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Trends and issues in the (unaffordable) London housing market

Tommaso Gabrieli

Introduction

This chapter aims to describe and analyse some of the fundamental trends and policy issues in the London housing market. Focusing on the unaffordability problem for first-time buyers, the chapter will show how this emerges as a market outcome where price dynamics, foreign investments, speed and type of development activity interrelate and play a major role. The chapter employs a descriptive economic analysis to explain detailed empirical evidence on demand, supply and prices across the London housing system; the economic analysis will describe the institutional and market links between planning, development and housing demand and will exemplify how those links impact on market prices and affordability. Under an institutional economic approach, I will describe how the fundamental activities/functions of development, investing and planning are linked by prices and financial variables, and how those activities shape market outcomes, henceforth describing and making sense of recent market trends. In view of this institutional analysis, I will then critically present the most recent policy proposals and discussions.

The problem

The empirical evidence is stark: London is not affordable for the average earner, as first-time buyers are in the top 20 per cent of city household income distribution. Research from Halifax (2019)¹ shows that the average first-time buyer pays a deposit of £110,656 (26 per cent of the purchase price); this is about three times more than in 2008, when it stood at £38,335. Unsurprisingly this implies that first-time buyers are now older than they were in 2008 – aged 31 nationwide and aged 33 in London – up by two years. The primary reason for this dramatic lack of affordability is that housing has become increasingly expensive in the last 15 years.

According to Office for National Statistics (ONS) data, house prices have increased in every region of England since 2004. Prices per square metre in London increased far more than in any other region, leading to a widening gulf between it and other regions. In 2004, the average price per square metre in London varied from £2,310 in Barking and Dagenham to £8,190 in Kensington and Chelsea, but by 2016 these figures had risen to £5,970 and £19,440 respectively. The top 19 most expensive local authorities by price per square metre are all in London, with Elmbridge (Surrey) the twentieth most expensive non-London area. Barking and Dagenham, the cheapest borough in London, is still more expensive than the priciest local authorities in the South West, Midlands or North.

If we associate those figures to data on first-time buyers we unequivocally notice that London remains too expensive for many young first-time buyers, with research from Hometrack (2018) showing that £84,250 was the average income required to buy an average property. Average first-time buyer property prices in the capital have increased by 50 per cent in 10 years and now stand at £426,857. Within the context of a national affordability crisis, there is a particular disparity between the previous figures for London and the rest of the UK, where property prices went up by one-fifth (21 per cent) since 2008, with the average price up from £172,659 in 2008 to £212,473 today, while the average deposit is now £32,841, up by 70 per cent from £19,364 in 2008.² Moreover, research from Trust for London (2017) shows that the high cost of housing in the capital largely explains the higher rate of poverty in London (27 per cent of Londoners, compared with 21 per cent across England, after housing costs).

There are various measures of affordability.³ The most commonly used indicator in the UK is the ratio of house prices to incomes or earnings – and indeed this is also used in many other countries. Based on the 2018 release of ONS data, Figure 10.1 illustrates the median affordability ratio, which is the ratio of median price paid for residential property to the median workplace-based gross annual earnings for full-time workers. We notice that in London the ratio is at 20, twice the UK average. There are broad differences; the figure shows the least affordable and the most affordable boroughs.

More generally, ONS (2018) shows that over the past five years, more local authorities in London and surrounding regions have fallen into the least affordable category. In 2018, eight of the 10 least affordable local authorities in England and Wales were in London, with two being in the surrounding South East region. The most affordable local authorities in 2018 were in the North West, Wales and the East Midlands. It is also interesting to look at some international comparisons. A survey by Demographia (2019) shows that the median ratio for London is in the severely unaffordable category,⁴ alongside cities such as Hong Kong, Sydney, Los Angeles and Vancouver.

