

# A CITY FOR ALL LONDONERS

## Housing Workshop

21st November 2016, 9.30 – 13.00

### **Increasing and Accelerating Housing Delivery Table 3 Session 1**

**Facilitator in bold facilitator – comments in bold**

Respondents in regular text

These notes are a summary of the conversation

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*Session 1, Table 3*

#### **Justin Carr: Moderator**

Viv Evans: Royal Borough of Kingston upon Thames

Mark Baigent: Tower Hamlets Council

Steven Boxall: Regeneration X

Steve Butters: Capacities Ltd and Campaign to Protect Rural England London

David Morris: Newham Council

Rachel Ormerod: Hammersmith & Fulham Council

Tom Weaver: Southwark Council

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**My name is Justin Carr and I will be the facilitator for this discussion. Our topic for discussion is increasing and accelerating housing delivery. Would anybody like to comment on that? From the presentation, it is clear that we are producing about half of the housing that we need, so how do we double output? Is it about getting projects with planning permission built or is it about increasing the number of permissions and encouraging different types of market players?**

It is really a number of things. We have got to increase the number of players in the market, with more small and medium developers, as well as include local authorities or the government in some guise to start public sector development again. Some of that is going to be difficult and we must think in the short, medium and long terms. Local authorities are currently developing, but they often don't have the capacity.

Since 2010, local authorities have been beginning to get back into development. They are facing a problem because of the housing cap within the revenue plans. For example, there is setting up commercial entities without falling foul of borrowing rules, but is more risky and tricky for politicians to make those sorts of commitments. As you said, it is about capacity in the industry. Local authorities set up development

programmes but cannot get in on the big contractors, while small contractors do not have the capacity.

There is the option of self build as well. We need to build up the capacity, making sites available with infrastructure and with planning consent, so there are a number of factors. We don't want local authorities going beyond their borrowing limits and then the government panicking.

Timescale is also a big issue here. The Mayor needs more housing completed year on year, starting almost immediately, and that is very difficult for anyone to deliver. Even if there is universal agreement to start building today, you don't get double the current housing level instantly.

How do public bodies deliver housing on a faster scale? It takes a decade or more to deliver substantial reforms. I think we may need to break the suspicion that the private sector is holding back on delivery because of costs.

We have given enough incentives to private sector developers. They are simply not delivering the housing. If enough people can't afford the prices being offered, prices need to go down, but shared housing actually helps to keep them up.

**Help to buy is one factor fuelling house prices, but without incentives, how can you make people build quicker? There is some perceived wisdom that you can't deliver more than 500 units a year per site. There are exceptions, but most British house builders won't do it. Why is that?**

Can I mention the CPRE report Towards a Liveable London, which led us to talk to people from the Berkeley Group? I believe they are effective and well-managed volume builders. They move slowly because of their funding model. They don't want to be highly leveraged. There are also terrible bottlenecks in supply, for example with bricks, which have an 18-month waiting time. Labour is an issue. The centre of the problem is still the volume house builders wanting to ramp up prices. Favouring bland design is also a fault.

Large and medium-scale house builders have got the management capacity to deliver faster, but there are other constraints. All sorts of different things are a barrier to supply and holding back. Brick makers don't want to make the products and then find there is an economic slump. The government needs to intervene.

The fundamental issue is that the volume house builders have built the same number of houses for 40 or 50 years. You can incentivise, but it is not going to change anything. If you want to increase supply you are going to need different models in addition to what the private sector does. Central government and housing authorities provide an avenue to think beyond traditional volume house builders. Nothing else is going to change that.

In Newham we have an arm's-length body with borrowing powers. We want it to get up to about 15,000, but that will take time.

I am interested in what the bidding around that was, what was being talked about, and the extent to which that is going to be targeted at bringing in new providers, otherwise it will make little difference to the number and instead substitute one housing type for another. Are you going to act as developers?

