

Housing Committee

25 March 2014

Item 6: Encouraging Diversity in London's House Building Industry

Darren Johnson (Chair): Item 6 then is our main item of business today, Encouraging Diversity in London's House Building Industry. Can I welcome our guests this morning: David Lunts, Paul Rayment, Sarah Monk, Stephen Hill, very pleased that you have made it, and Tim Craine.

Firstly a question from me to open things up, if we start with Tim. A simple question, I was just reading up on the statistics and just 23 firms, I think, built 70% of the new private homes in London in 2012. Is London's house building industry too concentrated, Tim?

Tim Craine (Director, Moliior): I do not know about the word 'too' concentrated, but it is concentrated. In 2010, 24 firms commenced construction of 100 or more private sale units. In 2013 twice the number of firms commenced construction of 100 or more units but still 20 firms had 70%-ish of the market. It could be it is just a natural feature of the market place.

Darren Johnson (Chair): Do other guests wish to comment on this at this stage?

Sarah Monk (Deputy Director, Cambridge Centre for Housing and Planning Research, University of Cambridge): I think it is too concentrated, yes.

Darren Johnson (Chair): Do you want to say a little bit more?

Sarah Monk (Deputy Director, Cambridge Centre for Housing and Planning Research, University of Cambridge): I think essentially the London Development Panel the Mayor set up looks very much like a cartel of the big boys, and I would really be interested to know how they determine who gets each site. I know it is early days, but I would be very interested to know. Our experience is that they might not always tell you this, but they do actually take turns. They do not compete. I thought the Office of Fair Trading report just missed the boat. They obviously did not ask the right questions or speak to the right people. I think there is much less competition amongst the big ones than one might imagine.

Darren Johnson (Chair): It does sound very concentrated, people hear the figures, just 20 firms controlling 70% of the market. For the lay people watching, what would you say would be the benefits of a more diversified housing sector?

Sarah Monk (Deputy Director, Cambridge Centre for Housing and Planning Research, University of Cambridge): We know from the periods when we have really built the most housing, not forgetting that we also built an awful lot of council-built housing in those periods,

that a lot more smaller builders were building; and I think we tended to neglect the contribution they make, because they do build their sites out. That is what they do, they have less access to massive funding than the big boys, therefore the funds they use are very expensive to them and they actually build them very quickly. Maybe it is only two here, three there, whatever, I think that is a beneficial contribution to the overall picture.

Darren Johnson (Chair): So small but quick is the advantage then.

Sarah Monk (Deputy Director, Cambridge Centre for Housing and Planning Research, University of Cambridge): Yes.

Darren Johnson (Chair): Thank you.

Paul Rayment (Senior Surveyor, Affleck Property Services, Member of the Federation of Master Builders): From a small and medium-size enterprise (SME) perspective it would seem that the London Development Panel, none of the members of this, the 25 firms that Sarah was just referring to, could be classified as SMEs.

I represent the Federation of Master Builders (FMB) today, we are a trade body for SME builders. During a 2012 survey carried out with our members, 38% of our members have an ability to undertake house building and 4% of our members listed it as their primary area of activity.

From a personal perspective there are a lot of SMEs within Greater London that would like to be carrying out house building as an activity, but are somewhat stumped to be able to enter the market due to various constraints. The primary constraints in London are availability of sites and availability of stock, finance and problems within the planning systems that are prevalent to SME contractors. A contractor has to spend a lot of money to get a project to site and there is always a risk that you might not get planning permission. From my perspective, the market is very, very concentrated, generally to large contractors. That is predominantly due to costs within house building within London. London is a very different market to the rest of the country, because what would be considered a small site within the rest of the country is not necessarily a small site within the London area.

Darren Johnson (Chair): Thank you. That is the view from the SME sector. Let us hear from the community sector. Stephen.

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): I do have two hats on because I am the sort of Royal Institute of Chartered Surveyors (RICS) godfather to the community sector. One of the things that the institution is trying to do, certainly in the next few months, is to bring the community and the SME sector together, because I think there is a natural synergy. There definitely is a shortage of suitable partners in London. I think the community sector finds it very difficult indeed to engage with housing associations, larger house builders, and contractors, because in a sense they are asking them to do something which they are not set up to do; which is to create a very personalised and individualised product.

I think one of the real weaknesses in the house building sector as a whole is there is almost nobody who is doing any kind of innovation development. The house building industry has no research and discovery capability to speak of. I think where you do see some innovation is in the small and medium-size companies. I think almost by definition the community housing sector is the only one, in a sense, because it speaks for the demand side, who is actually asking for things which the market does not provide, otherwise they would not need to exist. Almost by definition they are counter-cultural to the mainstream. I think the community sector is struggling at the moment in London, but it is easier elsewhere to find suitable partners.

Darren Johnson (Chair): Thank you. David, you have heard the range of views expressed from guests this morning. I will put the question to you. You are here representing City Hall this morning. Is London's house building industry too concentrated?

David Lunts (Executive Director, Housing and Land, Greater London Authority): Tim is right, it is concentrated. Is it too concentrated? Quite possibly so. Certainly it has already been alluded to. If you look back in history to the time when London spectacularly built most homes, which was the immediate pre-war period in the late 1930s, that was characterised by hundreds and hundreds of small builders. What is interesting about that period is that those builders were able to operate in a world where the planning system did not exist in the way that we understand it today. The opportunities to get cheap land on what was then the outskirts of London were many. Loan finance was cheap and there were literally hundreds and hundreds of builders. Can you recreate those conditions today? I very much doubt you can, because we do have a much more challenging planning system from a development point of view.

