



# **NEW IDEAS FOR HOUSING LONDON**

Background competition essay

by Claire Bennie

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This essay, written by Claire Bennie, has been commissioned by NLA in June 2015 to provide background information for the NLA competition New Ideas for Housing, supported by the Mayor of London. Entrants may refer to this essay for background information to inform their submission and inspiration on key lines of enquiry.

The competition forms a key part of NLA's forthcoming Autumn 2015 Insight Study, exploring new ideas to deliver quality housing at speed and at scale in London, sponsored by AECOM and GL Hearn. The Insight Study includes a major new publication, exhibition and events programme, hosted at NLA's galleries in The Building Centre from 15 October - 17 December 2015

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## INTRODUCTION

A home is fundamental infrastructure for a decent life - it is as basic a human need as food and water. A civilised society would not accept that people managed without these nutritional basics so why does it seem to put up with such stark inequality or shortage of accommodation in London? If a minority of people were hoarding food and trickling it out at extortionate prices, with food banks being the norm for most people, there would surely be civil unrest. Of course the demand for food can be met from anywhere in the world now: but the creation of new housing suffers uniquely due to its reliance on a finite and static commodity: 'land near employment'. London, with its global reach, productive economy and vibrant atmosphere, has recently created many thousands of new jobs and thus continues to attract fresh residents year on year in search of their livelihoods. But it cannot create more land. And in that basic imbalance is the housing problem born in the capital.

Neither is the remedy as simple as turning on a tap and supplying an adequate number of homes. Affordability is the other crucial factor at play, and is a factor not solely related to that lack of supply. Renting or purchasing accommodation in London is so expensive relative to earnings that it hurts many Londoners, causing flight outwards or away, overcrowding, or at worst, homelessness. Fiscal policy, whether public spending, interest rates or tax, has just as a large a part to play in the affordability aspect as pure supply.

The 'supply failure' issues do not stop there. Have we got the right sized homes for our households? Does their tenure and regulation provide very necessary stability? Are existing London homes in an enduringly fit state, affordable to run, and easy to get into and around? Are they chronically under or over occupied? All of these factors compound to exacerbate both the affordability and supply crisis, and may not lead society necessarily to 'building more homes' as an exclusive solution.

The ultimate outcome of an inadequate supply of the right housing is that London will cease to function as a city which creates £10-£20bn of added value per annum to the UK economy. It will decline economically if the people necessary to sustain it cannot be accommodated in a dignified, let alone comfortable or affordable way.

So what *exactly* is the situation now, how did we get here, and what do we do next?

## LONDON'S HOUSING CRISES: A BIT OF HISTORY

A leading figure in housing, education and health reviewed the state of affordable housing in the city. The causes of the problems he encountered were rapid growth and immigration, increased cost of land and rents, public improvements (e.g. new railway routes), migration to the suburbs and the need of those on low incomes to live near their work. He identified the slow progress with any reform as due to inefficiency and neglect of local authorities, ignorance of ratepayers and the inadequacy of compulsory powers exercised by government. He bemoaned that no-one would provide homes for those on low incomes because of the inadequate return. It was almost 150 years ago in 1866 that James Hole, an educationalist and reformer with an interest in health, made these observations.

How depressingly familiar this all sounds. Scanning the literature about London from the mid-nineteenth century onwards reveals that a housing crisis, whether of supply or affordability, has dogged London since its first industry-inspired expansion. The causes and attempted remedies have been different over the 150 intervening years, but the 'holy grail' that London's housing supply should meet its demand in both numbers and quality (including affordability) seems to have eluded all generations including our own.

The historic drivers to increasing supply have always involved the plentiful and easy supply of land and funding, as well as favourable fiscal policy. The creation, improvement and expansion of public transport in London has also been a significant enabler of new housing development. The late 19th century and pre WW1 population boom was met with a mix of private housebuilding, the majority of which was by

multiple small actors, and some philanthropic and public housing in five storey tenements. The volume of both was wholly inadequate to meet demand and was very expensive relative to wages. It is interesting to note that both Land Value Tax and Rent Freezes were introduced before the First War and both had the effect of stunting supply. The prevailing political mood nonetheless was that the market would provide, a mood and a reality only changed by the huge expectation of decent housing rightly demanded by the population after the horror of WW1 was over.

After the First War, various Acts incentivising both public and private sector housebuilding as well as slum clearance resulted in a new increase in housing supply. Private sector housebuilding was demand-led with lots of choice and builders competing. It was fuelled by plentiful and cheap land, easily obtainable funding to small builders, burgeoning transport, availability of mortgages from Building Societies and low interest rates. There were 200,000 homes built a year in the UK between the wars: the subsidised homes comprised 25% by the new local authorities and a further 10% 'affordable' homes by the private sector. This period added 50% to the UK housing stock but new families were forming so the crisis did not abate before WW2 commenced.

After the Second War there was a huge increase in the amount of London households at the same time as unprecedented prosperity across classes, causing owner occupation to become the 'normal tenure' for the first time. A huge political will existed to invest public money in housing in earnest for the first time and land was compulsorily purchased with public money in substantial quantities. UK housing delivery thus hit 200,000 – 300,000 a year varying from 75% subsidised down to 40% in the final years of that unprecedented era. Parker Morris Standards (essentially large space standards) and Cost Yardsticks proved in the end an unsustainable pairing of generous standards and impoverished grant monies. The 1970s slump, the collapse of Ronan Point and 1980s political antipathy to subsidised housebuilding brought our most recent housing boom to a close.

New Towns formed part of this public growth in the 1960s and 70s but were not as significant a factor in relieving demand as might be thought, only adding 4% to the national stock. Both New Towns and town additions experienced problems such as lack of facilities or transport which undermined their success considerably.

The collapse in housebuilding after about 1980 was accompanied by the Right To Buy policy which allowed council tenants to purchase their own homes, thus reducing the stock of public rented housing by about 300,000 homes (there are only about 800,000 public or charitable homes in London now so this was a significant reduction). Other tax, rent and mortgage reforms all combined with this undersupply to push property values and rents to the limit of acceptability relative to wages for most Londoners in the 21st century. The housebuilding sector underwent a significant slow-down and has never recovered sufficiently to respond to new demand in the capital, especially as that demand is highly vulnerable to the boom and bust culture.

## **LONDON'S HOUSING CRISIS NOW**

So what are the factors and dynamics which underpin London's housing crisis now? The data and evidence is in some areas surprisingly difficult to come by, or even pin down as fact. It might be imagined that the basics of land ownership or population change were undisputed and matters of public record, but this is not the case. Readers must therefore tolerate ambiguous or contested data and make up their own minds. The parameters split into demand and supply side: each factor is first explained in terms of the existing situation, and then 'key lines of enquiry' and further ideas are suggested to prompt some thinking about solutions.

## **DEMAND**

London's very rapidly expanding population and job creation is not a new phenomenon as has been demonstrated, but the options for addressing that demand have never been more constrained.

Page one of any economics textbook would state that there must be two interventions which might resolve a market imbalance: creating more supply of a good, and/or managing down demand. It would be wrong to plough ahead with an essay, or indeed a set of studies of London's Housing Crisis, without addressing the issue of 'managing demand'. Many people will ask: why even allow London's seemingly unstoppable population rise? Can that rise not be cooled in order to avoid over-densification, tower blocks, strains on public services and yet more focus on London and not on the North? This is not a new issue: the 1940 'Barlow' Royal Commission noted that 'The continued drift of the industrial population to London and the Home Counties constitutes a social, economic and strategical problem which demands immediate attention.'

'Demand management' suggests both unpalatable issues such as population control, and what might be perceived as 'anti-London' strategies for investment and job creation outside the capital. It is worth noting that in the both before and after WW2, central government tried to diversify employment locations with limited effect. This strategy needs huge political will and private sector action. Londoners could of course be housed outside London, as previously stated, in town extensions or New Towns within striking distance of the capital. The conflicts between the people of London, fearing intolerable densities, and those of the wider region, fearing growth and loss of character of their chosen low density environment, will be bitter.

Further demand side management could involve curbing investment possibilities e.g. second homes, overseas investor behaviour and easy mortgage credit. Inevitably this kind of demand suppression has unintended consequences and is the subject of fierce debate between the various policy-makers about whether it would both suppress demand and supply simultaneously.

