# Co-living could unlock affordable housing for London’s key workers under new plan



The issue of housing availability and affordability in London has come to the forefront as plans for the city's future development are being re-evaluated. Central to this discussion is the role of co-living spaces, which have gained popularity as a potential solution to the housing crisis, particularly for key workers who form a significant portion of the capital’s workforce.

Current guidance from the London Plan stipulates that co-living developments should contribute to affordable housing, either through the provision of traditional housing on-site or payments in lieu. Advocates argue that the forthcoming London Plan presents an opportunity to rethink how co-living arrangements can be optimised to meet housing needs effectively. They suggest that co-living could be a critical component in providing discounted market rent (DMR) units specifically aimed at key workers, who comprise about 25% of London's labour force. This demographic includes NHS staff, teachers, and social care professionals, many of whom struggle with the high rental costs in London.

Research from Savills indicates a stark reality: in no London borough can a newly qualified NHS nurse afford rent on a one-bedroom flat. As housing prices continue to climb, many find themselves priced out of the locations crucial to their work, leading to lengthy commutes which exacerbate their financial burden. Co-living schemes, with their inherent flexibility and cost-sharing features, could alleviate some of these pressures. Previous instances, such as the Sunday Mills in Wandsworth and the Apiary in Ealing, showcase how integrating DMR into co-living projects can create more affordable and accessible living environments for those on lower incomes.

However, experts caution that solely increasing supply through co-living may not suffice. An article from the Financial Times highlights that renting even modest accommodation is increasingly unaffordable for key workers across England, notably in London and the South East. This is underlined by Shelter’s findings, which reveal that renting a one-bedroom property consumes more than 30% of gross pay for a significant portion of new nurses and teachers. There is a growing call from economists for the government to prioritise investment in affordable housing, as reliance on private market solutions has proven inadequate.

Various initiatives have emerged in response to the housing crisis, showcasing innovative models aimed at supporting key workers. For instance, Willows Housing Group offers intergenerational co-housing that blends private space with shared facilities—an approach designed to foster community and combat isolation among residents. Similarly, CoHouse promotes affordable shared housing for “City Makers” who contribute to London’s economy, exemplifying how community support can enhance living conditions for those in essential roles.

The LOWE Group has introduced property guardian schemes, enabling key workers to live in vacant properties at reduced costs, thereby providing security for landlords while addressing the acute need for affordable accommodation. Meanwhile, HYELM offers private en-suite rooms along with communal spaces geared towards key workers, aiming to create comfortable living conditions close to vital services.

Co-living could prove instrumental in not only providing immediate housing solutions but also in fostering vibrant, mixed communities that support London’s essential workforce. By allowing for greater flexibility in housing arrangements and integrating affordable options, the new London Plan could pave the way for innovative models that accommodate the diverse needs of the capital’s residents, ultimately addressing the pressing issue of affordable housing head-on.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.savills.co.uk/blog/article/377587/residential-property/towards-a-new-london-plan--co-living-s-important-role-in-meeting-the-capital-s-housing-needs.aspx), [[2]](https://www.ft.com/content/09586dd7-3ba4-4433-beb5-8c58278d4e52)
* Paragraph 2 – [[1]](https://www.savills.co.uk/blog/article/377587/residential-property/towards-a-new-london-plan--co-living-s-important-role-in-meeting-the-capital-s-housing-needs.aspx), [[5]](https://thelowegroupltd.com/affordable-accommodation-for-key-workers/)
* Paragraph 3 – [[2]](https://www.ft.com/content/09586dd7-3ba4-4433-beb5-8c58278d4e52), [[3]](https://www.willowshousing.org.uk/), [[4]](https://co-house.uk/)
* Paragraph 4 – [[5]](https://thelowegroupltd.com/affordable-accommodation-for-key-workers/), [[6]](https://en.wikipedia.org/wiki/Sanford_Housing_Co-operative), [[7]](https://hyelm.com/news/exciting-housing-opportunity-for-key-workers/)

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## Bibliography

1. <https://www.savills.co.uk/blog/article/377587/residential-property/towards-a-new-london-plan--co-living-s-important-role-in-meeting-the-capital-s-housing-needs.aspx> - Please view link - unable to able to access data
2. <https://www.ft.com/content/09586dd7-3ba4-4433-beb5-8c58278d4e52> - A recent article from the Financial Times highlights that renting a one-bedroom flat is unaffordable for new nurses, teachers, and NHS healthcare assistants in nearly half of England. The charity Shelter reports that rent for an average one-bedroom property consumes more than 30% of gross pay for 45% of newly qualified nurses, 43% of teachers, and 69% of healthcare assistants. This issue is particularly severe in London and the South East, where high housing costs exacerbate the affordability crisis. Shelter emphasizes the need for increased government investment in affordable housing, as private market solutions alone are insufficient to address the shortage. An open letter from 40 economists, including Nobel laureates, urges prioritization of affordable housing in upcoming financial reviews. Despite government promises to boost affordable housing and new home construction, challenges persist due to financial pressures on housing associations and a decline in social housing stock. Campaigners argue that more investment in affordable homes could yield long-term economic benefits and cost savings. ([ft.com](https://www.ft.com/content/09586dd7-3ba4-4433-beb5-8c58278d4e52?utm_source=openai))
3. <https://www.willowshousing.org.uk/> - Willows Housing Group is an intergenerational cohousing project in London, offering private spaces, shared facilities, and publicly accessible community areas. The initiative aims to combat isolation among older individuals and young families by fostering strong communities within the city. In response to escalating house prices, Willows Housing provides genuinely affordable intermediate homes through an innovative financial model, ensuring long-term affordability. Environmental sustainability is central to their mission, with a commitment to building homes that are both affordable and eco-friendly.
4. <https://co-house.uk/> - CoHouse offers affordable shared housing for 'City Makers'—teachers, nurses, social workers, artists, and creatives who contribute to London's vibrancy. The organization reimagines renting by providing affordable homes with flexible contracts, all-inclusive bills, and a supportive community environment. CoHouse partners with employers, trade bodies, and mission-led organizations to promote inclusive growth and address the housing challenges faced by key workers and creatives in the city.
5. <https://thelowegroupltd.com/affordable-accommodation-for-key-workers/> - The LOWE Group addresses the lack of affordable accommodation for key workers in London by offering property guardian schemes. These schemes allow essential workers, creatives, and professionals to live in vacant properties at reduced costs, providing live-in security for landlords. The LOWEkey Prioritisation Programme specifically prioritizes accommodation for key workers, offering savings of 50%-60% compared to conventional rental costs. This initiative aims to alleviate the housing burden on key workers and support their vital roles in the community.
6. <https://en.wikipedia.org/wiki/Sanford_Housing_Co-operative> - Sanford Housing Co-operative, located in the London Borough of Lewisham, is the UK's first purpose-built housing co-operative, operating since 1974. The co-operative comprises 14 shared houses and 6 studio flats, fostering a community-oriented living environment. Managed by its members in accordance with cooperative principles, Sanford Co-op emphasizes mutual support and shared responsibility among residents. The cooperative model offers an alternative to traditional housing, promoting affordability and community engagement.
7. <https://hyelm.com/news/exciting-housing-opportunity-for-key-workers/> - HYELM, a registered housing association with over 100 years of experience, provides affordable housing solutions tailored for key workers in London. Their offerings include private en-suite bedrooms, modern communal spaces, and all-inclusive rent packages, with no deposit required. Located in Old Street, HYELM's accommodations are designed to meet the needs of key workers, offering comfortable and convenient living arrangements close to essential services and transport links.