

Examining the  
London Plan:

**Research  
contributions  
by LSE London**

Edited by Kath Scanlon

## Table of contents

Introduction	5
Recent LSE London research and the topics of the Examination in Public	6
<i>Topic</i>	<i>Research summaries</i>
<b>OVERALL SPATIAL DEVELOPMENT STRATEGY AND THE GREEN BELT</b>	
<b>1 - Fitting a quart in a pint pot? Development, displacement and/or densification in the London region</b>	<b>6</b>
<b>2 - Migration influences and implications for population dynamics in the wider south east: Providing state of the art evidence to local Authorities in the east of England</b>	<b>7</b>
<b>3 - Functional integration, political conflict and muddled metropolitanism in the London region: 1850-2015</b>	<b>8</b>
<b>4 - A 21<sup>st</sup> century metropolitan green belt</b>	<b>9</b>
<b>5 - The London-Cambridge Corridor: Making more of the green belt</b>	<b>9</b>
<b>6 - Beware the new justifications for the green belt: what we need is a new approach</b>	<b>10</b>
<b>HOUSING SUPPLY</b>	
<b>7 - Housing in London: Addressing the supply crisis</b>	<b>11</b>
<b>8 - Rising to the challenge: London's housing crisis</b>	<b>11</b>
<b>9 - A sustainable increase in London's housing supply?</b>	<b>11</b>
<b>10 - Alternative housing development in London</b>	<b>12</b>
<b>11 - Market vs planning: Is deregulation the answer?</b>	<b>13</b>
<b>VIABILITY</b>	
<b>12 - Planning risk and development: How greater planning certainty would affect residential development</b>	<b>14</b>
<b>13 - The incidence, value and delivery of planning obligations in England in 2016-17</b>	<b>15</b>
<b>14 - Building trust</b>	<b>15</b>

<b>MEETING HOUSING NEEDS</b>	<b>15</b> - The role of overseas investors in the London new-build residential market	<b>16</b>
	<b>16</b> - The future size and composition of the private rented sector	<b>17</b>
	<b>17</b> - Rent controls in London?	<b>18</b>
	<b>18</b> - Build to rent in London	<b>19</b>
	<b>19</b> - Making the most of build to rent	<b>20</b>
	<b>20</b> - Unlocking the benefits and potential of build to rent	<b>21</b>
<b>DESIGN</b>	<b>21</b> - Residents' experience of high-density housing in London	<b>22</b>
	<b>22</b> - Defining, measuring and implementing density standards in London	<b>23</b>
	<b>23</b> - Why else is density important?	<b>23</b>
<b>HOUSING AND THE ECONOMY</b>	<b>24</b> - Home advantage: Housing the young employed in London	<b>24</b>
	<b>25</b> - How central London came so well out of the financial crisis	<b>25</b>
<b>SOCIAL INFRA-STRUCTURE</b>	<b>26</b> - New London villages: Creating community	<b>26</b>

## Introduction

Mayor Sadiq Khan's draft London Plan—the Mayor's most important policy instrument—has now been through its formal Examination in Public (EiP). This is an extended process that allows public discussion of questions such as the feasibility of the Plan's housing targets, how these relate to the Mayor's affordability priorities; density and built form; and the relationship between development inside and outside London. The core issues around housing and land use are highly political, and the fundamentals remain disputed. LSE researchers, particularly the LSE London research group, have worked extensively on these issues over the last few years, and we have tried to ensure that this body of LSE research was taken into account during the EiP.

LSE London participated in the process in several ways. We took part in ten public sessions and wrote blog posts about the tenor of the discussion, the most important areas of dispute and the solutions put forward. We commented on the draft Plan and the related housing strategy at consultation stage last year and submitted written evidence on several fundamental issues that the Plan addresses. We held five roundtables for participants and knowledgeable specialists, publishing summaries of the discussions and conclusions on the web, and are hosting a final event on what the EiP has achieved and more importantly 'where next'.

Finally, we have compiled this short booklet summarising 26 reports of LSE research whose findings are most relevant to the topics raised in the Inquiry into the London Plan.

*Clare H & Lyndee*

**Christine Whitehead**  
June 2019

## Recent LSE London research and the topics of the Examination in Public

Note: the publications summarised in this report are available in full online, for free. Much of the research summarised here also led to articles in academic journals, but because such journals often sit behind paywalls these publications are not listed here.

The names of LSE London authors are in bold. Some of the reports were co-written with authors from other universities or organisations, and we have noted where this is the case.

# Overall spatial development strategy and the green belt

## 1 - Fitting a quart in a pint pot? Development, displacement and/or densification in the London region

**Ian Gordon** 2014

<http://eprints.lse.ac.uk/63538/>

Extended version with tables: <https://tinyurl.com/lyym6lkc>

How did London manage to accommodate huge population growth since the 1990s, even though the planned increase in housing stock did not occur? Our research approached this question on an accounting basis, starting at small area (LSOA) level. We looked at the extent to which additional population was accommodated by densification (fitting more people into an existing dwelling stock, in terms of rooms), development (induced additions to that stock) and/or displacement (induced movements of some existing residents to another area). Although displacement is part of the answer at local level, it does not resolve the issue at a wider scale because moving residents into another part of London simply increases population in the 'receiving' area. Ultimately, then, population growth must be accommodated by a mixture of densification and development over an extended area.

The Census shows that between 2001 and 2011, additions to Greater London's adult population (principally from higher international migrant inflows) were accommodated in broadly equal measure by densification of the

existing dwelling stock and by displacement (larger net outflows to other parts of southern England). Development of new homes played a very minor role.

When population changes were broken down by country of birth and (where relevant) dates of arrival in the UK, we found that densification was primarily associated with the arrival of migrants from poor countries in the global south and the European east during the preceding decade, while other sources of population growth were generally accommodated through displacement.

How long will this disparity between the growth rates of population and housing be sustained? The answer depends on how long it takes recent waves of poor-country migrants to acquire the degree of economic, social and cultural integration that would bring their expectations of housing space into line with those of the average Londoner.