## HOMES, PEOPLE AND HOUSEHOLDS

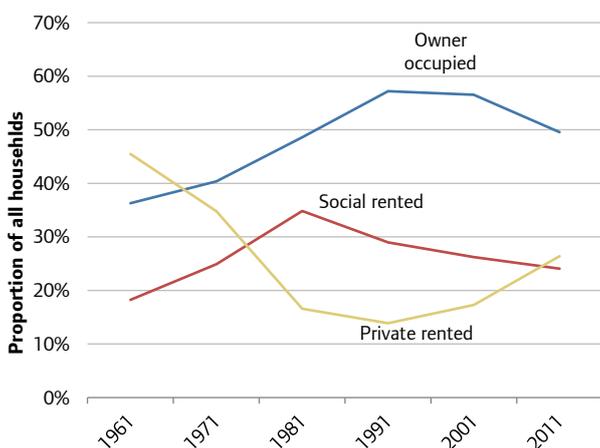
### What have we got?

Greater London has approximately 3.4m dwellings and 8.4m residents. Households are mostly housed at the moment, even if only on a temporary basis. The average household size is 2.5 people, which is an increase of 13% over the last census period. Historically, this figure has been as high as 5.5 (nationally): the population of England and Wales in 1801 is roughly equivalent to London's population today but there were a mere 1.6m distinct dwellings then. London's homes are split roughly into 50% houses and 50% flats.

In terms of tenure, 76% of homes are owned privately in the capital, a third of which are then rented out on the market. The remaining 24% are in public or third sector ownership and rented at a subsidised rate, a significant amount having been lost to Right to Buy during the last 30 years. The trend is clear: many households cannot buy homes any more and are turning to private renting as the only alternative. 50% of those private renters don't want to be renting.

### Trend in household tenures, London 1961-2011

Source: Strategic Housing Market Assessment (SHMA) - GLA - 2013



8% of households are now overcrowded, but especially those in private rented stock where the rate is more like 13%. 70,000 households are living in the same home as another household. In contrast, nearly 40% of owner-occupier households have two or more spare bedrooms. Contrary to the popular belief that London is a 'lights out' city, only c. 121,000 homes are either empty or 'second homes', representing 3.5% of the stock, albeit that the expensive boroughs contain most of these.

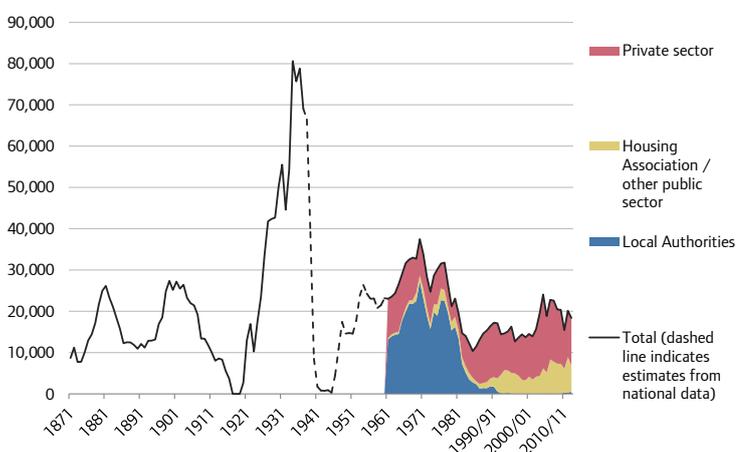
Further qualitative issues affecting London's stock are its suitability for older or less mobile people, its age and condition, its energy efficiency and the stability of tenure afforded to the resident. These are all factors which will affect London's offer to its new and existing residents, and make them consider their choices when deciding whether to stay or go.

### What is currently being added?

The current net delivery of new build homes in London of all tenures stands at about 20-25,000 homes per year: this has not changed significantly in the last 15 years. This comes from new build homes as well as some homes created through the conversion of houses to flats.

### New homes built in Greater London

Source: Housing in London – GLA - 2014



### What do we need?

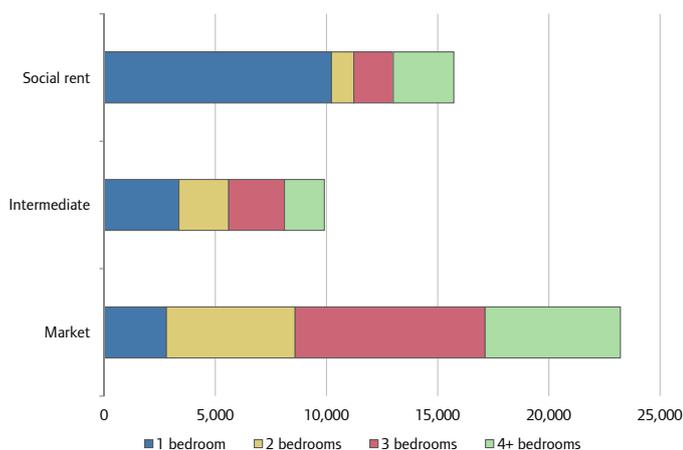
Overcrowding is rising and the projected number of people in the capital is set to rise by a further 1.6m over the next 20 years. In households, this equates to 800,000 households due to the expected smaller household size emerging. Thus 40,000 new homes per year over the next 20 years are needed to house the new population, and a further 9,000 a year to 'catch up' with current latent demand. Some experts say that the backlog should be met far more quickly, resulting in a 62,000 home per year supply need during the first ten years. Others even go as far as 85-100,000 homes per year as an immediate need. So the delivery of new homes has to at least double from its current rate in London, with some saying it needs to quadruple. Tokyo and New York have managed to add enough new homes to meet population growth over the last ten years, whereas London has failed.

What tenures are needed is a matter of considerable debate and argument. The GLA evidence shows that 52% of new homes should be affordable (either rented or intermediate homes) with a substantial amount of these being smaller homes for social rent and larger homes for intermediate tenures. Some commentators note that there is a significant backlog of affordable housing demand which should be addressed more quickly than over the 20 year period envisaged. The market demand is thought to be for larger homes in the future, a need which some say could be met through a redistribution of households in the existing stock.

The GLA's Housing Need Assessment is shown below:

### Annual housing requirement 2015-2035 by tenure and size

Source: Strategic Housing Market Assessment (SHMA) – GLA - 2013



#### What other contemporary needs are not met?

Setting aside the issue of pure numbers, there are various groups whose needs are not met by the current stock or tenure arrangements which prevail in the capital. Affordability is clearly the major issue, and is dealt with in the next section. Other demand segments whose needs are not adequately met include older people, private renters, people with physical and mental health issues, 20-somethings (sharing, earning very little and often in substantial debt) and single person households (on the increase). It is striking for instance that larger market homes are not available to their target family market due to long term and endemic under-occupation of these properties by older people, who are still not persuaded to move house by the paucity of housing offers for them in London. There is some evidence to suggest that older people enjoy the security, views, peace and communal facilities offered by well-managed tower blocks, however counter-intuitive that might seem. Supply solutions need to address these redistribution and 'missing typology' issues in the current stock, alongside providing additional homes.

#### Where did the most recent million new people go?

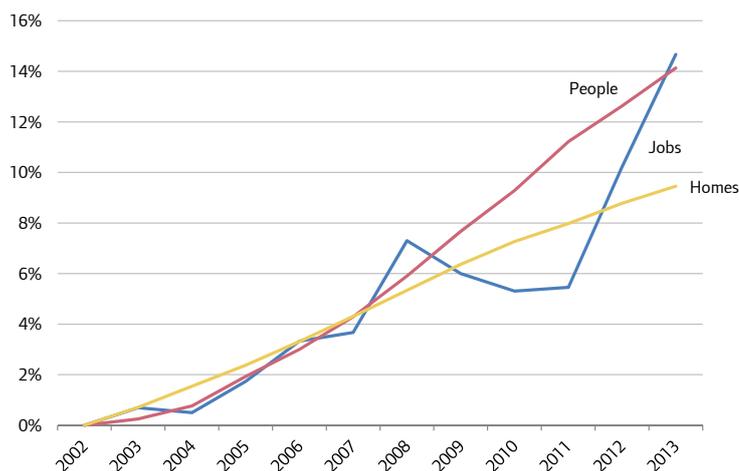
The most recent population increase of c. 1m people during 2001-2011 was absorbed about half into the existing stock (causing overcrowding in some cases) and half into the new supply of homes (about 22,000 new homes per year). This is not a sustainable model as overcrowding will eventually reach breaking point in the existing stock.

