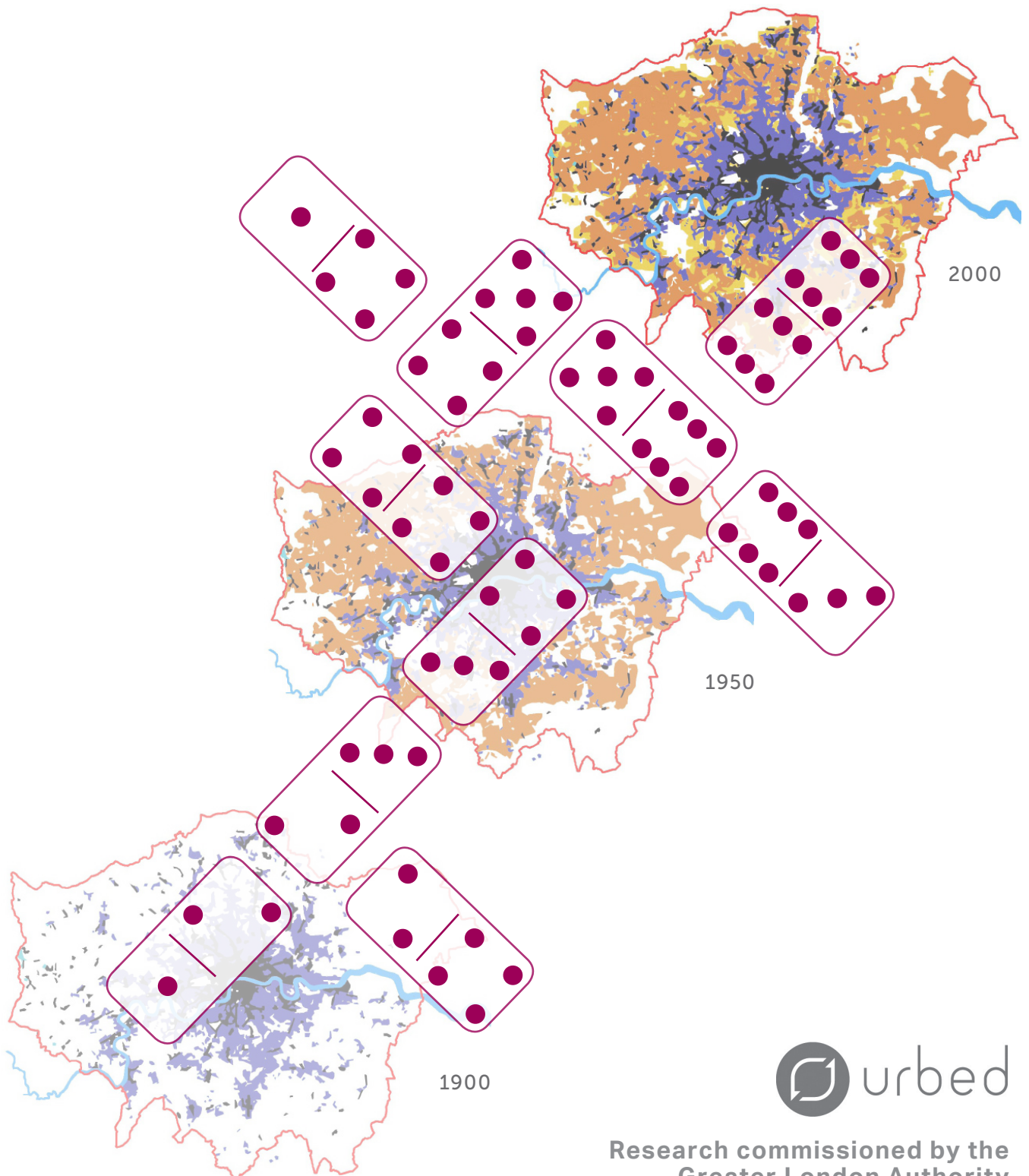


CAPITAL GAINS:

A BETTER LAND ASSEMBLY MODEL FOR LONDON



Research commissioned by the
Greater London Authority



GERALDEVE

Housing Futures Ltd

FRONT COVER:

The illustration shows how the built-up area of the Capital has evolved over a century (Source URBED: City of Villages, GLA, 2002)

This report has been produced for the GLA by Dr Nicholas Falk (BA, MBA, Hon FRIBA, Hon MRTPI, FRSA) drawing on support from URBED, Housing Futures Ltd, Dentons, and Gerald Eve.

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CONTENTS

EXECUTIVE SUMMARY	I	
- Introduction		
- Methodology		
- Why land assembly matters for house building		
- What London can learn from it's past		
- What London can learn from elsewhere		
- Implementing alternative measures		
- The advantages a better model would bring		
- Land assembly action list		
INTRODUCTION	1	
- The brief		
- Methodology		
1.WHY LAND ASSEMBLY MATTERS FOR HOUSE BUILDING	5	
- Building more affordable homes		
- Sharing land value uplift		
- Recognising environmental constraints		
- Finding enough suitable sites for new homes		
- The realities of land economics		
- The challenges of land assembly		
2.WHAT LONDON CAN LEARN FROM IT'S PAST	15	
- Development frameworks (19th Century)		
- Piecemeal development (1930s)		
- New Towns (1950s-90s)		
- Comprehensive development		
- Public-led partnerships (1980-2008)		
- The present situation		
- Lessons from London's past		
3.WHAT LONDON CAN LEARN FROM ELSEWHERE	25	
- Planning for strategic housing		
- Dutch VINEX housing policy		
- German urban development measures		
- French spatial planning		
- US urban renewal areas		
- Acquiring land		
- The Dutch 'Building Rights' model		
- French ZAC's		
- Incentivising land assembly		
- German urban development measures		
- Resourcing land assembly		
- German municipal independence		
- French transport charge		
- American development commissions		
- Lessons for London		
4.HOW ALTERNATIVE MEASURES COULD BE IMPLEMENTED	51	
- Planning for strategic housing		
- Acquiring land		
- The impact of a better land assembly model		
- Incentivising land assembly		
- Resourcing land assembly		
5.THE ADVANTAGES OF A BETTER MODEL	67	
- The test cases		
- Potential impacts		
- Testing the impacts		
- Benefits of the recommendations		
- The advantages of a better model		
CASE STUDIES		
- London		
- Croydon		20
- King's Cross		21
- London Docklands		22
- International		
- Vathorst, Amersfoort		44
- ZAC Claude Bernard, Paris		45
- Pearl District, Portland		46
- Toronto		47
- Rieselfeld, Freiburg		48
APPENDICES		
- A: Barriers to speedier housing delivery		78
- B: How London evolved		82
- C: Powers to assemble land in Germany, France, and the Netherlands		88
- D: Land assembly test cases		92

EXECUTIVE SUMMARY

CAPITAL GAINS: A BETTER LAND ASSEMBLY MODEL FOR LONDON

INTRODUCTION

This report brings together the evidence and makes recommendations for changing the way land is assembled in London. It responds to the commission from the GLA to address the following basic research questions over a period of four months:

- With reference to international examples, what conditions would best support land assembly for house-building in London?
- Which specific statutory land assembly models could enable an increase in and acceleration of the delivery of homes in London?
- How could these specific statutory land assembly models be implemented in London?

The report outlines a range of models, drawing on both international good practice and London's own past, and proposes improvements that could be made in the short term, as well as those requiring changes to statutory framework. It is entitled *Capital Gains* because it deals with the particular challenges facing the nation's capital, and because it is aimed at harnessing land values for the city's benefit.

The research team has been led by Dr Nicholas Falk from URBED, supported by legal experts at Dentons and surveyors at Gerald Eve with particular experience of compulsory purchase, the network of metropolitan regions and areas, plus inputs from Pete Redman at Housing Futures Ltd.

METHODOLOGY

The research team identified an initial range of challenges in its submission which provided the focus for selecting and analysing relevant case studies, including:

- Allocating suitable land for affordable housing;
- Achieving quality development;
- Changing planning practice;
- Mobilising people and funding;
- Achieving a cultural step change; and
- Building partnerships that work.

To help ensure the results would be robust, a Research Advisory Group was set up with the aim of testing our conclusions with a range of other experts from across the sector, including academics and the RICS. The team undertook the commission in four phases:

Agreeing what may need to change

An initial meeting considered conditions that might need to change to support an increase in house-building in London, drawing on a review of previous research. Some thirteen barriers were identified that can arise in assembling land. Fourteen possible case studies were identified, and were narrowed down to the places from which the most could be learned.

Assembling the evidence

Case studies were prepared of housing developments in four countries.

- The French case study is ZAC Claude Bernard in a disadvantaged part of North East Paris plus an example from the fast-growing city of Montpellier and Paris Rive Gauche, where a railway line has been built over to create a new district
- The German case study is a sustainable urban extension to the historic university city of Freiburg plus an example of land pooling in Frankfurt.
- The Dutch case study is a new settlement on the edge of the mid-sized town of Amersfoort where land has been pooled plus an example from Amsterdam of creating new housing sites in the River IJ.
- The North American case study is a regeneration area in a former industrial area in Portland Oregon plus the example of Toronto in Canada.
- The report also draws on examples of planned intensification from Hong Kong and Denmark where housing and transport has been combined.

Because the UK has particular cultural and legal traditions, the team also drew heavily on what London could learn from its own past. A literature review has summarised the lessons from periods when London grew fastest as well as good practice from recent experience.

Drawing the lessons

Dentons drew up a list of eighteen possible measures that could address the various challenges and that were capable of implementation both in the short and longer terms. The measures broke down into four topics: planning for strategic housing; acquiring land; incentivising land assembly; and resourcing land assembly. The most promising ones were selected and worked up.

Testing the recommendations

Two very different 'test cases' have been examined to see how far the possible measures could achieve the GLA's aims and what benefits or advantages could secure the support of the different stakeholders.

WHY LAND ASSEMBLY MATTERS FOR HOUSE-BUILDING

Delivery rates for housing have fallen far behind demand for decades, with common criticisms including restrictive planning policies, limited resources for planning larger schemes, a shortage of developers willing to take complex schemes forward, and an acute shortage of experienced staff in the boroughs. For London the assembly of land in multiple ownership is now seen as one of the main obstacles to doubling house-building rates.

Land assembly to deliver housing is inherently complex and time consuming as it may involve any or all of:

- a. Unifying multiple interests including adjoining land, leasehold and other interests affecting the title of the land;
- b. Removing ransom strips and other impediments such as rights of way;
- c. Obtaining agreements with statutory undertakers, including highways and other agencies;
- d. Remediating damaged land;
- e. Providing infrastructure to land which otherwise would and could not come forward;
- f. Relocating non-compliant uses that would conflict with housing;
- g. Freeing up of underutilised land that does not make good use of its location, for example by taking advantage of accessibility or amenity, but which may currently be occupied or operational;
- h. Investing in advance of planning permission being granted and certainty that the development can proceed.

The review of barriers to land assembly identified factors that are inherent in the sites, such as contamination and unpredictable costs and values, as well as factors associated with ownership, such as absentee owners, and over-expectations due to an inflated 'hope value'. Land is often occupied, which requires compensation or relocation. Ownership can be fragmented, and land value across the entire site may not split proportionately

into individual plots. Finally, as well as owners who prefer to 'hold out' and speculate, there is a loss of the skills and techniques that used to be available in both the public and private sectors to assemble land.

Utilities and transport undertakings can be hard to engage because their priorities are not aligned with the need to deliver more homes, making it hard to secure the 'marriage value' from putting adjoining land together. Compulsory purchase, or the threat of it, is therefore often essential, but local authorities may be wary of exercising their powers because of a lack of capacity or experience as well as financial reasons. The nervousness about compulsory purchase is deeply embedded in strategic planning for housing with a general reluctance to incur the costs and delays involved.

WHAT LONDON CAN LEARN FROM ITS PAST

While land assembly today presents greater challenges than in the past, useful lessons can be learned from when London has grown fastest: a combination of leasehold development and public infrastructure investment were responsible for the great private development 'surges' that have taken place, for example in the early 19th century or the 1930s. The use of the Landlord and Tenant Act enables private landowners to take a long-term perspective and enforce covenants thus attracting institutional investment.

The high rate of building in the 1930s is sometimes attributed to fewer planning controls, but just as importantly included the availability of cheap land and finance, and simple-to-build 'pattern book' houses. New arterial roads and extensions to the London Underground - aimed at tackling unemployment and the Great Depression - opened up large areas of former agricultural land.

After the Second World War, and the Town and Country Planning Act, public measures such as the use of Comprehensive Development Areas (CDAs) and the

designation of a New Towns and the London Green Belt enabled damaged land to be mobilised in a strategic and planned way. Comprehensive Development Areas enabled sites in different ownerships to be rapidly assembled, as did the setting up of the development corporation for the London Docklands.

Today public-private partnerships are used to achieve something similar. But whereas London's footprint grew physically by 60% in the last hundred years, it has expanded very little in the last thirty. Successes such as the London Olympics and subsequent development in East London were at a high cost in terms of land assembly, and are exceptional. Redevelopment of Council estates is important but difficult. Case studies of the redevelopment of Croydon, the Docklands and King's Cross illustrate possible models for mobilising strategic land.

WHAT LONDON CAN LEARN FROM ELSEWHERE

Continental cities that have kept up house-building rates and suffered less from the effects of house-price inflation have adopted much more proactive approaches to land assembly.

Planning for strategic housing

Strategic planning is used to join transport and development together in Northern Europe. Municipalities develop strategic spatial plans that specify where growth or regeneration should and should not take place: thus the French differentiate between '*urbanisme*' and '*L'aménagement du territoire*', that is between development management and spatial or regional planning. Transport is integral, not kept in silos, as case studies of Paris and Freiburg illustrate.

Local leadership is critical. While guidelines may be set nationally, as in with the VINEX housing schemes in the Netherlands, agreement is reached at a regional or metropolitan level to link transport and development, rather than relying on central government. Priorities are resolved locally,

thanks to the greater devolution of powers and resources to local authorities.

Local infrastructure can be funded out of land value uplift. Spatial plans provide the certainty that investors, both public and private, are looking for. The German concept of 'poorly or under-utilised land' is used to identify locations for planned intensification as a prelude to applying 'Urban Development Measures' to recover the costs of infrastructure from development. Something similar applies in the Netherlands, where locations have been classified in terms of their connectivity.

Higher quality standards are achieved, thanks to greater municipal power. Though planning powers are weaker in North America, spatial sub-regional plans also have greater force in progressive cities such as Portland Oregon. These are backed by tax incentives and public private partnerships that mobilise the support of private landowners and investors behind what the municipality is planning. North American cities, as well as Hong Kong, use density guidelines, or Floor Area Ratios, to negotiate community benefits, such as affordable homes, in return for greater private development. Urban Renewal Areas focus the benefits of tax incentives on priority areas, thus incentivising private investment where it is most needed

Acquiring land

Researchers agree that planning is much less adversarial in most of Continental Europe than in the UK, as a stronger tradition of collaboration between the stakeholders for historic reasons is supported by government planning policies, such as the VINEX policy in the Netherlands. Land pooling, as in cities such as Amersfoort or Frankfurt, helps overcome the barriers to complex schemes where the local authority does not already own the land. Joint ventures or municipally owned development companies reduce reliance on private developers to take the lead.

Joint venture companies can also align or adjust the interests of different land owners by providing a dedicated project management team with planning and

development skills. If London were to follow the Dutch Building Rights or 'First Choice' model, developers would recoup the proportion of the site's value or area that they put in, with the sanction that the municipality could undertake the plan it has drawn up, which would speed up cooperation.

The availability of 'patient capital' for installing local infrastructure, such as roads and utilities is a further strong incentive for collaboration, as it has been in London in the past.

Incentivising land assembly

Land values are generally lower in the Netherlands and Germany than in the UK and housing is much more affordable than in London. Lower house prices and hence land values are helped by faster rates of development, the availability of suitable land with planning permission on which to build, and a wider variety of house-builders, which are mutually reinforcing.

A compromise is secured over who gets what from development. Land prices are 'frozen' on 'under used or poorly used land' designated for development under the German system. They have also been kept down in the Netherlands by cities being given the power to implement an agreed plan under the 'building rights' or 'first choice' model. In other words, the rights of the private owner are constrained by the wider public interest.

The local authority or a special purpose vehicle set up as a partnership with private developers, plays a more proactive role in enabling development on complex sites, with landowners getting a share of the uplift in development value. Note, with faster rates of development speculators lose out, but genuine investors may well do better, as financing costs will be lower. Portland Oregon provides a good model for smart growth (see page 45).

Resourcing land assembly

Effective partnerships between the public and private sectors work best where they are supported by national policies with long lives so investors know

where development will occur and when infrastructure investment will be made. The main message from Portland Oregon or Toronto in Canada is that cities benefit from local private developers with the capacity and commitment to support their cities, assisted by tax incentives at a State level. Agreement is secured through skilled negotiation over development rights and densities by the municipalities, aided by public development agencies that engage private sector support for the overall plan.

Larger European cities such as Paris or Amsterdam intervene more directly in land, and employ some form of development agency that can act independently from the local authorities that set it up. They have long benefitted from the popularity of living near the city centres, and have had less competition from the suburbs. Hence even with lower property values housing development can still be viable.

Smaller cities such as Montpellier, with a population the size of a London Borough, tend to set up joint ventures with landowners or private developers. Their companies have full-time staff dedicated to implementing projects that outlive any political change, and who can cross the boundaries between different authorities, and supplement the skills and resources of the private sector.

State investment banks supply long-term loans at lower interest rates than a private developer would have to pay, which helps make complex schemes viable, for example in pooling land from different owners or developers. The successes in building affordable and sustainable housing are achieved by 'winning teams' working together over many years (more than a decade) to create sustainable new neighbourhoods.

Instead of public funds being spread thinly and dependant on bids to central government, investment is concentrated in places with the most growth potential. More funding is raised locally thanks to municipalities being able to identify and mobilise the necessary land. Compensation reflects a balance between public interest and the interest of the original owner,

while offsetting the costs of providing local infrastructure.

IMPLEMENTING ALTERNATIVE MEASURES

Much can be achieved by making better use of existing powers, but there are also some measures that require government support or even legislative change. Our ten recommendations are structured around the four themes of the report, and some of these are already being implemented. They start with the fundamental proposal of introducing Land Assembly Zones (LAZ) to make the whole process easier and faster. (See next page for Land Assembly Action List).

THE ADVANTAGES A BETTER MODEL WOULD BRING

Gerald Eve examined two strategic opportunities (one in West and another in East London) to assess the overall impact of our recommendations in terms of financial considerations, delivery and risks.

Their modelling suggests that on former industrial sites benefitting from investment in improved transport services housing yield could increase between 20 and 30% with an overall saving in development times of five years, while on the edge of a metropolitan town centre the yield may increase between 5 and 10% with a time saving of two to three years.

In conclusion, our report shows the general benefits from adopting a better model for land assembly on sites large and small include:

- building extra homes faster
- reducing costs and risks to investors and house-builders
- joining up transport and development,
- creating stronger communities,
- tackling 'free-riders', and
- diversifying development and investor partners.

LAND ASSEMBLY ACTION LIST

1. Introduce a new planning designation termed 'Land Assembly Zone' (LAZ).

This will provide the focus and incentive to encourage land owners to self-assemble by resolving to use compulsory powers in priority areas for housing development or intensification.

2. Require Land Assembly Zone designations to be accompanied by an 'in principle' commitment to exercise compulsory acquisition powers.

In the longer-term, the process for CPOs relating to the designation land should be streamlined by removing the scope for public inquiries for compulsory purchase orders in respect of LAZ land.

3. Identify a lead body with responsibility for land assembly in each Land Assembly Zone.

This would normally be the local authority.

4. Allow confirmation of CPOs ahead of planning consent.

Guidance should in the longer term allow for the confirmation of CPOs outside designations ahead of planning consent in the interests of 'good planning'.

5. Allow Mayoral confirmation of London local authority CPOs.

CPO confirmation powers should be delegated to the GLA for London for CPOs not promoted by the GLA within LAZs. Amendments would be needed to the Acquisition of Land Act 1981, and the CPO Guidance.

6. 'Use CPO land or lose it'.

The GLA or local authority should hold land acquired pursuant to a CPO in a land bank where development does not occur.

7. Introduce statutory land pooling.

Develop a contractual basis for land pooling and introduce a statutory model for land pooling. Compensation paid to landowners should include part of the marriage value of the assembled site, perhaps with graduations depending on the time at which participants contribute their land. **This will require changes to the Land Compensation Act 1961 and CPO Guidance.**

8. Freeze land values in LAZs.

In any land pooling model, the land values should be set at the market value on the date of designation for the purposes of fixing the share of the pool. **A freeze on land values from the point that a draft designation is published would require changes to the Land Compensation Act 1961.**

9. Introduce a planning application moratorium.

This would enable district councils to defer the consideration of planning applications in a designated Land Assembly Plan for one or more years, depending on the complexities. **It would necessitate an amendment to the Town and Country Planning Act 1990.**

10. Create a multi-disciplinary team to support the boroughs and developers in tackling strategic and difficult sites.

This would be supported by the devolution of additional finance to provide a long-term London revolving fund to support land assembly, and can start right away.

INTRODUCTION

This report brings together the evidence for changing the way land is assembled, predominantly for major or strategic development projects, to build the housing London needs on appropriate land where there is a multiplicity of owners, and other barriers. It is entitled Capital Gains because it deals with the particular challenges facing the nation's capital, and because it is aimed at harnessing land values for the city's benefit.

The report draws on international models of land assembly to propose ways of increasing the supply of housing in London in locations that would be sustainable. It outlines a range of models, drawing on both international good practice and London's own past, and proposes improvements that could be made in the short term, as well as those requiring changes to the statutory framework.

The report has been commissioned by the GLA and the team has been guided by a steering group of officers and supported by a research advisory group of different interests (see Page 15). The research team has been led by consultants from URBED and with Housing Futures Ltd, supported by legal experts at Dentons and surveyors at Gerald Eve with particular experience of compulsory purchase, the network of metropolitan regions and areas.

THE BRIEF

The commission from the GLA was to address the following research questions:

1. With reference to international examples, what conditions would best support land assembly for house-building in London under a series of

themes and specifically in relation to:

- Planning policy and wider legislation (including application of the European Convention on Human Rights and appeal processes)
- Resources (including funding) and skills
- Cultural context
- Strategic planning
- Public sector land use and private sector partnership?

2. Which specific statutory land assembly models could enable an increase in and acceleration of the delivery of homes in London? These models should deliver homes that:

- Are located on sites that were previously of complex or fragmented land ownership (including public land)
- Exceed the housing provision that could have been achieved without land assembly
- Are deliverable within a reasonable timeframe
- Secure a land transfer price that will enable a viable and deliverable scheme
- Comply with the London Plan by being well-designed, high quality and environmentally-sustainable
- Are located within well-connected neighbourhoods and support employment.

3. How could these specific statutory land assembly models be implemented in London? What would be the risks

associated with these, and what are the implications for:

- Planning policy and wider legislation (including application of the European Convention on Human Rights and appeal processes). Specific consideration should be given to the legislative powers that would be required to implement these models, and whether this would require devolution of existing national powers to London.
- Resources (including funding) and skills
- Strategic planning

4. How could these land assembly models increase and accelerate delivery on two agreed sites in London?

METHODOLOGY

The research team identified an initial range of challenges in its submission which provided the focus for selecting and analysing case studies selected for their relevance. The challenges included:

- Allocating suitable land for affordable housing
- Achieving quality development
- Changing planning practice
- Mobilising people and funding
- Achieving a cultural step change
- Building partnerships that work.

To help ensure the results would be robust, a Research Advisory Group was set up.

The team undertook the commission in four phases:

Agreeing what may need to change

A Scoping Paper from URBED summarised the conditions that might need to change, drawing on a review of previous research into international lessons on house-building as well as a review of the literature on housebuilding in London. An analysis by Dentons from the firm's experience identified some thirteen different barriers

that can arise in assembling land. Fourteen possible case studies were identified with the aim of selecting three or four contrasting examples.

Assembling the evidence

Case studies were prepared for four main countries, guided by practitioners working within each setting. The case studies had all been visited, in some cases several times.

- The French case study was ZAC Claude Bernard in a disadvantaged part of North East Paris supplemented by an example from the fast-growing city of Montpellier
- The German case study was a sustainable urban extension in the historic city of Freiburg supplemented by an example from Frankfurt
- The Dutch case study was a new suburb to the mid-sized town of Amersfoort supplemented by an example from Amsterdam
- The North American example was Portland Oregon supplemented by the example of Toronto in Canada.
- The report also draws on examples from Hong Kong and Denmark for evidence on planned intensification.

Drawing the lessons

The team thought it important to consider what London could learn from its own past when most housing had been built. Case studies have been drawn up of how comprehensive development was achieved in Croydon, and later in the Docklands and King's Cross.

Dentons drew up a list of eighteen possible measures that could address the various challenges and that were capable of implementation both in the short and longer terms.

The measures break down into four topics: planning for strategic housing; acquiring land; incentivising land assembly; and resourcing land assembly.

This structure was then used in drawing lessons from abroad.

Testing the recommendations

Two different 'test cases' were put forward by the GLA. These were analysed by Gerald Eve with support from Housing Futures to see how far the possible measures could achieve the GLA's aims and what the benefits or 'capital gains' would be that would influence and secure the support of the different stakeholders.

The report is structured around four main topics:

1. Planning for strategic housing

and how land requiring assembly in all its different forms can be identified for strategic development and intensification

2. Acquiring land,

including the powers and agencies to overcome multiple different interests

3. Incentivising land assembly

by recognising the choices of land owners, and other parties with interests, through shared equity mechanisms which can include how land value and future returns are apportioned and the inevitable tension between the market and wider planning and social objectives

4. Resourcing land assembly

to secure collaboration and overcome local resistance both public and private.

The conclusions from the case studies are summarised in the sections that follow.

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- Darren Richards, Jeremy Skinner - GLA

We would also like to thank the many people we have consulted including Professor Michael Hebbert, David Rudlin, Sarah Yates and Richard Simmons and Tony Travers on how London has evolved.

We have drawn on many sources for the Dutch, French and German case studies, and would particularly like to thank Wulf Daseking, Paul Lecroart, Tom de Mann, Trudy de Mooy, Griel van der Viles, Han Lorzing, Kal Vockler, as well as Troy Hayes for Portland Oregon.

A better model for land assembly is key to achieving the objectives of building more homes in London.

It is also vital to meeting the wider concerns of affordability and quality, sharing in land value uplift, recognising environmental constraints, finding enough suitable sites, and dealing with the realities of land economics.

1 WHY LAND ASSEMBLY MATTERS FOR HOUSE-BUILDING

1. "Land assembly" generally has to be undertaken before major house building can begin, and has been identified as the most significant obstacle to substantially increasing housing output in London.¹ Land assembly to deliver housing is inherently complex and time consuming as it may involve any or all of:

- Unifying multiple interests including adjoining land, leasehold and others affecting the title of the land;
- Removing ransom strips and other impediments such as rights of way;
- Obtaining agreements with statutory undertakers, including highways and other agencies;
- Remediating damaged land;
- Providing infrastructure to land which otherwise would and could not come forward;
- Relocating non-compliant uses that would conflict with housing;
- Freeing up underutilised land that does not make good use of its location, for example by taking advantage of accessibility or amenity, but which may currently be occupied or operational;
- Investing in advance of planning permission being granted and certainty that the development can proceed.

2. Dentons used their considerable experience to identify some thirteen different barriers to land assembly for which answers are required. They range from problems with

the land itself, such as contamination, to problems with ownership, such as foreign ownership or unauthorised occupiers. Note that not all of the issues can be addressed – for some, the evidence in the case studies does not identify a solution.

- Messy title / unknown foreign interests
- Fragmented Land Ownership
- Problem sites: eg. contamination
- Sites which are too small
- Ransomed sites
- Unequal sites
- Over expectations ("hope" versus existing use value)
- Range of values
- Uncertain CPO powers (division between acquiring and confirming authority)
- Unpredictable costs and values
- Lazy landowner / speculation
- Occupied land
- Loss of skills and techniques

3. In this section we summarise what is known from previous research on factors such as planning policy, resources, culture and organisation, and basic land economics that can slow down the rate of housing growth and regeneration.
4. The main challenges for development are usefully summarised in the introduction to a recent book from the New Economics Foundation on land economics as well as earlier research into experience with land values, and so will not be repeated

¹ See for example the report of the Homes for Londoners Board June 2017 and references in the draft London Housing Strategy, 2017

here.² The factors most relevant to London include escalating unaffordability and unfulfilled needs, sharing in land value uplift, recognising Green Belt and other environmental constraints, and finding enough good sites for new homes within London's boundaries, as well as dealing with the realities of land economics.

5. *Appendix A* summarises the findings of research relating to the debates on the impact of planning policies, the resources to execute larger schemes, resistance to development, and the skills and capacity to build better neighbourhoods.

