



Housing in London
Addressing the supply crisis
HEIF 5



Looking ahead: how should the new government address the supply crisis?

Post-Election Event and Expert Panel
17 June 2015

LSE New Academic Building
Wolfson Theatre

Agenda



- Opening the afternoon
 - Introduction to the project
 - What we found
 - Menu of recommendations
- Break-out discussions
- Final session
 - Weighing in – priorities for the new government
 - Expert panel

Project Overview



- Objectives
 - Knowledge exchange
 - Improve discourse
 - Identify barriers and explore ways over/
around them

What have we done?

- Project launch
- Workshops on four themes
- Two intensive roundtables
- Mid-project debate and expert panel
- 11 short films, 15 blog posts and an ‘interactive report’ (*PRS Profiles*)
- 13 site visits...
- ...and a website that brings it all together

www.lselondonhousing.org



SARA

30s
events & communications professional
1 single room in a 4-bed house
people: 4 [housemates]

STOKE NEWINGTON
[N16]

Average rent for 1 room in N16: £162.5/w
*Source: <https://www.london.gov.uk/priorities/housing-land/renting-home/rents-map>

COMING TO LONDON

Planning and Development - Barriers

- Complex land ownership and difficulties of land assembly
- ‘Uncertainty’ and negotiation process
- Dysfunctional viability assessment procedures
- Inadequate skills and resources in LA planning departments



And possible ways around

- Changes to CPO powers
- Master planning and leadership of the LA
- Parceling large sites could improve speed of delivery
- Partnership working and a shared vision
- Promise of Housing Zones



Ailsa Street, Tower Hamlets



Millbrook Park, Barnet

Improving Private Renting - Barriers

- Buy-to-let does not equal increase in supply
- Stock inadequate for accommodating an increasingly diverse group of households
- Institutional investment has been slow
 - Lower returns than owner-occupation
 - Yields too low where land values are so high
 - UK institutions risk averse and unfamiliar with the sector
 - Institutions require large scale; not interested in building portfolios from small lots
 - Management
- Too much pressure on PRS to be a major part of the 'solution' given poor value for money



IMPROVING
PRIVATE RENTING

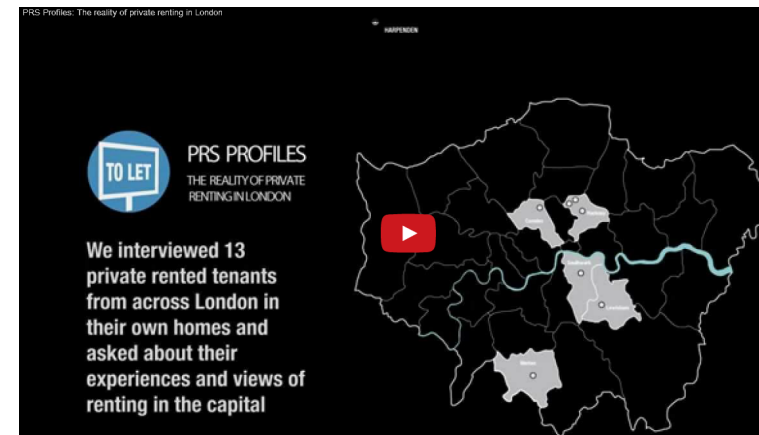
And possible ways forward

New supply...



- Sites like East Village, Stratford Halo and Fizzy Living show that investors are keen when returns are secure
- Covenants could encourage more interest

...that responds to tenants' needs



- Large scale managers are successfully offering longer tenancies, more targeted amenities, etc.
- But still only marginal improvements

Alternative Housing - Barriers

- Hard to 'define' and many councils unfamiliar with the models; in turn, many alternative housing groups unfamiliar with LA policies and processes
- High land values increasingly make many models unviable
- Often small-scale – and slow starting; does not fit with 'number targets' story
- 'Reinventing the wheel'—hard to build institutional memory, but necessary



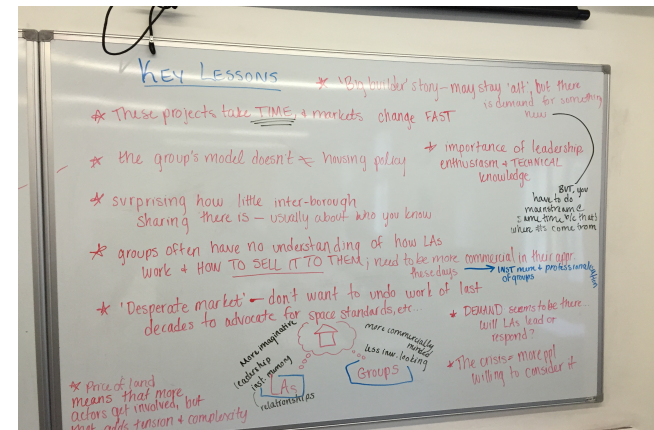
Alternative Housing – Lessons

Community groups' perspective



- Growing demand for these alternatives, but high land values make viability difficult—access to finance through different mechanisms could help
- Land-use classification system could be modified better to accommodate alternative forms of residential development

Local Authorities' perspective



- Helpful if community groups understand and work with LA planning policy (where possible)
- Cross-borough knowledge exchange (supported by GLA) would help

The Role of Foreign Money - Barriers

- Political story – negative perception of foreign buyers narrows the discussion
- Foreign investors do not like the uncertainty and complexity of UK negotiation-based planning system
- They also do not like UK investors lack of appetite
- Difficult to identify when international money is *adding* units and accelerating supply



The Role of Foreign Money - Lessons

- International money is to be welcomed IF it adds to the stock and encourages more efficient production methods and management - so need to improve the evidence base on the impact of international money on speeding up development
- encourage stability in the planning and regulatory regimes - not political fiddling for the sake of it
- ensure clarity about the position on taxation and rent/security regulation
- support the GLA and local authorities in local master planning and partnership approaches where large scale international input – not just finance - possible
- support interaction with housing associations to develop mixed tenure schemes.



Our Findings



Challenges	Main Barriers
Institutional Challenges	<ul style="list-style-type: none">• Staff and resource shortages in planning departments• Lack of institutional memory within Local Authorities• Limited partnership-working between boroughs
Procedural Challenges	<ul style="list-style-type: none">• Uncertainty in the planning system• Dysfunctional viability procedures• Difficulties in land assembly and complex land ownership
Fundamentals	<ul style="list-style-type: none">• High land values• Density is too low• Land supply constraints• Finance?

Our Findings



Challenges	Proposed Solutions
Institutional Challenges	<ul style="list-style-type: none">• Increase cross-borough networking, particularly around strategies for alternative housing• Redefine the role of the GLA—providing templates to support partnerships and resources for over-stretched departments
Procedural Challenges	<ul style="list-style-type: none">• Clarify and modify CPO powers and procedures• Introduce more transparent and consistent targets for affordable housing and infrastructure—move towards tariffs and away from negotiation
Fundamentals	<ul style="list-style-type: none">• Introduce more Housing Zones• Develop the London Land Commission• Establish more revolving infrastructure funds• Expand Builders Finance Fund?

Your thoughts?

- Break-out sessions
- Check your name tag:
 - NAB.LG.01 (stay here)
 - 32L.B.11
 - 32L.B.09
 - 32L.B.01

