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HEIF5 Accelerating Housing Production in London Roundtable 1: Setting the Priorities

On 23 November 2015 LSE London launched its new HEIF5 knowledge-exchange project, entitled Accelerating Housing Production in London. A small group of experts from the private sector, the public sector and academia gathered to discuss priorities—what are the key barriers to accelerating residential development in the capital? We started with some concerns identified by our earlier project: uncertainties in planning; the role of small and medium sized builders; housing zones; mayoral powers and financing issues. The conversation focused mainly on the uncertainties introduced by the planning negotiation process, the need to increase the number of sites—especially smaller sites—under development, and the potential role of Housing Zones. We also talked about some of the unintended consequences of office-to-residential conversions under permitted development.

Planning Negotiation Process

Most of those attending agreed that the planning negotiation process, and

current system, they agreed, also lacks transparency because local authorities and developers negotiate behind closed doors.

Some suggested that replacing viability negotiations with fixed, non-negotiable tariffs for affordable housing and other S106 contributions would increase both transparency and certainty. They said the tariff needed to be set at a reasonable level that took land value into consideration, but did not agree on what that level might be. There was a suggestion that tariffs might be set by boroughs rather than London-wide, to accommodate differences in land value. There was also concern about how starter homes would affect S106 agreements on affordable housing.

Some felt that a radical change towards more transparency and certainty would contribute to a faster overall pace of new development. Others, however, said the existing system allowed skilled local authorities to extract the maximum amount of affordable housing and therefore should be kept—perhaps with minor procedural alterations.

One local authority representative pointed out that developers and architects often build good relations with local authority planners but engage less with elected members—and in the end the members decide on planning applications. It was important to involve the planning committee in the evaluation of the development appraisal.

Lack of resources in planning departments also generates uncertainty, as planning officers often cannot process applications as quickly as developers would like. It was suggested that developers could pay for the officer time needed, as indeed happens already in some local authorities.

Small and Medium-Sized Builders

The proportion of development carried out by small and medium sized builders (defined as those producing fewer than 100 units per year) has been falling since the 1980s. In the wake of the global financial crisis it has become more difficult for such firms to get bank funding, further reducing their involvement. Small and medium-sized builders often target small and medium-sized sites, but such sites may not be economic to develop—especially so-called ‘micro sites’ that will accommodate fewer than about 25 units.

difficulties of getting small and medium sized sites under development. Their local authority had created its own development group to take on sites that did not interest private developers. This led to a discussion about how much the state should intervene in the market and to mechanisms for de-risking sites, speeding up planning permission and encouraging small builder involvement.

Housing Zones

One housing association representative shared their experience of working in housing zones in two different boroughs. One good thing about such zones was that the designation led to more positive partnership between local authorities and housing associations with the local authority clearly in the lead. This fed through to faster progress on the overall urban regeneration programmes for such areas—though it did also require more work from all concerned. The designation also led to more funding for infrastructure and public realm works and a better understanding of the bottlenecks involved.

Permitted development

One borough representative said that the current surge of ‘permitted development’ conversions from other uses (mainly offices) to residential raised serious issues in terms of quality and services. Because these conversions do not require planning permission there is no S106 contribution or CIL. This was simply not fair. Nor did such conversions contribute to education and transport; there is lack of evidence about how they affect demand for such services.

New powers for the mayor

Both Zac Goldsmith and Sadiq Khan have advocated transfer of more powers over housing policy to the mayor of London. The group felt that if powers were transferred they had to cover all of housing policy, not just new development. They also argued that meaningful devolution had to permit some revenue raising. And the mayor was not alone in governing London; what about the boroughs? The duty to cooperate was probably not powerful enough, and giving more powers to the mayor could help. Looking more widely, the mayor also does not control all of the capital’s residential hinterland; the local authorities in the rest of the South East must also inevitably be involved.

and site visits to explore what stands in the way of accelerating housing development in London, and to test possible solutions. The intention is to produce recommendations for London's new mayor, who will be elected in May 2016.

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