*Research partly supported by LSE's Higher Education and Innovation Fund*

## 2 - Migration influences and implications for population dynamics in the wider south east: Providing state of the art evidence to local authorities in the east of England

**Ian Gordon**, **Tony Champion**, **Neil McDonald** and **Christine Whitehead** 2017

<https://tinyurl.com/lyyx8cm06>

This research into the dynamics of population change across the wider south east was commissioned by the East of England Local Government Association to inform their interactions with the Mayor of London around the full review of the Draft London Plan. The study highlighted the complexity of population flows in the extended metropolitan region (including a fringe belt beyond the boundaries of the wider south east) which includes very many overlapping housing and labour market areas and varying constraints on new development.

We looked at annual patterns of movement in terms of scale, direction and the age composition of movers. We grouped inter-district flows by 'rings' and segments of the region, focusing on three basic currents of net movement:

- into the wider south east from overseas;
- from north to south within the UK; and
- from inner to outer rings of the extended wider south east

We also tested some simple causal models on fluctuations in these movements during the past 40 years.

Some of our findings were highly relevant to London Plan discussions about how to accommodate London's growth. We found that displacement processes are crucially important: moves into an area, whether from short or long distances, stimulated other (typically short-distance) moves out, generating currents over much greater distances than most individual moves take place. One implication is that fluctuations in outflows from London eventually affect

the balance of moves into peripheral/fringe areas of the wider south east, rather than the areas immediately around the capital itself to which most individual London movers went. A key contributor was the inelasticity of housing supply in many of those initial destination areas.

We found that growing real incomes (until recently) and international migration both contributed to the additional space demands that drive the 'deconcentrating' current – which is still about as strong as it was in earlier decades. The significance of net population inflows flows from peripheral UK regions had shrunk greatly since the 1980s, while that of international migrants grew much more important.

Several key drivers of population movement into and out of London are subject to substantial uncertainties, including

- the post-Brexit scale of international migration,
- the likelihood of a resumption of real income growth,
- how quickly past waves of migrants from poor countries will come to share the space expectations of other residents of the wider south east, and
- whether the single, graduate and cosmopolitan population attracted to London in recent decades will eventually follow previous generations in moving out for a quieter life.

*Research funded by the East of England Local Government Association.*

### 3 - Functional integration, political conflict and muddled metropolitanism in the London region: 1850-2015

In: Cole, Alistair and Payne, Renaud, (eds.) *Cities as Political Objects*. Cities series. Edward Elgar Publishing, Cheltenham  
**Ian Gordon 2016**  
<http://eprints.lse.ac.uk/68869/>

How can the functionally integrated region around London be more effectively governed? This book chapter examines the causes and consequences of a series of failures to achieve the better regional governance that could give coherence to the operation and evolution of this closely linked set of areas.

In terms of strategic planning, these failures have taken the form both of perverse action (often recognised) and of inaction (not so often recognised). The research identifies a need to actively plan for, rather than assume away, market and political responses to

action set out in formal plans. Examples include successive London Plans, which were seen to treat the city as if it were an island whose housing and labour markets were independent of those in the rest of the wider south east in order to avoid negotiation of real or imagined conflicts of interest. The findings suggest that leaders in the region need to work in a sustained way at building collaboration on the basis of shared understandings, habits of co-operation and recognition of the need for deals.

*Unfunded research*

### 4 - A 21<sup>st</sup> century metropolitan green belt

**Alan Mace, Fanny Blanc, Ian Gordon and Kath Scanlon 2016**  
[http://eprints.lse.ac.uk/68012/1/Gordon\\_Green\\_Belt\\_author.pdf](http://eprints.lse.ac.uk/68012/1/Gordon_Green_Belt_author.pdf)

### 5 - The London-Cambridge Corridor : Making more of the green belt

**Alan Mace, Alessandra Mossa and Fanny Blanc 2018**  
<https://tinyurl.com/y3o2b5hb>

These reports came out of a two-stage knowledge exchange programme looking at the potential for a new approach to the green belt that would allow targeted development to help meet London's housing need. Our research emphasised three points: First, governments need to specify the conditions under which planned development could occur. Allowing more development should go hand in hand with requiring substantial compensatory enhancement of access or greening in unaffected areas of the green belt, and/or additional resources for infrastructure, etc.

Second, it is critical to build up mechanisms and support for collaboration with a relevant range of partners across districts, boroughs and counties in the wider south east. Some good examples of cooperation have already begun to emerge in the coordination corridors, and these should be built on.

We recommended the establishment of an experimental 'pioneer corridor' or 'pioneer settlement', with a model set of powers, that would facilitate development within designated green belt areas. The most obvious candidate is the London-Stansted-Cambridge corridor, which already has an established consortium and economic growth plans. The work of the London Stansted Corridor Consortium and of the National Infrastructure Commission on the Cambridge-Milton Keynes-Oxford Corridor/ Arc reflects an awareness of the importance of coordinated planning for the economic health of these linear regions. Rethinking green belt within corridors could positively support new patterns of development rather than negatively fixing settlement boundaries as they are.

Green belt should continue as a regional policy, but reformed to work more harmoniously with corridor-region development. This means moving away from the current visual purpose of openness and focusing instead on the under-realised potential of the green belt to provide public access to high quality green space, including to corridors of green serving as a network of distance walking and cycling routes connecting settlements across the corridor. Improved access to green belt and improvements to its quality are already government aspirations (but not policy) that indicate an unmet need. Such an approach would compensate existing residents for the loss of openness that urban extensions will entail.

Changing green belt policy would lead to substantial increases in land value that should be directed to public benefit to justify the reform. Existing residents will logically resist new development if it brings no discernible benefit or, worse still, leads to greater pressure on existing facilities and services. We must ensure, therefore, that other infrastructure and services such as railways and schools are sufficiently provided for, leading to no worse an offer to existing residents and preferably leading to improved services. This investment would have a double benefit: it would help persuade existing residents to accept change and provide the infrastructure, services and housing necessary to support economic expansion in the corridor.