Extremely high prices and unaffordability, especially for first-time buyers, can also explain why London's overall homeownership rate has fallen in recent decades, but there are stark differences in the trends for different age groups. Research

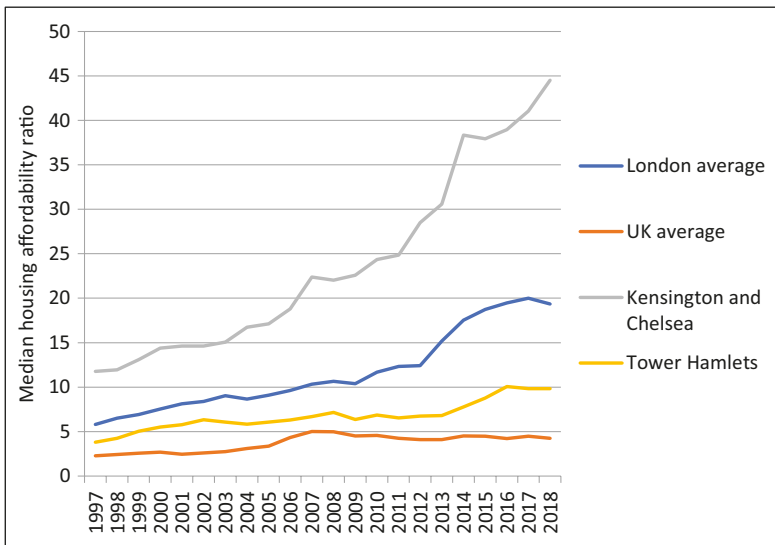


Figure 10.1 Median housing affordability ratio (author, data from ONS 2018)

from the Greater London Authority (GLA 2018) shows that in 1990, 25 per cent of households in London headed by someone aged 16–24 and 57 per cent of households headed by someone aged 25–34 owned their home. However, by 2017 these figures had fallen to 8 per cent and 28 per cent respectively. Homeownership rates also fell for households headed by someone aged 35–44 (from 69 per cent to 49 per cent) and 45–54 (71 per cent to 52 per cent) over the same period. During this period, the ownership rate for households headed by someone aged 55–64 initially rose, but over the last decade it has fallen back to its original level at 63 per cent. Finally, the proportion of households headed by someone older than 65 who owned their own home rose relatively steadily from 49 per cent in 1990 to 72 per cent in 2017.

An economic analysis

This section presents various descriptive statistics and trends, with data about tenure, ownership, foreign investments, speed and volumes of development activity, lending market and price trends. It will then present a narrative of how those various activities interact and contribute to unaffordability.

The outcome described in the previous section can be understood in terms of dynamics of demand and supply, where demand for housing in London has constantly grown in the past two decades. Looking to demand, evidence from the GLA (2018) shows that since 1997 both London’s population and its economy have grown rapidly, although the job market trends are considerably more cyclical. Between 1997 and 2017, the number of jobs in London grew by 1.73 million,

or 42 per cent, while the population grew by 1.81 million (26 per cent). However, this rapid economic and demographic growth was not matched by an increase in the housing stock, which grew by only 500,000 homes (16 per cent) over the same period. The last five years have also seen a wide disparity, with the number of jobs growing by 14 per cent between 2012 and 2017, the number of people by 6 per cent and the number of homes by 4 per cent. This increase in demand has not been matched by an equal increase in supply.

Why is demand so strong? London is an international financial centre. Lizieri (2009) notes that among world cities, a small subset of cities known as international financial centres (IFCs) play a major role in the global system of finance. Those cities act as centres for asset management and product innovation. Economies of scale and agglomeration, which are the benefits that firms obtain by respectively increasing in size and locating near each other, have resulted in an ongoing concentration of high-order financial services – such as equity trading, bond trading, foreign exchange activity, derivatives trading and wealth management – in a few key global cities.