#### Why is the population increasing?

A substantial number of jobs have been, and continue to be, created in London year on year and this is undoubtedly creating the attraction to London. Employment in London is projected to reach almost 5.8m jobs by 2036, an increase of 860,000 from 2011. These jobs are forecast to be highly concentrated, with about a third of these new jobs being within the Central Activities Zone, already an area with one of the highest jobs densities in Europe. Net in-migration (arrivers minus leavers) to London fluctuates over time but has recently accounted for about 20,000 people per year on average (about half of whom are from overseas) but the far bigger population boom is from births, with a net increase (births minus deaths) of about 80,000 people per year. London is becoming a much younger city.

## Cumulative growth in number of jobs, people and homes in London since 2002

Source: Housing in London – GLA - 2014



### KEY LINES OF ENQUIRY: HOMES, PEOPLE AND HOUSEHOLDS

How many new homes are actually needed?

Is there a more efficient use of the existing stock needed, and how can this be achieved?

What size and type of dwelling is needed to ensure need as well as demand is met?

Should the expanding population be housed outside Greater London?

How do we deal with the issue of smaller household sizes?

How do we predict and provide for both the living and working patterns of the future?

Some ideas which are out there:

- Housing more of the demand outside Greater London
- Curbing overseas investment and second homes
- Tackling under-occupation
- Restricting mortgage credit
- Managing population
- Investing in economic growth outside London
- Incentivising older people to downsize through fiscal measures or compelling new build offers

### THE MARKET AND THE AFFORDABILITY PROBLEM

#### London's current housing market

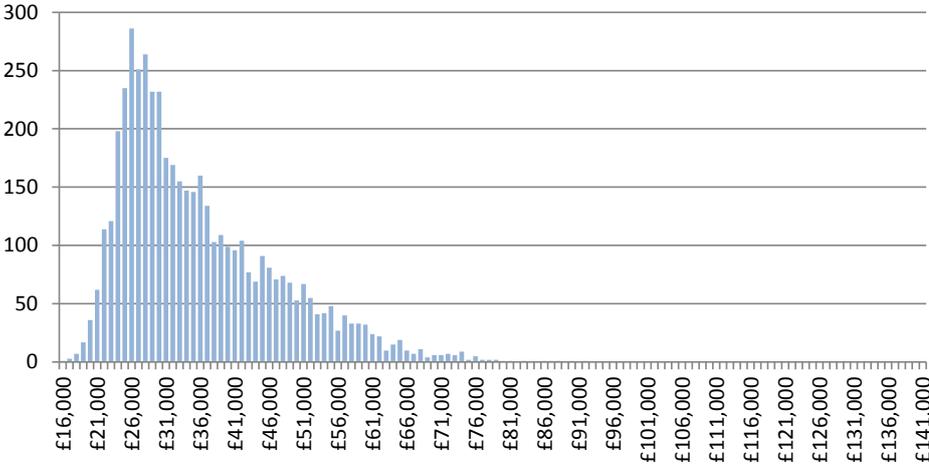
The most visible and stark aspect of the housing crisis in London is the reducing affordability of homes in the capital. The origins of this problem are a combination of many decades of government policy-making (including fiscal and planning) resulting in under supply, as well as UK and international investment behaviour and population growth creating intense demand. The supply of housing in 2015 is currently operating almost as a free market, with very little public grant funding, tax intervention or other constraints on globally-located purchasers. The interventions which do exist, such as Housing Benefit and Buy-To-Let tax relief, create markets and incentives which do not necessarily address need. Developers are acting rationally within this environment to meet the needs of their purchasers (and hence their bottom line) through releasing land and sale homes slowly, maximising prices, seeking stable purchasers globally and minimising affordable home provision. What is abundantly clear is that the market left to its own devices does not meet the needs or aspirations of a growing number of Londoners and that intervention is required to address this. It is not enough to just 'supply more homes' if the market environment does not constrain their use or ownership – prices have not gone down as a result of more supply.

## Wages

The median London household income is £35,740 and 80% of households bring in less than £45,000:

### Median income distribution, London LSOAs

Source: GLA experimental household income estimates 2011-12  
Experimental small area household income estimates 2011-2012 - analysis of results - GLA intelligence - 2012

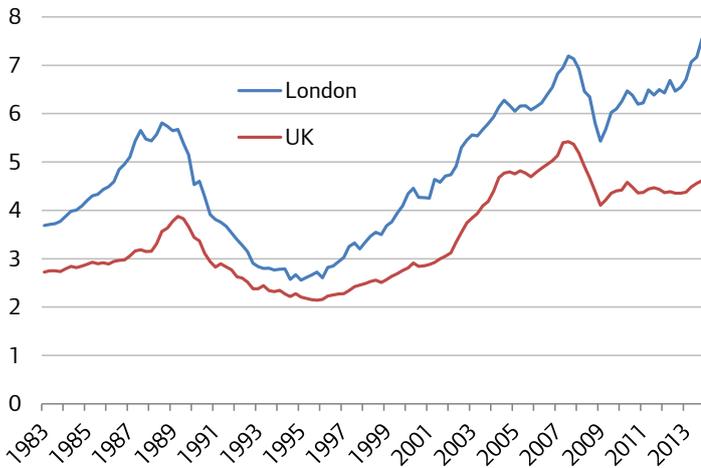


## Market homes and first time buyers

The proportion of 25 to 34 year-olds owning their own home has fallen from 59% to 36% in a decade. House prices rose by 18% in London and wages by 2.1%. Market values are on average 7.5 times average salaries in 2013:

### Ratio of average first time buyer prices to average earnings, 1983-2013 (Nationwide)

Source: Strategic Housing Market Assessment (SHMA) - GLA - 2013

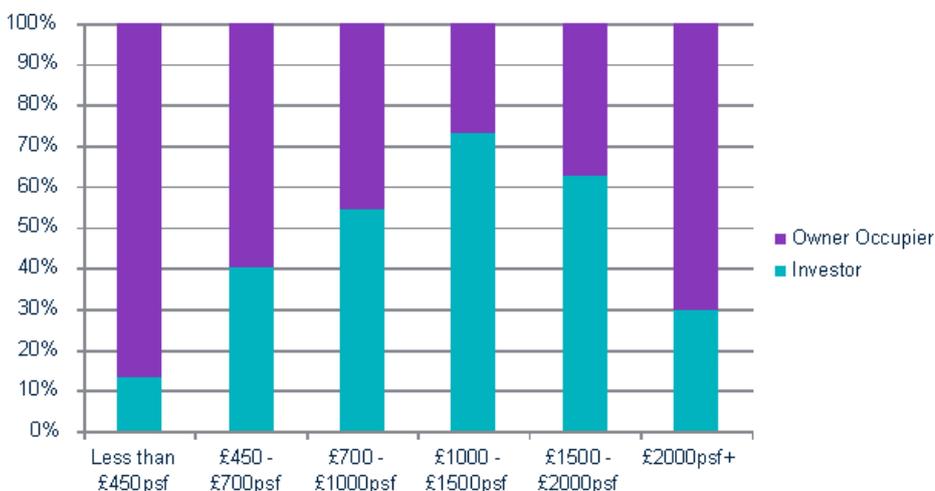


So who is buying new build homes if they are so expensive? Molior's research shows that 61% of new build homes are currently bought as an investment and 32% as a place to live in. (The remainder were 'flipped' to shared ownership tenure). Overseas investors account for 15% of the purchases, mostly in the higher price bands. It is not clear how many of the new build purchases were to first time buyers: 80% of the new build sales market is affordable to only 20% of working households, and the average first time buyer is now in the top 20% of London's household income distribution. It remains to be seen whether there are now more 'buy-to-live' purchasers due to the recent Help To Buy policy which allowed more first time buyers access to mortgage finance with a smaller deposit. Even though the mortgage credit market is back from its freeze in 2008 and interest is at an all-time low, the entry deposit of 25% required (especially for post grads with substantial debts) is an insurmountable barrier for those without equity-rich parents. The 'Bank of Mum and Dad' accounts for almost two-thirds of first time buyer deposits, although the average amount given is only £27,000 which hardly fits the bill.

