

What is the Mayor's 'London Growth Plan'?

Published in February 2025 with minimal consultation, the London Growth Plan (LGP) will form the economic backdrop for the review of the London Plan. Unfortunately, it's short on 'good growth' (genuinely useful and sustainable economic activity) but long on ambitions and exhortations... and it's seemingly oblivious to the problems growth can bring.

The London Growth Plan (LGP) opens *"growth has always been fundamental to the story and success of London..."* In fact London contracted for over 40 years from the 1940s to the end of the 1980s, a deliberate contraction driven by national and regional policy in order to improve the quality of people's lives in and out of the capital. London's growth since 1990 has been spectacular, but has not always been beneficial to Londoners or the rest of the country it increasingly dominates, throwing up significant problems, not least London's housing affordability crisis.

The distinctive feature of the LGP is its method of throwing down similarly unsubstantiated statements without any analysis of the complexity of the problems Londoners face, their cause, or their solution: *"Make London a centre of excellence for fair pay and good work"*; *"Make sure London remains attractive for the best talent in the world"* etc

The Challenges to London

So, what are the issues? The LGP first sets out that

"London's challenges are evident: weak productivity growth, a housing crisis, high poverty rates despite a dynamic jobs market, and public services suffering from under-investment"

This is just odd. Weak productivity growth is an economist's abstraction, not something 'evident' or tangible like stagnating wages and rising rents. Other pressing challenges don't make this list: the climate emergency, rising wealth inequalities, and the waste of resources and destruction of communities through development-led gentrification, for example.

This follows from the Mayor's decision to constrain himself (and us) by the new government's five "missions" of economic growth, reducing crime, clean energy, giving children the best opportunities and improving the NHS - although the Mayor adds a sixth mission on affordable housing (more on that later).

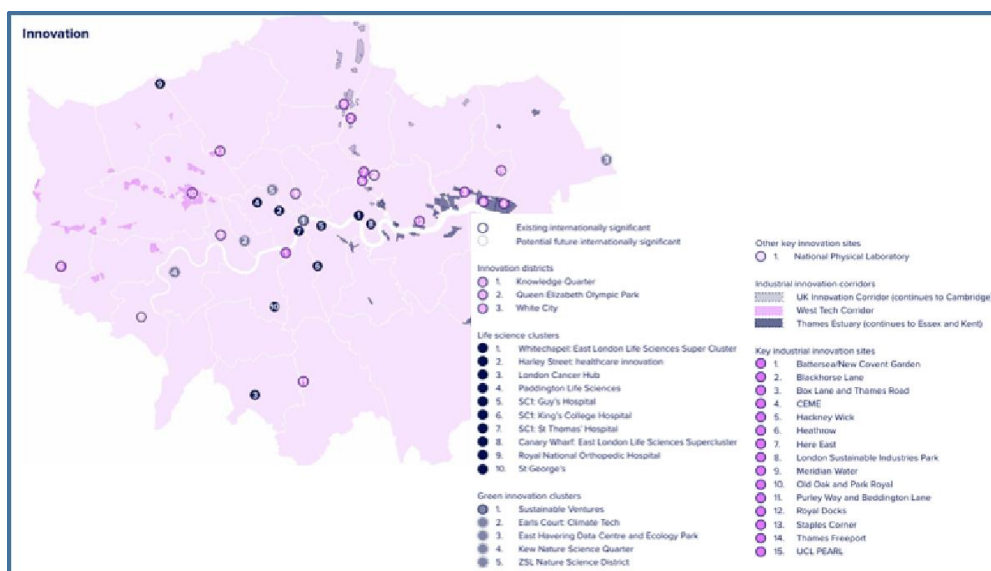
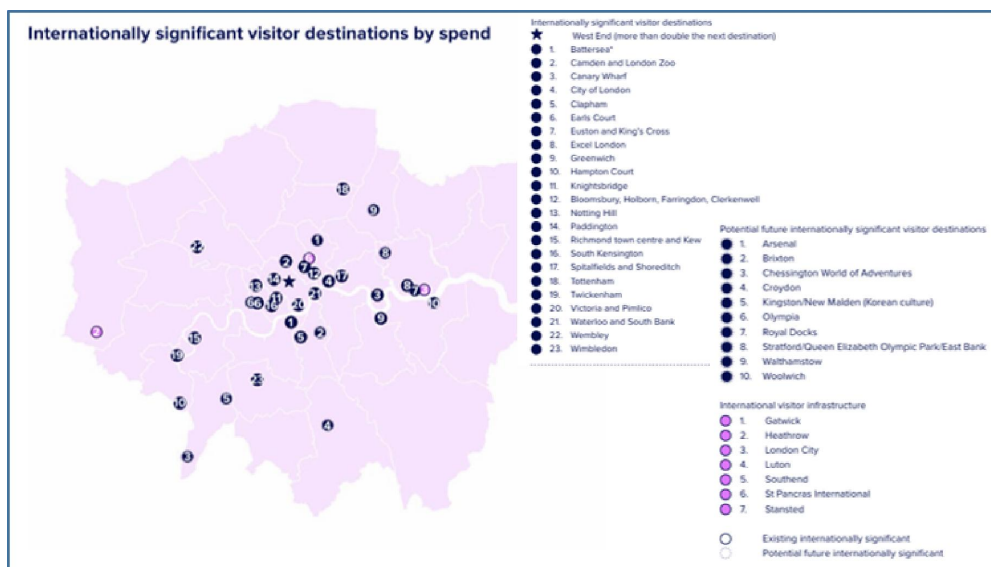
Mission Ambitions