In a global economy dominated by the free and fast movement of international funds, IFCs compete with each other in order to attract capital, with London usually being considered one of the most global cities (Sassen 2001). The attractiveness of London as a destination for both commercial and residential real estate capital has led to the city being described as a ‘safe deposit box’ (Fernandez et al. 2016). Looking at foreign investments, Wallace et al. (2017) found that 13 per cent of new build properties sold in London between 2014 and 2016 went to overseas buyers.⁵ Research by Sá (2016) shows that with no foreign investment in the housing market in England and Wales between the years 2000 and 2014, house prices would be 19 per cent lower than they are now.

House prices can be theorised as an outcome of the dynamics of demand and supply: when housing demand grows more than supply, prices increase. At the same time, demand and supply are not fixed and do respond to prices; the standard economic tool to analyse those mutual links between demand, supply and prices is the general equilibrium model. However, since demand is constantly growing and developers’ incentives to supply housing are often changing because of changes in planning policies, a concept of long-run equilibrium is not very useful to analyse London house price dynamics. The well-known Four Quadrant Model of DiPasquale and Wheaton (1992) is a more immediate and useful general equilibrium tool to understand how the complex interaction between development and investment inevitably creates market dynamics, volatility and cycles.⁶ Essentially, the model considers the specific and joint dynamics of property, investment and development markets, where shocks in one market will have an effect, albeit with lags, on other markets through changes in prices and rents. For example, a demand shock in the property market affects property valuations, which in turn will have an effect on investments for new constructions, which will ultimately feed back as new supply to the property market, with the possibility of overshooting demand and therefore reversing the cycle. Just as in many other developed cities, this has

not happened in London, where supply has not increased rapidly following periods of rapid price increase. In order to understand the reasons behind a slow supply process, we need to refer to intrinsic features of planning, development and the housebuilding industry that jointly determine the supply dynamics.

The UK planning system is local, as planning applications have to be decided in line with the relevant local planning authority's development plan. The approval process usually involves a negotiation around planning obligations, also known as Section 106 agreements (based on that section of the 1990 Town & Country Planning Act); those are private agreements made between local authorities and developers and can be attached to a planning permission to make acceptable development that would otherwise be unacceptable in planning terms. In particular, planning obligations are used for three purposes: (i) to prescribe the nature of development (e.g. requiring that a given portion of housing is affordable); (ii) to compensate for loss or damage created by a development (e.g. loss of open space); and (iii) to mitigate a development's impact (e.g. through increased public transport provision). This process is intrinsically discretionary, with decisions on permitted development on a particular site made on a case-by-case basis, following a negotiation process about developer contributions to affordable housing and other community infrastructure through Section 106. Extensive research documents that the approval process can take months or even years and that delay and lack of certainty are factored into developers' financial models,⁷ increasing required returns and stopping marginal developments from going forward.

Potential lack of competition in the housebuilding industry has been long debated in the UK (see e.g. Ball 2010). Given extensive evidence that developers purchase large quantities of land without developing it, the existence of barriers to entry, increased market shares of the largest builders and weak supply responsiveness might suggest that developers do so with the intent of pushing up prices, a practice known as land hoarding – a stronger version of land banking.⁸

Despite those known issues, housing supply in London increased substantially in recent years. The GLA (2018) shows that since the turn of the millennium the net increase in London's housing stock has been relatively rapid. The GLA (2018) reports that an average of 20,000 homes a year were built in London between 2011 and 2016 according to the new build statistics, but the net increase in the dwelling stock was greater at around 25,400 a year, due to a combination of relatively few demolitions and substantial new housing supply coming from conversions and changes of use,⁹ as well as the undercount in the new build statistics. Increase in the planned capacity was key for actual supply to increase: data from the GLA (2018, 22) document that the 2004 London Plan identified capacity for 23,000 new homes, which then rose to 30,500 in the 2008 Plan, 32,200 in the 2011 Plan, 42,400 in the 2015 Plan and 60,000 in the 2018 Draft Plan; however, the same data show the systematic underachievement of actual supply in terms of planned capacity, given the discussed slow process to translate capacity into completions.