**It seems like the government has realised and is setting up the accelerated construction fund with a target of 25,000 by 2020. It is also geared at contractors, so not necessarily traditional volume house builders, but it is designed to encourage different market players. The government will take the risk of buying units if they can't be sold on the open market.**

Okay. The problem with that is that even if the guaranteed purchase price is not met and the government purchases the surplus, that is not going to increase the volume of houses being built. It is just a substitution. Why should we allow the construction of rubbish houses and say to developers, "If you can't sell them the government will buy them"?

**I see that. It is geared at pushing new players towards affordable housing. Another strand is to encourage modern methods of construction.**

Yes, but the other big barrier is obviously land. The volume house builders are in the land business; the housing is almost an accidental byproduct. If we are serious about reaching the numbers talked about, government at the local, regional and central levels has got to get into the land business, whether through compulsory purchase orders or in the market. If they don't, no amount of accelerated development is going to work. You are simply going to be passing resources into the hands of landowners.

So we are essentially talking here of an old-fashioned nationalised housing project. It has got to that point. We have done it in the past.

We did know how to do it in the past, but those people aren't there anymore. There is a large skills deficit in the industry. These are the barriers to increased supply.

How do we address all of them at the same time?

Notions that we can build better and the talk about density worried me. We can demand high-quality design, but we don't get it. If we go down the high-density route, it could go very wrong again.

Retaining control as the developer is important for councils. At least the government has the incentive to get it right. We need more than one solution now.

What about the release of greenfield sites? It is much more complicated and time consuming to sort polluted brownfield land. Why can there not be a mixture of land solutions?

I was surprised the Mayor hasn't considered some green belt homes. Because of that, he has made it more difficult to deliver more homes faster. There is derelict green belt land that could be redeveloped with green space and made into land people can actually use.

**The Mayor allows the redevelopment of existing green belt sites intensively. South Croydon, for example, has about 650 units built on the green belt.**

There is no review of the green belt itself, though. It would be wrong to promote the idea that if there is big review of the green belt you can build loads.

**I'm sure there are examples of green belt areas that aren't attractive – old quarries, for example. They aren't developed or even on the cards.**

Yes. Contaminated land is often more biodiverse than greenfield sites, but the Mayor doesn't have much room to manoeuvre. In a way, green belts mean the problem can't be shifted on to the edge of London.

Housing is a national issue.

Yes, but London has been forced to restrict itself within a boundary. Traditionally, new towns were created outside of London.

All housing markets are local markets, demanding different solutions in different places. I think we have to question whether we let London grow or say it is big enough. When a city gets over seven million, evidence shows that the advantages of scale decrease.

We are, in practice, transporting the problem outside London. It is said that there is a better class of homeless person in London, and it is shifting them to the Midlands.

There are also questions of viability here. For example, 30 percent affordable housing is part of the rules of the game in New York. The message is, "If you can't deliver that, don't build here." Inevitably, there will be an attempt to find wiggle room around it, but we need to be clear about affordable housing and viability. For example, "If you don't want to pay, we will buy it at a price that enables our policy to be delivered."

Accounting and auditing processes, where the developer tells the local authority the value of the project when sold, could be part of the solution.

**So you have a fixed rate and you deliver, and if you make money that is great, but otherwise we go down the route of signing up to 50 percent and at the end have some sort of reviewing method that sucks the profit out of it. I am not saying it is impossible, but would that not be a real disincentive to developers?**

You have to feed it into the land value.

**The misinterpretation of words is an important point here. Supplementary planning guidance will be a step in London.**

Yes, and it is important to be clear what we are trying to achieve. At the moment there seems to be some ambiguity around purpose. What is the solution?

**Facilitation for small builders seems to be a recurring theme. What particular measures do you think there needs to be?**

A way for the local authority to act as a developer, using small and medium-sized builders to do this, and in the medium term aiming to make them into developers. Help with cash flow will prove essential. The smaller ones don't have the money to be developers. If the small builder ends up being a big builder, it opens up the company.

