

# How the Mayor can deliver homes London needs

Katie Scuoler and Stephen Ashworth distill Dentons report for London First

Sadiq Khan, the Mayor of London, heralded the May 2016 election a 'referendum on housing'. Khan has made clear – both in his manifesto promises and since taking office – that he wants to see more homes built, particularly affordable homes. His challenge is to turn those words into action.

During the election campaign Sadiq proposed that a group be set up with the objective of ensuring that all of London government plays an effective part in increasing housing in London to 50,000 homes a year. This group he called 'Homes for Londoners'. In July 2016 London First and law firm Dentons published a joint report called 'Homes for Londoners: A blueprint for how the Mayor can deliver the homes London needs'. The recommendations in the report press for the GLA to evolve from being a body that sets strategies and distributes a small amount of government money to fund housebuilding, to become a more interventionist body – one that rolls up its sleeves and acquires land from other public bodies, uses its compulsory purchase powers, where appropriate, to help get more homes built, and invests in transport infrastructure where it encourages new homes.

Standing by his commitment, on 23 August Sadiq unveiled the first of his plans to set up a 'Homes for Londoners' team in City Hall. Now that first step has been taken we explain the report's blueprint and key areas of focus.

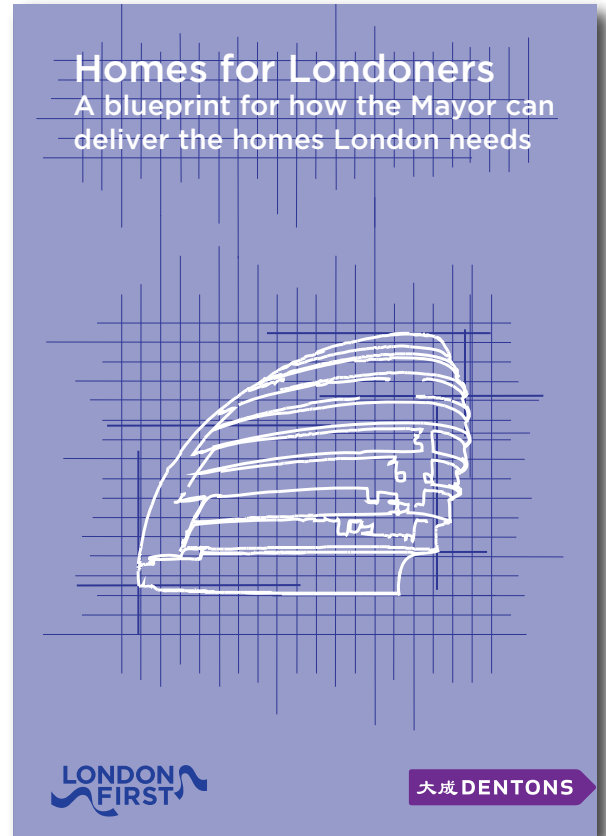
## Readying public land for development

The report recommends that the primary role of Homes for Londoners should initially be getting public land ready for development. The key aim is to secure an effective pipeline of un-/under-utilised public land for development across London to provide housing. Where that land is owned by, or the disposal of which is controlled by, Homes for Londoners the Mayor will have ability to directly influence housebuilding and increase the speed of delivery.

The main pipeline of land left under the Mayor's direct control is that held by TfL. The report recommends that the Mayor should establish a clear strategy for TfL land from the perspective of maximising housing supply.

The report is clear that there is inevitably a trade-off in the way in which TfL assets are used: the biggest commercial return is unlikely to be the one that maximises the amount of affordable housing, for example. How the balance is struck between maximising housing supply and TfL's need for investment is a political choice. The Mayor's approach to the disposal and redevelopment of TfL's land at Kidbrooke was the first litmus test of how he would tackle such issues.

In August the Sadiq issued a direction to TfL requiring them to "take such steps and measures as it considers reasonably necessary and practicable" to ensure delivery of no less than 50 per cent affordable housing on the disposal and/or delivery of



the Kidbrooke site. The direction report acknowledges that the disposal of land with 50 per cent affordable housing – in excess of policy compliant 35 per cent – could significantly reduce the residual land value. The competing demands had to be balanced: the suppressed land value and return to TfL as a result of 50 per cent affordable housing vs. the Mayor's wider statutory remit and affordable housing aspirations. In the case of Kidbrooke the Mayor concluded that the benefit justifies the financial impact on the finances of TfL. The London First report encourages this type of transparent decision making, which considers the pressures on London government in the round. It also makes it clear that the public sector will need to have realistic market valuations reflecting the need to meet planning policy requirements.

