

tunein

However you measure it, Britain has a housing crisis



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of Chartered Surveyors says
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1.8m homes to meet demand**

The number of new households created each year in Britain has exceeded the number of homes built annually since 2008, and in England alone approaching 300,000 new units are required each year merely to meet demand.

Owner-occupation is declining yet the private rental sector has too few homes too: the Royal Institution of Chartered Surveyors says Britain requires another 1.8m homes to meet demand as increasing numbers of people choose - or are forced - to rent, because of stubbornly high prices of homes to buy.

Yet resolution of this crisis may require a more nuanced response than simply building more flats and houses. The creation of new planning policies to encourage development, building the right homes in the right places, incentivising owners to use space rationally, and shifting policy and attitudes away from outdated approaches are surely required, too.

Concert's leading residential experts have considered 'the crisis' and produced thoughts, suggestions and solutions to fuel the industry's debate on this crucial subject.



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Planning

“Planning needs to move beyond obvious policies like simply zoning land for more homes” explains Senior Cost Manager Adam Williams. His argument is that while there is unanimity amongst professionals, policy makers and the public alike that brownfield land should be exploited to the full, and acceptance that the consent process needs to be accelerated if developers are to meet housing targets, more innovative solutions should be explored.

Towers may be a way of achieving more for less in terms of higher density housing; while they are not appropriate in every location they have become commonplace in central London, the Docklands and further east in the capital, and emerging suburban centres like Croydon. Now they are increasingly frequently proposed for other major cities as well.

The nut to crack with residential towers - if they are to provide a lasting solution to the housing dilemma - is to shift beliefs.



Beliefs that they are suited just to young, professional singletons or sharers. In other words, how can higher-rise accommodation appeal to older singletons and, critically, families who until now would expect to live in houses?

“Let’s try the concept of the Groundscraper” says Concert Associate Chris Warwick. “This isn’t a tower but a six or seven storey block with a large footprint that dramatically improves density yet creates more of a community and allows large apartments” he adds.

The Groundscraper may be acceptable to local authorities for locations where high towers would be ruled out immediately, may satisfy existing communities unhappy at the prospect of a taller building, and may appeal to buyers and tenants as a way of enjoying larger lateral flats in a manageable block that provides a modest-sized community feeling.





The move ... from **brown** to **green**

Another conventional wisdom in the housing debate is that if only Green Belt land were to be released, the crisis would be solved - but this is to over-simplify the issue.

Certainly there is scope for sensitive development on greenfield sites near existing communities, probably on land that may not even be recognised by many as true Green Belt but is designated as such simply because of its proximity to genuine green space.

However, Chris Warwick warns that even if planners do accept development on such sites, would housebuilders want it? “Such land might be expensive, with planning conditions that would be more difficult than on other sites, and perhaps with less guaranteed demand from buyers who sometimes want to live closer to urban centres” he cautions.

Better, perhaps, would be to resolve other issues with planning: invest in the system to allow applications to be dealt with more speedily, ensure local authority planners become more familiar with the aspirations of those submitting schemes, and reduce the scale of paperwork.

These may have been goals behind the creation of the National Planning Policy Framework but they have yet to succeed - and are not resolving rapidly.



The demographic bombshell

Creative planning solutions, such as building high on a site or limited sensitive Green Belt development, may go some way to meet short term demand but more is required to prepare for a demographic sea-change that is coming.

Currently the UK's age dependency ratio is 310, meaning there are 310 people of pensionable age for every 1,000 of working age.

“We need to create an integrated housing landscape for a much older population” explains Chris Patrick of Concert. He argues that planning, design and infrastructure can empower people to want to move as they get older - not, as is often the case now, seek to remodel existing homes to remain longer, even if they have more space than they require.

No one should under-estimate the scale of the task, for it requires a shift of attitude as well as policy. However, creating opportunities to encourage movement of people in middle-age - to release larger properties for future generations - could involve fiscal incentives to make it worthwhile to move and expensive to remain, as well as the creation of more retirement communities for those drawn to age-specific developments, and making apartments and their infrastructures more attractive to residents of all ages.

More innovative still might be a rethinking of today's aspirations towards lifetime standards for new homes. **“Do we want lifetime tenures of people in large houses when we could create better buildings and communities tailored to an older population?”** asks Patrick.



People, whatever their age, are also at the heart of innovative thinking into how homes are built.

That may seem surprising - what do ordinary people have to do with whether houses are built using bricks and mortar or modern construction techniques?

The answer is: a lot.

“People’s expectations, perceptions and aspirations are a huge factor. It’s critical that their aims and future methods of building homes are aligned - otherwise it’s impossible to address the housing crisis” suggests Chris Patrick.

His point is this. Much discussion is going on amongst consultants, architects, planners and policy makers about factory-based modern methods of construction.

Some players - such as Legal & General, which has a £600m fund to spend as an institutional investor in the Build To Rent sector - are even creating their own factories to mass-produce homes.

