migration – whether from Birmingham or Berlin – has remained constant

Imbalance between housing demand and supply

7. London's population of 8.6million people translates roughly into 3.6million households. Unfortunately, despite decades of economic and demographic growth, housebuilding not kept pace. An average of 25,000 new homes per annum have been built in London each year for the past 30 years and consequently there is a considerable gap between the demand for new homes and their supply.
8. To address this significant imbalance and to meet housing need as required by the National Planning Policy Framework, the London Plan 2015 sets London's housing target as 42,000 new homes per year as a minimum. (Merton's share of London's new homes was increased by over 20% from 320 to 411 new homes to be built per year).

Figure 1: new homes built in London 1871-2011



9. Building 42,000 new homes per year in London will be a challenging task. Over the past few years around 27,000 homes per year have been built in London. The last time more than 42,000 homes were built was during the inter-war

period when the Metroland suburbs that characterize much of the south of the borough were built. Not even the extensive housebuilding programmes of the 1960's and 1970's managed to achieve this scale of development.

10. Council initiatives set out in this report have helped to secure Investor confidence in Merton. This investment has led to Merton exceeding its housing target for the past number of years and also exceeding its share of London's affordable homes, with 41% of new homes built in Merton in 2014-15 being affordable.

Merton's initiatives to meet housing demand:

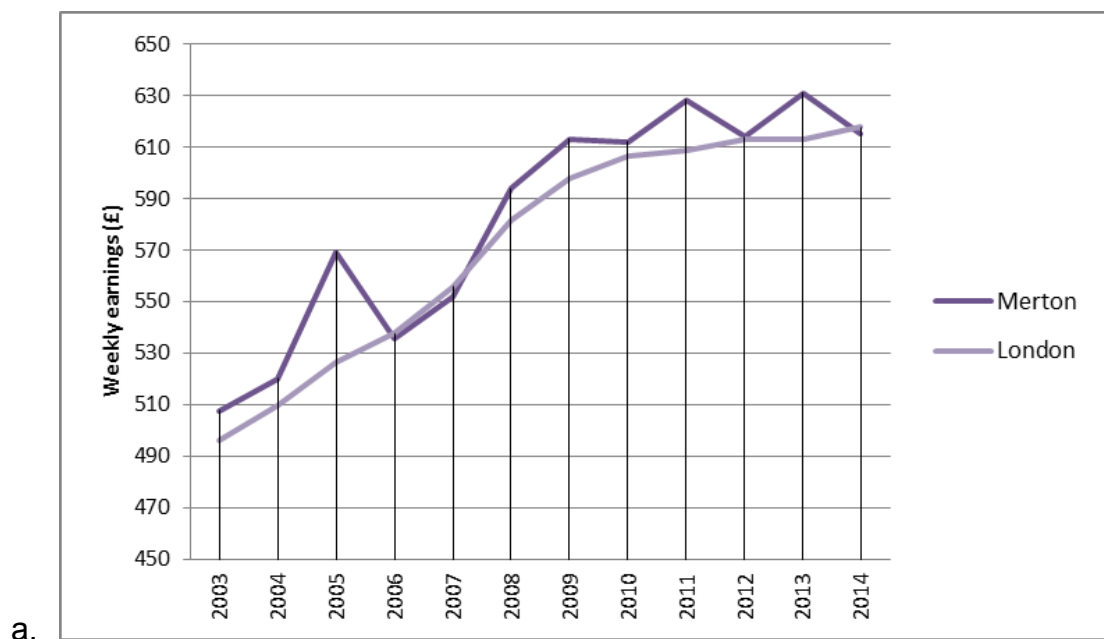
11. Merton has reached its share of London's new homes over the past few years. This has been achieved by initiatives directly connected with increasing housing supply but also by wider strategies to ensure Merton remains an attractive place to live with a great quality of life: good schools, parks and green spaces, , vibrant town centres and a good transport system, all of which makes Merton an attractive place to invest.
12. Over the past five years, Merton has been working on a variety of initiatives to encourage investor confidence in the borough. This includes the allocation of specific sites for new homes in council development plans and working with others to deliver these sites and investing with the Mayor of London to improve the streetscene and public realm in Colliers Wood and Mitcham,
13. The council is working on several long-term initiatives to address the ongoing need for more homes
14. Morden Housing Zone: the council has successfully bid for Morden to be considered as one of London's Housing Zones, which allows housebuilders to access funding from the Mayor of London to kickstart development. We are working with the Mayor of London, Transport for London and the London Enterprise Panel to support the delivery of Morden's Housing Zone, from improving the Art Deco retail gateway to the town centre to preparing a long-term masterplan to deliver modern business space, a new public realm and more than 1,000 new homes in Morden town centre.
15. Estate regeneration: we are working with Registered Providers Circle Housing Merton Priory and Moat and with residents to explore the regeneration of four housing estates in a plan-led approach. Should the council support regeneration, these plans will help deliver more than 1,200 new homes over the next decade.

