

Planning Committee – 16 July 2015
Transcript of Item 5 – Housing Supplementary Planning Guidance

Nicky Gavron AM (Chair): Welcome guests. Could you please just briefly introduce yourselves? Then we will get on with asking questions on the Supplementary Planning Guidance (SPG) on Housing.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): My name is Alisdair Chant. I am from the Berkeley Group; I am here primarily today, though, through the Westminster Property Association.

Nicky Gavron AM (Chair): Just tell us two sentences about the Westminster Property Association.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): Basically it is a collective of both developers and landowners in Westminster who look at the policies which bring forward how they operate in Westminster as both, as I say, owners of properties, in terms of employment, and also in terms of development.

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): I am Oliver Wainwright. I am the Architecture and Design Critic at the *Guardian* newspaper and former member of the Architecture and Urbanism Unit here at the Greater London Authority (GLA) about ten years ago. It is nice to be back in the building.

Pat Hayes (Executive Director, Regeneration and Housing, London Borough of Ealing): I am Pat Hayes. I am the Director of Regeneration and Housing with the London Borough of Ealing (LB Ealing).

Professor Patrick McAllister (Professor in Real Estate, University College London): I am Pat McAllister. I work currently at University College London (UCL) and I have done a lot of research in the last few years on viability modelling and the use of viability assessments in the planning system.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): I am Jennifer Peters from the London Plan Team and I was one of the main authors of the Housing SPG.

Alan Benson (Senior Manager, Housing and Land, GLA): Alan Benson, Senior Manager, housing strategy team.

Nicky Gavron AM (Chair): Thank you both very much for coming today. Maybe the best way to start is with you, Jennifer, telling us briefly what the purpose is of the SPG and what is new in it. Then I would like to go on, after you have done that, and just ask you about the impact of the changes since this SPG was issued for consultation. There have been changes to planning in terms of the Budget proposals and the proposals on planning that came out subsequently. First, what is the SPG all about and what is new?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): OK. The Housing SPG is an update, but quite a significant update, to the 2012 SPG that is currently out. The Housing SPG provides guidance on how to interpret and apply the policies of the London Plan. Obviously we had a new London Plan published in March following further alterations to the Plan [*Further Alterations to the London Plan*] and so this SPG, this draft, picks up on those changes and how to implement them.

It also picks up on some other changes, including the Government's Housing Standards Review, and therefore reflects what we have in the Minor Alterations to the London Plan (MALP) which we discussed at your last meeting. There are also some other tweaks in there because there has been significant new policies from Government, or different approaches, and although the SPG cannot introduce new policy it can provide some guidance for those new policies that are coming out of Government and give a London slant, if you like.

The consultation is open until 7 August and, in terms of what has changed or what is in it, probably one of the biggest changes is in part one, the "supply" chapter, which is all about how we find and deliver the 49,000 homes a year that we need in London. That has been updated to provide extra guidance and clarity for boroughs at the local level so that they know what we expect of them through the conformity process - that is when they come to us with their local plans - to ensure that they have not only met the targets that are set out in the London Plan but also ensure that they try to exceed them, as well as give them advice about how they do that, looking at opportunity areas, town centre intensification and so on. It builds on what is in the Plan with a bit more guidance on what we are actually expecting from them.

It also encourages boroughs to understand and recognise the differences in how character can change over time, again reflecting this idea that perhaps densities will have to increase if we are going to deliver the houses that we need. Again, it promotes the optimisation of capacity in town centres and opportunity areas, which I mentioned.

However, it is not just for boroughs, the guidance; it is also for developers and any other housing stakeholders. We are particularly keen to ensure that we not only allocate and find land for the 49,000 homes a year but that we actually deliver them, so there is more information in there about the barriers delivery work we are doing and how we can accelerate housing delivery. We talk about new initiatives that the Mayor has, such as the Housing Zone initiatives, and how they are going to deliver more housing. It also talks about different types of supply: purpose-built, private rent sector (PRS), older people's accommodation, intermediate products and student accommodation, and how all of those are going to help deliver the numbers that we need in London.

Then part two is the "quality" section. This has our standards in it. This has been updated to reflect the Government's standards and also, obviously, the *Minor Alterations* where we are adopting the Government standards. There have also been some tweaks to that chapter to improve clarity and implementation of those standards. Where we used to have a distinction between good practice and baseline standards we have now changed to it all being baseline standards. That is basically because some of the standards have changed or because of the Housing Standards Review. We have also added a new standard in there about active frontages, which is all about place-making and making sure places function correctly.

The third chapter is about choice, which is policy 3.8 of the London Plan, and talks about all the different subsets of need that we have in London. That talks about the London Strategic Housing Market Assessment, the findings from that and also how we did it; it provides guidance for local authorities in doing their own strategic housing market assessments; and at the back of the SPG we also provide indicative borough benchmarks of need. That is just to make sure that boroughs are being honest with themselves about the levels of need that they have, to make sure we deliver the numbers that are required to meet that need.

In that chapter we also have some support for emerging products like the long-term covenanted PRS because we feel that that, as I have mentioned, can accelerate delivery in certain locations and can help deliver a different mix of options for different groups of people. We also talk specifically about older people's accommodation. In the London Plan for the first time in 2015 we had older people's specialist accommodation housing benchmarks, and we talk about how we expect those to be delivered or acted upon. We talk about how the Mayor's requirement for affordable student accommodation in certain circumstances should be applied, as well, and how the affordability will be calculated.

Part four of the SPG is about affordable housing. That does not have as many changes perhaps as the other chapters because not much changed in the 2015 London Plan. The main change there was in intermediate housing. The thresholds have changed - they change each year through our Annual Monitoring Report (AMR) and we update it in the SPG as well - and the eligibility criteria that local authorities apply now only lasts for three months. That was a new part of the policy in the Plan so it provides guidance on that.

We have also put in there some guidance for boroughs on the vacant building credit because that obviously has come up since the London Plan was written, just trying to support them in having policies that ensure that that Government policy is being applied in the correct way. We have some more guidance on viability as well, which may come up later in the conversations, and linked to that more advice on the use of contingent obligations and review mechanisms. There was advice in the SPG before but we have built on that and tried to give a bit more detail there.

Another thing that we have put in there which is new: we float the idea of fixed affordable housing percentages for housing zones and opportunity areas as a way of looking again at how we deliver affordable housing. Boroughs may want to consider that. One of the other things we highlight in the SPG is the change at the national level to affordable housing application sites of ten or less units. The Government says you should not apply affordable housing to those sites so we now refer to the --

Nicky Gavron AM (Chair): Should not apply?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): We should not, no. We now refer to the National Planning Practice Guidance (NPPG) in the SPG.

Those are probably the main changes; there are obviously lots of other bits and bobs. Chapter seven, which is about mixed-use developments, provides more guidance on approaches to town centres, opportunity areas, large sites and places of public transport accessibility to try to increase our housing delivery and housing numbers. They are the main changes.

Nicky Gavron AM (Chair): Right. A huge range.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Yes. There is a lot in there.

Nicky Gavron AM (Chair): Does anyone want to ask a question about any of that?

Andrew Boff AM: There does not seem to be anything to do with family homes mentioned in there. Were there any changes?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): There are not very many changes on that, to be honest. We still have a priority for affordable family housing in the London Plan and we reflect that in the SPG.

Andrew Boff AM: The Mayor, at some point at in the past, had been sympathetic to the idea of expressing targets in terms of bedrooms rather than front doors, or in addition to the front door target.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): That is not something we have picked up in the SPG.

Nicky Gavron AM (Chair): Bed spaces or bedrooms?

Andrew Boff AM: Bedrooms.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Bedrooms, yes. We do not have --

Andrew Boff AM: Bed spaces will do. It is not front doors.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): No.

Andrew Boff AM: Obviously, it depends how many rooms there are behind those front doors.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): No, we have not picked up on that in the SPG but perhaps something to consider more --

Nicky Gavron AM (Chair): You do not have a target for above three bedrooms, then?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): No, we have different targets --

Nicky Gavron AM (Chair): Yes.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): -- but no, we do not have targets for different sizes. I assume what you mean is that it is not just about the numbers, it is about the mix, yes.

Tom Copley AM: So you have reports?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Yes.

Steve O'Connell AM (Deputy Chairman): Is there anything about tall buildings? At the moment we understand [the policy is stated in] clusters; there is nothing within this moving away from the cluster policy?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): No. The SPG does not really cover tall buildings at all, to be honest. That is not seen as a housing policy specific so that is not picked up.

Nicky Gavron AM (Chair): There has been no change in the tall buildings policy of the Plan --

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): No.

Nicky Gavron AM (Chair): -- although we argued for it.

Andrew Boff AM: Can I just follow up what I am saying on family housing? The Strategic Housing Market Assessment (SHMA) always justifies its percentage of family housing and talks about four bedrooms, but we always expect to talk about three bedrooms as being family housing. We still are not consistent with the SHMA on that basis.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): It is "three bedrooms plus" when we talk of family housing.

Alan Benson (Senior Manager, Housing and Land, GLA): It is more like three-bedroom, four-bedroom and larger units, but we have never had a target in any iteration of the Plan so far with a specific target for family-sized housing or larger homes. We have always had a very strong priority – actually, if you look at each iteration of the Plan, the words around it get stronger and stronger – but we have actually never set a target for family-sized housing. However, you are right: we did make a commitment to look at how many bed spaces or bedrooms were produced, as well as family homes. We do report that and we do have that data. We do not want to headline it, it but we do have that data for our full housing programme. However, I am not sure how easily obtainable it is for the overall--

Andrew Boff AM: We had talked about expressing it alongside that target of front doors.

Alan Benson (Senior Manager, Housing and Land, GLA): Yes.

Nicky Gavron AM (Chair): Yes, we did, and we have recommended it. We have not won that one.

Andrew Boff AM: Well, hopefully we will now.

Nicky Gavron AM (Chair): We will now. We have this consultation so we can make sure that we make a point about it.

Andrew Boff AM: Yes.

Nicky Gavron AM (Chair): By the way, at the end of this we are going to write our response [to the Housing SPG consultation]. We are concentrating on certain aspects which we have never talked about before, but if there are particular points that Members want to make --

Andrew Boff AM: The evidence base for that request was the overcrowding report that I did --

Nicky Gavron AM (Chair): Your rapporteurship.

Andrew Boff AM: -- 150 years ago!

Nicky Gavron AM (Chair): Yet very relevant.

Andrew Boff AM: It is, extremely.

Nicky Gavron AM (Chair): Even more relevant.

Andrew Boff AM: Even more relevant, yes.

Nicky Gavron AM (Chair): If that is the case, there is some guidance, is there not? The difference between the 42,000 and the 49,000 and the guidance for the boroughs that was stressed at the Examination in Public (EiP) of the London Plan about how boroughs are going to provide the extra homes per annum, there is guidance on that. Can you just rattle through where you are suggesting boroughs do that?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): We are looking at opportunity areas. Town centres and the intensification of areas that have good public transport accessibility are the main areas. We do also talk about smaller sites and how they can contribute more than they have done in the past. They are the key ones, really, and they are covered in both part one and also, as I say, part seven.

Nicky Gavron AM (Chair): You are not going ahead with releasing industrial land, then?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): We only talk about surplus industrial land.

Nicky Gavron AM (Chair): Do you mean land that might be vacant?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): More than that. It needs to be identified as surplus so that it is not needed as well as being vacant. It is slightly different.

Nicky Gavron AM (Chair): Is there an evidence base for it being surplus? What of the new and emerging industries that the infrastructure plan talks about and so on?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): A local authority would look at the evidence base and provide information on whether they felt it was surplus. We have not done that; we have just said that is somewhere that they can look, but only if it is surplus.

Nicky Gavron AM (Chair): I was not going to bring that up, actually, but I do think that, although boroughs are very important, when you are looking at something which is London-wide in terms of London's economy and the new and emerging industries, it might be important to have an evidence base that goes beyond a borough boundary.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Well, obviously there is work that we are starting to scope out for a full review of the London Plan, looking particularly at our industrial land supply. We are doing that at the moment. We will also look at industrial demand - that will be another project - so we will start to have that kind of evidence that can feed into certainly a full review and may be able to feed into more targeted guidance about that particular area of supply.