The growth plan focuses on actions closely linked to the first mission of economic growth, specifically how it interacts with the other missions - *"for example, on housing, the focus is on unlocking private sector investment"* (Why? Don't we need public funding of a massive social housebuilding programme?). It's an economic plan, not a spatial one, although it does at least recognise the need for a big shift to polycentric growth, rather than focus on central London. It sets four ambitions:

- Raise the average annual productivity growth rate to 2%
- Raise the household weekly income (after housing costs) of the lowest earning 20% of Londoners by 20%
- Accelerate progress towards achieving London's net zero target for 2030
- Increase London's services exports by at least 6% on average

The 'action plans' to achieve these ambitions are confusing and woolly at best, misguided at worst, and likely to exacerbate the problems London's communities face. The nearest it gets to specifics are maps showing

- 13 regionally significant office clusters and two potential new ones (Brent Cross, Earls Court);
- 6 internationally significant creative clusters and a potential new one in Smithfield;
- 23 internationally significant visitor destinations and 10 potential new ones (Arsenal, Brixton, Chessington, Croydon, Kingston/New Maldon, Olympia, Royal Docks, Stratford/ Olymipc Park, Walthamstow and Woolwich... hmm);
- 3 innovation districts, 10 life science clusters, 5 green innovation clusters, and 3 'industrial innovation corridors' (Lea Valley, Old Oak/Park Royal, Thames Estuary (from the Royal Docks to the Thames Freeport)).



There is also a shout out for funds for projects, many of which have been in successive London Plans for 20 years, including extending the DLR across to Thamesmead, the Bakerloo line extension to Lewisham, the West London Orbital, and the new 'working towards Crossrail 2'.

Examples of success?

In an attempt to draw government funding, the LPG claims that London's infrastructure growth can largely pay for itself, and cites the Vauxhall/ Nine Elms/ Battersea (VNEB) Opportunity Area as an example. This is where the LGP becomes unhinged from reality. It claims that a £1bn state loan for the Northern Line Extension to Battersea will be repaid through tariffs on new developments: *"this investment unlocked redevelopment of the area supporting high-density development and the delivery of 16,000 new homes and 20,000 to 25,000 new jobs"*.

But this is simply untrue. The GLA's own database shows that of the flats completed, only just over 3,000 (21%) are classed as 'affordable', which includes anything up to 80% of market rent. Many of these are not homes, but are simply left empty (only 12 out of 220 flats in the Vauxhall Tower occupied, for example)¹. Prices are high, averaging £710,000 per flat² and rents average £2,170 pcm for a 2-bed.³ The number of jobs created is not even monitored, but there has been far less construction or take up of offices since the targets were set.

In fact, the VNEB Opportunity Area and its cluster of half-empty tall buildings is an embarrassment, perhaps the most grotesque example in London of the failure of this investment/developer-fixated approach to 'regeneration'. It epitomises the most evident crisis for the majority of Londoners - the unaffordability of housing to rent or purchase. But the LGP doesn't define or analyze the causes of the housing crisis, preferring to jump to apparent solutions without explanation.

