

# Planning for a falling population

London will have to learn how to cope with a long period of declining population and negative growth

"Calm down, dear" was the title of an editorial we ran in July 2018 which concluded: "Perhaps it's time for (London to) pause for breath and to plan for quality (and tranquility) rather than quantity." This may no longer be a voluntary proposition.

For the first time in 30 years London's population is falling. Since the outbreak of the pandemic, almost 700,000 foreign-born residents may have left London, according to one estimate by the Economic Statistics Centre of Excellence.

Accountancy firm PwC says the number of people living in the capital could fall by more than 300,000 this year from a record level of about 9 million in 2020. This would end decades of growth and would be the first annual drop since 1988. And this is not just a response to the pandemic. A smaller number of graduates is moving to London and there is lower international migration. Net EU migration to the UK as a whole has fallen since 2016 and could turn negative in 2021 for the first time since the 1990s, according to PwC forecasts.

The annual birth rate has dipped to the lowest levels since records began more than a century ago, predicting a 'baby bust' in 2021. An August 2020 survey by the London Assembly found that 4.5 per cent of Londoners – 416,000 people – said they would definitely move out of the city within the following 12 months. UK unemployment is rising fastest in London boroughs. London's jobs woes are a reflection of the city's density and opportunities for work during normal times – such as in hospitality, leisure, retail and travel – hit hardest by the pandemic.

Londoners are also more likely to work from home owing to the higher proportion of professional, IT and finance jobs in the city. Hannah Audino, an economist at PwC, says a sustained decline in London's population would have a wide ranging consequence for the Capital's economy, house prices and transport network although it is too early to know for certain whether Covid and Brexit will have a long-term impact.

This is only part of a larger and more dramatic global trend. The worldwide fertility rate has already dropped more than 50 per cent in the past 50 years according to the World Bank. In 2020 the 20 per cent shortfall below replacement rate in fertility together with low net immigration produced the lowest population growth on record of over 0.35 per cent. South Korea for example recently reported a fertility rate of 0.84, the lowest rate ever recorded for a major economy. The working population of Japan has already dropped 30 per cent since 1980.

Populations in 23 countries including Italy, Spain, South Korea and Japan are predicted to see their populations drop by more than half by the end of the century and China by more than 25 per cent, according to a *Lancet* report. This asserts there will be 9.7 billion people on the planet by 2064 but this number will drop by close to a billion by the end of the century. Some now estimate that the pandemic may have brought the peak forward by a decade.

Lower population growth directly causes slower economic growth. A falling fertility rate also increases the proportion of older adults in the population. In China for example, the percentage of people aged 60 or over has risen from 6 per cent in 1917 to 17 per cent today and is predicted according to the FT to reach an astonishing 35 per cent in just 30 years. A shrinking workforce is already a problem for Germany and Italy. In UK only immigration has avoided the same.

The 2011 Census was a revelation. The population of London had risen by much more than anticipated. The consequences were undeniable by nimbies and politician yet still not addressed. This year's Census might do the same, but in reverse. It will not just be London and the UK which will have to learn how to cope with a long period of declining population and negative growth. ■

&gt;&gt;&gt;

Planning in London has been published and edited by Brian Waters, Lee Mallett and Paul Finch since 1992

# Slay the mythical monsters of unwieldy, useless housing policies

The ineffectiveness of housing policy in expanding supply brings the planning system into disrepute

Another day, another u-turn. The Housing Ministry has decided to abandon its proposal to increase the threshold at which developers have to provide affordable housing after claims it would cause affordable build rates to plummet. Rubbish. It had planned to raise the threshold to either 40 or 50 homes to cut red tape and improve viability for smaller builders.

The National Housing Federation, among others pointed out raising the threshold from 10 to that level would cut affordable homes delivered under S106 by around 5,000 homes. Someone at the Chartered Institute of Housing said this u-turn was 'really welcome and very important'. No it isn't. 5,000 homes is a drop in the ocean compared to what is needed.

That is precisely the figure that Sadiq Khan is proposing that his new GLA low-cost housing developer will provide annually in London alone. Add a nought to that and you might touch the sides of the issue.

Everyone, absolutely everyone, agrees lack of supply is the problem. The FT bangs on about it. The failure of development land tax in various forms over the last 80 years has supplied enough evidence to demonstrate that over-taxing planning uplift retards supply of whatever land use you care to apply it to.

Housing supply is caught between Scylla and Charybdis. The Tories do not believe in social housing, only in the grail of home ownership. They continue to stupidly stuff money into the first time buyer market at a time when supply is at its lowest post-war levels. Labour would love to build Council housing everywhere, but is equally afflicted by affordable housing planning policies which it cannot sidestep and deprives itself of the cross-subsidy from private homes.

The finger is always pointed at the one million approved homes the housebuilders have stuffed in their collective back pockets. But in a market where supply consistently fails to reach levels that significantly subdue prices, there are no prizes in giving up their hotly-denied land-banking. Why take the risk of development when lack of supply keeps land values afloat?

The myth that land prices will subside to reflect taxation has never worked in the absence of adequate levels of supply. Something has to give - 'give' being the operative word. We must subsidise affordable housing if we want more of it. Policies that persist in forcing private developers to pay for it will never be adequate to the task of meeting need that has been so starkly revealed in the pandemic. They are unreal. And for all their good intent, appear ineffectively populist.

Someone has to navigate us out of these dire straits. We are prisoners of the past. The ineffectiveness of housing policy in expanding supply brings the planning system, an important arbiter of social equity, alongside democracy, into disrepute. ■