Mortgage availability is the main financial channel impacting on affordability, with cheap liquidity being one of the factors that accelerated demand before the Global Financial Crisis. GLA (2018) data show that the level of new homebuyer mortgage lending continues to be subdued, with new home mover mortgages close to levels last seen during the crash. In 2017 there were 42,800 new loans to first-time buyers in London, up 1 per cent from 2016, and 30,500 to home movers, down 2 per cent. While lending to first-time buyers has recovered partially after 2009, the level of lending to home movers is very subdued. Two thousand fewer home mover loans were made in 2017 than in 2009. The number of home mover loans has fallen by one-fifth (19 per cent) since the second quarter of 2016. The typical first-time buyer in London borrowed 4.04 times their income in 2017, up from just 1.88 in 1980. Home movers, who usually bring some equity from the sale of their previous home, have typically borrowed at a somewhat lower income ratio than first-time buyers. However, the two have now converged. Home movers in London borrowed an average of 4.02 times their incomes in 2017, up from 3.93 in 2016 and 1.71 in 1980. The Bank of England recommended in June 2014 that mortgage lenders do not extend more than 15 per cent of new residential mortgages at loan to income ratios at or greater than 4.5. This is expected to progressively constrain further increases in median loan-to-income ratios for buyers in London.

Most first-time buyers typically need high loan-to-value ratios (LTVs); however, the availability of mortgage loans with high LTVs fell dramatically in the wake of the 2007/8 financial crisis. Loans with LTVs of more than 90 per cent comprised one-third of all lending to first-time buyers in London in 2005/6, but this share fell to just 1 per cent in 2010/11 and 2011/12. In the last two years the proportion of loans at LTVs of between 90 and 95 per cent has risen again, reaching 14 per cent in the year to September 2017. Loans at LTVs of more than 95 per cent are still virtually non-existent. Loans with LTVs of 50 per cent or less have risen significantly in both absolute and percentage terms since 2014/15, and in the last year comprised 23 per cent of total first-time buyer mortgage loans. This is primarily driven by the Help to Buy policy, an equity loan scheme which provides government-backed equity loans of up to 40 per cent of the property value, thereby reducing the amount to be covered by a mortgage. In 2016/17, there were 2,990 homes bought in London with assistance from this scheme, with an average loan value of £152,300. The typical income of households buying with assistance from Help to Buy London was around £66,500. The number of Help to Buy equity loan purchases in 2016/17 is equivalent to 13 per cent of the number of new build private completions in London in that year (up from 9 per cent in 2015/16). The Help to Buy London share of the homeowner market may actually be larger, as some of these new homes would have been bought by investors and rented out. By this measure, Help to Buy London plays a particularly significant role in outer London, accounting for over one-quarter of sales in several boroughs.

Policies

This section will describe proposed policies through the lenses of the previous analysis. In broad terms, policies in the following categories will be discussed and reviewed: (i) policies to increase supply; (ii) policy towards the affordable sector: shared equity, shared ownership, social rent; (iii) policies towards the Green Belt; and (iv) demand-based policies.

Recent policy documents demonstrate a strong commitment to increasing housing supply and in particular the supply of affordable homes. The Draft London Plan (2018) reports that the mayor's Strategic Housing Market Assessment has identified a need for 66,000 additional homes per year and a strategic target that 50 per cent of new homes should be affordable, given the declared key objective of Mayor of London Sadiq Khan in the 2016 mayoral election to increase the provision of homes that are genuinely affordable for Londoners. According to the Plan, these homes are to be delivered through a range of sources, including partnerships with registered providers, the allocation of affordable housing grants as part of the mayor's Affordable Housing Programme 2016–21 and within private developments. Given the many challenges around increasing housing supply that we have covered in the previous section, and that only around 20,000 homes are built every year, the current plan presents a very ambitious target.

