

# Mr Alan Hamilton comments

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"To accommodate growth while protecting the Green Belt"

Greenbelt is a political designation, you should state the underlying things that you are protecting if that is the goal.

If you want to protect areas that benefit air quality, have public access and most Londoners will agree.

If you mean current London housing boundaries are sacrosanct and even low quality farmland or waste land surrounding London has higher priority than housing crisis then statement makes sense. I along with substantial amount of Londoners would object to the consequence of such a decision. Until the housing backlog has been completely address Greenbelt protection should be limited to only protect areas due to the underlying environmental value.

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I believe you are understating the impact of the lack of supply on the market.

Homes are unaffordable because of insufficient number of homes for the population. The competition between tenants (due to the shortage) has pushed up rents to point where a large and growing percentage of people need help with the cost of housing.

According to SHMA London has a backlog of 452,000 homes and a population growth requiring an additional 55,540 households per year (on top of the backlog). The Mayor's housing targets show that problem will be extremely slowly resolved and therefore the majority of Londoners will have to suffer inflated rents for decades to come.

Until the total number of homes is more balanced with the population the poorest will continue to be priced out of areas and therefore a policy must address the following goal.

- Redevelopment of an area must achieve a mixed community; with a percentage allocated to the poorest
- Encourage densification faster than population growth
- Ensure that land-owners are rewarded for redevelopment and densification while ensuring that the majority of land value gains are captured for infrastructure and to accelerate housing delivery.

Therefore, it is imperative that that we place high taxes and requirements (CIL and Affordable homes targets) to ensure that development benefits the local community.

However, to focus only on affordable homes only is a mistake. It will force down land cost but does nothing for accelerating delivery; instead will increase objections as it is at the expense of infrastructure spending. Lack of infrastructure is often the real limiting factor for homes in the area.

High Affordable Homes targets also leads to distrust in politics and redevelopments. When setting the Affordable Homes percentage, the Mayor will always want to capture as much of the land value as possible and therefore calculate a desired percentage based upon land with a low previous usage value (waste land). When high value land (residential) is to be redeveloped the percentage is simply too high which will later be cut in a viability assessment in-order to enable the development to go ahead. This not only takes time, it leads to delays, creates distrust by all parties.

I am going to suggest an alternative method to capture the land value increases and speeding up delivery of homes.

The Mayor should do the following.

1. The Mayor should set up a Greater London Fund
  - This will be used to pay for infrastructure (trains\school\road) and affordable housing
2. Under the current scheme set an extremely high CIL charges (£200,000 per homes) or affordable homes target.
  - This new scheme will not replace but be in-addition to the current scheme

- The high Affordable Homes targets and CIL will ensure the voluntary scheme is more profitable for all parties.
3. Offer a voluntary 'Accelerated homes' scheme
    - For development meeting the following criteria all CIL and taxes will be calculated post development
  4. Free up enough Land from the Greenbelt to prevent being held hostage to high prices or having to approve undesirable developments just to meet targets.

#### Accelerated Homes Scheme Criteria:

1. Land must be purchased less than current land usage value plus 20%
2. Building costs assessed according to preset cost per home\square foot
3. Remedial work is assessed at actual cost (calculated afterwards)
4. Additional bonus for builder targeting sub market homes.
5. 100% of the remaining difference between costs(1-4) and sale price are paid into Greater London fund

The advantages of the scheme are that land owner, developer and council should not have to negotiate in advance when many factors are still unknown. The developer should be paid for building; land price\house price movements should not influence when and if they build.

#### Reasons:

(1) Current the land-owners of the limited brownfield sites can hold this land to ransom. Simply refusing to sell unless they capture the land value gains for densification and change of usage. Unless land is added for elsewhere (Greenbelt) this technique should be expected and should get worse the larger the shortage of land/housing.

Ensuring that the selling price reflect the previous usage prices will result in all developers have an equal chance of obtaining the land. With no preference given to wealth of the end users. This will mean the housing for the less wealth is just as likely as housing for the wealthy.

To enforce a fixed price, you will need to ensure that any alternatives use of the land are taxed higher than the accelerated delivery scheme. This should be possible by placing extremely high Affordable Homes targets and CIL charges.

(2) Building costs assessed according to preset cost per home\square foot. When calculating the building cost a standard methodology should be used. This method should be set to encourage maximum market participation. Our goal is to encourage builders into London even if they are not the most efficient builders.

As large scales house builder move to prefab production without fixing the build costs we may see the reduce costs being feed directly into residual land values. This would make it impossible for small builders to purchase land, leading to less builders and further reduce the homes delivered.

(3) Remedial work is accessed at actual cost. To encourage builder to take on damage and difficult brownfield sites all costs should be taken into account. The remedial work may not even be known in advance therefore should be accessed at the end and come at zero additional risk to the developer.

(4) Additional bonus for builder targeting sub-market homes. Attempting to sell a home for its maximum value may take additional weeks\months. This delay prevents builder from building out sites quickly but is required if a build is to maximise their profit. The builder should not be disadvantaged by selling quickly. To do this I am going to suggest that if the developer sells the home for 10% less than the median asking price of similar existing homes they get a bonus (equivalent to the discount).

Only 10% of homes sales are new builds. Yet only new builds help relieve the housing crisis. By targeting an increase in the new builds Vs existing home sales, we will resolve the crisis quicker. The main way to do this is to ensure it is cheaper and higher quality than the alternative. While the builder's profits are driven by sale price they will be hesitate to reduce price. A bonus should be used to ensure they are motivated by volume not price.

(5) After all costs have been accessed 100% of additional land value gain will be given to the Greater London Fund. Any increase in density should result in substantial returns and be directed into funding infrastructure and affordable homes.