First time buyers form 80% of band 1 and 20% of band 2 in the diagram below:

### Owner / occupier investor splits

Source: Savills data from Who Buys New Homes in London and Why? – Molior for BPF – Feb 2014



### Private rental market

Renting on the open market is clearly a growing tenure due to the inaccessibility of market homes as described above, and this tenure is currently largely being supplied 'informally' via small investor purchase. There is some evidence that investor-purchased homes are being used in the main for corporate lettings and overseas students, or left empty. The size and format of the new homes developed therefore reflects the needs of these users rather than long term family households – 95% of all new build homes being flats. The London private renting market is unregulated and 'unseen' with very few property standards and no planning use-class. There is not yet a mature new build Private Rented Sector (PRS) in London whereby known and trusted institutions fund discrete, serviced blocks and benefit from their rental stream over the long term (as in the US). Institutional investors are looking at the sector as an investment prospect now, but some experts suggest that commercial buildings still provide better returns in London and it is this return level which is crucial to the growth and maturing of a genuine PRS sector and stock in the capital.

Private renting is not a cheap tenure: the average monthly rent is now £1314 for a one bed and £1677 for a two bed (Molior). Between 40% and 50% of renting households in London are living in poverty, the biggest increase being in private renting households. This is partly due to the increased use of private rented homes for residents who qualify for social housing but have no access to that stock. There are now 842,000 housing benefit claimants which represents about 50% of renters, one third of whom are renting privately and two thirds of whom are in social housing. London's housing benefit bill was £6bn in 2012-13, with a 40% growth in caseload during the decade 2003-2013.

Most importantly, private renting gives very little security of tenure, a vital qualitative factor for those making housing choices. If it is to become a mainstream London tenure, then its reform is long overdue. Many commentators believe that the use and retention of public land to underpin the building of dedicated rental homes of all prices is the only way to retain public control in perpetuity of the supply of homes to meet the highly variable demand and need of London.

## Proportion and number of people in poverty by tenure, London 1999/00 to 2001/01 and 2009/10 to 2011/12

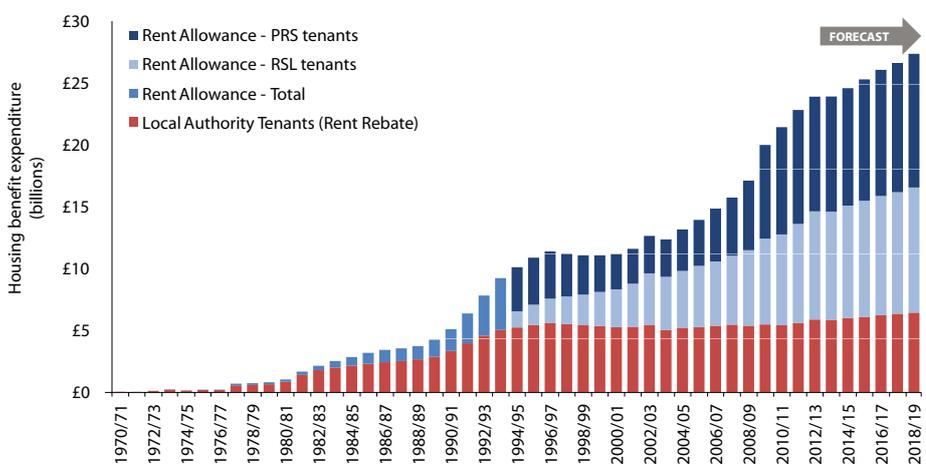
Source: Strategic Housing Market Assessment (SHMA) - GLA - 2013



It is interesting to note that over the last ten years, London has received around £17bn of capital investment to build new, or improve existing, affordable homes, while the total housing benefit bill has been £50bn. The UK trend in Housing Benefit payments is shown below.

## Housing benefit - long-term spending and projections

Source: Lyons Review - 2014



## KEY LINES OF ENQUIRY: AFFORDABILITY

How much of the new supply should be 'affordable'?

Are there new tenures or products which can meet the demand of lower income Londoners?

Should the London market be more constrained to Londoners?

Does fiscal policy need to change and how? (taxation, rent control etc)

Do we encourage the desire to buy or focus on compelling rental homes?

Some ideas which are out there:

- Substantial increase to the minimum wage in London
- Investor purchase constraint
- Overseas investment and purchase constraint
- Homes for sale with discounted prices
- 'Shared ownership' home supply increase
- Public investment refocus from Housing Benefit to new homebuilding
- Private Rented Sector to be a stable and attractive tenure of choice through regulation
- Recognisable, compelling and well-managed buildings for PRS
- Right to Buy sale constraint

## SUPPLY

Land, funding and housebuilders, and the way they are incentivised and regulated, are at the nub of today's housing supply conundrum. London was never holistically planned until it was too late. Its organic evolution as a centre which gradually agglomerated peripheral villages meant that its density was fatally low from the outset. The disposal of land and property to private individuals, mostly over the 20th century, sealed London's fate by making it extremely difficult to redevelop land (to suit a new economic era and population) in any great quantity. The post WW2 Town and Country Planning Act, though laudably aiming to prevent further 'unsightly' suburban sprawl, only frustrated housebuilding further by imposing substantial restrictions on land use which remain with us (and cherished by many) to this day, in spite of London's very different economic environment. Ideally, large parts of London would be rebuilt from scratch and built at a different density, but private property interests are for the most part far too entrenched for this to be a realistic prospect.

The various parties who fund and build homes are motivated very differently and respond to various market interventions and stimuli as well as the seemingly untameable macro-economic environment which now has global reach and impact, where it did not during previous booms. The big question for those attempting to make policy at central or local level is how to encourage and give certainty to that willing supply chain of actors to create, scale up or invest in their businesses to increase supply.

Design is the alchemic process which draws these three supply-side raw materials into physical coherence, from neighbourhood layout through to door handle specification. The architect is a relatively recent entrant to the housing supply chain and their output has enjoyed a mixed reception over the years, but land scarcity in the 21st century means that detailed, early consideration of design, 'product' and space standards is now more important than ever.

## LAND AND PLANNING

### Overview

An absolute essential for the supply of new homes to be delivered is available and appropriate land. There is an instant problem here: is it possible to consider how to house the 10m people who are projected to be living 'in London' without also considering the land in the whole of the South East for their possible accommodation? The GLA struggles with this in its policy documents because they have no control over the land use, spatial planning or housing targets of their adjacent authorities. (This does raise the question of the urgent need for a National Spatial Strategy but this is

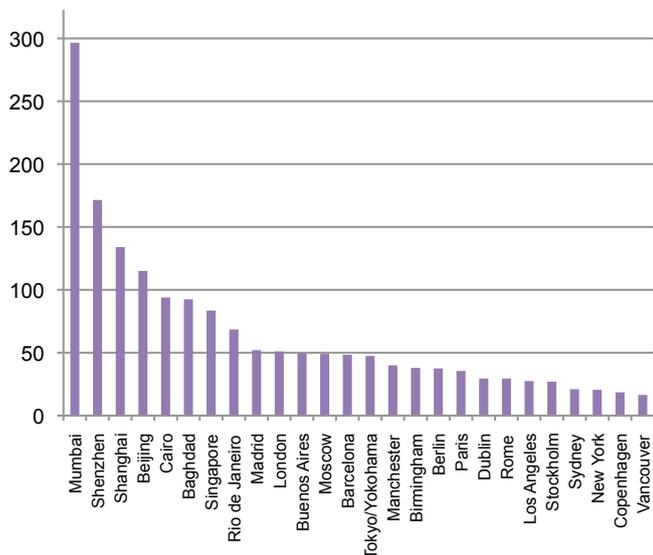
out of scope for this essay.) But for the purposes of this exercise, there follows an analysis of land within Greater London only.

### How much land is there in Greater London?

Greater London has 152,200 hectares (one hectare = 100 x 100 metres = 10,000 square metres) which means that there are just over 50 people, or 20 homes, per hectare if all land is used. Lay out all London residents in a grid and they would be spaced 14m apart. London is a relatively low density city.