BUILDING MORE AFFORDABLE HOMES

6. The draft *London Housing Strategy* sets out that the capital's housing crisis has its origins in the failure over decades to build the homes that London needs. Though sites for 650,000 homes over the next ten years have been identified in the Strategic Land Availability Assessment for London, and there is a pipeline of 278,000 new homes (2015/6) growing year by year, output has remained stubbornly around 20,000 new homes a year (a third of the level in the 1930's). However 2015 was an exception with 24,000 completions.³ Larger sites (over 100 units) are being developed at a third of the rate of smaller sites.⁴ 80% of the new homes developed in London are only affordable to 8% of Londoners.⁵
7. Land assembly, the use of land and land values, are all contested areas, where successive British governments have changed the ground rules, reversing the actions of their predecessors. This has

made both renting and buying increasingly unaffordable to most, which has reinforced inequalities in wealth and incomes. Most of the evidence is set out in the draft *London Housing Strategy*, as well as reports from organisations like Shelter.⁶

8. Essentially London's population is expanding, especially in outer London, and *Housing in London 2017* highlighted the need to double the rate of house building in order to keep pace with job creation.⁷ Since 2000, the ratio of house prices to gross average earnings has effectively doubled, stoking the rise in land values, while private housebuilding until last year has been relatively constant. Despite, and possibly because of a growth in 'buy to let', private rents have also significantly increased. (**Exhibit 1**)
9. As a result, it is increasingly difficult for Londoners to save up the deposit to get on the 'housing ladder'. London's future prosperity is particularly threatened as businesses locate where living costs are most reasonable, and London will have to compete with other financial, business and educational centres in the aftermath of Brexit.
10. The current level of need has been identified as some 66,000 new homes a year of which 65% need to be affordable.⁸ The availability of land is now regarded as the main obstacle in London, with an independent review for the Mayor's Homes for Londoners Board recommending that priority be given to assembling disparate public and private sector sites.⁹
11. Though house-builders have rejected criticisms that they are holding back on building on land they own, there is some

2 Ed. Josh Ryan-Collins, Toby Lloyd and Laurie Macfarlane, *Rethinking the Economics of Land and Housing*, Zed Books, 2017 Ed. Owen Connellan, *Land Value Taxation in Britain: experience and opportunities*, Lincoln Institute of Land Policy, 2004

3 GLA *Housing in London: the evidence base for the Mayor's Housing Strategy*, February 2017

4 Source www.Moliorlondon.com

5 GLA, *Draft London Housing Strategy*, 2017

6 Peter Jefferys and Toby Lloyd, Shelter, *New Civic Housebuilding: rediscovering our tradition of building beautiful and affordable homes*, March 2017

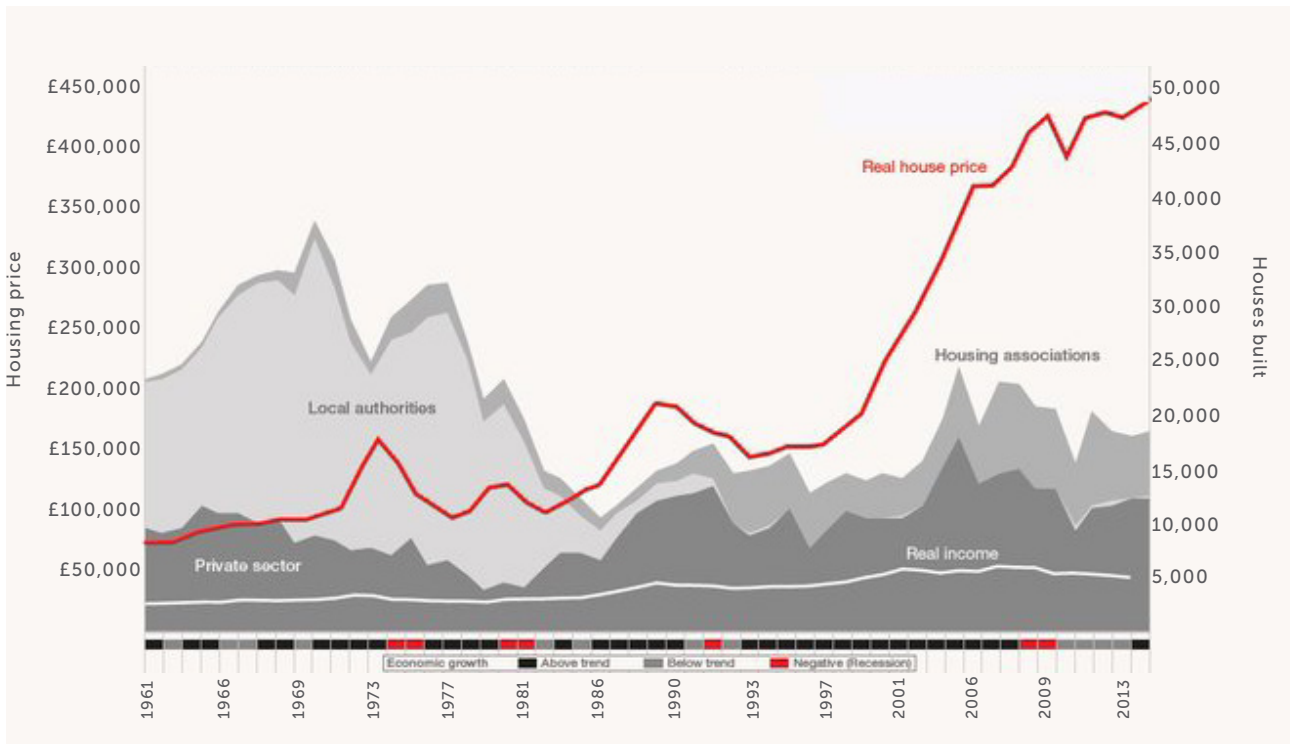
7 GLA, *Housing in London, The evidence base for the Mayor's Housing Strategy*, February 2017

8 GLA, *Strategic Housing Market Assessment for London*, 2017

9 See short report on *New Delivery Models from the Homes for Londoners Board*, 13th June 2017

1 House building in London since 1961

Housebuilding rates have lagged behind demand and inflated land values



The draft London Housing Strategy sets out plans for:

- Achieving clear delivery targets for councils, including on small sites. The Mayor’s long-term strategic target is for 50% of new homes to be affordable
- Promoting better use of land, including through co-location and a more intensive use of land (for example building over single storey commercial buildings)
- Supporting higher-density development, in and around town centres and transport links, including in Outer London and on small sites
- Continuing to work with public sector landowners to bring forward sites for housing (and using the Mayor’s own land to do the same)
- Coordinating development around key sites and exercising the Mayor’s compulsory purchase powers where necessary, and supporting LAs to do the same
- Targeting public investment to unlock sites for delivery, de-risk housing delivery and bring forward affordable homes
- Diversifying the house-building sector and ensuring that there are enough Londoners with the right skills to construct these homes
- Extending and refocusing City Hall staffing resources and using an initial £250m revolving fund to acquire and prepare land for housing
- Investing £3.15bn through the Mayor’s Affordable Housing Programme to support delivery of 90,000 housing starts by March 2021
- Considering the scope to use new funding models, including land value capture, to fund future transport schemes

evidence that house builders induce low 'absorption rates' through higher prices; arguments about viability may be used to avoid building affordable homes that would cut profits or affect sales.¹⁰

SHARING LAND VALUE UPLIFT

12. Many delays in development can be attributed to disagreements over what land is worth and who should pay for what community benefit or planning gain. Numerous studies have identified that most of the uplift in values that results from public investment in infrastructure, and/or planning consents, accrues to the landowner.¹¹
13. A growing number of organisations are calling for a more equal sharing of this uplift between the public and private sector, for example to deliver infrastructure improvements or affordable housing.¹² Winston Churchill, in a much quoted speech as far back as 1909, attacked '*the unearned increment*'.¹³ This needs to be carefully balanced with the fact that land value capture could result in land not coming forward or only very slowly through a statutory process.
14. Owners, whether public or private, understandably want to obtain the 'best consideration' for their property, and any acquisition through compulsory purchase has to provide them with 'equivalent' compensation. In the search for new sources of finance for infrastructure, consideration is being given by TfL, GLA and Government to ideas such as the

development rights auction model, or DRAM, which aims to promote voluntary assembly of land interests. This is influenced by examples such as Hong Kong, where the metro railway system has been funded from associated property development¹⁴, and by German and Dutch models.

RECOGNISING ENVIRONMENTAL CONSTRAINTS

15. London is built to relatively low densities overall compared with other similar sized cities, and enjoys high levels of green space in its centre.¹⁵ But unlike most Continental cities it is tightly constrained on the edge by an extensive Green Belt. This was designated in 1947 to stop urban sprawl, along with other objectives such as access for leisure uses.
16. The Mayor has set out his commitment to protect the Green Belt and to promote intensification of existing built-up areas, including in and around town centres and in Outer London. Hence there is growing interest in measures to overcome the barriers to development on under-developed sites, and to speed up development, especially on land that has been consented, or that is close to transport hubs.¹⁶
17. '*Identifying and bringing forward more land for housing*' consequently forms the first theme in the Mayor's draft *London Housing Strategy*, with a number of proposals for increasing the supply of land for new homes, including '*exploring options for new land assembly models drawing on international experience.*'¹⁷

10 David Adams et al. Town Planning Review, Why Not Build Faster? Explaining the speed at which British housebuilders develop new homes for owner occupation, June 2009

11 Shelter and KPMG, Building the Homes we Need: a programme for the 2015 government, 2014

12 Eg. Daniel Bentley, The Land Question: Fixing the dysfunction at the root of the housing crisis, Civitas, 2017

13 Winston Churchill, quoted in Daniel Bentley, The Land Question, Civitas, 2017, and also attributed to Ebenezer Howard and further back to John Stuart Mill

14 See the proposals by KPMG and Savills for DRAMs in Land Value Capture, TfL, February 2017

15 Steen Rasmussen, London: the Unique City, Jonathan Cape 1937, or see density tables in Lessons from Higher Density Development, Three Dragons for GLA, 2016

16 See for example the article: Christopher Brigstocke, partner in Winkworth Sherwood, Scouring the World for a Housing Solution, in Estates Gazette, 2nd October 2017

17 Greater London Authority, London Housing Strat-

FINDING ENOUGH SUITABLE SITES FOR NEW HOMES

18. While most commentators agree London needs to double the rate of house-building, this calls for a different model from that of the volume house-builders that have dominated supply in recent years. As building capacity is limited, the development of land for housing needs to be prioritised by local authorities, as reviews, ranging from Lyons to Morton, have highlighted.¹⁸
19. We have identified four main principles based on a review of research on this subject (see *Appendix A*):

The sites have to be in the right location:

20. Locations near public transport, both existing and proposed, are vital to minimising the extra congestion and pollution that would be caused if all trips were by car. Locations need to be accessible to jobs and services if they are not to arouse excessive levels of opposition, or large enough to support a balanced and mixed development. As house prices and land values vary hugely across London, it is also important to find locations where values (which reflect potential demand) are high enough to cover the costs of development if subsidies are not available.

Quality should be as important as quantity:

21. Much of the resistance to house building comes from the belief that new housing will not be good enough in terms of floor space or design to attract a balanced population. Councillors resist proposals they believe will overload infrastructure capacity.¹⁹ Though attitudes to flat living are changing, people in areas of low density semi-detached or

terraced housing often resist what they see as inappropriate 'town cramming'.

22. The main reasons given for moving are better neighbourhoods or schools and a larger home.²⁰ The London Plan is therefore concerned to achieve higher design standards for both the housing and the surrounding neighbourhood.

Open space and jobs both need protection:

23. Objections are generally made to developments that take away open space without replacing it, or that threaten existing jobs. There is a recognised need to protect public spaces, including for recreation, community events and creative enterprise, by building on brownfield land first.²¹ Competing demands for land therefore need to be balanced effectively in order to meet Londoners' needs, including protecting businesses and jobs.

Planning should shape land values, not the reverse:

There is no simple solution to this, as all development can come up against unpredictable and costly obstacles. Policies in the draft London Plan and the London Housing Strategy prioritise '*stalled sites, suburban intensification especially around town centres, and under-used land, including small sites.*' The challenge is to deliver all these priorities quickly, and at scale.

THE REALITIES OF LAND ECONOMICS

Development is as much about economics as it is about planning, and to be viable, the value of what is built has to exceed all the costs. As a report from Shelter points out '*land is essential to human activities, fixed and permanent*', and is therefore

egy, September 2017

18 Lyons Review, *Mobilising Across the Nation to Build the Homes our Children Need*, 2014/ Alex Morton, *How to Deliver a One Nation Housing Policy*, The Policy Exchange, 2016

19 Councillor Attitudes to Higher Density Development, URBED with MORI for South East England Regional Assembly, 2004

20 Home Builders Federation, *Home Buyer Intentions and Opinions*, 2016

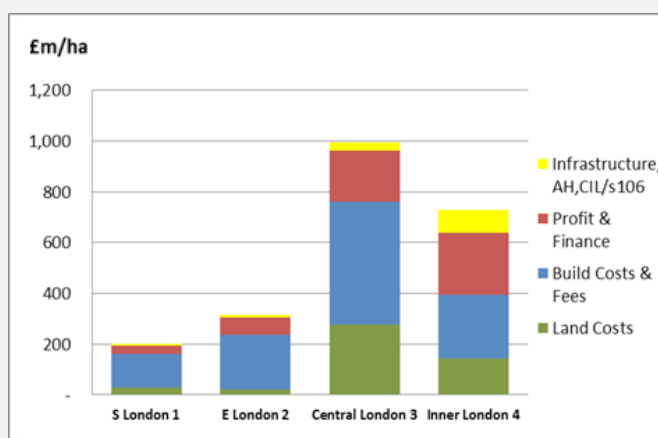
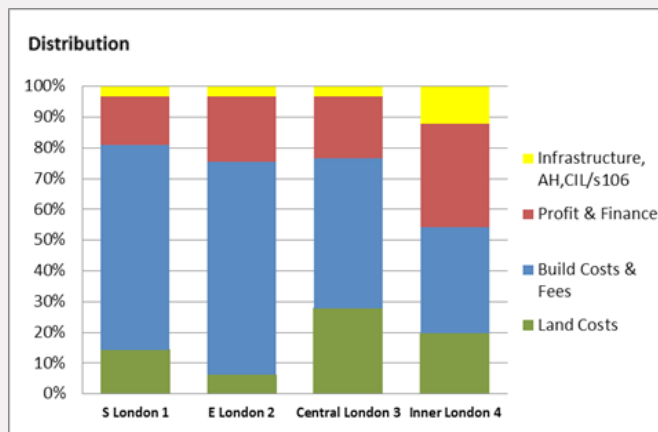
21 National Policy Planning Framework, CLG 2014

2 London Development Costs

Source: Gerald Eve

This chart shows the relative development costs for different types of schemes around London, and the variations between central and outer locations. Land costs have significant upfront costs but are low in relative terms once high density schemes have been completed. The time taken to complete the scheme affects the cost of finance and the required return for risk, having regard to the market cycle.

1. 50 units; 24% Affordable Housing; and 2 year delivery programme.
2. 52 units; 35% Affordable Housing; and 2 year delivery programme.
3. 196 units; PIL of Affordable Housing; and 3 year delivery programme.
4. 658 units; 20% Affordable Housing; and 6 year delivery programme.



fundamentally different from most forms of economic capital.²² A respect for 'private property' dates back to feudal times and Royal land grants. However the history of Britain, and hence its legal system, differs from that of the rest of Europe, although all countries obey something similar to the European Convention on Human Rights.

24. Similarly all countries grapple with the problem of how to share land values resulting from development, and how to avoid 'speculation' or 'free riders' who hold back until values have risen before putting land forward. Viability should not therefore be seen as a party political issue, but rather a question of how to value different forms of capital in different types of location.²³

25. Though modern economic text books tend to neglect land economics, there is large literature on the subject, usefully summarised in a recent book from the New Economics Foundation *Rethinking the Economics of Land and Housing*.²⁴ In brief, land values are shaped by past history and geography, as well as the densities and uses permitted in local plans. For greenfield development volume turnover is highly influential on setting land values and reflecting the demand side of national housebuilding. For urban locations there is a strong correlation between house prices and land values and in London this is prevalent in both the short and long term trends.

22 Shelter, *New Civic Housebuilding: a better way to build the housing we need*, 2017

23 Nicholas Falk, *Location location location: funding investment in local infrastructure*, Town and

Country Planning, May 2017

24 Josh Ryan-Collins et al. *New Economics Foundation, Rethinking the Economics of Land and Housing*, Zed books 2017

26. Development value depends on location, which can be shaped by the public sector (infrastructure plus planning permission), and by likely costs and risks, which are usually shaped by developers and landowners, and affected by property cycles. (Exhibit 2) Comparable land transactions influence the price of land. In London the high alternative uses for land are also competing with residential development which in turn underpins land pricing in general through the market cycle. The impact of time can be seen in a diagram illustrating the relationship between market values and the values where compulsory purchase powers are used. (Exhibit 3)
27. According to the important Callcut Review, one of the many sources to investigate the barriers to development, house-builders prefer 'shovel ready' sites to ones where they have to invest a lot in infrastructure and find other partners. Sir John Callcut asserted *'The vast majority of house builders follow the 'current trader' business model which consists, in essence, of cycles of land acquisition, development and outright sale. Profit is the margin between sales price and development costs; the developers retain no long-term interest in the property.'*²⁵
28. The Review called instead for an 'investor model' that secured profits from efficient construction rather than land-dealing, which is particularly relevant to London. As most of the 'shovel ready' sites in single ownership may well have been used up, the best development sites in London are now likely to be in multiple-ownership and require new infrastructure. Land assembly is therefore vital to the London Housing Strategy, and its importance has been endorsed by other major reviews such as by Kate Barker and Sir Michael Lyons on *'addressing dysfunction in the land market.'*²⁶
29. The *Housing White Paper 2017* called the housing market 'broken' and has proposed 'pooling' as a possible solution to fragmented sites (which our German and Dutch case studies explore)²⁷.
30. But even quite small sites can remain undeveloped for years until the timing is favourable. So the problem may not just be 'multiple' ownership but the 'right' ownership - that is developers with the capacity both to draw up and implement plans that take more than five years to implement.

THE CHALLENGES OF LAND ASSEMBLY FOR LONDON

31. To deliver the Mayor's housing priorities, and find enough sites for new and affordable homes, whilst protecting open space and the Green Belt, there needs to be a greater focus on mobilising, aggregating and preparing land in multiple ownership for development. This must address the uncertainties in planning policies, limited resources for planning large schemes, resistance to development, and a shortage of skills and capacity summarised in *Appendix A*.
32. There is scope to support this by sharing between the public and private sectors some of the uplift in land values that occurs when land is unlocked, allocated for housing and subsequently developed.
33. A better land assembly model combined with more proactive planning would open up sites to a wider range of developers, and hence offer the prospect of building much faster and possibly better. London therefore needs to learn from what worked in the past (Exhibit 4, p. 13); it should also examine practice in growing cities in other countries, which form the subject of the next two sections.

25 The Callcut Review of Housebuilding Delivery, 2007, HMSO

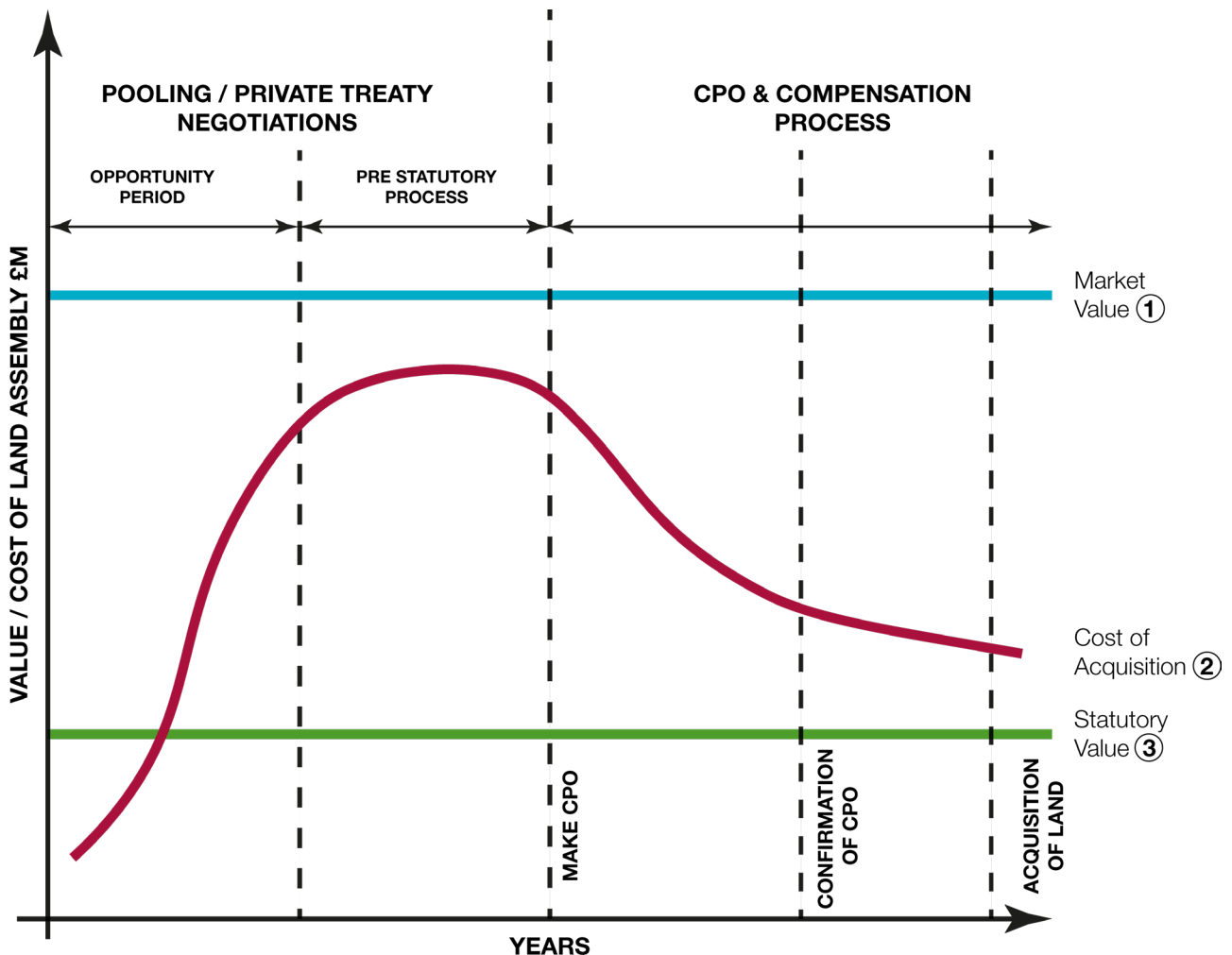
26 Kate Barker, *Housing: where's the plan*, Perspectives, 2014, Lyons Housing Commission

–Update report 2016

27 Fixing our Broken Housing Market, CLG, 2017

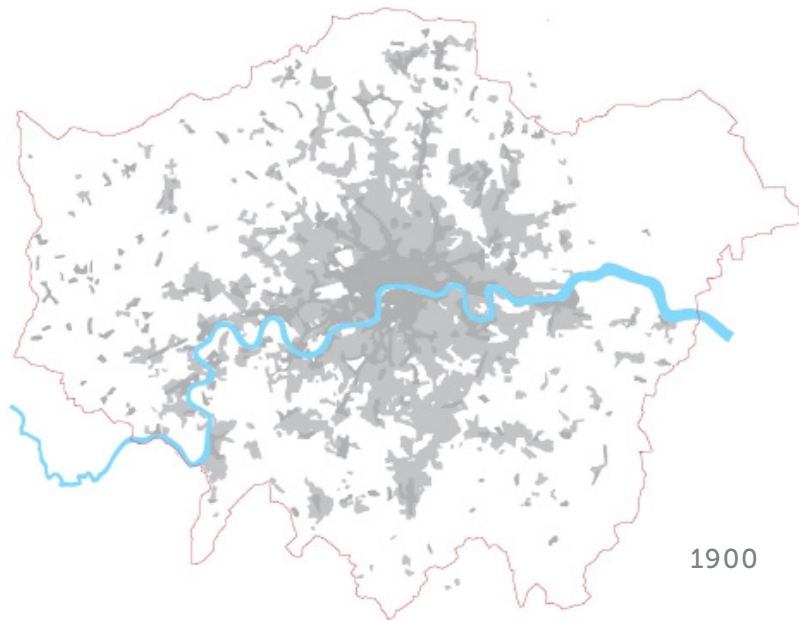
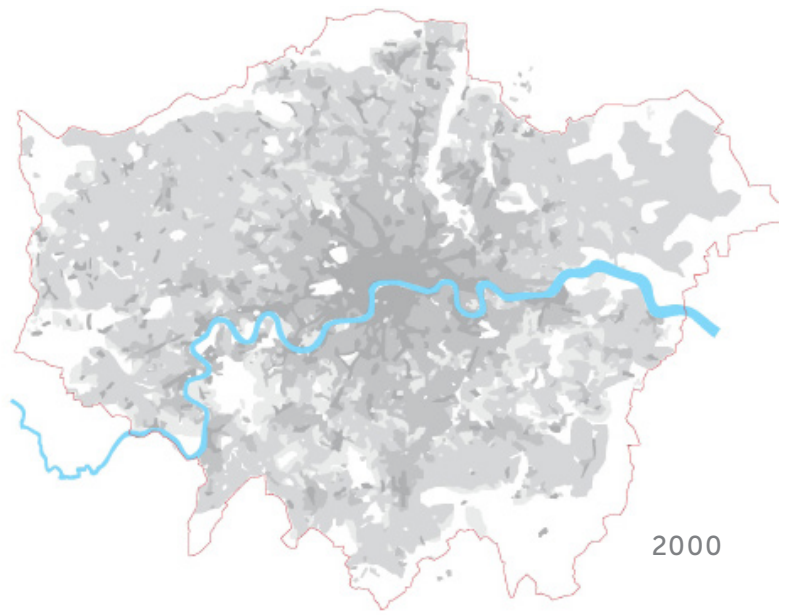
3 The relative change in values during land assembly.

Source: Gerald Eve



The chart [above] illustrates the potential relativity of changes in value and costs between: the Market Value of the schemes proposed(1); the costs of acquisition (land assembly) both pre compulsory acquisition and if a compulsory purchase order (CPO) is required (2); and statutory value (compensation)(3). The chart removes market related movement over time and any improvements to an owners landholdings hence the static position of the Market Value of the scheme and statutory value (compensation) over time. It can be seen that pre the CPO and compensation process there is an opportunity for private landowners to enter into negotiations for agreements to unify landholding through a pooled arrangement. This process starts with an "opportunist period" whereby land and interest may be acquired relatively cheaply. This potentially changes over time once the prospect of a major development proposal is more widely understood. This however may still result in agreements at higher levels of capital cost of acquisition / pooling. As the CPO is made the cost of acquisition would fall reflecting the ability of the acquiring authority to negotiate deals with the backdrop of paying statutory value (compensation) to be determined if needs be by the Upper Tribunal.

4 London's growth over the past two centuries
Source: URBED



London can learn a great deal from when land was developed fastest, and from how value has been created from investment in infrastructure and the public realm.

This section considers in turn the shift from development frameworks commissioned by landowners, to piecemeal development, which gave rise to comprehensive development under a national planning system, and most recently public led partnerships through development corporations, and the present situation.

Case studies of the redevelopment of Croydon, Docklands and King's Cross illustrate key features.

2 WHAT LONDON CAN LEARN FROM ITS PAST

1. London needs to draw lessons from earlier periods when we built to scale. A series of books have chronicled the story, most notably Peter Murray, who applauds the model of the Great Estates in Central London, Tristram Hunt in *Building Jerusalem*, who extols the role of municipalities, especially in the provincial cities, and Alan Jackson in *Semi-Detached London* who praises the role of the small builder between the two World Wars.¹ Here we summarise what has worked in the past and a fuller history is set out in *Appendix B* on how London has evolved.²
2. London has historically grown in surges, as areas of land were opened up by the availability of transport, and finance was made available for housing construction and occupation. Each century is roughly associated with a different model and urban form.³
3. The process can be said to have started when aristocratic landowners, sometimes known as The Great Estates, secured property rights from the Crown, and made sites available to private builders on leases. When land values were relatively low, housing was largely privately rented. When home ownership took off in the 1930s, house prices were a much lower multiple of people's earnings, and people travelled much shorter distances to work. Hence development was a less risky business for the typical house builder.
4. Land assembly today presents much greater challenges as sites are scarcer and land values are much higher. However there are some important lessons and tools that need to be relearned if land assembly is to be increased. A combination of leasehold development, available finance, good public realm, and public infrastructure investment were responsible for the great periods of house building, for example in the late Victorian period or after the Second World War.
5. Despite the lack of any clear overall plan, the footprint of London grew physically by 60% in the last hundred years, largely as a 'City of Villages' around a polycentric network of town centres, industrial estates and business centres.⁴ (**Exhibit 5**)
6. Key aspects of this development are set out below and expanded on in *Appendix B*. Some seminal case studies from Croydon, London Docklands and King's Cross provide useful precedents for future land assembly.

1 Tristram Hunt, *Building Jerusalem: the rise and fall of the Victorian City*, 2004 / Alan Jackson, *Semi-Detached London: suburban life, development and transport 1900-1939*, Wild Swan Publications 1991 / Peter Murray and Sarah Yates, *How London's landowners shape the city*, *New London Architecture*, 2013

2 We are grateful to Professor Michael Hebbert and Sarah Yates for commenting on this paper.

3 David Rudlin and Nicholas Falk, *Sustainable Urban Neighbourhood: building the 21st century home*, Routledge second edition 2009

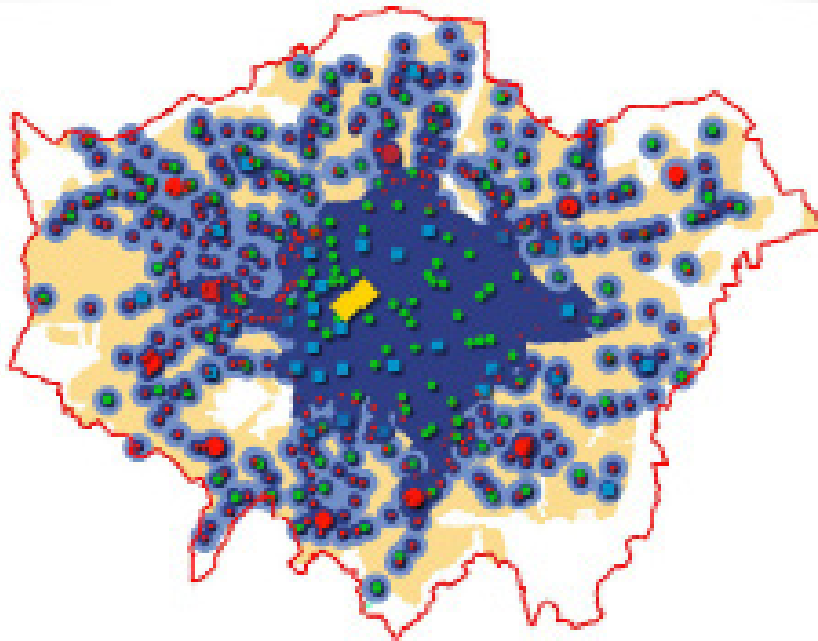
Development frameworks (19th century)

7. Planning underpins much of what we value today. The Great Estates in central London used building leases and what is now the Landlord and Tenants Act to lay out

4 *A City of Villages: promoting a sustainable future for London's suburbs*, URBED for GLA, 2002

5 London grew up around town centres on transport links

400m (dark blue) 800m (light blue) Ped Sheds based upon local centres and rail stations. Source: City of Villages URBED for GLA



developments that have stood the test of time and give central London much of its character. They used what we now would call development frameworks with design codes for four different classes of house.⁵ Long leases (99 years) controlled the mix and density of uses, as well as providing for amenities such as central 'garden' squares, which are maintained through service charges on the surrounding houses.

8. Concerns about over-crowded and unhealthy 'slums' led to experiments at the turn of the 20th century with 'co-partnerships' to develop 'garden suburbs', such as Hampstead Garden Suburb in Barnet and Brentham Garden Suburb in Ealing. These provided models for the expansion into outer London between the two World Wars.

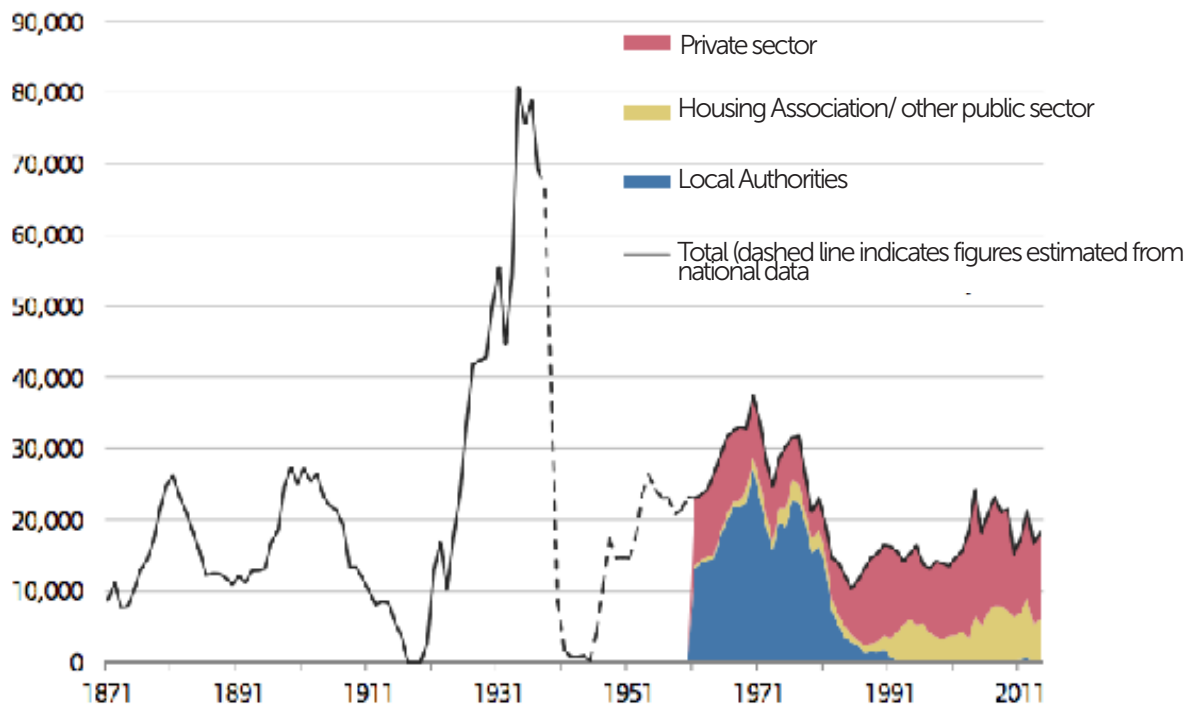
Piecemeal development (1930s)

9. The high rate of building in London before the Second World War was helped by the availability of cheap farmland and mortgages, through a rapid growth in the function of building societies that turned workers' savings into new homes.
10. Simple to build semi-detached houses could be built by small builders from pattern books. Infrastructures such as arterial roads and tube line extensions were funded by the government as measures to tackle the Great Depression, and meant that house-builders could get on with building.
11. However, rapid growth also created sprawl along the main roads that led to the subsequent introduction of Green Belts aimed at separating one town from another and providing recreational space.

⁵ For a fuller explanation see, for example Donald Olsen, *The Growth of Victorian London*, 1976

6 The conurbation expanded fastest in the 1930s.

New homes built in Greater London, 1971 to 2014



New Towns (1950s-90s)

- Abercrombie's London Plan of 1943 enabled eight New Towns to be built rapidly on farm land within 50 miles of London, acquired at close to agricultural values. This took some of the pressure off inner areas, which could then be restructured. New Town Development Corporations with land assembly and planning powers had a number of advantages:

- Low cost 'patient funding' came from the equivalent of bonds via the Public Works Loan Board.
- Farm land was cheap at the time, (for example, initially land was only 1% of sales value in Milton Keynes).
- Land was acquired at 'existing use value' (but after the passing of the 1961 Land Compensation Act, which reversed the principles of the 1947 Act, land assembly had to take account of likely development or 'hope value').

