

LETTERS



A contribution by Paul Finch at the September Forum led to an outbreak of professorial correspondence... and so it continues

Responding to a London house-building crash

From Professor Michael Edwards,
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This note takes off from an exchange (PIL 2025, 24-25) with Paul Cheshire and should start with an appreciation. The various analyses which Cheshire and his collaborators have done over the years have fascinated me and they flesh out my grasp of the political economy of UK housing. Differences come from a difference of standpoint.

My long view of British land and property problems is to remember the continuous history of class relations from mediaeval times without intervening revolutions or major reforms. Elites have always captured and shaped laws and institutions. Planning laws, tenure forms, green belts, conservation and other measures add to the restrictive powers of property owners to exclude what they do not want or to increase the scarcity of what they have – and to harvest the rents they can secure from new development or from the standing stock. The planning system and policies are but one of the mechanisms which underpin the resulting rentier economy; the other role planning plays is of course in providing the necessary infrastructure.

I have learned a lot from Cheshire's, and other people's, analyses about how house prices are affected by the income elasticity of demand, by conservation areas, by proximity to free public facilities where quality is deemed to vary (schools especially). I've also learned a lot from studies of how developers restrict access to building land in provincial England through the use of opaque options

(Colenutt 2020). In metropolitan England we are also afflicted by the scale of the agglomeration economies generated in London and the tendency for these economies to be harvested as land values and house prices by the simple operation of πr^2 : central land is fundamentally scarce and when it runs out the state will provide more railways to enlarge the effective city.

But is the long complex accumulation of land rights quickly reversible, especially now that residential (home and land) values are such a central underpinning of the banking system and of the strategy of so many households? Simply reducing the discretion for planning committees to ignore policy would achieve little additional housing output; policies themselves would have to change radically and even the advocates of deregulation admit that it would take decades for house prices to be detectably lower because such falls would likely be dwarfed by speculative price inflation. It's also now clear that building our way towards affordability through massive national target-setting would consume more of the UK's carbon budget than is conceivably available (zu Ermgassen and others, 2022).

The failure of land and house prices to fall much as demand declines is a serious problem. The current major setback for newbuild sales doesn't seem to be producing the falls in land values which would be necessary to end the pursuit of house-price growth as an incentive. It doesn't seem even to enable developers to discount what they pay for sites to reflect rising standards and costs.

The government and Mayor in their emergency

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responses to the declines in the London market have chosen all the wrong things: propping up prices and caving in to developers' calls for lower standards and reduced land value capture.

What could they have done instead? Developers have always argued that increased production for the market would bring prices down and that their high rates of profit are a just reward for taking risk. Here we are with prices falling and the authorities could have waited for the prospective affordability improvements to follow. Waiting for these benefits to filter through in the absence of a crash was always going to be so slow that it would be swamped by actual house price inflation.

Other things which government and Mayor could have done would have been to remove some of the blockages which are leaving so many London flats unsold or incomplete. They could accelerate the implementation of commonhold and the extinction of leasehold; they could transform the quality controls in construction and insist on a robust system of guarantees on new dwellings. They could have allocated more funds to the acquisition of already-completed and part-built homes for

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A plan for London's housing crisis

social renting by councils and other non-profit providers.

The Mayor on his own could signify that his next London Plan will bear down heavily on speculative bidding in the land market by reinstating strong upper limits on density and building height, removing some of the uncertainty which developers (and community groups) so dislike.

He could, and should anyway, redefine housing targets in terms of square metres or rooms, rather than 'units'. The current pursuit of units (dwellings) gives us far more small flats and fewer large ones than would be required to meet social need. Better still he could signal a presumption against demolition of structurally sound council homes to swing effort towards maintenance and retrofitting.

Landed interests would respond 'where would London's growth be accommodated?' Perhaps London has accommodated enough and some serious debate on regional re-balancing is overdue (Edwards 2025).

Michael ■

From Professor Paul Cheshire LSE

London has a real housing crisis. But the Mayor's still-to-be-consulted on proposals (Nov 27, 2025) to mildly relax the mind-numbingly complex regulations for cycle parking spaces in new buildings, withdraw the ill-conceived, dual-aspect requirements and mildly relax the requirements for the proportion of affordable housing in new developments¹, are not the solution. All these are currently significant barriers to building in London but have nothing to do with London's decades-old problem of consistently building too few houses and grotesquely failing to meet targets. As explained in my contribution in the last issue, this failure is not the outcome of such short-term factors (although together they have depressed house building since 2023), but of a multi-generational constriction of land supply and a dysfunctional planning system.