### World city densities (people per hectare)

Source: City Mayors Foundation - 2007 data

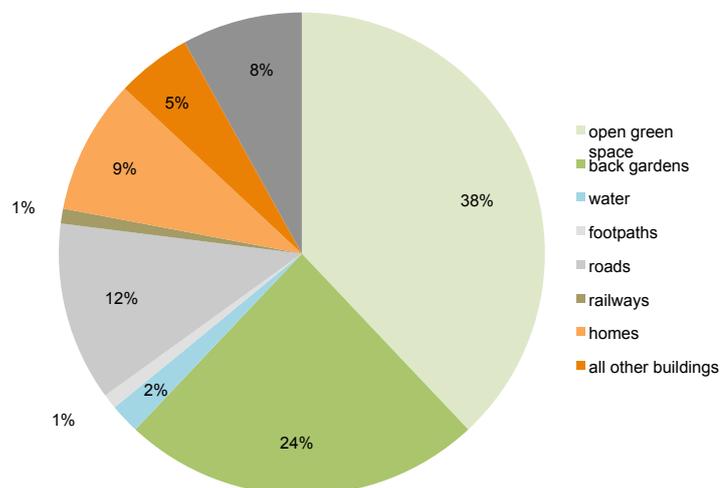


### What is London's land used for now?

The statistics which follow are very striking to both experts and lay-people alike. The National Land Use Database (NLUD) reveals that London has 38% open green space and 24% back garden space in addition. Buildings account for at most 22% of the land usage, and more likely closer to 14%. Who owns all this land? The answer is not at all transparent and many parties (most notably recently the London Chamber of Commerce) have called for the London Land Commission to speed up its work in identifying ownership in the capital. Many people are calling for more transparency in particular around inactive landbanks owned by developers as well as non-developing organisations, although some contend that this land area is relatively small in comparison to other ownerships. The split of public and private ownership is not clear but can be surmised from the land uses shown below.

### Greater London land use by area

Source: General Land Use Database (Office for National Statistics) - 2012 data



### What land is therefore available for new supply of homes?

There are then two strategies for considering how much land is available and appropriate for new homes: starting with Greater London's whole area and subtracting the impossible, or starting with and adding up Greater London's known possible sites, identified by the local authorities, taking into account all existing constraints.

Taking the first approach is difficult because London's land use and ownership is by no means all recorded. Making some assumptions from the chart above about the ownership of the buildings, a rough estimate says that around 45-50% of land is instantly not available for development without substantial and very difficult intervention due to the existence of private ownerships, transport or water infrastructure. Of the remainder, 38% is open green space, 7% is in public housing or its gardens, 1% is in public building assets and there is a remaining 8% in unknown use. So in theory (and the multiple regulatory and other constraints which land is subject to have been ignored for the time being – see next section), about 75,000 hectares are 'available' for new buildings.

Now taking the second approach whereby the GLA has worked with London's boroughs to identify actual sites with potential, this identified about 450,000 homes worth of land. 290,000 homes could be delivered within ten years, using land amounting to about 3,700 hectares, all of which is 'previously developed land' or already has a building on it. (Note that c. 100,000 of these homes already have planning consent). A further 100,000 homes can potentially be accommodated on sites of less than 0.25 hectares in area, but these are not identified. Various London policies, including Opportunity Areas and Housing Zones, aim to accelerate this identified capacity. So only 5% of the 75,000 hectares identified above is currently 'on the table'.

### What are the constraints affecting land which could be developed for housing?

Numerous overlapping constraints exist which affect land use and development potential in the capital. These could be categorized into ownership, planning, technical and viability factors.

Having identified the barrier of private ownership above (at least 30% of land area being privately owned), planning regulation is then by far the most constricting factor. Taking open space, 18% is designated Metropolitan Open Land and 22% is designated Green Belt, the latter fact surprising many people who assume that London's Green Belt lay outside the Greater London boundary. Experts and advocacy organisations are bitterly divided over the presence and effect of London's green belt (and the amount of open space in general) on its ability to grow. Turning to land which is more developed, 15% of Greater London is in a conservation area which affects both the areas themselves and the land adjacent. Industrial land, albeit a small percentage of London's available land, is now being understandably protected for job retention and creation (although recent developments have seen a greater loss than desired). Where any land is allocated for or has potential for housing, density constraints then kick in, an issue requiring its own analysis (see next section). And it is not only the regulatory aspect of planning which provides the constraint: funding to Local Authorities has been cut to the point where planning departments are unable now to process the numerous and complex applications before them.

Technical constraints are myriad and complex, including Rights of Light, contamination, flood risk, noise and utilities. All of these lead in turn to an assessment of the viability of any given land for housing development, with access to public transport and other infrastructure being the other vital components which drive value and viability. It should be noted that the methods for assessing a site's viability, and thus capacity to accommodate affordable homes, are highly contested at present, resulting in tenure mixes which are compromised with respect to policy and need.

### What density can homes be built at?

Current London-wide planning policy provides for a range of densities depending on the current 'character' of an area and its accessibility to public transport. It is

interesting to note that recent completed developments have tended to be built at lower densities than the London Plan recommendation, especially in outer London areas.

## Public Transport Accessibility Levels

Source: GLA London Plan - 2013

Setting	Public Transport Accessibility Level (PTAL)		
	0 to 1	2 to 3	4 to 6
Suburban	150–200 hr/ha	150–250 hr/ha	200–350 hr/ha
3.8–4.6 hr/unit	35–55 u/ha	35–65 u/ha	45–90 u/ha
3.1–3.7 hr/unit	40–65 u/ha	40–80 u/ha	55–115 u/ha
2.7–3.0 hr/unit	50–75 u/ha	50–95 u/ha	70–130 u/ha
<b>Urban</b>	<b>150–250 hr/ha</b>	<b>200–450 hr/ha</b>	<b>200–700 hr/ha</b>
3.8–4.6 hr/unit	35–65 u/ha	45–120 u/ha	45–185 u/ha
3.1–3.7 hr/unit	40–80 u/ha	55–145 u/ha	55–225 u/ha
2.7–3.0 hr/unit	50–95 u/ha	70–170 u/ha	70–260 u/ha
<b>Central</b>	<b>150–300 hr/ha</b>	<b>300–650 hr/ha</b>	<b>650–1100 hr/ha</b>
3.8–4.6 hr/unit	35–80 u/ha	65–170 u/ha	140–290 u/ha
3.1–3.7 hr/unit	40–100 u/ha	80–210 u/ha	175–355 u/ha
2.7–3.0 hr/unit	50–110 u/hr	100–240 u/ha	215–405 u/ha

It should also be remembered that significant new housing development generates other infrastructure needs which take up land area, such as schools, shops and workspaces – housing cannot just be considered stand-alone.

### What is land worth in London?

Land value is a direct function of the value of what can be built on it, which causes significant high-risk speculation in the land market as expert and non-expert land owners gamble on what might happen at planning. London's land prices have escalated substantially during 'bust-to-boom' periods - the latest being 2009-2015 - and land can go for between £50,000 to £150,000 per home built for areas with mainstream property values. At the high end extreme, this can rise to £500,000 per home; at the other extreme, land with multiple challenges such as lack of infrastructure, poor transport connectivity and remediation requirements can be worth quite a lot less than nothing, requiring a heavy public funding commitment to bring it into play.

### Land and tax

Land ownership is not taxed to any significant degree in the UK, which is an area of concern to some who consider that a 'favourable' property tax regime has been the root cause of investor (including overseas) dominance in the housing market as well as incentivising landbanking and inactivity of land development, even when a planning consent exists. The various taxes include Council Tax, Stamp Duty Land Tax, Capital Gains Tax and Business Rates: London's Mayor does not have the powers to raise or control the expenditure of these local taxes and is campaigning to be able to do so, in line with many other large cities. Increased value gained at planning is 'taxed' via Section 106 Contributions and Community Infrastructure Levy which aim to pay for the necessary infrastructure to support new development (schools, roads etc).

### Land beyond London

There are many who are calling for London's current and future housing need to be met outside the bounds of the capital itself. The South East subregion also has population growth predictions separate from London's which mean that any moves to house Londoners in the wider region would add further pressure to that regional demand. Green belt opponents have argued that the belt does not constrain growth or sprawl: the growth simply jumps across the belt and into the wider region, a phenomenon easily visible in London. But advocates of a more sprawling and less dense city observe that if public transport were to become extremely green and

time-efficient, the sprawl would not matter. It is not within the scope of this essay to assess the detail of the capacity of London's hinterland to house its residents but this strategy needs to be given serious consideration.