Certainly the Mayor does strongly support the need to do more to encourage small and medium-sized builders and developers, and there is quite a lot in the new Draft Housing Strategy and in the funding work that we are already doing to try to support that.

A couple of other quick points, if I may. It is perhaps worth reflecting on the fact that the new figures in the Strategic Housing Land Assessment for London, that has set the evidence base for the new target of 42,000 homes a year, suggests that something like a quarter of that land supply is on sites of under a quarter of a hectare. That is a very sizeable proportion of what London needs to build, but it is potentially available, I would suggest, to smaller builders. Having said that, it is very clear, is it not, that a lot of development in London is expensive, it is dense, it does require good access to capital and risk finance. That is going to continue and that is partly the reason why our LDP, which has already been mentioned, does, I will admit, largely comprise of larger developers; because our sites, and indeed an awful lot of public land sites, are big complicated schemes that do not naturally lend themselves to SMEs.

Darren Johnson (Chair): OK, thank you. We will come back onto the issue of what the Mayor is and could be doing.

Stephen Knight AM: Sarah mentioned a time when we were actually building large numbers of homes, and I think actually she was probably referring to the post-war period, rather than the 1930s, though obviously the 1930s was a different period. What was characteristic of then I

guess is, as Sarah mentioned, was a large number of councils building houses. I noticed in Tim's list that he has provided to us, of the 50 'firms' starting 100-plus units last year in London, there is only one local authority in there, one council. Nevertheless, there is a council in that list. We are beginning to see, I suppose, councils in London building again for the first time in decades. Is that something which is beginning to have an impact on the overall diversity of the market? What impact are councils having in the number of homes that they are building? I just wondered if Sarah might comment on that.

Sarah Monk (Deputy Director, Cambridge Centre for Housing and Planning Research, University of Cambridge): I do not really know about the London situation.

Stephen Knight AM: You do not know, OK. Perhaps, Tim, it is your list. You have got Camden in there building 200 units. Are there other councils further down the list entering the market at the moment?

Tim Craine (Director, Moliior): One or two of them say they are going to build. Lambeth seems to be quite bullish, but I would not say anyone is anywhere near the headset of Camden.

Darren Johnson (Chair): When we did the research on this for a previous investigation on council house building I think we all saw the potential, but at the moment it was very much in the hundreds rather than the thousands, so I would guess that it is not making a significant change to the structure of the market at the moment. Is that fair to say, David?

David Lunts (Executive Director – Housing and Land, Greater London Authority): It is encouraging to see how many local authorities in London are building. We have investment contracts now with I think most London boroughs, so the Camdens and the Lambeths are not in fact atypical. I think the interesting question is how sustainable that is over the medium term, given obviously there are the caps on borrowing within the Housing Revenue Account (HRA) which is going to constrain what local authorities can do. We are very keen to try to support those councils that want to build to continue to do so.

Darren Johnson (Chair): That was the key finding of our report. Around half the boroughs were actually actively engaged in new house building projects or planning to, but because of the borrowing constraints we are talking relatively small numbers.

Paul Rayment (Senior Surveyor, Affleck Property Services, Member of the Federation of Master Builders): I think it also may be, if I may, a pertinent point to raise that when councils deliver these homes it is how they are actually built. You have obviously house builders that build as developers so they take a speculative interest on the site, or house builders that build as contractors. When a council wants to build, somebody that is appointed to build on their behalf, I think the route to procurement for those types of contracts should also be very carefully considered; and that is somewhere the SME sector can very much help.

Darren Johnson (Chair): Presumably, and I know from the work that Lewisham is doing, and it does not have huge tracts of land or it is looking at massive 1930s style London County Council house building programmes, but it is looking at intensification in small pockets of land

on existing estates, scattered over the borough. Presumably that could be tailor made for SMEs to get into that.

Paul Rayment (Senior Surveyor, Affleck Property Services, Member of the Federation of Master Builders): Very much. A typical SME site would be under 30 units. It is very much exploring the routes to procurement that make those types of projects available to SMEs, rather than larger contracts. I would imagine there would be localism benefits.

Darren Johnson (Chair): Excellent.

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): I live in Islington and I am also doing quite a large community project there. Clearly I think Islington is probably one of the larger council house building ones. I have to say that most of the contractors are probably medium to large at the moment, but I think they are trying to see how they can get some smaller ones.

There are two things about the role of the council. Clearly where they are building, as far as possible, they are building on land that they already own, because that clearly makes it cheaper. I think historically there are some good examples of what local authorities have done. I worked for Haringey back in the 1970s in a rather similar post-crash situation, where there were lots of small house builders in Haringey who were under capitalised, they had consented plots but they had no capital to go and build them. One of the things that the local authority did was to basically buy those schemes in as a design and build project - rather than going out to do compulsory purchase, which was more or less coming to an end at that stage.

Essentially what the local authority was then doing was effectively recapitalising that builder. Although we did not have a contractual arrangement we basically had a kind of shake of the hands, "We'll buy this from you. From the money you get to build it you go and build another one". In a sense it was using the pump priming activities of the local authority to enable the developer to then go and do another small scheme for sale. These were not big schemes they were 10 to 15, small blocks of flats, your typical backland, garage-type redevelopment schemes.

I know that there are some boroughs around the edge of London, where I am doing a bit of advisory work, where they have 8,000 consented plots that nobody is building on. Most of those are in the hands of small house builders, or their banks actually more often than not. At the moment that local authority is intent on building on its own land. It has quite a reasonable HRA headroom. I think actually a smarter strategy would be to see how you could pump prime the land market.

