



UNLOCKING LONDON'S HOUSING POTENTIAL

Making the most of London's public sector land

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In May 2014, London Chamber of Commerce and Industry (LCCI) published its report *Getting our House in Order*, exploring the impact of housing undersupply on London businesses. Driven by LCCI President Tony Pidgley CBE, the report found that housing in the capital had become increasingly unaffordable for many, resulting in multiple impacts on London businesses, including reduced productivity, poor punctuality and problems recruiting and retaining staff. We noted that greater numbers of London's workforce, particularly essential 'blue light' workers, were being priced out of London, and were having to endure lengthy commutes into the capital. Recent and prolonged disruption on commuter rail services into London has magnified this situation.

New polling from LCCI this year found that **51% of London firms believed the lack of housing that people could afford in the capital was one of the top three issues affecting their business.**¹ With insufficient houses built to meet growing population demands,² and the capital's population estimated to expand to 10 million by 2030, housing affordability will become a critical issue for businesses.

There is no single policy silver bullet to effect swift change: our housing report featured ten recommendations in total, aimed at liberating *more land* for development and empowering *more builders* to deliver. Among those recommendations was that **the Mayor of London should maintain a register of all brownfield land in London**, and that there should be **greater encouragement to help small developers enter the housing market**. Together, these measures could play a significant role in addressing London's housing shortages.

In February 2015, Chancellor George Osborne and Mayor Boris Johnson announced a London Land Commission to support the development of 400,000 homes by 2025 on brownfield and public sector land. However, this new body will only succeed if allocated adequate resource and accorded relevant ministerial involvement.

There is an opportunity to move towards unlocking London's housing potential as a new Government takes office. Equally, with the capital in countdown towards the next Mayoral election in 2016, there is potential to ensure that the four-year period of that new mayoralty sees meaningful decisions taken to prepare London to accommodate the population of 2030 and beyond.

Colin Stanbridge, Chief Executive, London Chamber of Commerce and Industry

MORE LAND FOR DEVELOPMENT

More efficient utilisation of surplus brownfield land could make a significant contribution towards increasing the rate of housing completions in London. It is estimated that the Greater London Authority (GLA) assets alone could accommodate at least 100,000 new homes in the capital.³ Recent official estimates indicate that there is roughly 23,697 hectares of publicly owned brownfield land in England, although this figure is based on data from just under half of local authorities across the country, indicating that the capacity for brownfield to deliver more housing could be much greater.⁴ The last mandatory submission by London local authorities to the National Land Use Database (NLUD) estimated 3,730 hectares of brownfield land within the Greater London area.⁵

Accusations of "landbanking" have previously been levelled at the public sector, which is estimated to own 40% of all brownfield land in London.⁶ Public sector land in the capital is owned by numerous public bodies: Central Government departments, the Greater London Authority (GLA), the London Fire Brigade, the National Health Service, Transport for London, the Metropolitan Police Service, the London Legacy Development Corporation, and local authorities.

LCCI has previously called for the Mayor of London to maintain a register of all brownfield land in London, setting a time limit for development. In February 2015, the Government announced it would provide £1 million of funding per year to establish a London Land Commission as part of the Government's Long-term Economic Plan for London. The Commission would be housed within the GLA and tasked with identifying public sector brownfield land no longer needed in London, to help ensure that all of the capital's brownfield sites are developed by 2025.⁷

While the announcement of a London Land Commission is a positive step in ensuring London's public sector land is used more efficiently, **it is vital that the Commission starts from an accurate and up-to-date position of public sector land currently held in London.** Information on public sector land is currently accessed through several databases which, cumulatively, provide a relatively good representation of the amount of public sector land in London owned by public sector bodies. Databases where land assets across a number of public sector bodies are collated in one place are especially useful, such as the GLA Land and Property Database. Table 1 provides a reference of these databases, as well as highlighting the relevant information they hold in determining the capacity of surplus public sector land for housing.

¹ LCCI and ComRes survey of 503 London businesses between 29 January and 16 February 2015

² An average of 19,800 homes per annum were built in London between 2004 and 2013. HM Government: *Live tables on house building* (Table 253), at <https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building>

³ Savills Research (Autumn 2014): Spotlight: Public Land: Unearthing Potential, p.7

⁴ Only 45% of local authorities in England provided data to the Homes and Communities Agency in 2012. National Land Use Database of Previously Developed Land, at <https://www.gov.uk/government/collections/national-land-use-database-of-previously-developed-land-nlud-pdl>.