Demand for more affordable homes

16. House prices are continuing to rise year on year across London. In Merton, the average price of a new homes is £514,595, (Land Registry June 2016) : +16% from June 2015. Merton's average residential property price is very close to London's average £531,000 (Land Registry March 2016).

17. However these averages do not tell the whole story. In 2013 (the most recent year for which this data is available) the average property price in Mitcham and Morden was £250,000 whereas for the same year in Wimbledon, the average property price was £461,000, more than 70% greater.
18. Rents are also increasing rapidly The cost of renting a home in the private sector is rising faster than household income, increasing by about 27% over the last 4 years.
- The cost of renting 4-bed homes = £623 per week, biggest increase of 36%.
 - Average rent for 1-bed homes = £265, increased by 29% in four years
 - Average rent for 2 to 3-bed homes = £325 / £403 per week, increased by 25% over the same period.
19. The increase in the year to March 2015 alone was 3.2% (ONS April 2015), the highest annual change since the summer of 2013.
20. However increases to household income, while rising, are not keeping pace with rental income. Average weekly earnings in Merton are now around £615 per week but the graph below illustrates how little this has changed since 2011, especially when compared to the +25% change in rents during the same period. This average also hides a very wide range of earnings across the borough.

Figure 2: Average weekly earnings in Merton (source ONS 2014)



21. The increase in the cost of housing (ownership and for rent) compared with access to income is a serious problem for the housing market, giving rise to overcrowding, under-investment in the overstretched housing supply and increased homelessness.

Tacking homelessness in Merton

22. In Merton the Council has seen a 90% increase in temporary accommodation in the last 5 years. As at the end of July 2016 there were 186 households in temporary accommodation under the Housing Act 1996. Whilst this remains the lowest number for any London Borough it is likely that demand for housing will increase in line with proposed welfare reforms, for example the reduction in the benefit cap from £26,000 to £23,000 in November 2016.
23. The numbers in temporary accommodation for the other South West London boroughs were as follows in December 2015:
- Croydon 3115
 - Kingston 599
 - Lambeth 1817
 - Wandsworth 1139
 - Sutton 372
 - Richmond 241
24. The principal factors that are driving increased episodes of homelessness is the availability of private sector housing that is affordable for households on benefits and the increased levels of evictions from private sector tenancies.
25. The loss of Assured Shorthold Tenancies (which is the most common form of tenure in the private rented sector) is the largest cause of homelessness in Merton and in London generally. Homelessness acceptances are forecast to be approximately 150 in 2016/17 , compared to 141 in 2015/16
26. The Council has 9,268 individuals and families on the Housing Register and the average wait for a 3 bedroom home is 4 years.
27. The table below compares average weekly private sector rents in Merton with Local Housing Allowance (LHA) rates of the 2 main Broad Rental Market Areas (BRMAs) in Merton.

Figure 3 average weekly private sector residential rents compared to housing benefits

	1- Bed	2- Beds	3- Beds	4- Beds
Average weekly private sector rents in Merton	£265	£325	£403	£623
LHA Outer South region weekly housing allowance	£167	£211	£279	£344
LHA Outer South West weekly housing allowance	£210	£281	£337	£417