- Demand was much more secure than today, with most homes there at first being for rent and going with a job.

Comprehensive development

- (1946- c.1980) Following the Second World War, in Britain as well as the rest of Europe, land was assembled for town centre schemes and large housing estates. Local authorities used the 'Blitz and Blight Act' powers of Comprehensive Development Areas (CDAs) to compulsorily acquire and clear damaged land. Large parts of Bermondsey, Stepney and Poplar, for example, were made available for the London County Council to redevelop, and clear away the 'muddle', as Lord Patrick Abercrombie described it, to make London '*Fairest of Cities all.*'⁶

⁶ County of London Development Plan 1951 Analysis

14. Special Purpose Vehicles (SPVs) were also used for slum clearance and town centre schemes in other parts. Croydon provides an example of where the local authority built a whole town centre to cater for offices relocating from the over-crowded City. Outside these areas, a new generation of property developers took over bomb-damaged property in inner London, leading to the gentrification of large areas of former smoke-blighted terraces, such as in Primrose Hill, where terraced houses were converted into flats. In some cases, private development funded public improvements, such as the traffic gyratory around Centre Point.
15. The CDA principle was also used for complex regeneration projects. In Covent Garden, the GLC took over all the former market buildings and brought the two local authorities together with a large degree of community engagement to draw up a new plan. This used the powers of a Comprehensive Development Area, combined with restrictions on redevelopment imposed by listing key buildings and the designation of large Conservation Areas, to transform the area.
16. The result were to double the amount of municipal housing and increase the residential population from 3,000 to 6,000, with the largest amount on the old Odhams printing works site, while the area as a whole became known as a creative centre and major tourist attraction.⁷

Public-Led Partnerships (1980-2008)

17. House building rates have been much lower over the last 30 years, and much of the private investment took place outside London in building small new housing estates. The recession of the early 1970s and the consequent Conservative government led to a reliance on private

developers and public / private partnerships, which has continued to this day, with a few notable exceptions where development corporations led the way. The London Docklands Development Corporation took over land from the Port of London Authority and the Gas Corporation and then followed the American principle of 'leveraging' as much private investment as possible.

The present situation

18. Considerable effort is going into making the most of municipal owned land, including the redevelopment of major Council housing estates in inner London such as Woodberry Down in Hackney, and Elephant and Castle in Southwark. Many local authorities are setting up development companies to build housing for their own residents, with notable successes, such as in Croydon and Barking.⁸
19. However as attention focusses on the potential in the Opportunity Areas and Housing Action Zones in Outer London (Exhibit 7a and 7b, pg. 20), where land ownership is more fragmented and land values are often lower, interest in different forms of partnership will undoubtedly grow. This means not only understanding what lay behind the 'successes' of iconic schemes such as London Docklands or King's Cross, but learning from suburban developments in other countries.

⁷ Covent Garden statistics, Covent Garden Community Association, 2,000

⁸ Janice Morphet and Ben Clifford, Local Authority Direct Provision of Housing, RTPI, 2017

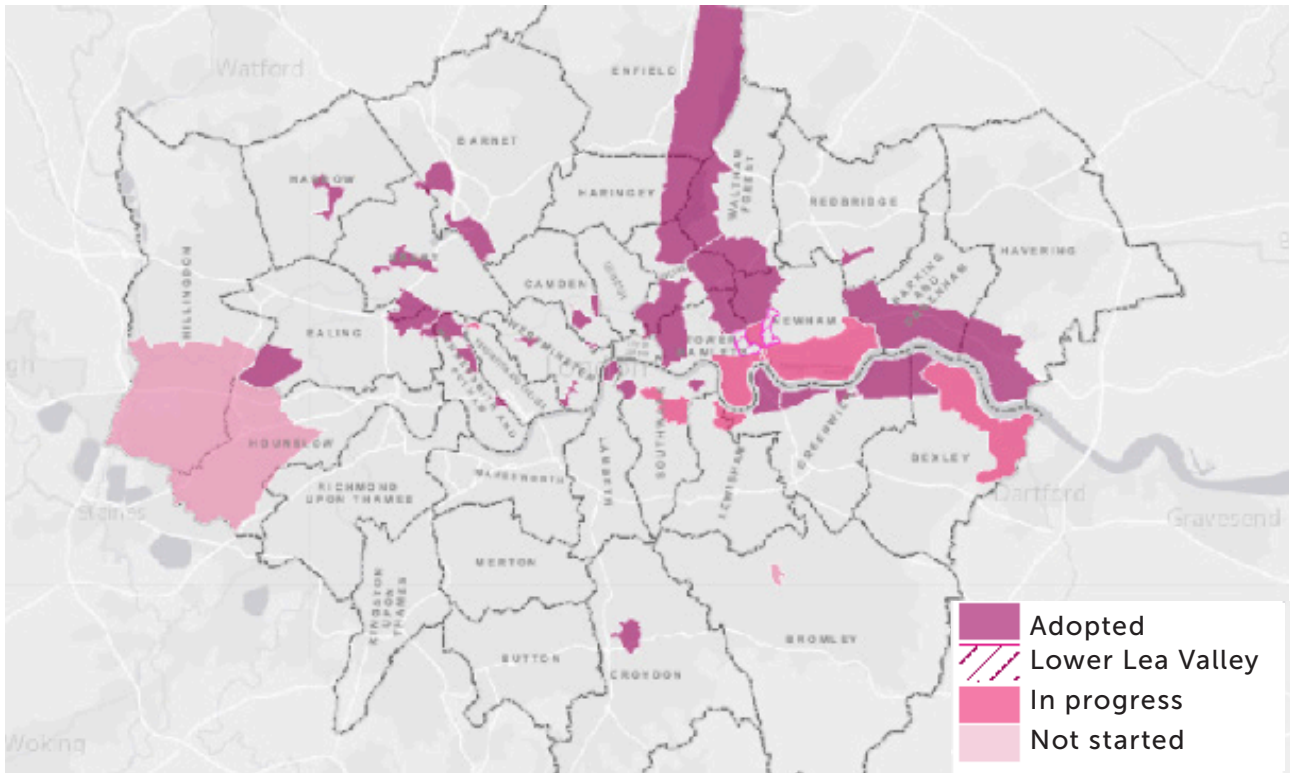
LESSONS FROM LONDON'S PAST

20. While land assembly today presents much greater challenges than when London built at scale in the past, some useful lessons can be learned from how London has evolved.
- a) A combination of leasehold development and public infrastructure investment were responsible for the great private development 'surges' that have taken place, for example in the early 19th century or the 1930s.
 - b) The high rate of building in the 1930s is sometimes attributed to fewer planning controls, but just as importantly included the availability of cheap land and finance, simple-to-build 'pattern book' houses, and public funded infrastructure aimed at tackling unemployment and the Great Depression.
 - c) After the Second World War, and the Town and Country Planning Act, public measures such as the use of Comprehensive Development Areas (CDAs) and the designation of a New Towns and the London Green Belt were used to mobilise land in a strategic and planned way. Whereas London's footprint grew physically by 60% in the last hundred years, it has expanded very little in the last thirty.⁹
 - d) Comprehensive Development Areas enabled sites in different ownerships to be rapidly assembled, as did the setting up of a development corporation for the London Docklands. The use of the Landlord and Tenant Act enabled landowners to take a long-term perspective and enforce covenants thus attracting institutional investment. Today public-private partnerships are used to achieve something similar.
 - e) Successes such as the London Olympics and subsequent development in East London are quite unlike most of Outer London, and also were at a high cost in terms of land assembly. Hence London needs to consider not just how land can be assembled, but also how the infrastructure needed to open sites up and get house building going can be funded, and joined up with development, especially in areas benefitting from public investment, such as Crossrail.

⁹ Animated maps of London's evolution since Roman times have been prepared by the Bartlett and can be seen on <https://www.youtube.com/watch?v>

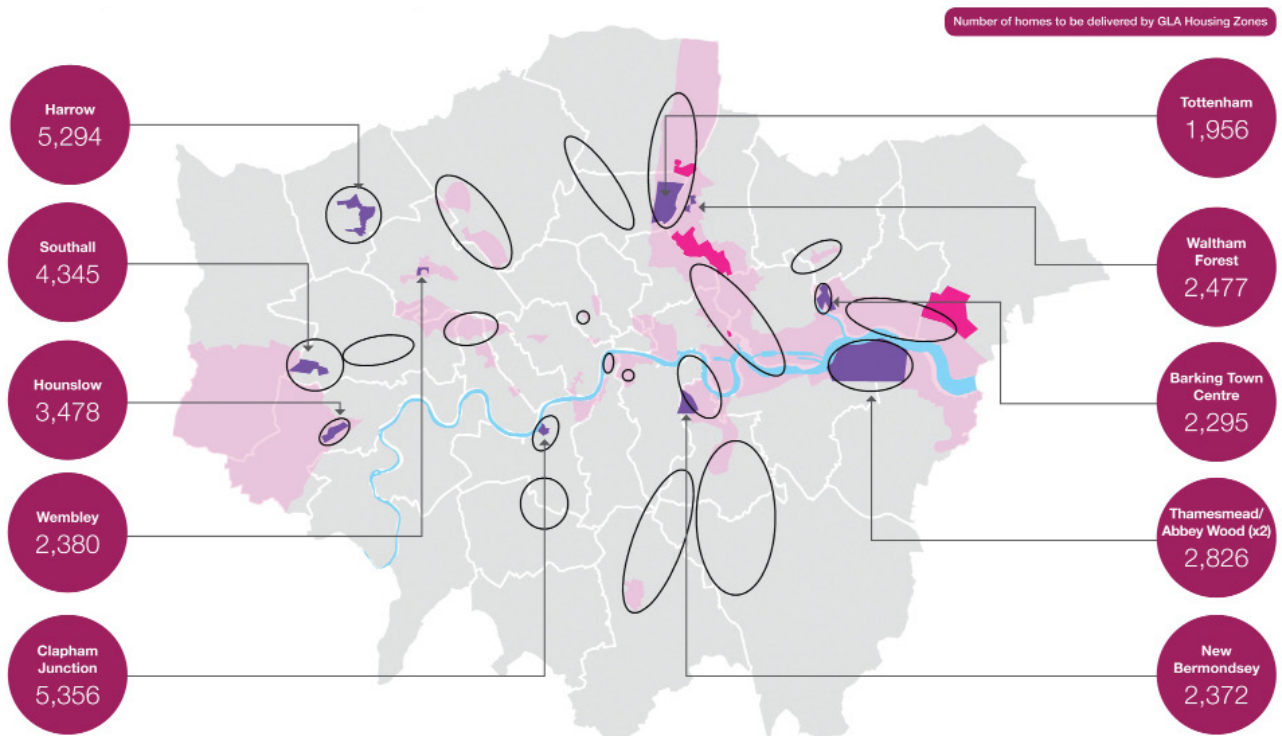
7a Opportunity areas in London

Source: London.gov.uk



7b GLA Housing Zones

GLA housing zones (purple), possible Future Housing Zones (pink), and Opportunity Areas (light pink). Source: Savills



CROYDON TOWN CENTRE

Creating a major employment centre

CASE STUDY 1

The 1947 Croydon Reconstruction Plan and 1951 Development Plan led to the Croydon Corporation Act of 1956, which gave the local authority planning and compulsory purchase powers. This, coupled with national government incentives for office relocation out of London, led to the building of new offices and road schemes throughout the 1950s and 1960s and the town boomed as a business centre in the 1960s. Some 600,000sq metres of office floor space was built on some 13 different sites. In the 1950s and 1980s, the centre of Croydon underwent significant change, and in the period 1963-73, 20% of the office capacity and 30% of jobs which moved out of central London went to Croydon.

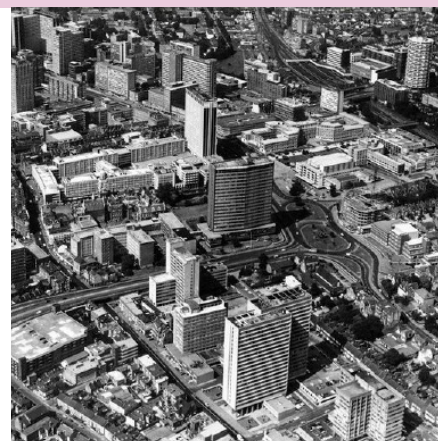
The Corporation identified 45 acres in the north and east part of the town centre, occupied mainly by Victorian houses and a school. The Croydon Corporation Act allowed the town centre to transform faster than any other location in England at the time. Instead of development outside the centre, the council acquired the land necessary to upgrade infrastructure and release the remaining parcels to private developers to construct office blocks. Croydon quickly became known as a 'mini-Manhattan' with 45 buildings towering over 25 metres in height in the 1950s.

Over the last 30 years, however, Croydon's prominence declined as a result of a decrease in demand for 'back-of-house' office space in the area and the emergence of Canary Wharf and Outer West London as alternative office locations. Significantly whereas in 1984 office rentals were three times higher in Croydon than Hillingdon, by 1997 the position had been reversed. This has led to an increase in vacant office space and a fall in the numbers of people working, and travelling into, the centre of Croydon, and the promotion of housing where offices once stood. Croydon is also benefitting from the first tram line in London along with a programme of environmental improvements.

A joint venture with a private developer has lapsed, and instead the Council is building new homes itself through a subsidiary company Brick by Brick, along with a growing number of local authorities, on land they own.

The Croydon Corporation Act gave the local authority the kinds of powers exercised by new town development corporations, such as:

- Acquisition of Land: The Corporation could enter upon, take possession of and use some of the sites in the borough delineated in plans for various purposes including development, street works and the improvement and development of frontages abutting on or adjacent to any street. The powers of the Corporation to acquire land ceased after the expiration of five years from the Act coming into force.
- Power to expedite: At any time after serving a notice to treat the Corporation could enter on and take possession of the land compulsorily.
- Development: The Corporation could lay out and develop the entire or any part of the lands designated
- Loans: The Corporation could advance money to the purchaser or lessee of any land acquired from or leased by the Corporation.



Source: Gerald Eve

KING'S CROSS

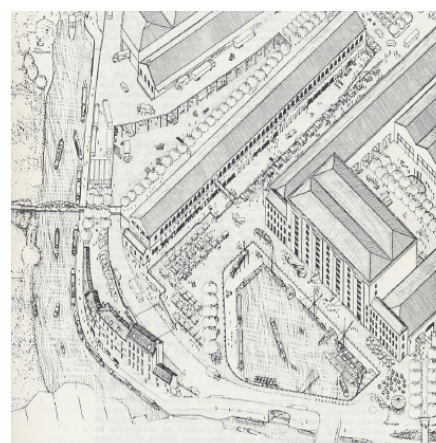
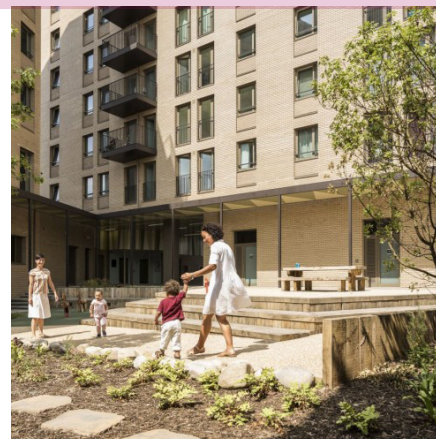
Securing high quality mixed use development by a major station

One recent landmark development is the highly acclaimed regeneration of the Kings Cross railway lands. Attention was drawn to the sites potential in the late 1980's. The London Regeneration Consortium was the first developer to promote a scheme in this area, and was made up of companies that went bankrupt in the mid-1990s. This enabled Argent to take over the combined land from the National Freight Corporation and British Rail on deferred purchase terms. The site was truncated when High Speed One was terminated at St Pancras, cutting off the Northern part of the site.

The World Bank in their book of international case studies argues for the merits of participating in land ownership rather than simply tapping the uplift in land values through Tax Increment Financing. The development of the railway lands at Kings Cross forms one of their case studies, as the British government has retained an interest through its subsidiary company London and Continental Railways (LCR). The case study explains the complex funding deal that made the new scheme viable.¹ The key has been the transfer of the land to LCR. In addition to a capital grant of £2 billion, LCR was granted property development rights around Kings Cross and Stratford Stations.

The Department for Transport was to receive 50% of LCR's net profit after deducting the costs of the Kings Cross redevelopment scheme, with the first income expected between 2016 and 2020. LCR owned a 73% share of a 27 hectare land parcel, which became a 36% share in the new partnership with Argent. The planning permission sets floor space maxima, for example 1,900 homes or up to 195,000 sq m. of housing. Section 106 agreements have been used to secure community benefits such as open space. 40% of the housing in the agreement with Camden Council was to be affordable.

The community benefits at Kings Cross were estimated (in the book from which this case study is largely drawn) to be worth £100-200 million in total. A flexible form of planning permission has allowed the developers to respond to changing market conditions, as relatively few buildings have been built speculatively. Argent was originally funded by the BT Pension Fund, which enabled it to take a much longer-term approach than other developers, for example putting in high quality landscaping at the start, which helped it secure additional investment.



¹ H Suzuki et al, Financing Transit-Oriented Development with Land Values, World Bank Group 2015

Source: Nicholas Falk

Regenerating a former industrial area

Disappointed by the slow rate of development in the 5,000 acres (2,000 has) of former docklands, Michael Heseltine as Secretary of State for the Environment personally persuaded Margaret Thatcher, then Prime Minister, to establish a development corporation in 1981 for the London Docklands, and areas like it in cities such as Liverpool. The funding allocated alongside this designation enabled preparation of sites at London Docklands and the installation of the Docklands Light Railway and subsequently the Jubilee Line out to Canary Wharf and Stratford. Land owned by the Gas Corporation and the Port of London Authority was transferred to the Corporation, and other private land alongside acquired.

To overcome the problems of land assembly, the London Docklands Development Corporation (LDDC) was given three powers to buy land by the Local Government, Planning and Land Act, 1980:

- Vesting of public bodies' land by Order of the Secretary of State for the Environment, scrutinised by Parliament. Used extensively, it was insufficient on its own because land was often subject to third party tenancies, licenses or prescriptive rights.
- Compulsory purchase to acquire privately owned land and to sweep up rights not secured by vesting.
- Negotiated purchases, used whenever possible to accelerate land assembly, frequently leveraged by the threat of vesting or CPO – e.g. after the LDDC's first vesting order in July 1981, British Rail, British Gas, Thames Water and the Central Electricity Generating Board all agreed to sell voluntarily rather than risk settlement of compensation through the vesting process.

A dedicated team of surveyors managed purchases. They worked with the LDDC's legal, development and planning teams to decide the acquisition programme and ensure the land was necessary to meet the LDDC's statutory objectives. They also relocated businesses and residents from development sites.

In total, the LDDC bought 879 hectares – around a third of the 2,200 hectares of land and water in its Urban Development Area. By 1992-93, its twelfth year (of seventeen), the LDDC had bought 872 hectares of land and water at a cost of £169 million. This represented 11% of total public investment and 2.8% of private investment, so the public investment triggered many times the initial cost. 16,700 homes had been built and there had been a 64% growth in population. 40,000 new jobs had been created in 2.3 million sq. m. of commercial and industrial redevelopment. There had been massive investment in transport and the public realm, and while this did not all happen on LDDC land, its holdings were an enabler and a catalyst for others' investments. The pace of new land purchases slowed after this, but what had been bought continued to contribute to growing outputs that have expanded up to the present and will do so for some years to come.¹

The LDDC was initially tasked with maximising 'leverage' by attracting in private investment, though later it took on more of a social remit.

¹ We are indebted to Richard Simmons for this information.

Many developers were attracted to build private housing on the scheme because they had confidence in the area's future, and could literally see the 'signs of transformation.' Significantly the best sites were held back to the end, when more-complex sites could be brought to market. When the LDDC was wound up in 1998, the proceeds went to the Treasury, but the local authorities such as Southwark and Tower Hamlets secured an improved and extended public realm.

The LDDC managed to shift the centre of balance in London eastwards by enabling a new financial centre at Canary Wharf to grow, despite the original developer going bankrupt. It provided a precedent for subsequent development corporations, notably the London Legacy Development Corporation, which inherited the role of the Housing and Communities Agency in developing the site of the London Olympics. But it also enabled adjoining private landowners to make vast gains from public investment in the Jubilee Line out to Stratford, which led to criticisms that the approach did little to make housing more affordable.²

² Don Riley, Taken for a Ride: trains, taxpayers and the Treasury, Centre for Land Policy Studies, 2001



Source: Richard Simmons

Continental cities that have kept up house-building rates and suffered less from the effects of house-price inflation have adopted more proactive approaches to land assembly.

Local authorities, often assisted by municipal development agencies, have identified where growth should or should not take place, acquired the land or helped private developers to pool it, and have ploughed back some of the uplift in values into local infrastructure in advance of the housing being built.

This has been helped by the availability of long-term finance either through state investment banks in Europe, or through tax incentives for private investors in North America. This section summarises lessons from eight different case studies.

3 WHAT LONDON CAN LEARN FROM ELSEWHERE

1. This section examines the lessons that London could learn from international precedents, drawing on a number of fresh case studies as well as published research:
 - As we have seen, despite ambitious plans and penetrating reports, the number of homes built in London remains far below targets.
 - Research studies into rates of development tend to agree that the main difference is local authorities playing a more proactive role and not relying on private developers to bring land forward.¹
 - As a review of international planning systems points out: *'There has been a tendency in other countries to promote development at desired locations as well as restraining it at others.'*²
 - Published studies tend to focus on legal systems, and not on how land is actually assembled. Our international case studies have sought to fill this gap by telling the stories of successful developments that could provide models for comparable parts of London.
 - These case studies were selected from a much longer list because of their similarities, as well as the availability of useful information. In each country we have a primary case study and a supporting example to check that the example was not unique:
 - Freiburg and Frankfurt, Germany
 - Paris and Montpellier, France
 - Amersfoort and Amsterdam, The

Netherlands

- Portland, Oregon and Toronto, North America.
2. We have also incorporated some lessons from the way land is assembled and metros are financed in Denmark and Hong Kong.
 3. Our brief was to establish both the statutory framework and the conditions that made land assembly easier elsewhere so we could recommend what action the GLA might take. Dentons' review of land assembly powers in *Appendix C* shows that public authorities in Germany, France and the Netherlands all have legal frameworks that enable the purchase and assembly of land at, or close to, existing use values, and that are much more powerful than their North American counterparts. French pre-emption rights, for example, give public authorities a 'first call' on the purchase of land where it is identified in a local plan as required for public needs, with price paid reflecting that which would be paid had it been compulsorily acquired. This is much closer to its Existing Use Value (EUV) than to its eventual value once development has taken place.
 4. As well as strong compulsory acquisition powers, land readjustment (also termed land pooling) is seen as a key tool in these countries as a way of assembling land and encouraging development. In Germany and the Netherlands, land readjustment has a legal basis, whereas this is purely voluntary in France. However, France has specialised land assembly agencies, such as *Grand*

1 Sarah Monk in ed. Tony Crook and Christine Whitehead, *International Review of Land Supply and Planning Systems*, Joseph Rowntree Foundation, 2013

2 Michael Oxley et al, *Review of European Planning Systems*, NHPAU 2009

Ijburg, Amsterdam: planning for housing growth

1. Built on a series of seven artificial islands on Lake IJmeer along the city's eastern side, IJburg is Amsterdam's new residential district and has been built entirely from scratch. Land, infrastructure, and services have been developed upon what was previously the seabed in less than 10 years. The project began in 1999, with housing construction beginning in 2001 with the aim of producing 18,000 dwellings for 45,000 people. The project today is now close to completion and has been a large success, with the neighbourhoods containing vibrant mixed-uses and being showcased by Amsterdam's tourist board as a must-see place to visit.
2. The development had been a corporate undertaking delivered by the Municipality of Amsterdam, with the Department of City Planning (*Dienst Ruimtelijke Ordening*) taking the lead. The delivery however was

undertaken by a task-specific team based in Amsterdam called *Projectbureau IJburg* that focused resources and efforts solely on the delivery of Ijburg in conjunction with the support of a national framework of urban growth. The key national bodies aiding delivery here were the Ministry of Urban affairs (which initiated Ijburg as a VINEX location) and the Ministry of Housing, Spatial Planning and the Environment (VROM).



Paris Aménagement (AFTRP before 2016), whose role is to support municipalities in implementing their plans. The German *Umlegung* model enables municipalities to assemble land in fragmented ownership and designate some of that space for streets and public space. The remaining land area is then returned to the original land owners according to their share of either the original value or land area.³

5. The stories and lessons from the case studies are set out under four main topics. These cover firstly how local authorities plan for strategic housing and secondly acquire the land. We then consider the way landowners and developers are incentivised to assemble land and compensated, and

finally how the process of land assembly is resourced adequately.

PLANNING FOR STRATEGIC HOUSING

6. To counter challenges such as fragmented and problem sites, and sluggish owners or speculators, in most of Northern Europe land for development is identified through a spatial planning process, so that the wider and longer-term public interest can prevail. As the case studies illustrate, a number of models are possible, but they all share common characteristics.

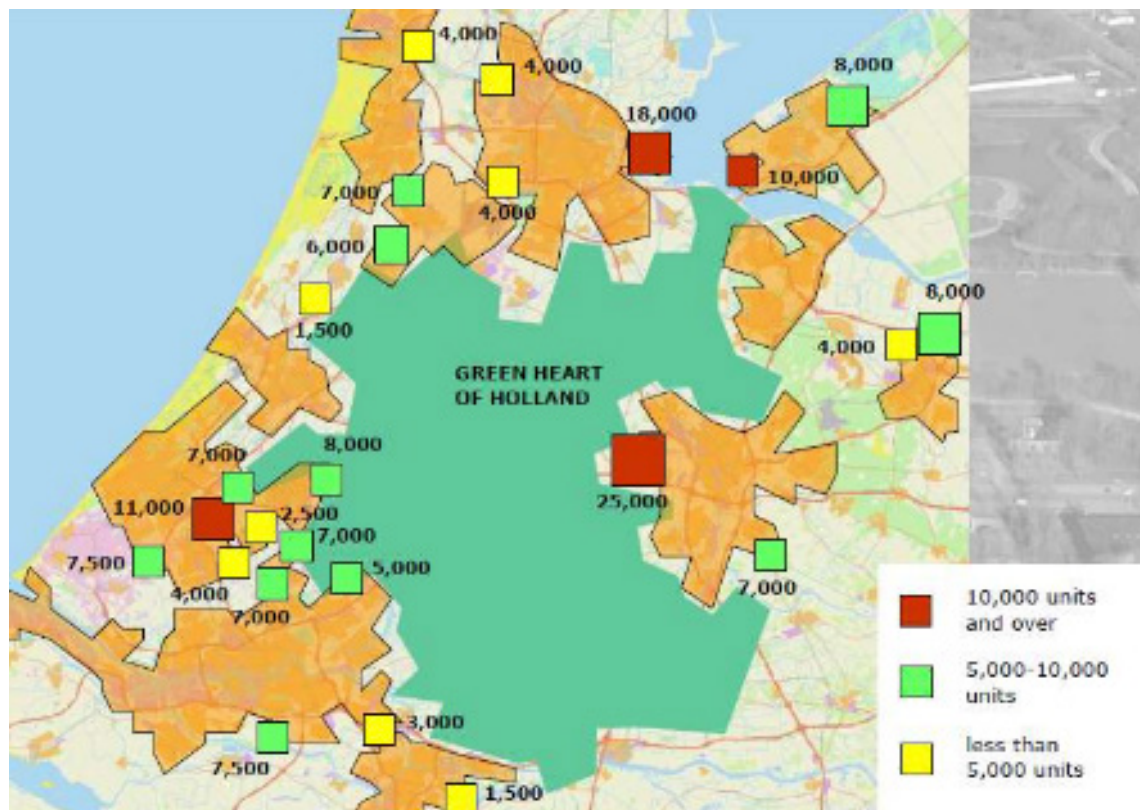
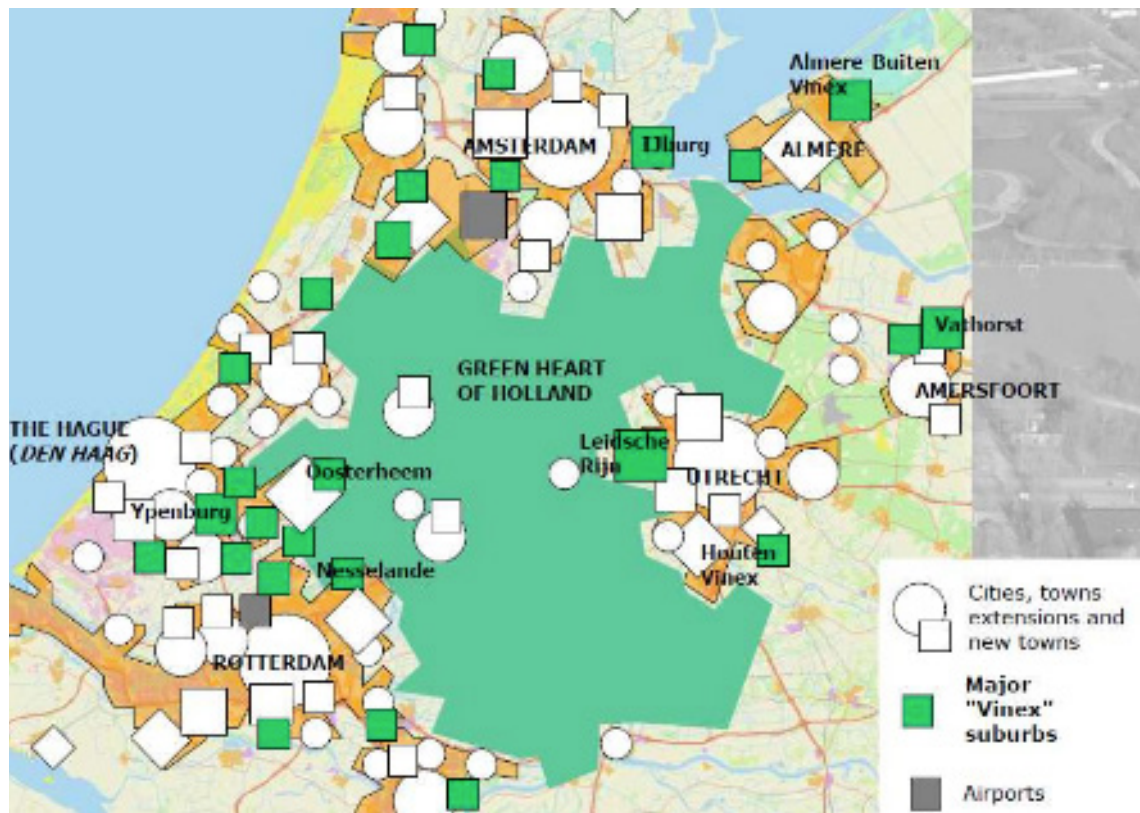
Dutch VINEX housing policy:

7. The Dutch example of an urban extension to Amsterdam is useful in illustrating aspects

³ Clarke, E., Nohrová, N., Thomas, E, Centre for Cities, *Delivering Change: Building homes where we need them*, 2014

6 Dutch VINEX housing suburbs.

Source: Han Lorzing



of the strategic land assembly process, including land pooling, as well as the benefits of a strong national housing policy that designated clear areas for growth, which the Dutch called VINEX (**Exhibit 6**). A similar approach occurred in developing the new settlement of Vathorst in a medium sized town, which forms our main case study.

German Urban Development Measures:

8. As a report for the National Housing and Planning Advice Unit (NPHAU) explains:

*'The German planning system is a mixture of plan and development-led approaches. It is characterised by hierarchical planning powers among the three levels of the government: the federal state (Bund), the local states (Länder) and the local municipalities (Gemeinde).'*⁴
9. Power is effectively devolved to the lowest possible level. Though Germany is a federal state, which means that cities and regions have a greater degree of independence, a similar system is followed in terms of prioritising the better use of 'poorly or under-used land'. So, whilst very different, both Freiburg and Frankfurt follow similar planning systems, as the case studies illustrate. Research suggests that *'a stronger, more active role for the local state, in land assembly and in development, would lead to more extensive brownfield development'*.⁵
10. Public support in Germany is established before designation and land acquisition through a variety of forums, as power rests with the municipality. Indeed the master-planner is often selected after a competition in which the public can comment on or vote for their preferred scheme, and one of the short-listed designers must be selected

to implement the plan.

