

1. Introduction

- 1.1 Peabody was established in 1862 by the American banker and philanthropist, George Peabody. Our mission is 'to make London a city of opportunity for all by ensuring that as many people as possible have a good home, a real sense of purpose and a strong feeling of belonging.'
- 1.2 We work solely in London, with a presence in the majority of London boroughs. We own and manage around 28,000 homes, providing services to over 80,000 Londoners. This is set to grow with over 8,000 new homes planned across the capital.
- 1.3 As well as bricks and mortar, we provide community programmes for the benefit of our residents and for people living in the surrounding neighbourhoods. We support over 23,000 hours of free-to-access community activities each year. This work aims to tackle poverty at its roots, supporting people to transform their lives and communities for the better.
- 1.4 Peabody is growing and has ambitious plans for the regeneration of Thamesmead, south east London. For the first time in a generation, the organisations responsible for housing, land and community in this area have been brought together into a single, well-resourced organisation. Over the next 10 years we will work with partners and local people to translate our vision of a mixed, economically active and vibrant Thamesmead community into reality.
- 1.5 Developing London's transport infrastructure is essential in order to deliver a major uplift in housing delivery and create significant economic benefits to regeneration areas. We believe that Peabody's role in Thamesmead presents one the biggest opportunities to tackle London's housing crisis. Thamesmead has the potential for between 15,000 and 20,000 new homes, as well as 6,000 to 8,000 new jobs. Fulfilling this potential will depend on the provision of new transport infrastructure, particularly new river crossings and extension of the DLR from Gallions Reach.
- 1.6 New river crossings and extension of the DLR from Gallions Reach are crucial to delivering the full potential of Thamesmead. They will enable a step change in the connectivity of public transport for those living in parts of central and north Thamesmead and have the potential to act as a catalyst for attracting external investment. We ask the Commission to recognise the growth potential of Thamesmead and the potential for a major uplift in housing delivery through new river crossings and a DLR extension.
- 1.7 Our response relates to Section 3 of the call for evidence, 'London's transport infrastructure'. We have chosen to respond to questions 1 and 2 of this section as these most closely relate to Peabody's core purpose and future plans.

2. What are the major economic and social challenges facing London and its commuter hinterland over the next two to three decades?

Summary

- London requires a major uplift in housing delivery in order to address the current housing crisis and to secure the city's future growth.
- We believe that Peabody's role in Thamesmead presents one of the biggest opportunities to tackle London's housing crisis. Thamesmead has the potential for between 15,000 and 20,000 new homes, as well as 6,000 to 8,000 new jobs.
- New homes must include a mixture of tenures in order to effectively meet housing need in London and must be integrated with new and existing infrastructure (e.g. schools, health, community and transport) in order to create successful and sustainable communities.

Population Growth

- 2.1 London's population is currently growing at a rate of around 100,000 people a year and recently reached a record high of 8.6 million people.¹ Continued population growth is expected to occur over the next two decades with London's population forecast to reach 10 million people by 2030.² This population growth has mostly been driven by natural replacement and international migration.
- 2.2 Peabody recognises the continuing growth in London's population and works closely with the GLA, local authorities, private developers and other housing associations to increase the number of homes available for Londoners. We are also committed to ensuring homes built are connected to the social infrastructure that allow them to make great places to live. This includes educational facilities, health services and community amenities, as well as transport links.

Economic Growth

- 2.3 London's population growth is fuelled by a strong economy. The city's economy grew by almost 30% over the five years to 2014.³ London creates almost 200,000 new jobs annually⁴ and the median weekly wage for full-time employees in London is £132 per week more than the UK average.⁵
- 2.4 London's job growth is forecast to continue over the coming decades, particularly in high skill sectors, such as professional services and technical activities. Continued employment growth is also forecasted in low skill sectors, such as retail and social care, which can have limited opportunities for career progression and wage growth. This has resulted in a polarisation of the city's labour market and led to some research suggesting London is the most unequal city in the UK with regards wage inequality.⁶

¹ Source: GLA, *London population confirmed at record high* (2015)

² Source: Mayor of London, *The London Strategic Housing Market Assessment* (2013)

