

## **CITY VILLAGES**

### **Comment on the IPPR report**

#### **The wrong solution to London's housing crisis**

Andrew Adonis's introductory chapter seeks to describe the housing crisis in London and propose that the shortage can be met through redeveloping London's council estates at higher densities. It seeks to bring together the proposals out forward by the various contributors to the anthology.

There are a number of fundamental errors in the basic assumptions in the report. The first paragraphs appear to confuse the data on London's housing requirements with the London Plan's capacity target. The Mayor's 2014 Strategic Housing Market Assessment gives an annual requirement of 62,000 homes a year on the assumption that, as in previous estimates, the backlog of housing need is met within the 10 year plan period. The London Plan also refers to a lower target of 49,000 homes a year, but this is based on only meeting the backlog over 20 years. The 42,000 target in the newly adopted 2015 London Plan is based on the capacity specifically identified in the 2014 Strategic Housing Land Availability Assessment (SHLAA). There is therefore an estimated supply deficit of 20,000 homes a year, even if the available capacity is brought forward on the assumed timescale.

This would be a fairly optimistic assumption. In 2013/4, the latest period for which reliable data is available, as published on 27<sup>th</sup> March in the Mayor's Annual London Plan Monitoring Report for 2013/4, net completions were 28,325 homes, comprising 23,986 net new homes from new build and conversions and 4,779 net new household spaces in non self contained accommodation, primarily student flats. Of the 23,986 net additions of self contained accommodation, 20,422 were net additions from new building, 1,225 were net gains from conversions of existing property, and 2,289 were net gains from change of use of non-residential property. The figures were net of 1,643 units demolished, 1,767 losses from conversions and 141 loss from change of use of residential property to non-residential uses. The distinction between net and gross output is important given the IPPR proposals involve significant demolition of existing property.

A second key mistake in the report's set of assumptions is the reference to London's existing development density. On page 11 of the report, Adonis states that 'in central London, the average density of new projects is 78 dwellings per hectare', and then this is contrasted with much higher figures for Paris, Barcelona, and Kowloon in Hong Kong. In fact as reported in the London Plan annual monitoring report, in 2013/4, the average density of new development proposals - consented schemes - in London as a whole was 137 dwellings per hectare. For central London boroughs, the figures were as follows: City of London 431, Tower Hamlets 430, Hammersmith and Fulham 390, Southwark 283, Hackney 242, Lambeth 214, Islington 199, Westminster 177, Wandsworth 162, and Kensington and Chelsea 144. Camden was below the London average at 128 dwellings per hectare. These figures are borough averages – some of the high rise developments have been at densities of over 2,000 dwellings per hectare, above the 1,700 figure quoted for Kowloon. The top of the highest sustainable density range in the London Plan – for central London sites with excellent

public transport access, is actually 435 dwellings per hectare. Some outer London boroughs are also seeing relatively high densities for new developments, for example Greenwich at 222 dwellings per hectare, Croydon 165, Newham 149, Brent 147 and Sutton and Waltham Forest, both at 140 dwelling per hectare. Development densities in London have doubled over the last decade – Adonis’s figures are actually 10 years out of date, and fail to acknowledge the change in the nature of London’s development output.

Adonis focuses on the large number of council estates in London, making the curious comment that ‘this is far larger than commonly appreciated, including by many local authority leaders.’ This ignores two rather important points - that significant proportions of homes on ‘council estates’ are no longer council homes, having been sold under Right to Buy, and that the proportion of London’s households who live in housing which is council owned has fallen by half over the last 30 years to only 23% in 2014. On page 9, the report refers to only a fraction of council estates having been redeveloped in the last decade or with redevelopment underway. This ignores the significant redevelopment programme in the period before 2005, for example the redevelopment programmes in the 1990’s and early 2000’s in boroughs such as Newham, Tower Hamlets, Hackney, Southwark and Waltham Forest, with several thousand homes in high rise and slab block estates demolished.

The report also ignores the issue of what type of housing London’s households in housing need can actually afford. The recent Strategic Housing Market Assessment demonstrated that 52% of households in housing need cannot afford market homes. The SHMA estimated that the annual need for social rented homes in London was 15,700 homes. This compares with the 3,580 social rented homes completed in 2013/4. This figure will fall further given the Government and the Mayor have stopped funding new social rented homes, with resources now being focused on new rented homes with rents at up to 80% of market rent.

The report also ignores the early programmes such as Estate Action which involved significant investment in rehabilitating older council blocks, and the more recent homes programme. Demolishing blocks in which there has been significant public sector investment seems to be not very good use of public money. Moreover buying back flats from leaseholders who have acquired properties on a subsidised basis under Right to Buy legislation to then demolish the homes represents a significant loss of public resources. In demolishing 1960’s and 1970’s estates, we need to bear in mind that in some cases local authorities and in fact council tenants in general are still paying off the debt charges for the original construction, as loan repayment periods can be longer than the life of the buildings financed.