Modern methods of construction

This may work in the rental sector where tenants have less long-term commitment to a property or a location, but the challenge is much greater amongst owneroccupiers.

“Buyers start off in a flat and as they get a little older expect to move to a house. Typically, they want that house to be ‘different’ or maybe even very different, from any other house in the same street. Yet for modular or other modern factory construction to be of high quality and provide economies of scale, it must mass-produce more similar units” explains Patrick.

Achieving that cultural shift to accept living in anything less than a visually unique property, rather like the shift required for older owners to move from a long-standing family home, is a challenge to policy makers and the housing industry alike.



Public spending on housing: time for a reassessment?

Calls to ease planning controls, simplify development control and reduce transaction costs for movers have become familiar elements of the housing debate in recent years. But Concert believes it may be time for more fundamental rethinking on public spending.

The issue is this. For a decade now, initially in a bid to minimise risk for the building sector during the credit crunch from 2008, public funds have been used to incentivise house builders to build rapidly. This has been through schemes such as buying unsold units and through kick-start spending such as the £2bn Build To Rent fund set up in 2012.

Likewise public funds are used at the other end of the chain for demand-led schemes to assist buyers, such as the various Help To Buy initiatives linked to the purchase of new homes, plus ad hoc initiatives such as first time buyers' stamp duty holidays. Asks Chris Patrick:



If there is a commitment to resolve the housing crisis, and if public spending is seen as a tool in that, then why not use some of it to directly build housing rather than stimulate private supply at one end and stimulate private demand at the other?

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He says a 21st century reinterpretation of local authority housing could learn from the past: it could revolve around place-making rather than 'just' a large volume of homes, and it could be open to different management structures. Outside of London in particular, a range of social housing types could appeal to a mix of residents - families, older dwellers, young singletons - to prevent repeats of the problems with public estates in the past.

Prime central London: Challenges like no other

It is fashionable to dismiss Prime Central London's problems as being expensive but minor compared to those in more socially mixed 'mainstream' locations - and certainly the issues in the heart of the capital are different.

But challenges exist, nonetheless, and the opportunity arises to use PCL's unique characteristics to create innovative solutions that can be applied elsewhere, too.

"Firstly, we must manage restrictions on basement building. This is increasingly common in many boroughs but can undermine schemes' financial viability"

explains Adam Williams.

Developers rely on a high density of units made possible through building down to contain utilities, communal facilities and car parking - get around that problem, probably through creative design, and the solution can be applied elsewhere too.

A second issue is differentiation: many PCL apartments built in recent years have similar high-end specifications. This has prompted differentiation created through still higher specifications such as Uber-Prime, but increasingly developers are using architects to 'think unique' in a bid to make each block stand out from its neighbours.

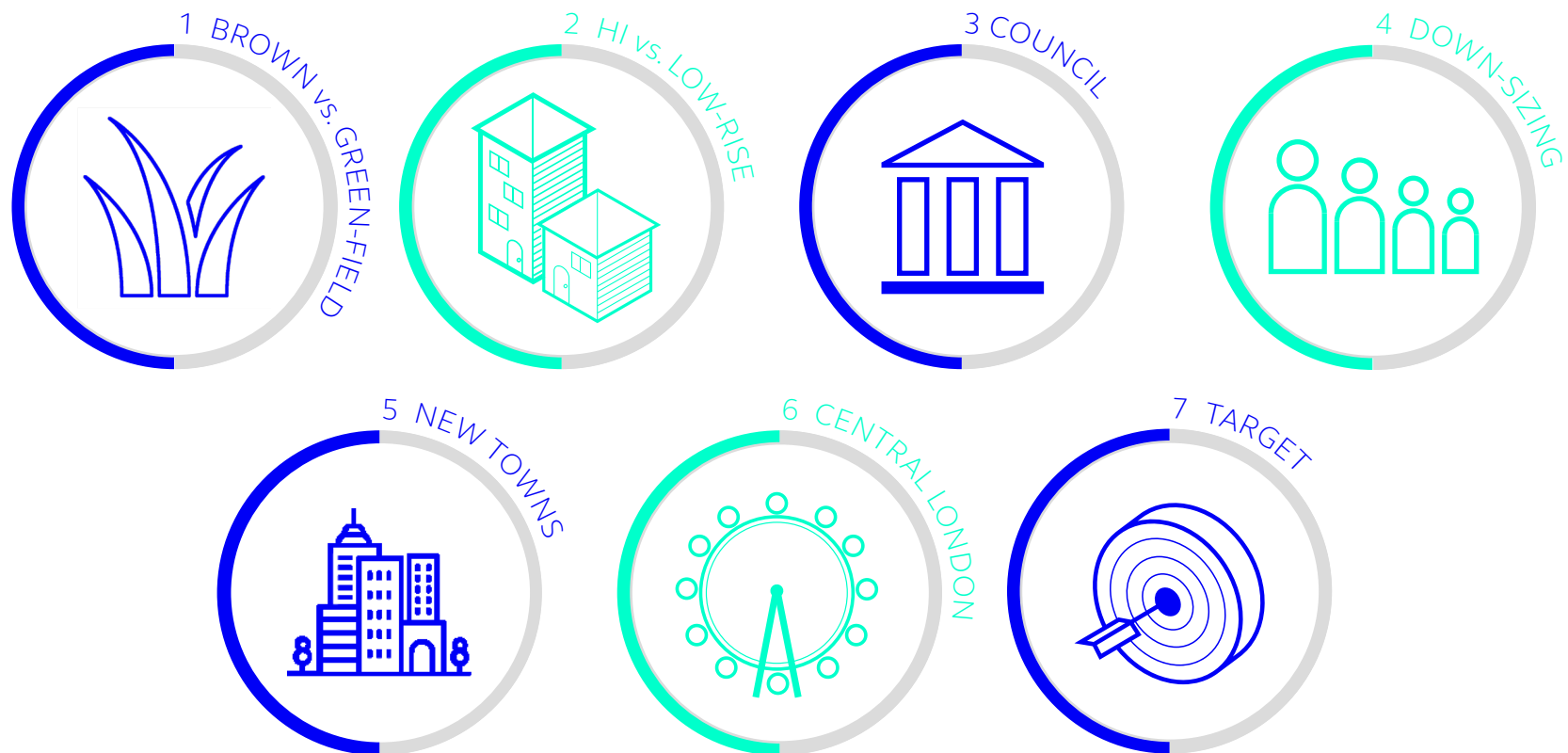
The use of innovative materials, colours and designs that interact with sunshine and surrounding buildings may be the **'next big thing'** for this niche sector, to satisfy the quest for differentiation from developers and buyers alike - but again this can be universally applied after being pioneered in London.