28. The number of properties for rent must be within the Local Housing Allowance rates.

29. The LHA rates are set at 30th percentile of market rent for a local area. From April 2011 this had increased by 1% per annum. Broadly speaking this means that 30% of the total number of private rented properties available in Merton should be within LHA rates.
30. However our analysis of around 1,000 properties available for rent at the end of September 2015, suggests that the reality is only around 1%.
31. Additionally the Council faces barriers in procuring private sector housing supply. This is because landlords can decide whether or not they wish to rent their properties to households on benefits.
32. We have contacted a number of Landlords and agencies who have told us that they
- Do not rent properties to people on benefits.
 - Some would only do so with a guarantor.
 - Some agents would do so at the discretion of the Landlord.
33. The stark reality however is that the number of private rented properties for our families and individuals is reducing.
34. There are in excess of 50,000 households in temporary accommodation in London being housed by Local Authorities and as a consequence there is competition to secure private rented properties from all local councils.
35. Furthermore private rented sector properties are available on the open market and are therefore in competition with individuals and families seeking privately rented accommodation in Merton and in London generally.
36. That said, officers continue to have success, even in this challenging environment, to source properties in the private rented sector. This is achieved by:-
- Landlord rent deposits/incentives.
 - To make the Council offer more desirable in the current operating market.
 - Support Landlords and provide a soft housing management service.
 - Regular checks with landlords to obtain individual properties.
 - Undertaking advertising campaigns.
37. This practise, coupled with homeless prevention activities, seeks to minimise numbers of households/individuals in temporary accommodation. During the period 2015-2016, 561 households had their homelessness prevented.
38. The council remains committed to keeping private rented accommodation a sustainable choice for our residents. It continues to review its approach to securing a supply of good quality private rented homes. As part of this approach officers continue to work with landlords, both on a one-to-one basis and through

the Private Sector Landlords Forum, one of the recommendations of the Sustainable Communities Overview and Scrutiny Housing Task Group.

39. The council's use of private sector accommodation is accompanied by a commitment to seeking to ensure that those moving into the private rented sector have the support they need in sustaining their tenancies.
40. In addition to the significant work in addressing homelessness on a daily basis, the council has also used its own resources to champion innovation in order to help support people on their first step on the housing ladder after homelessness or supported housing.
41. Mitcham Y-cube provides 36 small self-contained flats for people who cannot access other affordable accommodation. In a unique approach to developing new homes, the YMCA led the project, Merton Council provided the land, and the building was designed by world-renowned architects Rogers Stirk Harbour and Partners and built off-site to reduce construction costs. The development opened in September 2015; Merton Council has nomination rights for 50% of the 36 spaces.