There is also the basics of putting in a tender. My experience in the local authority procurement process is problems filling in huge quality assessment forms. All they want is to put in a tender; they don't want weeks of interviews. They don't have the capacity to make that viable.

**Yes, that is the sort of feedback I get.**

Those who get contracts know how to work the procurement systems, but not to build. Another key thing is continuity. If the local authority has a long-term programme, like a small 15-month build, new jobs can be lined up to build the capacity of the company.

There is an issue about the way in which the planning authority gets into master planning. For example, Old Oak Common is based on a master plan with big builders constructing it out. Meridian Water in Enfield is almost a new town. If a planning authority were prepared to leave some gaps in the master plan for people to come with ideas to fill them, there would be scope for smaller architects and builders to integrate into these larger schemes. Not many SMEs can do that.

The Dutch master plan an area, put the infrastructure in and then put sites up for bid. Interested developers then queue up on a Monday and pay the price advertised.

**But if we are expected to accommodate all our growth in London, surely it lends itself to high-density proposals to utilise the space?**

There are lots of small sites, such as scaffolding yards, which might require architectural know-how. You don't need to be Barratt to touch it.

**Often the margins are so minimal they aren't interested.**

Here in London you might be talking about small sites – 20 units here and ten units there. Big procurement frameworks are not the solution. Density itself needs to be varied. Local authorities tend to package up small sites to make them attractive to big builders, but as individual projects this might represent an avenue for small players to get into the market.

The difficulties often lie in getting the sites. Deals fall through because the owner says the price has gone up and they want to put it back on the market. Getting ownership to start with is a challenge, so it is partly about getting small builders in.

Volume house builders have a real opportunity here to engage in partnerships with local authorities.

Our planning system puts international contractors off. You need to understand local politics in order to manoeuvre within it, but brownfield registers and simplified systems offer local authorities a chance if run properly.

We have cut so many resources in planning departments they simply don't have the capacity. All the statistics do not indicate that the planning system is the problem. It seems to me that there are outside planning issues, which is why we are holding delivery back. Bringing forward public land is of major importance.

The problem is it takes ages for committees or councillors to make investment decisions. They try to copy the private sector and it doesn't work. There needs to be a way in which public bodies can deliver their land. We have inadequate skill sets and structures within public bodies and local authorities to deliver land.

And the sheer ability to build in large volumes is not there due to lack of skilled workers in the country. We have lost 400,000 tradesmen in the construction industry since 2008. How can we tempt others back?

**A really high proportion of workers in the building industry are over 55. We could lose a whole generation.**

Local authorities should become more professional about their land and don't let it all go at once. The Ministry of Defence is a classic example. They are slow to bring their land forward. TfL require land.

**Public land is often cited as the answer to everything. I am trying to encourage people to bring forward their sites, but we also have operational issues, processes that are technically difficult to navigate, building new railways to connect communities, problems with a lack of skilled workforce and the artificial figures of government financial target incentives. Stuck by artificial figures. TfL are retaining interest, but it has taken a good few years to build up a core team. It is also difficult for individual boroughs to tackle the housing crisis in the face of further cuts.**

About the labour point and losing tradesmen, could we turn to prefabrication? What about retraining? Can people be tempted back into the industry if they can earn a decent living with modern methods of construction, but not quite as high as previous wage levels?

Local authorities working together could commission a supplier to produce a modular set of standard builds – in other words, a factory for prefabs. Modern techniques are more flexible. You can vary these and be innovative.

But we shouldn't underestimate ordinary citizens' resistance to modern methods. Westminster did some research into German prefab methods, but here there is huge resistance.

**Perhaps it is because of terrible historical examples. On the other hand, in the car industry, you would not expect to order a car in bits and put it together. Why are we stuck in this Victorian way of building homes?**

The houses are environmentally sound.

The German company said, "We don't regard ourselves as a builder, we're a logistics firm organised to deliver to a site at the right time." They source materials from abroad. They are owned by IKEA.