Nicky Gavron AM (Chair): When would you bring that out? My point is that we have looked at the infrastructure plan here and we know the London Plan is now going to guide development and release of industrial land, and all the things you have been talking about, for the next three to four years. You will not have anything else to guide people with unless you bring out something earlier than that. It could be that the London Plan is pre-emptive and locks London into things which later it will regret and which are in the infrastructure plan. You just mentioned something which could be interesting: you might bring out some guidance earlier? You might get the evidence base earlier?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Well, the evidence base will probably come out on that particular issue at the end of this year. In September/October we will have that. We could, if consultation responses required it or asked for it, look at linking the stuff in the SPG to that evidence base a bit more clearly.

Nicky Gavron AM (Chair): Right. We as a Committee could be recommending that you bring out more guidance, based on more evidence --

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Yes.

Nicky Gavron AM (Chair): -- and also, perhaps, London-wide evidence on this point and maybe other points the Committee members want to make as we go through. Yes? Does how we react to this affect what is brought forward earlier, rather than waiting for the London Plan which will probably be, what, 2018/19?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Yes, at the earliest, probably.

Nicky Gavron AM (Chair): At the earliest? OK. As good as our experts are to come in, we were not going to ask particular questions of you. Does anyone has a burning point they would like to make?

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): The only point I would make is around this issue of habitable rooms, which we definitely do use rather than units. It is as important, if not more important, than units in terms of delivering affordable housing.

Nicky Gavron AM (Chair): Habitable rooms?

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): Effectively bedrooms; a bedroom number rather than a number of units in terms of meeting affordable housing targets.

Nicky Gavron AM (Chair): Yes, I agree. Well, bed space is better than bedrooms because you do not know what size the bedrooms are.

Andrew Boff AM: I am sure the data is there. These are political targets as well, and if you do not have them high enough as a political target people forget about it and it is just ancillary data. Officers might plan for it but the politicians will not know that it is successful on any targets unless they are given prominence. That is what I am hoping for, really.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): We find that on the smaller schemes in which, say, you would be rebuilding over one or two years, we look at either habitable rooms or unit types because we are quite clear what the actual need is in that particular location, that particular borough, over that short period of time. However, on larger schemes which may be over ten, 15 years, if you have a provision which is related to either square footage or habitable rooms it allows you to review phase by phase as you go through what the need is at that particular time you are releasing that particular phase of affordable housing. It gives us greater flexibility than fixing a particular mix from day one which may be different in year five or six.

Nicky Gavron AM (Chair): Thank you. Can you just say something about how you think the Budget and the associated planning proposals will affect what you are talking about, in terms of the SPG?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Yes. In terms of the SPG, as I mentioned at the start, the SPG cannot set policy: so if the reaction to some of the stuff that came out last week is about policy that would probably have to be done as part of a full review of the London Plan. We probably will need to understand better what the proposals for the zonal system for brownfield land actually mean in practice before we can provide any guidance on that, but I would imagine we would put some guidance in the SPG on that once we know what it is going to be.

Nicky Gavron AM (Chair): You are going very fast.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Sorry. The proposal for automatic permission on brownfield sites, the zonal approach that we have --

Nicky Gavron AM (Chair): Exactly.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): -- talked about, we do not have much detail on that. Obviously they consulted on the local development order (LDO) proposal, which

was a bit different, in the last Government. We need to find out exactly what that means, but it is likely that we would put some guidance in the SPG once we know what it means.

Nicky Gavron AM (Chair): We should pick up on that when we get to the Vacant Buildings Credit because there must be some overlap.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Yes, I would have thought so. The other area we may need to provide some further guidance on is Starter Homes. We do mention it in the SPG at the moment but at that point Starter Homes was much more an exemption site policy that we did not feel would be that applicable to London, to be honest. However, the new information that came out last week is that the Government are looking at it as a much wider policy approach so, again, we will need to work out what that means for London and how that would be applied.

The other thing hidden away in Friday's document is a move away from the zero-carbon targets, so we need to think about what that means both for the SPG and also for the Minor Alteration. We are still considering that. We are talking to Department for Communities and Local Government (DCLG) officials tomorrow, actually, on that.

Nicky Gavron AM (Chair): The standards, the building regulations?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Other than the zero-carbon issue I do not think there was much else that came out last week, so we will stick with the standards. We do not think they have changed those, as far as I know.

Alan Benson (Senior Manager, Housing and Land, GLA): No, I do not think they have changed. The other thing that changed as well is the permitted consent for additional storeys on existing buildings, which they are selling as a London idea although it came from Government rather than us. Again, there is limited detail on how that would work. All of this, there is limited detail on.

There is also clearly the potential change to the Mayor's powers, which we were discussing with them before. The productivity plan, which is giving the Mayor power to call in [for review, developments of] over 50 homes rather than 150, which will need reflecting, and also - not a housing issue - but his responsibility over sightlines and wharves. Although it seems quite small, it is the first time they have devolved Secretary of State powers directly to the Mayor so it is quite an important conceptual change in terms of the relationships and the powers of the Mayor, even if it is over a fairly small policy area. Again, it was not new here -- well, the buy-to-let stuff was new here - in terms of the taxation of buy-to-let that came out in the Budget and also Right to Buy. It is mentioned in the Productivity Plan but we already knew about that.

Tom Copley AM: Sorry, with the wharves and the sightlines: does, essentially, the buck stop with the Mayor now?

Alan Benson (Senior Manager, Housing and Land, GLA): Yes.

Tom Copley AM: The Secretary of State cannot overrule?

Alan Benson (Senior Manager, Housing and Land, GLA): Absolutely.¹

¹ Clarification received from the GLA after the meeting: the detail of this policy is still being formulated and, as such, it is not yet clear whether the Secretary of State will or will not have the power to overrule the Mayor on planning matters as they relate to wharves and sightlines.

Nicky Gavron AM (Chair): Devolved. Probably Committee Members are aware of this, the threshold going down to 50 homes.

Alan Benson (Senior Manager, Housing and Land, GLA): One of things that will be difficult for the SPG is that these are new now. We cannot not reflect these in the SPG, but the SPG cannot set new policy and it is not in the Plan. There is a bit of balancing that has to go on. We have to identify where those policies come from and point to us having to make alterations to the Plan at some point, particularly around Starter Homes, which could have a very significant impact on planning in London.

Nicky Gavron AM (Chair): This SPG has to follow the London Plan and its various alterations so far, so what you are anticipating is another set of alterations?

Alan Benson (Senior Manager, Housing and Land, GLA): Sorry. At some point we will have to do an alteration but the potential likelihood is there may be a full review of the London Plan at some point in the new mayoralty. There will be decisions for the new Mayor to make, as to the timings of it. We would not start another review now. We will see the MALP through and then see what the new Mayor wishes to do.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): There is not the time within the current mayoral term to do another Minor Alteration and so it would make sense to put any changes in a full review when a new Mayor comes in. However, as Alan says, what we can do in the SPG is we can provide some guidance, not policy but guidance, and we can particularly provide guidance to boroughs when they are setting their policies. It does not have as much weight because it is not policy but it is still useful.

Nicky Gavron AM (Chair): Any more questions on that? Did you want to come in, Navin?

Navin Shah AM: Jennifer, in your earlier comments you touched upon the character aspect. There are some changes proposed in your guidelines on setting and character. I have some significant concerns about the changes that are proposed in the guidelines because they are a complete departure from policy 7.4 that we have on local character in the London Plan itself. It is important to say what it says:

“Development should have regard to the form, function, and structure of an area, place or street and the scale, mass and orientation of surrounding buildings. [...] In areas of poor or ill-defined character, development should build on the positive elements that can contribute to establishing an enhanced character for the future.”

There is a very strong emphasis on the character of the existing area and how one could and should build upon that.

Now, when you look at the guidance policies, which are paragraphs 1.3.39 going up to 1.3.43 - particularly when you refer to large-scale sites, though the same applies to opportunity and intensification areas - it relies more on flexibility of character. It goes on to say that large sites need not consider the existing character and context. When you actually look at the paragraph on opportunity and intensification areas, there it says that they can define their own setting and accommodate high densities. I believe this will also, then, be applicable to large Mayoral Development Corporations (MDC) areas like Old Oak Common.

The problem here, as I see it, is that this would pretty much allow developers to put forward proposals which are completely out of character with local areas but use the argument that they are providing a flexible approach to the character aspect and their interpretation of policies. The worry is that there is absolutely no control in that respect as to what we might end up with. You could end up with schemes which are

standalone, which have no context when it comes to local character. Can I have your comments, and can something be done to change this?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): In terms of what we have in the Housing SPG, obviously it just stems from the policies in the Plan. The way that we changed it is that it was actually felt that some of the guidance when we talk about “respecting local character” was being interpreted as saying that it has to be the same as what is there at the moment.

What we were trying to make clear in the SPG is that you can respect and have regard to local character, take that on board and have a good development, but it does not necessarily have to be the same as what is around it and it does not necessarily mean that you cannot increase densities. We do obviously have to try to meet need and on a lot of sites that will mean increased densities compared to what is surrounding it. I do not think the SPG goes any further than what is in the Plan. If you think it does, then it would be useful for you to feed that into the consultation.

Navin Shah AM: In my view, it clearly does and I would like you to very, very seriously look at this. The London Plan is very clear when it talks about having regard to the form, function and so on and so forth and, where there is poor setting, to develop on positive aspects and enhance the local character. That is not at all reflected in the changes. My worry is- for example, that we have a new opportunity area, a new one, in Harrow and there is a very strong town setting, something which the local community cherishes. Without clear guidance that correctly reflects the London Plan policies, there is the chance that you could end up with development which is not at all in keeping, or totally in contrast - even poor design - to the local character and setting of the area.

Nicky Gavron AM (Chair): The definition of a site where you can do this is two hectares, is it not? That is four football pitches. That is what we are talking about: the equivalent of four football pitches in Harrow.

Navin Shah AM: Yes, but then they talk about opportunity and intensification areas where sites could be smaller. It depends on what building or curtilage is being developed. That is where, following these particular policies in the guidelines, you could end up having something which does no justice in terms of quality of design to the setting and the character of the local area.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Policy 3.7 of the London Plan, which looks at large residential developments, is where the guidance stems from. That does talk about these bigger developments being able to set their own characteristics and accommodate higher-density developments. As I say, the stuff in the SPG does come out of what is in the plan at the moment.

Steve O’Connell AM (Deputy Chairman): Are you talking about Opportunity Area Planning Framework (OAPF) developments or non-OAPF?

Navin Shah AM: They talk about large sites. Then there is reference of opportunity and intensification areas, very clearly, and basically they are saying the developer can do what they like. That is what the interpretation could be if you are not careful, and that is where there is good justification to go back and consider what changes can be made. We could end up with high-density schemes which are not of good-quality design that could be detrimental in what they themselves, as standalone schemes, provide, and not what local communities want either.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): In the SPG, picking up on that policy 3.7 when you are talking about large sites, obviously we do not want it not to be good-quality development. We talk in there about the definition of their own characters in terms of setting and densities

but also to ensure that it is successfully integrated into its immediate context, and it gives some ideas of how to do that. We do pick up on your concerns. We give guidance about how we can make sure that it is a big site that can define its own character but should not be done in isolation from what is around it. We are trying to do what you are asking us to do; if we have not managed it, then that is good feedback to hear. However, all of the stuff in the SPG does come from the Plan.

Navin Shah AM: Oliver, would you like to comment?

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): I have not had a chance to look at this in detail. I was focusing on the viability side of things so I am not quite sure how this changes what the existing policy is.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Not significantly, really. It certainly does not change the policy in the Plan. It just provides a few more innovative ways to think about it and apply it, I would say. It is still trying to deliver what is in the Plan. That has always been there.

Alan Benson (Senior Manager, Housing and Land, GLA): It is not a new policy in the Plan, either.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): No.

Alan Benson (Senior Manager, Housing and Land, GLA): That policy and that different approach to very large sites has been in the Plan for some iterations, right back to when Oliver was here.

Nicky Gavron AM (Chair): Yes. I think Navin's concern is not so much the large sites; well, I do not know. It might be.

Navin Shah AM: It is large sites, as well as small packages which come about in various areas.

Nicky Gavron AM (Chair): Pat, you might want to come in on this because of Old Oak Common.