11. Because land values are 'frozen' after designation, there is little danger of speculation leading to their escalation. In other words, a developer or landowner cannot sell land for more than it is worth at that point.
12. The German planning law Urban Development Measures (*Städtebauliche Entwicklungsmaßnahme 165-171*) allows speedy public assembly of under-used land, but also enables the municipality to recover the costs of land preparation.
13. The municipality can 'pool' the land, and resell serviced sites either to the previous owners or small developers, unless the landowner is able to undertake the agreed plan themselves and within a specified timescale.
14. German cities can take over land that is 'poorly or under-utilised' and are able to deduct the costs of remediation and local infrastructure from the uplift in land values. These are 'frozen' at the point of designation in the 'preparatory plan' (equivalent to the allocation of sites in the UK's Local Plan) to avoid speculation.
15. The local authority commissions the masterplan and installs the basic infrastructure. It then resells serviced plots to a variety of developers.
16. Such a system enabled the fast growing City of Freiburg to develop exemplary urban extensions at Rieselfeld and Vauban on the edges of the built-up area. Though the schemes are quite complex, the main development rules for Vauban are set out on one large sheet of paper, called the *Bauplan*. (**Exhibit 7**)
17. A similar system has also been used by the City of Frankfurt for an urban satellite of 6,000 units at Riedberg, and enables the city to benefit from its investment in new infrastructure. The city-owned development company has also led the redevelopment of former industrial areas near the centre of the city at Rebenstock Park.

4 Michael Oxley, Tim Brown, Vincent Nadin et al, *Review of European Planning Systems*, De Montfort University, 2009

5 Ed Turner, *Developing brownfield land: Arguments for a more active local state*, *Journal of Building Survey, Appraisal and Valuation*, volume 5, number 3, 2016

7 The masterplan for Vauban, concise enough to 'fit on a sheet of paper'.



French spatial planning:

18. Parts of outer Paris offer direct comparisons with old industrial areas in London, such as the Lea Valley, and there are also areas bordering the main railway terminals where lines have been built over. The French adopt clear spatial plans called Schémas de cohérence territoriale (SCOT) to 'join up' transport with development. There is a regional masterplan (Schéma directeur régional -SRDIF) covering the Île de France in the case of Paris. A SCOT is being drawn up for the area covered by the Métropole of Le Grand Paris, which broadly equates to the Greater London area.
19. A metropolitan council of nominated members, The Métropole de Grand Paris, was established in 2016 'in order to define and implement metropolitan action to improve the quality of life of its residents, reduce inequalities between regions within it, to develop an urban, social and economic sustainability model, tools to improve attractiveness and competitiveness for the benefit of the entire national territory.'
20. Our case studies of two regeneration areas in Paris- ZAC Claude Bernard in the poorer North East, and Paris Rive Gauche - an area like Euston between the French national library and the Périphérique - illustrate how their system works. A similar approach has also been used in Montpellier, France's fastest growing city, and so is not only confined to the capital.
21. The process starts when the French equivalent of district councils identify land for development and propose which sites are allocated for development. These are then approved in territorial plans that 'tie together urban policies in such policy areas as low-income housing, transportation, and infrastructure'. Mayors provide leadership on strategic sites, and indeed the former President of France, Nicolas Sarkozy, played a leading role in the project for Le Grande Paris, the future metropolitan railway system.
22. The Greater Paris Express is the upgrade of the municipal rail system that underpins plans to regenerate peripheral areas in the outer suburbs of the city). A 200 km automatic metro system is being built with five lines and 68 new stations at a cost of 38bn euros in 2018 prices over the period 2019-35. This is in addition to the RER system, which extends further from the city, and was a precursor of Crossrail. The funds for investment come from the State-Region Framework (Contrat de Project Etat-Région), currently 2014-2020.

8 Frankfurt pooled land from different owners to build new housing at Riedberg



US Urban Renewal Areas:

23. Our case study of Portland, Oregon, shows that in North America, as in mainland Europe, progressive cities promote intensification around transit nodes and through positive spatial planning. North America generally has a weaker system of planning than the UK and the rest of Europe, and instead greater use is made of tax incentives to private investors. This is backed by a positive planning system in the more successful cities where zoning is practised.
24. The case study of Portland, Oregon was selected because the city is widely acclaimed for its record of pioneering the principles of 'smart growth'.⁶ The state of Oregon established an elected body for the metropolitan region, the only one in the USA, which then designated an Urban Growth Boundary, somewhat similar to, and indeed inspired by, the British Green Belts.
25. Interestingly, Portland, as a relatively 'exclusive' city, has not done as well on social mobility as nearby Seattle, which has combined outstanding performance in both

social mobility and environmental benefits by building urban villages that avoid large segregated areas. Others are following its lead, such as Pittsburgh in Pennsylvania, branded recently as the 'miracle city' for the renaissance of its central area.⁷ Pittsburgh is praised for creating a new urban economy and identity largely thanks to making the most of its property assets.⁸

26. Other North American cities such as Toronto in Canada also make the most of municipal land. They negotiate with private developers, using *Floor Area Ratios (FARs)* to achieve greater community benefits such as open space or affordable housing. This process, which can be called intensification, has also been used with great success in Hong Kong to develop the areas around, and thereby fund, Metro stations.
27. These different examples show that such an approach is not alien to British legal traditions.
28. Portland planned intensification around

⁶ We are particularly grateful to Troy Haynes for the information he provided

⁷ See the Charter of the Congress for New Urbanism www.cnu.org

⁸ Dag Detter and Stefan Folster, *The Public Wealth of Cities: how to unlock hidden assets to boost growth and prosperity*, Brookings Institute 2017

an extended State transit system (the Metropolitan Area Express, or MAX, plus a new tramway), and our case study examines the redevelopment of an area of railway yards and warehouses known as the Pearl District. Portland used a series of *overlays* on top of its zoning plan to provide guidance on policy goals such as uses, densities and urban design.

29. In this respect, the plan seems similar to the German Bauplan for a development area such as Vauban. Architects have said that such plans are easier to understand and indeed regulate than the complex 'design guides' produced by local authorities in the UK, and are consequently more likely to be

accepted by private developers and their professionals.⁹

ACQUIRING LAND

30. Land can be assembled through Special Purpose Vehicles and 'land pooling' is specifically put forward in the Housing White Paper for consideration. Both the Dutch and the German models offer lessons for London, while the French system of ZACs has similarities with the Comprehensive Development Areas that were used in London.¹⁰ A review of

9 Beyond Ecotowns: applying the lessons from Europe, PRP URBED and Design for Homes, 2008

10 Fixing the Broken Housing Market, CLG 2017

Conclusions

- a) Strategic planning is used to join transport and development together. In Northern Europe, municipalities develop strategic spatial plans that specify where growth or regeneration should and should not take place. The French differentiate between '*urbanisme*' and '*L'aménagement du territoire*', that is between development management and spatial or regional planning. Transport is integral, not kept in silos.
- b) Local leadership is critical. While guidelines may be set nationally, as in the Netherlands, agreement is reached at a regional or metropolitan level to link transport and development, rather than relying on central government. Priorities are resolved locally, thanks to the greater devolution of powers and resources to local authorities (as has been recommended for London¹).
- c) Local infrastructure can be funded out of land value uplift. Spatial plans provide the certainty that investors, both public and private, are looking for. The German

concept of 'poorly or under-utilised land' is used to identify locations for planned intensification as a prelude to applying 'Urban Development Measures' to recover the costs of infrastructure from development. Something similar applies in the Netherlands, where locations are classified in terms of their connectivity.

- d) Higher quality standards are achieved, thanks to greater municipal power. Though planning powers are weaker in North America, spatial sub-regional plans also have greater force in some progressive states such as on the West Coast, backed up by tax incentives and public private partnerships that mobilise the support of private landowners and investors behind what the municipality is planning. North American cities as well as Hong Kong use FARs to negotiate community benefits, such as affordable homes, in return for greater private development. Their Urban Renewal Areas focus the benefits of tax incentives on priority areas, thus incentivising private investment where it is most needed.

1 Tony Travers et al. London Finance Commission, Devolution: a capital idea, 2017

alternative methods of land assembly states ‘Land pooling is when landowners combine their interests in order to participate in land assembly, servicing and disposal in accordance with a plan.’¹¹ Land pooling offers the benefits of an integrated development approach to land where ownership is fragmented and where the risks are too great for any one developer to take on (as in much of Outer London, for example).¹²

31. Land pooling or urban land adjustment has been widely adopted in European countries such as Germany and Spain, as well as Asian countries such as Japan and Korea.¹³ The German *Umlegung* model is explained in *Appendix C*. It enables the local authority to retain a proportion of the land as ‘betterment’ of not more than 30% in greenfield areas and 10% in inner city locations after accounting for streets.¹⁴
32. Simply designating areas of opportunity is not in itself enough to overcome the problems of land assembly, especially when faced with the high potential costs and risks and limited financial returns associated with many brownfield sites. Almost every country therefore has some method for compulsory purchase (frequently referred to internationally as the power of ‘eminent domain’), where the state may override private interests to achieve a greater public good. Such a principle is accepted by almost all economists as ‘agglomeration benefits’, which can be foiled by what are graphically known as ‘free riders’, that is owners who hang back until others have removed the risks. A recent book on land economics argues:

‘As the example of the UK New Towns shows, compulsory purchase

can also enable the state to capture land value uplift for reinvestment in infrastructure and services. But even without being deployed the very existence of strong compulsory purchase powers can also help shift landowner incentives in favour of long-term investment models that deliver better public benefits.’¹⁵

33. Such an approach is credited with achieving a surplus for the Treasury from the development of Milton Keynes on former farm land in Buckinghamshire. Similar principles were applied in London Docklands and subsequently by the Olympic Legacy Development Corporation, and should help in the development of the land around Old Oak Common and Ebbsfleet, where major public investment has been made in transport infrastructure.

The Dutch ‘Building Rights’ model and VINEX:

34. The Netherlands is recognised as offering valuable lessons for the UK due to the success of its VINEX programme in avoiding house price inflation, building sustainable suburbs, and expanding the nation’s housing stock by some 8% over a ten year period.¹⁶
35. This is largely due to contractual agreements between the government and local authorities following the country’s fourth ten year housing development plan, called VINEX, which gave its name to some ninety new settlements.
36. As well as their successes with the VINEX programme, Dutch cities such as Rotterdam and Amsterdam have also succeeded in regenerating old industrial areas through relatively high-density housing.
37. Initially, the ambitious plans set out in VINEX

11 Ed, Owen Cornellan, *Land Value Taxation in Britain: experience and opportunities*, Lincoln Institute of Land Policy, 2004

12 Erwin Heurkens in Squire and Heurkens op.cit.

13 David Adams and Stephen Tiesdell, *Shaping Place: urban planning, design and development*, Routledge 2013

14 H Dieterich et al *Urban Land and Property Markets in Germany*, UCL 1993

15 Josh Ryan-Collins et al op.cit.333

16 Peter Hall with Nicholas Falk, *Good Cities Better Lives: How Europe discovered the lost art of urbanism*, Routledge 2013 chapter on Building Sustainable Suburbs in the Netherlands. See also URBED and Joseph Rowntree Foundation, report of the Sustainable Urban Neighbourhoods Network, Learning from the Netherlands, 2011

led to developers acquiring and holding on to potential sites. Consequently, the law was changed to give local authorities not only the responsibility for bringing forward development land, but also the 'rights' or 'first choice', as it is also known, to take over land that had been approved for housing in their plans.

38. The results have sometimes been controversial, but they did result in what was planned, being achieved. Also some Dutch local authorities have suffered from being over-committed to development after the down-turn post 2009 and also from illegalities on the part of a few housing associations, so there are real risks if experience is lacking.
39. Dutch cities entered into contractual agreements with the government under its VINEX programme to build new housing, and the average scheme was around 1500 units. To benefit from support, this had to be close to existing cities, so as to minimise the loss of green space, in locations that were linked to jobs and services by high quality public transit systems. Public-private partnerships were set up, within which land was pooled. After early problems with speculation, these now use the Dutch Building Rights model, in which land owners get back an equivalent amount in the form of serviced plots with planning briefs.
40. This model enables the local authority to acquire land designated for development from landowners, (rather as if it had compulsory purchase powers), and thus avoids speculation.
41. The case studies show how the process worked in two contrasting situations: a sustainable urban extension to Amersfoort - a prosperous medium sized city North of Utrecht - and the example of IJburg, which included former industrial land as a series of islands on the River IJ in Amsterdam, where initially 8,000 dwellings were planned, but since increased.

42. The Vathorst development in Amersfoort shows how land pooling can work in a relatively prosperous area where an entrepreneurial local authority sets up a joint venture company (JVC) that assembled land from farmers and developers. An important incentive was that funding was available at preferential rates for installing advance infrastructure so that serviced plots could be sold off to a multiplicity of builders, including housing associations.
43. In larger cities, such as Amsterdam, municipally owned development corporations greatly speed up the development process by taking away the risks associated with land preparation, such as remediating contaminated land. Thus the Amsterdam Development Corporation brings together the city estate department and its housing department in an agency that can build long-term partnerships with private developers. The VINEX Atlas state that:

'Once the plan is in place, the local authority can exercise the right of 'first choice'. This means that from then on the owner is unable to sell it at will but has to offer it first to the municipality... Through the revamped Municipal Preemption Rights Act of 2008 the procedures have been simplified... the Land Development Act (Grondexploitatiewet) makes it easier for municipalities to recoup a share of the costs from landowners'.¹⁷

French ZACs:

44. Public-private partnerships have been utilised in France for particularly large and complex sites, where the development function is exercised through a 'société mixte' with similarities to the Urban Development Corporations used for the development of London Docklands.
45. ZACs (*Zone d'Aménagement Concertée*) are

¹⁷ Jelte Boeijenga and Jeroen Mensink, VINEX Atlas 010, Uitgeverij 010 Publishers, Rotterdam 2008

9 Paris Rive Gauche



used to align the interests of different public organisations, for example local authorities in adjoining districts, by providing effective project management. They are backed by the rights of pre-emption.

46. Eminent domain on behalf of French municipalities is such an accepted part of French culture that less than 10% of acquisitions are challenged in courts, and most are settled by negotiation prior to formal process.
47. As land assembly and development for strategic schemes can take decades, an independent organisation is crucial. Land assembly is assisted by the technical agency, *Grand Paris Aménagement*, formerly the Land and Technical Agency of the Paris Region (AFTRP), which was set up by the State in 1962. Its territorial jurisdiction covers the whole of Île-de-France, now the Paris Metropole. There are four functions: studies and land assembly, land and property engineering, development, and

public buildings.

48. SEMAPA in Paris Rive Gauche provides an example where the development extends over the railway lines into the Gare de l'Austerlitz. (**Exhibit 9**) The related organisation of SEMAVIP has undertaken the development of a mixed-use scheme in ZAC Claude Bernard in a relatively poor peripheral part of Paris, along with schemes in five other areas, with aims including developing diversified housing and reducing territorial inequalities. As a French report puts it: *'The strength of the Plaine Saint Denis approach (an area like the Lea Valley) is that it is not a single flagship project, but a coherent spatial vision and strategy'*.¹⁸
49. French cities have invested extensively in new light rail systems to open up development in inner city areas, such as in North East Paris around St Denis, which had lost jobs and residents.

¹⁸ Paul Lecroart, *Cahiers, Large Scale Urban Development Projects in Europe*, 2010

Montpellier: organising rapid growth

1. Montpellier has built on a huge scale (moving from the 28th to 8th largest French city in just a few decades), constructing over 2,500 new homes a year, and at one time over half the population was involved in construction.
2. The key has been assembling the land and ploughing most of the uplift in land values back into infrastructure. Development was promoted by a private company called SERM owned largely by the municipality. The Caisse des Depots, the state investment bank, took a 15% share, and as they scrutinise investments carefully, this helped in attracting finance from commercial banks.
3. Private developers were happy with the role played by the municipality, as risks had been reduced, and funds were raised at lower cost than they would have had to pay.
4. SERM employs a staff of some 120, of whom a fifth work for the energy subsidiary. Their work is focussed around a series of ZACs (Zones d' Aménagement Concerté) where extra powers are available to acquire land if required.
5. The City has been assembling land for 30 years, which puts it in a powerful position

as far as securing quality is concerned. Serviced sites are now much smaller than they used to be. As an example part of the area around the recently refurbished railway station has been the subject of competitions for a 0.4 ha site. Architects and planners in the municipality had drawn up the brief, in terms of uses and massing, and then architects were invited to come up with schemes, for which they were reimbursed. The land is then sold to a developer at a prearranged price, and the winning architect(s) have to be taken on.

10 The Mayor's vision for Montpellier



50. Local councils put forward proposals for development areas. Once they are agreed as part of the territorial plan and the financing strategy or *Schéma Directeur* for the Metropolitan area, the councils may get funded to work up designs and feasibility.
51. A similar approach was also taken in Montpellier, the fastest growing city in France, where the City acquires land far in advance of development, and the Metropolitan authority then invests in extensions to its extensive tramway system to open the sites up. (Exhibit 10)

As well as securing higher standards of design, private developers who were questioned there said they were happy with the system, and there is clear and agreed plan which reduces the risks. Montpellier's development company employs 120 people, and plays a leading role in securing high quality design as well as integrated transport.¹⁹

¹⁹ Nicholas Falk, Postcard from the future, Postcard from Montpellier: a visit to assess Montpellier for the award of Great European City by the Academy of Urbanism, 2016

Conclusions

- a) Researchers agree that planning is much less adversarial in most of Continental Europe than in the UK, where a stronger tradition of collaboration between all the stakeholders for historic reasons is supported by government planning policies
- b) Land pooling helps overcome the barriers to complex schemes where the local authority does not already own the land. Joint ventures or municipally owned development companies reduce reliance on private developers to take the lead.
- c) Joint venture companies can also align or adjust the interests of different land owners by providing a dedicated project management team with planning and development skills.
- d). If London were to follow the Dutch Building Rights or 'First Choice' model, developers would recoup the proportion of the site's value or area that they put in, with the sanction that the municipality could undertake the plan it has drawn up, which would speed up cooperation.
- e) The availability of 'patient capital' for installing local infrastructure, such as roads and utilities is also a strong incentive for collaboration, as it has been in London in the past.

INCENTIVISING LAND ASSEMBLY

52. Much of the inflation in land values and delays in development can be blamed on 'speculation' about the prospects of rising house prices, which can lead to landowners 'holding out' from development. Hence some form of compulsory purchase may be required. Though the threat of compulsory purchase may restrain land values, exactly the opposite can occur. There is therefore the question of how land should be valued for compensation purposes place when

it is taken from private owners before infrastructure and planning permission is available.

53. One solution used by local authorities in both France and Scandinavia is to acquire land for possible expansion on the edge of cities many years in advance, and then rent it back to farmers until it is needed, which neatly avoids the problem. But this is not so easy in the more crowded South East of England where private sector housebuilders and long-term funds take out options. Hence in a complex urban area such as London, other methods are needed, particularly given the amount of capital required and the probability of rentals not covering holding costs. There needs to be what in law is called '*equivalence in a no scheme world*' if it is not to conflict with the European Convention on Human Rights or lead to potentially inflated values.
54. Dutch and German models: Thinktanks such as Shelter and the Centre for Progressive Capitalism, as well as the Town and Country Planning Association, have all called for changes in the 1961 Land Compensation Act to bring the UK more in line with countries such as Germany.²⁰ Both Germany and the Netherlands have adopted similar systems to ensure cities grow in a sustainable way. As the value of land is shaped by the cost of bringing it to an agreed use, it is reasonable to deduct these costs from the sales value eventually achieved. Compensation to land owners needs to offer '*an equitable balance between the public interest and the interests of those affected*', which is not necessarily linked to market value, and can be lower. Advice to URBED from the Legal Department of the City of Freiburg explained how what in Germany is called Urban Development Measures have helped the City to grow in a sustainable way²¹:

20 Centre for Progressive Capitalism, Market Prices and the Housing Crisis, 2017

21 Nicholas Falk and Barry Munday, The Housing Forum, The ABC of Housing Growth and Infrastructure, 2014

**Urban Development Measures
(Städtebauliche Entwicklungsmaßnahme
165-171):**

"The urban planning law enables the speedy assembly of unused land. It is used to mobilise land for development and to finance municipal development costs. It can be used in situations where there is an increasing demand for housing, workspace, or public facilities and the land is 'unused or used wrongly': that is not according to the approved spatial plan.

*The measure is financed from the uplift in land values following development. The municipality buys land at existing use value, and then sells the land when it has been planned and serviced for the price of undeveloped plots. The difference is used to fund social infrastructure such as schools, parking and green areas, and other costs involved in planning and development. Owners can fend off the purchase if they are willing to carry out development in accordance with the plan, in which case the municipality gets some compensation."*²²

55. Urban Development Measures have also been applied in the very different city of Frankfurt, Germany's main financial centre. In an article on German experience Councillor Ed Turner comments: *'Although these measures are useful as a means of encouraging recalcitrant landowners to get sites developed, that have also been used quite extensively since their introduction in 1971, for instance around 6,000 units in the Frankfurt district of Riedberg were delivered using this measure.'*²³
56. A similar process takes place under the Dutch Building Rights model, as the Dutch academic Erwin Heurkens explains:
'In the case of urban land

readjustment all property owners are 'invited' to temporarily transfer the property rights of their properties to a self-governing body for the redevelopment, also referred to as the urbanisator. This urbanisator can be a special purpose vehicle established by the owners in the area of just one of the property owners. The urbanisator will reparcel the land into building plots that match the transformation project. Consequently, all owners will then receive a building plot to build on. The value increase as a result of the urban transformation will first be used to cover the public infrastructure costs. The rest will go to investors'.²⁴

57. In both countries the measures were introduced to combat possible speculation when sites have been identified in plans for housing development. However, the compliance of land owners or developers is also encouraged by other factors, as the Vathorst Amersfoort case study brings out:
- Firstly, the provision of infrastructure using finance at rates available to local authorities cuts the costs that a private developer would have to pay.
 - Secondly, the greater speed of development, thanks to a multiplicity of builders and buoyant rental sector, secures an earlier return on investment, which is important when profits are made from building rather than from dealing in the land.
 - Finally, the practice of disposing of serviced sites as a proportion of the expected or achieved sales value means that developers can be chosen on the basis of the quality of their proposals rather than the financial offer, and this feeds back into lower land prices but quicker returns for the land owners.
58. Estimates suggest that land values are a lower proportion of final sales value than in the UK: around 25-30% for serviced sites.²⁵

²² We are indebted to Wulf Daseking, formerly director of development in Freiburg, for making this explanation available

²³ Ed Turner, Developing Brownfield Land: arguments for a more active local state, Journal of Building Survey Appraisal, vol. 5 no 3, 2016

²⁴ Erwin Heurkens in Squire and Heurkens, International Approaches to Real Estate Development, 2014

²⁵ Information on the costs and returns from strategic housing development is set out in two URBED reports: Beyond Eco-towns – the eco-

Frankfurt Riedberg: Pooling land

1. The urban extension of Riedberg was started in 1999 by the City's development company HASEG, but by mid 2012 was only half complete, creating a financial deficit. This was due to the delays in connecting the extension with the centre until a Metro extension was opened in 2010. By 2014 there were about 1,500 residential units, with many of the higher priced homes being taken by elderly people, while the rents of apartments were below the inner-city level. This example shows the problems that can

occur building large scale new settlement on greenfield even if land is cheap. While developments closer to the centre have been much more popular, many of those working in Frankfurt's financial district commute from towns elsewhere in the region.



A notable feature and incentive in the Netherlands is that social housing is cross-subsidised using a 'value gradient' which is set so as to recover the investment. Bids can then be evaluated on the basis of the quality of the proposal rather than the amount offered, thus achieving a higher standard of development which also speeds up sales and hence boosts viability.

agreed plan under the 'building rights' or 'first choice' model. In other words, the rights of the private owner are constrained by the wider public interest.

- c) The local authority or a specially purposed vehicle set up as a partnership with private developers, plays a more proactive role in enabling development on complex sites, with landowners getting a share of the uplift in development value. Note, with faster rates of development speculators lose out, but genuine investors may well do better, as financing costs will be lower.

CONCLUSIONS

- a) Land values are generally lower in the Netherlands and Germany than in the UK and housing is much more affordable than in London. Lower house prices and hence land values are helped by faster rates of development, the availability of suitable land with planning permission on which to build, and a wider variety of house-builders, which are mutually reinforcing.
- b) A compromise is secured over who gets what from development. Land prices are 'frozen' on 'under used or poorly used land' designated for development under the German system. They have also been kept down in the Netherlands by the introduction of powers for the City to implement an

RESOURCING LAND ASSEMBLY

59. The final obstacle to speeding up the house-building process is the skills and finance needed to prepare and service the land for development on the part of both developers and local authorities. Not only does this involve reaching agreement with a variety of different owners who may have no incentive to sell their land, but also dealing with a number of national organisations responsible for the provision of utilities and transport infrastructure. It also calls for the capacity to protect different environmental interests, and relocate existing occupiers.
60. London can possibly learn most from

conomic issues, 2008, and Steps to Quality Growth for Cambridgeshire Horizons, 2010

the degree of independence enjoyed by German cities. But it should also look to the financial mechanisms used in French and North American cities to fund local infrastructure, as well as, of course, its own past history.

61. The key in short is having development agencies with the staff and expertise to drive complex projects to completion over a period of time that usually outlives any one politician's term of office.

German municipal independence:

62. Freiburg, with a population similar to a London Borough, takes care to arrange finance through an arm's length trust that provides the investors with security against political change. Funding for house building is readily available through local savings banks or *Sparkassen* (the equivalent of what British building societies used to be before they turned into banks).
63. These are well-positioned to judge the need for development and also the capacity of individual developers. This is one of the factors that explain the greater use of cooperative building groups or *Baugruppen*, of which there were 130 in the urban extensions of Reissfeld and Vauban, as raising finance for an unproven project or developer is much less of a problem.²⁶
64. German municipalities employ multi-skilled development teams that take on the some of the roles played in the UK by national organisations such as the Environment Agency and Historic England. This probably makes collaboration easier.
65. One of the most difficult obstacles can be securing access to sites, as transport undertakings in the UK seek contributions from developers, which are often said to create greater delays and uncertainties than

planning.

66. The much higher levels of public investment in infrastructure in the past in the rest of Western Europe has made transport infrastructure, or the lack of it, less of a barrier to development. Also, as we have seen, much of the local cost can be recovered from the development. Larger municipalities, such as Frankfurt, not only control their transport operators, and in many cases energy suppliers, but also have experienced development agencies.

French transport charge:

67. While it is not directly related to land assembly, French provincial cities as well as Paris have all benefitted from the transformation of their public realm as cars have been taken out of city centres when light rail systems have been introduced.
68. Part of the secret has been the *Versement Transport*, a charge on the payroll of employers of more than ten staff of 2.6%, which in 2008 contributed 70% of the funding of the regional transport authority in Paris. This is hypothecated to local transport, and can be used to keep fares down as well as to extend transport services.
69. The huge investment in ZAC Claude Bernard was explained by the confidence that the main private investor, BNP Paribas, had in the implementation of the City's spatial and investment plans, in that case involving both light rail and an RER extension.
70. A French development agency (Société Publique Local d'Aménagement) operates with the flexibility of a private company without loans being counted as public debt. The agency takes out the equivalent of options to acquire the land so that they do not have to pay for sites until it is developed.

²⁶ More information on how the financial system works is set out in Nicholas Falk's report for The Smith Foundation, *Funding Housing and Local Growth: how a British investment bank can help*, 2014

American development commissions

71. The US is known for public-private partnerships, and a climate of cooperation or city boosting is created by agencies made up of business and academic leaders. This is comparable to London First, but with the powers and resources to make projects happen.
72. The Portland Development Commission, now called Portland Prosper, recently played a key role in relocating the US Post Office depot away from the city's main regeneration area to nearer the airport, thus releasing a large central site for housing development.
73. *Build Toronto*, which describes itself as a municipal real estate value creation company, mobilises ideas and expertise that might otherwise be lacking, and is another example of how private sector support can be secured. The property tax system in the USA helps land assembly in complex situations, such as the reuse of historic buildings, and to fund advance infrastructure. Municipalities raise bonds to acquire and service land, as well as to invest in transit systems, 'packaging' the finance from public and private sources.
74. The starting point is their power to borrow against the expected increase in property taxes resulting from development. These are charged on the landowner, not the occupier.
75. The designation of Urban Renewal Areas where land values are low and uplifts can be high encourages land owners to collaborate when they know that the tax revenue is hypothecated to funding transit systems that will boost the demand for their properties. A necessary corollary is that the municipality has to be able to raise the tax rates if the investment fails to perform, or, in the worst instance as in Detroit, file for bankruptcy. The process supports state and city independence so long as the economy is growing.
76. All great cities aim to reduce the space given over to private cars, and want to concentrate or intensify development around transit nodes, such as railway stations.
77. Hong Kong and Copenhagen have both used high density development to fund new metro systems from the uplift in land values, such as from the building of Orestad, a new town on the way to Copenhagen Airport.
78. As with proposals for Crossrail 2, this provides a further rationale for more proactive and 'joined-up' forms of planning than were used in building the Elizabeth Line.
79. The costs of acquiring and servicing large areas of land can be very considerable, and so require some form of 'patient capital', where interest and repayment takes place over several decades or more.
80. All development involves risk and so a rigorous form of appraisal system is needed. The US bond system involves an evaluation of both the project and the borrower, as well as a vote on whether a particular project should be promoted. Tax incentives help attract private investment, and are targeted at urban priority areas.
81. Continental municipalities in contrast tend to access low-cost, long-term capital from state investment banks. This comes from Caisse des Depots in France, BNG in the Netherlands, KfW and also the Sparkassen in Germany.²⁷
82. Similar organisations exist in Sweden and it appears that the UK may be unusual in its reliance on private banks to fund land assembly. These loans may not be counted against public borrowing requirements. They have another advantage over the British Public Works Loan Board as state investment banks employ staff expert in assessing investment proposals so once

²⁷ Nicholas Falk, The Smith Institute, Funding Housing and Local Growth: how a state investment bank can help, 2014

they have invested, private banks tend to follow their lead.

83. The greatest advantages from sharing in land value uplift (a more acceptable term than land value capture) have been in countries such as Hong Kong and Singapore.²⁸ There, state ownership of most of the land has enabled the value created by housing and commercial development to fund much improved transit systems, which then enable significantly higher densities.²⁹
84. German and French cities, where most land is privately owned, or Dutch cities that recover land from under water, have benefitted from much greater national investment in local infrastructure.
85. This has helped cities such as Amsterdam and Freiburg to compete with more suburban and less dense and more rural areas by offering a better quality of life in 'compact cities'.
86. In turn, higher rates of house building have limited house price inflation, though possibly, some argue, at the cost of higher levels of personal taxation.

28 Note, this term is now preferred by UN Habitat, and is being taken up by TfL

29 H Suzuki, J Murakami, Y-H Hong and B Tamayo-se: Financing Transit-Oriented Development with Land Values: Adapting Land Value Capture in Developing Countries. World Bank Group, 2015

LESSONS FOR LONDON

- a. The main message from North America is that cities generally benefit from local private developers with the capacity and commitment to support their cities, assisted by tax incentives at a State level, and skilled negotiation over development rights and densities by the municipalities, aided by public development agencies.
- b. Larger European cities such as Paris or Amsterdam intervene more directly in land, and employ some form of development agency that can act independently from the local authorities that set it up. They have long benefitted from the popularity of living near the city centres, and have had less competition from the suburbs; hence even with lower property values development is still viable.
- c. Smaller cities (the size of a London Borough) tend to set up joint venture companies with landowners or private developers. These companies have full-time staff dedicated to implementing the project that outlive any political change, who can cross the boundaries between different authorities, and who supplement the skills and resources of the private sector.
- d. State investment banks are able to supply long-term loans at lower interest rates than a private developer would have to pay, which helps make more complex schemes viable, for example in pooling land from different owners or developers.
- e. Case studies have shown that successes in building affordable and sustainable housing are achieved by 'winning teams' working together over many years (over a decade) to create sustainable new neighbourhoods, and with greater collaboration between the different sectors and professions than is usual in the UK.¹
- f. Instead of public funds being spread thinly and dependant on bids to central government, investment is concentrated in places with the most growth potential and more is raised locally thanks to municipalities being able to identify and mobilise the necessary land.
- g. Compensation reflects a balance between public interest and the interest of the original owner, while offsetting the costs of providing local infrastructure. Effective partnerships between the public and private sectors succeed where they are supported by national policies with long lives so investors know where development will occur and when infrastructure investment will be made.

