

## **Terms of Reference and Membership of HfL sub-groups**

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### **Homes for Londoners Board sub-group on Overseas Investment**

#### **Terms of reference:**

##### **Context**

Concerns have grown in recent years that overseas buyers are increasingly buying homes before Londoners, and then sometimes keeping them empty. At the same time, developers report that advanced sales, including to overseas buyers, are crucial to funding residential developments, along with the associated community benefits – including affordable housing - which they provide.

The Mayor has a manifesto commitment to ensure that more new homes are available to Londoners and this needs to be considered in the context of substantially increasing housing supply, development viability, and London's openness to international investment. In addition, the Mayor has been calling for more transparency around overseas money invested in London property.

The Mayor has commissioned the most thorough research on this matter ever undertaken in Britain in order to inform this work in addressing the issue. The research will provide answers to four key questions:

- What proportion of new homes is sold to buyers who are resident overseas?
- What proportion of new homes owned by foreign buyers is kept empty?
- How reliant are developers on sales to overseas buyers?
- How does overseas financing of development contribute to housing supply?

##### **Brief for the group**

We expect the group to be closely involved in the development of the research, commenting on emerging findings and proposing solutions which address the issues found as part of the research.

In particular, we expect that the group will propose policy solutions which could be used by the Mayor to implement his manifesto commitments.

##### **Who needs to be involved?**

It is suggested that Hugh Bullock chair this group and be supported by the GLA Housing Policy team, but that a wider group of stakeholders will also need to be involved. It is suggested that these include:

- Housebuilders with developments inside and around London at various price points;
- TfL property;
- Shelter;
- Representatives of the development finance, property law and consulting sectors
- Housing associations active in the for-sale market; and
- London boroughs.

## **Homes for Londoners Board sub-group – Overseas Investment Membership:**

1. Hugh Bullock (Chairman, Gerald Eve) (Chair)
2. Jonathan (Jon) Di-Stefano (Chief Executive, Telford Homes)
3. Rob Tincknell (Chief Executive Officer, Battersea Power Station Development Company)
4. Tony Pidgley CBE FRICS (Chairman, Berkeley Group)
5. Ingrid Osborne (Chief Executive, Taylor Wimpey Central London)
6. Cathy Lloyd (Sales and Marketing Director, L&Q)
7. John Hughes (Group Development Director, Notting Hill Housing Trust)
8. Andrew Barry-Pursell (Head of Spatial and Environmental Policy, City of Westminster)
9. Karen Sullivan (Director for Planning and Development, London Borough of Islington)
10. Brian Reilly (Director of Housing and Community Services, London borough of Wandsworth)
11. Lester Hampson (Head of Property Development, TfL)
12. Kate Webb (Chief Executive, Shelter)
13. Russell Gardner (Partner, EY)
14. Hugh Taylor (Head of Housing UK, HSBC)
15. Matthew White (Partner and Head of Planning Team, Herbert Smith)
16. Duncan Stott (Director, Priced Out)

## Homes for Londoners Board sub-group - Construction skills

### Terms of reference

#### Context

The construction sector is a major employer in the capital, but 90,000 skilled workers are expected to retire from their construction jobs in London between 2012 and 2022, with total demand for new skilled workers in the capital reaching 133,000 during this period. The result of the referendum on membership of the European Union is expected to increase pressure on labour availability in a sector which heavily relies on non-British workers.

Whilst there may be a temporary slow-down in commercial development which could create some slack in the labour market, the need to approximately double housing delivery is potentially constrained by labour availability. The Farmer Review<sup>1</sup> reports that pressure on labour availability is already having an impact on housing delivery in the UK, leading to capacity-induced cost inflation for construction and so endangering project viability in some cases. This suggests that there is a need to not only address skills shortages and the supply of labour, but also to move to new, less labour intensive methods of housing construction (e.g. pre-manufacturing homes offsite) in order to underpin the step-change in housing delivery required in London.

In the March 2015 Budget the government announced that it would be “*devolving further powers to the Mayor of London, including over skills... which will allow the Mayor to... tailor decisions over skills provision to London’s needs*”. No formal devolution deal has been signed yet, but London government is revisiting a broader set of asks around skills devolution including devolving 16-19 skills funding, retention of unspent revenue by London’s Apprenticeship Levy-paying employers to create more apprenticeships, and devolution and management of careers information, advice and guidance activity.

The Mayor has a manifesto commitment to create a Construction Academy and the Deputy Mayor for Housing & Residential Development is keen to explore how we can best support approaches to pre-manufacturing homes.

#### Issues for consideration by the sub-group

- How can the supply of skills training better meet the needs of construction employers throughout their supply chains and how can these needs be better and more consistently articulated?
- What needs to happen in order for more young people, and women in particular, to choose to enter the construction industry?
- How can construction become more attractive as a career?
- How can new the planning system and new housing developments better support the provision of training and apprenticeship opportunities?
- What developer-led models of skills provision already exist in the UK and elsewhere that can be replicated?
- How can skills devolution and the Apprenticeship Levy be utilised as an opportunity to deliver the construction sector’s priorities?