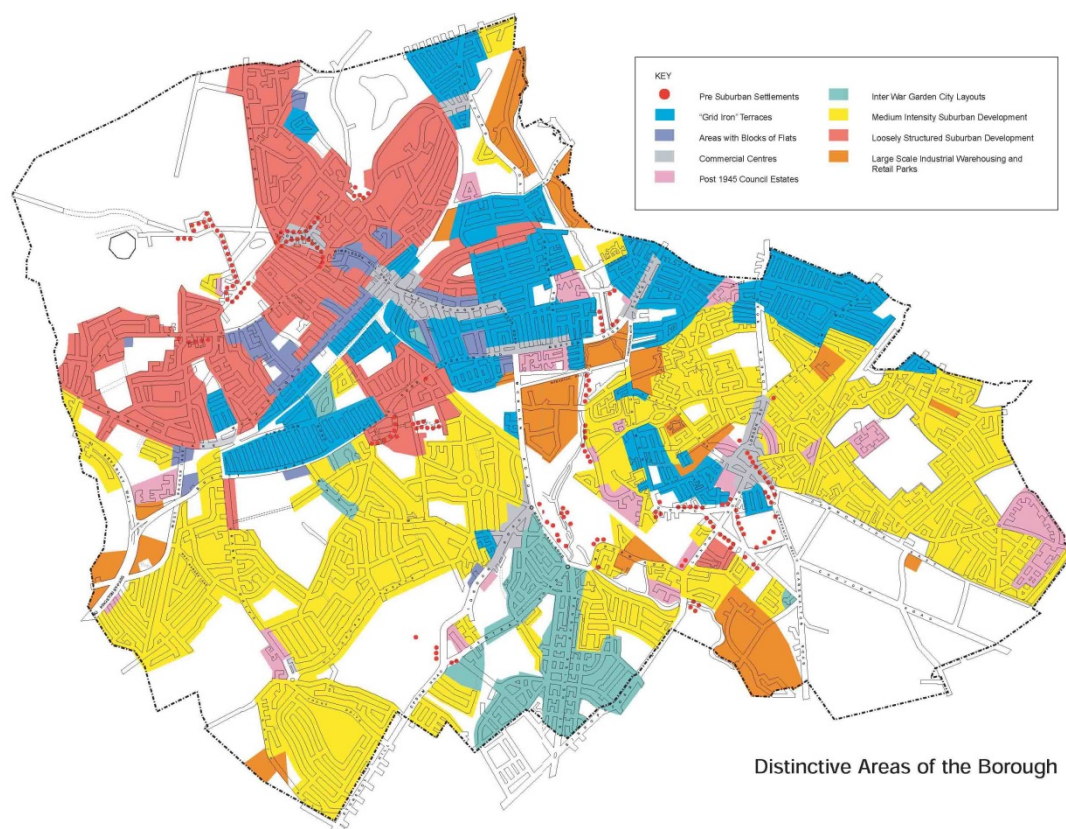
Private sector housing

42. The council has a legal duty to ensure that the most serious hazards homes present to health and safety are dealt with. It fulfils this duty using a range of approaches ranging from informal advice to formal enforcement notices. In addition the council continues to fulfil its statutory duty to licence larger Houses in Multiple Occupation (HMOs).

HOUSING SUPPLY

43. In Merton, there are about 86,000 homes. Approximately 16,000 of these homes are social housing owned by Registered Providers; one of the lowest of all London boroughs. The rest are owned by the private sector, either individuals or companies.
44. Of these 16,000 social housing homes, approximately 6,200 homes are owned by Circle Housing Merton Priory, soon to be merged with Affinity Sutton. The remaining 9,800 are owned by other Registered Providers such as Notting Hill, Wandle Housing, Thames Valley, Moat and London & Quadrant.

Figure 4: Merton's development character

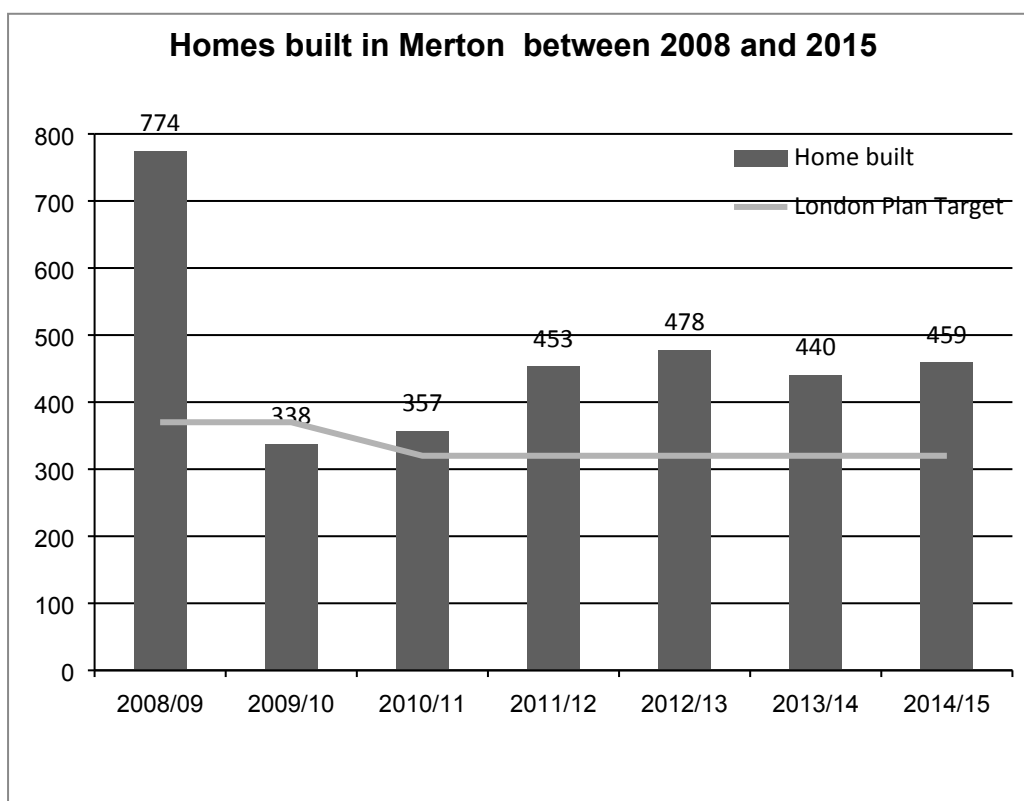


45. Merton is characterized by small sites. The map below illustrates that most of the borough was already developed by the 1960s. In comparison to other boroughs, Merton has very few large sites in single ownership aside from parks and open spaces. In the 10 years between 2002 and 2012 over 90% of the planning applications that Merton received for new homes were to develop sites of less than 10 homes.