The underlying reasons for the unaffordability of housing in London are long term and structural, going back to 1955 when Duncan Sandys (not as the more naïve believe, Attlee's Labour government) promoted the Metropolitan Green Belt and stopped all house building in the Home Counties, so protecting Conservative seats.

This action froze the supply of housing land, not only in a 480,000 ha area surrounding London – its whole natural urban hinterland – but also land supply within it. As was shown in London First (2015) there are over 33,000 ha - 23 percent of the GLA area - of Green Belt inside the GLA itself, so off limits for building. Much of this is accidental – left over from the old LCC before WWII which bought up land as green lungs for Londoners. They managed to buy 20,000 ha, but no rights of access were secured. When the LCC was abolished in 1965, the land passed to the Boroughs. Bromley, for example, acquired great tracts, so that 52 percent of its area is still classified as Green Belt, mostly now farms

owned and rented out by the council. Further expanses of Green Belt land in London have been converted into golf courses – our system allows this but not building on it – except, perhaps, for club houses. The area of golf courses inside the GLA is double the size of the Borough of Kensington and Chelsea (London First, 2015).

Before the Green Belt froze our urban land supply and before the 1947 Act turned building houses into a lottery decided by local politicians, it was a regular yearly event to build more than 75,000 houses in the area now covered by the GLA: an annual average of 76,055 was built over the four years 1934 -37. This compares to less than 25,000 a year for the four years 2014 and 2017 or 31,000 a year for the decade from 2014.

The recent announcement by the MHCLG (18 Nov 2025) that:

"Housebuilding near well-connected train stations will receive a default "yes" in future if they meet certain rules, ensuring more homes are built" provides a real opportunity for the London Mayor to finally do something about building houses. Just building on land of no amenity, environmental or recreational value within 800 metres of stations within the GLA boundaries, would release 3,055 hectares of land: at a conservative allowance of 40 dwellings per ha. that is enough for 122,200 additional homes (see Cheshire and Buyuklieva, 2019, or <https://www.centreforcities.org/data/buildable-land-commuter-stations/>). That is four times the annual rate for the decade from 2014, seven times the rate of the dismal and unacceptable performance of the past two years.

The problem is that like Labour's other planning reforms, the new guidance assumes the existence of local plans and local willingness to allow houses to be built. In the NIMBY LAs surrounding London both these ingredients are missing. But London Boroughs mainly do have a valid plan and the GLA, at least, >>>

Colenutt, B (2020) *The property lobby* Bristol, Policy Press
Edwards, M (2025) *Rent, Agglomeration, and the Economy of London* The Value of Place: exploring regional development and land use strategies F Moulaiert and A Mehmood. London, Edward Elgar
zu Ermgassen, S, M P Drewniok, J W Bull, C M Corlett Walker, M Mancini, J Ryan-Collins and A Cabrera Serrenho (2022) *A home for all within planetary boundaries: Pathways for meeting England's housing needs without transgressing national climate and biodiversity goals*. Ecological Economics 201
<https://doi.org/10.1016/j.ecolecon.2022.107562>
PIL (2025) exchange of letters between Michael Edwards and Paul Cheshire Planning in London, 24-25

claims to be in favour of building houses. Sevenoaks has history for finding neither 'well-connected' stations nor land near them. At a planning appeal in 2021 the LA claimed Knockholt, a Zone 6 station with a 35 minute service to London Bridge, was unsuitable to accommodate more commuters. Without firm and clear guidance from the GLA as to what constitutes a 'well-connected station' and how near a proposed development must be to be called 'near', there may be London Boroughs with plenty of suitable Green Belt land equally unwilling to find any land 'near' 'well-connected' stations.

So, the latest guidance from the MHCLG provides a prize opportunity for the GLA to take decisive action and provide a clear-cut, London-wide definition. Uncertainty is the enemy of development. Our existing planning system, by making all decisions discretionary, injects uncertainty everywhere, greatly reducing the volume of construction. Decisive action by the GLA on interpreting the new guidance would eliminate one source of uncertainty. Unfortunately, the Mayor seems unable to recognise another, equally damaging source of uncertainty facing developers: what will be the planning obligations imposed under S106 Agreements? Here there is an easy win. Impose a stonking Green Belt building levy instead of S106 Agreements and insist the proceeds are devoted to local infrastructure and additional publicly funded social housing. If the Mayor really wanted to get the structure of incentives aligned, he could make the size of the levy – say 30 percent of the market value of the development – fall with the speed of construction. For example, the 30 percent levy could be reduced by 1 percentage point for every month less than 18 it took to deliver the houses.