*Research funded by the LSE Knowledge Exchange and Impact Fund*

## 6 - Beware the new justifications for the green belt: what we need is a new approach

British Politics and Policy blog at LSE  
**Alan Mace 2017**

<https://tinyurl.com/yxoz4hkk>

This blog post examines the traditional reasons for the establishment of for the green belt, and some newer rationales for preserving it, and argues that none can justify keeping it completely intact in its current form.

One perhaps surprising fact is that London's green belt makes up 22 per cent of London's land area. This curiosity is the result of much of the green belt having been designated before London's borders were expanded in the 1960s. Even so, the Mayor of London (a city with a severe housing crisis) would support *expanding* the coverage of the green belt. Why could this be?

The government sees four main purposes for the green belt. The first is to stop the physical expansion of London into the surrounding countryside—but as noted, much of what is technically London is already *in* the green belt. The second is to drive the re-use and intensification of London's previously developed brownfield land. But the complicated reality of what brownfield land can deliver and how soon is often lost to simple claims that it provides a single, sufficient source of land for housing. Focusing on brownfield leads developers to build the same amount of housing on less land. This might seem like a good thing but the problem is that developers don't increase the amount they build over time. In addition, brownfield land (like green belt) is not evenly distributed across the whole of London.

The effects of the uneven distribution of opportunities for intensification on brownfield land are unclear: the class and ethnic implications are largely uncommented and certainly not fully researched. But it appears likely that much new development often at higher densities, (and the disruption related

to it) is concentrated where disadvantaged people live.

The third rationale is to ensure London makes efficient use of its land and infrastructure. But there is much existing infrastructure (for example the underground stations at the eastern end of the Central Line) that lies in the green belt, and is thus ruled out. The green belt is a planning policy that often stops us from making sensible planning decisions.

The fourth reason is to ensure inner urban areas benefit from regeneration and investment. But it's hard to argue that Hackney, Hammersmith, Brixton or Tooting suffer from a lack of developer interest – patterns of gentrification suggest otherwise. Where areas are still under-invested this is often because of the need first for public investment in infrastructure, as in the case of the Northern Line extension to Battersea Power Station.

Advocates have adduced a further three 'incidental' reasons for keeping green belt unchanged in London, which are not listed in the government's purposes: providing space for recreation, growing food and combating the urban heat island effect. The first two do not align well with the green belt as a planning designation, which is a negative power to stop development on the land rather than a positive power to make the land open to the public or to require that the land be carefully managed for environmental benefit or used for the production of food.

The argument that it helps combat the heat-island effect is also a weak one: because heat island effects are localised, the green belt in Tottenham will not reduce heat islands in Tower Hamlets. Maintaining the green belt will likely create more local heat islands

across London because limiting the amount of land available to build on forces much higher density development on the land that is available. These local areas of much higher density development create canyon effects

and other features that produce local heat islands.

*Research funded by the LSE Knowledge Exchange and Impact Fund*

## Housing supply

### 7 - Housing in London: Addressing the supply crisis

**Nancy Holman, Melissa Fernández, Kath Scanlon and Christine Whitehead 2015**  
<https://tinyurl.com/LdHsqCrisis>

### 8 - Rising to the challenge: London's housing crisis

**Christine Whitehead, Kath Scanlon and Nancy Holman 2016**  
<https://tinyurl.com/LdHsqChallenge>

### 9 - A sustainable increase in London's housing supply?

**Kath Scanlon, Christine Whitehead and Fanny Blanc 2018**  
[http://selondonhousing.org/wp-content/uploads/2018/01/REPORT\\_LSE\\_KEI\\_digital.pdf](http://selondonhousing.org/wp-content/uploads/2018/01/REPORT_LSE_KEI_digital.pdf)

This suite of three publications came out of a four-year knowledge exchange programme looking at what changes in policy and practice could contribute to addressing the housing-supply crisis in London. When we started the work in 2014 the atmosphere around housing issues was toxic. The problem had been moving up the agenda politically, but there was no coherent strategy and relationships between the major players were antagonistic. In subsequent years this changed, with all sides recognising the urgency of the problem and looking for ways to make a difference.

We pointed out that completions had been rising over several years (though never enough to achieve the ambitious GLA housing targets), with permitted development a particularly strong contributor. However the

rate of growth would be difficult to sustain, due partly to practical constraints such as skills shortages and poor coordination with infrastructure, and partly to the fact that large sites, which account for most new homes, tend to be built out slowly. Lack of certainty about planning obligations (mostly affordable housing) contributed to very long lead times because of the negotiation involved. We made several recommendations in the three reports, including

- providing greater certainty about planning obligations and CIL
- nurturing innovation in the construction and development process (eg. more use of modular techniques, collaborative housing models, and schemes aimed at particular markets)
- greater consultation with communities affected by new development, and



linking new infrastructure more clearly to the enabling development

- more openness to allowing development on certain well-connected areas of green belt land, with the proviso that any acreage lost be replaced by more environmentally valuable land
- reforming the property taxation system so that local authorities did not

depend so heavily on development to fund services

- enabling the GLA to take a more proactive role in bringing large sites forward more quickly, and ensuring a better mix of big and small sites across the capital

*Research funded by LSE's Knowledge Exchange and Impact Fund*

## 10 - Alternative housing development in London

**Melissa Fernández and Kath Scanlon 2016**  
<https://tinyurl.com/AltHsgLondon>

This project asked how wider use of social and technical alternatives to the standard speculative development model could improve the range of new housing in the capital. The term 'alternative housing' encompasses experimental and utopian schemes such as cohousing, technological innovations like flat-pack or modular housing, and models like Wilkhouse that combine the two. Some innovations are profit-driven, but much alternative housing is driven by residents' desire to create housing that is community-driven, affordable and sustainable in environmental, financial and social terms.