46. Merton's share of London's new homes (otherwise known as the housing target) is set by the Mayor of London's London Plan. The graph below illustrates Merton's strong housebuilding record over the past seven years.

47. As Merton is a borough of small sites with fewer opportunities for large-scale development than most other boroughs, Merton's housing target of 411 homes per year is the third lowest in London, after Richmond (315) and Sutton (363).

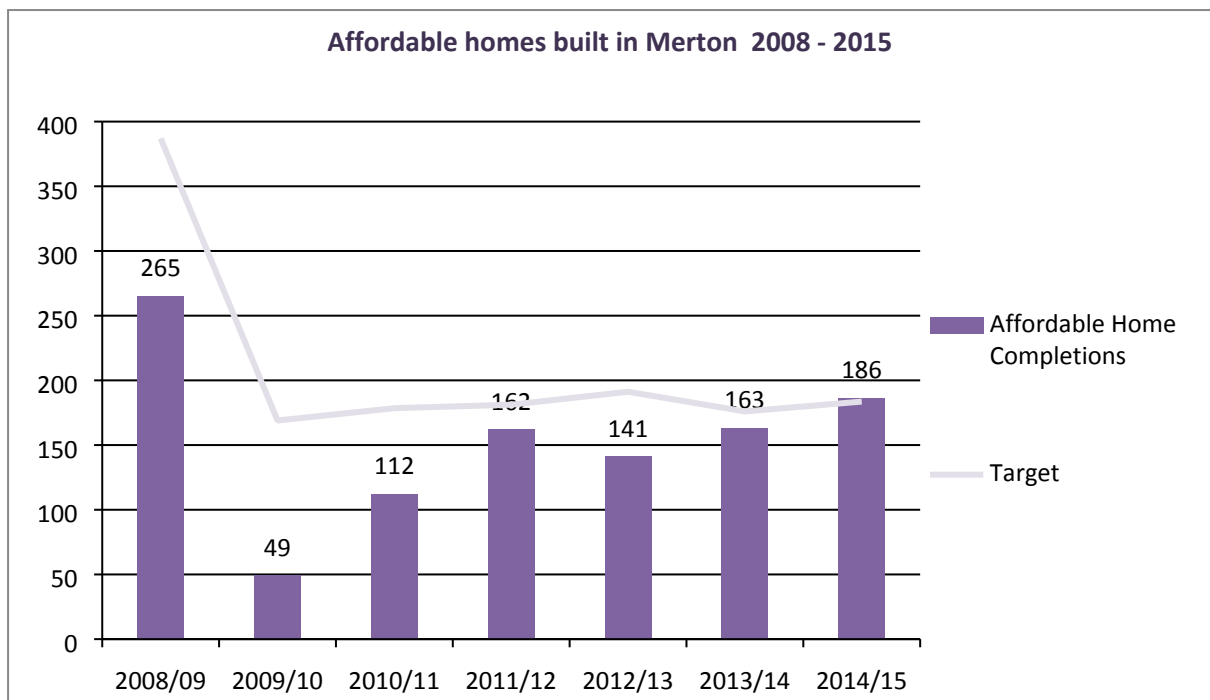
Figure 5 : number of homes built in Merton 2008-2015



48. Merton's Core Planning Strategy planning policy, like most of London's, is to seek 40% affordable housing on sites of 10 homes or more.

49. The definition of "Affordable homes" currently includes:

- shared ownership
- discounted market sale (for example, 20% less than local market prices, including "starter homes")
- social housing for affordable rent (between 65% and 80% of local market rent)