The fundamental problem of the proposed approach is to view council homes as public assets which can be sold rather than as public assets which have a long term and appreciating value in their own right, and which can themselves provide security for new borrowing for new investment. There is a second problem, which is the conception that council homes are primarily assets rather than actually consumer goods – ie are occupied by households as homes, and generally by households unable to access market housing options. On page 11, Adonis tries to deal with the issue of displacement. He states that residents do not need to be displaced by redevelopment, as the number of homes on an estate can be increased, especially if adjacent land is

used. Leaving aside the issue that redeveloping adjacent land will often in itself lead to the loss of businesses and jobs, that in practice, in the majority of redevelopment schemes, social housing demolished is not replaced – most replacement affordable housing is at much higher rents, and often does not replicate either the dwelling mix, in terms of bedroom size, or the space standards of the demolished homes. Redevelopment is often predicated on much higher development densities – with less open space and reduced social infrastructure. In a context where there is no significant government funding for new homes, apart from some repayable loans, it becomes extremely difficult for a council or developer to ensure the one-for-one replacement which was originally a planning policy requirement at least in the London context.

On page 11, Adonis refers to the fact that Inner London's population is below its 1939 peak. This rather ignores the extent of overcrowding in Inner London at that time, and the intention of the postwar Government, as set out in the Abercrombie Plan and the New Towns programme, to relieve that overcrowding by providing new homes for lower and middle income households, not just in suburban London as had been delivered in the interwar period, but in the new and expanded towns beyond the Green Belt. The report ignores the extent to which overcrowding actually increased in much of Inner London and outer west and outer East London between 2001 and 2011, while the fall in population in inner west London in areas such as Westminster and Kensington and Chelsea actually reflects the under-occupation and vacancy in private sector stock, including newly constricted prime property, rather than any reduction in the number or floorspace of homes available. The report refers to the fact that Georgian terraces in Kensington and Holland Park are at quite high densities (though somewhat lower if you include the space in the private Georgian squares), but has no suggestion as to how to make these valuable properties affordable to lower and middle income households, or how to replicate their built form, but not their price, within estate regeneration schemes. On page 12, Adonis quotes Yolande Barnes' Savills study that recent regeneration schemes have 'typically doubled residential densities while improving housing quality and amenities'. That study, however gives no real examples or compares space standards and price before and after regeneration.

On page 13, Adonis refers to living conditions on some estates as 'chronically bad', and 'scandalous'. Estates are referred to as 'sink estates', 'notorious' and 'doomed'. This emotive language is not very helpful. Where estates are in poor condition because of historic underinvestment, it should be recognised that investment in repair, maintenance and management could significantly improve the quality life of residents. The report does not recognise the extent to which forced transfer, and loss of home impacts on a household's quality of life, especially where the transfer is to a location where a household has no connections and which may be a greater distance in terms of travelling time and cost from work and family members, friends and the childrens' schools.

Adonis is also grossly out of touch in his depiction of council estates as 'sink estates', full of the most deprived. In London, council housing has always accommodated as tenants a broad spectrum of middle-level occupations as well as lower-skill people. Furthermore the 'Right to Buy' has meant many tenants, prospering in their work, could remain on their estates as owners, while the re-sale of purchased units further diversified estate populations. It is thus just untrue that council estates in London are full of the poorest.

One of the curious aspects of the Adonis's introductory chapter and the report as a whole (despite the inclusion of Peter Hall's resurrected essay) is that it sees the densification of council estates as THE solution to London's housing shortage. Not only is the issue of shortage seen only in quantitative terms, with no thought to the issue of which households are in housing need and what they can afford, but the report fails to consider the range of other development options, whether in the form of incremental suburban intensification and infill development in low density areas, urban extensions to London or the Home County towns. Many of the contributors to the report are opposed to development through urban extensions, whether or not in the Green Belt, or to major new settlements beyond London, remaining partisan advocates of the so called 'urban renaissance'. Other contributors are explicit promoters of their own specific densification schemes, whether developers seeking to maximise returns or council leaders trying to move their boroughs 'up market'. There is no consideration of which development option or combination of options is most sustainable in economic, environmental or social terms. Moreover, there is no recognition that if you reduce the supply of affordable housing in one area, you need to compensate with additional provision somewhere else, and that this option does not actually come cheap or avoid political controversy. In conclusion the proposal is ill informed, not cost effective in terms of use of public resources, socially divisive, damaging to the social and economic sustainability of London and highly disruptive in terms of the impacts on tens of thousands - possibly hundreds of thousands of lower income Londoners. It will not solve London's housing shortage and would make the lives of a large proportion of London's population much worse than they are at present.

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28.3.15