Darren Johnson (Chair): Thank you. That is excellent. We are going to dig deeper into the barriers facing both the SMEs and the community sector and Joanne is going to lead off on this.

Joanne McCartney AM: We are going to come a little later to problems with the planning system and finance. I do not want to concentrate on that.

Perhaps I could start with both Paul and Stephen. It is about how difficult is it to actually get access to land on which to build in London? Is London very different from the rest of the country in that regard?

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): I think for the community groups it is extremely difficult. Small and medium house builders are under capitalised, community groups are completely un-capitalised. In a sense they need some kind of enabling mechanism. As an example the East London Community Land Trust, where I have been advising, in a sense they had to fight their way to the table to get involved in a project for which the land was as the Greater London Authority (GLA) disposal. That came about through a lot of campaigning work. There are not many organisations that are sufficiently well resourced to do that.

There is greater potential for looking at local authority estates where there is a lot of infilling going on, thinking about how communities can be involved in that. The project I am working on in Islington is an interesting scheme where the local authority was planning to build about 30 new homes on the estate. Through the community themselves doing their own planning exercise they identified 170 plots worth of land on the estate. So actually communities themselves have a capability to understand better how a place works than a surveyor, just walking around the estate. I think there is an opportunity for the community to be seen as a resource to unlock greater land supply.

Joanne McCartney AM: Can I ask the same question to Paul and is it the case that you actually can identify sites to start with, or is that a problem as well?

Paul Rayment (Senior Surveyor, Affleck Property Services, Member of the Federation of Master Builders): Open market land within Greater London is very, very scarce in comparison with perhaps the rest of the country. It is very important for anybody who wants to be involved in house building activities to try to think outside of the box, so to speak, in terms of infill sites, garage sites, etc. Although this question is not directed to planning policy it is an interlinked section, because of the difficulty in establishing if planning permission will be available on these sites, that is one of the barriers of entry. Broadly, because the sites could potentially be contentious the potential investment to establish if there is potential for development there is very difficult.

Joanne McCartney AM: We found that quite often there is a lot of land banking going on. Is that a barrier?

Paul Rayment (Senior Surveyor, Affleck Property Services, Member of the Federation of Master Builders): Yes. Broadly any potential sites will be locked in via either land banking or purchase by investment funds, so it is very difficult to get access to sites.

Joanne McCartney AM: Once you have identified, for example a disused garage, a backland site or something, how easy is it to discover who owns that?

Paul Rayment (Senior Surveyor, Affleck Property Services, Member of the Federation of Master Builders): That is a tricky question, how easy it is to discover who owns that. It is somewhat complicated.

Joanne McCartney AM: So it is difficult?

Paul Rayment (Senior Surveyor, Affleck Property Services, Member of the Federation of Master Builders): It is difficult, yes.

Joanne McCartney AM: Can I ask Tim then, particularly on the land banking, is it restricting the amount of new homes that can be built in London, do you believe?

Tim Craine (Director, Moliior): How do you define land banking?

Joanne McCartney AM: I suppose it is purchasing land and sitting on it for quite a while. We are told the average is about three years - that is with planning permission - but there are some landholdings we are told that are held for many years.

Tim Craine (Director, Moliior): Yes. I have a real problem with the whole concept. I think life is not as simple as the simple phrases imply. Are we talking about big plots of land or small plots of land?

Joanne McCartney AM: You tell me, there is a difference, I think.

Tim Craine (Director, Moliior): Are we talking about what the risks are of bringing it forward? There are a number of things. There might be a natural inbuilt financial profile of holding the land, that anyone with a profit motive is incentivised to hold it. Is that an evil practice or not? I do not know. There are sites where a granddad built the haulage firm in Hounslow and the third generation kids do not want to own a haulage firm in Hounslow and have a planning consent on the site, but that is the pension. It has been in the family for 80 years. Is it evil for them to hold on to it for the right point in the market to sell? I am not sure that we should judge them. It is a very difficult subject. People who build do not land bank. It is almost a, what is the word, is it tautological? People who do not build might be accused of land banking, but whether there is a value judgement on half of them and a value judgement on the other half I do not know.

Joanne McCartney AM: I mean we certainly all agree that we need more homes built in London.

Tim Craine (Director, Moliior): Absolutely and I do not think it is a question of more builders, I think it is a question of more sites.

Joanne McCartney AM: The research we have done, for example, Barratt Homes have said that they are focusing on maximising value rather than driving volumes and management of some financial hedging and long-term security built into that. Are there any mechanisms that

you have identified that could encourage these companies to actually move forward with housing quicker?

Tim Craine (Director, Moliior): Not without sounding like an evil capitalist. If you allow people to make more money in the short term and not in the long term, then maybe that is a mechanism; as Shelter would say, tax them, so you have to do it sooner. I would prefer carrot over stick - that is just the way I think. I think you get all kinds of unexpected outcomes if you fiddle, using tax and other mechanisms. Just creating more of the stuff, a bloke from Fairview made this point, I forget his surname, a bloke called Gerald [Malton, Managing Director] really clever. It is the day when the land owners are competing with each other to sell to developers that we are going to get more homes in London, or the homes we need in London. For me it is more sites, not big 10,000 unit planning consents in one place, but it is lots of planning consents for 20 to 150 units, twice as many as we have now.

Joanne McCartney AM: Sarah, do you have a view on land banking?