Professor Patrick McAllister (Professor in Real Estate, University College London): Not really. I can see why it is an area of concern. It sounds like a valid point, but I do not really have anything to add to the points that have been made.

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): Is there any further guidance following Osborne's [Rt Hon George Osborne MP, Chancellor of the Exchequer] announcement that now brownfield sites will get automatic planning permission, essentially? Have you included anything in the latest guidance that responds to that?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): It is not there yet because we did not know about it, but as I was saying, we probably will have to have a think once we get more guidance from Government and more understanding of what that means.

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): Yes. That seems to be a fundamental shift, and also this idea of introducing zoning into the United Kingdom (UK) planning system, which has never been part of the way we operate.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): It is very new, yes. We will look into that once we know a bit more about it.

Nicky Gavron AM (Chair): Our problem is that this is such a moving picture. We are looking at this now and we have had the announcements last week, and what has raised by Oliver - and we will touch on it again with the Vacant Buildings Credit - about the brownfield. The fact that local authorities will not have any control and there will be automatic planning permission for brownfield developments, means there is no check on the design, the quality, whether there should be any affordable housing and so on. Would you agree?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): It is difficult to know from the couple of lines that was in Friday's paper. It does talk about still needing planning permission for some limited technical detail so maybe we can still apply some of our standards and affordable housing requirements. Until we see more from Government on this, we really cannot comment about it.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): In terms of sites like Old Oak Common, that is far more significant than the point that was discussed earlier. If this comes forward as proposed, then potentially we are talking almost an unlimited development regime for brownfield sites.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): The important issue for us then is: what is the definition of a brownfield site? Virtually all the development sites in London are brownfield.

There is also this talk about Starter Homes getting first preference, effectively; it is then a discussion about how much affordable housing you could get on top of Starter Homes. Largely nil. This comes back to the viability discussion. That is the far more significant discussion, probably not for today but for later on as this is worked through. That is probably the lobbying point for London. What does this mean for the delivery of housing in London? What does it mean for the development of the built environment in London?

Nicky Gavron AM (Chair): Exactly, which is why I was very keen that we explored the impact of the Budget. We will pick it up again, too, as we go through.

Professor Patrick McAllister (Professor in Real Estate, University College London): It does seem inconceivable to me that the Government would permit development on all brownfield sites without any control over design or any planning obligations whatsoever. That is such a huge change.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): They have done it essentially with the office buildings and permitted development (PD) conversions. I know it is a different scale but, again, you can do virtually anything you like within that PD regime. There are certain controls we have around transport and flooding but that is very peripheral.

Nicky Gavron AM (Chair): I am just checking up: the brownfield, like the Vacant Buildings Credit, is not even sticking within the envelope of a building, is it? It is just brownfield --

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): No, it is just brownfield.

Nicky Gavron AM (Chair): -- development on brownfield. It drives a coach and horses through the planning system.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): You would get automatic planning consent on a brownfield site as long as it is compliant with adopted local plans. So long as you are providing something in terms of the high bulk and massing which has been zoned for that area, as long as you are providing the appropriate affordable housing in that plan, you should automatically get planning consent. However, if you want to do something that is

contrary to the local plan, ie, "We do not want to provide any affordable housing, we want to build a 22-storey tower" --

Steve O'Connell AM (Deputy Chairman): Go through the whole planning process.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): -- you have to go through the planning process.

Steve O'Connell AM (Deputy Chairman): That is the facts of it.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): Is that? I do not know, but is that --

Steve O'Connell AM (Deputy Chairman): We do not know, but a lot more people would surmise that.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): Yes.

Nicky Gavron AM (Chair): That is what you think it is going to be.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): It is. Before that gets away from me, in my mind, if a developer promote a scheme which is in line with the local plan but politically they do not want housing in that location or they do not want the scheme, it is then stopped or delayed, not for planning reasons but for pure political reasons. Are they saying, "Look, we are getting rid of all these political issues: if it is in line with the allocation and zoning and it is in line with the local plan, you should get planning consent automatically"? I do not know. Is that --

Steve O'Connell AM (Deputy Chairman): That makes sense.

Nicky Gavron AM (Chair): So that is what you are proposing we should do?

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): No, no. That is something--

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): It does not actually say that at the moment.

Nicky Gavron AM (Chair): It does not say any of that.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): Again, it also depends on the amount of detail in the local plan because some local plans are more permissive around height than others, for example.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): Yes.

Steve O'Connell AM (Deputy Chairman): We are just surmising over an unknowable at the moment.

Nicky Gavron AM (Chair): We are, but --

Steve O'Connell AM (Deputy Chairman): There is an interesting debate to be had, of course.

Nicky Gavron AM (Chair): Yes. It is just we are in such a --
We do not know what is being done with all of this.

Navin Shah AM: The situation is so fluid with some of this planning deregulation and so on and what we have been talking about. That is where I make this point: what I believe is that, given the whole situation, it is even more important that there is consistency between the London Plan and the SPG when you talk about setting, design and character aspects related to development, whether it is residential or commercial or whatever. That is where I would like to see that consistency which currently is lacking, so that we do not end up with totally inappropriate solutions.

Nicky Gavron AM (Chair): We will log that and we will make sure it is part of our response. We do not know yet about the brownfield, but if what we were suggesting were to be the case and it must be compliant with the adopted local plan, in that case there still is --

Navin Shah AM: Some form of scrutiny.

Nicky Gavron AM (Chair): -- a role for local authorities in terms of design and quality.

Navin Shah AM: Let us hope there is. Yes.

Nicky Gavron AM (Chair): I am looking to Steve because of Croydon and so on. Would you not agree?

Steve O'Connell AM (Deputy Chairman): No, absolutely.

Nicky Gavron AM (Chair): You would agree?

Steve O'Connell AM (Deputy Chairman): We will take a keen interest in this when further details get released.

Nicky Gavron AM (Chair): I do not know where localism has gone.

Navin Shah AM: Chair, next is my question, which is that I need explanation or clarification in terms of where to find information. Jennifer, the London Plan states, "The SPG will provide further detail on exceptional circumstances where the full amount of subsidy will not be sought". Can you tell us where those details are in the SPG? We just cannot find them.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): In the SPG, we cover this in --

Navin Shah AM: Can you tell us what they are, in terms of headings?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Yes, so we do cover it in the SPG. The reference to extra guidance in the SPG actually comes from the 2011 Plan and it was not updated in the 2015 Plan. Looking at the guidance, to be honest - and this is obviously what you have picked up on - it does not actually say very much more than is in the Plan, other than some extra guidance about how the cascade element would work. The reason for this is because a lot of it is self-evident. The three reasons why you would not seek subsidy are firstly that the site could deliver a policy-compliant amount of affordable housing itself; in terms of cascade agreements, that is elsewhere in the SPG; or, thirdly, more innovative approaches to affordable housing delivery. We also cover that in other areas in the SPG, slightly before that section.

Having looked back at the 2012 SPG there is an extra paragraph which is probably what the Plan is referring to, which we have looked to take out mainly because that was particularly related to the economic circumstances at the time. It was talking about, in the recession, why you would have to rely more on grant, and the reduction of grant. If people feel that you need more guidance on those three areas, or if there are other areas, we can take that on board and provide more guidance; but the feeling is that it was fairly clear just through what it was in the London Plan itself.

Navin Shah AM: Thank you. Chair, if we have any further comments we can include that in our response.

Steve O'Connell AM (Deputy Chairman): We have touched upon vacant building credits and I would like to kick this around for a little while, particularly around the likely impact of these credits on London's ability to deliver affordable housing. I note that there were some amendments and further guidance delivered a couple of months ago but it appeared to me, from what I looked at, that the industry and others still see a problem around vacant building credits. I would like colleagues to give me their opinion, particularly around the big question of when does the building have to be vacant to be eligible. Would colleagues like to contribute - Alisdair or anyone along the line - on the credits themselves and the potential threat that they could pose to the boroughs' ability to deliver affordable housing?

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): The vacant building credit has been quite an interesting position: you have got a balance where in certain locations it can work and it can help in bringing forward housing. The main driver is that there is need and demand to provide more housing, supply of more housing of all tenures, particularly in London and outside London.

Steve O'Connell AM (Deputy Chairman): It is to bring into use brownfield sites that have sat there, dormant and empty, as a national policy.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): Yes. Basically it is looking at locations where there are vacant buildings, not abandoned buildings but vacant buildings, which can be put to better use - that better use may be a mixed-tenure scheme or a residential scheme - and looking at the delay or hindrance of bringing forward those sorts of sites or locations.

Then it went slightly too far. Certainly, looking at a central place like Westminster, there is an issue when it will affect employment sites and offices moving into residential schemes. I do not think it is meant for that and I do not think it will go there. However where it does work is where you do have a situation that there is a vacant building and you can optimise and make better use of that vacant building. A way of making it work is obviously looking at what the schemes support. Where they have gone to is saying, "There should be a credit for the space which was originally there in terms of your affordable housing calculations".

Our understanding of it is: say you are taking a scheme which has got a building of 100,000 square feet there at the moment and you then promote a scheme of 200,000 square feet on the site. You are not going through a massive viability process; all you are doing is you are agreeing that the additional 100,000 square feet of space will provide its policy-compliant affordable housing facility.

Steve O'Connell AM (Deputy Chairman): Affordable housing.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): If that is 50%, you provide 50% --

Steve O'Connell AM (Deputy Chairman): Of the extra 100,000.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): -- of the extra 100,000. That is rather than going through a whole viability process saying, "We have a scheme of 200,000 square feet. Yes, it has existing use value as an office; therefore we can only provide you 20% of the 200,000 square feet". That is the spirit of it. How it has been applied may have not been, by certain --

Steve O'Connell AM (Deputy Chairman): Just to cut across you, there is the London context, as ever. We said earlier that virtually all developments are brownfield. This might work in Suffolk, where they have got chunks of brownfield that is sitting empty. That makes some sense.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): Also maybe in some parts of London. The complexity of London is you have, again, something like the Westminster Property Association. They are very focused on the strong need for continuing office and employment use in Westminster and central London, but on top of that there is also the need for affordable housing, across the spread from social housing through to the intermediate market for people who go to work in those boroughs. The balance is saying: how do we still encourage that and not lose the affordable housing?

With the vacant building credit, there is also a concern that it might be used as a mechanism to mitigate affordable housing totally. Where affordable housing would have been secured, is that going to be lost totally? In certain schemes that the Berkeley Group are looking at, there are certainly sites where we are seeing it may never come forward as housing. You started off with zero housing and you are now bringing forward something which is providing housing and then providing a percentage of the policy housing. As we are always saying, 50% of something is a lot better than --

Steve O'Connell AM (Deputy Chairman): Than 50% of nothing.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): -- 50% of nothing.

Steve O'Connell AM (Deputy Chairman): Yes. No, that is a well tread sort of a comment.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): It is a quite complex area. There is still a great deal of uncertainty. There is a lot of uncertainty, I know, for a lot of the boroughs - and Pat [Hayes] may come in on this - in terms of making it clear whether it is a vacant building and whether there should be a period of time that needs to be demonstrated.

Steve O'Connell AM (Deputy Chairman): I would be interested in the view of Pat and others because Southwark have introduced a policy that it has to be vacant six months during the last three years to qualify, for example. I will ask Pat. What is Ealing's --

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): This is an interesting one. We have never, as far as I can remember, in the time that I have been at Ealing, refused a planning application on a genuinely vacant office building for a change of use, either conversion or, ideally, demolition and rebuilding, to deliver housing units, because of the nature of our borough. We always found that the PD change was very

unhelpful, actually, because we would always have consented to schemes where office blocks were genuinely unusable any more or were in the wrong place, et cetera. The danger is now getting a substandard scheme.

Our view is very much the same around this particular proposal. It brings forward no additional housing units in our borough whatsoever but what it does mean is that in the viability discussions, developers are starting to say, "I could claim vacant building credit here and reduce my affordable housing offer". It is a bargaining chip, so actually what it is doing - and I am sorry to disagree with Alisdair on this - is actually halving, potentially even more, affordable housing delivery on sites which we would have consented to. It is actually really unhelpful.