³ Source: ONS, *London leads UK cities in economic recovery* (2015)

⁴ Source: Mayor of London, *The London Strategic Housing Market Assessment* (2013)

⁵ Source: ONS, *Annual Survey of Hours and Earnings* (2015)

⁶ Source: JRF, *Wage inequality and employment polarisation in British cities* (2013)

- 2.5 It is anticipated that much of London's future population growth and economic growth will take place in the east, especially in Opportunity Areas such as Thamesmead. This is because these areas have a greater supply of developable land, including brownfield sites, and significantly cheaper land costs. However, areas such as Thamesmead have also been historically underserved by London's transport infrastructure. The GLA has recognised this and recently launched their City in the East plan to enable the provision of critical infrastructure necessary to support future growth in housing and jobs.
- 2.6 Given the challenges in London relating to the availability of land, we strongly believe that Opportunity Areas such as Thamesmead present one of the biggest opportunities to tackle London's housing crisis. See point 3 for further information on the opportunity presented by Thamesmead.

Housing (Under)Supply

- 2.7 London's housing supply has persistently failed to match its population growth leading to the situation popularly characterised as a "housing crisis". At least 49,000 additional new homes are required in London annually over the next two decades to meet housing need,⁷ whilst just 21,000 new homes were completed in London over 2014/15.⁸ This undersupply of homes has been attributed to a range of causes, including constraints within the planning system, the availability and high costs of land, access to finance, and the make-up of the house building sector.
- 2.8 It is forecast that nearly half of the homes required in London over the next two decades will be for market rent/sale, one in five will be for low cost home ownership, and a third will be homes for social rent. London's annual housing requirement also includes 5,000 homes a year to address backlog housing need among households currently living in unsuitable accommodation.⁹
- 2.9 Peabody strongly believes that London needs a mix of housing tenures to effectively tackle the housing crisis. Although we welcome the government's planned investment in house building, we are concerned that current policy has insufficient emphasis on the demand for new affordable homes to rent. We remain committed to developing high quality new homes across a range of tenures, including social/affordable, as well as homes for rent and sale on the open market. Peabody's recent housing developments, such as Chambers Wharf in Southwark, Mint Street in Tower Hamlets, and Pembury Circus in Hackney, all demonstrate this commitment.

Housing Affordability

- 2.10A long-term shortfall in housing supply has led to significant increases in house prices. This has been apparent over recent decades in which London's house prices have increased much faster and higher than in other parts of the UK. London's average house price has more than doubled since the late

⁷ Source: Mayor of London, *The London Strategic Housing Market Assessment* (2013)

⁸ Source: Ibid.

⁹ Source: Ibid.

1990s and trebled since the mid-1980s.¹⁰ The average house price in London is currently £531,000, having risen by over 7% over the last 12 months. This is £245,000 higher than the rest of the UK.¹¹

2.11 House prices in London have risen much faster than earnings since the recession. London's average house price is currently sixteen times average earnings, compared with a ratio of 11:1 in the rest of the UK. This has created a significant problem of affordability, especially for aspiring home owners, and has increased demand for rented housing.

2.12 Average rental costs in the private rented sector are higher in London than other UK regions and have grown by over 4% over the last 12 months.¹² The median private rent in London for 2014/15 was £1,350 per month, compared with just £600 per month on average across England.¹³

2.13 The high costs of rent and home ownership have created affordability problems for many households, especially large families. One key consequence of this is the extent to which social diversity has been impacted, with many individuals on low-to-middle incomes being effectively priced out of living in many parts of London, especially inner London. This also affects the ability of employers to recruit workers in key professions due high housing costs. A recent CBI survey found that 61% of the capital's firms list housing costs and availability as having a negative impact on the recruitment of entry level staff, with half listing it as an issue for recruiting mid-level managerial staff.¹⁴

Transport Infrastructure

2.14 The continued growth of London places a higher level of demand on existing social and physical infrastructure, including transport. London's future population growth depends not just on the provision of new homes and jobs but also on the provision of sufficient transport capacity and connectivity to effectively link new homes with jobs.