### Public and pressure group opposition to land development

'Nimbyism' (NIMBY = Not In My Back Yard) is a crucially important factor in the supply of new homes. Land is constrained by the many and various technical and regulatory pressures discussed above, but its development is often also subject to substantial opposition from the public and bodies which have set themselves up to promote particular interests and views. The key outcomes are not only to slow down the rate of development, but also to increase cost and uncertainty to the point where schemes become undesirable to attempt or to complete. Public opposition to new housing development has recently been amplified for two key reasons: London's increasing inequity of housing choices, and a desire to retain London's character (as some see it) as a low to mid-rise city with generous open space. Social media has given far more bandwidth to these ideas, undoubtedly making new entrants to the supply sector nervous and slowing the rate of housing supply.

## KEY LINES OF ENQUIRY: LAND AND PLANNING

Which land in London should be used for new homes?

What policies and other factors would need to change for that to happen?

How do we fund and implement more infrastructure (e.g. transport) to make more land viable?

How could communication with the public be improved to enable supply?

What density should we build at?

Some ideas which are out there:

- Suburban residential intensification (e.g. back garden development)
- Urban intensification including towers
- Town centre intensification
- Estate regeneration and intensification
- Abolition of or change to green belt
- Total public sector land transparency and release
- Increased compulsory purchase powers
- Taxation reform to release captive land
- Stronger planning powers and entities (like Olympics or Docklands)
- Planning freedom (e.g. more permitted development)
- Increased investment in high speed public transport

## FUNDING AND FINANCE

### Overview

Easy and cheap access to development funding by developers (both private and public) and builders is, and always has been, a fundamental component of maximising housing supply. The financial system which underpins such lending at scale has both globalised and been subject to trauma and collapse within the space of 30 years, leading to greater cost, risk and uncertainty for the developer sector. Under these circumstances, it can be seen that relying solely on private sector housebuilders to maintain a steady stream of housing supply, especially at double the rate previously achieved, would be ill-advised. The Council and HA sectors now have new capacity to borrow to develop housing, but public subsidy in the form of grant has been gradually withdrawn, and an uncertain environment created where a smooth delivery pipeline is hard to achieve.

### Development funding/mortgage lending

Access to debt finance for large private sector developers and housebuilders, having been very variable during the past 10 years, is buoyant in 2015, both on a corporate basis and on a scheme basis. Projects under £40m (about 150 homes) are being funded by mainstream banks (subject to equity level) and other lenders: there is some

evidence that 'money is looking for schemes' rather than the other way round. Private equity is stepping in above that amount, with far fewer lenders in that cost bracket. History tells us that 'this too will pass', and any significant changes in interest rates or other shocks to the lending market will cause lending, and thus delivery, to reduce significantly.

Smaller building firms find it a lot more difficult to access debt finance for schemes and it is being suggested that public sector equity loans or public sector led housebuilding opportunities would assist this important sector in delivering small sites.

It is well advertised that lending to individuals for purchasing homes has been an unsteady business over the last 10 years and that this has created sufficient uncertainty in the housebuilding sector for starts to be stalled in large numbers. This just adds to the fluctuations in delivery described above.

### Public funding for Housing Associations and Councils

Housing Associations (HAs) began to be funded in the early 1960s to allow groups to develop homes for an intermediate renting/owning market: associations such as Circle 33 and Notting Hill set up at this time, some as co-ops. The HA movement took off in earnest when large tranches of non-returnable grant were then introduced via the Housing Act 1974 which met all costs for development which would not be covered by the eventual net rental stream (about 90% of scheme costs). Capital subsidy then reduced to 50% of scheme costs and latterly 20%, with no guarantee of any subsidy at all beyond a four year horizon, creating uncertainty and thus artificial spikes in housebuilding activity. The effect of this withdrawal of public funding has been to propel HAs into the private sale market in order to cross-subsidise their affordable home building activity, making them subject to the vicissitudes of the housing market in the same way as the private sector. HAs meet their development finance requirement through bond issues, using their all-but guaranteed rental stream to provide a long term yield to the investors and the value of their assets as surety.

If today 15,000 social rented homes per year were funded at the 1970s level, this would represent a capital subsidy of about £4bn per year, compared to today's subsidy of about £350m for about the same amount of homes. Some experts advocate a return to this level of public investment to ensure the delivery of affordable homes which the market will not provide.

Council housing was funded and built from 1919 onwards in a similar vein, only stopping under Thatcher in 1981. Local Authorities, including London's 33 boroughs, have in the last few years been given the freedom to borrow against their Housing Revenue Account (HRA) within a capped limit. This is a major change to the access to funding for building new homes by councils. There are campaigns to further unlock council borrowing whilst still ensuring that it does not impact the Public Sector Borrowing Requirement.

Over the last ten years, London has received around £17 billion of capital investment to build new, or improve existing, homes, while the total housing benefit bill has been £50 billion. Many commentators and experts have suggested that this balance of revenue and capital subsidy to 'make housing affordable' is out of kilter and does not represent value for the public purse. Any transition from revenue to capital subsidy would clearly need to take place over a long period in order to work.

### Institutional long term funding for PRS

A number of institutional investors are emerging as funders for the private rental market, and their involvement in London is being encouraged and incentivised by the GLA. As previously discussed, this market is not yet mature and the projected investment in and delivery of such blocks is still not anticipated to meet the burgeoning need for this tenure. It is suggested that the returns are still not adequate to promote such investment.

## KEY LINES OF ENQUIRY: FUNDING AND FINANCE

Where will the funding come from for a doubling in housing supply?

Could and should public funding be increased?

What public funding mechanism (grant, equity loan, debt funding) is optimal?

How can the returns be made attractive enough for institutions to fund Private Rent homes?

Should London have more fiscal autonomy with which to solve its housing crisis?

Some ideas which are out there:

- Substantial public sector grant increase for affordable homes
- Housing benefit subsidy change to capital subsidy
- London to raise, spend and increase local property tax income
- Housing Associations and councils to gain increased borrowing capacity
- Public investment targeted at infrastructure (transport, utilities, community assets)
- New financing mechanism for smaller and self-builders

## CONSTRUCTION AND PROCUREMENT

### Overview

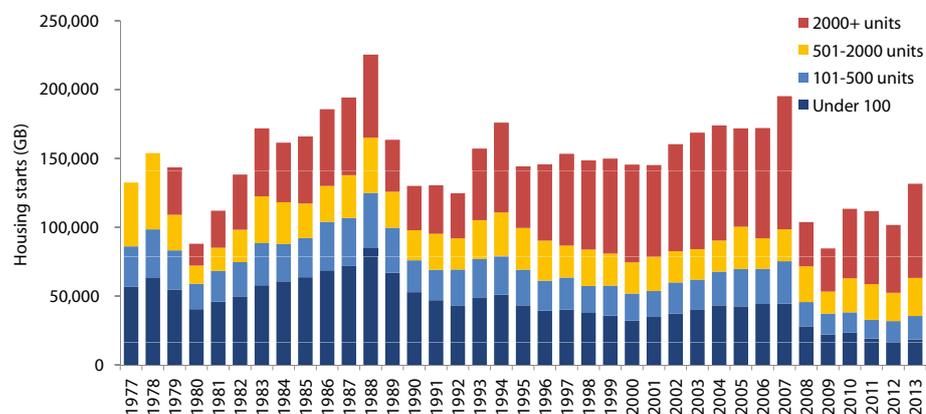
If homes are to be delivered at twice the rate they have historically been, the other step change needed is to the number and diversity of players in the housebuilding arena. It is simply not possible in terms of risk profile and borrowing capacity for a big housebuilder to double their existing business whether at speed or over time. Historically, housebuilding booms have been met by a combination of smaller and larger entities, with an emphasis on the smaller firms, but recent boom and bust cycles combined with escalating land costs mean that smaller firms without much equity are not able to borrow the debt funding or take the risks involved in housebuilding at any scale.

### Volume housebuilders

Thomas Cubitt was one of the first recognised major housebuilding contractors, setting up in business in the early 19th century and building much of Pimlico and Bloomsbury. But housebuilding resolutely stayed as a small, craft-based industry with thousands of firms undertaking mostly small scale work. That changed during the 1990s when the 'mega-firms' began to dominate the scene: in 2011 six firms started 50% of private homes on big sites, increasing to nine firms in 2013 (notably now including a large Housing Association). About 100 other firms built the remaining 50% of the homes. Bigger sites are also more prevalent now, further alienating the smaller constructors. There is some evidence that mergers of various larger developer organisations have tended to decrease the housing supply rate of the 'big beasts'.