Sarah Monk (Deputy Director, Cambridge Centre for Housing and Planning Research, University of Cambridge): Yes, I agree with that very strongly. I am not necessarily saying I would only want incentives. I sometimes think you need a bit of both. I also know, and I think that was in the Shelter Report as well, that sometimes just the realistic threat of compulsory purchase is enough to start to stimulate some owners. I also wonder how the procurement process on public sector land works. I appreciate that there are sites in London that are only going to be for flats, that they are high density and small builders, perhaps small and medium builders, perhaps cannot compete in that on any terms, or only as a subcontractor or partner. I think there might be other sites, such as disused schools or disused hospitals that actually could be parcelled up into smaller parcels and sold.

What we learned in other parts of the country, and I do not know if this happens in London, is that the local authority owning the land will actually develop its own design brief and everything, and actually apply for and give itself outline planning permission, then go through the tender process whereby they are inviting developers of all sizes, and they choose the one that best fits their brief, which they have carefully decided. Does that happen in London too?

Tim Craine (Director, Moliior): Generally I think.

Sarah Monk (Deputy Director, Cambridge Centre for Housing and Planning Research, University of Cambridge): It sounds to me just incredibly sensible. Speaking to developers as well, they all said, "Oh that was a breeze. We had four weeks of pre-aps when we sorted out everything and then it was four weeks from application to reserve matters and getting the actual starting on site".

We have been doing some work for a [Communities and Local Government] Select Committee and we have had to use their methodology so it is not very many examples, but there are three local authorities who came across out of eight that are doing this and the developers that we spoke to, talking through the process, had either completed or were nearly completing, thought "Oh it's so different from X and Y over there". They are saying they are open for business, they

are really proactive.

Joanne McCartney AM: David, perhaps finally I can ask you. GLA-wise, do you believe that land banking is an issue and what could the Mayor do about it?

David Lunts (Executive Director – Housing and Land, Greater London Authority): I think this is complicated. At the moment there is not very much evidence that major developers and builders are land banking in a perjorative sense. In fact most of them are anxious to get onsite and build, which is one of the reasons build rates are increasing at the moment, because the market is so lively. I think there is a well-acknowledged issue around large sites, which in the main I do not think are necessarily land banked, but they are going to take quite a long time as they are often multi-phased. I think referring to many of those as 'land bank sites' is often inaccurate. Moreover, I think until relatively recently there has also been an overhang of major sites and often smaller sites too, that were victims of the post-2008 recession. A great many sites that were effectively in the hands of National Asset Management Agency (NAMA) the Irish financial agency, or other banks or investors. All the evidence suggests that most of those have now moved out, certainly a great many have, and some of those are coming forward now into development, which is welcome.

I think it is a complicated picture. Tim did a lot of work for the GLA on this a couple of years ago now, the Barriers to Delivery Report. My sense is that things have moved on quite a long way since then.

Joanne McCartney AM: OK, thank you.

Tom Copley AM (Deputy Chair): Wasn't it Mark Twain [American author] that said, "Buy land, they're not making it any more"? It sums up the problem, the land market is completely different from any other market and, therefore, presumably requires different kinds of interventions. I think I am more stick than carrot perhaps than Tim would be.

It seems that in other European countries they are either much keener, or it is much easier for them to use compulsory purchase orders (CPOs), or the threat of CPOs, than it is here. Is that true, and why is that? Perhaps, Sarah.

Sarah Monk (Deputy Director, Cambridge Centre for Housing and Planning Research, University of Cambridge): We found it true in the countries that we looked at, well some of the countries that we looked at. They did seem more inclined to do that, but at the same time they were also more keen to enter into a partnership with the landowners of a particular area that they wanted to, say, redevelop, for example. Sometimes they are called land reassessment, realignment, where everybody forms a special company, and this again would be for a big scheme. Everybody puts their land in and they would get a return after all the servicing and infrastructure and the equivalent of Section 106 is taken out, they will all get proportionate returns according to the amount of land they put in. You could have problems if one person decided they did not want to do that and that is where the threat of compulsory purchase would come in. It is not necessarily, "We will purchase willy-nilly all over the place" nobody has resources for that. When you have a scheme that you are putting together it can be very useful.

Darren Johnson (Chair): OK, thank you. We will do more on compulsory purchase later on.

Nicky Gavron AM: I just want to ask, David, we were talking about the *Barriers to Housing Delivery* report¹, which Tim is the author of. In that out of the 210,000 homes that have got planning permission there were not really any reasons why about 100,000 of those homes were being delayed. Are you saying now that that situation has changed?

David Lunts (Executive Director – Housing and Land, Greater London Authority): Tim can probably give you more detail on that. I think things have moved, because the market has moved since that piece of research was done. My sense is that, yes, things have moved on. I am not suggesting that there are not still sites in London that are sitting in the hands of what I think Molior and Tim's work referred to as 'non-developers'; people who are either unable to build or indeed unwilling to build and are looking to trade their land on. I think in large tracts of London now the market is so buoyant that it is very much in people's interest to try to shift that land through, and I think that is still very prevalent. Having said that, there are still parts of London where development is still struggling with viability, where values are still low, where the costs of development are quite high. I think the further out you get, particularly as you get out to some of the areas in east London where there is a lot of land and frankly before the 2008 crash, there were some pretty heroic assumptions some land owners made about the values of their land and its capability to be developed residentially. There are still sites I think that are struggling and that are sitting there. I think in the main we are through that problem in most of London,

Nicky Gavron AM: 100,000 homes is a tremendously high number of homes which are sitting there with planning permission. It would just be good to know how it has moved on. These were mainly on large sites too.

Tim, are you aware of how it has moved on.