I do not think the risk of people evicting tenants to claim the credit is as high as has been suggested. We do not see that as a problem. With good quality developers, it is less of a problem, say where they have bought a vacant office building and are going to do a comprehensive redevelopment of the site. The problem is with the second-tier developers who have bought an office building and what looks attractive to them is to do a partial conversion or a full conversion.

Steve O'Connell AM (Deputy Chairman): As we just said, if something has been sitting in Ealing for a long, long time empty and a developer comes along and grows that development: that is good in itself because it has brought a good development to Ealing; but it has also given an affordable element on the additionality, and there is additionality in that one I am citing. The risk, of course, is it could be used as a tool, that it could be made vacant --

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): That is the only contact we have had with this. If an office block is genuinely surplus to requirement or in the wrong place then we will always have a discussion around a change of use for the right scheme on that site, one that maximises housing delivery and maximises affordable housing delivery. What we are now is some of the more unscrupulous developers who have bought redundant or vacant office accommodation and are now saying, "I could do a scheme using vacant building credit, or I could do it this way".

Steve O'Connell AM (Deputy Chairman): How have you mitigated it? Have you been able to mitigate that at all?

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): Again, we have not actually got to that. We have essentially said to people, "At this stage, we would not like that and we will make your life difficult if you go down that route" --

Steve O'Connell AM (Deputy Chairman): "We do not fancy that."

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): -- to be brutally honest, which we have done with the PD change as well. We are attempting to mitigate it through negotiation and we will take a very hard line in terms of the time a building has to be vacant.

Steve O'Connell AM (Deputy Chairman): As you are saying, it is within the power of boroughs to mitigate it. I will bring the GLA in in a minute to see what the Mayor can do to mitigate it. It is within the power of the boroughs. I have texted the Executive Director of Croydon, who has not come back yet, to find out what the boroughs are doing to mitigate it themselves. Southwark says that within the last three years, it must have been empty for a full six months.

Nicky Gavron AM (Chair): And actively marketed, they say, do they not?

Steve O'Connell AM (Deputy Chairman): Yes.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): It is clearly more significant in places like Croydon and Southwark with a larger office base. The area of interest to us is obviously Park Royal and potential industrial space that is deemed to be vacant when it may well not be, which is a more complicated question.

Steve O'Connell AM (Deputy Chairman): You are saying the challenges are not so much the larger-scale industrial site development but the second stream who will just pick up an office block?

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): Yes, the second-tier office block in Acton, owned by a slightly unscrupulous offshore developer. Part of the Hoover Building is one that is currently with us at the moment where the developer is saying, "Well, could I do --"

Steve O'Connell AM (Deputy Chairman): He actually builds on the same footprint, or tries to, and then the affordable element goes out the window. How can the Mayor help strengthen the hand of the boroughs to mitigate against that, or is he mitigating against that at all?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): In the SPG - and again, obviously we do not have a policy about this in the Plan because it did not exist as an issue when we were writing the Plan - we can only provide guidance. However, what we are trying to do is encourage boroughs to have clear policies about how the vacant building credit is applied, ensuring that it is only being applied to those schemes that would not have come forward if it were not for this.

What we are suggesting that they do is set out clearly how they will assess if the building was made vacant purely for redevelopment: including in their policies, perhaps, a vacancy period; including a marketing requirement in the policy; and also suggesting that they do not apply it if the site has planning permission for development or has a recently expired planning permission. That is what we are doing --

Steve O'Connell AM (Deputy Chairman): Could you repeat that last bit about the timings? Is this before or after planning permission?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): If the site, for example, has a planning permission --

Steve O'Connell AM (Deputy Chairman): An extant planning permission?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Yes, already, and someone comes forward and starts to claim vacant building credit, we would suggest that actually --

Steve O'Connell AM (Deputy Chairman): You cannot?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): -- it should not apply then because obviously it was going to come forward because there was a planning permission there.

Steve O'Connell AM (Deputy Chairman): I get that.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): That is what we are supporting in the SPG. Obviously when we move into a full review a new Mayor may like and probably would

be encouraged to put a clear policy in the London Plan so that it is clear and consistent at a London level, but at the moment we are just encouraging boroughs to do that.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): Is it stating that the building must be vacant at the point the planning application is made or at the point that planning consent is granted?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): What we are saying is that the boroughs need to be clear, and we are suggesting a vacancy period - I would imagine a few years - that the building should have been vacant before the planning application comes forward.

Steve O'Connell AM (Deputy Chairman): Alisdair, that question you posed is not clear still, the answer to that question, because although Eric Pickles [now Lord Pickles, former Secretary of State for Communities and Local Government], bless him, introduced some guidelines two or three months ago, there was still some large questions outstanding of definitions of vacancy.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): I imagine that the whole point, I assume, of the government's policy, is to accelerate housing, and they are saying what is delaying some housing is that you have vacant buildings which are being required to be marketed for one or two years, and then you put a planning application, and then all this happens.

However, if you have got a clear indication where, say, a building was becoming vacant - maybe because the people who are there are going to relocate because it is no longer the best location for employment, office use, and they are going to a different area because the whole area has changed to a more residential area - would you then say, "They are moving. They are not being kicked out but they are moving in a year's time. Therefore, the site is vacant"? Do you let developers apply for a planning application with the vacant building credit or not, on the basis that this is going to be vacated? That is a question a lot of people will be asking. How will it really apply?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Exactly how it applies, again, would be a local authority decision, but in that circumstance, I would have thought if someone snapped up the site that quickly, it would come forward without the vacant building credit.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): I expect that is where it goes to. Again, from a market perspective, the reason we are looking at it is we want to be competitive in the market to buy land, to work with the boroughs and to develop our schemes. What we think we are going to be facing, a bit like Pat [Hayes] is saying, is you will have people saying, "Actually, I can buy that building and put no affordable housing on it" and therefore they can outbid us, trying to do it how we normally do it. That is why we are trying to be very clear about what the policy will allow. People who are basically going to be land-trading, they could buy a building, promote the planning step as quickly as they can, saying, "I don't provide you any affordable housing", off you go.

Steve O'Connell AM (Deputy Chairman): Before we move on to other questions, just to wrap up this particular part, talking about supporting the boroughs, giving them encouragement and mitigating their challenges about delivering affordable housing: other than credits, which we have talked about, is there anything else in the emerging SPG that supports boroughs around the delivery of their affordable housing targets specifically? Is there any further support that you are giving in encouragement to the boroughs through the SPG?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Not specifically, not that is not already in the London Plan. Obviously we support boroughs in delivering affordable housing and support them in ensuring that they are meeting the target of 17,000 units a year. There is quite a lot of guidance about different types of affordable housing products, particularly in the intermediate sector as that area grows, and also looking at things a bit more innovatively in areas where traditional intermediate models are not being able to be delivered any more. Other than that, it all falls from what is in the Plan.

Steve O'Connell AM (Deputy Chairman): Nothing over and above what is already in the existing Plan?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): No.

Nicky Gavron AM (Chair): I just want to say that the Westminster Property Association did come in to see me about this with Westminster borough, and they seemed to be absolutely align, saying they are going to lose about £1 billion worth of affordable housing through the Vacant Buildings Credit. They were particularly --

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): Yes. It is Westminster who have got a situation --

Nicky Gavron AM (Chair): And where you have prime --

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): Yes, high values. Achieving the delivery of affordable housing in those boroughs is very challenging because of the footprint of developments in a place like Westminster. If you take down an office and put in residential, it is likely it is going to be a very similar floor area. You are very rarely creating substantially more floor area. Yes, they would lose affordable housing in that situation.

Professor Patrick McAllister (Professor in Real Estate, University College London): If you think of a scheme like the redevelopment of the Scotland Yard site, the amount of affordable housing that could be lost is very substantial.

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): Is it not the Mayor's role to set a period of vacancy and be quite specific rather than just encouraging the boroughs to set notional targets, if there is to be a London-wide period of vacancy?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): That might be desirable but that is not something we can do in the SPG because we cannot introduce new policy. In a full review when we are looking at new policies, yes, absolutely, but not right now.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): That would be helpful but my fear is that even if they set a period, maybe a year or two years, if the vacant building credit is to continue for a period of time investors or land traders will say, "It is fine if I do not provide 30% or 50% affordable housing". In an area where you are talking about resale values in excess of £1500 a square foot, it is no money at all to hold the site for two years. To me, this is not something which is genuinely proactive. It is not actually providing more housing and more affordable housing. Therefore the message almost should be, "Do not bank on it". It should not be there for the long term.

Nicky Gavron AM (Chair): Say that again?

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): It should not be there for a long period of time.

Nicky Gavron AM (Chair): Yes, but look at how much land banking there has been. The idea that you just keep a building vacant for a couple of years is nothing, as you say. What are you saying that the Mayor could do?

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): It is almost, in a way, creating uncertainty whether this will be a policy which will be supported in the long term by the boroughs and the Mayor.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Of course, as part of the full review if we have a new Mayor who does not agree with the policy we could possibly go for a policy that basically says, "The vacant building credit does not apply in London" and see if we got that through an examination in public. Further down the line, that is an opportunity.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): We need to be totally clear about this policy. It may work in other parts of the country but in London, it brings no new development forward. It actually delays development, potentially, delivers less affordable housing and allows unscrupulous developers to deliver less affordable housing. We have to be clear on that, I think. In London, there are absolutely no benefits from this. All it does is delay the delivery of new housing. It might be helpful if the Mayor did set a standard marketing period because at least that would encourage some of the boroughs who are possibly weaker in this area to hold to that line.

Nicky Gavron AM (Chair): A standard marketing period?

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): Yes, or a vacancy period; whatever you want to do there.

Nicky Gavron AM (Chair): Yes. I like the marketing. That is more active.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): That would probably be helpful. It would not necessarily resolve the problem but at least it sets a benchmark. Everyone could say, "That is the mayoral figure and that is the pan-London figure". Otherwise you do get into this uncertainty around sites in different boroughs and practice by other boroughs who may--

Steve O'Connell AM (Deputy Chairman): It could at least say there is an expectation that each borough will have a plan to mitigate against the credits. It sounds like some boroughs - you will probably have one emerging. There would be some boroughs that just do not even look at it. There should be an expectation that every borough has a plan to mitigate against the detrimental effects of credits.

Professor Patrick McAllister (Professor in Real Estate, University College London): It is such a powerful incentive. It is so valuable to developers that they are going to play this hard, because there is so much money to be made from it. They are going to push it as far as they can. It will be hard to fight it with a few vague policies: what do you mean by marketing?; how do you define marketing or active marketing? They will challenge it all the way. It will be very difficult to hold.

Nicky Gavron AM (Chair): I know. Yes, actively marketing is quite hard.

Professor Patrick McAllister (Professor in Real Estate, University College London): But it seems to be part of a trend where central Government says that if we are changing things, like you can renegotiate a section 106, that it is affordable housing that takes the hit and that is the component, that is where the price has to be paid in terms of we actually are a bit more flexible on the obligations.

Nicky Gavron AM (Chair): Also you were saying that on Park Royal, it may also hit some of the smaller employment sites.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): It has not started to yet, but my concern would be that if the industry gets more used to using this particular route, we will see people trying to use it on fringe industrial locations and trying to say, "Well, it is a vacant building. I can apply vacant building credit and I can bring it forward", alongside trying to seek a housing consent.

Nicky Gavron AM (Chair): Before we look at some of what the SPG says about viability, I questioned the Mayor yesterday and I questioned him really on the fact that we have got 200 pages of this SPG and only two pages are actually on viability. Viability is such an important issue in London, and viability assessments - which are meant to demonstrate how much affordable housing you can get from each site - are actually being totally distorted, in a sense.

What we are seeing is that in many, many developments we are seeing the developers upping, inflating the costs, that includes the land, and then downplaying the value of the scheme and then saying, "Oh well, there is not enough left, is there, for affordable housing?" In a sense, we are seeing Londoners being ripped off. The Mayor actually said, "These are dark waters" and that he agrees something needs to be done and he agrees that there are developers who are unscrupulous and who are doing this, so he was actually in agreement about the fact that viability assessments are being used in order to stop London getting the affordable housing it needs. I just wanted to put that in as context and just ask Oliver first, perhaps - and others, if they could add anything to this - before we get into the detail, which is looking at boroughs doing viability assessments for the area in which they got to have their homes in.