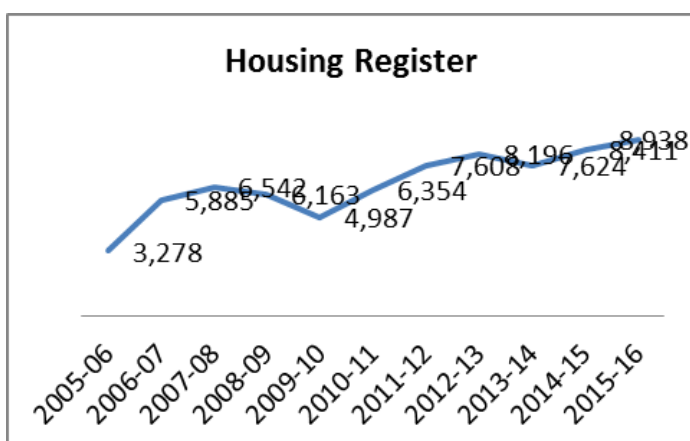


50. It should be noted that these policies are subject to development viability: if an applicant can prove that their development would not be viable with 40% of the homes being affordable, then they can reduce their affordable homes to less, whatever is viable.
51. The council gets viability assessments it receives with planning applications independently checked. The Mayor of London is putting together a team of experts to assist councils with ensuring that large schemes that are referable to the Mayor (+150 new homes) have their viability assessments stringently analysed.
52. Recent changes to government policy, including in the Housing and Planning Act 2016, will bring in the requirement for “intermediate” homes (i.e. those for sale, called “starter homes” or shared ownership) to be prioritised over affordable homes for affordable rent. This is likely to reduce the number of new homes built for affordable rent.
53. These government changes also removed a key plank of Merton’s Core Strategy planning policy which sought contributions from small sites towards affordable housing (i.e. sites of less than 10 homes). At the next review of the council’s Local Plan, officers will work on devising innovative planning policies to help continue Merton’s strong record of building affordable homes.

Social housing lettings trend

54. There were 350 lettings in 2015-16, a 29% drop from the 494 lets in 2014-15, dropping below the lowest number of 368 lets previously recorded in 2013-14. The drop is due to the lack of empty social housing properties available to let.
55. All social housing lettings are let according to the Council's published Housing Allocations Policy which seeks to ensure that those in the greatest housing need are rehoused first. This is available on the council's website www.merton.gov.uk/housing-register-nominations-policy
56. The greatest form of housing need is homelessness and the Council is required in accordance with the provisions of the Housing Act 1996 to give reasonable preference (often described as a helping hand) to households who are homelessness or threatened with homelessness. The Council also has to give reasonable preference to households who need to move because of medical factors, overcrowding and insanitary housing conditions.
57. Data for the past 10 years show a clear upward trend for the number of households waiting for re-housing on the Housing Register, but overall, the trend for homes available for let through Registered Providers (Housing Associations) was a downward one. With fewer homes available for let, more and more households will remain waiting on the Housing Register, therefore unmet housing need is expected to continue to increase.

Figure 7 and 8: Number of households on Merton's Housing Register and number of social housing properties let 2005-2015



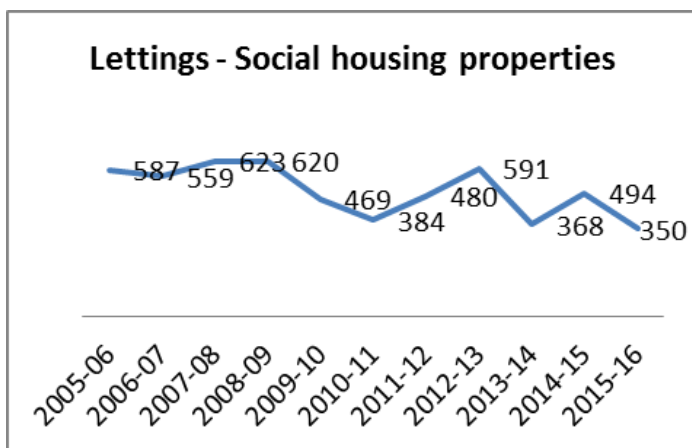


Figure 9: number and percentage change on housing register

	Number of households on the Housing Register	% change	Number of social housing properties let	% change	% Household Re-housed
2005-06	3,278	/	587	/	17%
2006-07	5,885	+80%	559	-5%	9.5%
2007-08	6,542	+11%	623	+11%	9.5%
2008-09	6,163	-6%	620	-0.5%	10%
2009-10	4,987	-19%	469	-24%	9%
2010-11	6,354	+27%	384	-18%	6%
2011-12	7,608	+20%	480	+26%	6%
2012-13	8,196	+8%	591	+23%	7%
2013-14	7,624	-7%	368	-38%	5%
2014-15	8,411	+10%	494	+34%	6%
2015-16	8,938	6%	350	-29%	4%

58. The table below provide a breakdown of the type of voids (empty social housing properties) becoming available for relet each year. This shows a clear downward trend for the number of true-void relets since 2010-11 when data first became available.