Our project focused on how to ensure that the best ideas are recognised, disseminated and more widely adopted. We found that it was crucial to have a champion. Most organisations, private – and public sector alike, exhibit entropy: they tend to do what they have always done. Major house builders build the kinds of homes they have always built, and boroughs follow standard procedures and issue permissions for the usual things. To succeed, a radical new scheme almost always needs a champion – an enthusiastic and committed individual who will work to overcome obstacles and push a project through. No matter how good an idea is, there has to be a person who (co)owns that vision and pushes it forward or the idea will wither.

Schemes involving the use of innovative

technologies may benefit from novel forms of cross-borough cooperation. Council-led developments using modular techniques could be scaled up affordably with the provision of an off-site factory in a specific borough that can then serve other councils, providing quality manufacturing, skills and labour. This method of construction and cross-council working model could be accelerated if the GLA and/or central government offered incentives.

Collaborative-housing groups that want to set up intentional communities face enormous challenges. But the most obvious challenge in London is access to land (not a problem unique to them of course). Groups also need to somehow acquire and use a huge amount of knowledge about how the planning system works, about finance, about the construction process – and also about how to come to decisions, how to share work and how to shape a collective identity. There are specific professionals that support this in other countries (e.g. collective private commissioning in the Netherlands), as well as seed-corn funding. This gives groups confidence and skills not just in developing efficiently but in communicating their messages effectively to local authorities and other enabling partners, thereby leading to greater success.

We recommended that London government should

1. Work with the sector to create an 'innovative housing for London' resource and support hub to provide information, training and support for would-be developers and/or residents of alternative housing models.
2. Create a fund to support training for local authorities and community groups as well as project development, including professional fees.
3. Identify plots of public land or empty buildings that would be suitable for developers of alternative housing models

and 'package' them with permission in principle.

These recommendations have since been taken up: The GLA set up Community Led Housing Fund and the London Borough of Croydon is taking the lead in inviting community groups to bid to develop housing on suitable plots of council-owned land.

*Knowledge-exchange programme funded by the LSE Knowledge Exchange and Impact Fund*

## 11 - Market vs planning: Is deregulation the answer?

**Nancy Holman and Alessandra Mossa 2016**  
[http://londonhousing.org/wp-content/uploads/2016/10/Report\\_R\\_Odam.pdf](http://londonhousing.org/wp-content/uploads/2016/10/Report_R_Odam.pdf)

This research looked at two examples of planning deregulation: the loosening of rules around Airbnb-type short-term letting (STL) in London, and Permitted Development Rights (PDR), which allow developers to convert office space to residential units without planning permission. We argue that these apparently innocuous reforms in fact illustrate an existential dilemma: planners can be torn between their legal duty to promote public values as dictated by national planning policy and the government's desire to set markets free. We ask how a profession like planning can promote public values if its regulatory tools are eliminated.

We found that boroughs had been left to resolve conflicting ideals: on the one hand they had to create local plans that provided housing, employment and sustainable development for their area, whilst on the other, they were asked to enable the market to flourish in its constant quest for value. Both the relaxation of STL rules and the introduction of PDR were driven by the desire to enable market actors to exploit the policy-induced rent gaps between permanent housing and vacation rentals, and between office and residential use.

We argue that there is no inherent contradiction between planning and market values: they can be mutually constitutive and supportive. For example, had the extension of PDR from office to residential been permitted only for truly redundant office space and coupled with Section 106/CIL contributions and affordable housing targets, the policy could have supported the market by making conversion easier and less expensive. Likewise, short-term letting could have been allowed without undermining traditional renting, say by setting up a register to record the number of days a householder rented in a calendar year.

We recommended that policymakers experiment to determine what degree of regulation best fits London (or even certain parts of it), and that they pay more attention to the experiences of London's local authorities and indeed those of other cities around the world that are grappling with the same issues.

*Research funded by Richard Odam and LSE's Higher Education and Innovation Fund*

# Viability

## 12 - Planning risk and development: How greater planning certainty would affect residential development

(with UCL)

*Claudio De Magalhães, Sonia Freire-Trigo, Nick Gallent, Kath Scanlon and Christine Whitehead*  
2018

<https://tinyurl.com/PlngRisk>

This research explored the assumptions behind moves to grant permission at plan stage (a procedure akin to zoning), and asked whether such permission might lead to greater elasticity of new housing supply when faced with increasing demand.

The housing supply and affordability crisis in England has led government to adopt a range of policy measures, including changes to the planning system and a raft of financial incentives, to try to address it. The assumption underpinning these initiatives is that the sluggish supply response is mainly due to regulatory barriers and particularly to the operation of the planning system. The Housing and Planning Act 2016 enacted the government's pledge to introduce a zoning-type system for some development. The Act's provisions enabled local authorities to grant 'permission in principle' (PIP) on brownfield land. The goal was to reduce planning uncertainty and its associated cost and speed up housing development.

We found that the financial cost of risk to developers was highest before planning permission was obtained and declined thereafter. Increasing certainty in the earliest stages of the process would have the greatest benefits. However, delays and the need to revisit permissions were also seen as extremely costly especially on large sites. Permission in principle was expected to provide some certainty about the range of development that would be allowed but would leave developers and planning authorities to negotiate detailed conditions.

PIP would therefore reduce but not eliminate planning risk. Similarly, it would reduce but not eliminate delay since the negotiation of conditions is often the most time-consuming element of the planning process.

PIP allows the local authority to set out the type and amount of development permissible on a particular site. This permission, if it is to be implemented, must be informed by detailed knowledge of the plot and its physical characteristics and constraints. Assembling such information is expensive and has never been a responsibility of local planning authorities in England. The current pressures on local-authority resources and on planning departments mean it would be a challenge for them to assemble the information required to implement PIP to any significant degree.

There are political elements to planning risk. Local communities often oppose not just the principle of development, but object to particular features of proposed schemes. Elected members of local-authority planning committees may reject planning applications even if they meet all legal and policy requirements. Moving to a more zoning-type system would mean having these political discussions at an earlier stage—or more likely, revisiting them when details of proposed schemes emerged.