Conclusion

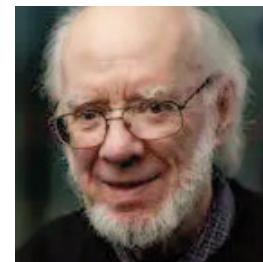
If London's housing affordability crisis is to be improved the vital thing is not to build more 'affordable' houses – particularly if any are at the expense of other houses. As Gleeson (2023) showed, the vital thing is to build as many houses as possible. The more we build the more affordable they will become.

The sacrosanct preservation of the Green Belt has been accepted by successive London mayors but the new government guidance of a presumption in favour of development near well-connected stations gives the current Mayor a fantastic opportunity to actually get more houses built. The new guidance, to be effective, requires active implementation by LAs. This will not happen without appropriate measures taken by the GLA. These measures are needed to provide certainty as to where exactly such land is but also to align incentives so the private sector gets on with the job and at the same time generates funds for proper social housing.

Paul ■

Consensus, dissensus and puzzlement in reactions to Mayor Khan's pre-Plan consultation

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From Professor Ian Gordon, LSE

Away from the City Hall control centre, there has been one strong consensual theme to the past sixmonths of debate over the Mayor's Towards a New London Plan¹. This has highlighted housing as the key problem element, with an ever-grow-

ing supply deficit – despite the promises of previous London Plans – sharply raising living costs for all, except earlier owner-occupiers. And evidenced a general lack of faith in any credible strategy being offered to get a stronger grip on this issue in the next one. The fact that the government seems to want an instant turnaround in deliver- >>>

>>> Footnote

1 All these are illustrations of the destructive power of good intentions. As a life-long London cyclist I have always found solutions to parking my cycle and Brompton has hugely helped but put well-meaning bureaucrats in a room and they can draft a 50 page document on the subject. Developers and planners then have to read, digest and implement these rules. There are 15 different requirements for spaces per new dwelling depending on location and dwelling type and these are complemented by detailed definitions of the space, design and location of cycle parking facilities. For example, a cycle requires a space of between 0.7 and 1.4m²: but this depends on a raft of other regulations. As if designing, getting planning permission and then building a house was not difficult and uncertain enough already.

References

- 1 Cheshire, P. and Buyuklieva, B. (2019), *Homes on the Right Tracks: Greening the Green Belt to Solve the Housing Crisis*, London, Centre for Cities.
- 2 Gleeson, J. (2023) *The affordability impacts of new housing supply: A summary of recent research*, GLA Housing Research No 10, GLA August 2023.
- 3 London First (2015) *The Greenbelt: A place for Londoners?*, London: London First.
- 4 Mayor of London (2025) *Consultation Opportunity – Support for Housebuilding LPG 27 Nov 2025*: <https://www.london.gov.uk/programmes-strategies/planning/implementing-london-plan/london-plan-guidance/support-housebuilding-lpg>
- 5 MHCLG (2025) 18 Nov 2025: <https://www.gov.uk/government/news/housebuilding-around-train-stations-will-be-given-default-yes>

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ies, whereas current output levels had collapsed, has heightened the stakes. But maybe also distracted attention from the consultation document's disregard for the question why a series of previous London Plans have fallen far short of their housing targets - even when problems had been clearly pointed out by the Plans' professional Examiners, and in the Outer London Commission's set of briefing reports for an incoming Mayor in 2016².

Despite such shared frustration, much of the recent debate in forums such as this has involved groups of participants clearly talking past each other - with a cleavage not simply reflecting degrees of pessimism but rather two radically different beliefs about how the contemporary London housing system functions, which colour judgements as to the sorts of strategy that are feasible and relevant to escaping the trajectory of evident failure.

On one side of this divide, are those who think in terms of a basically dual (social and market) system, roughly recognisable from the GLC era. Normatively, this emphasis reflects an enlarged gap between market housing costs and the financial resources of many Londoners in what continues to be a very expensive and unequal city. The capacity of social agencies to respond to the scale and incidence of need, independently of market pressures, depends on two sorts of power that have been eroded - some legal entitlement to compulsory purchase of sites at existing-use value; plus continuing social ownership, with no occupiers' right to buy - and plus massive financial support. Even with the best (Mayoral/national) will behind it, starting from a status quo with a very attenuated social sector, restoring that kind of capacity via (targeted) new construction would be incredibly slow.

The other model starts from a recognition that - since Thatcher - the housing system in (and around London) involves a whole panoply of more-or-less integrated (sub-) markets, for different kinds of product, in different places - and with different time horizons. But with a great deal of interaction across these, as individuals respond to availabilities and to the responses of others faced with shifting sets of opportunities. The degree to which these interactions actually spread impacts across the boundaries between more/less affordable market segments - and across wider areas - was very clearly shown a couple of years ago in a fine GLA Housing review of local studies in comparable kinds of location.