1 URBED for Joseph Rowntree Foundation, Regeneration in European Cities: making connections, 2008

11 Hong Kong rail development triangle



Hong Kong: Rail Plus Property Programme

1. Hong Kong is now well-known for funding its extensive metro system from the uplift in land values. The zoning plans and Floor Area Ratio system provides a clear and flexible system to encourage private investment in locations around new transport nodes located in areas of high demand and where land for development is scarce. The role of the transit authority in managing the public realm and collecting property rentals means

that high standards can be maintained. The leasehold system enables the freeholder, in this case the community, to benefit from the long-term success of an area, rather like the Great Estates in London continue to do. At its best it can secure longer-term value from development than selling land to the highest bidder.

VATHORST, AMERSFOORT

Building a sustainable urban neighbourhood

Vathorst is a development of 9,500 homes located on former meadows at the junction of two motorways to the North of Utrecht. It is linked with the rest of Amersfoort through a new railway station built at the start of development. After an earlier experience *'The Alderman leading the project (Tom de Mann) persuaded four developers that it would be better to combine forces through a joint company (OBV). 'After an unhappy earlier experience, The municipality learned it was more profitable to work together with well-known builders in the region'. He won community support in the face of initial opposition by showing the results would be better for all.*

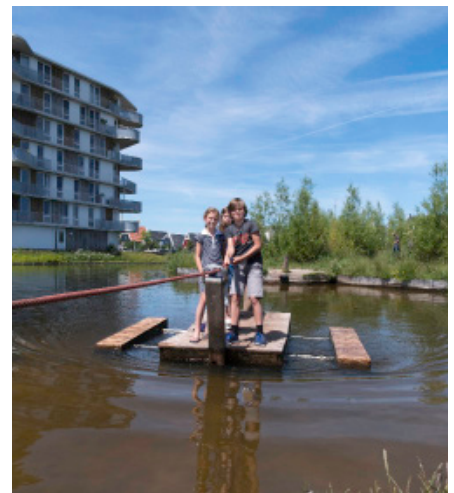
An agreement was drawn up with the Dutch government in 1993 on the size of the extension, the contribution they would make to reclaiming derelict land, and how the settlement would be connected to the two motorways it adjoins.

Tom de Mann explains that *'the developers that had a good connection with the municipal administration...organised a combined effort in acquiring as much land as possible.''Voluntary pooling only came after all the agreements'. This was necessary before OBV could get a loan from the municipal investment bank (BNG) to draw up plans and install the infrastructure. Developers received back the same volume of serviced land they had contributed, and the Chief Executive, who was from a commercial property background, decided who got what. Typically serviced sites were parcelled up of around two hectares. The municipality received back 30% of the land for social housing, and a balance has been achieved at a neighbourhood level of 500 units, with four different price ranges. Most of the social housing is sold to occupiers, but when resold a proportion of the uplift goes back to the housing association involved.*

With building rates of some 6-700 units a year, by 2017 the new settlement has grown to 9,500 homes out of a planned 11,000 in a number of distinct neighbourhoods, plus a shopping centre and business park, schools and cultural facilities. 40% of the land is given over to green space.



CASE STUDY 4



Source: Tom de Mann, Trudy de Mooy, and others at Vathorst.

ZAC CLAUDE BERNARD

Regenerating a run-down inner-city area

The report of a study tour by the TEN Group of London planners to Paris in 2012 summarised the possible lessons from ZACs under seven headings, which together explain the success of major regeneration projects such as Paris Rive Gauche and ZAC Claude Bernard.

7 LESSONS FROM ZAC DEVELOPMENT

- municipal leadership;
- advance installation of infrastructure;
- integrated and proactive development planning;
- a leading role for public development agencies;
- concerted investment in priority areas;
- intelligent procurement and development frameworks;
- urban 'greening' and what are called 'open blocks'

The Zac Claude Bernard case study features a high density mixed use scheme around a transport node just off the Paris equivalent of the North Circular. The total floor area is 103,000 m² on an area of 14.6 hectares, with 34,000 m² of housing (300 apartments of which 50% were social), and 40,000 m² of offices, plus a cinema, shops and schools and a care home for the elderly.

Detailed planning started in 2005 and the scheme was completed ten years later. The land included an old hospital (4.2 ha) and the banks of the ring road and canal 10.4ha, which included areas of light industry.

Initial funding came from the state investment bank to prepare the land for development. One of Paris's development agencies, SEMAVIP, then appointed as private sector partner BNP Paribas to carry out commercial parts of the plan, with social housing provided by housing associations. The French planning system makes it easier to secure collaboration between public bodies, as well as to engage the support of private investors.



ZAC CLAUDE BERNARD

Source: P. Lecroart – IAU, and Learning from Paris 2012

PEARL DISTRICT, PORTLAND

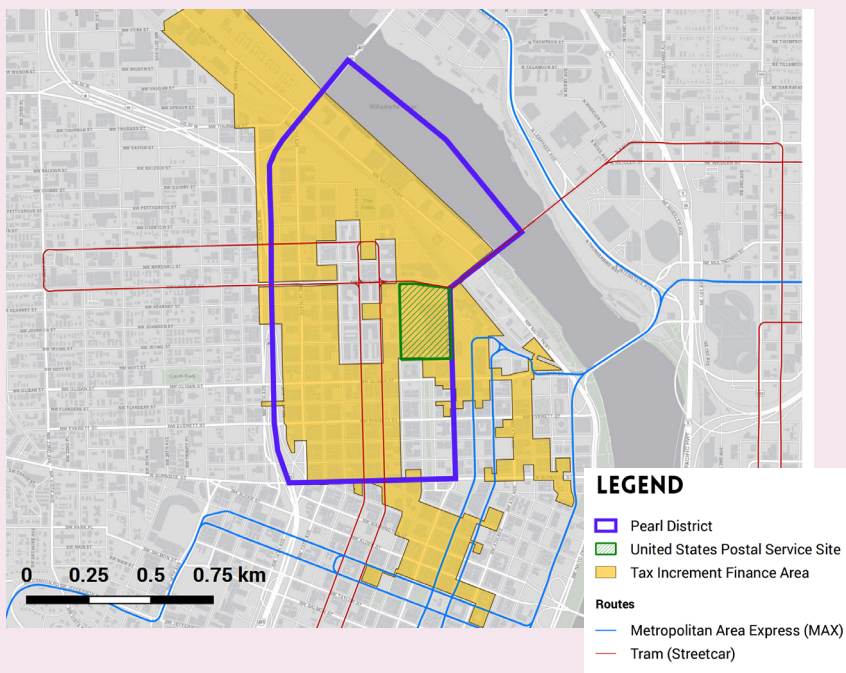
Urban renewal areas in Portland Oregon

US cities such as Portland raise funds for development through bond issues. They repay the borrowings through Tax Increment Finance (TIF), where private finance is borrowed against the expected property tax returns from intensification. Developers are encouraged to take forward projects in designated Urban Renewal Areas, backed up by public private partnerships such as the Portland Development Commission.

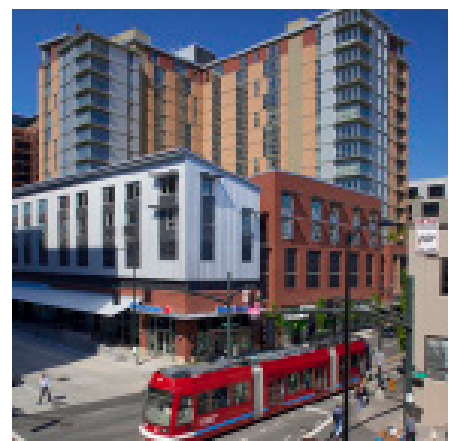
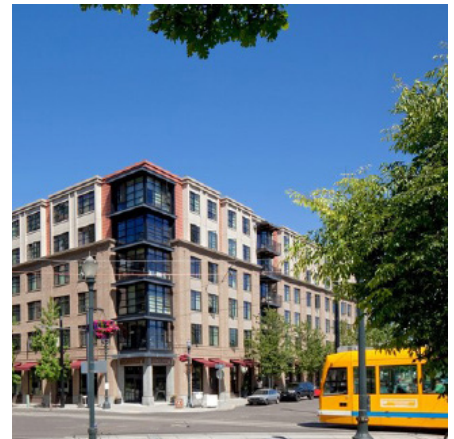
Community benefits are secured by negotiating higher densities through 'overlays' on the zoning plan following the principles of Transit-Oriented Development or Smart Growth. For example density in the Pearl Area was increased from 15 to 87 units an acre after a viaduct was demolished, to 100 units when a new tram line was started, and 131 units when the first neighbourhood park was built.

Extra development made possible by improved infrastructure, for example a new tram line or the extension of the suburban Metropolitan Area Express (MAX), generates higher property taxes which are then used to service and repay loans over 20-25 years. Bond issues have to get support through ballots at election time, and are also scrutinised by investment agencies. No more than 15% of the total land area can be designated for TIF purposes, which helps to focus demand and thus ensure the success of the incentive model.

The American system relies heavily on entrepreneurial real estate developers, often local. The land assembly process in the Pearl District started in 1992 when a group of riverside property owners presented their vision to the city council, which included new residential districts in what had previously been a purely industrial and commercial zone. The plan identified various projects for the Portland Development Commission to undertake, such as removing an intrusive viaduct in return for increased densities on land acquired by a private property company from the railways. An analysis of the projects undertaken in the Pearl River District suggests that only a small proportion required the direct involvement of PDC, but undoubtedly it played a key role at the start when the future was unclear.



CASE STUDY 6



Source: Troy Hayes

BUILD TORONTO

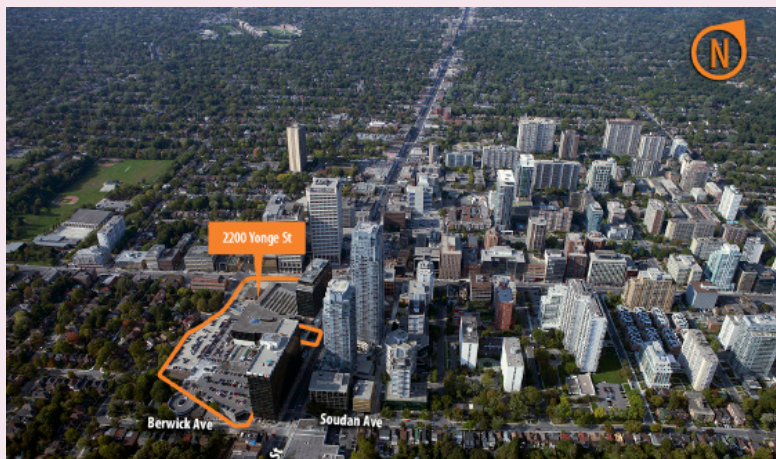
Establishing a municipal 'real estate value creation company'

Build Toronto was set up in 2008 to deliver 'enhanced value' to one of Canada's most dynamic cities. This is achieved by delivering more affordable housing and making better use of land already owned by the City. This enables the intensification of land near transit nodes, and the company then sells off investments when the risks have been removed at appropriate stages in the development cycle. A report Build Toronto: strategic direction 2015-2019 sets out the achievements

- The Board of Directors is made up of experienced leaders from both the private and public sectors
- The vision is to create a 'centre of excellence' and generate a net financial return in dividends and increased property taxes
- The idea is 'unlock value of surplus real estate' by supporting projects that the City has an interest in
 - Reducing the various risks e.g. zoning, tenants, construction)
 - Creating 'livable neighbourhoods'
 - Developing sites around transit nodes to help the city become more sustainable in the long term

The company can tap a \$160 million city guaranteed loan facility, and aims to build up sufficient assets to cover its running costs. Its role in housing include:

- Embracing density especially close to railway stations
- Supporting mixed use with good public realm
- Providing affordable housing both for rent and owner occupation.
- Selling a majority of a project while retaining a material interest
- Partnering with first-class organisations
- Promoting development around future light rapid transit stations, including collaboration with Metrolink on city owned land near stations.



CASE STUDY 7



Source:
www.builttoronto.ca

RIESELFELD FREIBURG

Infrastructure-led development on poorly used land

Rieselfeld is an urban extension where some 12,000 people now live in 4,200 homes in an area of 72 hectares. The main site was a former sewage works on the edge of a relatively poor housing area.

The City of Freiburg believed that the first step should be to decide what kind of city is wanted. It had learned from the mistakes of earlier high rise flats which had proved unpopular, and wanted a built form where families could call their children from their own flat on whichever floor. The public wanted variety, limited areas given over to parking, a denser form of development with green wedges to bring people together. The density was high enough to pay for high quality infrastructure (around 60 dwellings per hectare). Design competitions for Rieselfeld were organised and the judges included local groups. The process brought people together.

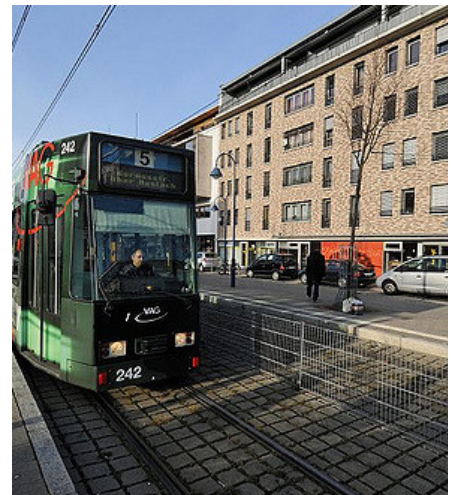
Development started in 2006 and was complete about ten years later) A notable feature has been the provision of infrastructure such as shops and schools in advance of the housing along the spine of a tram line extension. These made the new development more attractive to its new residents than moving away from the City.

The finance was assembled through a separate trust so that the municipality could recover its investment without any loss. Roughly a third of the housing would count as 'affordable' (there is no German equivalent to 'social housing'), but four-fifths of the housing in Freiburg as a whole is rented.

Much of the housing was commissioned by its occupiers, through what are called Baugruppen, and 130 groups were active in both Rieselfeld and Vauban (which was on the site of an old military barracks).



CASE STUDY 8



Source: Wulf Daseking

Aerial view of Rieselfeld



A better land assembly model is needed to speed up house building by adapting the measures that work well in other countries to the particular challenges and culture of London.

Much can be achieved by making better use of existing powers, and we have explained how this can be achieved. There are also some measures that require government support or even legislative change.

The recommendations are structured around the four themes of the report, some of which are already being implemented, and start with the fundamental proposal of introducing Land Assembly Zones (LAZ) to make the whole process easier and faster. In all there are ten recommendations, which have been summarised at the end of each part.

4 HOW ALTERNATIVE MEASURES COULD BE IMPLEMENTED

1. While the prevailing national political mood may not favour drawing lessons from other European cities, there is evidence to suggest that they are succeeding by following principles that British cities used to apply, but may have forgotten. London cannot simply rely on the market to fill the gaps.
2. Following the financial crash of 2008, the number of private developers and builders fell, leaving only a few with the capacity to take on very large schemes.
3. While foreign developers have provided outlets for international finance seeking relatively safe locations, such as in Nine Elms, Wandsworth, much of the land with planning permission is said to be owned by 'traders' rather than builders. Outside established locations, development progress continues to be slow, even in areas with major potential; developers, understandably, prefer to go for the 'low hanging fruit', while investors avoid areas with multiple uncertainties and high initial costs.¹
4. There is no shortage of proposals for speeding up development. The widening of the Nationally Significant Infrastructure Projects (NSIPs) regime to allow "related housing development" to be included within a development consent order and the efforts of the National Infrastructure Commission may open the door to innovation through changes to the Compensation Code, and more inventive and wider use of compulsory purchase powers for housing.
5. The pressures to build more housing and fund local infrastructure have led to some commentators supporting reforms of property taxation, to reduce the burden on small businesses and raise more from wealthier private households. Land Value Tax and Zoning, as in Denmark and parts of the USA, are being advocated by a range of interests.
6. Some have argued that there is scope to make better use of the landlord and tenant relationship by structuring partnerships when high density developments are involved, as for example in Kings Cross.
7. Our research identified policies, strategies and procedures that have been applied positively on the Continent and elsewhere to facilitate land assembly and accelerate the pace of housing delivery. Informed by those findings, this section identifies ten measures that are the 'best fit' for the pressures facing London to ensure that land is brought forward for development in the right locations at the right time.
8. To assess the impacts on the speed and quality of delivery of the proposed measures, two test sites in very different parts of London were selected. The application of the proposed measures to the test sites, and the benefits of applying these, are covered in the final section on the advantages of a better model.
9. The boroughs and the GLA already have a broad range of powers at their disposal which can be used to support housing delivery. We have considered how those existing powers can be used

¹ Interview with former Redbridge Planning Officer.

with more force and with more focus to facilitate land assembly, and some of our recommendations are consistent with the direction of travel of the Mayor's housing policies, set out in the draft London Housing Strategy.

10. We have also identified those areas where, to achieve the full potential of the measures proposed, statutory changes are needed. At the core of the recommendations is the need for a more interventionist approach by both the GLA and boroughs to land assembly. This means intervention in setting the planning policy framework for land assembly, the exercise of compulsory acquisition powers to bring sites together and supporting delivery, both in terms of finances and resource.
11. Voluntary land assembly does, and should, have a key role to play, but more than purely voluntary measures are needed to tackle the scale of the housing crisis. We make recommendations as to how voluntary initiatives can be supported and encouraged alongside the interventionist measures.
12. Our recommendations cover each of the topics: planning for strategic housing; acquiring land; incentivising land; and resourcing land assembly:

PLANNING FOR STRATEGIC HOUSING

13. The public sector should identify strategic sites or areas where land assembly will be supported, through interventionist measures if required. We term these designations Land Assembly Zones (LAZ).
14. The aim is to provide a focus and to encourage land owners to self-assemble, signalling a presumption that compulsory powers will be used if necessary. It recognises that limited resources are available for public intervention, and that they will be focussed towards the areas where greater intensification of uses is

being actively encouraged, for example close to transport nodes. In summary we recommend:

- 1) Introduce a new planning designation termed 'Land Assembly Zones' (LAZ).
- 2) Require Land Assembly Zone designations to be accompanied by an 'in principle' resolution to exercise compulsory acquisition powers.
- 3) Identify a lead body with responsibility for land assembly in each Land Assembly Zone.

Land assembly often happens voluntarily if it is clear that it is encouraged, there is a commercial benefit and there is a plausible threat of compulsory acquisition. While the Netherlands has a land pooling mechanism which is backed up by compulsory acquisition powers, the voluntary participation of landowners means that compulsory powers are rarely exercised.

15. The same has been true historically in England, with the majority of land in the former new towns being acquired by voluntary agreement against the backdrop of a clear willingness to use CPO (Compulsory Purchase Order) powers if necessary.²
16. Assembly occurs more readily if there is a direct economic benefit to land owners in participating, part of which benefit might be at risk if compulsory acquisition takes place. Where the ownership is fragmented or where the interests are very different, as in the test cases explored in the next section, land ownership patterns can hold back comprehensive development and delay building appropriate housing in the absence of an economic motivator.
17. Land assembly has a role to play in facilitating development at all scales and for all types of use. However, given the

² Anthony Alexander, *Britain's New Towns: Garden Cities to Sustainable Communities*, Routledge 2009

importance of tackling the housing crisis, there needs to be a focussing of resources on those sites which are likely to yield the most substantial returns in terms of housing output – both in numbers and quality of build. To facilitate that focus we recommend the introduction of a new planning designation for use in development plan documents, underpinned by strategic policy support in the London Plan. We term these designated areas ‘*Land Assembly Zones*’.

18. Ideally this designation would be supported in the emerging review of the National Policy Planning Framework (NPPF). The designation would be used to identify sites or areas for land assembly enabled development in the same way as Zones d’Aménagement Concerté (ZACs) have been identified in French spatial or territorial plans.
19. Unlike Opportunity Areas or Housing Zones, the purpose of the designation would be to facilitate land assembly and any designation would be underpinned by a commitment on the part of the local planning authority to exercise compulsory acquisition powers. This approach ‘bakes in’ from the outset of a designation the clear message that interventionist measures will be used to bring that land forward. We suggest that these should be zones where:

- housing density can be significantly increased if land is assembled into larger development parcels;
- there is fragmented ownership and that fragmented ownership is a development constraint; and
- initially at least, they are within either a short distance of existing or planned transport nodes, on the basis that intensification can best be justified within these areas.

20. Within Land Assembly Zones, there would be a policy recognition that comprehensive development in line with the London Plan

and local plan targets is expected; larger parcels would allow an economy of scale that permits developers to deliver both increased housing numbers, higher quality development and public realm, and an appropriate contribution to affordable housing.

21. The same optimisation is unlikely if development takes place on smaller parcels, providing a real incentive for land-owners to amalgamate ownerships. The boroughs should be emboldened to reject piecemeal development where it does not offer the wider planning benefits of a larger scale development. The policy wording designating the LAZ should make it clear that piecemeal development will be resisted. We do not propose a minimum size for Land Assembly Zones.
22. The critical difference between the proposed Land Assembly Zone and existing regeneration and housing designations is the underlying “in principle” approval to exercise CPO powers to support delivery. When designating a zone, the local planning authority should, at the same time, confirm that it is willing to exercise CPO powers and that this will have implications for compensating landowners (see below). That willingness would be demonstrated by either an “in principle” approval to the exercise of CPO powers or a resolution to use CPO powers subject to conditions being fulfilled.
23. As the case studies demonstrate, especially Portland, where there is a clear policy requirement then the use of coercive land assembly powers is often unnecessary. Site owners, and developers, will self-assemble.
24. The intention is that Land Assembly Zones should be the exemplar areas in which the new models of land assembly and different approaches to compensation addressed in the recommendations will be used. Within Land Assembly Zones, the full suite of land assembly recommendations in this report

should be brought together to maximise output. However, undesignated and smaller sites are also important in delivering housing.

25. The land assembly issues faced by small sites are often no less complex than those faced by large sites. Many of the recommendations in this report can be applied equally to such sites, but we see the Land Assembly Zones as areas of focus, where the public sector expresses a clear willingness to intervene more directly to make land assembly happen.
26. The success of Land Assembly Zones relies on greater internal resource at the GLA and in the boroughs, but also the 'skilling up' of local authorities and the private sector to understand the potential benefits of the proper use of CPO powers. We see that "skilling up" as a critical part of building the motivation and confidence within local authorities to use the CPO powers already within their armoury more widely to facilitate housing development. The final paragraphs in this section makes suggestions regarding resourcing.
27. A Land Assembly Zone designation needs to have 'teeth' if it is to act as a real incentive to self-assembly land. We also recommend that at the point a local authority designates a Land Assembly Zone it should be required, alongside that designation, to publish a policy detailing clear criteria that it will apply when deciding to exercise compulsory acquisition powers.
28. A programme should also be outlined. This would give land-owners and developers certainty as to when such powers will be used and the ability to challenge an authority's failure to do so in accordance with those criteria, which in turn provides more certainty for investors. It will also signal that if the market fails to assemble the land within the programmed timetable then the public sector is willing to do so.
29. There is scope for the support for Land Assembly Zones to go further. In the longer-term we recommend that the process of designation should remove the need for a further public inquiry or hearing into any compulsory purchase order in respect of the designation land. Any objections would be dealt with by written representations, resulting in a streamlining of the compulsory acquisition timeline without prejudicing the independent interrogation of the process.
30. Provided that there remains an independent determination of whether a LAZ related CPO is in the public interest - including having regard to any objections - we do not foresee any human rights implications. We suggest that the Secretary of State (or the GLA if powers are devolved) retains the discretion to require a public inquiry or hearing. Any compensation disputes would be dealt with via the usual channel of a reference to the Upper Tribunal.
31. As part of any zone designation there should be a high-level viability review. Areas should generally only be designated if there is significant value uplift as a consequence of intensification and land assembly. Where land is drawn together privately the whole of that benefit attributable to the land assembly will accrue to the landowners. Where there has to be public intervention, then the value to the landowners will reflect existing statutory levels of CPO compensation, which would disregard any uplift in value attributable to the enhanced scheme that could be delivered as a consequence of the land assembly.
32. A policy detailing the criteria that will be applied when deciding the exercise of compulsory purchase powers could have wider application beyond designated land. While the policy underpinning a Land Assembly Zone designation would be tailored to the specificities of that site, a more general policy detailing the 'threshold' tests for intervention by the local planning

authority could be introduced. This would give developers greater clarity on when a local authority may be willing to exercise its powers, opening the door for more collaborative working between developers and local authorities on sites which may be too small to be considered for designation, but would otherwise be sustainable housing sites.

33. A strong lesson from the case studies is that having a single body, or lead body, with responsibility for land assembly is beneficial, a good example being the Vathorst Development Company set up by the municipality of Amersfoort in the Netherlands. In most cases this should be the local planning authority – they already have both planning and compulsory acquisition powers.
34. In sites or areas where there are cross boundary influences, or for particularly large or complex sites, the GLA or an identified subsidiary delivery vehicle, such as a Mayoral Development Corporation, should take the lead role.
35. In the longer term, it may be appropriate to create a cross-London single purpose body whose remit is to facilitate land assembly across the Land Assembly Zones, on a model such as Grand Paris Aménagement. The need for more homes applies across the entire capital. That means all parts of the capital and all scales and types of housebuilders play their part.
36. A pan-London approach would facilitate the cross-fertilisation of ideas and good practice, combined with the efficiencies of experience. Such a body could be an agency within the GLA (for example allied to the Homes for Londoners Team), a new agency with local authority ownership or a public-private partnership – perhaps a public interest company. Depending on the form of the body, legislative change may be needed.
37. In the meantime our recommendation is that local authorities and the GLA should take the lead on the delivery of Land Assembly Zones, with flexibility and open-mindedness regarding future arrangements.
38. The intention is that the designation of a Land Assembly Zone and a lead authority should encourage private land assembly. There are many success stories of the private sector assembling land, as illustrated in Appendix B. They are often able to acquire land cheaper than the public sector, and are better able to balance the additional costs of an early acquisition against the longer-term benefits.
39. They need to be encouraged to take on the 'messy sites' rather than sites that can be brought to the market more quickly. They are more likely to do so if they know that CPO powers will be used to assist them. As an example, the GLA's promotion of a compulsory purchase order at the former gasworks in Southall has enabled development of the site and delivery of 3,750 new homes.
40. As referred to above, we recommend that at the point a local authority designates a Land Assembly Zone it should be required, alongside that designation, to publish a policy detailing the criteria that it will apply when deciding to exercise compulsory acquisition powers.
41. In deciding to exercise compulsory acquisition powers, the local authority or GLA would need to be satisfied that this would deliver an enhanced development that could not be delivered as programmed but for the intervention.
42. The local authority would support whichever land-owner or developer best met the published criteria. In order to make the process of requesting a CPO as easy as possible, the GLA should introduce a suite of template CPO contract documents that could be used by local authorities and developers. The backdrop to every CPO is different. However, we consider that there

is scope to prepare template or skeleton documents to guide local authorities. This could include an outline of a Statement of Reasons which identifies the matter to be covered and template settlement agreements, again guiding the detail to be included. There is scope to introduce standard form documents, for example indemnity agreements (governing the relationship between the acquiring authority and developer). Adopting and publishing a standardised approach would provide greater transparency for developers and limit the scope for protracted negotiations. These would strike a fair balance between the interests of the parties and should be available for public scrutiny.

43. Together with the first recommendation, it would be clear that, within a Land Assembly Zone, CPO powers will be used either to support private land assembly efforts or independently, and that there is a clear process for doing so.

Recommendation 1:

Introduce a new planning designation termed ‘Land Assembly Zone’ (LAZ). This will provide the focus and incentive to encourage land owners to self-assemble by establishing the acceptability of using compulsory powers in priority areas for housing development or intensification.

Recommendation 2:

Require Land Assembly Zone designations to be accompanied by an ‘in principle’ resolution to exercise compulsory acquisition powers. In the longer-term, the process for CPOs relating to the designation land should be streamlined by requiring all compulsory purchase orders in respect of LAZ land to proceed via the written representations procedure.

Recommendation 3:

Identify a lead body with responsibility for land assembly in each Land Assembly Zone

44. Statutory and policy implications: The starting point of any designation is the identification of appropriate land. Allied to the introduction of the new planning designation, a duty will need to be imposed on boroughs to identify land which is suitable for designation as a Land Assembly Zone.
45. To deliver Recommendations 1, 2 and 3:

- The NPPF, and accompanying guidance, would be amended to include support for Land Assembly Zone designations
- In the longer-term, an amendment would be needed to the Land Compensation Act 1961 and Acquisition of Land Act 1981 to limit any inquiry into a compulsory purchase order in respect of land within a Land Assembly Zone. Depending on the approach adopted, amendments may be required to procedural legislation such as The Compulsory Purchase (Inquiries Procedure) Rules 2007.
- Given the fundamental change proposed it may be sensible to have a transitional arrangement where consideration of a CPO is limited to a hearing or written representations procedure for a period of, say, three years before requiring written representations only. The CPO Guidance would also need to be amended to reflect this.

ACQUIRING LAND

46. We make recommendations about the better use of statutory land assembly powers, and identify possible new models for delivery, both within the proposed Land Assembly Zones and more widely. We encourage more imaginative use of land assembly powers, and a greater involvement by the private sector. In summary:

- 4) Allow confirmation of CPOs in the interests of ‘good planning’ ahead of planning consent

- 5) Allow Mayoral confirmation of London local authority CPOs
- 6) Introduce 'Use CPO land or lose it' provisions

47. In this section, we make recommendations about processing a CPO, what land interests should be acquired, and how to manage the compulsory purchase process. Presently, CPOs normally follow planning permissions. That has, incorrectly, become an assumed procedural requirement.
48. The Guidance on compulsory purchase process³ does not posit planning permission as a pre-requisite to the exercise of compulsory purchase powers. Instead, the Guidance provides that acquiring authorities need to be able to show that the scheme is unlikely to be blocked by impediments to implementation, such as the need for planning permission, and is clear that where planning permission will be required, but has not yet been granted, the acquiring authority should be able to demonstrate that there are no obvious reasons why it might be withheld.
49. Planning permission, or a fully worked up scheme, in advance of the exercise of CPO powers is unrealistic when dealing with areas of significant change as a developer ideally needs to know at the beginning of the project that the entirety of the land will be available, even though it may not be developed for many years. Land Assembly Zones will only be designated where that site is considered appropriate for housing in land use planning terms and high-level viability testing has been undertaken, as set out above. As such, there will be a level of scrutiny behind the designation. Reflecting that, the present Guidance should be updated to recognise that weight that should be afforded to LAZ designations when considering whether there are any

³ Guidance on Compulsory purchase process and The Crichel Down Rules for the disposal of surplus land acquired by or under the threat of compulsion (October 2015) ("The CPO Guidance")

impediments to implementation in respect of the grant of planning permission, the need for land assembly to deliver greater and quicker growth, and the appropriateness of the site for that purpose, being demonstrated effectively by the designation.

50. We recommend that the GLA / local planning authority be willing to promote a CPO, in the interests of "good planning", ahead of any planning consent as the diagram of land value gain against timescale illustrates. (Exhibit 12)
51. This approach will motivate any sluggish landowners, who are otherwise capable of delivering, to bring their sites forward for development. In practice, it may mean the GLA/local planning authority taking control of the site for the medium-term to ensure that it is only released to the market once the proper planning consents are in place. The public sector can control the eventual land use by preventing the land being acquired until an acceptable planning permission is in place.
52. This would be in line with the situation in both Germany with Urban Development Measures and in the Netherlands with the Building Rights model. Inevitably there would be upfront costs which would only be recovered once the land is sold. The £250 million initial revolving credit facility announced by the GLA to support land assembly could be used for such purposes.
53. If no permission is secured, the local planning authority/GLA will have the ability either to acquire the land themselves or to acquire it for another party. As mentioned above, if there are multiple parties willing to develop the site then the promoter who best meets the Zone criteria should succeed – a quasi-auction process for the right to acquire the site based on the planning benefits of the scheme proposed. Where compulsory purchase powers are used to support a private sector partner, and

development does not occur then all land acquired should be held by or returned to the local planning authority/GLA to ensure that it is brought forward for housing. This would be a condition of the public sector being willing to offer support.

54. In order to facilitate these recommendations, we believe that the power to confirm local authority CPOs in London be delegated to the GLA as the authority responsible for preparing the spatial plan for London, as in Paris, for example. Better than anyone, the Mayor understands the housing and wider planning potential and challenges of London. Delegating this power to the Mayor would enable London to take more of a lead in solving its own housing problems. If that occurred then the GLA would also have the ability to issue guidance on the conditions required for CPOs to be confirmed – and could address, for example, the proposal

that they should be approved in the absence of planning permissions or firm development proposals where the proposals align with the planning framework.

55. The ability to confirm CPOs at the Mayoral level would incentivise the use of best practice in assembling land. This would also give the Mayor a more intimate understanding of compulsory acquisition in practice in the capital. Innovative approaches could then be rolled out more rapidly due to that closer oversight. Any GLA-made CPO would require independent determination and should be referred to the Secretary of State.
56. Too often, compulsory purchase powers are exercised unimaginatively. There is a tendency to assume that the freehold interest is required when a lesser interest may achieve the same goal.

