

# GAP IN THE MARKET

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BUILDING NEW HOMES  
IN LONDON ON DISUSED SITES



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## INTRODUCTION

It is abundantly clear that London needs to see a significant increase in housing supply in order to meet demand and to bring house prices and rents under control<sup>1</sup>. We also need to look at creative solutions to help deliver this new supply.

At the same time, there are thousands of redundant and disused spaces on housing estates across London with the potential to provide thousands of new homes. Wandsworth pioneered a 'hidden homes' approach twelve years ago, transforming empty sites into new homes and often dealing with hotspots of crime and anti-social behaviour in the process<sup>2</sup>.

Whilst some boroughs are now looking to emulate this approach, it is yet to be vigorously explored in all areas of London. That needs to change, and this report will set out how to make sure it happens. Research suggests that, if all boroughs fully explored this potential, at least 10,000 new homes could be delivered across London from infill sites within the next ten years – in other words, more than the total number of new homes being provided on the Olympic Park.

This report will therefore be calling for each borough, if they have not done so already, to compile a full survey and delivery plan for building new homes on infill sites. It will also call for the Mayor of London, through his planning and housing powers, to monitor and scrutinise these plans.

In addition, since these will be smaller sites, this would be an ideal opportunity to help support the market for small developers and self-builders, who often lose out from public land sales. The report will therefore be recommending that specific pilot projects are established to help these developers build at least 100 new homes on infill sites.

## THE INFILL HOUSING APPROACH

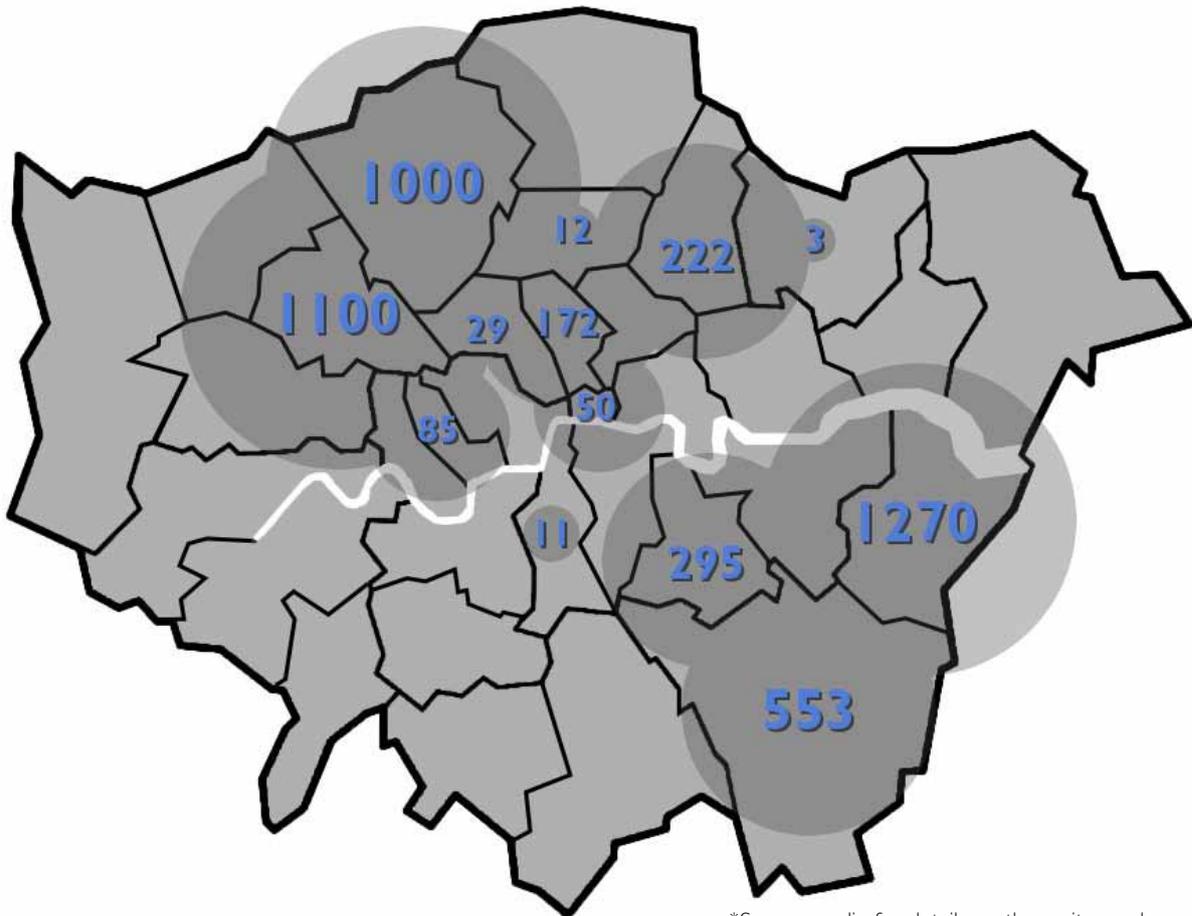
Infill development – or 'Hidden Homes', as many schemes have been called – is an approach that transforms empty or derelict spaces in and around housing estates into new homes. These can include areas such as old laundries, store sheds, garages, parking, space under existing residential blocks and boiler rooms. Developing these areas can often have the added benefit of improving the local environment as well as removing hotspots of crime and anti-social behaviour<sup>3</sup>.