Tim Craine (Director, Molior): Two years ago three people sitting in an office in Mayfair twiddling their thumbs for the previous three years still could not get finance to build and they can now. The phrase I keep hearing is everyone is making hay whilst the sun shines. No one is quite sure how long the sales market will last. There are people talking political uncertainty next year and they have just got a sense of, "We need to get on with it now, now, now".

Nicky Gavron AM: Yes. I have to say, having read that report, the 100,000 I am talking about, finance was not given as an issue. There were issues given for the other 110,000. Anyway, I am just making that point. I think it would be worth you doing another review to see exactly what progress has been made.

David Lunts (Executive Director – Housing and Land, Greater London Authority): Yes, we can certainly do that. I remember at the time the report was published we actually took some of the case studies, colleagues in my directorate and colleagues in planning, to look at half-a-dozen sites that were in the category that you are describing. We looked at those in

¹ <http://www.london.gov.uk/sites/default/files/Barriers%20to%20Housing%20Delivery.pdf>

some detail a year or so ago, perhaps 18 months ago now. I think I am right, unless my memory is playing tricks, that all of those particular sites that we looked at, the half-dozen or so, had moved into development by the time we looked at them. I think we are both making a similar points, finance is much less of an issue than it was and the appetite of most land owners to try to shift their land while the market is buoyant, I think, is strong.

Nicky Gavron AM: OK, right. Now to go to my question, which is going back a little bit, Stephen, and you began in a way to answer this, which is: how difficult and how big an issue is it for community groups and small builders to actually find finance which is both available and affordable?

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): It is hugely difficult. Certainly I was on the Department for Communities and Local Government's (DCLG) Housing Construction Taskforce in 2008, which was really looking at opportunities to get the market restarted at that point. Michael Ball [Professor of Urban and Property Economics, London South Bank University] did some work for DCLG looking at each of the sectors and I went to the workshops he held with smaller and medium-size house builders. Things will have changed a bit since then, but crucially the problem was that firms that had often banked with the same bank for 30, 40, 50 years had suddenly been cut off. It was as if this bank had never known the firm before. It was suddenly subject to much greater controls, much more rigorous inspections, or inspections the value of which was rather doubtful, for which the firm was having to pay and it was much more difficult to get credit. At that time if there had not been kickstart round one they would have all been bankrupt.

In a sense until relatively recently I think it is very interesting that the Government has done almost nothing for the small and medium-size sector. That just seems a tragedy and we have seen lots of firms go to the wall.

For community groups there are very, very limited resources. Certainly the Custom Build Programme has brought some money to the table, but essentially they have to self-finance the scheme. It depends very much where it is and what are the particular circumstances of this scheme, whether they find it easier to get the money. There are very few people who bank with this sector, so Triodos, Charities Aid Foundation and people like that. It is a very small pool. They are willing but they are often dealing with quite unusual projects, so there is nothing that is very straightforward. I think there is a real gap for an easier to access source of finance.

I think the proof of the pudding is in Cornwall, where there is this very substantial CLT programme. The things that make it work are firstly political leadership, communities that want to have more housing of a particular kind, landowners who provide help for the benefit of their community and then the administrative underpinning of all that; the unitary local authority and now Cornish Council has a £4 million revolving fund which allows community groups to access development finance. Those four things together, you need all four, are the things that really transform the capacity of the community sector to perform. I think it is really interesting, although it is small numbers in London terms, Cornwall Rural Housing Association was the main provider of village housing. It took them 20 years to build up a portfolio of 200 homes. The Community Land Trust (CLT) movement has been going for less than ten years. Cornwall Rural

is still providing the kind of enabling, but they are nearly up to 200 homes in less than ten years. There is something about the congruence of those four things that unlocks capacity and unlocked land.

It is about thinking of a range of new ways and in the absence of those things, the crucial one is political leadership. Why would you want to do this? What does the community sector bring that nobody else brings?

Nicky Gavron AM: Right, well here we are.

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): I am going to tell you before you go.

Nicky Gavron AM: So what could the Mayor do then?

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): He has done some very good things. He has talked about the London home and all those sorts of things, and he has been very supportive in words in relation to community land trusts, particularly. The question for me would be back to you: if you were to support community homes, why would you bother? It is absolute agony for the people who do it, it takes years of their lives to make these things happen. Are there easier ways? To me, I think in the context of this particular discussion, what land could they unlock that nobody else could unlock? How could they add to the land supply and how could they enable communities to be more willing to accept development? I think there is a real problem now with acceptance of the scale and size of development. How can you re-humanise the development process, community planning activities and the sense of ownership of new developments? I think there is a whole series of sources of land, probably many of which are in the surveys that have been done, which communities and the SME sector together could unlock quite effectively.

The problem for politicians is they cannot bottle this. Danny Boyle [film director, producer and screenwriter] when he came to open the Shuffle Festival at St Clements, he said, "What this particular land trust has done is to unlock a huge amount of enthusiasm, local support, but politicians can't make that, people have to do it for themselves". Politicians can create the space in which that can happen and then they can support it, and I think the Mayor has been very effective in doing that and we are very grateful to everyone in City Hall who has managed to make all that happen. Equally, you cannot make community housing happen either, you have to wait for the community to want to do it itself. The fact that they do not have much enabling infrastructure to make it easy for them, means that a lot of people do not come forward in the first place.

The real thing that the Mayor can do is to be the champion for this sector but provide some of the enabling infrastructure and create some ways of funding that; because often it needs a bit of revenue funding to get going. I think there are ways in which that can be done.

Nicky Gavron AM: Do you have ideas on the financing?