## Housing starts by size of developer, Great Britain

Source: The Lyons Review - 2014



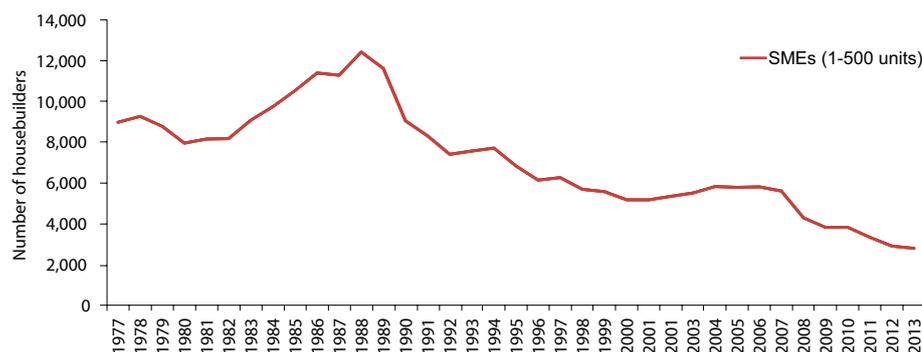
Volume housebuilders are also significant contributors to affordable housing supply via Section 106 agreements, in London building each year between one third and two thirds of affordable homes delivered over the last 20 years. (This has fallen to about 30% recently due to renegotiations of planning gain agreements).

### Small builders

Smaller firms have multiple challenges including difficult access to finance, little equity, lumpy cashflows and trying to compete in a very expensive land market. The larger housebuilders will not take on smaller sites so in theory there is a lot of opportunity to exploit, but smaller developers and builders find it hard to enter the market at all due to restricted access to funding post-crash and the vastly increased complexity of both planning and technical regulation.

### Declining numbers of SME builders

Source: The Lyons Review - 2014



### Public and charitable sector developers

The public and charitable sectors have been commissioners and builders of homes since the mid-nineteenth century, with a variable output depending on public spending priorities and thus grant available to them. Public sector development of new housing started in the late 1800s with philanthropic as well as public sector (LCC) tenement building, followed by local council housing development in later years. Public housing 'developers' were often more pioneering than their private sector counterparts for a variety of reasons, chiefly not having to compete for customers (there being a ready-made tenant base) and grant funding offsetting risk. A very strong post-war sentiment of public service and duty toward people on lower incomes also permeated public sector architects' departments, which were thus replete with talented and innovative staff. (As we now are aware, some of that visionary zeal, innovation and speed led to unintended and unworkable results.)

Housing Associations have been the chief developers of new affordable homes since the 1980s, having taken over from London's local councils and the LCC/GLC for whom funding for new homes was cut completely. The significant reduction in grant has meant that Housing Associations are now cross-subsidising their activity with a large proportion of homes for sale, a risk arena which some associations are not happy to enter. HAs have also tended to merge in recent years in a bid to create efficiencies of scale and thus far fewer organisations are involved in new development than previously. Having said that, the HAs which do develop have substantial asset value and hence borrowing headroom which makes them important players in today's housing development sphere. Local council development is also making a comeback with the advent of financing reform, but it is more likely that councils will use that freedom in partnership with the private sector rather than alone due to the skills shortage and risk involved in redeveloping their own land.

## Procurement

Public spending activity of any size is always accompanied by a heavily regulated procurement process in order to demonstrate transparency and value for money in the use of taxpayer funds. When London councils and HAs want to develop homes, the process for engaging with the development or construction market can be drawn out and on particularly large schemes, involve the participants in considerable expense. Frameworks help to make this procurement more efficient, but can lead to 'the usual suspects' being identified due to a low-risk approach requiring candidates to have substantial relevant previous experience. It is notable that overseas participants seldom participate in the construction market in the UK, despite European procurement rules, perhaps highlighting that construction activity requires particular local expertise. Many commentators are pointing towards a far greater breadth (including from abroad) of construction actors being necessary to fulfill London's housing supply need.

## Community and self-builders

11,000 new homes were built as self-build in the UK 2012-13: this market represents a significant tranche of new supply to the country. Having said that, very little of it is built in London due to the cost of land in the capital and lack of appropriate sites. Various initiatives have been launched to fund and kickstart this sector, which has increasing appeal as Londoners seek to break out of the conventional and unaffordable London housing choices and forge their own destiny. Community building in its various forms is still evolving as a sector with the obvious barriers being lack of easy access to land, funding and skills amongst the very committed participants. Outside the UK, notably in the Netherlands, this sector has flourished where it has formed part of larger neighbourhoods where land and skills were dedicated to the self-build market.

## UK construction industry capacity: skills

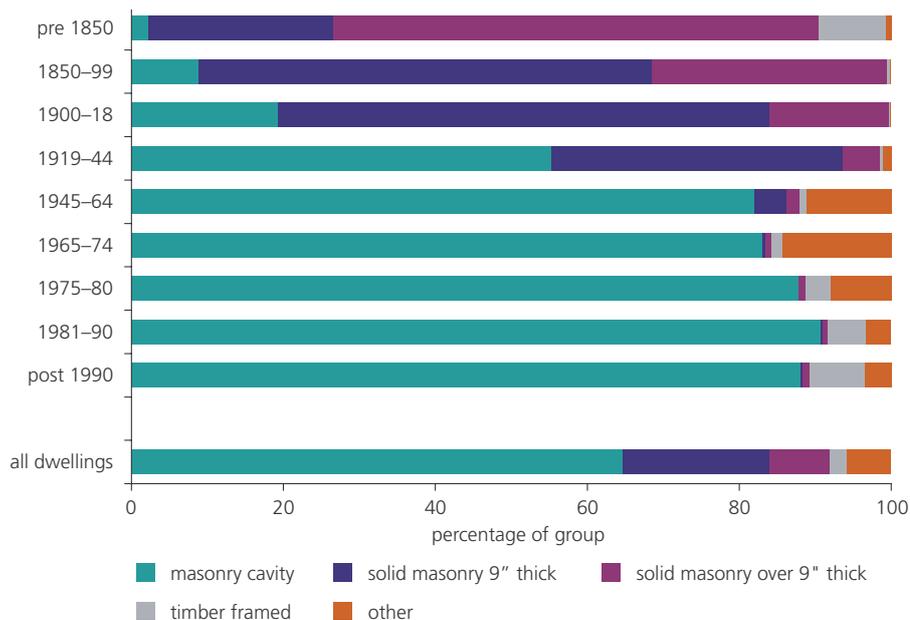
Recent experience of most housing developers is that when the housebuilding spike occurred in 2013-4, the UK construction industry was unable to respond to it, resulting in acute shortages of labour and materials as well as delayed responses from statutory authorities. There is widespread evidence that constructors could not recruit skilled workers, due to a sheer lack of new 'graduates' from the various building courses and a lack of apprenticeship places. There are various reasons behind this, but the basic two could be summarised as general sector uncertainty (boom and bust) making construction seem an unattractive choice, and a lack of interest from younger people in entering the business.

## UK construction industry capacity: materials and techniques

Historically, attempts to ratchet up housebuilding to meet demand have resulted in a too-slow or wary response from materials and product suppliers. They understandably fear that large capital investment in manufacture of say windows will be at risk to the next market downturn. It is also fair to say that housebuilding, with notable exceptions, is a very conservative and risk-averse business. Why innovate when demand is so high and people will 'buy anything' as long as it has four walls and a roof? The make-up of the UK housing stock bears witness to this phenomenon, with only 5% of the current total stock being constructed in a 'non-traditional' way:

## Construction type by dwelling age, 2008

Source: English Housing Survey - DCLG - 2008



A rare example of housebuilding innovation was the post-war efforts of Wimpey and Laing. War-time factories were no longer in use and materials in general were in short supply; these larger construction organisations took advantage of both to innovate, in particular in lower rise homes using prefabricated or concrete systems. The public sector post-war was also a powerhouse of pioneers, with in-house architects making their influence felt for probably the first time in any serious way in the design of housing. England had barely embraced Corbusian modernism before the war, and a highly motivated generation of young architects were determined to set that 'omission' straight. Concrete became the material of choice, in both in-situ and panellised form, and standardised systems from France and Scandinavia were used extensively in a bid to achieve the height and speed necessitated by government housing targets for London. Industrialised systems have been incentivised and trialled since in the UK, with the aim of reducing cost, creating certainty through procuring high volumes of a known product, improving quality through factory conditions and reducing time on site. From the 1960s through to the 2000s, system building of homes in the UK has never proven itself on any of these counts, except in the suburban sphere of single detached homes where it has achieved some traction. A seismic shift would need to occur in the UK's construction industry to achieve any significant embracing of industrialised systems to solve the current demand for volume and speed.