But we mustn't be fooled into thinking that prefab will make homes cheaper. The market decides that. Houses might be delivered quicker, but it won't make them cheaper.

It deals with some of the critical issues, though.

**The Ladywell scheme is about a third of the cost of a traditional development, with buildings at four or five stories. It is designed to be relocated. It is not unattractive. It should not be seen as an answer to affordability, but in theory it should contribute.**

Is this the temporary stuff?

Yes. The quality is phenomenal, so they might have problems moving people on. When inside you can't tell they're prefabs. Why should it not be permanent, just because it is prefab? The quality means you could leave it for 30 years. Could the private rented sector link with prefab?

**That should be seen in the context of a number of large building innovation schemes coming through the system.**

It is okay when people have only got to find two months' rent deposit.

The PRS could increase housing in the short term. In the long run, it is expensive. Are we going to say we won't have housing benefit in the future? The market rate is too high and has to come down. To me, it is encouraging higher rent. We might as well go back to local authorities owning it. It can't be instead of affordable housing.

Or even as affordable housing.

Can we go too far down that route? The market for housing sales is shrinking because prices are unaffordable. They have to come down. We are helping to ratchet up land prices. The price that private rental sector developers pay for land has to factor in what they think is going to happen to rent. Institutional developers want guarantees rent will go up, at least at the rate of inflation.

**Do we also need more information about tenants? People from low-paid restaurant workers to the barrister for Crossrail were attracted to a recent scheme I came across. Their argument is that products are available for a**

**range of people. Some are sharing, but here they are getting a serviced block of flats with proper management.**

We have several local authorities going into the rented market.

If build to rent is expanding, we ought to look at funding flows that enable investment. Joint ventures with local authorities have been suggested. These are all ways of increasing supply, but not necessarily accelerating it. The system of small builders, public land and streamlined local authorities takes time. What do we do next week?

Office to rental conversion? The industry claims that is much quicker and it is becoming popular in London.

Was that a good opportunity and all the good sites are now done, or is there another layer? How do we control it? Finding fresh land for employment could then become a problem.

The other area is the planning system. There is an enormous amount of bureaucracy. A good chunk of that can be blamed on tinkering with the system, but there is a big chunk that is self-created in planning departments. Around 520 conditions are put on every planning application. There is a 15,000 volume disabled access statement. There is probably a lot more that individual planning departments can do to speed up the process and make it clearer.

I did the draft of a planning statement for a client recently and I thought, "This is what developers are complaining about." A lot of it was not relevant.

Is there a planner skills shortage? Councils face recruitment problems in London. Part of it has to be that senior planners focus their staff.

On my allotment we wanted to replace an old trading shed. We had to have planning permission to simply replace it.

Pruning a tree sometimes requires planning permission.

Do you see permission in principle coming through?

**My fear is it's introducing a new regime that people don't understand. You still need a technical rubric.**

There is no silver bullet to sort this out. I think it lies in the culture of planning departments. If you are too flexible, you worry you get poor-quality developments.

I am reminded of a local development programme where local authority planners did the groundwork so developers didn't have to. It still took developers in Ashford a long time to get the project moving. Everything has to be done twice it seems.

**Okay, so to summarise, what are the three most important points you would include?**

Small builders for new entrants, modular builds, streamline planning.

Some sort of direct commissioning. Not the volume house builders.

Identifying land and paying someone to build on it.

We mustn't go back to where we started, getting the big boys in to develop on it.

**The Greenwich Peninsula development is run by a Hong Kong-based developer. It is financed from there and is knocking out more than 5,000 units per year. They have got a price in mind across the whole thing and that is what they need to make, whereas British builders do a bit, wait for value to go up, and then do a bit more.**

Is it not the capitalisation? We don't want to borrow money from banks. Hong Kong players have stacks of cash.

Local authorities could say, "We want to buy 2,000 units off you in two years' time at this price. Build it, we will buy it."

But there is not one single solution. The big volume builders know what they are doing.