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): Yes. I think part of the precedent has been created by what the Mayor has done at St Clements. He decided partway through the procurement process that one way in which the community could be better empowered, was to transfer the freehold of the completed development to a community foundation. That community foundation in this particular case will have a flow of ground rents, income is probably about £30,000 to £35,000 a year, to spend on good works in the neighbourhood. There was a more general promise in the last Draft Housing Strategy, which was about how the GLA and its local authority partners could transfer the freeholds for completed developments to community organisation and implicit in that presumably is the capacity to receive those ground rents.

If you think about all those ground rents there will be some schemes on GLA land where there is not really a community role, but there is a very valuable source of income from ground rents. You could begin to see packages of ground rents from a number of different developments being a resource, which could firstly provide some of the revenue funding to get some kind of particularly dedicated resource to support community schemes up and running. In other parts of the country the CLT movement has what we call umbrellas, often done on a county basis. London does not have anything like that at the moment, but increasingly over time that ground rental income could effectively provide the resources for some kind of community housing bank. It could provide the resource for some kind of land guarantees, all the things that would be otherwise quite difficult to create.

Nicky Gavron AM: Interesting. Paul do you have anything on this?

Paul Rayment (Senior Surveyor, Affleck Property Services, Member of the Federation of Master Builders): Very much so. From an SME perspective it is still incredibly difficult to obtain finance for development projects. The default position by most of the major high street lenders is that they are really not interested to lending to construction in the SME sector. For an SME to get development finance they have to approach more speciality lenders. The amounts that you can borrow, so based on the gross development value, is typically 50% - 60% now. Pre-2008 that was probably closer to 85% - 90%, so there are still challenges in the amount of finance you can raise, if at all.

Our members have also reported that arrangement fees are now a lot higher than they were pre-2008, typically they can be up to 4%. Interest rates as well are typically about 4% - 5% over base rate for development funding for SMEs. In summary, financing development projects is one of the largest barriers for more SMEs entering the housing market, so I think there needs to be great consideration about how these barriers can be overcome on sites. Things like deferred Community Infrastructure Levy (CIL) payments, potential to do joint ventures on the site and perhaps build now pay later, in terms of the paying for the site. There are various methods that could be put into place to encourage more SMEs into house building in London.

Nicky Gavron AM: Do you think the Mayor has a role here?

Paul Rayment (Senior Surveyor, Affleck Property Services, Member of the Federation of Master Builders): I think the Mayor can have a role, yes, but it goes back to the greater

picture in terms of how sites are released, particularly relating to the release of ex-public sector land.

Nicky Gavron AM: Can I also ask members of the panel whether they think there are any changes that would be helpful to the whole regulatory and planning process to ease burdens on SMEs and community groups?

Sarah Monk (Deputy Director, Cambridge Centre for Housing and Planning Research, University of Cambridge): It is a very good question. We are looking at the planning constraints with the Select Committee at the moment and there are lots of myths about. Everybody still thinks planning is the major barrier. It is a barrier, it can be a barrier, but it can also work very smoothly and very well. I think again it is probably back to the same thing we were talking about with getting communities involved. It is about leadership and leadership from the top. I think a lot of people we talk to bemoan the lack of chief planners, because there are no chief planners left. Actually if chief executives are on board then that does not matter. Sometimes it goes right through the authority.

I think perhaps actually the Mayor is in a very good position because London has the only regional body and it can actually provide leadership in that kind of way. I think it is about spreading good practice. I am not sure if it is about actually needing new regulatory change. In fact, I think most people would say, "Stop with constant changes. Let's actually see how the latest changes can settle down and work". It took a long time for section 106 to settle down and work. That was tied to the cycle, we knew that, but even so you could still have ups and downs with a cycle. Of course they decided to change it when actually we thought it was working rather well. It is now going to have to have time to see, and it has been pointed out that there are perverse incentives from the way CIL is emerging. You do not necessarily know when you first introduce a change, so I would not say there are obvious regulatory changes. With the Joseph Rowntree Foundation (JRF) study we were looking for mechanisms abroad that could help bring housing to be built in Britain. Nearly all the mechanisms we found we actually already have in the British context. It works differently because our overall institutional and legal framework is different but we actually have them. Somebody mentioned revolving funds. Some of the growth money councils got they have actually used as a revolving fund, to bring forward infrastructure and unlock sites after the 2008 crash. Again, I do not think we need new regulations, I think we just need to use what we have got better.

Nicky Gavron AM: Good practice. Does anyone else have any views on this?

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): Yes, I have two suggestions. One is that on local authority state in-fills, particularly when there are a lot of them on a single estate, I think there is still a tendency for planners to look at each individual bit of the infilling as a separate entity. They can get very preoccupied with particular aspects of the design, overlooking daylight, all of which are important, but I think it is quite easy then to lose sight of the big picture again. I think it was a Housing Association who bought a Hackney estate who were trying to do that, with about ten in-fill sites and the local authority were picking up on every individual bit of every individual site. In the end it went to appeal and the Planning Inspector's view was that the job of the local authority is

to look at the balance of benefit across the whole of the estate. Therefore I think some very clear guidelines about that so people do not get caught up in the minutia.

The other thing is the lesson from, say, Almere in Holland where they have this big self-build area. If you took most of our planners to this area you would have to treat them for post-traumatic stress disorder, because there is such diversity right next door to each other. When you are there walking around you hardly notice it, because the thing that was done well was the master planning, the structure of the street. I think we have a narrow mind set looking at this side, the window sizes and lots of detail we should just not be bothered about. The structure of the street holds an enormous amount. I think maybe we need to be more creative. The Mayor is suggesting light touch planning zones for local authority estates and I think that is probably a good idea as long as the community have a good role in that. Equally, I think in terms of small sites, boroughs should have local development orders for particular character areas in their borough and let people just get on with it. It is far too complicated.