When we look specifically at affordable housing, data from the GLA (2018) show that the percentage of affordable housing secured through the planning process fell each year between 2007/8 and 2014/15 (from 30 per cent to less than 15 per cent). Yet the number of GLA-funded affordable homes started in London was 8,940 in 2016/17, a figure which increased to 12,530 in 2017/18, the highest since 2010/11. Of the affordable homes started in 2017/18, 6,730 (54 per cent) were intermediate (shared ownership or intermediate rent), while 2,830 (23 per cent) were at social rents or London affordable rent levels, also the highest figure since 2010/11. The remainder (24 per cent) were other homes for affordable rent.

According to the government definition, affordable housing is social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. In particular, the London Plan states that affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable rent is subject to rent controls that require a rent of no more than 80 per cent of the local market rent, including service expenses. Intermediate housing includes homes available for sale or rent at a cost above social rent but below market levels. These can include shared equity (shared ownership and equity loans), other low-cost homes for sale and intermediate rent, but not affordable rent. Households whose annual income is in the range £18,100–£66,000 should be eligible for new intermediate homes. For homes with more than two bedrooms, which are particularly

suitable for families, the upper end of this eligibility range will be extended to £80,000; these figures are updated annually.

Intermediate housing in the form of shared ownership (SO) and shared equity (SE) products constitutes the only types of affordable ownership schemes backed by government policies. Whitehead (2010) notes that those schemes have been part of UK housing policy since the 1970s, as they were originally developed to address affordability issues at times of high inflation, when people who could easily afford to buy over their working lifetime were excluded by high payments in the early years. Later they became one of a range of low-cost homeownership initiatives aimed at extending homeownership, based on expectations that households' incomes would increase so that they could move to 100 per cent purchase within a reasonable time (see e.g. Booth and Crook 1986). More recently, SO/SE products have been used to provide subsidies to increase homeownership rates by enabling marginal purchasers to buy as house prices rose faster than incomes and more households were excluded. While there have been many different versions over the years, government policy has concentrated on two core models: shared ownership, where the purchaser buys a proportion of the property with a traditional mortgage while the other portion is owned by a social landlord who receives rent on this element; and shared equity, where the purchaser buys 100 per cent of the property but obtains an equity loan to cover part of the value.¹⁰ Research by Whitehead (2010) shows that those instruments may be too expensive and too risky in the case of depreciations; research by Meen (2018b) shows that those policies are primarily of benefit to those already on the fringes of homeownership.

Together with the recommendation of resourcing authorities' planning capacity, delivering a variety of sites for development, speeding up and monitoring build-out rates, supporting small and medium developers, research from Scanlon et al. (2018) recommends that one way of expanding construction output – including the affordable type – for boroughs and other public landowners would be to commission housing in partnership with developers. This so-called direct commissioning could be seen as a descendant of the council housebuilding programmes of the 1960s and 1970s, which provided hundreds of thousands of homes per year at the height of production. According to this view, the benefits of this approach are that it would effectively introduce a source of cheap land but also a long-term source of revenue. Most importantly, by having a guaranteed customer, build-out rates could be faster than those achieved by speculative for-sale developers. There are few examples of existing partnerships between local authorities and developers with different legal structures; research on the pros, cons and controversies around those schemes is limited.¹¹

A number of high-profile reports mentioned by Wachter (2018) discuss the negative impact that viability assessments have played in reducing the level of affordable housing negotiated by local planning authorities through Section 106. While the statutory planning framework has remained one that is plan-led, the prevalence and influence of viability assessments on affordable housing and other

planning outcomes has resulted in what could be termed a viability-led planning system. A range of factors have led to this scenario. As a proposed remedy, policy H6 of the Draft London Plan sets out details of the threshold approach to affordable housing. This enables schemes delivering 35 per cent affordable housing, and 50 per cent on public and industrial land, to be assessed under a fast-track route without needing to provide detailed viability information. A key benefit of the threshold approach is that it provides greater certainty to the market, particularly when developers purchase land. Similarly, at the national scale, the government issued a set of proposals for consultation (DCLG 2017) including an approach to viability based on area-wide assessment at local plan stage; according to this policy proposal, where a proposed development is in line with all the relevant policies in an up-to-date development plan, the development should be assumed to be viable and no further assessment of viability is needed. Scanlon et al. (2018) mention that many commentators have argued that site-specific issues are so important that this is not feasible, especially on larger sites and indeed in London, and that, contrary to what is intended, uncertainty would be exacerbated.