From this perspective, the headline issue is one of degrees of general (un)affordability, that swing up/down, but have got markedly worse, both for those at the top/bottom and in inner/outer areas. Within this framework, affordability is more of a macro-issue than one that can be addressed incrementally/piecemeal via targeted construction.

On the demand side pressure on prices comes

partly from the growth performance of the London economy - that few might want to check - plus boosts to the liquid assets of the rich (notably via QE) that London agencies can scarcely touch. Whereas the elasticity of supply of (desirable) sites is something they can more clearly do something about, notably by easing the rigidity of Green Belt development bans. As academics have long argued - and the Mayor seems to have been led to accept, nine years after the Outer London Commission advised him so to do

Taking Markets Seriously as the Missing Key to Planning Strategically for London

A market-wide perspective on affordability as the issue - rather than securing a quota of identifiably "affordable" dwellings within inevitably marginal additions to the dwelling stock - has two other important (and genuinely strategic) implications that have yet to be picked up by the Mayor.

One of these, which was also core to the OLC's advice, is spatial -the need to engage with functional region authorities and actors across the (very much) wider housing market region. This is basically because locational responses to relative shifts in the supply/demand balance, and (hence) prices, are transmitted through chains of mobility and interaction.

A key example, with several important lessons, was the move by the Blair government 25 years ago, to reinforce urban compaction, with a strong prioritisation of brownfield sites. This hit most strongly in outer areas of the Wider South East (WSE) beyond the Green Belt, with least direct effect within London areas with minimal (unrestricted) green areas liable to be built on. Dwelling prices went up strikingly right across the region, however, encouraging denser patterns of development, most dramatically within the metropolitan core. Inside London, however, the numbers of completed dwellings barely increased - and the net effect across the WSE was much more strongly negative than policy-makers can have anticipated³.

The reason for disappointment/miscalculation on this score was not, however, simply a lack of attention to the connectedness of housing/development markets across a much wider area. But also a neglect of the other strategically crucial dimension of action in these markets, namely time. Tightening constraints raises the likelihood of a sustained upward trend, so long as the region retained its economic attractiveness. In which case it would be perfectly reasonable to use densification as a means of maintaining a steady output/income- stream, while conserving sites as an asset for future years, when the expected returns would be at least as great.

This case is a reminder (from market behaviour) that planning, especially of complex regions, is supposed to be about the long-run (and trying to avoid short-term crises) - not just extrapolating from

short-term trends, or surveys of actors' intentions which are always liable to change in such a dynamic market context.

Strategic planning needs (a set of) game plans, in which some actions are initiated speedily and opportunistically to get things moving, which could well be the case in the Green Belt context for railway station opportunity areas. But at the same time there need to be lines of development that are less purely opportunistic, leading on to coherent new growth areas (alongside reinforced green ones) with identifiable economic, social, logistic and partnership benefits.

And which will not seem to CPRE supporters as simply a chaotic erosion of prized environmental assets, justifying a return to rigid Green Belts, as might well happen. The trouble is that with the retreat of the GLA from any serious engagement with its regional neighbours (since 2019) that might very well be the outcome - which Towards a London Plan's statement that " there may be opportunities for joint work to plan for growth across London's boundary" does little to allay.

Some Concluding Worries

As I see it, the situation with the London Plan is deeply problematic in relation to housing development/affordability which has become the key issue, both in the city and in relation to Labour's national policy commitments. The government's ambitions have been geared to a short-term horizon within which they could not conceivably be realised. Even with major innovations and real learning on the London (or Wider South East) front, of which there is no sign.

Before Mayoral planning (as distinct from permissiveness edicts in implementation) can make a substantive difference, the Plan will need formal approval after an Examination in Public, in which government housing targets will clearly figure. Inspectors have previously been (rightly) sceptical about claims in relation to more modest targets but have given the Mayor's judgement the benefit of the doubt. It is hard to see that being repeated.

And I see no sign that the GLA is girding up to/ preparing the ground for the kind of long-term, sustained and regionally co-operative action that successful strategic planning for such a sophisticated and nationally crucial region demands.

Ian

FOOTNOTES

1 Outer London Commission (Chair Will McKee) Seventh Report: *Accommodating London's Growth: executive summary*, GLA, March 2016.

2 James Gleeson 'The affordability impacts of new housing supply: a summary of recent research', *Housing Research Note 10*, GLA Housing and Land, August 2023.

3 Ian Gordon 'Finding sustainable bases for metropolitan Green Belt reform', pp. 103-107, *Town and Country Planning*, March/April 2019.