⁵ Ibid

⁶ Mayor of London (2013): *Homes for London: The London Housing Strategy*, p.45

⁷ HM Government: *Plans to help deliver over 400,000 homes for London set out by Chancellor, 20 February 2015*

Table 1: Databases recording public sector land in London

	The Register of Surplus Public Sector Land	National Land Use Database of Previously Developed Land	GLA Land and Property Database	NHS Surplus Land Collection
Responsible body	Homes and Communities Agency ⁸	Homes and Communities Agency ⁹	Greater London Authority ¹⁰	Department of Health ¹¹
Data collected from	Central Government departments and their sponsored bodies	All local planning authorities in England, on a voluntary basis	Mayor of London and the Greater London Authority Group	National Health Service organisations
Data on land held by London's local authorities	No	Yes	No	No
Brownfield specific data	No	Yes	No	For 2011-2013
Amount of land in hectares	Yes	Yes	Yes	Yes
Estimated housing capacity	No	Yes	No	Yes (2013 onwards)
Period covered	2012- 2014	2001-2012	2015 only	2011-2015
Update frequency	Quarterly	Annually	Quarterly	Annually

While these databases are a useful starting point for determining what public sector land is held by public bodies in London, **there are notable gaps in the data, particularly in terms of land held by London local authorities.** Only the *National Land Use Database of Previously Developed Land* contains information on land held by London local authorities, but this is provided on a voluntary basis and the most recent year for collection contains only partial responses.¹² Information held to help determine the capacity of surplus public sector brownfield land available for housing is inconsistent across the available databases. In addition, requirements for local authorities to provide information on housing and economic land supply, which form the basis of Strategic Housing Land Availability Assessments (SHLAA), are not always updated regularly and only include full information on sites greater than 0.25 hectares in size.¹³

INFORMATION GAP

With land holdings of the GLA family now publicly available, and with a commitment to the London Land Commission in place, this briefing looked to quantify the amount of surplus brownfield land held by London's local authorities given the lack of any recent or comprehensive information held in existing databases. LCCI sent out Freedom of Information (FOI) requests to each London local authority in order to determine whether local authorities:

- held information on the amount of brownfield land they owned in hectares
- had a land disposal strategy and, if so, could provide a link to its documentation
- had its own density standard and, if so, could provide a link to its articulation

The National Planning Policy Framework's (NPPF) definition of brownfield land was used in FOI requests sent to local authorities.¹⁴ Figure 1 provides a summary of the responses received from London local authorities on the amount of brownfield land they owned.

⁸ Central Government Property and Land including Welsh Ministers estate, which is part of e-PIMS (Electronic Property Information Mapping Service), the central database of Government Central Civil Estate properties and land, at <http://data.gov.uk/dataset/epims>.

⁹ National Land Use Database of Previously Developed Land, at <https://www.gov.uk/government/collections/national-land-use-database-of-previously-developed-land-nlud-pdl>. The ONS' Neighbourhood Statistics – Land Use Statistics (Previously-Developed Land), and the DCLG's Land Use - Previously Developed Land, also use data from this dataset.

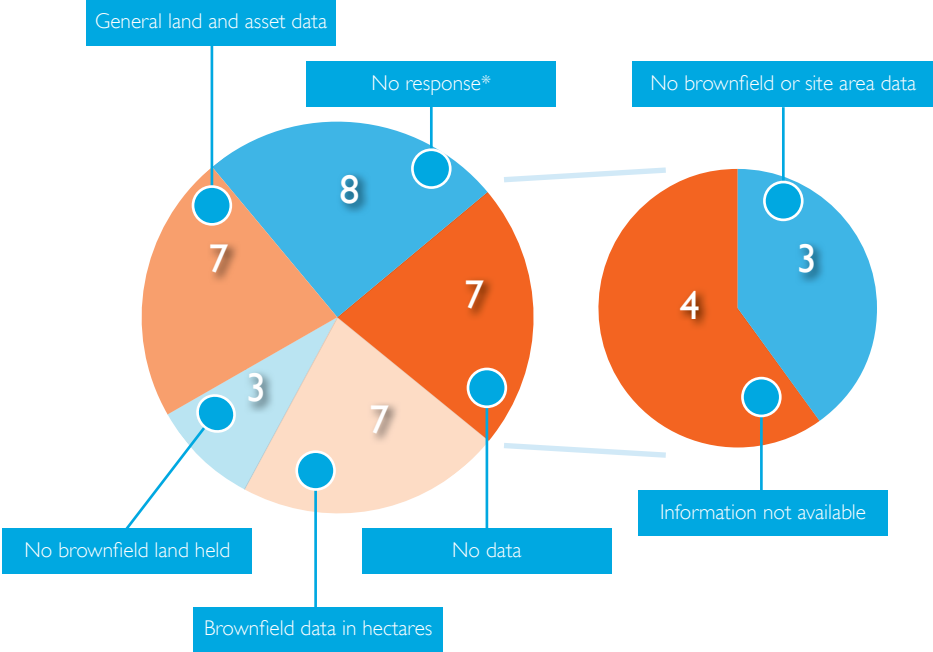
¹⁰ GLA Land and Property Database, at <https://www.london.gov.uk/priorities/housing-land/land-assets/land-and-property-database>
¹¹ NHS Surplus Land Collection, at <https://www.gov.uk/government/publications/release-of-nhs-owned-land-for-development> (2012 data), and at <https://www.gov.uk/government/publications/disposal-strategy-land-for-housing> (2011 data)