*Research funded by the Royal Town Planning Institute*

## 13 - The incidence, value and delivery of planning obligations in England in 2016-17

(with the universities of Liverpool, Cambridge, Oxford and Sheffield)

*Alex Lord, Richard Dunning, Bertie Dockerill, Gemma Burgess, Adrian Carru, Tony Crook, Craig Watkins and Christine Whitehead* 2018

<https://tinyurl.com/PlngOblig>

This was the fifth evaluation of how Section 106 and now the Community Infrastructure Levy (CIL) have been working across the country. Taken together the reports provide a clear understanding of the effectiveness of planning obligations and levies, especially with respect to residential development over the economic cycle. This was the first evaluation to include both S106 and CIL. It showed that London collected the highest amounts, in value terms, of both S106 and CIL contributions. The Mayoral CIL was seen to be of particular importance in supporting large-scale infrastructure.

Our research also addressed issues around the relative costs and benefits of the two approaches. We found that while CIL was meant to provide more certainty, in practice it did not necessarily do so, because the way the funding was used was not contractual,

levies could be changed many times over the period of a large-scale development and the funding might be held back for long periods.

This report and related research showed there was clear merit in retaining the principle of negotiated planning obligations for ensuring affordable housing and for larger sites where the impact of the development extended outside its immediate neighbourhood. To secure higher revenues we recommended greater clarity of policy, increased speed of negotiation, and acceptance that viability issues in cyclical markets need to be addressed more transparently. The London tariff arrangement was one approach to making the environment more certain.

*Research funded by the Ministry of Housing, Communities and Local Government*

## 14 - Building trust

*Tony Travers* 2018

<https://tinyurl.com/BlldgTrust>

This is a very different approach to that of the report described above, which was done for MHCLG. Tony Travers' analysis raises issues about the politics of development and how the tensions between communities and that development might be reduced.

The paper provides some detail about the extent of finance raised through planning obligations and the types of activities supported by this funding. This demonstrates that the amounts provided by developers are

very significant and do benefit communities. However, very few people understand what the money is spent on and how they may be benefiting from the funding and the housing provided.

Prof Travers argues that the public mood tends to be one of suspicion against both corporations and politicians and therefore tends to discount the value of the benefits to communities. Developers need to be far more sensitive to the feelings of those living near



the large developments which are now the norm in London – and which are necessary for the health of the capital. Equally politicians have a responsibility to explain the trade-offs involved and how these are balanced with the help of planning contributions.

The report points out that in England, unlike in many other countries, it is rarely made clear

that public infrastructure and facilities such as surgeries, community facilities and even new stations have been provided using the funds raised through planning obligations and levies.

*Research funded by the Westminster Property Association*

## Meeting housing needs

### 15 - The role of overseas investors in the London new-build residential market

*Kath Scanlon, Christine Whitehead, Fanny Blanc and Ulises Moreno-Tabarez 2017*  
<https://tinyurl.com/y6co4hxcf>

This report, commissioned by the Mayor of London, looked at the role played by overseas buyers of London new-build property, asking what proportion of new residential units in London were bought by overseas buyers: what proportion of those units were left empty; whether the funding models of London residential developers relied on off-plan sales to overseas buyers; and what the role of major overseas investors (e.g. institutional investors and sovereign wealth funds) was in the residential development process in London.

family (notably students or sometimes returning expats), and/or as a London home to be used for work-related purposes or vacation. Some 70% or more of sales were for renting out with a maximum of 30% in the other two categories.

With existing data sources it was impossible to determine accurately how many units were vacant, though developers estimated occupancy rates for individual schemes—including second-home use—at up to 95%. There was almost no evidence of units being left entirely empty, but units bought as second homes could be occupied for as little as a few weeks a year. Not all such second home sales were to overseas buyers.

Most developers said they needed pre-sales to ensure a pipeline of development. These sales were usually to overseas buyers as they had more experience buying this way and were not constrained by UK mortgage offers.

We concluded that Londoners might be excluded as tenants or owners from perhaps

6% of private new-build units. This cost was offset by the effect of overseas sales and investment on developers' decisions to build and the speed of delivery. The pattern after 2010, when the effects of the financial crisis were at their worst, suggested that overseas investment since then had a positive net effect on the availability to Londoners of new

housing, both private and affordable.

*Research funded by Homes for London/Mayor of London*

### 16 - The future size and composition of the private rented sector

*Chihito Udagawa, Kath Scanlon and Christine Whitehead 2018*  
<https://tinyurl.com/SizeCompPRS>

This research looked at how household composition has changed in the private rented sector, especially in London, as the sector has grown. In both England and London, the groups with the largest proportions of households in the private rented sector are young and multi-adult households. More than four out of five multi-adult households and almost half of all single-person households rent privately. The biggest difference between England and London is the high and very rapidly increasing proportion of couples with one child renting privately in London - which now exceeds the proportion of lone-parent households with one child.

We examined possible changes in the size and composition of the sector over the next ten years under three economic and financial scenarios. In London, under the weak scenario the proportion of households in the PRS continues to rise to 31.6% in 2028. Under the balanced scenario there is a small decline until 2022 and then the proportion increases slightly back to current levels. Under the robust scenario it declines to between 18% - 21%, depending on assumptions about supply.

The analysis points to four important conclusions: First, varying macroeconomic and housing market (especially supply) conditions can have very significant impacts on the proportions and types of households

living in the private rented sector. Second, looking to the future perhaps the most likely scenario is actually that there will be very little change. We are already seeing the size of the sector stabilise for most household types and if the economy and housing market improve only slowly, stability seems the most likely outcome. Third, while many of the past trends have been similar between London and the rest of the country, future scenarios suggest that the scale of the PRS in London will be much less responsive to changes (especially positive changes) in the determining variables than in the country as a whole. This reflects the scale of the affordability crisis in London. Finally, were the economy to improve more rapidly than most current forecasts suggest, the most likely effect would be a significant increase in the numbers of those trying to form separate households. This in turn would put greater pressure on both prices and rents, especially in London.