2.15 Through addressing the pressures faced by London's transport infrastructure we could better support London's continued economic growth through productivity gains and job growth. Such improvements would also help to drive new housing development and regenerate key opportunity areas, such as Thamesmead. The use of transport infrastructure to drive growth across London is well established through initiatives such as the Northern Line Extension to Battersea, where 18,000 homes will be built in the GLA led Vauxhall Nine Elms Opportunity Area.

¹⁰Source: Ibid.

¹¹Source: ONS, *House Price Index*, (2015)

¹²Source: ONS, *Index of Private Housing Rental Prices* (2015)

¹³Source: VOA, *Private rental market statistics* (2015)

¹⁴Source: CBI, *London Business Survey* (2014)

3. What are the strategic options for future investment in large-scale transport infrastructure improvements in London - on road, rail and underground - including, but not limited to Crossrail 2?

Summary

- Developing London's transport infrastructure is essential in order to deliver a major uplift in housing delivery and create significant economic benefits to regeneration areas.
- We believe that Peabody's role in Thamesmead presents one of the biggest opportunities to tackle London's housing crisis. Thamesmead has the potential for between 15,000 and 20,000 new homes, as well as 6,000 to 8,000 new jobs. Fulfilling this potential will depend on the provision of new transport infrastructure, particularly the extension of the DLR from Gallions Reach.
- New river crossings and extension of the DLR from Gallions Reach are crucial for delivering the full potential of Thamesmead. They will deliver a step change in the connectivity of public transport for those living in parts of central and north Thamesmead and have the potential to act as a catalyst for attracting external investment.
- Peabody asks the Commission to recognise the growth potential of Thamesmead and the potential for a major uplift in housing delivery through the delivery of new river crossings and a DLR extension.

Thamesmead's growth potential

- 3.1 Thamesmead is a part of the GLA 'City in the East' Plan. Originally conceived as a new town for the 21st Century, Thamesmead has experienced mixed fortunes since the first families moved in in 1968. Many parts of Thamesmead have suffered from inconsistent governance, investment and management and it still suffers from poor connectivity and accessibility, exacerbated by an historic lack of transport infrastructure investment in comparison to other areas of London.
- 3.2 The poor provision of transport infrastructure has constrained development potential and the vitality of existing communities and employment areas. The locality has relatively low levels of income compared to the rest of London (for example, average household income in South Thamesmead is £37,652pa in comparison to an Outer London average of £48,530pa) and is in need of economic regeneration.

Peabody in Thamesmead

- 3.3 In 2014 the major landholdings and corporate responsibilities for Thamesmead were transferred over to Peabody, putting us in a unique position to facilitate a process of transformational change for the area. We have ambitious plans to regenerate the area into a high quality place to live, work and visit.
- 3.4 We have worked with Royal Borough of Greenwich and London Borough of Bexley to secure government investment into Thamesmead through the establishment of two Housing Zones, in addition to our own substantial investment. Working with our partners we are committed to delivering thousands of high quality affordable homes, with the first homes being delivered in the next five years.
- 3.5 Peabody is clear that Thamesmead is a community with huge growth potential and we have demonstrated our ambitions by committing to delivering a substantial regeneration programme.

Funding commitments from the two Housing Zones and other sources of investment are expected to result in £1.4bn worth of investment in the regeneration of Thamesmead. However, the full development potential of Thamesmead can only be unlocked with enhanced public transport and substantial investment in transport infrastructure.