In west London we are getting local authorities to decide what they need in order to commission someone at that price. Finding the money is the problem. Can we get over that in the short term?

None of this works without resources, so we need borrowing limits raised and we need capital.

The Mayor has got £300 million devolved to London, which could be used as leverage. At the moment, it is just handed out to housing authorities.

The irony is that we do not treat housing as infrastructure. It pays a return, so it should be easier than this.

Perhaps there is an element of the will of the people doing the work. Affordable housing is about infrastructure, and these conditions are local. If you are a local authority spending money directly, you can ask local traders. Building houses is a part of place making, not just building blocks to live in.

**Yes. So the three points are: (1) direct commission and resources do it; (2) new entrants to the market rather than the arm of volume house builders; and (3) modern manufacture.**

Land is more important than modular housing. Get into the land business. You then have the control to order the build going into the market.

A massive MOD site, for example, you should build over 30 years rather than five. If you build it all at once, it deteriorates at the same time, rather than spreading the costs over the long term.

**Yes, okay. Thank you.**

# Increasing and Accelerating Housing Delivery

## Table 3 Session 2

**Facilitator in bold facilitator – comments in bold**  
**Respondents in regular text**

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*Session 2, Table 3*

### **Justin Carr: Moderator**

Gudrun Andrews: London Legacy Development Corporation

Chris Jones: Wandsworth Council

Mike Walker: Fairview New Homes Ltd

John Hughes: Notting Hill Housing

Beth Kay: Haringey Council

Michael Ball: Waterloo Community Development Group

Andrew Brentnall: Savills

Nick Lynch: London Borough of Barnet

Anna Davies: Persimmon Homes Essex

Ian Gordon: London School of Economics and Political Science

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**My name is Justin Carr and I will be the facilitator for this discussion. Our topic for discussion is increasing and accelerating housing delivery. From the slides just shown it is clear that there must be a significant boost in output to meet housing needs. It would be good to hear people's views on how that could be achieved.**

What are the current strategies for achieving that?

**There are various strands here: encouraging new entrants into the marketplace, both small builders and planner contractor builders; accelerating construction, which a current government funding scheme is looking at; off-site manufacture; and methods of construction. Are there planning tools to incentivise fast build-out rates or should we penalise people who aren't doing that? There are not a lot of tools right now.**

An important issue is method of construction and the challenges of how you create modular housing. For factories off site, there is the problem of surety of supply, as well as practical issues around the strength of balance sheets. What happens if something goes wrong?

Putting all your eggs in one basket is a financing risk if the factory goes wrong. Is anything coming from government to look at underwriting that risk? Could there be guarantees for producers off site? It might be easier to get more surety around the supply of product if stuff is coming through the planning system.

**I am aware that the government is thinking about that. Some of the big housing associations are collaborating to commission such factories. Part of the problem is achieving the guaranteed order that justifies the huge up-front investment. The other thing is being able to get guarantees for the purposes of a mortgage. If each factory is creating units in a different way, is that good or bad?**

I think the point to start from here is why houses aren't being built at the moment. We have eight London boroughs with sites that are supposed to deliver 15,000 dwellings, but they aren't being built. If there are infrastructure constraints, it doesn't make sense for a developer to build out faster. It is important to note that density builds have increased but the output has not gone up, so the land built on each year is falling by 55 percent. The rational decisions being made by developers have to be changed. This might require brute force from the public sector or looking at land supply outside London to change their decisions. Everything else is just play.

Yes, I was surprised in the talk earlier that the flat line of delivery was being rationalised with arguments such as, "Perhaps infrastructure needed to come forward." Surely the point here is market saturation. Surely developers are choosing not to build.

As a developer, I have got consent for new homes, and these will take four to five years to build out. We have no land bank. They are medium high-rise buildings. We cannot get consent for 1,300 units a year and build them – there is no capacity, trade or funds. It is not the fault of developers that they are the only ones building houses. Who else can play a part? There is little public sector residential development. Why? It is too easy to blame the developers. For a solution, we need to look wider.