Housing Affordability Crisis

The only explanatory text in the entire document regarding the critical matter of affordable housing states

"London is in a housing crisis. We need to build new homes – lots, quickly, of good quality and a range of sizes and types. This will raise productivity and reduce poverty. The priority is building genuinely affordable homes. This means rapidly reversing the post-pandemic decline in house building, driven by high interest rates and inflation."

¹ [The London skyscraper that is a stark symbol of the housing crisis | Housing | The Guardian](#)

² [Vauxhall house prices & property data - KFH](#)

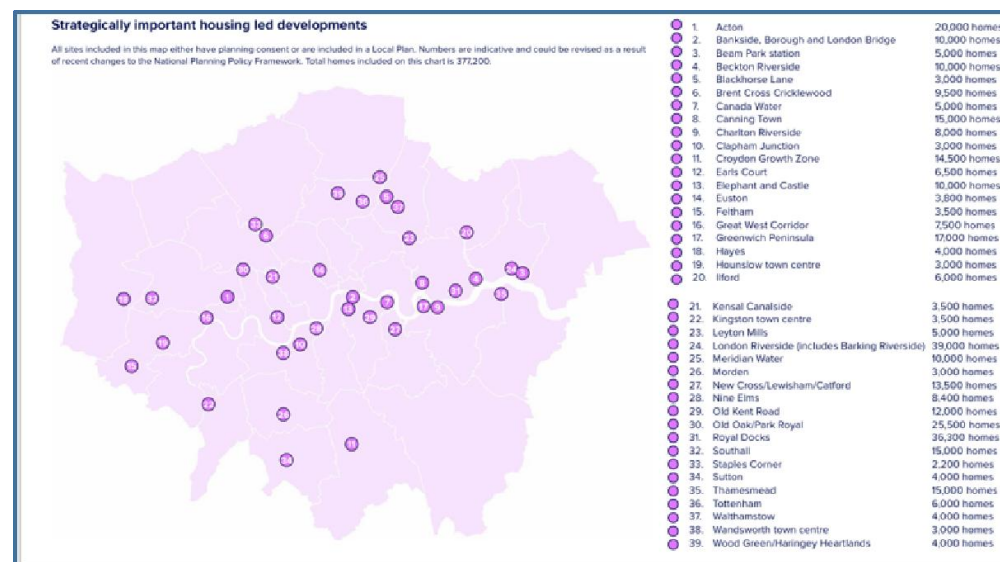
³ [Rent prices in South Lambeth, Vauxhall, Battersea \(SW8\) - London - Rentoo](#)

Firstly, the crisis is fundamentally one of affordability: housing is too costly to purchase for most incomes, and renting is equally unaffordable as well as being extremely precarious and vulnerable to rent hikes, poor management, terrible conditions and no-fault eviction. This is not simply about a lack of stock - over the past 30 years the stock in London has increased by more than the rate of household formation. A key problem is the shortage of social rent or council homes following 45 years of Right To Buy, with no replacement stock built by councils. Although some affordable stock has been built by housing associations, government funding for this has been deliberately reduced by the previous government over the past 15 years. The other source of affordable housing - as planning gain from market housing - consistently fails to meet its target.

Secondly, there is no consideration of why the housebuilding industry has been failing to provide the necessary quantum or mix of sizes and tenures, with overall completions down since the pandemic. Despite there being 500,000 unbuilt permissions, there is no consideration of the disparity between the number of approvals and the number of completions. There is also no consideration of why the private rented sector is so problematic, of the absence and benefits of rent controls, or of the ineffectiveness of the minimal regulations for the private rented sector. There is no analysis of the scourge of empty homes, or of the impact of Airbnb. There is no analysis of the energy inefficiency of much of the existing stock, and the need for millions of homes to be retrofitted. And there is no consideration of the carbon challenge of housebuilding's current practices, specifically the ubiquitous use of concrete and the financial incentives of demolition and rebuild over refurbishment.

Thirdly, there is no analysis of the achievements and failures of the housing strategy which has been in place since the creation of the Mayoralty in 2000 and the first London Plan in 2004. This has been primarily based on releasing industrial land for higher density housing across 47 Opportunity Areas, as well as at town centres and at transport nodes, with the intention that this generates a high proportion of affordable housing. But levels of genuinely affordable housing from this are increasingly low, and councils have turned to redeveloping or selling off other public land, in particular housing estates - currently 133 communities across London live under threat of demolition.⁴

⁴ <https://estatewatch.london>



Action Plans?