- 3.6 The arrival of Crossrail to Abbey Wood in 2018 will significantly improve public transport accessibility for South Thamesmead and will enable the regeneration of key neighbourhoods around the station. However, strategic transport connections are still lacking across much of central and northwest Thamesmead. In order to maximise the impact of Crossrail and the development opportunity of the whole of Thamesmead, a co-ordinated programme of transport investment is required.
- 3.7 New river crossings, a DLR extension and improved local transit connections will deliver a major uplift in housing delivery in Thamesmead. Crossrail will bring 25,000 residents in Abbey Wood/South Thamesmead closer to central London with the ability to reach Canary Wharf in 11 minutes and Tottenham Court Rd in 24 minutes. This however, will not significantly improve the connectivity of 15,000 residents of North and Central Thamesmead (due to slower connections to Abbey Wood station), nor will it allow Peabody to bring forward significant land holdings for development in North Thamesmead.
- 3.8 The London Plan currently identifies a possible 3,000 new homes which are deliverable in Thamesmead, whereas the work Peabody has done with the GLA/TfL and the two Boroughs demonstrates the potential of between 15,000 and 20,000 new homes, as well as associated commercial development, including a new town centre for Thamesmead, if the requisite transport infrastructure can be provided. Clearly, transport infrastructure can more widely benefit an area than simply resolve transport problems.