There are lots of new entrant opportunities. We are seeing investors from America, the Far East and other parts of the world who haven't previously built homes in London. We have a mixed message about that. Should we care about who owns new homes or who lives in them? Is that something we should be welcoming? What is more important? I think we need to get away from the cyclical pressure of the developers' model, where they build in relation to the market. We have to look for other players and business models. Quite simply, have we got enough homes to live in?

There need to be more players, a move away from the house building and ownership model, and the creation of an environment that encourages people to invest rather than construct barriers.

There are issues with local authorities as developers, for example how they can procure. It is also a challenge for them to build on their own sites.

In Wandsworth we have got a development programme. The challenge is getting contractors to build small schemes. The council has a problem if only one contractor tenders for work: is this distorting the price? Therefore the skills deficit is an issue for councils if no competition is created. The London Plan could help encourage councils to bring forward development, but we have to deal with real communities in which these proposals emerge.

### **The number of London boroughs doing their own development varies across the board.**

Yes, because at the end of the day they have to have the money. This might involve setting up arm's-length companies, their own PRS businesses etc.

But is that really local government's core skills base?

Not now, but maybe back in the 1980s. The right to buy scheme stopped the building of housing. At the basic level, the number of people in the housing industry has shrunk. The supply chain cannot give us bricks, we cannot get the trades, and the industry is effectively

coming from Europe. In light of these conditions, doubling the growth of housing would take a decade.

Can I challenge the idea about developers and planning permissions?

**It is often not developers who get the permissions. It might be pension funds or landowners who are simply looking to establish value.**

But this graph is a problem. Permissions are distorting things. I am involved in projects in Vauxhall. The number of applications coming forward and not being built out is causing values to rise exponentially. I am sure this applies to many areas. That actually stops development. For example, the Elizabeth House site next to Waterloo station was first looked at in 1996 and has had four different permissions. Permission was granted, but the apartment views are no longer possible, causing the development to fall through. Here the key issue was developing economic floor space. We are not getting it because of this silly driver of increasing land values.

**So should there be penalties for applicants who do not use their permissions?**

Planning permission lapses. I can think of a specific NHS example here, where they took a long time to come forth and develop it, only eventually implementing part of the permission. In reality, only a small element of the proposal was constructed.

**Is this the example at Springfield Hospital?**

Yes. It was never built out. It is too simplistic to blame the private developers: there are market absorption issues. Some public sector bodies get away with a lot. It would be a fantastic development with mixed housing and community benefits, but it sits as a part build out.

Why didn't the planners say, "This clearly is not going to be built. Get it into a shape where we can deliver it"? There is a lot that can be done even at that level.

**It is actually quite difficult for planners to challenge developers and architects in that way.**

From my perspective, conflict between local authorities and the GLA often occurs. It then comes back to the developer to appease everyone, which delays the application.

Yes, we got planning permission locally, but the GLA are likely to call it in.

We now talk a lot in Haringey about a portfolio of sites. If you have a master plan for a big land area, you can give a policy mix while recognising that individual sites vary. The GLA are beginning to become more comfortable with that. Rigidity gets you nowhere.

The issue is with the GLA being able to call in larger centres to optimise land use, generate the best viability and help economically grow a place.

How many proposals were refused under the last Mayor?

**He didn't refuse any.**

Planning performance agreements are the way forward. Developers love them and are prepared to pay for them.

I think it's a way of stepping outside regulation. Sign a PPA and the local authority doesn't have a timetable.

Perhaps we need planning performance delivery.

**Unfortunately, some boroughs are reliant on PPA income to fund their teams.**

The key point is, we need delivery at the point of doing the PPA. How is this going to be delivered? It should be asked by every party at every stage of the process. We are not just trying to get permissions.

I think we need an area-based regeneration officer and a master plan to pull it all together.

If a landowner locks in value through a change of use, that is about establishing value. If, after two years, there is no implementation, could the local authority tax the site on the basis of consent rather than existing use?