The findings point to the need for London to provide better housing options, particularly for small families: living in the PRS does not in the main provide the security and quality necessary for a reasonable family life.

*Research funded by Shelter*

## 17 - Rent controls in London? What is being suggested is not new

*Christine Whitehead 2019*

<https://blogs.lse.ac.uk/politicsandpolicy/rent-controls-in-london/>

Last month, Sadiq Khan announced that he had asked James Murray, deputy mayor for housing and Karen Buck MP for Westminster North to develop a blueprint for an overhaul of the laws for private tenants. This will set out a strategic approach to rent control (actually in-tenancy rent stabilisation) and security of tenure which will be a key plank of his 2020 re-election bid.

What is being suggested for London is not new – indeed it looks pretty mainstream. As far as can be understood so far, the package would include:

- i. indefinite security of tenure, with a number of exceptions (such as if the landlord wishes to use the dwelling themselves); to undertake significant improvement investment; or to sell the property as in Scotland);
- ii. rent stabilisation within the tenancy however long; and
- iii. tenants having the right to give notice to leave the tenancy without cost.

What has surprised some commentators is that institutional investors in the private rented sector have generally welcomed the move. The two most immediate reasons are: because it helps to ensure a certain stream of income into the longer term – which is what most for this institutional investors are looking for; and because it reduces the very considerable costs to tenant turnover – as long as the tenant is a good one.

Whether this approach would appeal to tenants is less clear – it gives much greater certainty – but it might actually mean higher rent increases than currently for many tenants, as the majority of landlords do not raise rents when the tenancy is renewed.

Of course the reality is that the GLA has no powers to introduce new rent and security regulations - that would require national legislation. The government is about to issue a consultation document.

## 18 - Build to rent in London

*Kath Scanlon, Peter Williams and Fanny Blanc 2019*

<https://tinyurl.com/buildtorentlondon>

This research, undertaken for the University of New South Wales and New South Wales Landcom, looked at the nascent build to rent sector in London. It focused on four issues: the role of build to rent (BTR) in urban regeneration, the provision of affordable housing, the role of not-for-profit providers and the experience for consumers.

We found that BTR schemes build out faster than build for sale (BFS), meaning regeneration areas are (re)populated more quickly. An influx of new BTR tenants brings instant vitality, and by using the local services/shops/pubs they help carry forward the process of urban revitalisation. Because of this, most big London regeneration schemes now incorporate a BTR component. However, BTR does not generate the high land values that are drawn on to provide infrastructure and other public benefits, so while it is a useful element in big developments, it is almost never the main driver.

There was little evidence that BTR schemes would be major providers of affordable homes as conventionally defined. Most residential developments must include a proportion of affordable housing (usually 35% in London). BFS schemes pay for this out of profits from market-sale units but BTR developments do not generate immediate capital receipts, and providers argue that they cannot therefore provide as much affordable housing as BFS schemes. But BTR schemes can contribute to cashflow and profits on large sites, and thereby indirectly help enable more defined affordable homes. BTR landlords generally retain and manage their own affordable units, which are rented to tenants who meet criteria set by the local authority. Providers are willing to offer homes across a spectrum of rents as long as the overall scheme can produce the required rate of return.

A number of housing associations are important BTR landlords, either under their own names or through wholly-owned profit-making subsidiaries. They see the business as a natural progression that makes use of their skills in managing residential property and serving tenants – albeit that the consumer demographic is very different from their affordable portfolio. Housing associations are looking for profits from the BTR elements of their businesses to cross-subsidise their core activities, either elsewhere on the same site or in other locations. The model has obvious appeal for both the associations and policy makers, as it enables associations to advance their charitable aims with less government subsidy. But those who have become BTR operators are now exposed to the market in a way that housing associations traditionally have not been.

Operators say BTR appeals to consumers because it offers new, high-quality units in good locations, with professional management. It also often offers three- to five-year leases, inclusive rents and the services of a concierge, all features that tenants value. Market rents in BTR schemes tend to be at the top end of rents locally – that is, they are premium products. Broadly speaking, BTR tenants tend to be young professional couples/shares. There are few families with children even in schemes with features designed to attract them. This is an issue of both tenure and built form: most of the BTR stock in London is in mid- to high-rise, high-density blocks, and for the rents charged one could make mortgage payments on (or rent) a sizeable house with a garden in many parts of the capital.

Core demand is from so-called millennials, many of whom have been squeezed out of home ownership. As their circumstances improve, and the housing market goes

through the inevitable cyclical downturn, we might expect some of them to move into owner-occupation, thus reducing demand. Indeed, government may still go further in its efforts to enable households to get into home ownership. This will be a conditioning factor in the process. However, some of the pressures that have kept young potential buyers out so far are unlikely to change (for example, tighter mortgage-market regulation has made it harder for first-time buyers to

access high LTV loans), so demand for rental homes may remain strong for some time even if the current slow deflation of the UK housing market continues.

*Research funded by the University of New South Wales and NSW Landcom*

## 19 - Making the most of build to rent

(with Future of London)

*Jo Wilson and Kath Scanlon 2017*

<https://tinyurl.com/BTRLondon>

This research looked at the emerging role of local authorities and housing associations in the development and operation of purpose-built private rented housing (build to rent) in London. Build to rent schemes can contribute to London's housing market in several ways: by accelerating the overall pace of development, especially on large sites; by bringing a concentrated influx of (mostly) younger people to specific areas; by boosting local economies; and by improving demographic mix. Despite being relatively expensive products, these developments are meeting genuine demand with quality design, greater tenure security and levels of management that should ensure their longevity.

rented sector, or to transform the short-term focus of the development market, will be limited.

To date, investors tend to see their exit strategy as selling to the ownership market, and some regard covenants as a limitation, despite the likelihood of a secondary market emerging. Will local authorities and housing associations take a different view? They always have the option to sell, but local authorities in particular are the ultimate long-term stewards: they don't have to meet the same short-term financial/performance metrics as private sector investors, so can be expected to be long-term players.