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<sup>1</sup> An independent review of the UK’s construction labour model by Mark Farmer, commissioned by BEIS and CLG: <https://www.gov.uk/government/publications/construction-labour-market-in-the-uk-farmer-review>

- How can the sub-group help to inform the development of the proposals for the Mayor's Construction Academy Scheme?
- What are the likely impacts of the EU referendum decision on overseas labour in London's construction industry?
- What are the implications for the supply of skills of a shift to pre-manufacturing of homes?

## **Outputs**

The sub-group should prepare a report for the Homes for Londoners Board highlighting their findings, with a particular focus on any proposals to improve skills provision and promote industry capacity, along with any recommendations on change or devolution required from central government. This report should also be shared with the Skills for Londoners Taskforce.

## **Format/research methods**

This project will not require any new primary research. The main focus of study will be interviews, roundtables or other engagement with organisations providing skills and, even more importantly, employers with a need for skilled workers. The Board will be supported by a briefing document prepared by London Councils and the GLA.

## **Homes for Londoners Board sub-group - Construction skills Membership: (invited members)**

1. Cllr Peter John OBE (Leader, Southwark Council and Executive Member for business, skills and Brexit, London Councils) (Chair)
2. Mayor Sir Steve Bullock (Mayor of Lewisham and Executive Member for Housing, London Councils)
3. Cllr Ravi Govindia CBE (Leader, Wandsworth Council)
4. Jules Pipe CBE (Deputy Mayor, Planning, Regeneration and Skills, GLA)
5. Jo Negrini (Chief Executive, Croydon Council)
6. Mark Mitchener (Managing Director, Rydon)
7. Steve Trusler (Accommodation Sector Leader (Europe), Laing O'Rourke)
8. Victoria Whittle (Head of Ready2Work, Affinity Sutton)
9. Andy Carson (Operations Director, Berkeley Homes)
10. Suzannah Nichol MBE (Chief Executive, Build UK)
11. Brian Berry (CEO, Federation of Master Builders)
12. Mark Farmer (CEO, CAST)
13. David Montague CBE, (Chair, g15 and Chief Executive, L&Q)
14. Gemma Bourne, (Head of Social Sustainability and Lendlease Foundation, Lendlease)
15. Yvonne Kelly (Principal & CEO, Barking & Dagenham College)
16. Robbie Erbmann (Head of Housing Strategy, TfL)

## **Homes for Londoners Board sub-group – New delivery models**

### **Terms of reference:**

#### **Context**

The long-standing gap between London's housing requirements and its level of new supply suggest that the existing set of housing delivery models are insufficient to meet London's needs.

The 'pipeline' of permitted units either under construction or not started continues to grow, but delivery is constrained by sales rates (speculative developers), affordable housing subsidy (housing associations and councils), or land (Build for Rent providers and others?).

Whilst the planning system is approving large numbers of units, the process remains time-consuming, uncertain and oppositional. Finally, the public sector is unable to capture more than a fraction of the land value growth that results from its own investment.

#### **Issues for consideration by the sub-group**

- What new business models would drive an increase in housing supply?
- How could joint ventures between public and private sector be used to increase and/or accelerate delivery?
- What funding/delivery models could enable the public sector to capture land value growth as a result of transport or other public sector investment?

#### **Outputs**

The sub-group should prepare a report for the Board highlighting their findings, with a particular focus on which delivery models are worth piloting or investigating further, and what legislative or other changes might be required to take them forward.

#### **Who needs to be involved?**

It is suggested that Liz Peace chair this group and be supported by the Housing Policy team, but that a wider group of stakeholders will also need to be involved. It is suggested that these include:

- housebuilders;
- Build for Rent investors/developers;
- long-term private sector investors;
- housing associations;
- TfL property; and
- London boroughs.

## **Homes for Londoners Board sub-group – New delivery models Membership**

1. Liz Peace CBE (Chair)
2. Dominic Grace (Head of Department Residential Development Sales, Savills)
3. Adam Challis (Head of UK Residential Research, JLL)
4. Waqar Ahmed (Group Director of Finance, L&Q)
5. Jennie Daley, (UK Director of Planning, Taylor Wimpey)
6. John di Stefano (Chief Executive, Telford Homes)
7. Alan Collett (Executive Chairman, Hearthstone Investments)
8. Andrew Pratt (Senior Advisor, Housing Growth Partnership)
9. Ben Denton (Group Director, Strategy and Business Development, Keepmoat)
10. Jonathan Goring (Managing Director, Lovell)
11. Charlie Ferguson-Davie (Chief Investment Officer, Moorfield)
12. Pete Gladwell (Head of Public Sector Partnerships, Legal and General)
13. Gerald Almeroth (Strategic Director – Resources, London Borough of Sutton)
14. Andrew Sivess (Group Manager Assets & Funding, London Borough of Barking and Dagenham)
15. Joanna Killian (Partner and Head of Local Government, KPMG)