1. [Homes for London: the draft London Housing Strategy](#), GLA, 2014, page 4

2. [Hidden homes; Wandsworth Council celebrates creating hundreds of properties under its hidden homes initiative](#), London Borough of Wandsworth, last accessed 22 July 2014

3. [Hidden homes; Wandsworth Council celebrates creating hundreds of properties under its hidden homes initiative](#), London Bor-

## IDENTIFIED CAPACITY OF SITES AND SPACES ACROSS 13 LONDON BOROUGHES



\*See appendix for details on these sites and space

The scheme was first started by the London Borough of Wandsworth in 2002, with a comprehensive survey of all redundant and empty spaces on its housing blocks and estates. In 2003 the first homes were completed, and to date the scheme has delivered a total of 238 new homes with more on the way<sup>4</sup>.

Since that time, several London boroughs have initiated or started exploring similar schemes. Indeed, the latest version of the Mayor's London Housing Strategy, published earlier this year, states<sup>5</sup>:

There is capacity to go further, especially where there are small infill plots, as well as in the inner suburbs, in town centres and near transport links. The Mayor will explore with boroughs the opportunities available in identifying and developing small parcels of land, either undeveloped or with unrealised housing capacity, that could support in-fill housing development.

However, despite all these efforts, we are yet to see a pan-London effort that would fully explore the potential for infill homes in all London boroughs. An increasing number of boroughs are initiating small scale infill schemes, with encouraging results, but very few have yet been able to set out a large scale approach across all the housing estates in their respective boroughs<sup>6</sup>.

ough of Wandsworth, last accessed 22 July 2014

4. [Hidden homes: cost and success](#), London Borough of Wandsworth, last accessed 22 July 2014

5. [Homes for London: the draft London Housing Strategy](#), GLA, 2014, page 57

6. See Appendix

## CAPACITY

Investigations for this report, including data provided by London boroughs and housing associations, indicate that where the capacity for infill development has been explored, the potential opportunities can be considerable. Barnet Council, for example, indicated that up to 1,000 homes could be delivered on infill sites across its borough<sup>7</sup>. In Brent over 1,100 empty garages could be suitable for conversion to new homes<sup>8</sup>. Boroughs such as Harrow<sup>9</sup>, Greenwich<sup>10</sup> and Lambeth<sup>11</sup> have all either delivered or identified capacity for over 150 homes on infill sites. We also know that, across 10 housing associations in London, there are 3,025 empty garages<sup>12</sup> in a variety of areas, and that figure does not even take into account other types of empty or redundant spaces. In total, 4,552 disused spaces and sites, across 13 boroughs<sup>13</sup>, have been uncovered as part of this report. Whilst not all of these will necessarily be suitable for housing, this is a useful starting point to explore further housing potential.