**Would need a change in legislation, but it is an idea we have put forward. In terms of the graph, would it stop people getting planning permissions that can't be implemented?**

Is that a bad thing?

How do you make a profit out of something you don't implement? You can't spend the money if you haven't built it out. What does sitting on book value by sitting on planning permission do? People do not want to make a loss.

This is simply economics. Somehow, you have to change the amount of land supplied.

Just out of interest, how do you find the process of getting permission to discharge conditions?

A total nightmare.

Why is that?

There are 58 draft conditions in my current project and 30 are pre-commencement. There are not enough officers to clear the conditions, so when are we going to start?

That is lunacy.

It is a nice sized site, brownfield, derelict and sustainable.

These are conditions that relate to local communities. It is a difficult balance. I have just been involved in putting down an artificial pitch in a park. The level of resistance from locals was phenomenal.

How do we speed up the discharge of conditions? We need someone in government on development, resourcing in the council.

The Garden Bridge project has 44 conditions on it. They are an essential tool for councils and allow me to fight it. They aren't going to disappear.

But how does that accelerate delivery?

I think we need to go down the PPA route.

When the council refuse to enter PPAs it creates problems.

**I can cite examples of schemes in Hounslow where permissions have been granted rapidly.**

Did it throw up innovative new ideas for delivery that people hadn't thought of before?

**Not that I can think of.**

I had a case where 919 homes were built within nine months of the application. It was positive and the local authority wanted it to happen. Everybody worked together from a completely fresh position. We didn't even own the land as a local authority.

Also, the GLA can make money available to help small things happen, which may have a knock-on effect, such as moving a bus stop. What seems to have fallen away is all the expected freedoms and flexibilities. If you are a landowner and you are trying to develop when there is no security of rent, having a housing zone would be beneficial. The housing zone can provide certainty to increase productivity.

Developers of individual plots within the area would come forward with full permissions if there was incentive to get their scheme in first, in order to get what they want. In other words, create competition for small builders. There are examples of this in my corporation's work.

But why is the master plan lagging behind delivery in those instances?

It has taken a long time because it is a big area with lots of different ownerships.

In terms of what the London Plan can do, a lot of what we have talked about is largely market driven. But in terms of policy, how influential could shifts to compulsory purchase orders be? Is that deliverable?

**I think it would require change in the statutory regime, but identifying the circumstances where they would be appropriate is critical. GLA and boroughs have been doing it quite successfully.**

What do you mean?

**In terms of the use of CPOs, is it widespread?**

It doesn't often get to an actual CPO. It is just the process of talking about it to bring resolution and compromise.

**It is time consuming and expensive for the body to do it. We only got the powers in 2012. We have done one, which was successful, but it was expensive and time intensive. The public bodies were holding out.**

That is interesting.

**There were terrified of doing a deal that didn't deliver the best value.**

The CPO is a blunt instrument that takes years and is not popular. How is that going to increase and accelerate housing delivery?

It is a tool and a threat. That is the point.

**Being prepared to use it as a threat does bring discussion to the table, but there is no silver bullet for this.**

Another issue is tall buildings – they are a non-delivery design. At St George Wharf, the site was developed over ten years, but they fought for 12 years to get the tower. They did eventually build out, but there are plenty of others who haven't built out. Tall buildings are hard to deliver.

If you don't built upwards you go sideways on to the green belt, which you can't do. Where do you go?

It is about the time to get permissions.

Is that the fault of the developer?

No, it is the policy I am criticising.

**We aren't forcing people to put in planning applications for tall buildings.**

The problem is incentive. The policy encourages external investors to speculate on value for profit. The tall buildings policy is in contradiction to the density policy.

Restricting tall buildings won't accelerate building.

Yes, and how do we move from where we are at the moment? The 35 percent target for affordable housing may limit development by investors. Current values are achieved on assumed percentages of affordable housing. You have also got Brexit to add into the mix, affecting the private development market. Absorption levels are a further issue. What has been developed is not selling as well as it was. All of this will take time to change.