- 3.9 New river crossings will be essential to attract the necessary investment to fulfil the development potential of Thamesmead. The increased connectivity will ensure Thamesmead becomes an integral part of London, providing the right conditions for attracting private sector investment in both residential and commercial developments.

Potential for further growth – key transport interventions for Thamesmead

- 3.10 Peabody's vision for Thamesmead is the creation of first-class transport connections that provide excellent connectivity into central London, to the wider region, opening up new routes into Kent, and within Thamesmead itself. This will unlock future development sites and encourage a greater level of investment within the area. We have identified the following key transport interventions:

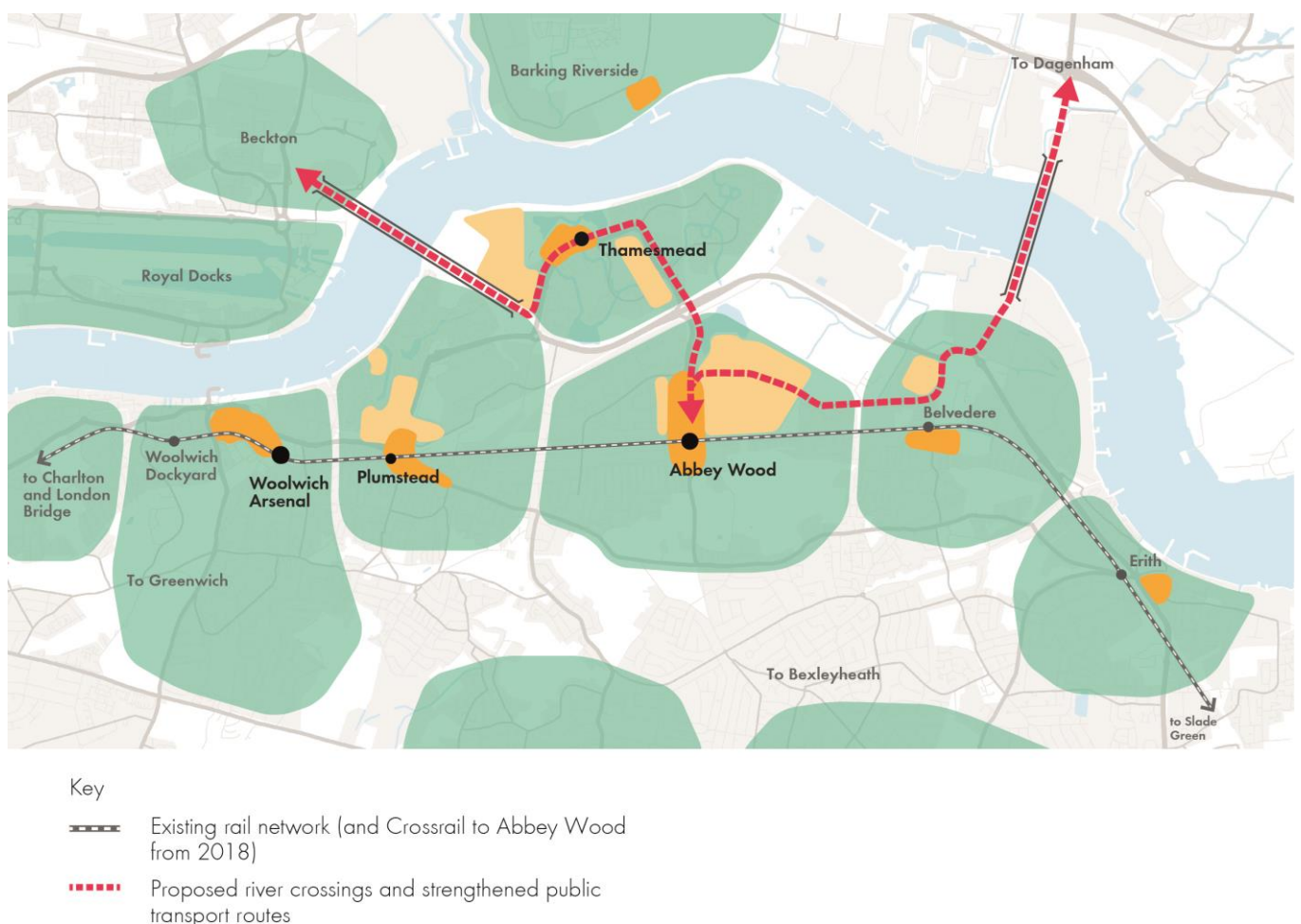
- (1) River crossings:** A new river crossing at Gallions Reach would enable the comprehensive development of Peabody controlled sites in north and central Thamesmead, including Tamesis Point and the town centre. The crossing would play a key role in unlocking development potential, enhancing values and deliverability, and enabling residents to access employment opportunities in key employment locations such as the Royal Docks and Canary Wharf.