Although it is possible that local authority involvement in BTR development will turn out to be a phase, the impetus for local authorities and housing associations to create products with long-term revenue streams is strong, and developing private rented housing is a way to do this.

*Research funded by Future of London*

servicing as a model for the rest of the private

## 20 - Unlocking the benefits and potential of build to rent

(with Savills)

*Savills, with Christine Whitehead and Kath Scanlon 2017*

<https://tinyurl.com/BTRInLdn>

The British Property Federation (BPF) commissioned this piece of research to investigate whether the build to rent sector would benefit from any specific policy measures during its infancy phase. The research was conducted by Savills Research and Economics teams, with LSE London providing an independent and critical role for the collection and analysis of data.

The research identified several benefits of the BTR model. These schemes are normally built faster than standard for-sale developments, and especially on larger urban sites this has benefits in terms of regeneration and placemaking. Compared to typical buy-to-let rented housing, BTR schemes offer improved management and service to tenants, and BTR developments provide on-site jobs and the potential to enhance labour mobility.

Because the gross development value of BTR schemes is lower than for-sale schemes there can be less margin available for developer contributions—particularly affordable housing. Operators usually prefer to retain the affordable units and manage them themselves, rather than working with a housing association. This discounted market rent model allows investors to

manage completed schemes in their entirety and enables the provision of affordable housing within the same block as market rented housing. Some local authorities employ covenants to ensure that discounted rental units remain in the rental market for a defined period and that they serve local households in need of subsidised housing.

The research identified a number of possible policy changes at local and national level that would contribute to a stronger BTR sector and improve the viability of BTR compared to build for sale. They included

- Clarifying the role of DMR as meeting affordable housing requirements;
- Changing planning regulations and standards for BTR developments;
- Continuation of public sector development loans for BTR;
- Extension by time and scope of the PRS Debt Guarantee scheme
- Planning preference for BTR on large sites;
- Exempting large scale landlords from the 3% SDLT surcharge;
- Zero-rating VAT on repairs and management.

*Research funded by the British Property Federation*

# Design

## 21 - Residents' experience of high-density housing in London

(with LSE Cities)

**Kath Scanlon, Tim White and Fanny Blanc 2018**

<https://tinyurl.com/SEDensity>

The London Housing Strategy and the draft London Plan envision a major increase in the rate of construction of new homes in the capital. Because of the constraints imposed by the green belt, all of them must be accommodated within the existing footprint of the built-up area. Inevitably then, these new homes must be built at (much) higher densities than London's historic housing stock. This research looked at the experience of those already living in high-density developments in the capital.

Since 2016, a team of LSE researchers has been investigating how residents experience life in high-density housing. We researched 14 high-density schemes, most in the eastern half of London. Their density ranged from 141 to 1295 dwellings per hectare and they represented a variety of building typologies, from tower blocks to lower-rise courtyard developments. Using online surveys, interviews and focus groups, we asked about physical characteristics and social and operational issues—who lives in these developments, why they are living there, residents' day-to-day lives and how they feel about their communities and wider neighbourhoods.

Overall, respondents were satisfied with their homes. Most of the case-study sites

were very well connected, and residents appreciated the modern design and good views and easy access to public transport. In terms of physical design, the issues most often flagged by residents of new schemes were noise, overheating and lack of storage. Residents were also concerned about the provision and maintenance of lifts, and the accessibility and friendliness of open spaces.

Unsurprisingly, creating real community takes time: the longer people had lived at their address the more people they knew in their scheme. Respondents in some new high-density schemes felt disconnected from their wider neighbourhoods, especially in relatively deprived parts of London.

Some 78% of respondents lived in households with one or two people, and 14% had children (compared to 31% of London households overall). Although all the schemes we studied had some amenities for children, most of our respondents were not parents. In interviews and focus groups some participants said they would rather raise children in a house with a garden.

*Research funded by LSE Cities and the Greater London Authority*

## 22 - Defining, measuring and implementing density standards in London

**Ian Gordon, Alan Mace and Christine Whitehead 2016**

<https://tinyurl.com/densitystandards>

This was one of five projects about density commissioned by the London Plan team in connection with the review of the London Plan and the Strategic Housing Land Availability Assessment that preceded it. This research focused particularly on the density matrix, which sets out density norms, maxima and minima for nine area types in the capital and has formed part of successive London plans. The outputs of the matrix are in terms of mean dwellings per hectare, regardless of dwelling size or building form.

We had two main questions: First, was the matrix a suitable and useable tool to achieve housing, environmental quality and transport objectives? Second, how did use of the matrix affect actual levels and patterns of development across London?

We found that the matrix was a rather blunt instrument for dealing with multi-dimensional issues across a wide range of situations across London. We suggested that if retained, it should be modified so as to produce outputs in terms of bedrooms rather than dwellings.

Looking at the effects of the policy, we found that densities in new developments had

increased enormously since 2000. The density variations across London correlated with the matrix norms, but there was little evidence that these variations were due to the Plans' density standards as opposed to market forces and national greenfield policy. As for levels of built density, these were very often higher than the matrix notionally would allow. And even though the densities in new developments had nearly doubled during the early 2000s, this had resulted in only a very modest increase in housing deliveries—so rather than resulting in more housing, higher densities had principally resulted in smaller areas of land actually being developed.

We recommended that if the density matrix were to be retained, it should not have any maximum values: the GLA had shown little appetite for enforcing them seriously, thus leaving to boroughs the qualitative judgements about acceptable forms of intensive development. We also recommended that the SHLAA should use realistic estimates of achievable development densities based on observed outcomes, rather than matrix norms, in its estimates of site capacity.

*Research funded by the Greater London Authority*

## 23 - Why else is density important?

**Ian Gordon and Christine Whitehead 2016**

[https://www.london.gov.uk/sites/default/files/project\\_5\\_why\\_else\\_is\\_density\\_important.pdf](https://www.london.gov.uk/sites/default/files/project_5_why_else_is_density_important.pdf)

This project was the second of the LSE London studies on density policy for the London Plan team. The 'why else' question was relative to the central concerns of density policies in past London Plans, which were (a) securing a higher number of additional dwellings and (b) sustaining appropriate residential quality and

accessibility in neighbourhoods where new development occurred. But these are not the only reasons one might want to raise densities. Other potential positive impacts of raising density standards for new development include enhancing economic productivity, encouraging more sustainable (carbon-reducing) patterns of



travel, facilitating a more suitable mix of new dwellings and increasing occupational densities to support a more productive workforce.