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): Yes. That is very encouraging to hear, that he was positive in looking into it in greater depth, because I really think it is the most urgent issue facing London at the moment. The reason I became so obsessed with it myself is that every major urban regeneration project I was writing about, trying to get to the root of why there was so little affordable housing always came down to the viability assessment, without question. Whether that was on the Shell Centre only achieving 20% affordable and then finding out that the figures they had showed to the council compared to the figures they had showed to present to investors, there was a difference of over £235 million in that discrepancy; the Heygate Estate, where a 25% profit margin was enshrined within the viability model itself, even though the planning officer at the time said actually the average for a similar development is 15% profit. On Greenwich Peninsula, it is the same, when that document was released. All of these assessments that have come out recently show a kind of systematic process of creative accounting and fiddling with figures, and just like you said, massively over-inflating the costs and underestimating the values.

To me, it comes down to three main things: a complete lack of transparency, which the GLA should really be encouraging every borough to force developers to open the books. We have seen Greenwich taking that line now, Islington, and as of today, Cllr Peter John [Leader of Southwark Council] finally said Southwark will make viability assessments public, after all of the campaign to reveal Heygate Estate, so three boroughs. It is the Mayor's responsibility to enforce that London-wide, because ultimately there is nothing in them that is commercially confidential. Pat [Hayes] knows this a lot better than me, so he can talk in more detail. Average sales values you can find from a quick Google. Everyone knows the profit is fixed at around 20%, so there is

nothing that they are going to lose by putting all this stuff on the table. Most developers even, I expect, would happily make these things public.

It has spawned a whole industry of section 106 evasion, and that is something the Mayor should be tackling, the fact that so many consultants are now incentivised to reduce affordable housing, which goes completely against the professional code of ethics, working in that kind of industry, so that needs to be stamped on. The fact that there is no agreed methodology, which is really problematic, that every consultant, every borough who uses their own bespoke systems, a few have suggested ones out there, but they are plucking figures, there is no benchmarking of costs and values. Everything is completely subjective, and it means that the planning system has been completely kind of undermined, from being about enforcing the best use of land and creating social mix and sharing the uplift of the site to only safeguarding the profit of the developer and kind of inoculating the developer against risk. Being involved in property development is all about risk and the viability system completely inoculates them against any kind of risk and uses the planning to kind of bolster and safeguard their own profits.

Another key thing about the way they use existing sales values at the time the viability assessment is done, which means that the next day that viability assessment is not worth the paper it is written on. If a project is going to take ten, 15, 20 years, obviously those values will massively escalate during the time. Often councils do not use the clawback mechanisms, the review mechanisms that were originally put in place when the GLA introduced viability into the system. It was actually very sophisticated at the time and had these review mechanisms, but they are just not used in the way they should be. Those are my kind of initial points, I suppose, on some of the problems.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): Can I come back on those from a borough point of view, because I do not disagree, this is an enormous challenge to us and virtually every developer that comes through the door always starts off with the viability that shows they are cannot do any affordable housing. Quite why, I am never quite sure, actually, because there are strong advantages in some ways for them actually doing affordable housing. But we always start on this point, and the system is widely abused. They usually come in with a variant on existing use value, current use value and we often say to developers, "Well, if it is worth that much as a shed, then keep it as a shed. Go away". They always come back and say, "Oh well, no, no, no, you misunderstood". There is the arguments around the existing value of the site.

Oliver [Wainwright] is absolutely right: professionals on both sides of this do not understand this, so we employ viability consultants on occasion. They are agreeing with the developers' liability consultants; we are going, "We do not think we agree with you". Just to give you an example, I was saying this to Patrick [McAllister] earlier, that we now employ directly a former semi-retired finance director of a large construction company to help us with the viability work, because the conventional consultants do not challenge hard enough around build cost, for example, possibly around sales value, and we usually get this point, "Yes. Well, my units will only be worth this" and we say, "Yes, but that is the worst ex-council Right to Buy (RTB) flat in the worst possible block in the borough that you are using as your template, not the Berkeley Homes flat over the road from you, which may be a better price comparison". There are a lot of games around this. However, the more sophisticated boroughs, we understand the games and are capable of playing equally hard with the developers.

Where it is useful in terms of the GLA, there needs to be some better guidance for people and there probably needs to be a better pooling of expertise within London around viability and challenging viability. We need to push the industry to do this better, actually, as boroughs rather than relying on the major consultancy companies all the time.

Nicky Gavron AM (Chair): I did say this to the Mayor, that of course we do need leadership too, and I cited Earls Court, where the Mayor is in a partnership with Capco. There the valuation that Capco did for that said that the scheme value was £8 billion, whereas in fact the GLA had commissioned the District Valuation Service (DVS) to do a valuation and they came up with £12 billion, on the basis that it was not going to flatline for 22 years. I just want to ask you, how do you rate the DVS then in terms of viability assessments?

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): Sometimes they are quite conservative, actually, in terms of value. One of the things that we do on all these schemes now is we insist on a review mechanism, because you are absolutely right, the value now is not going to be the same as the value when the units are built out and sold, which will be a minimum two years away, probably longer. We have a scheme in the borough, for example, now which will go to planning next month. In reality, because of the existing occupier and the land assembly that is still required and the vacation by the existing occupier, effectively nothing will be built for ten years, so we are saying, "There is no point in having an Affordable Housing discussion at this point. The Affordable Housing review will kick in probably in ten years' time when you are ready to build and sell something". That enables us to cancel that out. Historically, local authorities, have just seen this as part of the planning process, which is OK if you are in a stagnant market and prices are not going up very much, or if they are going down, potentially, but with --

Nicky Gavron AM (Chair): But in ten years they could be --

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): Absolutely, yes, so you have got to have the review and you have got to have staged reviews as well. On other schemes, we are saying phase 1 the review is there, phase 2 the review is there, phase 3 and onwards. There are later reviews to make sure that the affordable housing delivery is keeping up with the sales value of the properties. That is really, really important, because a system that is time-based before the scheme is built is irrelevant, because a lot of these places, and particularly on larger schemes, they actually drive their own value. That works for our benefit. We know this, as a council that has its own development elsewhere, that we have started with estate schemes which are financially underwater when we start doing them and have got a massive deficit which will fall on us. However, we know full well that the scheme will drive so much value into itself it actually comes out in surplus at the end of it, which informs our viability thoughts, because we know what has happened to us as the developer elsewhere. It is really important the local authorities understand that.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): With viability, we probably now deal with it every day, and Oliver [Wainwright] is right, certainly there needs to be a lot more transparency and confidence, because what has happened so far now is so many organisations have now got involved in viability, in land traders and all the bits and pieces. It has now become a very sort of scary area. What, I suppose, our main focus is that there needs to be clearer guidance, and as Pat [Hayes] touched on, the people acting for the boroughs need to be very well-qualified and very experienced, because we do find with the boroughs, very dramatically, they may have a one-man guy working in his bedroom doing the viability, based up in Leicester. What does he know about central London property values and the cost and things like that? You have got to have the right consultants preparing information and the right consultants reviewing information.

The bit that we are concerned about though, to be honest, is that we think the process has got to be taken through properly by the applicant and the borough. The concern is when do you make information available publicly which then will not trigger umpteen people suddenly being experts and saying, "Well, I have seen that report, I have seen the cost report submitted by the developer, I have seen the cost report produced by the council's expert. They are both wrong. You can build it for 20% less than that". What weight does that have? Because what we do not want to have is a situation that we are then having a debate about viability with the public, if you like, anyone who wants to make comment on it. We have responded to a lot of this consultation

and said, “Yes, there needs to be more transparency. Yes, the information needs to be publicly available” but when is it publicly available, ie is it made publicly available when the assessor appointed on behalf of either the Mayor or the borough issues their report, and then that is the information which is made public, the assessor’s report, or are we saying that the information should be made public as soon as it is submitted for the planning application? If that does happen, how is that going to be managed, because then you get 20 people, 30 people phoning up and saying, “I have just read this section about build costs” or, “I have just read this section about the sales value. Those sales values are totally wrong. The sales price should be this or this”. That is the question we have got about guidance: how is the process going to be managed, which doesn’t, ultimately, delay planning consents being granted.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): It is easy to exaggerate that, because as a planning department, we have that all the time with everything, because everyone, as you know, in the community is an expert on planning, so we get those, whether it is around design, height, how thick the windows are and so on. I do not think it is going to delay the process. Yes, it causes a certain amount of grief for everybody, but we can probably live with that.

I suppose my greater concern, actually, for possibly the boroughs that are weaker on this, that making this stuff public might actually mean that where you are arguing with the developer and he has got his viability produced by Savills or something like that which shows the scheme is non-viable, if that is then put in the public domain, he can say, “It shows my scheme is not viable with X affordable housing” or whatever. There is a bit of a risk for some boroughs around that, that if you are getting those ones, you lose your ability to negotiate, because we have had these examples where the developer has come to us and said, “The scheme is non-viable” so we are not going to consent then, and then they have gone away and come back, miraculously, with some more money. But I do not think it is a big issue.

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): The transparency at least would allow someone else to propose an alternative scheme that is viable, because the problem at the moment is that any assessment of the viability of a proposal is only assessing what they are given, so the assessor looks at it and says, “Yes, this calculation is correct” but the viability process is not seen as a creative part of the planning process. It should be an integral part of it. Just because this scheme is not viable does not mean another scheme on that site, that the scheme could be rearranged to be viable. It needs creative planners to say, “Actually, ditch that 40-storey tower and arrange it as a perimeter block” and it is perfectly viable and you get an extra half amount of affordable housing.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): That is the process though. This is the danger of going into something which is too formulaic and focusing on the formula, it is exactly what you get, but where we have to be with viability, the local authority challenge has got to be just use the usual agents, for example, to say, “Oh yes, based on that build cost and that design, this is non-viable”.

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): Exactly, yes.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): We have to be challenging viability much more broadly and say, “No, we do not accept your build cost, because we think you can do it cheaper. We do not accept your sales value, because you can get your sales value up or your sales value might be different, or you could actually put some more units in or different types of units or you may configure the blocks differently and if it was shorter --”

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): It is rare that boroughs are doing that. That is what they should be doing.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): But that is where we have got to be, and that is the real viability discussion, because if you just follow the formula, you do not get anywhere.

Navin Shah AM: You are talking options appraisal of a sort, is it not, to establish viability? Because otherwise what is happening, we are probably losing out huge numbers of affordable units which otherwise would be there, because everything is sort of shrouded in secrecy.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): You have to get it out of the developer and some local authorities are possibly less good at good at doing that.

Navin Shah AM: Some do not.

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): The councillors often are not allowed to see these things. With the Capco and Earls Court, one councillor was shut in a room for two hours --

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): That is wrong.

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): -- to read the DVS analysis and the viability appraisal, and the expert said it took him three days to go through it properly, so councillors are actually being blocked from seeing these things. It is not just the public: it is the people making the decision then.

Navin Shah AM: Oh, absolutely.

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): They are making them blindfolded.

Nicky Gavron AM (Chair): The Mayor did see them, by the way, or the Mayor's staff saw them. They saw both.

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): OK. They should have realised that the DVS analysis was not the proper analysis. They just looked at Capco's figures and said, "Yes, based on these assumptions, this calculation is correct". It did not say, "Actually, these assumptions are completely nonsense".

Nicky Gavron AM (Chair): The DVS said they were not correct. It said that the scheme was worth £12 billion, not £8 billion. That is why I said 'What store do you put by that?', because local authorities often use them, but they were the ones who said, "You have got to add in the value of the scheme over the 22 years". It was Capco who did not.

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): But there was another analysis done by Richard Fordham [Chairman, Fordham Research], which assessed the DVS appraisal and said actually that itself was using warped figures, so they said the DVS was only going on Capco's own figures.

Nicky Gavron AM (Chair): Oh, so it would have been worth even more, you mean?

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): Exactly.

Nicky Gavron AM (Chair): OK.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): This is the nub of the problem around viability, is that you cannot and must not accept the assumption. All too often the consultants on both sides just accept the base assumptions. You have to challenge the base assumptions, and that possibly is the thing that in terms of GLA guidance should be around challenging all aspects that are assumed in a viability, rather than just accepting all the assumptions and saying, "Does that work?" and it comes out nought nought.