Our preferred option for the river crossing at Gallions Reach is a tunnel. We believe that a tunnel would have a number of advantages over a bridge as this would have a lesser impact on nearby residents and would enable the development of a higher volume of new homes compared to a tunnel. Peabody will be further outlining our case on this matter in the TfL river crossings consultation.

A new crossing at Belvedere would also support businesses, job creation and housing delivery for local people. It would also improve business productivity and output as a result of better connectivity, agglomeration and increased competition (see *Figure 1 below*).

Figure 1. River crossings

Indicative plan showing proximity of major development sites in Thamesmead to proposed Gallions Reach and Belvedere river crossings.



- (2) DLR:** The extension of the DLR Beckton branch to Thamesmead over Gallions Reach crossing would transform the accessibility of north and central Thamesmead, improving local journeys and creating connections to areas of economic growth in Docklands. It would also act as a catalyst to the comprehensive development of key strategic sites increasing the ambition, deliverability and development potential of these sites. There is potential to achieve a further

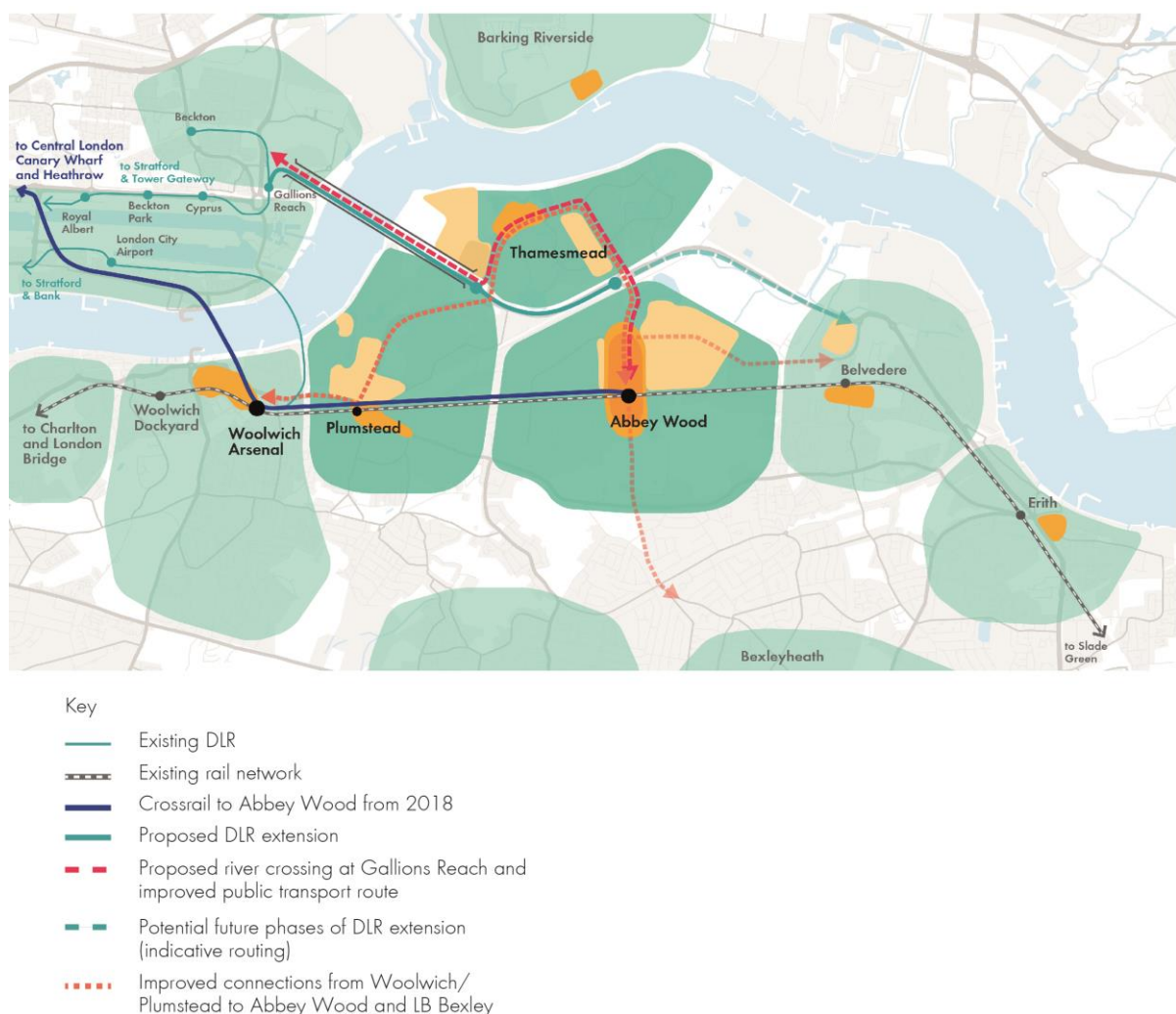
extension from central Thamesmead towards Belvedere which would also be of major benefit to housing and employment sites in Bexley and Thamesmead.

We believe that the potential number of new additional homes which would be enabled by an immersed tube DLR transport option at Gallions Reach has so far been underestimated. Our estimates suggest that this option would enable the delivery of 7,800 new homes within the vicinity of the DLR station, with the potential for more depending on densities.

A DLR extension from Beckton to Thamesmead would also reduce journey times from the Town Centre to Bank (from 59 minutes down to 32 minutes) and to the Royal Albert Dock (from 64 minutes down to 8 minutes), thereby opening up accessibility to jobs and linking key development schemes north and south of the river (see Figure 2 below).

