



Federation of Master Builders: Response to the Mayor of London's Draft London Plan March 2018

1. Introduction

The Federation of Master Builders (FMB) is the largest trade association in the UK construction industry – we are independent, non-profit-making and lobby for the highest standards and best practice in construction at both the local and national level. First established in 1941 to help rebuild London following the Blitz, the FMB is recognised as the voice of SME construction firms. Across the UK we have more than 8,500 member firms with London having the highest number of Master Builders of any FMB region. Over 1,500 companies are based within London, with many more based in Essex, Hertfordshire, Kent and Surrey but which also work throughout London.

2. Overview

We strongly welcome the draft London Plan's recognition that to address London's housing crisis will require an approach that utilises all the levers available and that London should be treated as a single housing market. In particular we welcome recognition that:

- SME developers and house builders have a significant role to play – we firmly believe that there is huge untapped potential in this sector;
- There should be a presumption in favour of smaller scale development; and
- Greater numbers of small sites need to be brought forward and that these sites can be developed more quickly - enabling smaller builders to enter the market.

In our view, the London Plan correctly comprehends that any expansion of the delivery of new homes on the scale proposed, requires a more diverse and dynamic house building industry in London, and the Plan can play a part in helping achieve this.

3. Risk factors and policy development

When shaping policy proposals in order to deliver the homes Londoners need it is important to recognise that there is a considerable fluidity and diversity of business models existing at the lower-volume end of the market. It would be a mistake for the GLA to assume that London's SME house builders and developers exist only as smaller versions of volume house builders and that house building exists as an entirely homogenous specialist sector set apart from the rest of the construction industry. It is vital to recognise that large and SME construction companies have distinctly different needs. A guiding principle should be planning policy which provides sufficient opportunities for all house builders – large and small.

From the perspective of SME builders and developers there are a number of systemic barriers and risks that need to be recognised, planned for and overcome in order to accelerate house building in London.

4. Key barriers to delivery

The FMB and many others have argued for some time that if we are to build the number of new homes set out in the Mayor's draft London Plan we must urgently take steps to remove the unnecessary barriers faced by SME house builders, primarily:

- Access to small sites and viable land;
- Reduce the difficulties of securing development finance; and
- Address the significant obstacles when attempting to navigate London's planning system.

The FMB's [2017 House Builders' Survey](#) ranks the key barriers:

Table 1: Q. What would you say are the main constraints, if any, on your ability to build more homes (i) currently and (ii) looking ahead over the next three years

Constraints: SME housebuilders	Currently	Over the next three years
Lack of available and viable land	62%	62%
Lack of finance to the company	54%	50%
The planning system	49%	45%
Shortage of skilled workers	42%	49%
Cost of Section 106 agreements	29%	28%
Cost of Community Infrastructure Levy	29%	18%

Addressing the causes of these barriers will be fundamental to the successful delivery of the Mayor's vision for housing and enabling more house building to proceed at pace. We would like to strongly support those elements of the London Plan which clearly support these objectives.

5. Small sites

62% of FMB house builder members view the lack of available and viable land as a major barrier to their ability to build more homes, and this is the most commonly-cited constraint by SME house builders (see Table 1 above). Land for SME house builders generally speaking means small sites.

A very significant factor in the relative scarcity of small site opportunities is the way in which small sites are treated within the planning system. Local plans and five year land supplies tend to be overwhelmingly focused on larger strategic sites. This leaves SMEs largely reliant on bringing forward windfall (i.e. non-allocated) sites, with much greater uncertainty as to whether they are likely to get planning permission. Among the effects of this is an increased risk associated with gaining planning for smaller developments, a tendency to reduce competition in the market and a tendency to slow down the delivery of new homes.

As the Plan recognises, it is absolutely vital that we make better use of small sites in London to deliver more homes and support a more diverse housing supply. For this reason, the FMB strongly supports all elements of Policy H2, although we believe the policy outlined in H2 (H) should also support National Planning Policy Guidance on contributions through planning obligations on developments of 10-units or less.

6. Policy SD8 Town centres: development principles and Development Plan Documents.

Town centres have a crucial role in the social, civic, cultural and economic lives of Londoners. The draft London Plan takes a strong town centre first approach. We welcome under SD8 point B4(b): 'Assessments of capacity for additional housing.' However we feel

that the contribution that better use of the existing building stock in and around town centres to deliver the draft London Plan's housing targets should be given greater consideration.

7. Homes on our High Streets

[Homes on our High Streets](#) is a piece of research commissioned by the FMB to look at how we can make better use of our existing building stock in and around town centres to deliver more homes – with a particular focus on the empty space above shops. The rationale supporting the research chimes with the draft London Plan's goal of creating town centres with vitality and vibrancy and of the need to re-invent many of our town centres in light of changing patterns of retail and leisure. Increased residential usage should be a key part of this.

The Homes on our High Streets report has a deliberate focus on the practical considerations as to what is required to convert typical town centre space into viable residential units. In order to support this, six case study town centres were chosen one of which is in the London Borough of Harrow.

It is notoriously difficult to estimate the potential for this type of work, but surveys which have attempted to put a figure on it include the following:

- The British Property Federation estimated that 300,000 people could be housed in properties above shops – essentially equivalent to 300,000 one-bed flats.
- A 2003 Government report suggested that there was the potential for 420,000 new homes in empty commercial units including space above shops in England alone.
- An URBED study of the Housing Corporation's 'Social Housing Over Shops' scheme estimated that there may be the potential for 1.5m additional one bed flats.
- A report by Empty Homes highlighted a survey by York City Council which found that 36% of upper floors in buildings in central York were not in use and suggested there was the potential to create 800 one-bedroom properties from this space

Homes on our High Streets contain a number of recommendations. One key recommendation, which is directly relevant to the draft London Plan is that:

Local authorities should explicitly make reference to building homes above shops on the high street within their planning policies and documents (e.g. supplementary planning guidance and documents). This would signal to the market that this is a worthwhile option that the lead authority is willing to encourage.

The report also makes recommendations that local authorities should, in supporting this type of development, take the lead in finding ways to overcome disparate ownership and limited building access, which can otherwise hinder this work and work with community groups and developers to highlight potential for this type of redevelopment. We urge the Mayor to consider the report as its recommendations support and offer solutions to both the Housing and Town Centre elements of the draft London Plan.