Tom Copley AM: Do you challenge them on things like price per square foot? If they are saying, "It is worth X amount now" do you go back to them and say, "Yes, but it will be worth even more in future"?

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): Yes, yes.

Tom Copley AM: But why are other boroughs not doing that? That is what I --

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): They probably are, to be honest, but I do not have --

Professor Patrick McAllister (Professor in Real Estate, University College London): It is normal. It is normal.

Tom Copley AM: I do not know, it just seems that there are quite a few schemes where that does not seem to have -- Oliver [Wainwright] has highlighted this in his work.

Professor Patrick McAllister (Professor in Real Estate, University College London): That is pretty standard practice, for the negotiations to happen between the boroughs. Usually they use the district valuers as a kind of independent referee. That often happens. But the real inherent problem is you have got this huge incentive for developers to play this game: a hugely valuable incentive. You have got a process that is saturated with uncertainty. All those numbers about building costs, about values are debatable and so there is no right answer. If you ask ten appraisers to assess the viability of a scheme, all being equally honest, will come up with ten different values, and they can easily be millions apart, a lot of money apart, because they are all putting in different assumptions. It is then when they start to put in all the most pessimistic assumptions, that creates a bias in the process if they are doing that. When you start to change building costs by a very small percentage and change sale prices by a very small percentage, it has big effects on maybe the percentage you can have affordable housing, because there are two big numbers in the appraisal that are usually very, very important. Lots are saturated with uncertainty - I keep using the phrase, but they are saturated with uncertainty - and different appraisers will have different viewpoints, perfectly legitimately. The process has got lots of uncertainty that people are able then to use in the way --

Nicky Gavron AM (Chair): What is the answer?

Professor Patrick McAllister (Professor in Real Estate, University College London): I was hoping you would not ask that question. You cannot take out the incentive, but what you have given them, you have given the developer control of that process. They produce the figures and then it is up to everyone else to challenge them. Ideally, we would like to see the process for the specific project produce the assessment just independently - that is costly, that is the problem - but it is produced independently by someone who does not have skin in the game, but is an expert in it.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): I must admit, I would really argue against that really strongly, because the problem is the so-called independents take a particular professional position which tends to be often very conservative and they accept the values put forward from

them. If you have an independent assessor, then affordable housing is dead, effectively. The only thing, the boroughs have got to do it, and they have got to do it aggressively.

Nicky Gavron AM (Chair): The boroughs have got to do it, Pat, you are saying?

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): Yes. They have just got to get better at doing it.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): Yes, although that is where I sort of struggle with it, is that, OK: the developer will pay on the submission and you agree the format of the submission and whatever. That should be then submitted with full documentation supporting it, so you top price all your properties and so on. Then it must be surely for the borough to make sure they have got the appropriate expertise - be it internally or externally - to robustly be able to review, and quite often, quite rightly, challenge those assumptions. It should not be the developer's fault if those are not robustly challenged and looked at.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): No, I do not think it is the developer's fault, no.

Professor Patrick McAllister (Professor in Real Estate, University College London): There was a meeting this week in the House of Commons run by the Bureau of Investigative Journalism, and it was very well-attended. But the three things that I took away from it- there was a big consensus- the process needs to be much more transparent than it is, there needs to be much better guidance, and that claw-backs should be standard.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): Yes, review mechanisms should always be built in.

Nicky Gavron AM (Chair): I just want to ask one thing: the 20% upwards profit margin or return rate that is now the --

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): Overheads and profit, so the gross return, yes, you are referring to.

Nicky Gavron AM (Chair): It is the industry norm now, is it not, the rate of return?

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): Yes, generally. What we find, it is between 15% and 20% overheads profit; not profit, overheads profit. It will then vary depending on the risk and the investment made, although, to be honest, what we do at Berkeley Group, we tend to work more on the internal rate of return, on the cash, because cash, that is the important thing, the rate of return you are getting on the cash you are investing. But as an industry norm, 15% to 20% is what we find.

Nicky Gavron AM (Chair): What we are hearing is 20% to 25%.

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): In the heyday, it was 25%, was it not, fixed?

Nicky Gavron AM (Chair): In the heyday it was 25%.

Professor Patrick McAllister (Professor in Real Estate, University College London): It is a hard question to answer. You would expect the required profit to vary between the scheme and over the market conditions, and you would expect it to vary between the developers as well, depending on their risk preferences. You would expect that number to vary over time and between different projects, because different projects have got different risk levels. To have a standard does not really make sense, a standard number for every project, but it is quite hard and difficult to say what the number should be for each individual project. That is not an easy question to answer, and each developer will have different levels of profit expectation and different ways of measuring profit as well.

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): Is it not on the wrong side of the equation? To me it seems strange that profit is fixed as a cost. Should it not be what is left over?

Professor Patrick McAllister (Professor in Real Estate, University College London): Developers work out how much they can pay for the land. They are going to build a scheme and they are going to pay all the professionals, they pay the landowner, they pay the bank and then they want a bit for themselves as well, so that is the kind of method that they use.

Tom Copley AM: I want a general overview of the benefits of fixed affordable housing percentages versus contingent obligations. I do not know if the GLA wants to kick off with that.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Yes, it might be worth just giving a little bit of background. In the SPG, we only propose it as an idea that boroughs might like to consider fixed affordable housing targets in opportunity areas in housing zones. The background to that is these discussions, really that perhaps it could be a way of moving away from these site by site detailed viability debates, so speed up development. It is just a suggestion, but also within the SPG, we do provide a lot more guidance now on new mechanisms and cascades. We are not really talking about a sort of London-wide fixed percentage at this stage, and it is probably worth saying that all of this stuff, at the moment at least, is done within the context of the National Planning Policy Framework (NPPF), which asked us to ensure that there is a return for a willing developer and a willing landowner. You assume that the people coming forward are willing, therefore that is why it is that scheme you are assessing rather than another scheme that has not come forward. Some of the stuff that we can do within the SPG or even with a future review of the London Plan is obviously all constrained by what the NPPF currently says, so part of this viability problem and this viability debate is the focus the NPPF has on it.

Alan Benson (Senior Manager, Housing and Land, GLA): One of the reasons why we specifically identified the housing zones as places that people try this out in is that we wanted to try new things in the housing zones, both in how we invested our money, so we can do that in slightly different ways, but also in planning policy and housing policy terms as well. We tried to open the door to boroughs to say, "If you want to do things differently, here is a chance to try to do them in contained areas around London".

Tom Copley AM: So rather than being scheme by scheme specific, it is area specific, so within that area you could have different schemes and different percentages, but is it the overall or would it still be all --

Alan Benson (Senior Manager, Housing and Land, GLA): Every single scheme in that area, if they decided to adopt this, but I am not aware that any borough has yet.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): No. They are kind of thinking about it. No one has done it yet.

Alan Benson (Senior Manager, Housing and Land, GLA): They are thinking about it. None of the ones we have announced have done it yet, anyway.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): The other thing that we thought it would give is some certainty, so obviously that speeds things up, but also we know that the land market is changing so rapidly, and that people are not factoring affordable housing contributions into their bids for land, whereas if you had a much more fixed and sure affordable housing percentage, that might help ensure that landowners and developers were factoring that in.

Tom Copley AM: So it is providing certainty, essentially?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Yes.

Tom Copley AM: What about contingent obligations? This is essentially capturing uplift, is it not?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Yes, yes. Part of the background is obviously that we have seen that developers often, through the viability appraisal process, either on purpose or not, rather undervalue some schemes. The review mechanism allows you to pick that up, pick up that change in the market over time and make sure that you get the right amount of affordable housing. Particularly if you are accepting a scheme that does not have a policy-compliant level of affordable housing, the review mechanism in the contingent obligations allows you to perhaps pick that up later on. Obviously the downside of a contingent obligation it is does not tend to be onsite delivery, because it is often cash *in lieu*.

Tom Copley AM: Oh, it is after the fact. Yes.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Exactly.

Tom Copley AM: But it is money that they could spend elsewhere in the borough?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Yes.

Tom Copley AM: Do any of our experts want to comment on these two various things and possibly the drawbacks as well of either one?

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): On the fixed affordable housing, that is worth looking at, although again it is being clear what proportion of it, because the challenge with affordable housing as well at the moment in terms of also the viability is there is such a broad spread of affordable housing. When people say affordable housing, you go from social housing at social rents through to intermediary products, all the way through, and the [difference in] value of the affordable housing can be dramatic. For example, if we have social rented three-bedroom houses, that will probably generate £90 a square foot contribution. If we go to intermediary shared ownership, that may generate a £300 contribution to the scheme. When you say a fixed percentage, we need to be very clear what type of Affordable Housing, what proportion of affordable housing, because that has a big impact on what --

Tom Copley AM: Sure. It is not 60:40, the split now?

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): Yes, but each borough has different policies on rents and also, again, a big challenge

- and I do not know whether you are addressing it - is again, going back to the Budget, the announcements about a reduction on rents. At the moment, we are in freefall.

Tom Copley AM: We were discussing this just this morning, yes.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): Yes, we are in freefall with our housing association partners, saying, "Right, all these viabilities we are negotiating, how is that value of the affordable housing now going to change over the next two, three years because of the rent changes?" They are saying, "It is going to be dramatic". If we do talk about having fixed percentages, we need to be very clear what type, how is it valued and what happens if rents change and things like that change.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): Yes. That the fixed and solidly held percentage - if it could be done across London - would be really, really helpful in terms of actually basing land price: because the problem that we actually face is this endless escalation of land value. A lot of it is driven by developers thinking, "I will over-pay on that site or I will pay more than the market, because I can get away with the affordable housing". If we could get to a position where everybody could stick to a London-wide position - this is what we actually mean by 'affordable' on this - it may well help for controlling land grab. There are other problems that go with that, obviously, and there is a degree in inequity between higher value and lower-value areas, but from the point of view of a medium-value borough, it would be helpful to us if we could really stick at a percentage which would drive down land price when people are bidding.

Tom Copley AM: We did have one, did we not?

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): We do, but the trouble is it is lost. Everybody applies it differently, even --

Nicky Gavron AM (Chair): What would you have done, Pat? OK, there was 50% which was first of all an aspiration, then it was a target and we have gone up to 35% over eight years, and it was just creeping up when it was stopped. But what would you do then in terms of a fixed percentage? How would it work, London-wide and then site by site?

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): The reality of why it drifted away is because essentially for all the good reasons around viability, and there is a real challenge for us here, because we want development to take place, we want housing supply to be brought forward, we want it to be good quality and everything like that. It got to a position where the majority were actually going below 50% and were going down to 30%. We start at 50% negotiations and very rarely get it; we average 41% or something like that over the last eight years. But for a borough position, it is always on a bigger scheme knowing, "Well, what line will the GLA take on this? Will the GLA hold the line that we are holding? Are we above or below that?" It is very difficult organisationally for all of us. That is the challenge, this clarity around, "Is this the percentage? What do we mean within that percentage?" and you get other variables coming on to the scene. Obviously, yes, providing social rent is now much harder. Community Infrastructure Levy (CIL) will actually put further pressure on Affordable Housing delivery, which is why we have always been very uncertain about CIL and do not really like CIL, because the immediate victim of CIL is social, affordable housing.

Tom Copley AM: It seems between the two - contingent obligations and fixed percentage - is the risk not with the fixed percentage rather than contingent obligations that if the market improves, you end up then potentially missing out on extra money perhaps?

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): I do not actually see why you cannot do both. I would do both. In an ideal world, I would want both, yes.

Tom Copley AM: You would have your fixed target and then market --

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): Yes. Fixed targets start a base point, because that base is your land value so that people do not bid for sites thinking they will get away with it, which is what people are doing at the moment. Then on any development, the clear assumption is that, yes, there will be a review at point 1. This comes back to viability, actually, that a lot of viability calculations do not take into effect on phased schemes. Obviously the profit from the first phase is actually paying for the second phase, so actually it is cheaper for the developer than the viability assessment will show. Obviously therefore it is another reason to build review mechanisms in at various points in the scheme.