Figure 2. DLR Extension

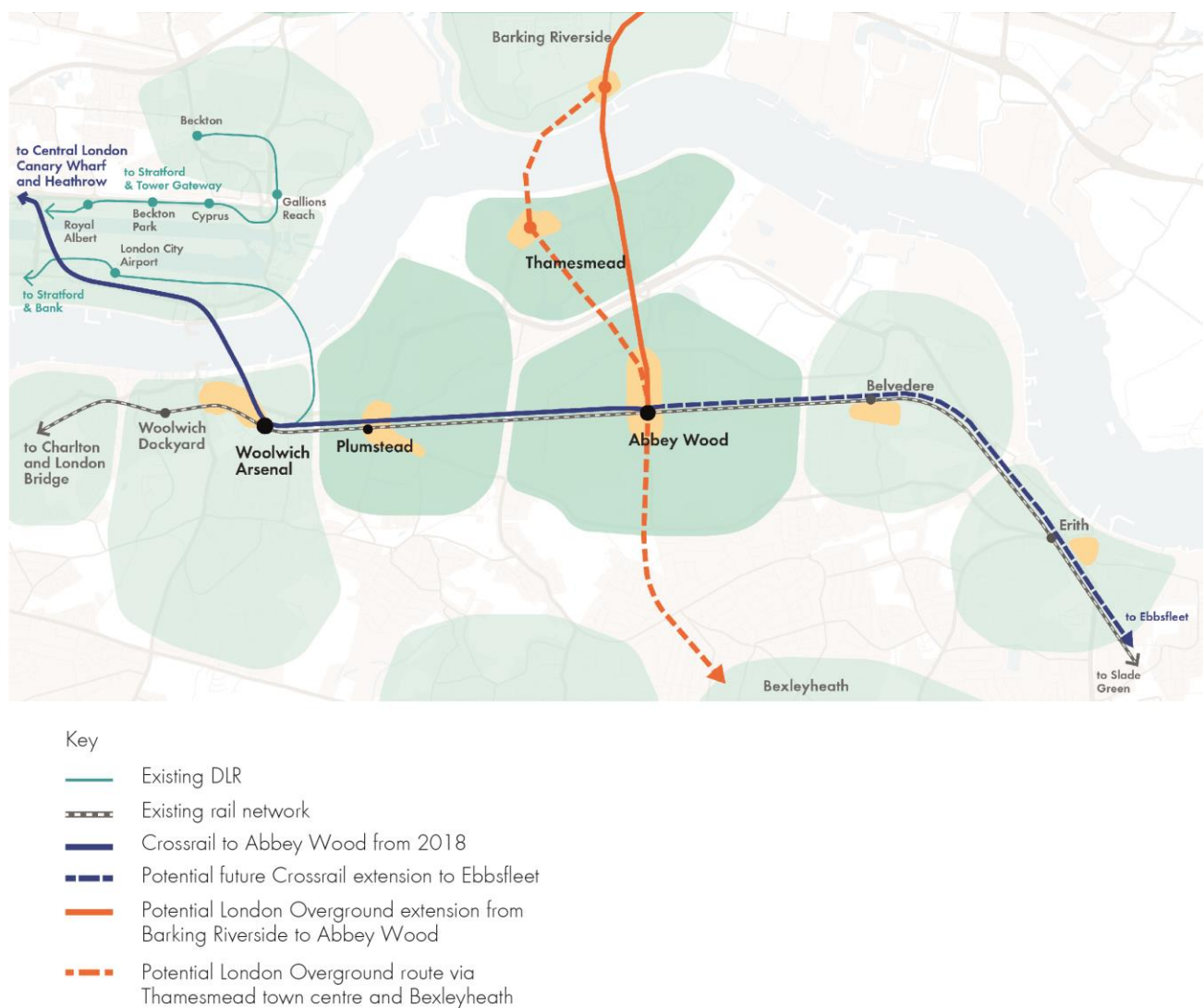
Illustration of DLR extension providing a direct link from central Thamesmead to the Royal Docks, Canary Wharf and the City.



- (3) Overground extension:** The extension of overground services from Barking would connect the area into a new orbital network of outer London centres for the benefit of central Thamesmead and Bexleyheath. An extension of Crossrail to Ebbsfleet would also be beneficial in the long-term (see Figure 3 below).

Figure 3. Overground extension

Illustration of the Overground extension providing a link from the Crossrail station at Abbey Wood to central Thamesmead and Barking Riverside.



- (4) Local transit (east to west):** Improved transit connections in the form of tram or enhanced bus services would play a vital role in improving local journeys from east to west between Woolwich and Abbey Wood. Other connections or interchange could be achieved via the new river crossings to connect into the Royal Docks and London Riverside.
- (5) River bus:** An extension of river bus services from Woolwich via Tamesis Point/Thamesmead Town Centre and beyond would provide a further connection to a number of destinations in central London.

4. Conclusion

- 4.1 Peabody welcome further opportunities to contribute to the debate on London's transport strategic challenges. We ask the Commission to recognise the growth potential of Thamesmead and the potential for a major uplift in housing delivery through the delivery of new river crossings and a DLR extension.
- 4.2 Since our merger with Gallions in 2014 we have committed substantial investment in development work and detailed studies identifying the overall potential of Thamesmead. We would welcome discussions with the Commission and TfL in regards to future pieces of work, particularly relating to new river crossings and a DLR extension.

For further information, please contact:

[contact redacted]