The impact of a better land assembly model

These two diagrams on the next page (**Exhibit 12**) show the potential to reduce the time frame and save on land acquisition. The diagrams are essentially overlays that demonstrate the value over time of speeding up the land assembly process, as well as possible cost savings. This is in line with the Continental case studies and harks back to the example of the Croydon development corporation in the 1950's.

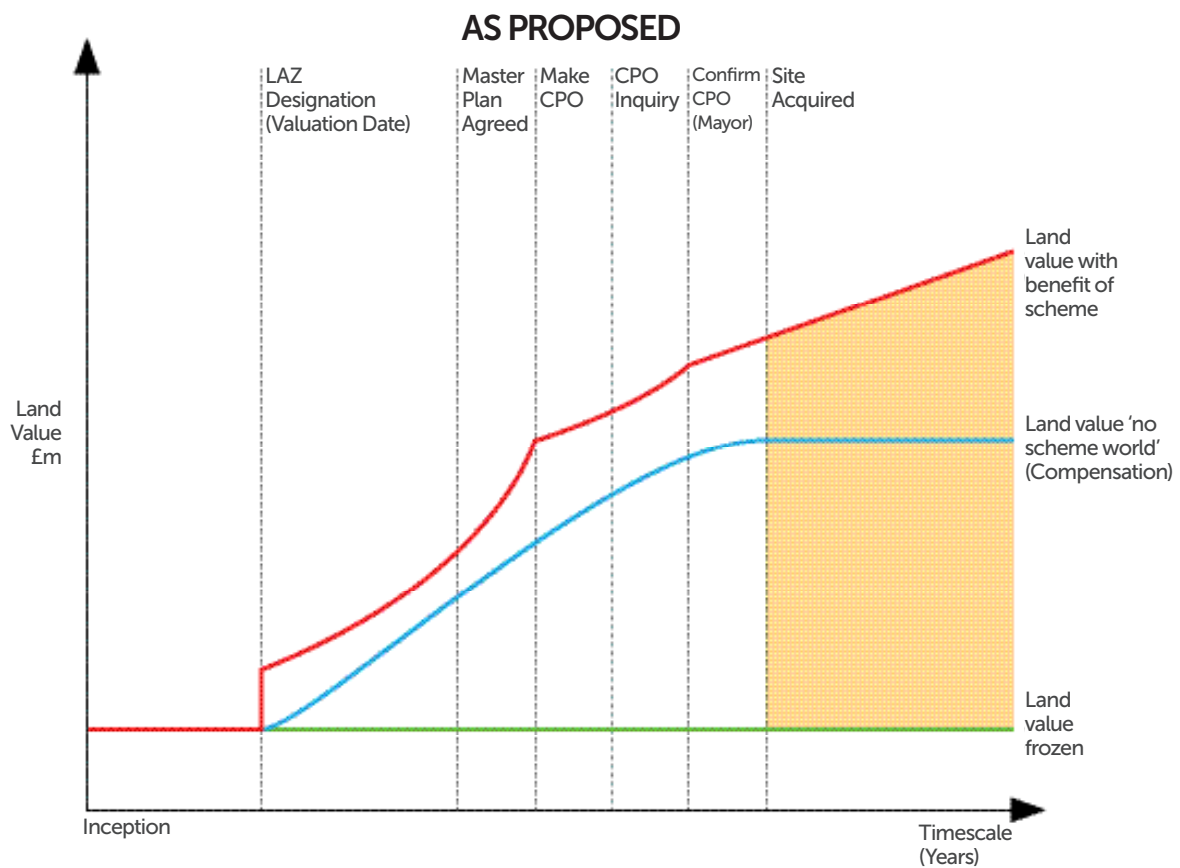
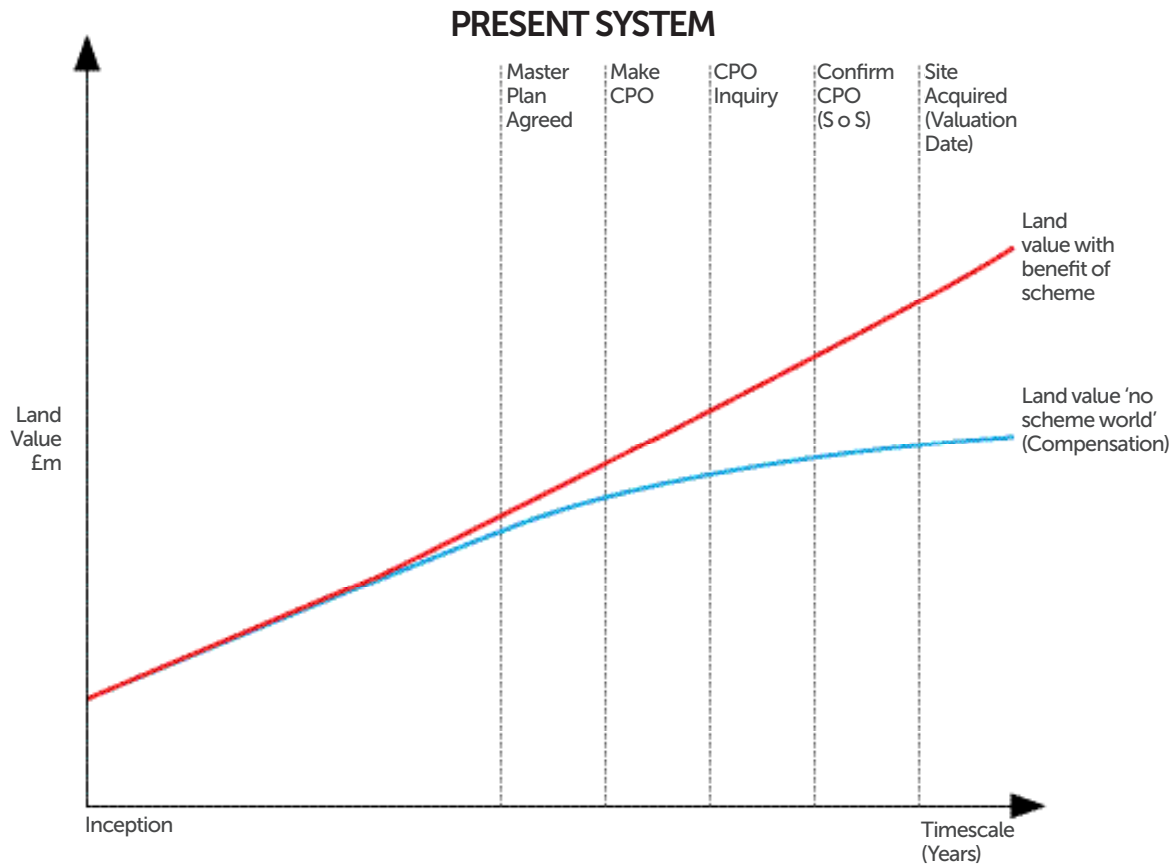
Present System: the first is a familiar masterplan-led process where in a CPO follows and proceeds through its various stages until confirmation and land value is fixed at the point when the land is acquired (the Valuation Date) after the CPO has been confirmed by the Secretary of State.

A better model: the designation of a Land Assembly Zone 'freezes' land values at the point of designation which in turn becomes the Valuation

Date (for compensation) in contrast to being at the end of the present process (above). The time frame for pursuing the CPO would be the same as putting a masterplan in place. In other words the authority must get on with the process, which encourages landowners to start pooling, for commercial reasons prior to the making of a CPO.

Benefits: As the CPO process is one which is ultimately confirmed by the Mayor, as in the Continental case studies, we would expect the land to be assembled faster notwithstanding the pooling process prior to making the CPO. The light brown block therefore shows both the time and cost savings when compared to value uplift as a result of freezing the land value. Some of that in certain cases would be shared back with the landowners who have pooled in the first instance.

12 Land value and timescale gain - present system (top) and as proposed (below)



57. The GLA should develop a “best practice” manual that addresses issues such as:

- acquiring air rights (including air rights above rail tunnels and above buildings)
- acquiring freehold interests, leaving occupiers in situ, if the land is required in the medium/long term;
- acquiring options and/or pre-emption rights as a way of encouraging land onto the market and/or acquired at the appropriate phase of development.

58. As detailed above, we support, in the appropriate circumstances, the acquisition of land ahead of planning permission.

59. The more innovative use of compulsory acquisition powers can ensure that land is not sterilised until it is developed. For example, the acquisition of a freehold interest but not the leasehold interest, enables tenants to remain in occupation until the land is required for that phase of development.

60. This can allow occupiers a longer period of time to relocate, minimising any business or personal disruption, as well as ensuring the land is used sustainably in the interim period. In many cases the GLA will have to establish these practices.

61. The ability for the Mayor to confirm CPOs will assist in embedding ‘innovative’ approaches as the norm. More generally, we advocate a more interventionist role for the boroughs and the GLA. Both the GLA and boroughs have a comprehensive and robust set of powers that enable it not only to set the market conditions to facilitate land assembly, but also to intervene to do so. The legislative powers are already there: it is a question of using them more muscularly.

Recommendation 4:

Allow confirmation of CPOs in the interests of ‘good planning’ ahead of planning consent CPO. The Guidance should allow for appropriate weight to

be given to the LAZ allocation when considering if the confirmation of CPO is in the public interest.

Recommendation 5:

Allow Mayoral confirmation of London local authority CPOs. CPO confirmation powers should be delegated to the GLA for London for CPOs not promoted by the GLA, and to promote CPO guidance in relation to CPOs within LAZs, and, assuming the delegation of confirmation powers to the Mayor, more generally within London

Recommendation 6:

‘Use CPO land or lose it’. If development on land which has been acquired compulsorily does not proceed, the GLA or local authority should step in to hold that land to ensure that it is brought forward for development.

62. This section highlights where guidance would need to be updated to reflect the approach in policy terms.

63. Statutory and policy implications: The existing CPO Guidance recognises that planning permission may not be in place in advance of the exercise of CPO powers but in order to implement Recommendation 4 changes to the CPO Guidance would be needed to:

- explicitly acknowledge that confirmation in advance of planning permission is acceptable in Land Assembly Zones and that appropriate weight should be given to that designation
- support the exercise of the compulsory purchase powers in the interests of ‘good planning’

64. In order to implement Recommendation 5, amendments would be need to the Acquisition of Land Act 1981, and the Guidance. But there is scope under the

existing compulsory purchase regime to be more innovative without legislative change. As best practice emerges, the CPO Guidance should be amended to reflect this.

INCENTIVISING LAND ASSEMBLY

65. Too often disagreements about value, and sharing value, prevent land being assembled. We suggest equitable ways in which this might be addressed both in the short term, without statutory changes, and also when Parliamentary time can be found to modify the Compensation Code. In summary we recommend:

- 7) Introduce statutory land pooling
- 8) Freeze land values in LAZs
- 9) Introduce a planning application moratorium

66. The approach to land compensation in the UK creates much more division and delay compared with their Continental counterparts, as the case studies of Vathorst in the Netherlands or ZAC Claude Bernard in Paris illustrate. The difference between the cumulative value of fragmented parcels of land in the “no scheme” world and the marriage value of an assembled site can be significant as the diagram illustrating the impact of time and location shows. Overseas models in both Germany and the Netherlands provide for a more certain assessment of value and a more equitable basis for sharing the uplift in land values attributable to planning permission and development.

67. As part of the proposed toolkit, the GLA should prepare template documents to support the voluntary bringing together of interests where land owners wish to work collaboratively together to deliver a development, for example in a good practice guide or toolkit.

68. We anticipate that the suite of documents would include:

- A Co-operation Agreement which would include suggested drafting to govern the mechanics of the land pooling, the basis for the re-distribution land and how the uplift will be shared
- Draft transfer forms to ensure that each parcel benefits from the same reciprocal rights and restrictions
- Appointment documents to govern the joint appointment and payment of specialists (for example, valuers and surveyors).

69. Those template documents should draw on the Dutch Building Rights model of uplift being shared in proportion to the geographical land owner’s possession or the value of their interest. Guidance should also be offered to voluntary land assembly on sites which are designated for housing, but not underpinned by Land Assembly Zones. The template documents are intended as a guide to potential approaches; landowners should still seek independent legal advice.

70. In the longer term, this voluntary approach could be underpinned by a new statutory mechanism to cover two types of land pooling arrangements, depending on the level of developer interest:

- a) the first, a private sector model, would allow the majority of owners within an area to require “hold out owners” to contribute their land to a scheme in accordance with an assembly zone designation. We suggest that 75% would be an appropriate threshold – this could be based on site area or number of landowners, depending on the degree of fragmentation. This would need to have protections for certain types of use and to prevent large or valuable owners abusing the tool. The existing English Business Improvement District model offers a precedent (which was originally drawn from practice in US cities such as Philadelphia).⁴ BIDs have to be the

⁴ Town Centre Partnerships: a survey of good practices and report of an action research project, URBED for the ATCM and the Department of the Environment, 1997.

subject of a vote and can only be put in place if a majority of those voting, by number and by rateable value, vote in favour. If approved then a mandatory BID levy can be raised applying both to those voting against and non-voters.

Once in place, a land pooling mechanism would compel owners to put their land into a single delivery vehicle via an automatic vesting process. Each owner would have a pro-rata share in the delivery vehicle. Reflecting the principle enshrined in the existing CPO guidance, the delivery vehicle would need to demonstrate sufficient funding to pay out compensation for any owner or business being displaced. Reflecting the Dutch model, an owner's share could be returned to them in the form of serviced plots land with that land not necessarily reflecting the geographical extent of their original land interest.

b) the second arrangement would be a public-sector model led by the GLA or a local authority, possibly through a Special Purpose Vehicle, in which the properties would be acquired and the owners paid out, initially, at a percentage higher than existing use value plus disturbance costs. The owners would then be entitled to a share of the marriage value or the residual value post development.

71. In most case study examples, land pooling has been used on large sites. This does not need to be the case. It could be encouraged to allow, for example, a group of neighbours in a suburban area to bring together small groups of homes where that would allow for a greater number of dwellings, as has been proposed in a number of urban design studies.⁵

72. At all scales of development, there are a range of options for how land value uplift could be shared between landowners and the public sector. To create a strong incentive for private landowners to assemble land voluntarily, land pooling

compensation should include part of the value uplift (or what is referred to as the 'marriage value'.) Compensation on that basis will be more generous than if assessed on a market value basis.

73. In a public-sector interventionist model, there still needs to be an incentive for landowners to participate at the outset. Early contributors could receive more in compensation than later contributors, building on the idea that there should be incentives for bringing land together, and disincentives for hold-outs. In both cases – voluntary and statutory land pooling - there could be a right to require landowners to take any excess above existing use value as equity in the development vehicle. Both the Compulsory Purchase Act 1965, Land Compensation Act 1961, and the CPO Guidance would need to be amended to allow for more creative and innovative forms of compensation.

74. There is a need to ensure, over the longer term, that the designation of Land Assembly Zones does not adversely affect the viability of development. In practice, since the designation and the use of CPO powers will often be ahead of the development of a formal scheme, and as land assembly will be required and planning quality requirements will be clear, the effect on value should be limited.

75. However, for clarity it would be sensible to amend section 6D Land Compensation Act 1961 to include a Land Assembly Zone as a "scheme" for the purposes of the no-scheme world. This would ensure the widest possible definition of scheme is adopted.

76. As a separate issue, if Land Assembly Zones are designated, the statute should be amended so that it has two statutory effects:

a) First, it should act as a bar on the submission of new planning

⁵ Supurbia: a study of urban intensification, HTA Design LLP, 2014

applications, without the consent of the planning authority, for twelve months in order to focus efforts on land assembly. This would avoid the diversion of local authority resources to the processing of planning applications motivated solely by the prospect of increasing land values. A Land Assembly Zone designation carries with it a recognition that comprehensive development is required but without the land being brought together, any such permission would not be deliverable.

Local authorities should be empowered to decline to determine applications lodged within 12 months (or more) of a designation where it appears that, because of the underlying land ownerships, that consent is not deliverable.

- b) Second, where pooling is proposed it should 'freeze' land values for CPO compensation purposes at the market value as at the date of designation so that the 'hope value' element of the CPO compensation component is fixed. The land owner will be entitled to a further payment from the pool in due course, assuming that the land is successfully assembled and available for development. The land owner would remain entitled to any market uplift. As this would be in line with the system used in Germany and other countries, it will not be in breach of the European Convention on Human Rights. We recommend that the freeze is effective from the date that the draft development plan containing the designation is published.

77. In advance of the legislative changes required for these mechanisms to operate, the GLA could develop a quasi-contractual model.

Recommendation 7:

Introduce statutory land pooling. Develop a contractual basis for land pooling and introduce a statutory model for land pooling. Where land pooling takes place then the

compensation paid to landowners should include part of the marriage value of the assembled site, perhaps with graduations depending on the time at which participants contribute their land.

Recommendation 8:

Freeze land values in LAZs. In any statutory land pooling model, the land values should be set at the market value on the date of designation and crystallise any hope value for the purposes of fixing the share of the pool.

Recommendation 9:

Introduce a planning application moratorium. This would enable local authorities to defer the consideration of planning applications in a designated Land Assembly Zone for one or more years, depending on the complexities.

78. Statutory and policy implications: The introduction of a statutory land pooling mechanism would require new legislation. Where, as we suggest, the pooling provides for a sharing of the marriage value and graduated compensation, changes to the Land Compensation Act 1961 and the Guidance would be required also.
79. A freeze on land values from the point that a draft designation is published would similarly require changes to the Land Compensation Act 1961, and the CPO Guidance. The introduction of a moratorium on the submission of any planning applications within 12 months of designation would necessitate an amendment to the Town and Country Planning Act 1990.

RESOURCING LAND ASSEMBLY

80. Land assembly is difficult and complicated. Additional skills and capacity are required within the private sector, within public bodies and at the Planning Inspectorate. We support the GLA's proposal, as set out in the draft London Housing Strategy, for a dedicated centre of expertise for compulsory purchase. However, there is a need within London government for a team with a general development brief to ensure that sites are not only assembled, but developed. The Mayor's strengthened Homes for Londoners team is a positive step forward in achieving this but the skill base needs to be wider and we make recommendations on this.

10) Create a multi-disciplinary team to support the boroughs and developers in tackling strategic and difficult sites, underpinned by additional finance for a long-term revolving fund to support land assembly

81. The research team believe there is a need for the spread of land assembly skills throughout the development industry. The necessary skills and experience are currently in short supply, except in a few exceptional authorities, such as Barking and Dagenham (though many authorities are starting to develop themselves again).⁶ There the Council have invested in setting up a development company to deliver over 50,000 homes and 20,000 new jobs over a 20 year period.⁷ Drawing on the success of French experience in particular, and the case study of Paris and the example of Montpellier, we propose that the GLA goes beyond the current proposals, and builds up a multi-disciplinary team to support the boroughs and developers that are tackling complex and strategic sites.

82. London can learn from the experience

⁶ Janice Morphet and Ben Clifford, Local Authority Direct Provision of Housing, RTPI 2017

⁷ Funding Crossrail2, a report from London First's Crossrail2 Task Force, February 2014

of SEMAPA, which has handled the development of a site of over 100 hectares with 40 staff, or of Montpellier, where transport and development planning for growth are undertaken by a team of 120. In the Netherlands the joint venture company that developed Vathorst employed 15. We therefore propose assembling teams to focus on the specific challenges in different areas of London, where economic challenges and key players are very different. The specialist skills required include:

- a) Handling relationships with local authorities and a panel of developers where there are complex land assembly issues that may require the use of compulsory purchase powers
- b) Identifying and mapping poorly used land
- c) Promoting site allocations through the development plan process
- d) Researching land ownership and interests
- e) Understanding development economics, including dealing with contaminated land and historic structures, and packaging funding from owners or government
- f) Working with community and other interests on environmental concerns
- g) Dealing with transport undertakings and utilities and their capital programmes
- h) Commissioning masterplans and urban design studies
- i) Forecasting market demand
- j) Negotiating joint ventures
- k) Exercising compulsory purchase powers.

83. The Draft London Housing Strategy promotes a strengthened Homes for Londoners team at City Hall, with new funding and policy approaches, together with close collaboration with other levels of government and the housing sector. We

support that. Yet, the list of specialist skills identified above goes beyond that of Homes for Londoners. We recommend the creation of a team – or the expansion of Homes for Londoners – with a broader development brief.

84. Any such team would need to be given appropriate authority and independence as well as employ some relevant previous experience. A budget and cash flow would also be required.
85. The findings of the case studies highlight a material disparity between the funding available to support land assembly in Europe, and that of the UK. If the GLA and the boroughs are to become more interventionist they need significantly more capital funding than at present to do so. The £250 million revolving credit facility announced by the GLA to support land assembly is a significant step forward.
86. The Draft Housing Strategy states that the Mayor will provide “a financial and planning environment that helps more land come forward faster for development”. That is positive, but the financial challenge is considerable.
87. All the measures in this report require some form of capital commitment, and we would recommend significant additional investment be made available by Government to support this.
88. In addition, the specialist team could generate revenue that could support capital outlay. The detail and source of any such funding goes beyond the remit of this study, but some ideas for generating revenue include:
 - a) Running training programmes for public bodies, including the Planning Inspectorate, to roll out the best practice learned from the London experience;
 - b) Charging fees for services, such as handling CPOs on behalf of boroughs and potentially developers with whom

they are working;

- c) Packaging finance for complex capital projects, including potentially designing and launching bond issues for projects that use land value uplift to help fund local infrastructure;
 - d) Managing a fund for the promotion of CPOs and also for holding land, or options, until interests have been aligned and development starts;
 - e) Taking a small share of the value created from land assembly when schemes secure planning permission
89. The current centralised model of control in the UK, leaves London reliant on negotiating periodic deals with central government, on continually changing terms as political power shifts. Solving London’s housing crisis is both an immediate and a long-term project.
 90. Any funding support for land assembly needs support across political party lines, to ensure it has the continuity needed to be effective. Certainty of funding avoids many of the initial risks involved in development. Furthermore by cutting the time and cost of land assembly it will make more resources available for wider social benefits, including improved quality of development and increased affordable housing.

Recommendation 10:

Create a multi-disciplinary team to support the boroughs and developers in tackling strategic and difficult sites, for example by producing a good practice toolkit, and supported by the devolution of additional finance to provide a long-term London revolving fund to support land assembly.

91. Statutory and policy implications: There are no policy or legislative changes required.

This section tests our recommendations for a new model for land assembly in London to help overcome the barriers to delivering the Mayor's draft Housing Strategy.

We examine two strategic opportunities (one in West and another in East London) to assess the overall impact of alternative measures for land assembly in terms of financial considerations, delivery and risks.

Finally we summarise the general benefits from adopting a better model for land assembly on sites large and small.

5 THE ADVANTAGES OF A BETTER MODEL

1. The GLA wanted to see what difference our recommendations would make to specific situations and what contribution they would make to delivering the policies set out in the GLA's draft *London Housing Strategy*.
2. The impact of the recommendations in the previous section, such as Land Assembly Zones can include:

- Adding to single-ownership sites by creating larger sites thus increasing potential aggregate output;
- Shifting to plan-led development and away from opportunistic and fragmented development;
- Overcoming site constraints such as limited access;
- Improving site layout to reduce impact on neighbouring land uses or to reinforce boundaries between settlements.

3. The benefits of a new model for land assembly would come largely from the impact they can have on land values and the speed of housing delivery.
4. To test the value of changing the current business model for housing development, two places were selected in very different parts of London, but connected by stations on the Elizabeth Line. Both had been identified as Opportunity Areas and Housing Zones in the London Plan, and are similar to many others across London.
5. Our aim was to assess the impacts on timing (faster delivery), risk (reduced uncertainties), and financial considerations using a model

for land values supplemented by the team's views on likely outcomes. We also consider the wider community and social benefits arising.

6. Possible land value uplift comes from various reports including the TfL report '*Land Value Capture*' (January 2017) and from London First on *Funding Crossrail 2* using financial analysis from KPMG.¹ These calculations suggested that the lower cost estimate of £12 billion might be met in part by developer contributions of around £1 million, plus £2.4 billion from intensification of development. Most of the remainder over and above the fare revenue depends on fiscal devolution.
7. Surveyors GVA expect an uplift in capital values in central London of 10% over the next decade, with residential values immediately around stations increasing by 25% in the centre and 20% in the suburbs, with most of the benefits coming from the first half a mile. The report put the incremental effect of Crossrail as around £4.8 billion for the residential, but only £0.7 billion for the offices. A study by CBRE came to similar conclusions. None of that uplift is being collected except through national taxation, largely resulting from transactions of properties.
8. Economic benefits are considered to be real where the result would not otherwise have taken place, such as building the extra new homes London needs. The KPMG report

¹ Funding Crossrail2, a report from London First's Crossrail2 Task Force, February 2014

suggested assessing the opportunities for developing housing around stations, for example on branch lines with poor services, as well as opportunities such as along the Upper Lea Valley. The potential has been explored in depth in a Centre for London report which identifies a range of possible locations, which include areas of low density industrial land as well as areas used for parking and storage.²

9. The two test cases have been anonymised but the characteristics of both are set out in order to provide an illustrative context from which to test our recommendations. The financial, timing and risk analysis is however based on the actual locations in order to present a realistic outcome.

THE TEST CASES

1. An old industrial area in West London

10. **Background:** This area was developed in Victorian times for industrial purposes and connected to Paddington by the Grand Union Canal, and then by the Great Western Railway. The area comprises a large former gasworks on one side of a railway line, and a mixed industrial area on the other. A residential redevelopment of the gasworks was proposed and promoted over a number of years. In 2002, the site was being used for car parking following the demise of the gas operations.
11. Delays resulting from securing a suitable developer and the market cycle have meant that the first housing will only be completed in 2018, or nearly 20 years after planning began. Two London boroughs, Network Rail, British Waterways (now the Canal and Rivers Trust), TfL and the GLA either had land interests or were statutorily involved in bringing the area forward for comprehensive development.
12. **Opportunities:** The former gasworks site is one of the most important development opportunities in West London, and in all occupies 36 hectares (90 acres). It was beset by a range of constraints including lack of road access, proximity to a busy rail line, industrial legacy and the presence of the remaining gas infrastructure of underground pipe lines and gas holders.
13. Following extensive consultation dating from 2002, a planning application was submitted in 2005 for 4,500 residential units together with retailing, leisure, office space, a secondary school, health and community facilities and airport parking. After the developer went into administration, the site was eventually sold to a residential developer, and a fresh team of consultants prepared a new plan.
14. Expensive remediation was required, as well as dealing with the pipes running through the site. The biggest constraint was access. Like many former industrial sites it is wedged in between busy railway lines and waterways, and cut off from adjoining residential areas and shops. There are very few crossings over or under the railway line, and little space around the station for it to serve as a modern transport interchange.
15. In addition to the gasworks site, a broader area was identified following a planning study by the local authority concerned to bring forward new housing and associated development. This involved multiple ownerships and crossed the boundaries of two boroughs. Ultimately a CPO was promoted, in tandem with the developer, and subsequently confirmed.
16. **Current Status:** A new access road is being opened as a planning obligation, which will also greatly increase the marketability of the housing. A scheme is now being promoted with 3,750 quality homes, together with an affordable element. The station is being extended to handle Elizabeth Line trains, and there is scope for further improving

² Nicolas Bosetti, Ideas above your station: exploring the potential for development at London's stations, Centre for London, September 2017

access by reintroducing passenger services along a freight-only branch. There is also potential for developing housing on the other side of the railway.

2. The commercial edge of a town centre in East London

17. **Background:** The East London test case is classified as a metropolitan town centre, with a number of 60s office blocks that are now under-used or empty. Recent development around the station is high-rise or high density (residential). The town centre serves a predominantly residential suburban area.
18. **Opportunities:** The potential for housing growth was first identified in the borough's Action Plan back in 2008. A leaflet produced by the council referred to the town centre as offering *'in excess of 20 development sites ranging in size from 500 square metres to over 2 hectares, while the Crossrail Corridor Action Plan identifies 45 sites with development potential'*. With an anticipated capacity for 5,000 new homes in the area as a whole, a great deal of effort was put into promotion with the hopes of securing mixed-use development of housing over commercial uses at ground floor level.
19. A designated Housing Zone was identified comprising some nine different sites, half of which were owned by the local authority. While the 'low hanging fruit' owned by the local authority were readily picked up by housebuilders, including an innovative twin tower block of apartments by an entrepreneurial new firm of developers, others remain undeveloped. There were five main reasons:
 - The office buildings do not lend themselves to conversion into attractive homes, and would only provide small apartments, not the family homes that are in demand;
 - Most are occupied, if under-utilised, so

new office accommodation would need to be provided for the borough's staff;

- Developers who expressed interest concentrated instead on projects that offered higher or less risky return;
 - Banks refused to make loans unless over half the space had been presold, which was difficult to achieve in such a location, even though studies had shown redevelopment to be viable; and
 - A more comprehensive scheme was required than all but the largest developers could contemplate, who tended to have better prospects elsewhere.
20. **Current Status:** The town centre location will benefit considerably from the opening of the Elizabeth Line, as the site will provide homes one quarter of an hour from the City and only a few minutes more to the West End.
 21. There is already significant on-going construction immediately around the station. But there are almost too many opportunities for any of the current players to make a further move. This creates uncertainty and perceived risks in the location. In addition, some major planning applications, particularly in tertiary/edge-of-centre locations, have been slow to be approved or have been subject to appeals.
 22. In general, the impression is of an inconsistent and uncoordinated approach to bringing forward development in planning and regeneration terms.

POTENTIAL IMPACTS

23. The advantages or benefits of the new land assembly model depend on the location, and the effects of infrastructure investment on housing and land values. These have been estimated for both situations, using a financial model that draws on research into the impact of the Elizabeth Line on housing values.
24. Railway lines, major roads, rivers and canals

can create barriers to local movement at the same time as they make it easier to move over longer distances. Transport investment, such as the Elizabeth Line or a new station, raises the image and makes it more attractive to live further away from Central London so that demand is likely to spill over hence raising house prices and land values. Incidentally, travel to work patterns in the outer suburbs are just as likely to be outwards or orbital as inwards and radial, and the impact will vary according to the local property market area.

25. A larger site, with better access to amenities such as water or green spaces, will raise interest from other builders if sites are parcelled out. This in turn will widen the market, for example allowing self-builders or 'empty nesters' to acquire homes, in the latter case releasing large under-occupied homes.
26. A faster rate of delivery would then bring earlier returns on investment, thus reducing risks and financing costs, as well as making a higher proportion of affordable homes viable. Both test cases therefore have the potential for significant increases in land and property values over the next five to ten years compared with values in surrounding areas, which reduces risk for investors.
27. Permitted development rights on office-to-residential conversions make it hard for local planning authorities to influence quality or demand better housing and amenities. Unsurprisingly, sites closest to the Test Case Two station are of most interest to developers, but fragmented ownership has made it difficult to plan and deliver this 'new quarter' in a comprehensive fashion. Tertiary town centre sites, even where they are in public ownership, are the greatest challenge for development and housing production.
28. Rebranding areas/quarters as providing homes for a range of needs may be necessary for attracting young professionals

and keyworkers to live there, whilst also appealing to wealthier households, who tend to live elsewhere in the borough in Test Case Two. By contrast, Test Case One will be creating a totally new place, and will expect to attract more of its initial occupants from further afield. Before we consider how each of our recommendations will make a difference from a financial, timing and risk perspectives we look at the five main types of impact that are likely:

- More homes: Defining a Land Assembly Zone (LAZ) of say half a mile or one kilometre around either station, would include sites with significant potential for assembly and housing development. For Test Case One, these sites will largely be in industrial use, compared to residential uses in Test Case Two.
- Faster delivery: By 'freezing' land values, and reducing the impact of speculation on property prices, more of the land value uplift can be for public benefit or to incentivise land pooling. The role of public sector statutory powers in assembling land in Test Case One has already proved crucial to the scheme moving ahead.
- Wider choice: With the new model, especially if a land bank were created, a much wider range of builders could be attracted, such as the self-builders discussed in the Freiburg model, or builders of private residential for short-term lets while the area is redeveloping. This is likely to have most benefit in a situation such as in Test Case Two, where there is no master developer active at present.
- Better social balance: The benefits of better transport services such as the Elizabeth Line in Test Case Two will be spread more widely, and so there is more potential for cross-subsidising social housing. The housing will be more affordable anyway, relative to other areas of London, thanks to lower values in East London compared with West London.
- Community benefits: In both test cases, better linkages across the respective railway lines to the surrounding area could support improved infrastructure such as schools and cultural facilities as

well as access to green space. Test Case One has the added potential for making the most of the canal, a hitherto largely neglected opportunity, which could form part of a new 'web' of green and blue space.