Housing crisis or housing shortage?

No one underestimates the size of the task ahead of those committed to helping solve Britain's housing crisis but by using out-of-the-box thinking as well as proven expertise, organisations like Concert can make positive contributions.

Perhaps the additional ingredient to add, however, is to match innovative creativity with good relationships - with clients, local authorities, buyers, investors, suppliers. This can make each project a success. And, perhaps, it could even help resolve the crisis.



1 / Brown vs. green-field

Releasing the Green Belt is almost certainly an over-simplification. Scope for development of course needs to be investigated but it is not a quick fix and the potential long-term consequences must be considered.

2 / High vs. low-rise

The maths may favour the high rise/high density approach but a tower is not appropriate for every location. The approach is associated with young singletons but perhaps the concept of high density accommodation needs rebranding to appeal to all generations. A compromise here is the 'Groundscraper' – not a tower but a six or seven storey block with increased density.

3 / Should council housing make a comeback?

Common sense suggests that a government that is committed to solving the housing issue would invest directly in building new houses rather than via a Private financial vehicle. We can learn lessons from the past here, rather than building vast estates that can create a perfect breeding ground for all manner of social problems, we should investigate the very different needs of different types of dwellers – creating homes not houses.

4 / Making down-sizing desirable, acceptable, and painless

With an aging population, comes the likelihood of aging single people and couples living in large family houses, perhaps with more space than they need. The answer here may be obvious but the emotional, cultural and political shift is enormous. Incentivising and encouraging people in their late middle ages to move, whilst managing the expectations of the next generation in terms of their living arrangements is an enormous task.

5 / New towns, new developments and new attitudes

New planning policies need to encourage development, building the right homes in the right places, incentivises owners to use space rationally.

6 / Is Central London a property area or an asset class?

London is considered by the international investment community as a prime asset class and has been for a number of years now, from the trends to maximise land use to the architectural masterpieces that maintain London's position as a global leader – it all counts! However London is also part of the UK and shouldn't be viewed in isolation, it tends to lead the cycle in terms of property trends and we can learn much from its performance to inform development in other major cities.

7 / Should a target of 35% be flexible?

After initially setting a target of 50% for affordable new homes in the capital, the current Mayor of London, Sadiq Khan has revised his thinking to a shorter term goal of 35%. The developers who achieve this target will be waved through, those that don't will face greater scrutiny. Surely recognition that the solution is a "marathon and not a sprint." But if every site is different shouldn't there be reasons to increase or decrease this percentage to encourage development and affordable home delivery?

Contributor

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Graham Norwood is a frequent contributor to the property consumer and trade press, writing regularly for titles including the Sunday Times Home, Daily Telegraph Property and the Financial Times House & Home, as well as contributing to Estates Gazette and editing both Estate Agent Today and Letting Agent Today.

He has written four books on residential property, and has a frequently-updated blog (www.propertynewshound.com); he also has almost 20,000 followers on Twitter where he can be found @Propertyjourn.

Before becoming a freelance property writer, Graham worked as a business journalist at the BBC.

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