Figure 10: number of social housing properties relet in Merton 2008-2016



PROFILE OF HOMES AVAILABLE FOR LET

Figure 11: Lettings by Bed size: 2014-15 and 2015-16

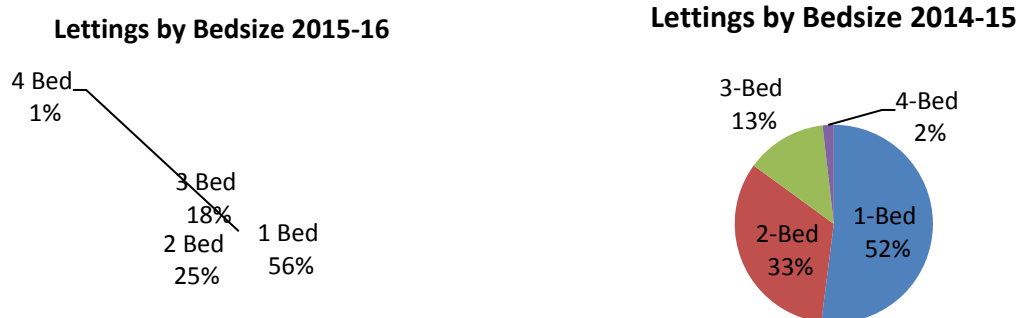


Figure 12 Lettings by Dwelling Type

	2015-16		2014-15		2013-14	
	Number	Percent	Number	Percent	Number	Percent
Bedsit / Studio	6	2%	8	2%	9	2%
Flat	273	78%	379	77%	254	69%
Maisonette	10	3%	12	2%	6	2%
House	60	17%	90	18%	96	26%
Bungalow	1	0.3%	5	1%	3	1%
	350	100%	494	100%	368	100%

59. The majority of homes available for let are flats, reflecting Merton's social housing stock profile. In 2015-16, flats and maisonettes made up 81% of all homes available for let, up from 79% in 2014-15 and 71% in 2013-14. Conversely, the number and proportion of houses available for let in 2015-16 had decreased to 17%, compared to 19% and 27% in 2014-15 and 2013-14 respectively.

Lettings by location

60. As in previous years, about half of the homes available for let are located in the CR4 area. There has been a noticeable increase in the number and proportion of homes available for let in the KT20 area, and a decrease in homes available in SW19.

Figure 13 Lettings by location

	2015-16		2014-15		2013-14	
		Percent	Number	Percent	Number	Percent
CR4	173	49%	256	52%	175	48%
SW19	47	13%	72	15%	79	21.5%
SM4	68	19%	97	20%	52	14%
SW16	0	0%	2	0%	28	8%
SW20	23	7%	36	7%	24	6.5%
KT20	24	7%	12	2%	5	1%
SW17	11	3%	13	3%	5	1%
KT3	2	1%	5	1%	0	0
Other	2	1%	1	0%	0	0
Total	350	100%	494	100%	368	100%

61. As highlighted previously the availability of social rented homes is reducing and it is predicted that during 2016/17 only 314 registered provider homes will become available for letting.