This is by no means an exhaustive list, but it does give a strong indication of a considerable resource that is waiting to be tapped. It has previously been estimated that, if the infill approach was replicated consistently across London to its full potential, between 10,000 and 15,000 new homes could be delivered<sup>14</sup>. If the capacity set out above is any indication of the capacity across London, this estimate is certainly realistic and may even be much higher. Taking the lower figure of 10,000, this would translate to an average of just over 310 homes per borough, an aspiration that should be eminently achievable within the next ten years.

## FINANCE

The costs of delivering infill housing can vary widely, given the particular circumstances of different locations and the types of sites that may be converted. A scheme in Westminster was able to deliver new homes at an average cost of just over £80,000 per unit<sup>15</sup>. Other estimates have varied between £120,000 and £220,000, whilst the City of London has estimated costs of up to £300,000<sup>16</sup>.

There are a variety of options for raising finance for an infill housing scheme, such as affordable housing grants, planning obligations from other developments (known as Section 106 contributions), or partnering with a housing association or another developer. In addition, reforms to local Housing Revenue Accounts mean that councils now have a greater ability to raise finance using their own council housing assets and future rent levels, which many councils are now using to build new council homes. And if some of the new homes are sold on the open market, a scheme could pay for itself or even generate additional revenue for the council.

7. Response from London Borough of Barnet, July 2014

8. Response from London Borough of Brent, July 2014

9. [Harrow Borough Council home building plan announced](#), Harrow Times, 13 Jan 2014, last accessed 22 July 2014

10. Response from London Borough of Greenwich, July 2014

11. Response from London Borough of Lambeth, July 2014

12. Steve O'Connell AM, [From Lock-Up to Start-Up](#), GLA, 2014, page 3

13. See Appendix

14. Cllr Paul Ellis, *Making your assets work for you*, London Borough of Wandsworth, in [Homing in on the issues: perspectives on the housing crisis](#), Westminster City Council, 2013, page 17

15. [Westminster council grants permission for 36 new 'hidden homes'](#), Housing Excellence, 12 March 2013, last accessed 22 July 2014

16. Responses from Barnet, Brent, City of London, Kensington and Chelsea and Greenwich councils, July 2014

## A PLAN FOR ACTION

Information is a key element in delivering a comprehensive infill homes scheme within a particular borough. Ideally a borough needs to know how many empty and redundant sites exist on housing estates in its area, how many of these sites are suitable for development, how many housing units these could provide, as well as the likely costs.

Whilst in some areas of London it is possible to ascertain all of this information, in other areas there is very little information on sites that may exist. Some areas know about some sites or types of sites, for example empty garages, but may not have undertaken a full survey or may not know how many of these empty sites are suitable for housing<sup>17</sup>.

Where boroughs do not hold data on empty sites on housing estates, often this is because they have transferred their stock to housing associations. However, it is possible to find out this information from the relevant housing providers, some of which we have been able to do from our own research. It would make sense for a borough, as the local planning and housing authority, to co-ordinate this effort.

In order for all areas of London to meet their full potential, this lack of knowledge must be addressed. In any given borough it should be possible to know how many homes can be delivered on all the infill sites within its area, working with housing associations where necessary, and there should be a delivery plan for achieving this.

### Recommendation 1:

Each London borough, if they have not already done so, should undertake a comprehensive and up-to-date survey to identify sites on housing blocks and estates that would be suitable for infill homes, working with housing associations where necessary. A delivery plan should then be published for new homes on these sites.

### Recommendation 2:

These surveys and delivery plans should be included in each borough's local development plan and housing strategy at the next available opportunity.

The Mayor of London also has a role to play here. Whilst the London Plan, especially Policy 3.3, already requires boroughs to identify new housing sites, there is an opportunity to strengthen this policy further by specifically requiring boroughs to survey infill sites.

