

Cities look to halt drift from the centre

Metropolitan leaders are seeking ways to make life affordable for working people

by: **Judith Evans**

When engineers in Singapore this year announced a pilot project to **3D-print** apartments, it was the latest and most eye-catching attempt to address a long-running problem: housing affordability in the world's most successful cities.

Urban centres face an escalating struggle to avoid pricing out the workers on whom they depend. According to the Global Cities Business Alliance, average annual housing costs in Beijing are more than the average salary. In Mexico City, the average commuter spends two hours a day travelling and the typical cost of a rented home in San Francisco rose by 67 per cent in the six years to 2015 (*see related story*).

Such conditions suck up time and money that could otherwise be deployed productively in a city economy, the GCBA says. Since the world's urban populations overtook rural inhabitants in 2007, attempts to mitigate the problems have increased.

"I don't think any great or growing city can sustain its vibrancy and its competitive position if it's only affordable to the highest-income workers," says Stockton Williams, executive director at the Terwilliger Center for Housing in Washington, DC. "We are seeing considerable innovation in local policy to try to respond."

One increasingly popular solution is "inclusionary zoning", or IZ, the requirement that new developments include a certain proportion of low-income or affordable housing. New York City in March approved a mandatory programme backed by mayor Bill de Blasio. In the same month, Ontario in Canada brought in an IZ scheme. Similar requirements are in place in the UK and in more than 500 US cities.

An IZ programme in place since the 1970s in Montgomery County, Maryland, has created more than 14,000 homes for lower-income families in otherwise wealthy neighbourhoods. A report last year by the US Lincoln

Institute of Land Policy found that this has had the added bonus of promoting racial integration, although the report conceded that such successes can prove hard to replicate.

Beyond that, IZ comes with a prerequisite — that developers have appetite to build at all. “The extraordinary boom in high-end residential development in cities has offered huge potential to harness this dynamic, but one reason [IZ] has faltered in the US and London is because even if it’s perfectly designed, it won’t achieve much in a falling market,” Mr Williams says.

Lesley Saville, GCBA chief executive, points out that cities tend to implement these socially inclusive strategies as part of broader programmes that include measures like releasing public land for housebuilding and integrating construction with transport links.

Another straightforward option, however, and one that can prove politically popular, is to limit purchases of homes in a given area by non-residents. Hong Kong introduced an additional 15 per cent stamp duty charge for non-resident buyers of homes in 2012, aiming to reduce speculative buying and help locals to purchase homes actually to live in. That did not prevent property prices reaching record levels in 2015 but sentiment has since turned, partly thanks to rising supply of new homes.

Abu Dhabi and Dubai limit the areas in which overseas buyers can purchase homes. China allows foreigners to own only one property and requires them to prove they have been resident for a year at the time of the transaction. Ms Saville points out that such rules may be aimed at “prioritising cities’ existing residents”.

Mr Williams is sceptical of such measures’ effectiveness, on grounds that reducing the flow of funds tends to discourage development. “They’re not likely to have any beneficial effect on increasing development,” he says. “The evidence is compelling. Any limitations on development, investment or purchase will ultimately be counterproductive.”

Since all crowded cities need new homes, several — especially in Latin America — have opted to introduce financial incentives to encourage development or home ownership, notes Ms Saville. In Singapore, workers can withdraw funds from their public pensions to invest in property. In Mexico City, mortgage loans are subsidised to help keep the less well-off in the city centre.

The building industry has also been adapting. Off-site or modular construction can aid faster building that requires fewer skilled workers. In dense cities such as New York and London, these techniques are being used to build “micro-homes”, namely small apartments designed for compact living without the drawbacks of overcrowding.

Units in My Micro NY, an apartment complex prefabricated in Brooklyn, totalling 260 to 360 sq ft each will go on the rental market this summer. In London, apartments at the top of that size range have been available for sale from developer Pocket at affordable rates for a decade, and have long waiting lists.

In Singapore, this is where the 3D-printed blocks come in. Researchers at Nanyang Technological University hope that structural components of apartment blocks can be “printed” within three years from a concrete-based material off-site by robotic printers, then assembled like Lego bricks. Although this might sound far-fetched, a Shanghai company is using similar technology.

Such futuristic thinking appears to be needed. “In the cities we’re talking about, it’s more about trying to get closer to an equilibrium and a more balanced supply,” says Mr Williams.