Our research looked at the evidence for these claims, considering higher population and built densities at both metropolitan level (the macro-route) and within local areas (the micro-route). We concluded that the link between higher densities and carbon reduction or economic productivity essentially involved the macro-route, and depended on achieving a larger housing stock. However the effective gearing was

low, and what mattered was the population of the whole metropolitan region rather than that of Greater London alone. Through the micro-route, higher densities could facilitate housing initiatives or enhance productivity by boosting the vitality of service centres and high streets. Such goals were generally targeted by selective interventions in particular spatial areas rather than by general density policies.

*Research funded by the Greater London Authority*

## Housing and the economy

### 24 - Home advantage: Housing the young employed in London

*Kath Scanlon, Melissa Ferrandez, Emma Sagor and Christine Whitehead 2015*  
<https://tinyurl.com/HmAdvtqe>

This research addressed housing opportunities for young professionals in London, asking whether there was evidence that declining housing accessibility for young people in London was affecting social mobility, and if so whether there were innovative methods of housing provision that could address these accessibility challenges.

We found that younger people were finding it far more difficult to move to London than in the past. They were more likely to share privately rented accommodation and to pay high proportions of their income for their housing. In housing terms, those who had graduated from university were hardly any better off than those without higher education. Young people who did come to London for work were far more likely to come from areas with a tradition of sending children to university. 42% of those who moved to the capital for the first time after

graduation came from the 20% of areas with the highest proportions of children going on to higher education, while only 6% come from the 20% of areas where the fewest attended university.

Finally, family circumstances played a strong role in the housing situations of young people. Young professionals whose parents and grandparents were owner-occupiers had an immense advantage in the housing market over those who had to make their own way. Similarly, many young people whose parents lived in London could live in the family home and save to get on the housing ladder. The evidence from this report is highly relevant to the issues of mobility and productivity affecting the capital.

*Research funded by the Sutton Trust*

### 25 - How central London came so well out of the financial crisis

*Ian Gordon 2016*  
<http://www.spatial.economics.ac.uk/externy/SERC/publications/download/sercdp0193.pdf>

This project sought to explain the remarkably positive employment trends in many central parts of London over the period 2007-2013. The volatility of this economy since the 1980s, and its direct involvement in the financial crisis, suggested it might see a sharp loss of jobs, possibly followed by a strong rebound, if the financial sector could overcome reputational damage from its role in the debacle of 2007-2008.

In fact the City of London and adjoining central boroughs proved both the most resilient in the downturn and the most dynamic in the upturn, accounting for all or most net job gains in the UK. Our research considered three possible explanations for this positive outcome:

- central London's fundamental economic strengths kept it going through generally tough times;
- its advantaged position enabled it to

benefit from elite choices about resource allocation and restructuring in the face of a general fiscal/commercial squeeze; and

- (less conventionally) massive support to and through the banking sector first mitigated the impacts of the downturn for the financial centre, then helped fuel another global city boom.

This last, which included quantitative easing through the City's role in international capital movements and a wealth boost to elite consumption unparalleled elsewhere in the UK, was a key reason central London did so well after the crisis. It also lies behind its continued role as 'the capital of boom and bust'. These time-limited boosts to core central London activities were as important as any reliable secular boost to central London's employment growth potential.

*Unfunded research*



# Social infrastructure

## 26 - New London villages: Creating community

*Kath Scanlon, Emma Sagor, Christine Whitehead and Alessandra Mossa 2016*

<https://tinyurl.com/NewLondonVillages>

This research looked at the concept of the urban village using a scheme at Kidbrooke in south east London as a case study. The population densities of current London developments are very high, many can house thousands of residents, often ranged vertically in high-rise flats; rather than horizontally around streets and squares.

These higher densities put more pressure on neighbourhoods and call for more attention to facilities and place. Community needs to work in these places, and the urban village offers one model for how to create it. Using the concept of urban villages enabled us to look beyond the types and quality of the new buildings in the scheme, to factors such as the wider neighbourhood, the schools, the transport links and the mix of residents.

The research identified six key features of urban villages. They are small and intimate, covering an area that can comfortably be navigated on foot. Each has a unique identity and atmosphere, and its own traditions and collective memory. They are designed for social interaction, with facilities for community events and informal interaction. They are locally driven and locally responsive, with resident involvement in decisions. They have good services and transport, and finally they are communities with a mix of ages, incomes and tenures.

The report recommended that planners and developers should have a clear vision for large-scale new sites. The London SHLAA identifies 33 sites allocated or approved for 1,000 homes or more. At that scale, each of them could genuinely express the idea of a village. Even excluding those which already

have an outline planning consent, there is potential for more than a dozen new urban villages across the capital.

It also recommended that private developers should play a role in community development. A genuine community requires social capital, not just high-quality architecture. Given the right environment, this kind of social capital will usually develop over time, but the process can take decades. The process can be accelerated if there is a catalyst. Developers working on long-term regeneration schemes should lead community-building programmes during the five to ten years after first occupation. They should plan for these activities, resource them adequately, and staff them with appropriate expertise.

Finally, we recommended that large sites on public-sector land should be turned into London villages. Major public works procurements are (currently) obliged to use an OJEU process. In practice, this tends to produce a lengthy and expensive bidding process that adds cost and limits the number of interested parties. Above all, it tends to favour bids with the lowest upfront costs and militates against high quality placemaking. If we want to create truly high-quality neighbourhoods, the contracting authorities (whether councils or government departments) must prioritise quality and delivery as much as price in the criteria they set and the weighting they assign.




*Research funded by Berkeley Homes*

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