Paul Rayment (Senior Surveyor, Affleck Property Services, Member of the Federation of Master Builders): I very much support what Stephen is saying. I think the critical thing in here is there needs to be further engagement between planners and the industry. It is predominantly very hard to get a sensible conversation with planners, and I think we must have a more straightforward approach to the consent to build something on a site; then the details can be taken forward in the detailed application phase.

I think one of the biggest problems at the moment in terms of an outline application, is that it is very hard to get across reasons for refusal and also for a contractual developer to get across what they are actually aiming to do. Potential engagement with the planners, where they would perhaps give a short list of sites or a short list of areas where they would support local development in small numbers, would somewhat start to streamline that process; almost getting back to the 1980s approach of a red line on a drawing saying, "Yes you will be permitted to build something here" and that would mitigate costs at an early stage in the project. Meaning that you are not having to expend thousands on planning consultants and soil surveys and whatever else, to establish if you can build on a site.

Planning reform, I guess is perhaps more of a national problem than it is relevant to this conversation, but there are various stimulating factors that would increase the volume of small site house building.

Nicky Gavron AM: I just want to say one thing. I am very aware that about 70% of new build, just on this detail thing that you were talking about, I am with you both up to a point, but 70% of homes, roughly are found to be very energy inefficient after they are built. The Mayor has very high standards on this. That kind of detail is quite important.

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): I would say that for every community group, cohousing CLT, co-operative groups, the one thing they are all interested in is energy. I think in terms of the value of the community sector, they are the one bit of the system, which is the demand side, saying what they want. They want more energy-efficient homes. They want to live in a neighbourly place, so the

structure, the design of the place, the social organisation that goes with the place are the things that give it its character; and those are the things that other providers cannot do. I think you have to be really clear when we talk about the community sector, that this is the demand side speaking.

Nicky Gavron AM: OK, and I can see now there is a big distinction obviously between the demand side which is the community and the demand side which is the small builder maybe. Correct?

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): Yes.

David Lunts (Executive Director – Housing and Land, Greater London Authority): Can I just jump in? I think that is right and I think there are a number of strands to this conversation, and it is important perhaps to separate them. It seems to me that there is a debate about the role of SME builders and developers, particularly developers because actually there are an awful lot of SME contractors out there, you know, one man in a van building things. In terms of the developers who are arguably necessary to improve competition in the marketplace to get smaller sites built out, that is one thing. Separately, and I think it is separate, although there are links, there is the whole debate about community development, self-build and the community organising itself, which I think is very much what Stephen is talking about. I think that there are some very interesting issues that need debating around things like light touch planning and local development orders and various incentives to encourage, if you like, community building; which is genuinely, if it works properly, of community benefit and arguably is going to deliver community housing.

I would though draw a distinction I think between that and mainstream SME builders, because personally I am slightly worried about SME builders coming in with local development orders or enterprise zone type status. I am not sure you necessarily would get fantastic quality development.

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): No, I think I would agree.

David Lunts (Executive Director – Housing and Land, Greater London Authority): I think it is important to distinguish those constraints.

Nicky Gavron AM: I think that is a very helpful clarification actually. Thank you.

Paul Rayment (Senior Surveyor, Affleck Property Services, Member of the Federation of Master Builders): I would suggest that SMEs have a greater ability to deliver a quality development than larger contractors. An SME needs a unique selling proposition (USP) when they are selling houses. Barratt Homes want to maximise their bottom line.

Darren Johnson (Chair): There is a tension, is there not, between the light-touch approach that you are talking about in some of the planning and the heavy community engagement approach that Stephen is talking about. There is a tension there, is there not?

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): I think there is also a halfway house, because not all these community housing projects have heavy community involvement. I am working on a cohousing project for Cambridge City Council at the moment. My job with a colleague is to help recruit the community group and turn them into a client body so that they can commission their own housing. In that case they would be going to the market to provide a partner, some will be contractors, some will be developers, but in both cases the contracting market is also willing to basically provide a turnkey offer. If you can bolt the supply side and the demand side together you get a mutual benefit, so you can tap into that kind of contracting market because it is a way of creating work. They have, in this case, 40 guaranteed sales. Essentially you are replicating at a smaller scale some of the things that we now have to go to China to do, to get your presales on the table, in order to unlock the finance. You can actually do that here on a smaller scale. Lancaster Cohousing Scheme did that as well, they self-financed it. You can create these things but they are not quick and they do need people with skill to manage the process.

Tom Copley AM (Deputy Chair): David, should the Mayor be using London's publically owned land to improve competition in the house building sector, and if so how?

David Lunts (Executive Director – Housing and Land, Greater London Authority): Yes, but with a caveat, because I think the most important thing is that we use our land to get homes built. Most of our land is large and complicated so it is not always the easiest land to put into the market for SME builders. We have, as I think you will know, recruited a London Development Panel to try to fast track procurement. We make no apology for that, despite the fact that builders are not really SME builders on that – that is not what it is designed for. The most important priority for the Mayor is to get our land building homes as quickly and as effectively as possible. I say that because that is quite important to note.

Notwithstanding that we are keen to do more to support SMEs. We are keen to do more to support community building, Stephen has already talked about St Clements, that was launched by the Mayor last week. We want to do more of that and we are using our land where we can, particularly on some of the smaller sites, to very specifically look at how we can encourage more local community benefit in SME building.