The Mayor is also able to determine whether local development plans and housing strategies are in general conformity with his planning and housing policies. Therefore, when these plans and strategies are revised by boroughs and the Mayor is consulted on them, this would be an appropriate point for the Mayor to ensure that infill housing surveys and delivery plans have been undertaken, and to scrutinise them to ensure they are robust.

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17. See Appendix

**Recommendation 3:**

The Mayor should amend the London Plan, especially Policy 3.3, to require all London boroughs to review the potential to create new homes on small sites on existing housing estates. Each borough's infill housing delivery plan should then be scrutinised by the Mayor when its local development plan and housing strategy are next being reviewed.

## SMALL DEVELOPERS AND SELF-BUILDERS

Infill housing also offers a unique opportunity to broaden the housing market by supporting smaller developers and self-builders. Public sector land is often made available for development on a large scale – conditions which typically favour larger developers with the necessary resources and logistical capacity. However, by definition, infill sites are smaller areas of land, and many of these areas could be suitable for smaller players in the housing market.

In March 2014, the Federation of Master Builders told the London Assembly Housing Committee that the release of public land is crucial to ensuring that new entrants emerge in the housing market, due to rising land costs in the open market<sup>18</sup>. The London Chamber of Commerce and Industry has also said that encouraging new entrants to the housing market is a key factor to increase housing supply<sup>19</sup>:

To achieve the increase in supply necessary to cater for London's growing population, new firms should be encouraged to enter the market and existing smaller developers must be supported to grow.

Within the house building industry, the largest developers now account for the vast majority of new homes built. In London, between June 2011 and June 2012, 70% of new market homes were built by just 23 developers<sup>20</sup>. This poses a direct risk to the level of housing output, as developers are often unwilling to release more than 150 homes to the market per year, because it is difficult to sell above this level<sup>21</sup>.

By contrast, smaller builders are typically keener to build on their smaller plots to full capacity as soon as possible. In the inter-war and post-war periods, where London had the highest increases in new housing supply, small and medium sized builders had a much larger share of the market<sup>22</sup>.

In addition, the use of small and medium sized firms increases choice in the market, thereby reducing costs. Also, if the firms are local, it is more likely to support local employment.

Self-build is also a sector that the Government has been keen to see expand. In 2007, the Calcutt Report into the housing market estimated that 10% of new homes in the UK were self-built, compared to 30% in

18. Paul Rayment, Member of Federation of Master Builders, speaking at London Assembly Housing Committee, 25 March 2014

19. [Getting our house in order: The impact of housing undersupply on London businesses](#), London Chamber of Commerce and Industry, May 2014, page 6

20. [Solutions for the housing shortage](#), Shelter, July 2013, pages 9-10

21. [Homes for London: the draft London Housing Strategy](#), GLA, 2014, page 60

22. [Homes for London: the draft London Housing Strategy](#), GLA, 2014, page 60

the Netherlands<sup>23</sup>, around 50% in France and Belgium<sup>24</sup>, 60% in Germany and 80% in Austria<sup>25</sup>.

The Government has made specific funding available to self-builders, such as £30 million of loans under the Custom Build Homes Fund, as well as £65 million of funding under the Affordable Housing Guarantee programme to enable community groups and housing associations to build affordable self-build homes. Self-building can also be cost effective on its own terms, with the average self-build house in the UK costing just 59% of its final value<sup>26</sup>. It is also possible to find examples of schemes that could be built for under £50,000 per unit<sup>27</sup>.

Therefore, if land was to be made available to smaller developers and self-builders through infill housing schemes, this would be hugely beneficial to the London housing market and to the wider goal of increasing housing supply. Boroughs and housing associations, when releasing infill land for development, are uniquely placed to help bring this about. The Mayor could also support this process through his recently-established London Development Panel, designed to help bring forward public sector land for development.

#### Recommendation 4:

London boroughs, working with housing associations where necessary, should identify suitable sites for smaller developers or self-builders through their infill programmes wherever possible.

#### Recommendation 5:

The Mayor, through the London Development Panel and in discussion with boroughs, should help identify pilot projects to enable small developers or self-builders to build new homes on infill sites for at least 100 new homes.