## Giving teeth to the London Land Commission

Aside from TfL there are many parts of the public sector – government agencies to NHS Trusts through to boroughs – who could use their land and assets in London to help build more homes. The report recommends the Mayor should build on the work undertaken to date by the London Land Commission ("LLC") by adopting a bolder approach that:

- provides the LLC with significantly more resource through >>>



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>>> Homes for Londoners so that it can more effectively engage with public landowners in London; and

- puts in place a strategy for ensuring the disposal of relevant land identified on the register by either acquiring this land (via transfers or purchase), or by coordinating its disposal with the public landowner.

The report argues that LLC needs to evolve from its current virtual form into a body with teeth that has the capacity to challenge all public bodies to bring forward potential development land, offering and targeting support as required.

It is recommended that, where practical, Homes for Londoners should assemble sites around core public land-holdings by acquiring adjacent privately owned land. It should set out an acceptable level of density for development, and offer land to the market with clear requirements about the quantum and mix of tenures it wants. In September Network Rail announced they had identified almost 200 sites for disposal across the country which in London alone could deliver 5,000 homes. The Mayor has stated that he intends where possible to use affordable housing grant and public sector land to secure higher proportions of affordable housing than might be possible through planning obligations alone. The level of oversight and intervention on Network Rail land disposals will be test of his focus on public land delivery.

**Role of private land**

The public sector has a role to play in spearheading development but it cannot do it alone. Work will also need to be done to bring more private land forward for development. The GLA needs to be bolder in its approach to compulsory acquisition and Homes for Londoners should be responsible for this by:

- building on existing CPO technical competences in TfL, by creating a CPO unit that has the capacity to undertake housing-focussed CPOs; and
- creating a loan fund for acquisition and compensation costs so that boroughs and other public bodies only bear the risks of the procedural costs of a CPO.

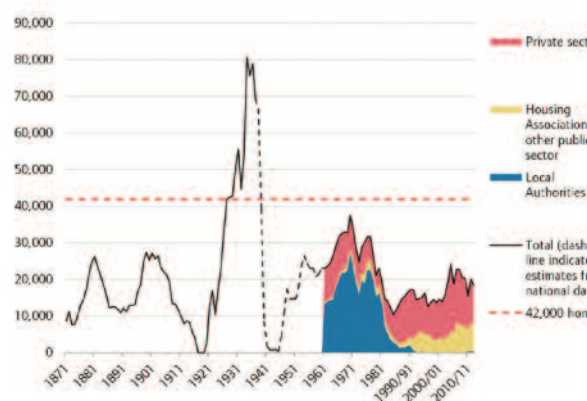
These powers might be exercised to create bigger and better development opportunities anchored by public land or in some instances used to unlock a private sector led regeneration schemes held back by fragmented ownership.

**The way forward**

Homes for Londoners' primary initial role should be getting public land ready for development. A set of complementary work should also be undertaken across a range of other areas including:

- Central policy and advocacy – providing additional resource to support London's boroughs in planning for and delivering more homes, and work to influence policy in London and cen-

Figure 2: new homes built in Greater London, 1871 to 2012-13



Source: GLA London Housing Strategy, November 2013

- tral government to support an increase in housebuilding;
- Transport and wider infrastructure – in particular, working with TfL to ensure that future investment decisions are directed towards transport and wider infrastructure investment which support the delivery of new homes;
- Affordable housing – by creating a new approach to working with housing association and adopting a co-ordinated pan-London approach to affordable housing
- Finance and funding – including developing a financial strategy to support the GLA land strategy and exploring the support that can be offered to SMEs
- Skills and innovation – ensuring there is a skilled workforce able to provide the homes London needs, and that innovative construction methods are proactively explored where this can accelerate supply. Sadiq has already indicated that a skills and capacity review will take place across the GLA.

Sadiq stepped into the office of Mayor with a very broad range of powers. Although it is always tempting to ask for more powers the report found that there were few genuine legal constraints on the Mayor's ambitions. The real limitations are more political in terms of relationships with the Boroughs, in having the imagination to use the powers that already exist, and in building the confidence to act in a more "muscular" fashion. Our view is that, in time, the relationships, imagination and courage should be combined in a new agency, within the GLA family, called Homes for London with real responsibility for delivering the necessary homes we all need.

The report sets out a blueprint striking a balance between focusing on what the Mayor can realistically do now, what will make a difference and the political realities of London. The Mayor has a million vote mandate – the largest personal mandate of any politician in the country – to increase housebuilding in London. That mandate provides a platform to move from debate to delivery. ■

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