TESTING THE IMPACTS

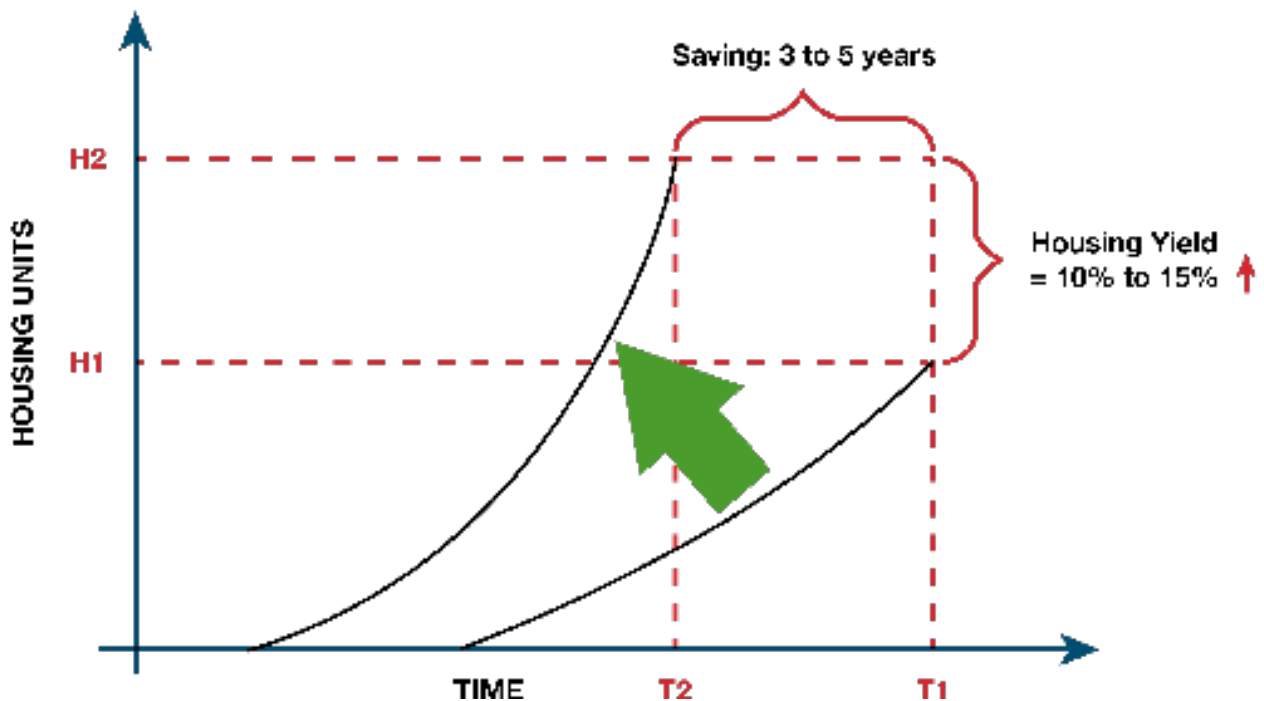
29. We now assess the impacts of the new model on the test cases. We consider firstly land value uplift over time and distance from the transport node (see appendix D). Secondly, we consider the results of this modelling in terms of the potential to create additional housing and increase the pace of delivery. Thirdly, we use the underlying quantitative analysis to assess the impact of our ten recommendations in terms of financial, timing and mitigation of risk benefits (see Appendix D for detailed analysis).
30. **Methodology:** in Test Cases One and Two, we considered the uplift in residential capital values as a proxy for land value uplift as a result of being designated as Land Assembly Zones (LAZ) (being a 12 minute walk or a kilometre radius around the transport node in each case). There is a strong correlation between house prices and land value in urban areas. In each case we considered the combined impact of the Elizabeth Line and the designation over a period of 7 years, being a medium time period for development to have occurred, albeit not completed. General market movements were removed in order to analyse the net "abnormal" effect on the LAZ and Elizabeth Line. Therefore, it is the uplift in values, not absolute values, which are being measured.
31. **Results:** The results are presented in the form of a "surface" chart which measures the effect over the 7-year testing period of uplifts in value throughout the LAZ in the form of distance from the transport node. (Exhibit 14)
32. **Conclusions on Land Value Uplift:** Test Case Two seems to operate as almost the opposite of Test Case One in relation to distance from the station. In Test Case Two values rise as you move away from the station into established residential areas whereas in Test Case One the greatest uplift is immediately (within 500m) close to the station – and then fallaway quite significantly before increasing again after a kilometre. This results from the clear differences between the nature of the two areas: Test Case Two is an established town centre with a densely populated area immediately surrounding the transport node where house values are greater the further the distance from the station, while Test Case One is a location that needs to establish itself before a significant uplift would be realised.
33. **Additional Housing and Pace of Delivery:** From the above analysis it is possible to assess the pacts of creating LAZs, in terms of potential additional housing and increasing the pace of delivery. Whilst this analysis is predicated upon the implementation of all of our recommendations, some of the benefits may be achieved without statutory changes.
34. The two test cases exhibit different characteristics in terms of development and land value uplift and therefore will result in different outcomes in terms of additional housing and pace of delivery. In order to put this into some context, we have adopted a high-level base case for London as a whole showing pace of delivery and additional housing. The base case London diagram below shows two axes: housing units on the vertical and time to deliver on the horizontal. H1/T1 indicates the point at which currently a medium sized scheme could be built out. The curve shows that it takes longer to implement and construct than in the case of H2/T2 through a LAZ, following the recommendations of this report.

35. As can be seen, the LAZ curve shifts upwards and to the left meaning both an increased yield on overall housing delivery and time saving. The former also may benefit from the proposed design-led approach to site density, as set out in the draft London Plan. We therefore conclude that in overall terms the alternative measures for London as a whole could result in increasing housing yield by between 10%-15%, as well as significantly speeding up the delivery of that housing, by between 3 to 5 years.
36. As can be seen in Test Case One this base position improves even more where large brownfield site opportunity areas are designated through a LAZ. Housing yield

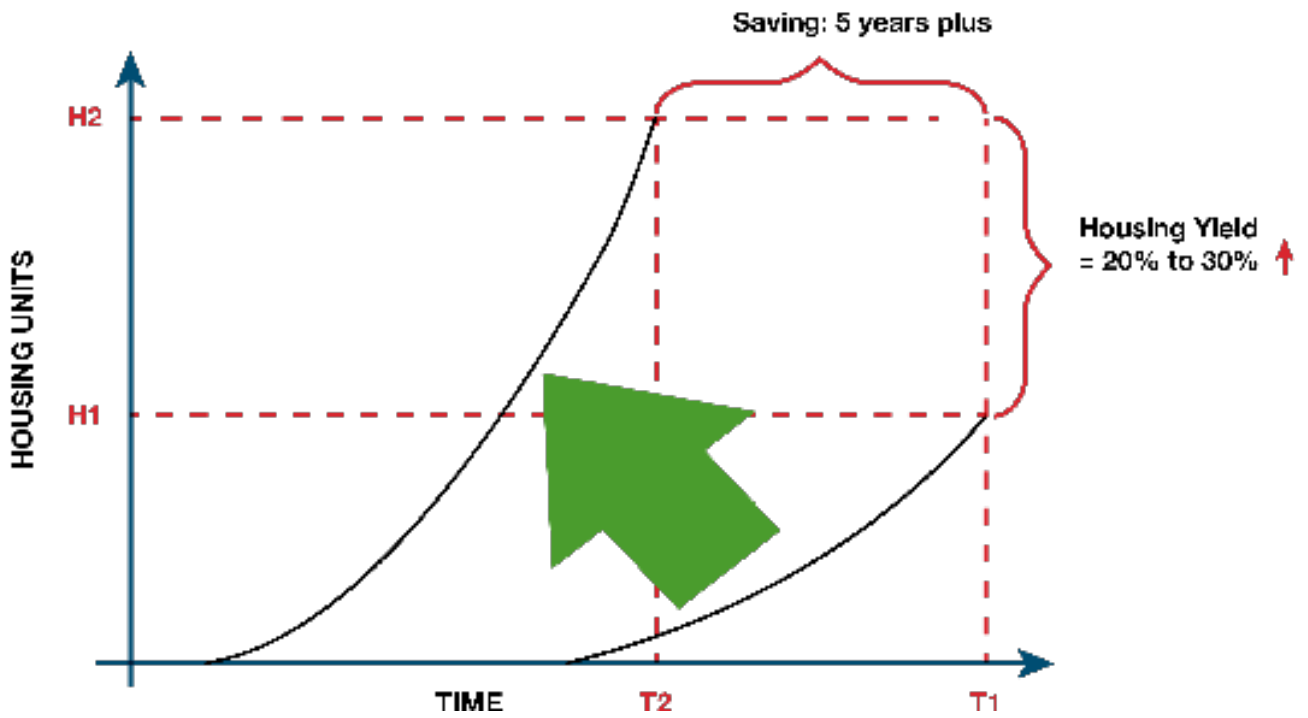
in this case could potentially increase to between 20% and 30% with an overall saving on the delivery of housing of 5 years plus.

37. So far as Test Case 2 is concerned, the opportunities in overall terms are less than for the base case (although individual sites may have great potential) given the more complex nature of the town centre and infill sites. Nevertheless we estimate that housing yield may increase between 5% and 10% with a commensurate time saving of between 2 to 3 years. Delivery may be significantly speeded up dependent upon the town centre circumstances and degree of land fragmentation).

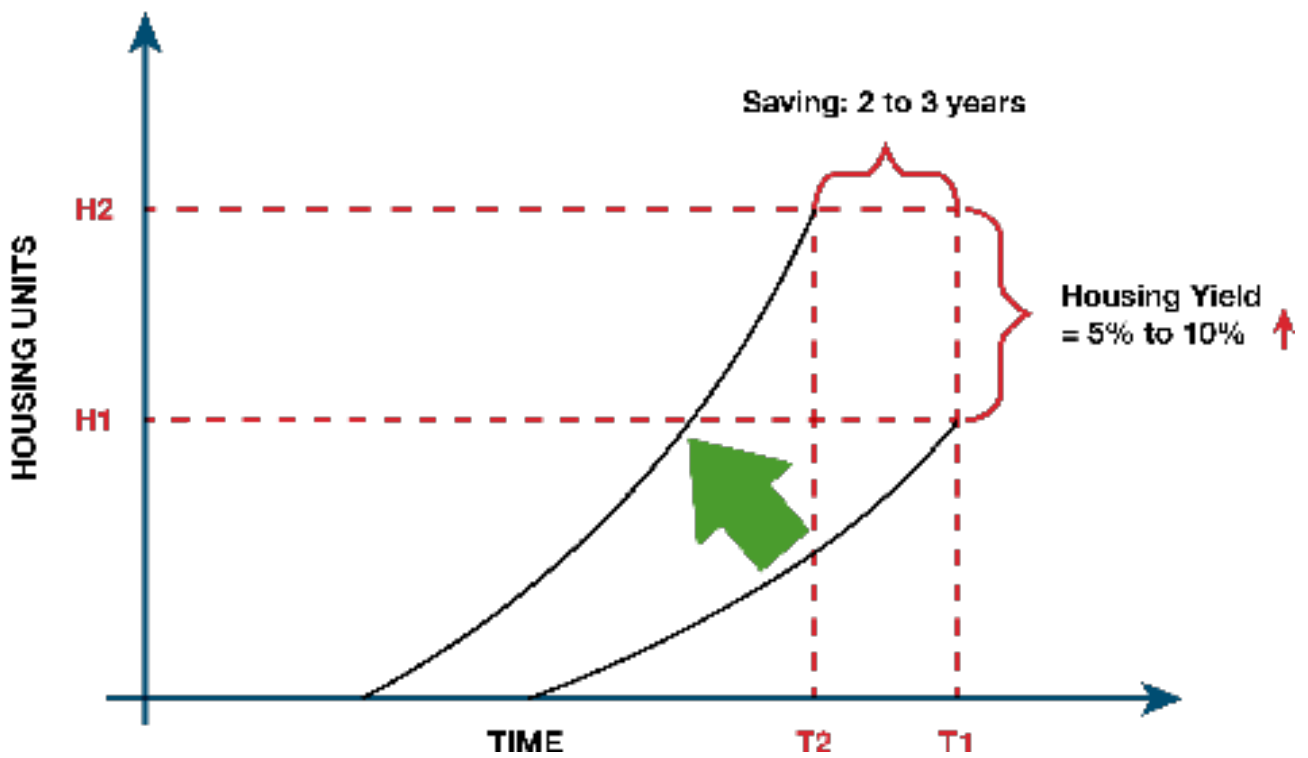
13a Base case: London



13b Test case 1: West London



13c Test case 2: East London



BENEFITS OF THE RECOMMENDATIONS

38. Finally we consider the benefits of each of our recommendations for the two test cases. We would stress that it is the combined effect that will have most impact. Therefore the purpose of the tables in Appendix D is to highlight the relative impacts having regard to financial, timing and risk considerations. Risk mitigation is a simple way of summarising the benefits in terms of the relative size of the effect, and therefore the value of adopting alternative measures for land.
39. There is not necessarily a consistency of model approach to any given situation as LAZs are all going to be different even where situated near transport nodes. We can assume there will be value uplift (leaving aside general market movements), but the nature and distribution of it will vary quite considerably both within and between LAZs. Value uplift is demonstrably shown in both case studies, which will affect how landowners react to a LAZ in terms of potential pooling agreements. Where land has the largest uplift (Test Case One), early stage pooling is more likely in order to realise development potential. In Test Case two, where there are smaller scale uplifts, particularly around the transport node, reverting to statutory processes may be required to implement LAZ and achieve development.
40. In addition, LAZs in existing established town centres are likely to be subject to acquiring multiple interests (freeholds, leaseholds and other land-related interests) in order to realise development, which means that CPO is likely to be necessary despite major landowner willingness to enter pooling agreements. The surface charts clearly demonstrate the need to freeze values at an early stage in the process rather than, as at present, awaiting

confirmation of a CPO before the valuation date can be established.

THE ADVANTAGES OF A BETTER MODEL

41. This report started by summarising the barriers to delivering the new housing that London needs, and the potential for applying lessons from both past experience and international exemplars.
42. The new model for land assembly we are proposing would respond to the conclusions of the *Callcutt Review*, and recommendations in the reviews by Kate Barker and Sir Michael Lyons. Our recommendations will also go a long way to meeting the concerns of those who have been pressing for radical reform.³ As development consumes economic and environmental resources, a faster rate of delivery should make London stronger and better for everyone. In summary, there are six main advantages of improving the way land is assembled:

1. Building extra homes faster

43. While cities expand and grow over time, the delays in bringing sites forward impose huge costs on those who cannot get on the 'housing ladder' or are stuck in unsatisfactory rented accommodation. It will always take time to align the plans and interests of different public agencies, but the difficulties of engaging with these should not be an excuse for delaying development that would create real economic and social value.
44. The GLA's draft London Housing Strategy states that '*To protect the Green Belt, the Mayor will promote higher density schemes and prioritise development on brownfield sites, in and around town centres.*' As

³ See for example i. Thomas Aubrey, Centre for Progressive Capitalism, Funding the Infrastructure and Affordable Housing for the East West Link, October 2017. ii. London First, Funding Crossrail 2, February 2014.

both the test cases illustrate, this means assembling land in both public and private sector ownership to achieve 'marriage value' and better outcomes. Given the seemingly inevitable upsets of the property and business cycles, it is vital to cut the time between granting consent and having new homes occupied.

45. A simple four stage flow chart shows how the process can work (p. 77). Indeed the time in getting to building the first home on a complex site such as Test Case One (which would apply to much of the Upper Lea Valley) might be cut from 15-20 years to less than five once the interests of the different stakeholders are aligned. On easier sites, building starts might be cut from five to two or three years. By 'freezing' land values, and reducing the impact of speculation on property prices, more of the land value uplift can be used for public benefit or to incentivise land pooling
46. The role of public sector statutory powers in assembling land in Test Case One has already proved crucial to the scheme moving ahead. But with the new model, especially if a land bank were created, a much wider range of builders could be attracted, such as the self-builders discussed in the Freiburg case study, or builders of private residential for short-term lets while the area is redeveloping. This is likely to have extra benefits in a situation such as the edge of a town centre (Test Case Two) where there is no master developer active.

2. Reducing costs and risks to investors/ housebuilders

47. Even where sites do not require expensive remediation work, the costs of local infrastructure may be higher than most developers are prepared to take on. Roads and other utilities are required up front, and the investment only pays off over many years.

48. By taking away the uncertainties involved in land assembly and local infrastructure, investors and developers could settle for lower profit margins, thus bringing down the overall cost. Indeed, there are believed to be a mass of private investors who would welcome the chance of investing in inflation-proofed assets such as development for housing if the opportunities were made available, for example through bonds.
49. One of the important aims of the draft London Housing Strategy is diversifying the home building industry, including building more '*in outer London where homes can be built faster and at more affordable prices.*'⁴ The sharp decline in the numbers of smaller builders and the general lack of experience of 'going to scale' means that some form of public agency or development corporation needs almost literally to 'pave the way'. This could then utilise lower cost sources of capital in the process as the international case studies such as Vathorst have done.
50. Public leadership would also help in ensuring that the 'social infrastructure' of schools, shops and other services are provided up front and not at the end of the development. Again the effect should be raising the rates of delivery or absorption, and also rebalancing local markets by matching supply with potential demand.

3. Joining-up transport and development

51. The UK planning system is often criticised for not making the most of public investment in improved transport services, for example to develop land alongside improved or new railway lines.⁵ By concentrating on the most accessible places and maximising opportunities for growth, the use of public transport should

⁴ London Housing Strategy, GLA 2017

⁵ Nicolas Bosetti, Centre for London and Arup, Ideas Above Your Station: exploring the potential for developing stations in London, September

increase and hence reduce car dependence and pollution, especially in parts of Outer London where congestion can be high.

52. Designating zones for land assembly around new or improved stations should make it easier for London to compete with its continental rivals in attracting financial investment in the wake of Brexit. There is now evidence of significant gains in property values around the outer London stations of the Elizabeth Line, for example, with only 5% being recovered. TfL have been exploring how to capture some of the uplift in transport improvements, for example to help fund Crossrail 2, and similar work is being undertaken by the National Infrastructure Commission in its proposals for the Cambridge Milton Keynes Oxford arc.⁶ Our recommendations would respond to concerns that have been raised.

4. Creating stronger communities

53. Planning needs to ensure that the main concerns of local people are met so that the new housing is seamlessly integrated with the old, even where the densities may be much higher. Many communities have become sceptical about plans and architects' visions and so are more likely to respond positively to development in the hands of an organisation known to possess not just the ambition, but also the capacity and continuity to see the project through.⁷ Such a process can build both social and environmental capital, for example turning underused or poor-quality land close to a canal into a valued amenity, and achieving the 'marriage value' where several ownerships are involved, as our case studies have illustrated.
54. A more proactive approach, of the kind

recommended here, should therefore, if properly led, result not only in achieving the aims of the GLA's draft *London Housing Strategy*, but also creating a much better, fairer and stronger London for everyone.

5. Diversifying development and investor partners

55. New sources of land assembled by the GLA can open the way for innovation in the procurement of contracting, development and investment partners. The GLA would be able to derisk the purchase of land, clean and combine titles, decontaminate and service sites, (as English Partnerships were originally established to do) as well as being able to offer a range of onward land sale arrangements, (build now/pay later, long term lease payments, equity shares etc).
56. This could help create more development opportunities on larger sites that were nevertheless still accessible to small and medium sized commercial enterprises and registered providers, as well as, or sometimes in partnership with CLTs, coops, and cohousing groups, as guaranteed buyouts on completion, both for market and permanently affordable community housing (PACH). This would extend the scope of the new procurement practices currently being developed through the GLA/ TfL Small Sites Programme, and capitalise on the GLA's investment in setting up the London Community Led Housing Hub.⁸
57. The GLA's derisking and enabling role could also attract significant volumes of equity investment into a new rental market: what the community housing sector in London is calling a 'Not-For-Profit Civic Housing' rental sector⁹, at a wide range of sub-market rental levels, but which could be promoted by any affordable housing

2017

6 Partnering for Prosperity: a new deal for the Cambridge-Milton Keynes-Oxford Arc, NIC October 2017

7 See, for example, the review of the work of the Highbury Group in Duncan Bowie, *Radical Solutions to the Housing Crisis*, Policy Press 2017

8 <https://www.clhousinghub.london/>

9 'Making Housing Delivery Models Work for London' Future of London, November 2017 p10. <https://www.futureoflondon.org.uk/2017/11/27/housing-delivery-models-press-release/>

or commercial developer working with an equity investor. The GLA's land share could either be retained as a long term equity investment for income, or sold on as investments to release capital back into further land assembly programmes.

6. Tackling 'free riders'

- 58. Assembling land to meet London's housing using the approaches and powers recommended in this report, would truly generate 'capital gains' for all in social and environmental as well as economic terms.
- 59. As we have argued, these changes would help London to keep up with the quality of

life being offered in competing cities. They would apply principles that have been used in the past to create and renew some of the parts of London that are most valued today, for example providing and maintaining open spaces without the costs falling on the public purse.

- 60. If development is more like a game of dominoes than completing a jigsaw, joining up development with infrastructure will enable much faster progress in implementing agreed planning policies. A better land assembly model is therefore crucial to ensuring the aims of the GLA's draft *Housing Strategy* are achieved.

SUMMARY: LAND ASSEMBLY ZONE PROCESS (ILLUSTRATIVE ONLY)



BARRIERS TO SPEEDIER HOUSING DELIVERY

This paper summarises findings from some of the research we have reviewed to understand the conditions that affect land assembly and the speed with which housing supply responds to demand. It starts with planning and the resources to execute larger schemes before considering the objections that are often raised, and the skills and capacity to respond to them.

Uncertain planning policies

Land assembly inevitably takes time but the National Policy Planning Framework focus on a five-year land supply forces a shorter term approach, leading potentially to piecemeal development. The government has tried to 'cut red-tape', but few developers now have the cash to acquire complex sites and obtain all the permissions. House builders prefer to go for the 'low hanging fruit' and to hold on to their land banks. They naturally avoid sites where ownership can be uncertain. Though planning is blamed for being largely reactive, many local authorities are now starting to play a more active role again, but with limited experienced staff to cope with a multiplicity of applications. Furthermore a planning inspector will not allow a local authority to allocate a site in its plan unless it can be proven to be deliverable, which usually means having a developer lined up. Hence large complex sites, especially those which straddle local authority borders, are left in favour of what appear to be smaller or easier sites to develop.

The Urban Task Force encouraged masterplans for key sites in order to provide greater certainty and also to raise quality standards.¹ But these have not been enough to secure development (e.g. over 75 masterplans for Royal Docks). It is possible that some plans have suffered from being over-prescriptive, and that it would be better to agree Development Frameworks that enable a greater degree of flexibility, as in the Kings Cross railway lands, for example, where there is agreement on overall uses, densities and community benefits, but flexibility over timing.

Many have criticised the centralised nature of decision making in the UK, which leads to transport and housing being planned in 'silos'. While the flexible nature of British planning can yield substantial sums from developers towards 'planning gains', it also can drag the process of agreement out, and impose substantial 'transaction costs.' Even when there is apparent agreement, these may be later revised on the grounds of viability, making it hard to achieve ideas such as 'new garden settlements'.² Consequently, there is support from research and housing experts such as Kate Barker that 'land banking' would offer real benefits, and that well-negotiated Section 106 agreements and positive planning add value.³

1 Richard Rogers et al, Urban Task Force, Towards an Urban Renaissance, 1999

2 See for example <https://www.conservativehome.com/.../lord-taylor-and-chris-walker-the-case-for-garden-villages>

Also David Rudlin and Nicholas Falk, Uxcester Garden City: the 2014 Wolfson Economics Prize submission, www.urbed.coop

3 See preface to Ed Tony Crook and Christine Whitehead, Planning Gain: providing infrastructure and affordable housing, Wiley 2017

Limited resources for planning large schemes

Finance for putting schemes together can be a real constraint as long term 'patient' capital is rare, and land assembly necessarily takes time with a long wait before cash from sales arrives. Large and fragmented sites have multiple risks (demolition, movement of services, ground condition etc.) Consultants can be expensive (e.g. £2 million for a large scheme) and hard to share when several different owners are involved. Developers have to consider cash flow, which is made difficult by the ups and downs of the housing market and property cycle every ten years or so.

Even the largest developers lack funding to promote more than a few complex schemes (e.g. English Partnerships had to pump-prime Barking Riverside; Berkeley Group required £150 million before starting building at Blackheath).⁴ Speculation is a major concern. The Callcutt Review suggested that developers make the most from land dealing, not building, and speculators or 'free riders' abound, especially where there are 'ransom strips' and owners 'hold-out' on the final parcels.

Smaller builders can be invaluable in keeping costs down and responding to new markets, for example housing for the elderly. However they complain they cannot compete for sites, and their numbers have fallen drastically since the financial crash, as many were swallowed up by volume housebuilders for their land banks. Possibly too much land is owned by traders who sell on to house-builders, and 45% of permissions were to developers who had not built anything, but simply sell the land on when the timing is ripe.⁵

Speculation is also a problem. Owners can make more by sitting on land and avoiding risks where holding costs are low.⁶ Developers take out options to keep costs down and to benefit from land deals. Development is governed by the speed of sales. For example Greenwich Peninsular was developed at less than one fifth the rate of Hammarby Sjostad in Stockholm, though it is in a similar location. The reasons are that in Sweden many more builders are engaged, each supplying a slight different market.⁷ They can do this because the infrastructure had already been funded. Also many companies are building for rent as well as for owner occupation, and there is a 'master developer' who can negotiate good deals with infrastructure suppliers such as utilities.

Where sites have occupants then land holding becomes possible, as there is a cash flow, but is more difficult on sites that are vacant and underused. Financial institutions may say they have funds available for investment if only the sites were available. But insurance companies and pension funds prefer 'risk free' commercial developments or large blocks of housing that can be rented out (though a few such as L&G are starting to get involved).

The final resource problem is the capacity to manage urban change. Most local authorities have lost key staff, especially 'deal makers' and CPO specialists. So have housebuilders and other developers, as most large developments in the last 20 years in London have been on single ownership sites. As a major development is likely to involve not only several owners but also statutory undertakers such as the railways or water boards, the risks become excessive and the rewards too uncertain to make it worth the bother. This is where development corporations can have a great advantage.

4 Case studies in Nicholas Falk and Barry Munday, Housing Forum, The ABC of Housing and Local Growth, 2014

5 Molior, Affordable Housing Development in London, 2010

6 Daniel Bentley, Civitas, The Land Question: fixing the dysfunction at the root of the housing crisis, 2017

7 PRP URBED and Design for Homes, Beyond Ecotowns: applying the lessons from Europe, 2008

Resistance to development

Development of new housing in the UK is not helped by the tendency of people to prefer old homes and locations, while opposing any new development near them or on open space. House builders believe that the majority of potential buyers prefer to live in houses not flats and away from denser areas where schools are perceived to be better.⁸ Old homes are valued higher than new ones.⁹ This could be changing as better quality apartments are built and occupied, and research for the GLA suggests that higher densities are viable in London.¹⁰ But exemplary schemes are still rare, making it harder to change attitudes in the suburbs. When CABE (the Commission for Architecture and Built Environment) was wound up, it became harder or more expensive for communities to find out about best practice. Most of the publications on new housing tend to be critical of the standards achieved by the major house builders.¹¹

New housing is also criticised for the way the benefits are distributed. The greatest uplift in property values can take place when a previously neglected location gets 'discovered', often as a result of transport improvements, such as Crossrail. But changing the image of a location is difficult even when it is accessible, and can take several decades. Regeneration takes a generation! Attitudes are slowly changing towards private renting, community self-building, and new Civic housebuilding. But finding the right 'urban pioneers' can still be a challenge, and the main house builders understandably prefer to stick with what they know best.

Local authorities are generally considered reactive and service-oriented. They can be reluctant to use CPO powers because of the complexities, uncertainties and costs. However a growing number are developing land they own rather than selling it to the highest bidder through a multiplicity of arrangements.¹² The lessons of Comprehensive Development Areas may need to be relearned, which were used to get reconstruction going in areas of inner London that were bombed in the Second World War.

Shortage of skills and capacity

Because of the risks and skills involved, governments prefer private sector involvement, often through public private partnerships, to reduce risks. Partnerships also enable government involvement and hence enable politicians to share the credit! But they can be unwieldy and take a long time to put into place, even before land assembly can start leading to disappointment. Croydon's recent experience is relevant, where they have opted for direct development through a fully owned subsidiary company after a partnership with a major builder. The loss of small builders in each market downturn, and especially after the financial crash of 2008, has left only 7 or 8 volume house builders accounting for most of the market.

There are some exceptional schemes where government has taken a long-term interest, for example Kings Cross through London and Continental, a subsidiary company owned by the Department of Transport. Another type of situation is where a profitable end use reduces risk, such as the Savacentre near Colliers

8 Home Builders Federation, Home Buyer Intentions and Opinions, 2016

9 See research quoted in Beyond Location: a study into the specific components of the built environment and value, Create Streets, 2017

10 Three Dragons et al, Lessons from higher density development, GLA 2016

11 Future Homes Commission report, RIBA 2014

12 Janice Morphet, RTPI, How local authorities are helping to fix our broken housing market, 2017

Wood in Merton, which is built on former railway land that had been leased to hundreds of scrap yards. The other type of success story is where there is a deadline such as the Olympics site in East London. The Homes and Communities Agency has also been active in Milton Keynes, where English Partnerships inherited land owned by the New Towns Commission, which gave it more freedom.

Successive governments have been reluctant to trust municipal enterprise, preferring instead to have direct control. Significantly the London Docklands needed to assemble land and provide new infrastructure in the form of the Docklands Light Railway and a new access road to Canary Wharf before it could capture land value uplift. Since the financial crash of 2008, master developers/partners are much rarer. Much of the decline in the rate of house building has been attributed to the restrictions placed on local authorities, and the cuts in funding for social housing (see chart in exhibit 1)

A few authorities are again acting as entrepreneurs, borrowing against their assets, but the process can be controversial, as the situation with LendLease in Haringey illustrates. Large scale (or strategic) housing could be seen as 'infrastructure' by the Treasury and the National Infrastructure Commission, and treated differently (as seems to be under consideration in the Oxford/Milton Keynes/Cambridge corridor.)

Conclusion

Development rates fail to match demand because of factors such as uncertain planning policies, limited resources for planning larger schemes, a resistance to development, and the skills and capacity of the development industry. To be viable, development requires foresight and commitment, sometimes over decades in the case of strategic or large scale housing sites. Yet obligations are often uncertain, especially for larger sites, and the costs and returns cannot be fully anticipated or quantified. Even when expected values appear to exceed costs, the risks can simply be too great. Hence most developers and particularly house builders naturally prefer to concentrate their limited resources where the risks are least unless the public sector takes some of the risks away or offers incentives.

Furthermore land owners public and private may well wait until areas have taken off, while utilities and transport undertakings are notoriously hard to engage. This makes it harder to secure the 'marriage value' from putting adjoining land together. Compulsory purchase, or the threat, is often essential, but may be seen as too complex. The European Human Rights Convention is sometimes blamed for not acquiring private land (but does not seem to halt house building in other European countries.) The nervousness about expropriation has become deeply embedded, and requires a better approach and a new business model.

HOW LONDON EVOLVED

Great and small estates

The early growth of London in the 18th century was made possible by Royal Grants that enabled aristocrats like the Duke of Bedford or the Duke of Westminster to start building planned estates in Bloomsbury and Mayfair respectively. The financial key was the provision of building leases to contractors who took on elements in a plan, which typically included a large landscaped square to create the sense of living in the country in the town. As Peter Murray has shown in the *Great Estates*, this system accounted for a large proportion of central London North of the Thames, and is being partially replicated by Argent on the old railway lands at Kings Cross.¹

The leases were for a period of 99 years and required compliance with a number of conditions, for example specifying the height of the buildings and the type of house. Some of the estates sought to limit the amount of smaller or mews houses in order to preserve long-term values or to keep out public houses. The landlord was looking not just to ground rents, but to the value of the reversion when the lease was over. This system built the areas of London that have the highest property values and that are most visited by foreign tourists. Where shorter leases were granted, as in the East End, less was invested, and the areas subsequently ran down, as Simon Jenkins points out in *Landlords to London*.²

Further out in what is now Inner London, speculative builders acquired land that was in agricultural use, and developed terraced streets a few houses at a time, as Donald Olsen shows in *The Growth of Victorian London*.³ The new neighbourhoods were opened up by the coming of the suburban railways, and from the 1880s onwards, by the Underground railway and electric tram. Houses were clustered around local centres and stations, but industry and housing was mixed up, leading to noise and dirt. Unsurprisingly those who could afford to moved out to new suburbs. Dyos in a classic account of the Victorian suburb analysed what happened in Camberwell.⁴ By the 1880s London covered a hundred square miles with 2,000 miles of streets. He explains that

'A building agreement made between the landlord and a contractor for the granting of a lease for completed houses at a certain house rent or for an overall ground rent. The latter arrangement permitted the builder to create a leasehold (or 'improved') ground rent which he or his assigns received from the occupiers of the houses'.