## CONCLUSION

As has been demonstrated from this report, there is considerable potential to make use of infill development to deliver new homes for London. At a time when demand for new homes is soaring and supply is struggling to keep up, this is an opportunity that we cannot afford to pass up. It offers the chance to build a considerable number of new homes, simply by intensifying the housing blocks and estates which already exist. These are homes that can be delivered on brownfield land, without building high rise or on greenfield sites. In addition, as we have seen, this presents an exciting opportunity to help support small developers and self-builders to improve London's housing market. Having talked about infill development for many years, it is now time to put it into action with a new comprehensive approach.

23. [Self-build: it's time to go Dutch](#), Guardian, 27 Nov 2011, last accessed 22 July 2014

24. [Solutions for the housing shortage](#), Shelter, July 2013, page 15

25. [Self-build: Should people build their own homes?](#), BBC News, 19 July 2011, last accessed 22 July 2014

26. [Self-build: it's time to go Dutch](#), Guardian, 27 Nov 2011, last accessed 22 July 2014

27. [Self Build on a Shoestring 2013: The Top 16](#), National Custom & Self Build Association (NaCSBA), last accessed 24 July 2014



## SUMMARY OF RECOMMENDATIONS

### Recommendation 1:

Each London borough, if they have not already done so, should undertake a comprehensive and up-to-date survey to identify sites on housing blocks and estates that would be suitable for infill homes, working with housing associations where necessary. A delivery plan should then be published for new homes on these sites.

### Recommendation 2:

These surveys and delivery plans should be included in each borough's local development plan and housing strategy at the next available opportunity.

### Recommendation 3:

The Mayor should amend the London Plan, especially Policy 3.3, to require all London boroughs to review the potential to create new homes on small sites on existing housing estates. Each borough's infill housing delivery plan should then be scrutinised by the Mayor when its local development plan and housing strategy are next being reviewed.

### Recommendation 4:

London boroughs, working with housing associations where necessary, should identify suitable sites for smaller developers or self-builders through their infill programmes wherever possible.

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## APPENDIX – DATA ON ‘HIDDEN HOMES’ OR SIMILAR SCHEMES IN LONDON

Borough	Homes delivered	Homes planned	Capacity identified (so far)
Barnet	3	138	500-750 homes, or up to 1,000 with modifications
Bexley		17	1270 empty garages (L&Q and Orbit)
Brent		100	Over 1100 empty garages suitable for housing
Bromley			553 empty garages (Affinity Sutton and L&Q)
Camden			29 sites
City of London	23		50 homes
Enfield		94	
Greenwich	68	146	
Hammersmith and Fulham		100	
Haringey			12 sites
Harrow		150	
Islington		17	172 empty garages (Hyde)
Kensington and Chelsea	6	28	At least 85 homes
Lambeth		204	11 garage sites
Lewisham			295 empty garages (Affinity Sutton and L&Q)
Redbridge		40	3 sites (others being reviewed)
Richmond upon Thames	41	50	
Southwark	10	25	
Waltham Forest			222 empty garages (L&Q)
Wandsworth	238	26	
Westminster	36		

### Notes on data sources

- Data for Barnet, Brent, City of London, Greenwich, Kensington & Chelsea, Lambeth and Richmond upon Thames has been provided directly by boroughs through responses in July 2014. All London boroughs were contacted with requests for information. Some additional responses were received that were unable to provide data.
- Empty garages data for Bexley, Bromley, Islington, Lewisham and Waltham Forest is compiled from the 2013 report by Steve O’Connell AM, [From Lock-Up to Start-Up](#), page 5.
- Data on homes planned for Bexley was provided by L&Q in July 2013. These are schemes being run by L&Q rather than the borough.
- All other data has been compiled from data published by the respective boroughs through websites, housing strategies, housing revenue account documents, cabinet reports, or local news outlets.
- The above data is based on evidence that could be obtained through research, and is not necessarily an exhaustive list of infill development schemes on small sites in London.



## FEEDBACK

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