Tom Copley AM: There seems to be some consensus here about both --

Professor Patrick McAllister (Professor in Real Estate, University College London): The dichotomy is not between contingency obligations and fixed amounts, it is between fixed amounts and flexibility at a given time. That is the key distinction, and the one size fits all policy, as I think people have been saying, has costs as well as advantages. Its cost advantage is certainty, everyone accepts that, but the big disadvantage is that, as Pat [Hayes] alluded to, in low house value areas, you tend to capture a lot of the land value in the affordable housing, and very high land values, like Westminster, it is a much smaller proportion and basically different landowners are getting taxed at very different amounts in terms of affordable housing. That is one of the problems. One of the other problems is that some marginal schemes may not come forward if you set it at say 25%. Schemes that are viable below 25%, but could be viable at 20% or 15% do not come forward in that case.

Tom Copley AM: Whereas if you just had the contingent obligations, you could grant it and then capture the --

Professor Patrick McAllister (Professor in Real Estate, University College London): Again it is or we are flexible initially and had a lower requirement, but contingent obligations, I think it is not either or, you can have that for whatever model you have. If the developer has a windfall gain, in some way that prices go up a lot and they earn far more money than that and they make a windfall profit, then that can be -- and landowners do this regularly. When they sell a piece of land, they say, "OK, we will take £10 million, but if you sell these houses for more than X, you share the surplus above X with us" so landowners do that regularly.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): How would you reflect that in the contingent obligations?

Professor Patrick McAllister (Professor in Real Estate, University College London): You basically say to the developer, "If your final sale prices are above this element, we share it 50:50" and that goes for Affordable --

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): But I suppose what it gets to: we have got a piece of land which has been bought and you agree the value of land going into the viability, but to be able to buy that land at that price, you have had to give the landowner a share of any upside in market values. Say he wants 50% of the increase in market value above a certain threshold, then the borough says, "Also, I want a share of it", then the developer ends up saying, "Well, I do not get anything, so there is no point in me doing this scheme, because I have had to give the landowner a share to release the land".

Professor Patrick McAllister (Professor in Real Estate, University College London): But these are windfall profits we are talking about.

Tom Copley AM: Yes, it is a split.

Professor Patrick McAllister (Professor in Real Estate, University College London): We are not talking about the normal profit the developer gets.

Tom Copley AM: Yes, yes.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): Yes, but why is the developer going to agree to say, "I will develop it for this base return and take all the risk, but any upside I am going to give to the landowner and give it to the planning authority"?

Tom Copley AM: It is only a portion.

Professor Patrick McAllister (Professor in Real Estate, University College London): The developer has got their reward in terms of the profit. The developer has got their normal profit that is a risk and judgement return to them, so they are getting their normal profit. It is the windfall profit that is being shared out.

Tom Copley AM: If their viability assessment, as Jennifer [Peters] said, whether by design or by accident undervalues the site, then anything above that essentially is a profit-share, it is not, between --

Professor Patrick McAllister (Professor in Real Estate, University College London): Windfall profit, because it is a profit above that already.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): It is where a house price, for example, or a flat price grows up higher than anticipated, is it not? It is a really valid point. One of the challenges is around -- and we had one with a potential developer yesterday, a really, really difficult site which has been vacant for years and very hard to develop, where we probably will say, "Yes, we will be much more lenient on the affordable housing offer because actually this site is a gap tooth in an urban façade and has got all sorts of problems, and it would be very hard for you to develop with a sensible Affordable Housing offer on there or come up with much of discounted sum" but that is probably the exception to the rule, but we need that flexibility around some of those sites in lower-value areas as well.

Tom Copley AM: Jennifer, any thoughts on applying both the fixed percentage and contingent obligations?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): I can see how that would work. The only thing in terms of the fixed percentage that it would move away from is the certainty idea, and secondly, certainly one of the officer ideas of where this came from is that these debates take so long. If you were going to have a review mechanism, you would have to go down the viability debate and have those debates about what the viability was now, how the review mechanism will work, whereas if you just had a fixed percentage, the developer comes along and says, "Yes, I can meet your 35%" you do not even talk about viability might be a way to certainly speed things up. Obviously you might lose out on some schemes, but also you might get some more developed. It really depends what you were trying to get out of the change in approach. If you want to speed up delivery, you would not have the review mechanism, but if you wanted to maximise your affordable housing contributions, you probably would.

Tom Copley AM: How would contingent obligations affect the way the developers negotiate with boroughs in providing affordable housing? Has anyone got any thoughts?

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): Interesting. We have now had a developer who came to us at the start of the process and offered a review mechanism, which was a first, and a big tick for them. It was a first. The ones who do not like it tend to be those developers who are not really developers, who are going to sell on, and there is a lot of resistance, because they are looking for certainty in a product and everything like that.

Tom Copley AM: They just want to get the planning permission and then flog it off, so they are not interested in that.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): Yes, and there is a big row with them, and they are the ones who then try to find other ways, whether it is vacant building credit or anything like that to wiggle round it. Having done discussions now on quite a lot of review mechanisms, I do not think it is a big problem. I do not think is huge. Compared with everything else that is going on in a big planning application, it does add any particular level of delay. Often it is done right at the wire on the review mechanism, but a lot of stuff is done right on the wire, so I do not think it is a huge issue.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): Where we tend to provide it, you need to reflect the schemes for which it is appropriate. If it is a multi-phase scheme over many, many years, it makes perfect sense to look at that. If it is a single-phase scheme where you have got to commit all the capital, all of the cash to build it, is it appropriate to have a review mechanism on a single-phase scheme? Also, what we quite often agree to is that if the scheme is not implemented within a short period of time, maybe 12, 18 months from the consent, there should be a fresh viability review. That also, in a way, impacts against land traders, because they are not just sitting on it, waiting for the values to grow, then selling their land. But yes, apart from long-term schemes.

The other problem we do find at times is that with some of ours, we go through the viability process, we agree a position and the assessors have their correct work and say, "Yes, we agree that the maximum for this scheme is 15% or 20%". We then get an issue to say, "Politically that is not acceptable. We need to find a way with you to deliver 30%". What we are then spending is growth modelling assumptions with the assessors to say, "Right. We want to assume market values. Let us get to 30%". Is it then appropriate that a growth model is agreed to get to 30% rather than 20% and you then have review on top of the growth? What we have got to say is that if 20% is the level which can be supported by the viability, even if that is politically not acceptable, the burden has got to be able to drive that through with Members, accepting 20% as a starting point and they may get 30% or 35% if the market improves and there is growth. You cannot beat up a developer saying, "I know you can only afford 20%, but if you want your ticket locally, you have got to be providing 30% and then there should be a review". That is what has got to be considered.

Stephen Hill (Director, C20 Future Planners): There are some interesting parallels with procurement. There are some good parallels with procurement of development partners on large estate renewals in 1990s, which was an early kind of phenomenon, in which you had to kind of structure often very long-term development partnerships. Sometimes there were projects which were really absolutely on the margins of what the balance sheets of those companies could cover. Having phased arrangements was really important and they were nearly always based on a kind of baseline offer in terms of affordable housing and other things for a first phase. If you exceed that, you roll forward the surplus to the next phase, and when you are looking at projects that were due to run for anything between ten to 15 years, you know you have to accommodate ups and downs in the housing market cycle and therefore it was just a sensible pragmatic thing to do.

Of course, crucially, in relation to the answer to the earlier question, that was always where the value of the local authority land was the residual, so in a sense, that was left rather undetermined and you did not really know what it was worth until the end. One of the values of that was that you were involved in a process of both the local authority and the developer trying to create value together, whereas in this case, it is about one side trying to extract a lot of value and not putting it back into the pot.

Tom Copley AM: I will move us on to the final bit, and this is about what process boroughs should follow to determine the viability of provision in an area. Who would like to kick off with that?

Professor Patrick McAllister (Professor in Real Estate, University College London): When you said “determine” did you mean the process of --

Tom Copley AM: Yes, what is and is not viable, what percentage of affordable is and is not viable.

Nicky Gavron AM (Chair): This is what the SPG is recommending.

Tom Copley AM: This is what the SPG is recommending.

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): If you were going to go down the route of a fixed percentage in a housing zone or opportunity area, you would obviously have to viability test that percentage to make sure it was deliverable, so I suppose the question is how would you go about that process. I suppose there is parallels in terms of how viability studies have been done in opportunity areas already and development investment funding (DIF) studies like that can give you an idea of what would be viable. Also obviously you do plan wide viability assessments to make sure your plan stands sound. From my point of view, I would assume you would go down one of those sort of routes, perhaps a sample site process, check the viability of example schemes, something like that.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): My view on this, I would say that if you are going to do this, then you would only do it with a review mechanism. That has got to be the assumption, that if you are going to have a fixed figure, then you would want a review mechanism to back that up as well. However, where we would probably be is, based on our understanding of land values at the moment, our understanding of development yields, we have obviously got a lot of background work that is done to build a CIL case actually that is there, so that we would go back to a lot of that. But then it is again a refresh in terms of taking this guess in terms of where values are going to go, and it is, as Patrick [McAllister] said, there is a lot of uncertainty in this and we would probably be fairly optimistic, to be honest - as we have to be - in terms of uplift, particularly in housing zones actually, because housing zones are all areas where they are housing zones because of their development potential, and their growth and yield potential is often linked to Crossrail or other infrastructure. That would be the important thing.

Stephen [Hill] is absolutely right: we did this years ago on estate renewal projects, effectively. We made on one of ours a very optimistic and bold assumption, because it did not work at the start. It has worked fortunately over time otherwise I would not be here. That is where local authorities have to come from. The danger for local authorities is being too conservative if you are going to do that, so it is a bit of a double-edged sword because if you get it wrong at the start you might entangle yourself.

Professor Patrick McAllister (Professor in Real Estate, University College London): The problem with area-wide viability appraisals is that they tend to take a hypothetical scheme on a hypothetical site or a typical scheme on a typical site. What everyone says is that the sites are heterogeneous so that they have different

values and different costs. It is only viable for the average site and we have lots of variation and that is the problem with those kind of area-wide viability tests.

Tom Copley AM: You get developers saying, “Oh well, the area of viability is X-percentage so I am not going to go above that on anything” and then potentially local authorities miss out.

Professor Patrick McAllister (Professor in Real Estate, University College London): Yes. Then you have the other side where some sites may be particularly problematic, very difficult sites, that could be brought forward with a lower requirement but do not get brought forward because of the fixed percentage, so there are both costs there.

Tom Copley AM: Why has this fixed percentage been limited to opportunity areas in housing zones?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Partly because I do not think London Plan policy would -- well, we are not stopping it. Boroughs could consider doing it at a borough-wide level. There is not much appetite for that at the moment and also this issue about what the NPPF requires in terms of willing landowners and willing developers would mean that, even though I take the point about a broad assessment does not fit every site, it is more likely on a smaller scale to be right than in if you have one percentage for a whole borough, for example, because you are going to have differences across the borough that you might not have in an opportunity area or a housing zone because they tend to be the same kind of site and area. Again, it is worth pointing out that we are not saying that boroughs should or should not do this. We are just saying they might want to think about it because of all these viability debates that we have. What we are trying to think of is: is there another way of doing it and would that be more successful than what we have at the moment?

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): The way you could do it in practice - it would be imperfect - is that if you could have a position where if a developer meets your bench figure, whatever that is, then you do not go further into a viability process you just have a review mechanism on top of that and that gets round that because they are offering what you think is a reasonable take. It would give you the opportunity for schemes where you did not want to apply that to say, “No, you have come in lower therefore we want a full viability”, or “We think you could do better on this site”.

Alan Benson (Senior Manager, Housing and Land, GLA): There are two reasons why we identified those areas in the SPG. One is, as Jennifer says, it is not London Plan policy to do it across the whole of London but we wanted to try to have some experience at this in terms of looking at how we review the London Plan. Some people are suggesting that viability is a huge issue, not just in terms of how it is applied but the whole principle of using viability is incorrect and we should review that for the next London Plan. This was a way of testing it out in certain limited areas.

Secondly, because when we were consulting before we launched the housing zone prospectus it was one of the things that some boroughs were telling us they would like to try, and we thought we would open up the door and let them – to see if they do it. We will see if anyone tries doing it and then we will try to learn from that experience, but we could not open up generally across London because it is not London Plan policy yet to do so.

Nicky Gavron AM (Chair): I wonder whether the viability for an area, whether you were trying to get at a more holistic - what Pat Hayes was hinting at - broader definition of viability. Is that what you were trying not to do or are trying to do in the SPG?