This was what built most of the London that we value today. At its best large estates granted long (99 year) leases with covenants restricting what could be done, for example preventing building in back gardens, while at the worst small areas of land were sub-divided and soon decayed into slums, 'as the relatively

1 Sarah Yates and Peter Murray, *New London Architecture, Great Estates: how London's landowners shape its growth*, 2013

2 Simon Jenkins, *Landlords to London: the story of a capital and its growth*, 2015

3 Donald Olsen, *The Growth of Victorian London*, Peregrine Books, 1979

4 H J Dyos, *Victorian Suburb: a study of the growth of Camberwell*, Leicester University Press, 1973

prosperous moved further out and poorer families moved in.⁵ As most rented where they lived, change was quite rapid.

The decay of the inner suburbs was attacked by social reformers like Charles Booth in his poverty map, and ridiculed by authors such as the George Grossmith in *Diary of a Nobody*. By the end of the 19th century some philanthropic landlords such as Peabody or the East End Dwellings Company built tenement blocks, famously financed by loans at 4% to show that social housing could pay. Municipal landlords such as the London County Council were also starting to build for the 'deserving poor', and the new Borough Councils at the turn of the 20th century started a 'municipal renaissance' with new Town Halls and some slum clearance and rebuilding.

Garden suburbs

A flurry of utopian writing at the end of the 19th century resulted in proposals for building away from pollution and over-crowding, with the costs of infrastructure funded out of the uplift in land values from development. The most influential was Ebenezer Howard in *Garden Cities of Tomorrow*, who publicised the ideas of Henry George by differentiating between the 'landlord's rent, which funded the loan, and the 'rates rent', which should go to the community. The architects of Letchworth went on to design Hampstead Garden Suburb. This was a notable example of a 'land swap' in which the land owner, Eton College, agreed to safeguard part of Hampstead Heath, now called the Heath Extension, in return for building on land further away from Golders Green Station, which was the terminus of the Northern Line at the time.

Henrietta Barnett sought to create a balanced community, with dwellings for artisans as well as fine houses for the middle classes. Almost all were rented initially, but the leafy winding streets soon attracted wealthier residents, including Labour politicians such as Harold Wilson and Herbert Morrison's family. Some of the earliest housing was developed by Co-Partnership organisations that enabled groups to collaborate in commissioning their own housing. This became popular before the First World War, leading to other new estates with idealistic principles such as Brentham Garden Suburb in Ealing.

Semi-detached London

The garden suburb may not have achieved Howard's aspirations for ploughing the 'unearned increment' from development back into social facilities, but they did create a pattern for the great inter-war building boom. (Exhibit 5) Though the first attempts which relied on local authorities as developers were not all that successful, in the 1930s London built more housing than at any other time. The formula relied on cheap land, with many farmers having to sell in a time of general depression, the availability for the first time on any scale of mortgages from building societies, and above all on a large number of small builders, such as Frank Taylor, who later formed Taylor Woodrow, building pattern book houses.⁶ Low interest rates certainly helped, but so too did the growth of well-paid jobs in modern factories.

The mushrooming of the new suburbs was only physically possible because of large scale public investment in infrastructure. To tackle unemployment, the

5 Harold Dyos, *Victorian Suburb: a study of the growth of Camberwell*, Leicester University Press, 1961

6 Alan Jackson, *Semi Detached London: suburban life, development and transport 1900-1939*, Wild Swan Publications 1991

government funded new arterial roads such as the Great West Road through Brentford or the Kingston Bypass, or the extensions of the Underground Railway out to Edgware and Finchley. The most iconic development was promoted as Metroland, the bi-product of building the Metropolitan Railway from rural areas such as Amersham to a new terminus at Baker Street. The directors of the railway were very canny, buying up land near the new stations through separate companies for the housing developments that made the railway a financial success. The posters promoted healthy living in the country away from city smog and commuting by train to central London.

But the surge of development along the main roads led perhaps uniquely in the UK to a backlash that sought to contain the towns and keep the countryside sacrosanct. In polemical books, London was described as an octopus by architect Clough Williams-Ellis, who attacked 'ribbon development'. Tristram Hunt goes further in saying:

'The English were no longer regarded as an urban race, who had created some of the great civic wonders of Europe, but as innately semi-rural tribe who felt most at ease in the burgeoning suburb.' Roy Porter points out in *London: A Social History* that 'London suburbs suddenly stop, frozen at a point they had reached in 1939', and the NLA's useful book and exhibition *London's Towns: Shaping the Polycentric City* reveals the contrasts between the inner suburbs, well connected by public transport, and the outer suburbs, that are much more dependent on cars. It is the outer suburban centres and industrial estates that may now have the greatest scope for intensification, as studies of places such as Park Royal reveal.⁷

The paradox is that the electrification of the 1930s, and the mass production of cars made it possible for growth to be exported beyond the green belt to a multitude of small towns in the Home Counties. London's outer suburbs, which represented the peak of ambition in the 1930s, were to end up choked with cars, and losing the local industry that had made their rapid growth possible. Their original inhabitants were eventually to be partly replaced by waves of immigrants.

Post-war reconstruction

The damage done by bombing, especially in the East End and around the River Thames, called for special measures in assembling the land for building again. Another wave of development was orchestrated through the London Plan drawn up by at the end of the Second World War by Lord Abercrombie, which sought to disentangle the 'muddle' of housing and industry, as it was called. The designation of Comprehensive Development Areas gave local authorities the powers to assemble sites with existing uses on them. As the Danish urban historian Rasmussen wrote in *London: the unique city*:

'Entire districts were demolished overnight. All traditional ideas of property became obsolete. A new thinking and a new planning was not only a possibility, it had suddenly become a new necessity.'

The 1944 Greater London Plan was turned into reality though a new Town and Country Planning Act in 1947 which resulted in a green belt around the edge of London to stop sprawl, first envisaged in the 1920s. The government funded eight new towns that were far enough away to be self-contained plus several rings of new highways, only one of which was ever built. The wider public purpose or benefit was considered sufficient to justify taking over property at close to the value of the existing use, so long as the national government agreed.

⁷ New London Architecture, *London's Towns: Shaping the Polycentric City*, 2017

The Greater London Council replaced the LCC in 1965, and took on a number of Comprehensive Development Areas, such as in Bermondsey or South of Kings Cross. The 1947 Act has allowed local authorities to acquire property in a designated area, using powers of compulsory purchase in order to replan and develop urban areas suffering from war damage or urban blight. The results are associated with large areas of high-rise system built flats, many of which went from being very popular with their initial residents to being criticised for being inhuman and subject to anti-social behaviour. Interestingly there is much on the internet about Glasgow but little about London, and the beneficial impacts of CDAs seems to have been largely forgotten.

The Analysis for the 1951 County of London Plan identified 100 areas in need of reconstruction but 'due to financial and manpower limitations only eight areas where war damage or obsolescence is most extensive can be undertaken at present.' The land designated comprised 337 areas containing 660 acres in addition to 1,662 acres covered by Declaratory Orders and therefore liable to compulsory purchase in areas of the City of London, Stepney/Poplar and Bermondsey that has been worst hit by bombing.

Comprehensive Development Powers were also used to achieve other developments considered strategic, such as town centre renewal as well as major roads and even the regeneration of Covent Garden after the market closed. A notable example is Croydon, where the Council promoted an act of parliament which gave it the powers to assemble the site for a new office development to take the pressure off the City of London (rather like La Défence in Paris). Importantly sites could be acquired without having to get the approval of the Secretary of State. The results were of their time, and are now the subject of redevelopment schemes, made easier because the freehold of the land had been assembled by the local authority. Undoubtedly Croydon would have much less of a town centre today if the powers had not been used.

At the same time as local government was building housing estates, private developers took on the job of converting and improving older housing. Significantly building societies were often wary of funding conversions, and local authorities then had to step in. Some developers became notorious for forcing out existing tenants, such as in Notting Hill, and over time areas that were located near transport links became 'gentrified'. In many cases public private partnerships were used to assemble complex sites, such as Centre Point off Oxford Street, where the GLC secured a roundabout and Harry Hyams a large office block. At that time local authorities not only had well-resourced planning departments and employed architects, but also had powerful estates departments with people who knew about property finance and had a genuine capacity for assembling land, with CPO powers only being used as back-up.

The period between 1950 and 1976, Stephen Hill reminds us: '...was the only period since 1875 when Britain was not the lowest spender on infrastructure among the developed nations of Europe and North America.'⁸

This surge of rapid urbanisation and post-war reconstruction relied on Comprehensive Development Areas and New Town Development Corporations to mobilise the land necessary for a surge in investment. In turn the public investment in infrastructure enabled a huge investment boom not just in house buying, but in acquiring all the appliances that make up modern life, from central heating to refrigeration, as well a great increase in car ownership and usage. It was also associated with Britain's late entry into Europe and a financial crisis that

⁸ Stephen Hill, Town and Country Planning, It's the land economy, stupid, January 2013

brought in a succession of Tory governments. The Leasehold Reform Act of 1967 was intended to free-up development, but threatened well-planned areas, such as Hampstead Garden Suburb, which had to set up a Scheme of Management under S.19 to maintain the qualities that created its 'common wealth'.

During that period outside London some major land assembly projects was undertaken, but only for city centre developments involving retail, for example in Liverpool for Grosvenor or in Derby for Westfield. These relied on CPO skills that were bought in from the private sector, with Birmingham being an exception where a CPO skill base was retained in house.

Post 2008 and the financial crash

The banking crisis and the subsequent policy of austerity has had long-run implications, especially as so much capital in the UK is tied up in housing as Thomas Piketty shows in *Capital*. While Asian investors may see London as the safest market in which to store finance, other investors look at the housing market as a bubble, which could drag down investors with too much unsold stock. So as the infrastructure costs on a large development can exceed the building costs, and has to be funded up front, in recent years more attention is being given to the costs of infrastructure, and how to fund it.⁹

*'The intention is to bring in new finance when the banking markets open again for lending to commercial property. The investment figure was not available but an announcement is expected this week. No one from the partnership would comment in the meantime. The King's Cross development would have had little problem in securing development finance before the recent banking problems, given its size, the collateral offered by the land around King's Cross and the pre-lets agreed with occupiers such as Sainsbury's.'*¹⁰

Since the last financial crash the availability of finance for land acquisition and development has changed enormously. Local authorities lost most of their autonomy and much of their capacity to plan or build, (though the Localism Act and subsequent moves to set up local authority companies suggesting the trend is being reversed.). Private builders have merged or collapsed after each periodic recession. In contrast foreign investors have become major players, especially from the Far East looking for safe havens for capital. There is also some interest from financial institutions to invest in development for the income that will come from leasing out Private Rented Sector apartments. But single large sites are few and far between, and there tends to be more focus on the lack of 'oven-ready developments' than the lack of finance.

The Elizabeth Line, the London equivalent of Paris's RER, has been part funded by a levy on the Business Rate. But though the railway will be operated by the company who run the Hong Kong Metro, the benefits from development on land adjoining the stations will not be ploughed back. Research by Savills and others suggests that the main beneficiaries from improved accessibility are existing home owners. So whereas increasing demand in the 1930s led to a corresponding rise in house building in the South East, since 2000 it has largely resulted in higher house prices.

A presentation from CBRE for the South East Development Agency in 2009 after the crash found that no bank then would put more than £50 million into property development and only 12 would lend more than £25 million, of which only two

⁹ Nicholas Falk, *Funding Large Scale New Developments*, Town and Country Planning April 2014

¹⁰ Financial Times, *Kings Cross rescued at 11th hour*, August 22nd 2008

were British. In London the escalation in values has made land assembly more difficult, as many property owners hold out for a substantial return on their investment, and in many cases there is a base income that in a low interest environment makes holding land relatively painless.

In its interim report, the Commission for Economic Justice set up by IPPR concludes that radical changes are needed in the housing and other markets if Britain's persistent inequality and low economic growth rate is to be changed. The report says

'These insights can help to inform the approach taken to public policy today. They suggest, for example, that greater attention should be paid to the provision of 'patient capital' willing to finance investments with long-term returns, and to the role of public policy in directing innovation towards societal goals. In turn, this needs to draw on new understandings of the role of demand in modern economies.'¹¹

This report has little to say about land assembly, and how to tackle growing spatial inequalities, or the role that cities play in more successful economies. It points to two great periods of change in the 1940s and 1980s but misses out the times when we built most housing in and around London, and the reasons for gentrification. Research shows that the neighbourhoods that enjoy the highest values tend to be ones where the public realm is well-managed over time.¹² Private house owners have benefitted not just from far-sighted investment in green spaces, but also continual care in maintaining standards.

The search is now on for space that has not yet been brought forward. The new London Plan seeks to provide a vision for a City in the West as well as in the East, with a large number of Opportunity Areas and Housing Zones. Much of that is already owned or optioned by private developers, and considerable attention is consequently being paid to land owned by Transport for London, or airspace above railway stations.¹³ A report published by the London Society sought to show, by focusing on the 'Western Wedge' the potential of mobilising land that had not yet been considered for development, such as Northolt Airfield, or under-used land along the Paddington Arm of the Grand Union Canal that was in close proximity to stations on the Underground system.¹⁴

11 IPPR, *Time for Change: a new vision for the British economy*, 2017

12 Savills for the Cabinet Office, *Completing London's Streets*, 2016, and *Beyond Location: a study into the components of the built environment and value*, 2017

13 Centre for London, *Ideas above your Station: exploring the potential for developing stations in London*, 2017

14 Nicholas Falk and Jonathan Manns, *The London Society, ReShaping London: Unlocking sustainable growth in West London and beyond*, October 2016

Appendix C

Powers to assemble land in Germany, France, and the Netherlands

Public authorities in Germany, France and the Netherlands each have legal frameworks that enable the purchase and assembly of land at, or close to, existing use values. French pre-emption rights, for example, give public authorities a 'first call' on the purchase of land where it is identified in a local plan as required for public needs with price paid reflecting that which would be paid had it been compulsorily acquired. As well as strong compulsory acquisition powers, land readjustment (also termed land pooling) is seen as a key tool in these countries as a way of assembling land and encouraging development. In Germany and the Netherlands land readjustment has a legal basis, whereas this is purely voluntary in France. The German Umlegung model, for example, enables municipalities to assemble land in fragmented ownership and designate some of that space for streets and public space. The remaining land area is then returned to the original land owners according to their share of either the original value or land area.¹

Germany

A key difference in the planning systems of England and Germany is the extent to which the German state intervenes in bringing forward land for development. German public authorities play a significant role in bringing land to market, and many purchase significant areas of land from the market directly to maintain a healthy supply of sites.

Germany has a powerful, legally binding process of land pooling or 'land readjustment' called Umlegung.² This involves the assembly of land by the municipality with the uplift in value shared proportionately amongst the original landowners after repaying the municipality for any necessary infrastructure provision. This can be done either by consent with the landowners, or compulsorily if voluntary agreement cannot be reached. The process starts with the municipality determining the area of the proposed for Umlegung. Once the rights and claims of all individual plots within this area are ascertained, the interests are combined to form the site. Land which is designated for streets and other public space is appropriated from the total area of the Umlegung. The remaining land is then returned to the original land owners using a special standard of distribution according to either their share of the original value or land area.

Redistribution according to land area will only be appropriate where the values of all the former plots are fairly similar.³ Reallocation on this basis takes into account the former ratio of land ownership, so, that if, for example, a

1 Clarke, E., Nohrová, N., Thomas, E., Centre for Cities, *Delivering Change: Building homes where we need them*, 2014

2 Barlow, J., Bartlett, K., Hooper, A., Whitehead, C., *Land for Housing, Current Practice and Future Options*, 2002

3 Connellan, O., *Land Assembly for Development*, 2002

landowner possessed in total 15% of all former plots he would receive back 15% of the value of the reallocated plots. The municipality retains land equal to the increase in value caused by the Umlegung process, subject to a cap of 30 per cent in respect of greenfield land and 10 per cent in respect of inner-city land.⁴

If land is reallocated based on land value then the landowner has to pay the uplift in value between the original (i.e. undeveloped) and new land values (i.e. based on the value of the serviced plot after the procedure of Umlegung). The value retained by the municipality is used to recoup the costs of infrastructure provision. The Umlegung approach facilitates the bringing forward of land for the required infrastructure, whilst not affecting the underlying ownership structure. By taking a lead in land assembly, the German planning authorities are able to better ensure the ultimate development of the site, ensuring delivery to plan and at a lower cost to the municipality.⁵

'Urban development measures' (Städtebauliche Entwicklungsmaßnahme), allow the municipality to assemble land for development by paying private owners the existing value of the plot, and then sell it on after redevelopment at the new, higher, value. There are, however, strict controls on the use of this measure. It is seen as a power of last resort and owners are able to prevent the compulsory purchase if they can evidence their ability to bring the land forward for development themselves in accordance with the plans. Notwithstanding these controls, this power acts as an incentive for landowners to bring land forward for development.⁶ Although, in practice, these rights are rarely exercised.⁷

France

In France, as in Germany, the state is involved not only in setting development priorities, but also in assembling and preparing land before selling off the development rights. There is a greater acceptance of public intervention in France than in the UK and consequently public authorities have greater powers to participate in land assembly.

Public authorities in France have extensive pre-emption rights, one of the most significant of which is the 'droit de preemption urbain' ("DPU"). Where a municipality has implemented a legal pre-emption right, it has the first call on the purchase of properties in particular zones defined in the urban and land development plan up to a stipulated upper limit. The limit is linked to the price that would be achieved were the land to be acquired pursuant to compulsory purchase powers. This mechanism provides public authorities with a potentially powerful land policy instrument. However, if the public authority does not exercise its option to acquire, then the local plan designation for the particular land in question will change to a normal 'private land use' allocation. Furthermore, if the public authority does exercise its right to buy, but does not develop the land within five years, then the original owner has a right to buy

4 Royal Town Planning Institute, *Delivering Large Scale Housing: Unlocking Schemes and Sites to Help meet the UK's Housing Needs*, 2013

5 Lord, A., O'Brien, P., Sykes, O., Sturzaker, J., *Planning as 'market maker': How planning is used to stimulate development in Germany, France and The Netherlands*, 2015

6 Davies, B., Turner, E., Marquardt, S., Snelling, C., *Institute for Public Policy Research – German Model Homes? A Comparison of UK and German Housing Markets*, 2016

7 Barlow, J., Bartlett, K., Hooper, A., Whitehead, C., *Land for Housing – Current Practice and Future Options*, 2002

back the land. While a powerful tool, and one which gives public authorities leverage in the development process, the pre-emption rights are rarely exercised.

France also has a system of land pooling and readjustment which operates on a voluntary basis rather than by a legally binding mechanism. Large housing sites are brought together with the infrastructure plan ensuring that infrastructure is in place ahead of development. This reduces the risk for landowners and developers and helps bring certainty over the size and scope of the development. To recover some of the costs associated with the infrastructure provision, France has a national employment tax which is used to finance these projects and also has a regional investment policy, the Caisse des Dépôts, where personal savings and pension funds can be channelled into specific long term investments, including housing and infrastructure.

The Netherlands

The active land policy in the Netherlands enables authorities to purchase land at existing land values, often just a little above agricultural use value. Municipalities then service the land by putting in infrastructure, parcelling the site into smaller plots and subsequently selling the parcels to developers. The sale proceeds are used to cover on-site infrastructure costs, off-site infrastructure costs and plan making. The municipality will keep any surplus and any deficit will be subsidised by central or local government.⁸

If necessary, municipalities make use of their compulsory acquisition powers and pre-emption rights to assemble any land necessary. The Compulsory Purchase Act (Onteigeningswet) allows municipalities to use compulsory acquisition powers 'in the interest of spatial planning and housing' to implement the proposals in the land use plan. Compensation is paid based on the open market value of the property. In practice, municipalities rarely have to use eminent domain powers as most landowners sell voluntarily because they know that they will be expropriated otherwise. As in Germany, compulsory purchase is not possible if the owner can evidence that he is able to carry out the development [for which the land is to be acquired] himself.

Dutch public authorities also have a legal framework for implementing land readjustment in rural areas, known as the Building Rights model. As in Germany, land readjustment involves land rights being temporarily pooled to deliver infrastructure or area enhancements that could not be delivered by the landowners acting individually. The aim of land adjustment is to consolidate adjacent plots into a configuration more amenable to development. Land readjustment can be voluntary or by compulsion. Where a voluntary land readjustment is initiated affected property owners in a redevelopment district, have the power, by majority vote, to approve or disapprove the transfer of land rights to a self-governing body for redevelopment. Where approved, the agency invites property owners to become stakeholders and to contribute their real assets to the project as investment capital. After all properties in the districts are assembled, the combined land sites are then subdivided.

Alternatively, the municipality can purchase the land within the required area by consent or compulsorily, or a combination of the two. In both

⁸ Royal Town Planning Institute, Delivering Large Scale Housing: Unlocking Schemes and Sites to Help meet the UK's Housing Needs, 2013

circumstances private property rights are temporarily transferred to a public development agency that proceeds to assemble the site. It is then re-parcelled, often into a greater number of smaller units, before installing infrastructure and thus raising the value of each plot. Property rights are subsequently returned to the original land owners. This model, where initiated voluntarily, reduces risk for the public sector, diminishing the need to engage in resource intensive compulsory-purchase procedures. Moreover, the very processes involved in bringing private land-owners into cooperation often creates healthy coalitions which have a stake in future development.⁹

⁹ Lord, A., O'Brien, P., Sykes, O., Sturzaker, J., Planning as 'market maker': How planning is used to stimulate development in Germany, France and The Netherlands, 2015

APPENDIX D

LAND ASSEMBLY TEST CASES

One: West London

RECOMMENDATIONS	FINANCIAL CONSIDERATIONS	TIMING (DELIVERY)	RISK MITIGATION
1 and 2: Designate 'Land Assembly Zones ("LAZs") for priority land assembly areas with an in principle commitment to use compulsory purchase power	Would reduce financial speculation for land outside the gas works	Eliminates current sequential statutory delay	High
3: Identify a lead body with responsibility for land assembly in each Land Assembly Zone	Reduce public sector costs associated with the two Boroughs taking alternative approaches	Reduces the parties involved and consequential delays for report approvals within the two Boroughs and other statutory land owners.	Low
4: Allow confirmation of CPOs ahead of planning consent	Reduces financial speculation for land outside the gas works	Eliminates current sequential statutory delay.	Medium
5: Allow Mayoral confirmation of London local authority CPOs	Reduces financial uncertainty as a result of speeding up the process compared to confirmation by the Secretary of State	The mayor will be more familiar with the circumstances and able to make decisions quicker. The mayor may have also played a mediation role prior to any Inquiry thereby shortening Inquiry time.	High
6: Introduce 'Use CPO land or lose it' provisions	Introduces a financial penalty to parties who do not perform which may be particularly helpful for land outside of the gas works site.	Incentivises delivery through penalising non-performance and bring forward land outside of the gas works faster.	Medium
7: Introduce statutory land pooling and allow owners to share the marriage value uplift in LAZs	Creates a time limited mechanism for negotiating land particularly helpful for land outside of the gas works site. It may have helped the boroughs to collaborate	Provides a prescribed timeframe for negotiation and speed up of land assembly outside of the gasworks site.	Medium/High
8: Freeze land values in LAZs	Reduces financial speculation	Avoids delay due to disagreements of values and arriving at an equalisation position between the Boroughs at an early stage.	High
9: Introduce a planning application moratorium on designation of a LAZ	Reduces financial speculation particularly for land outside of the gas works site	Avoids delay due to disagreements of values on different bases, particularly outside of the gasworks site.	High
10: Create a multi-disciplinary team to support the boroughs and developers in tackling strategic and difficult sites and provide a long-term London revolving fund to support land assembly.	Reduce public sector costs associated with the two Boroughs taking alternative approaches. Reduces land overall land assembly costs to the public purse and creates financial certainty.	Reduces the number of parties involved and consequential delays for report approvals, particularly between the Boroughs and other authorities involved. Assists in identifying shortfall funding at an early stage.	Low / Medium

Two: East London

RECOMMENDATIONS	FINANCIAL CONSIDERATIONS	TIMING (DELIVERY)	RISK MITIGATION
1 and 2: Designate 'Land Assembly Zones ("LAZs") for priority land assembly areas with a principle commitment to use compulsory purchase powers	Reduces financial speculation in the town centre.	Eliminates current sequential statutory delay which will be lengthy in a town centre context.	High
3: Identify a lead body with responsibility for land assembly in each Land Assembly Zone	Reduces public sector costs. Would provide consistency, coordination and overall certainty.	Remove the requirement for multiple body local level involvement and consequential delays for report approvals	Medium
4: Allow confirmation of CPOs ahead of planning consent	Reduces financial speculation and provides consistency, coordination and overall certainty.	Eliminates current sequential statutory delay and creates certainty in formulating comprehensive town centre plans.	Medium
5: Allow Mayoral confirmation of London local authority CPOs	Reduces financial uncertainty as a result of speeding up the overall process.	The mayor will be more familiar with the town centre circumstances and able to make decisions quicker.	High
6: Introduce 'Use CPO land or lose it' provisions	In effect Introduces a financial penalty to parties who do not perform which would be particularly useful in tertiary and edge of centre locations.	Incentivises delivery through penalising non-performance which will bring forward tertiary and edge of centre locations quicker.	Medium
7a: Introduce statutory land pooling	Creates a time limited mechanism for negotiating land particularly useful in tertiary and edge of centre locations.	Provides a prescribed timeframe for negotiation particularly useful in tertiary and edge of centre locations.	Medium
7b: Allow owners to share the marriage value uplift in LAZs	Provides clear financial benefits cooperating landowners	Incentive to agree expeditiously particularly useful in tertiary and edge of centre locations.	Medium / High
8: Freeze land values in LAZs	Reduces financial speculation for negotiating land particularly useful in tertiary and edge of centre locations.	Avoids delay due to disagreements of values. This will be of particular relevance in the town centre but also further out in the LAZ.	Medium / High
9: Introduce a planning application moratorium on designation of a LAZ	Reduces financial speculation particularly for negotiating land in tertiary and edge of centre locations.	Avoids delay due to disagreements of values on different bases. This will be of particular relevance in the town centre but also further out in the LAZ.	High
10: Create a multi-disciplinary team to support the boroughs and developers in tackling strategic and difficult sites and provide a long-term London revolving fund to support land assembly.	Reduce public sector costs at a local level. Reduces land overall land assembly costs to the public purse and creates financial certainty	Reducing parties involved and consequential delays for report approvals by streamlining decisions. Assists in identifying shortfall funding at an early stage and will assist viability discussions.	Low/ Medium

Exhibit 14a Better models will speed up delivery West London

These charts show the uplift in land value in the areas around transport nodes, which may therefore influence land assembly. Gerald Eve tested the impact of uplift for two very different possible Land Assembly Zones under three scenarios: early (2-3 years); mid (3 to 4 years); and late stage (4 to 5 years) value.

There is a clear difference between the case studies reflecting both location (east and west) and maturity of development in the zone around the transport node: In the West London case - the redevelopment of a significant tract of brownfield land - the closer the distance to the transport node the bigger the uplift. In East London case, which is next to an established town centre, values are mature around the transport node and the uplift is greatest the further the distance away. The earlier the intervention in both cases the greater the value of the uplift to be captured or shared.

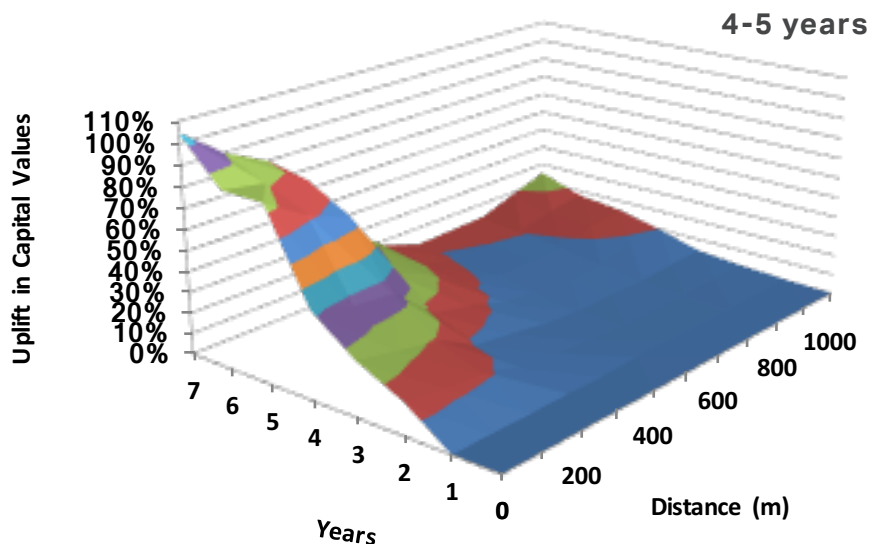
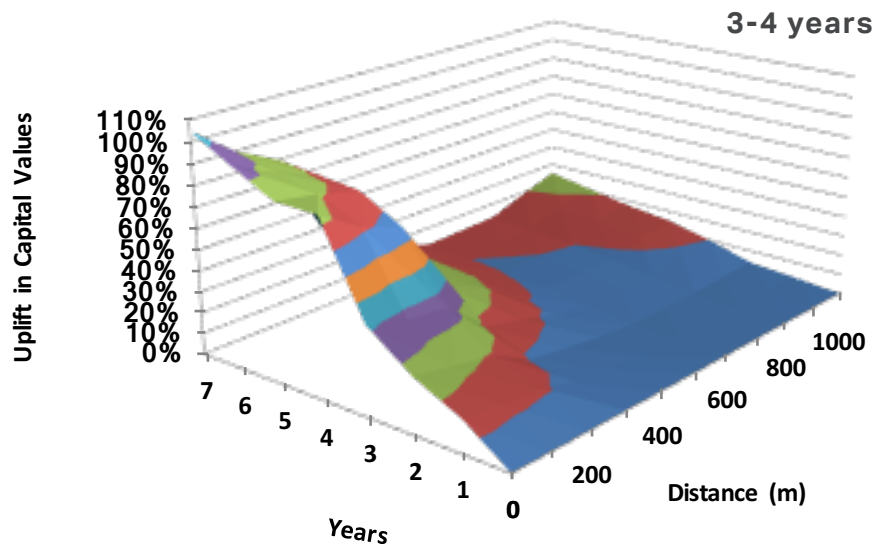
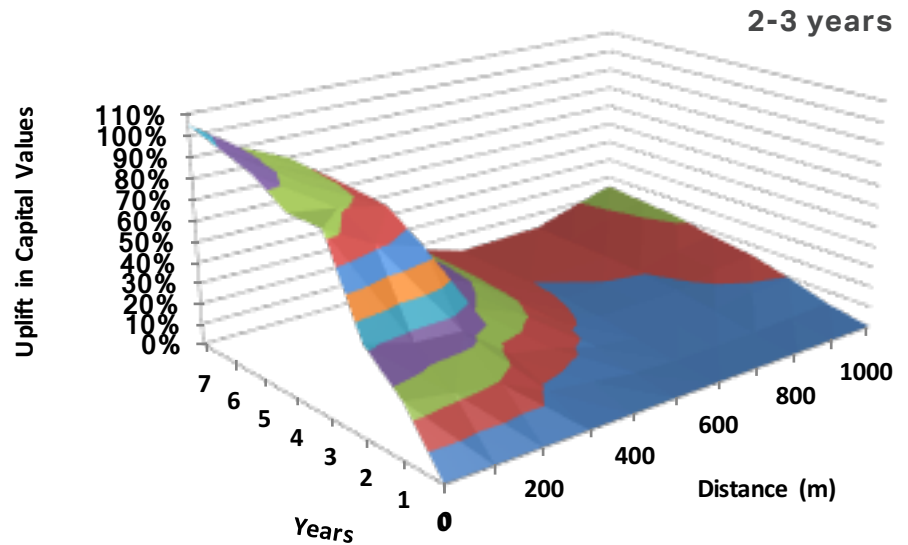


Exhibit 14b

**Better models will speed up delivery
East London**