The recent materials shortage arose from the same unforeseen boom in 2013-14, causing many sector participants to wish they had not specified brickwork for their external cladding. Renewed calls were heard for more diversity to be introduced into the housebuilding supply chain, including alternative cladding materials, prefabrication and modular construction techniques. It should be noted that planning departments now have a considerable (and perhaps at times undue) influence over facing materials, an influence which undoubtedly creates markets in building components!

Both materials and labour shortages instantly created a substantial cost increase in housebuilding which itself impacts on new housing supply as the viability of sites reduces. The housebuilding supply chain needs, above all, a consistent order book in order to be able to respond to any proposed increased level of demand, especially if a huge investment in new education and training as well as specialist factories is to be considered.

## KEY LINES OF ENQUIRY: CONSTRUCTION AND PROCUREMENT

Which organisations should be meeting the challenge of 50,000 homes per year in London?

How can the flow of housing starts be stabilised to create industry certainty and allow it to scale up?

How can the number of volume housebuilders be increased?

How can smaller builders and the self-build sector be encouraged and enabled?

How do we scale up the UK construction supply chain and avoid materials and labour shortages?

Does prefabrication have a place in increasing volume and speed?

Can overseas constructors and systems be used to increase supply?

Some ideas which are out there:

- System or factory building and standardisation
- Introduction of international construction companies
- Diversification of large sites to allow multiple non-competing actors to deliver
- Encouragement of small builders through public sector commissioning on small sites

## DESIGN AND PRODUCT

### Overview

Housing design encompasses a vast spectrum of concerns stretching from neighbourhood planning, density and landscape via flat layouts and brick specification all the way through to the choice of kitchen tap. It would be unfeasible to attempt an analysis of the design possibilities presented by the current housing demand and need here, and indeed the reader must make their own choices when arriving at products and other solutions. Historically, supplying homes to meet booms of demand has produced highly variable qualitative results, in terms of the places created, the physical and technical quality of the built product and the space standards achieved. Architects and city planners were not really involved in the design and place-making aspect of homes until the 1950s, meaning that most of what we see in 'domestic' London is organic and reactive rather than having an eye to the future. Both laissez-faire and interventionist approaches have resulted in variable qualitative outcomes.

### The form of London's housing past

At worst, the late Victorian builders threw up jerry-built homes where the plumbing, noise transmission, structure and the overall healthfulness of the homes was all in question. The highly valued terraced housing and mansion blocks in what are now London's inner neighbourhoods are a testament to the best of that era, including blocks such as Peabody's for working households on lower incomes. What is interesting to note about those philanthropic blocks was that they were decried at the time in the media for being crass, prison-like buildings which despoiled the capital and insulted their residents. A substantial amount of them are now in conservation areas.

The between-the-wars boom resulted mostly in unplanned suburban sprawl, again decried at the time by various commentators but now hugely cherished by the residents of such areas. The qualitative problem with this boom-era stock is less about architectural quality and more the lack of land efficiency and possible accusations that dormitory 'non-places' were created which are now all but impossible to re-imagine due to the myriad individual property interests involved. Characterful modernist flats in a European style were also built for private rent at this time, housing a particular niche of professional but not wealthy individuals, but in reality these were a very minor part of the stock increase.

1960s and 70s boom-era public housing is notorious for its challenging appearance, unconventional layout and mono-tenure mix. It is undergoing 'regeneration' in two ways: firstly, it is being demolished and replaced due to perceptions of technical and social failure. But second, it is undergoing a revival of interest from a number of diverse parties who see its potential in its rehabilitation for a new century. The debate about the long term quality of these places and buildings is set to rage for decades to come, but it is worth reflecting on whether the highly systematised building

techniques which were promoted (and actively encouraged through public funding) as the solution to the housing shortage were adequately thought through in the rush to achieve volume at speed. The problems of exposed concrete, high rise living for families and off-ground circulation so prevalent in these buildings cannot be blamed solely on the demand for speed; rather they emerged as fashionable design tropes of the time and have now been exposed as inappropriate in many circumstances. Places like Thamesmead remind us of the critical importance of transport and social infrastructure for large new housing development to thrive: it is not enough just to build and walk away.

Lower rise responses then took over as a direct reaction to what was perceived as the failed idealism of the 1960s. The now familiar 1970s and 80s houses arranged in cul-de-sac layouts marked a return to lower densities and the dominance of the private sector and its customer. 'Span' housing (an architect-led low rise typology) was designed at a slightly higher density by favouring a more communitarian approach to open space, and was a successful if niche contribution to London's housing choices.

### Place and design today in London

The analysis of London's demand already outlined demonstrates the variety of needs which should be met in any supply solution for the capital. Cities are never a homogenous community: they are rather a collection of people at different life stages, with different incomes and other cultural requirements. Some people are currently well served by London's stock where others have very few choices. Should new built form be tailored to particular communities (e.g. older people, sharers) or should it aim for maximum flexibility to remain responsive to future demand? Is full 'pepper-potting' always the right answer, or are there advantages to a degree of mono-tenure community-making? Are there seemingly divergent communities who might benefit from being co-housed? Are there new forms of housing typology which might unlock both the lack of necessary housing but also encourage a redistribution of stock? And how should other commercial and social use be combined with the new housing to create places?

As available land reduces, more recent preoccupations around London's housing design quality include density, space standards, sustainability, mixed tenure, mobility, private open space and accommodating cars and bicycles, all of which are captured as guidance (mandated for funded homes) in the recent London Housing Design Guide. Internal space standards in the capital are now notoriously low compared to European peers, having fluctuated over the years as sentiment about what constitutes a dignified amount of space has evolved or been crushed by market forces.

A renewed interest in towers for residential building has been sparked mostly due to London's 'global city' status, causing land values to rise and incentivising developers to maximise the number of homes on any given site. In combination with this, the high-end residential tower is the typology of preference for overseas investors who now form a significant part of the demand for new housebuilding in the capital. London's central and local planning policies have proven to be flexible enough (some would say to breaking point) to facilitate planning consents for a large number of such towers in recent years, creating a new debate about the physical and social character of London and how this might or should evolve. Calls for a pan-London tall buildings strategy which is stronger than the existing London Plan have been made, including a suggestion that London's 'town centres' and/or its Opportunity Areas should accommodate more density. The stigma associated with tall buildings, largely a hangover from the 1960s failed ones, is set to be the dominant challenge to this type of development unless much more compelling public engagement and leadership emerges.

## KEY LINES OF ENQUIRY: DESIGN AND PRODUCT

How is 'place' created and not just homes?

How can quality be assured during a rapid housing supply period?

Who are the key arbiters of place and quality and how are they empowered?

Should shorter building lifespans be considered to ensure future flexibility?

Does high rise have a place in London's housing supply?

How should tenures and uses be combined?

Should supply address particular communities or be generalised and flexible?

Are there new typologies which could unlock both supply and household redistribution?

Some ideas which are out there:

- Approved, standardised buildings which meet quality thresholds
- Detailed regulation of space and other standards
- A skyline commission for taller buildings
- Regeneration of stock every 50 years to meet new need

## TOWARDS SOLUTIONS

The audience, the stage, the funding, the actors and even some props have all been assembled, albeit that they need significant evolution: but what is the play? That is for the reader to decide. Myriad discussions are currently under way in the capital and indeed across the globe about the best design and logistical solutions to the accommodation of a rapidly increasing population. The reader needs to establish, having absorbed the demand and supply dilemma, what they perceive the essence of the 'problem' to be and therefore what might constitute a physical manifestation of the solution, or part-solution. Any built form responses will inevitably require a manipulation of the current constraints on the 'raw materials' of land, funding and constructors, whether that might be a complete change to land use designations, the rapid growth of alternative construction techniques or the acceptance of London as a 50 storey city. Large scale planning and built solutions should of course be a response to the needs of the various communities which make up the capital, and to the great challenge of how to integrate those communities into a coherent city society.

It is so vital at this high-pressure crossroads in London housing that we all ask ourselves whether we may be storing up problems for future generations through a rush to meet demand now. How do we ensure that what we build is high quality and affordable now as well as affordable to maintain, attractive, and flexible for changing circumstances in the future?

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