¹² 13 of the 33 London local planning authorities provided information on previously developed land that may be available for development in 2012. For more information, please visit <https://www.gov.uk/government/collections/national-land-use-database-of-previously-developed-land-nlud-pdl>

¹³ The National Planning Policy Framework (NPPF) sets out a requirement for local authorities to identify sites deliverable in a period of 0-5 years, in the format of a Strategic Housing Land Availability Assessment (SHLAA). In London, the SHLAA is carried out on a pan-London basis, in partnership with the GLA, London local authorities, the City of London and the London Legacy Development Corporation. Alongside the Strategic Market Availability Assessment (SHMA), the SHLAA informs housing targets included in the Further Alterations to the London Plan. For more information, please visit <https://www.london.gov.uk/sites/default/files/FALP%20SHLAA%202013.pdf>.

¹⁴ NPPF defines brownfield land as "land which is or was occupied by a permanent structure, including the curtilage of the developed land (although it should not be assumed that the whole of the curtilage should be developed) and any associated fixed surface infrastructure". For more information, please visit https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/60772/116950.pdf

Figure I: London local authorities' responses to FOI requests on brownfield land



*Refers to responses not received by time of going to print

The varying quality of responses received indicate that most of London's local authorities do not possess data on brownfield land in a single format.

Of London's 32 local authorities (excluding the City of London), **only 7 provided data on the total amount of brownfield land they owned in hectares. 3 boroughs said that they held no brownfield land at all.**

Numerous difficulties were encountered in trying to obtain information on local authorities' land assets. One local authority asked to confirm if their own definition of brownfield land was in line with the NPPF's, highlighting inconsistencies in the interpretation of brownfield land. Another authority provided data from 2010. Within one single authority, we forwarded FOI requests to a range of individuals to get a response, spanning departments including planning and corporate property. Yet despite such efforts, as many as **7 local authorities were unable to provide any data** – 3 stated that they held no brownfield land or site area data, and 4 said that the required information was not available.

7 London local authorities did not have specific data on the amount of brownfield land held, but had either given the total amount of land available for development in hectares or had provided a list of sites and assets available for development.

The current lack of information and release of data on brownfield land by London local authorities as highlighted by our FOI responses is hampering progress on utilising public sector land for much needed housing. At a time when housing is in short supply and land in London is at a premium, it is vital that local authorities have a full understanding of their land assets. A recent survey of local authorities found that one in six had been forced to dispose of land assets at less than optimal value.¹⁵ Extracting value from land owned, whether by sale, development or lease, is a key resource at a time where local authorities are experiencing not only pressure on housing supply, but on financial resources. **Local authorities should collect and manage data on surplus land held within a single department, and ensure that this information feeds into housing strategies, and business development strategies.**

Case study: Maximising land assets to deliver housing

Some local authorities use leasing arrangements to retain ownership of their land while ensuring developers deliver the housing that is needed for the community. For example, the Royal Borough of Kensington and Chelsea has released its land on a leasehold basis, selecting a private developer to develop and manage two housing schemes. In total 84 units will be built, with the developments primarily being for market rent, but also with an element of affordable housing. Kensington and Chelsea have retained the freehold ownership and are taking a share in the long-term rental income with the developer. The developer has been granted a 125 year lease and they also receive a management fee.