Perhaps the most extraordinary deficiency in the LGP is that it proposes no coherent solutions or practical changes, merely repeated exhortations to build! For example, the most relevant sections of the “10-year plan” for building housing:

“02. Rapidly build more homes, prioritising genuinely affordable homes. London’s lack of affordable housing is pushing households into homelessness and poverty. High housing costs are a drag on London’s productivity. London needs to rapidly build more homes of different sizes and tenures.

“03. Develop and implement a new London Plan which prioritises housing and growth. The London Plan is London’s statutory development strategy, which means it is the policy framework for what can be built where. London will work towards a new London Plan, to be published in 2027, which will work alongside complementary Local Plans and national planning reforms. This will aim to make it easier to make productivity-boosting investments in London and to build homes.

...

“05. Extend and upgrade the public transport network, prioritising projects to unlock new homes and growth • Docklands Light Railway extension to Thamesmead unlocks 30,000 homes. • Bakerloo line extension unlocks 20,000

homes. • West London Orbital unlocks 7,000 homes. • Work towards Crossrail 2 that will unlock 200,000 new homes, and safeguard the route in the meantime."

The other sections of this 10-year plan for housing relate to public transport, internet connectivity, energy sources, and "growing international travel connections" (!) The one-year 'action plan' is equally deficient:

- "01. Publish a London Infrastructure Framework*
- 02. Publish Towards a London Plan*
- 03. Launch the first wave of rent-controlled Key Worker Living Rent Homes to help London to attract and retain its essential workforce.*
- 04. Work to reduce the time taken for planning applications... particularly around larger projects.*
- 05. Speed up electricity grid connections*
- 06. Warmer Homes London to start funding work to retrofit homes for vulnerable Londoners so that they are warmer and more energy efficient. [how funded??]*
- 07. Work across private and public sectors to understand the long-term logistics needs of London's economy...*
- 08. Support housing viability in the short term through further steps within the current London Plan and Affordable Homes Programme (AHP) frameworks. This will build on December's Planning Practice Note and AHP changes to provide further grant support*

In short, the London Growth Plan 'Action Plan' for housing proposes writing more plans (which are already in the pipeline) and doing more research, plus three minimal practical steps for which no explanations are provided as to their funding.

Besides building housing and infrastructure, the LGP proposes 4 other key strands:

- An Inclusive Talent Strategy - unexplained, although it refers to *"piloting the new integrated approach to help economically inactive and young Londoners"*
- 'Backing our businesses' whose first priority is to *"increase SME productivity"* and proposes *"increasing the providing of affordable workspace through the planning system"* even as the Mayor consistently encourages and approves the speculative redevelopment of land and buildings currently used by SMEs.
- Investment and Promotion - *"dramatically boost investment into innovative companies"; "explore a new public-private partnership to attract more international institutional investment into UK venture capital funds"*

- Local Places - *"create local places where people want to spend time and money, day and night"*.

This last betrays a miserable assumption that ultimately everything is about encouraging consumption. And how do we do this? More pland: *"create an action plan for London's nightlife"; "explore a publicly owned, mission-driven property agent and manager"; "tackle crime and antisocial behaviour"*.

Dog-eat-dog

Early on in the Executive Summary the LGP reveals a pernicious mentality: *"Global competition is growing. Cities around the world are expanding and globalising fast. In this century of cities, only a few will emerge as truly global centres for commerce, ideas and innovation. We are determined that London will be in the vanguard of that group."*

This is the same dog-eat-dog approach evidenced in the first draft of the first London Plan in 2002, serving up London for the happy few. Twenty years of this competitive approach to globalisation has driven housing unaffordability, homelessness, a low-wage economy, and the partial or complete obliteration of many of our poorer communities, all to make way for the use of land as the UK's largest bank to deposit assets, and the world's largest laundromat of hot money.

Where did all the Good Growth go?

In the Foreword to the London Plan, Sadiq Khan wrote in 2021:

"This London Plan sets out a new way of doing things, something I call Good Growth. Good Growth is about working to re-balance development in London towards more genuinely affordable homes for working Londoners to buy and rent. And it's about delivering a more socially integrated and sustainable city, where people have more of a say, and growth brings the best out of existing places while providing new opportunities to communities."

"Good Growth is not about supporting growth at any cost, which for too long has been the priority, leaving many Londoners feeling excluded and contributing to a lack of community cohesion and social integration."