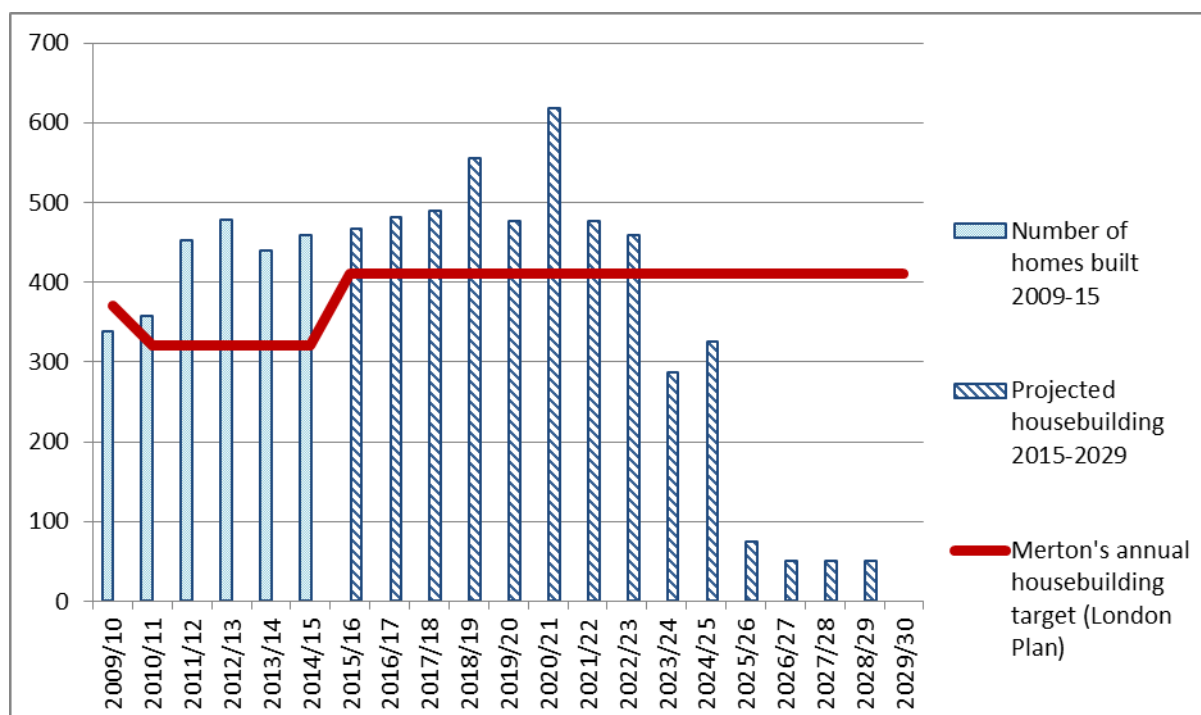
62. The council has a clear strategic direction of travel to assist its commitment to our residents in meeting housing need, in line with the Sustainable Communities Housing Task Group recommendations. This centres on:

- a. Managing expectations: we cannot house everyone.
- b. The right people in the right homes: making best use of what exists already.
- c. Maximising, where we can, 40% affordable housing from new developments.
- d. Increasing the overall number of homes built, for example by successfully bidding for Morden Housing Zone and working towards its delivery.
- e. Working with private landlords and Registered Providers to increase housing supply.

MEETING HOUSING DEMAND IN MERTON

63. By working with landowners and developers to encourage housebuilding, Merton is forecast to meet its share of London's new homes (currently 411 new homes per year) for more than the next five years.

Figure 14 Housebuilding in Merton: past and future 2009-2029



64. As previously mentioned, Merton's offer on quality of life is one of the key reasons for being able to attract investment into the borough.

- To ensure our voices are heard at a senior level in government and the private sector, we are working collaboratively with the South London Partnership:
- to ensure that jobs, skills and wages growth is strengthened in this region to enable as many households as possible to support themselves in their own homes
- to make the most of the opportunities presented by Crossrail 2 in creating more jobs and homes and improving the quality of life of our future residents
- to collectively agree what the priorities are for community services, transport and other social infrastructure for the south London region and creating a Growth Prospectus to strengthen our voice with government and business.

Merton's Development Company

65. The council is pursuing innovative ways of ensuring the delivery of new homes by working toward setting up its own development company to develop land for new homes. A paper will be brought forward recommending that council set up

its own company to develop new homes, particularly on small sites that characterize much of the council's and private sector land ownership in Merton.

66. By setting up a housing company the council would be able to develop sites (on its own or with partners) to provide new homes for sale or rent and generate a revenue stream for future investment.

Working with the Mayor of London – the new London Plan

67. Since his election in May 2016, the new Mayor of London has started a full review of the London Plan. When the new London Plan is finally published, circa 2018, it will replace the London Plan 2015.
68. Priorities for the emerging London Plan will be to encourage the building of new homes, particularly affordable homes. The Mayor has already made several announcements to this end, including creating a GLA team of viability experts to help scrutinize planning applications, proposing to raise the affordable housing target from 40% to 50%, proposing to reconsider the definition of “affordable” for London to link it to average earnings as opposed to local market rents (currently “affordable” can mean up to 80% of market rents for an area)
69. A substantial amount of research and information will go into the new London Plan. London Officers at Merton are working with the Greater London Authority on Merton's share of London's new homes (known as the housing target) and on specific housing delivery projects including Morden.
70. As already mentioned, the council is working closely with the Greater London Authority and Transport for London on Morden's Housing Zone to improve the public realm and develop new homes in Morden. We will also take the opportunity presented by a review of London's plans to encourage central Merton including the areas around Colliers Wood, South Wimbledon, Morden and Wimbledon to be considered as one of London's new Opportunity Areas, demonstrating our support for investment and potentially attracting additional resources to the area.