¹⁵ Based on a survey of over fifty council Chief Executives and Leaders. Localis (2014): *Public Land, Public Good: Getting maximum value from public land and property*

As well as individual authorities needing to improve their information management, solving a London-wide housing crisis requires co-ordination at a London level. The London Land Commission can play a key role in recording public land assets held across London by local authorities, and by other public sector bodies including central government departments, acting as a comprehensive reference point for all surplus public sector land available for development in the capital. **The new Government should therefore ensure that its commitment of £1 million per annum to fund the Commission is fulfilled and included in the spending plans.**

ENCOURAGING SMALL DEVELOPERS INTO THE MARKET

While collecting information on surplus public land is the first step in identifying land suitable for development, delivering housing on these sites requires efficient and transparent disposal mechanisms. Large house builders, and mechanisms such as the London Development Panel (LDP) cannot be expected to meet the dramatic increase in the rate of house building required by the Mayor of London's Housing Strategy alone.

Predominant barriers to entry for smaller developers in the past have been the shortage of available sites, lack of transparency in ownership of land, and the time and resources required to secure planning permission. Improved knowledge of appropriately-sized and publicly-owned sites available for development through the London Land Commission would entice more small developers to enter the house building market in the capital.

Other recommendations targeted at small builders include deferring payment for land acquired from public ownership until after the homes have gone to market. Local authorities should allow developers of sites under 50 units to defer payment of the Community Infrastructure Levy until the homes have gone to market.

"In London we have found that acquiring public land can take twice or even four times as long as private land, even for affordable housing. This results in uncertainty and huge amounts of resource being applied to sites that are often quite modest in size. However, these smaller infill sites are the ones that can deliver volume quickly as they are relatively simple to plan and construct."

Pocket Living (developer specialising in small sites in London)

However, bringing identified surplus public land into development can be a time-consuming process once it has been through the competitive tendering process demanded through OJEU.¹⁶ The London Development Panel has been a positive mechanism for placing excess GLA-owned land into the hands of capable developers without having to go through an onerous tendering process for each project.

Case study: Benefits of collaboration between public sector land owners

A new model for procuring land to deliver new homes has been pioneered by the Mayor's London Development Panel (LDP), which allows public land owners to award individual contracts without going through a full procurement process. The first successful bidder was Redrow, who purchased land not required for policing operation in Hendon to deliver more than 1,650 homes through a joined up approach between the Mayor's Office for Policing and Crime (MOPAC), GLA, the London Borough of Barnet, Metropolitan Police and TfL. The deal allows for MOPAC to invest in new facilities for police training on the site as part of a wider strategy to sell underused land and buildings.

A similar mechanism should be created for small developers, to ensure disposal of smaller sites, and to reduce the time and resources spent by smaller developers on bidding for public land through a range of different frameworks. Given the number of smaller developers, and the fact that some may not operate across all of London, **local authorities should work together to set up regional small developer panels**, whereby boroughs are covered by shared or standardised frameworks. As well as reducing barriers to market entry for developers, this would also help local authorities dispose of small parcels of land and infill sites. LCCI would be willing to encourage small developers to meet with authorities to set out terms of references for such panels.

¹⁶ The Official Journal of the European Union (OJEU) is the central database for European public sector tender notices where any public tenders above defined thresholds must be published.

SUMMARY

For decades, London has suffered from a chronic undersupply of homes, resulting in house price rises vastly outstripping average wage increases. In May 2014, London Chamber of Commerce and Industry (LCCI) published **Getting our House in Order**, a report exploring the impact of housing undersupply on London businesses and proposing measures to alleviate the housing crisis in the capital. The report focused on two key principles to increasing housing supply in London; the need for **more land** for development, and the need for **more builders** to deliver homes in the capital.

Despite some positive movement towards improving the number of houses delivered in London, **utilising surplus public brownfield land** in the capital and **encouraging new and small developers** to enter the market remain areas where much more needs to be done.

With a new parliament just elected, a new Government emerging and the next Mayoral election one year away, LCCI suggest the following measures to help alleviate London's housing crisis:

RECOMMENDATIONS

The Government should honour the commitment of at least £1m of annual funding for the London Land Commission and include it in spending plans.

Government responsibility for the London Land Commission should sit primarily with the Minister for Housing, including the Minister sitting on the board of the Commission itself and having the power to ensure relevant government departments comply with the process.

The Government should devolve the task of disposing of government department land assets in London to the Greater London Authority.

London local authorities should be duty bound to integrate their data fully with the London Land Commission and identify a single department responsible for information on publicly held land.

London local authorities should work alongside bodies such as LCCI in bringing together borough leaders, planning officers and small developers to investigate the capacity and terms of reference of a Small Developers Panel, which could operate either at a pan-London or sub-regional level.

London local authorities which excel in recording and sharing information on public land, as well as demonstrating efficiency in maximising the value of land, should be awarded greater fiscal freedoms as an incentive - for example, in the lifting of the HRA cap on borrowing.

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