London's metropolitan Green Belt has been singled out as a brake on land supply and therefore a driver of rising house prices by various economic analyses.¹² According to this view, constraints on land supply, often justified for reasons of 'urban containment' and densification, are credited with turning housing into an especially attractive asset class. The issue is controversial, and it has been heavily debated both in academia and in evidence sessions at the UK Parliament.¹³ Given an economic rationale that there should be a cost-benefit analysis between land in any use and its alternative proposed use, and a recognition that the Green Belt land serves an important purpose, building on it is a complex issue. However, an opinion that is gaining momentum is that wherever major infrastructure changes accessibility and provides benefits to communities, there should be a review of the costs and benefits of modifying the designation of affected land – with the full understanding that any Green Belt acreage lost should be replaced by more environmentally valuable land (see Mace et al. 2016). Edwards (2016), however, comments that in the more general context of people's interest in maintaining house values and the strong tradition of amenity protection that generate 'not in my back yard' (NIMBY) resistance to new development in many rural and urban areas, the strong commitment of central government and the mayor to protecting the Green Belt from residential development may be politically inevitable.

A recent and growing body of research is expanding the policy discussion towards demand-side policies. The introduction of a stamp duty supplement on most buy-to-let investments and changes in the rate of tax relief on privately let properties and second homes are the only examples, albeit with small potential impact on prices, of this type of policies. Meen (2018b) comments that although increases in housing supply continue to play an important part in improving affordability, it has been known since the review of housing supply by Barker (2004) that increases in supply have to be large and long-lasting to have a major effect on

affordability, and therefore suggests that the benefits to those on low incomes from market provision alone are unlikely to be adequate, and that an important role for expansion of social rented housing remains. An alternative view is that housing shortages could be reduced if owner-occupiers could be persuaded with a tax to reduce 'over consumption' of housing and downsize. Meen (2018b) demonstrates the consequences of changing the tax system so that property taxes are proportional to income and the housing costs of older households would rise considerably; he suggests that were this to be considered, any changes would need to be introduced over a long period of time and/or offset in other ways. Referring to a broader perspective on financialisation of housing, Gallent et al. (2017) also suggest that the solution to the unaffordability crisis could lie in demand management policies, despite this often being considered unworkable.

Conclusions

It is difficult and complex to anticipate what the future holds for London house prices as the general political and economic uncertainty related to the Brexit process continues; the future outlook might be characterised by a general depreciation trend, which would imply a different market context from the one described in this chapter. ONS data from June 2019 show that average house prices in London fell modestly over the year each month from March 2018; from their recent peak and trough of £489,000 in July 2017 and £467,000 in June 2019, average London house prices have fallen 5.1 per cent. In principle, a decrease in average house prices may enable some wealthier potential first-time buyers to buy; however, it is fair to say that a strong depreciation could only happen in a scenario of financial turmoil and economic recession and therefore with many negative implications for the affordability of both first-time buyers and renters, especially the less wealthy. Moreover, depreciations would be particularly harmful for current holders and providers of SE and SO products.

Questions over future price trends are only one part of the methodological challenges in monitoring future trends; another fundamental issue for effective policy-making is that while there is no strict definition of housing need, this is usually understood as the amount of housing required for all households to live in accommodation that meets a certain normative standard. The number of households is often used as a proxy for housing need, but this measure cannot give the whole picture. For this reason policy-makers need information to track the changes in key indicators in a timely way, as well as to set specific goals or targets while making clear what a given measure is meant to achieve and by when; lessons and good practices over such issues may be learned across countries.