**Could the PRS help solve absorption issues? The London Plan is encouraging about the PRS. I am not sure what more we can do or say.**

In Boston, USA, you work from the return backwards. If your return required a portfolio of properties, you could have a different proportion of affordable housing depending on the returns at the end. So it is about valuing it differently.

How do you identify that? What makes a PRS?

It is about buying a portfolio of properties rather than one or two units in a block.

But what about in planning terms?

With the condition it is PRS for a period of time, two or three years.

So it is just procured in a different way.

If you scrap stamp duty land tax on properties under half a million, but multiply it on properties over half a million, will that increase the delivery of properties worth half a million?

They did that in bits of London – Lewisham, I believe – with no stamp duty on schemes of a certain value.

Does it just put prices up from £400,000 to £500,000? It is difficult to prove either way. There have to be more incentives that you can use.

You have got to be able to tweak it for individual circumstances.

Yes. I was just interested in the incentive versus penalty approach. Surely incentivise equals delivery and penalty equals non-delivery.

One of the things we look at is our local population: singles and couples, many households under the age of 45, an active private rental sector, promoting PRS to take a bit of the heat out of the housing problem. Inside a housing zone you can do things differently from outside, and provide localised incentives. Retaining SDLT to assist with infrastructure and making rent increases predictable over a ten-year term may be things the government would want to do inside a housing zone but not outside.

We are talking about accelerating and the issue is about getting sites.

**Private house builders have built out at the same rate for the last 20 years, so can traditional private house builders double their output? Is it realistic to expect that?**

No, not at all.

Although London doesn't have a traditional housing sector compared to the rest of the UK.

We need to go to government here.

The private sector is back at mid-1980s capacity. The difference is the other percentage, which is the public sector.

**The bit that is missing is public sector housing.**

Action was taken to drive the construction of schools in adverse conditions, so why can't we approach housing in the same zealous and proactive way? The London Plan has failed since 2000. We have not managed to do what we need to do. Perhaps a new Mayor represents a new opportunity.

Some boroughs are achieving on housing targets, but some are not. How do we give incentives to the ones who are not?

Some boroughs have very low targets.

One of the other variables is the size of the sites getting permissions. Big sites are not being built on, or they only are when they get divided into smaller sites.

You have a master plan and then divide those spaces.

**On some sites, things are being built out at an extraordinary rate.**

Elephant and Castle has taken 20 years.

City Island was a rapid construction, but that is one developer who has taken a huge punt on delivering it.

**Foreign investors own City Island. What does that say?**

It is about capital. There are loads of foreign house builders with capital.

Where are the permissions that are granted implemented quickly? One such example is development around Earls Court. That is an already valuable area, whereas elsewhere value has to be created. An analysis of the process of delivery in different value areas is required.

The work we commission has looked at those things.

Then the data is sitting there waiting for people to analyse.

I think Southwark has delivered a huge amount. It isn't happening in west London.

Is there a relationship between the value of the area and deliverability?

That is difficult to conclude. Land use is an important issue. If you drive out eastwards, there are lots of construction projects.

Indeed, and issues often cohere around urban sites due to problems of daylight, height etc. Where large landowners are highly influential it could stifle development for another decade.

It seems the plan needs an evidence-based assessment of what these approaches could deliver. It is a fantasy to say that we are going to deliver double the housing. What is it realistic to expect?

There have been periods of massive growth previously.

But London has never had the challenge of population level it now faces.

**It seems that some form of direct commissioning has got to be part of the picture, because the private sector can't do it alone.**

We need some concrete numbers to see where the ceiling is. When do we look somewhere else? Do we need to reconsider the green belt?

Through the section 73 process applications can change a lot in terms of height and size mix. Compromises must be made to sustain the development of complex schemes. How can the London Plan address that? Plans need to be revisited to incentivise development within particular periods of time.