Alan Benson (Senior Manager, Housing and Land, GLA): Not now.

Nicky Gavron AM (Chair): Or is it that very narrow definition which we are taking from the NPPF?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): I would say it is still the narrow definition.

Nicky Gavron AM (Chair): It is a narrow definition. OK.

Andrew Boff AM: Can I ask if there is anything getting in the way of taking up obligations via a fixed percentage of the gross development value (GDV) of a project?

Alan Benson (Senior Manager, Housing and Land, GLA): There would be various ways of setting or calibrating a fixed percentage if you decide to go down that route, but it is not one as yet we are going to go down in the London Plan, not the current policy.

Andrew Boff AM: Wouldn't it be easier? Everybody would be much happier with that. The developers would be happy because there would just be an overhead on the gross development of a project, so the viability assessment or, well, where would you get the -- you would get the GDV from an undertaking from the developers. Well, it is effectively a profit share, isn't it?

Professor Patrick McAllister (Professor in Real Estate, University College London): That is a model that I would agree with but you could simplify that process by allowing for a fixed amount of the GDV, allowing for all the cost and profit to be fixed. It leads you then to allow for a fixed percentage to the landowner and a fixed percentage to the developer's profit, and it is a fixed percentage of the GDV. What it boils down to - and it is a very political question - is how much you allow for the land. That tends to be the key because it is really about how these uplifts are going to be shared out between the community and the freehold landowner. That is really what it boils down to, and that we need is to try to work out a formula for sharing it out and, if a scheme creates an uplift in land value from £1 million to £5 million, how is that £4 million shared out between the planning obligations and the landowner? It becomes a political question then about where you set it at, 50:50, 25:75, essentially that is what you have to decide.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): The other important thing is the relationship, which Oliver alluded to earlier, between the design and nature of the scheme and its financial yield. If you just look at viability in one box then you get a particular answer. If you look at it more holistically across the scheme, look at if you change the design it can reinforce value, you get more out of it, you spend less. That is a really important component, none of these formulaic approaches catch it. It is not easy but --

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): It probably needs to be an integral creative part of the planning process, not just something that is done by the surveyors after the planning process happens because it is all about how the physical qualities of a scheme on the site whether a scheme is viable or not. The way viability is set up at the moment you only say, "Yes, the scheme you have come to me with is viable" or not like, "If you rearrange the site in this particular way and did away with your insane tower this thing would be viable", so it is looking at the process from the wrong end of the telescope, the way it is structured at the moment.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): We have said to people, "Put a bit more height on because that drives your viability up. If you put a penthouse on the top you --"

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): Yes, you ought to do away with the solid marble baths and then it is viable.

Nicky Gavron AM (Chair): Jennifer, the SPG doesn't have much on viability, as I have said, but one of the things you do suggest is that instead of using for the value of the land, which is a very important component and is often inflated - you want guidance, don't you - that it not be assessed at market value but on existing use value (EUV) plus? But you do not definite the plus, plus, plus, like the car park at Mount Pleasant or something. How do you work that out because this element is very important?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): Yes, it is a good point that you pick up on, in fact, because the Mayor has not come out before so strongly in support of using EUV plus. Before we have said it depends on the circumstances, so in terms of certainly hopefully it gives that.

You are right about the plus element that obviously leads to an element of uncertainty but it would be very difficult to say a percentage, 20%, because it would be different for different schemes. Interestingly, when we spoke at a London First event about the SPG some suggested we should define the plus as well, which I was quite surprised about. It would be interesting to see what people thought about that.

Nicky Gavron AM (Chair): What is that about London First?

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): They did say that you should perhaps think about defining the plus, so what the plus element would be as well. If we are going to come out and say, "You should use this approach" then we should say what the plus should be. It was not a consistent comment but just someone did say it.

Nicky Gavron AM (Chair): That is exactly what happened to Mount Pleasant. It depends what you compare: here is market value, here is the car park and it is pluses.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): The difficulty with it is at the moment different authorities and different consultants have different views. The Royal Institute of Chartered Surveyors (RICS) guidance is very much about it should be market value, and then defining how you define market value for a piece of land. Other people, yes, want to us EUV with this plus percentage but you are then into making a call about, "Well, OK, what is the minimum percentage that landowner will release his land at above EUV to allow it to be developed for housing? Is it 5%? Is it 50%? Well, actually, each individual person at a point of time will have a different view and it is a bit like -- it was interesting with SPG and I suppose why I come back to this thing and the whole thing about viability, policies can be made to say whatever you want them to say but is it fundamentally going to deliver more housing or less.

That is going to be the acid test. You can add this process, add this review, add this, do that, do that. Is that then going to bring forward more housing or less? That is the question to be asked in a couple of years' time, "So, OK, right, we have updated it. We have put these SPGs in process, bummer, we have half the housing we thought we were going to deliver because it stopped housing coming forward". Or, "Brilliant, it has actually accelerated housing and we have twice as much housing". To me that is the big question at the moment because what I see at the moment is a lot of uncertainty coming into housing, a lot of uncertainty about taxation, a lot of uncertainty about former housing, funding of structures and, therefore, a lot of institutions saying, "Oh, we are getting a bit concerned about housing". Yes, that is the test I think.

Stephen Hill (Director, C20 Future Planners): There is a big issue generally about land price and certainly it is very volatile; house prices are traditionally very volatile. Policy Network did a rather interesting bit of work earlier this year, which was basically correlating land price increase with housing output. It showed very clearly

that when land price goes up output goes down. That is all part of making it not a very nice thing to invest in because the bank is not sure what they are investing in.

What Pat [Hayes] was talking about, where you get a fixed percentage of GDV, the landowner also gets a fixed percentage. That is very much what happens in mainland Europe, certainly in Holland and Germany, and that is part of a much more managed planning and delivery system which allows many of the uncertainties of cost to be resolved. You have a better way of laying out the infrastructure, in the sense that it is recharged back to the landowner and the developer through bank lending. It means that what the landowner gets then is certainty over his percentage and it comes through when he wants it. Whereas now we are playing at the margins trying to do bits and very uncertain about what we are getting, when.

Nicky Gavron AM (Chair): I just want to say - and this will have to be our final point - that the Mayor yesterday said that he would consider producing a separate SPG on viability, which is why it was so important to have -- it can only be the beginnings of a discussion about what should be in this viability SPG. At the moment we have some suggestions in the current SPG but, you would agree, Jennifer, it is quite --

Jennifer Peters (Strategic Planning Manager, London Plan Team, GLA): It is not detailed in the SPG at the moment, no.

Nicky Gavron AM (Chair): It is not, no, and I wondered from today's discussion if you gave a couple of points each, what you would say must be in.

Professor Patrick McAllister (Professor in Real Estate, University College London): The best thing I have read is guidance that Islington produced last Friday. They produced a draft SPG themselves. It could be improved but it is also by far the best document I have read on guidance by a body.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): My concern is - I have read it once, and I will need to read it again and again, and it will be interesting - is that going to facilitate more housing being built in Islington or less? That process on the first read of it, a lot of people look at it and say, "There are a lot better places to invest", buy a piece of land and buy it residential.

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): But if it was London-wide and you can say, "I am going to go to Camden instead, it is a fixed" --

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): That is why I am saying that Islington has taken that route and the question --

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): Islington are being bold and brave.

Alisdair Chant (Managing Director, Berkeley Partnership Homes; representing Westminster Property Association): Well, it goes back to my view, is it going to facilitate more housing being built or less, that is what I think.

Professor Patrick McAllister (Professor in Real Estate, University College London): I was at that meeting this week. Islington were there represented and the two things that they are fed up hearing from developers is, "We will go elsewhere" when they don't or someone else comes along and does it afterwards. The other thing that they are getting fed up hearing is 10% of something is better than 50% of nothing. These are the stock things to get through the development industry and they are becoming that little bit standardised to them.

But I thought their document was really thoughtful, really comprehensive. It is not perfect by any means and it is quite harsh on developers in some ways, and that is where I would challenge it and think it could be improved. It had a really simplistic view of how developers operated in some ways and the kind of risk they were taking, but at the same time I thought it was much better than their other guidance that has been around, much, much better.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): That is the point to make about it is it will clearly work in Islington, which is a very desirable location with very, very high values. We have to adopt by definition a slightly different approach because we have lots of lower value areas where people do not want to develop and you will have to have a different approach in those sort of areas.

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): I thought it was a model of what a document like that should be like, the Islington version. The only one paragraph I disagreed with was where it said the live viability model should not be given to third parties, it should not be open. It argued for complete transparency apart from the fact this live model should still be protected and I find no reason for protecting the live model, I would argue in favour of transparency for every element of it. That is a fundamental part of Islington's document, everything should be publicly assessable. It should be like any other part of the planning document that is loaded on to the website. Otherwise boroughs will always be accused of these kind of conspiracy theories and, "They are all in cahoots with developers" which clearly they are not but because it is all happening behind closed doors that is the obvious conclusion everyone is making.

Nicky Gavron AM (Chair): Would you have any view on how you would have a London-wide one? The Mayor has decided to consider that because viability is, as he said, is our guard.

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): Yes. The Islington document covers most bases there is nothing that I would have added.

Stephen Hill (Director, C20 Future Planners): The value of a more rigorous approach means that it is fairer, you get more consistent practice everywhere and, therefore, it is fairer so you do not get investment decisions distorted where you know you can get away with something and where you know you cannot. That is important. Having a consistent benchmark right across London would be really important.

What the Islington document raises, which is also very important, is the professional integrity of the people doing the work on the viability assessment, the quality of the information. They have some interesting ideas about making directors of firms sign off on the validity of that, which is absolutely right and properly qualified people should have no difficulty in doing that but we know that quite a lot of these things are done by non-professional qualified people.

There are issues that the professional institutions could take up more rigorously about the actions of some of their members. I am also talking about mine, as I am a surveyor. I have worked with surveyors who have said, "I think you misunderstand the nature of the job here. Our job is to get planning permission for our client, promise as little as possible and sell it for as much as possible". That is a business model of a number of firms and there are issues that the professional institutions should be taking up in relation to that.

Just one tiny, tiny point is we have been talking about schemes where you are trying to demonstrate that you cannot comply with policy. There are one or two very, very tiny situations - I am involved in one myself at the moment - which is where you are trying to demonstrate to the planning authority where they have allowed for a change of use, an enabling development for a change of use but for the retention of the majority of the

existing use and, therefore, you are trying to show that you are providing the minimum amount of development that is required to maintain the existing use.

Therefore, you are trying to show how small your development is and I am doing one at the moment where I have had a pre-app meeting on my own project yesterday with Camden. They have also been dealing with a rival developer who will not show them any viability figures, who says, "We are policy compliant. We do not need to do a viability assessment or show you anything". The fact is that they are providing three times the floor space than is actually required, so it makes a very different kind of development. Therefore, they need to have the power to call for a viability assessment in almost the reverse situation to the one that we are mostly talking about.

Nicky Gavron AM (Chair): It sounds a bit like the vacant building argument we had earlier.

Stephen Hill (Director, C20 Future Planners): Yes.

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): That London-wide benchmarking process: should that be the GLA's role to be producing those kinds of figures and those benchmarks? Is that something that the Mayor should be taking on or is it something that should be independent and come from a separate body, like the DVS. What would you guys --

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): I would prefer it came from the Mayor. It would be helpful if it did come from the Mayor because it is then part of the process and everybody knows where it is. That is then helpful to us.

Oliver Wainwright (Architecture and Design Critic, *the Guardian*): Having a consistent methodology for how viability because, as we said earlier, it varies on a site by site basis and a development basis.

Pat Hayes (Executive Director, Regeneration and Housing, LB Ealing): We did work for a while under the days of Ken [Livingston, former Mayor of London] when we had the three dragons model, which did not do everything and it needed refreshing and everything else but there was a period where it did sort of work as a universal London-wide model.

Stephen Hill (Director, C20 Future Planners): It seems to be a job for the London Land Commission (LCC).

Nicky Gavron AM (Chair): The LCC, that is interesting. Right, Members, we have taken a lot of time on viability, mainly as a context for this but also mainly because the Mayor yesterday said he would be prepared to consider doing an SPG on viability and so we need to collect some ideas on that too. We have done that and you have helped us enormously, thank you. Unless Members have anything else to say I am going to close the meeting.