Research and policy publications cited in this chapter tend to agree that while increasing supply is of critical importance – and there is no 'silver bullet' that can remove all obstacles that still limit housing supply – the issue of affordability in

both the private and social housing sectors needs to be tackled directly with more financing of affordable housing. Filling the huge existing funding gap for affordable housing is challenging, and many experts are debating a more direct role for the public sector in the delivery of what is missing, as well as suggesting looking to land value capture and tax increment finance mechanisms used by other countries. The chapter by Biggar and Siemiatycki (in this volume) analyses land value capture mechanisms such as the density bonus used in Toronto in a similar context of low affordability; notwithstanding some of the fundamental challenges that relate to the negotiation process between planning authorities and private developers that have been highlighted for both London and Toronto, such mechanisms might in principle be used to divert more resources from private development directly into affordable housing.

If policy-makers really want to ensure that more affordable homes are built where people want to live, as is often declared across the political spectrum, radical changes may be inevitable. The debate around the Green Belt described in this chapter shows the benefits of providing a careful economic analysis on the impact of a policy proposal on house prices; if pros and cons are clearer, more informed decisions ultimately can be left to the political realm. Likewise, a clear understanding of the complex interaction between demand and supply – and in particular of the effects of possible depreciation cycles, new transport connections and increasing density – is of paramount importance when evaluating innovative ideas on demand-side policies, land value capture mechanisms or a greater role for the public sector in the delivery of affordable housing.

Notes

1. Based on data from Council for Mortgage and Lenders, Halifax house price database and Office for National Statistics data.
2. Those figures imply a widening of the disparity between London and the rest of the UK after the Global Financial Crisis of 2008–9. Moreover, data from Costar show a relatively slower growing divide for commercial properties: between 2008 and 2018 sold commercial property prices per square foot grew 139 per cent in London and 92 per cent in the rest of the UK.
3. See Meen (2018a) for a comprehensive review.
4. See Figure 10.1; the denominator of the ratio is median household income.
5. There are some measurement issues based on the Land Registry's data. A British expat buying property in the UK is an 'overseas buyer' by their correspondence address, as is a UK resident buying via an overseas company; some overseas residents might buy property via a UK-based address if they have one. It is argued that a rough measure of the scale of overseas investment in London's residential market is perhaps a third of upmarket properties, but significantly less across London as a whole.
6. See Miller (2015) for a simple video lecture on the model.
7. See for example Whitehead (2017).
8. Research by OFT (2008) found no evidence that homebuilders have the ability to individually affect market prices by buying land, but Hall and Ward (2014, 228) found this conclusion at odds with the experience of many experts; recent research by Gabrieli (2018) offers an explanation for this puzzle by arguing that even if developers cannot affect land prices, weak pre-emptive competition implies that the best strategy for developers is to be slow at starting developments.
9. Clifford et al. (2018) show that between 2009 and 2012 a total of 39,000 residential units were delivered in London through conversions of B1 floor space through full planning permission, which represents an average of 13,000 units per year. Subsequent to the extension of Permitted Development in 2013, 4,757

residential units were delivered through office-to-residential conversions between 2013 and 2015, representing an average of 2,378 units per year – 18 per cent of the average prior to 2013.

10. As explained in the previous section, the current SE scheme is the Help to Buy, where the government lends a first-time buyer (or other buyer for a first home) up to 40 per cent of the cost of a newly built home (20 per cent outside London), which implies that a 5 per cent cash deposit and a 55 per cent mortgage are needed for a house purchase up to £600,000.
11. Without mentioning the many historical controversies and research about the direct involvement of the public sector in housebuilding, we can refer to Edwards (2017) for a commentary where various recent cases are mentioned, including Olympic Park, Old Oak Common, Croydon, Hounslow and Haringey.
12. This is in the context of a more general critique of the role of planning in constraining housing supply and reducing affordability; see Cheshire (2014) for a commentary and Hilber and Vermeulen (2010) for a comprehensive analysis.
13. Select Committee on Economic Affairs, 1st Report of Session 2016–17, Building More Homes, HL Paper 20, 15 July 2016.

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