At the moment we are procuring a small site in Tower Hamlets called Branch Road, it is with the LDP but we have been quite specific with that Panel, that we are looking for them to team up with local community interest to build, custom build and community housing there. That is in the assessment process at the moment, but we are quite optimistic that what will come out of that small site is a marriage between the capacity that the LDP members offer, but with an outcome which is very community oriented.

Tom Copley AM (Deputy Chair): Going back to what you were saying about ensuring that this land is developed quickly. Is the Mayor doing anything to ensure that developers do not

land bank the land that they are obtaining when it has come from the Mayor? Are there specific things that are put in place?

David Lunts (Executive Director – Housing and Land, Greater London Authority): Yes, we are. All of our land that has development capability is actively procured. We do not simply dispose of land and say, “Highest bidder you can do what you want with it” because that does run a serious risk of land banking. It is all subject to detailed development agreements. All of those development agreements have performance expectations. Indeed we are taking it further now and the sites that we are releasing in the future will not only have performance expectations and obligations, but will include things like a mixture of tenure; so that we can get market-rented housing built alongside private for sale, which should increase the pace at which we can build, so very much so. We are extremely conscious that we do not simply want to turn land to see others land bank it.

Tom Copley AM (Deputy Chair): Good. Can I bring in Sarah? Because you, in the beginning while discussing the LDP, said it looked a bit like a cartel. Do you think that this Panel is going to help or hinder competition?

Sarah Monk (Deputy Director, Cambridge Centre for Housing and Planning Research, University of Cambridge): I am not really sure whether it will help or hinder competition. I do know that developers have told us that if Barratts are building anywhere, even if they have sites alongside they will not start building until Barratts have finished because there is no point. I do know that they take notice of what each other are doing, so perhaps ‘cartel’ is too strong a word but I meant what it looked like on paper.

In terms of what will actually bring more houses to be built though, it depends on the reasons why they are not built out once the land is sold. Your brief talked about trying to have a different procurement process to encourage small and medium-size builders, but this might mean it does not get sold so quickly and it will all be more complicated because you are having smaller parcels, etc. I wonder if that is short-sighted. I wonder that actually in the end you would make up that time more so because large schemes, by definition, are harder to take up. Also builders really do have this absorption rate. Even a colleague of ours who is on the board of a firm of builders says - they openly talk about it, well, they do not openly talk about it, but it is absolutely not just a rule of thumb it is a rule - they will not build more than a certain number per week or per month or whatever. I think that actually you could end up getting that time that you have lost in the procurement process back, by having several small builders working on several sites at once.

Tom Copley AM (Deputy Chair): More time upfront, less time overall. OK.

Sarah Monk (Deputy Director, Cambridge Centre for Housing and Planning Research, University of Cambridge): That would be my expectation.

Tom Copley AM (Deputy Chair): Paul, do you want to come in there? Do you think also that smaller builders could be paired with larger developers?

Paul Rayment (Senior Surveyor, Affleck Property Services, Member of the Federation of Master Builders): Yes. This is a typical example of where the custom-build sector could be very actively involved if a larger site could be packaged up into a number of smaller plots and split between various SME developers, therefore giving advantages in the terms that the site had built out because there could be four or five contractors there building a number of plots at once. Also, the custom-build sector offers the end user increased diversity and higher quality, broadly, because they are getting out a more bespoke product than they would from one of the majors. That is a very important thing to consider when working out how public land is disposed of.

Custom-build is a fairly new sector but it is something that a lot of FMB members are very active in, in other parts of the country. It would involve a little bit more work upfront in terms of getting the initial access and infrastructure into sites, and perhaps more complication on the planning part; but something the Mayor does need to consider when disposing of larger sites is, how they can be packaged.

Tom Copley AM (Deputy Chair): David, is it not possible for the Mayor, indeed, to act in the way a local authority acts as a developer and for the Mayor to act as a developer and himself to commission homes on the land that he owns? Would that not help to encourage competition?

David Lunts (Executive Director, Housing and Land, GLA): Effectively, that is what I suppose we are doing through our procurement process. We are commissioning homes. We are usually very clear about what our expectations are, what our brief is and what the performance obligations are. I would argue that our procurement, rather than disposal of land, is very much about commissioning homes.

In terms of whether there is more that we could be doing to specifically support SMEs and custom-build and so forth, the answer to that is possibly. As I say, on some of the smaller sites now, we are very specifically looking for this. On the larger sites, we have not thus far specified a minimum requirement of custom-build or self-build. Frankly because, the evidence to date suggests that there just is not the demand there at the level that would make that a viable proposition, without running a serious risk that we would actually slow things down. Of course, separately - and I know we are going to discuss this in a few minutes so I will not say much about it now - the Mayor does have his own custom-build and self-build programmes; so there are sources of finance that those interested can secure. Although that programme is picking up pace, it is not running at anything like the level one might see if we were running it in Amsterdam or Rotterdam.

Tom Copley AM (Deputy Chair): This follows on from one of the previous points and is again to David. Could larger sites be packaged up into smaller parcels of land and then sold on to small builders? What effect would this have on the speed of delivery and overall volume of house-building?

David Lunts (Executive Director, Housing and Land, GLA): Yes, in theory. Again, I draw some parallels or maybe some contrasts with some of the examples that are often used from

abroad. Again, Stephen [Hill] has talked about this in the context of, say, the Netherlands where self-build and community-build is a much better established part of the marketplace.

One of the differences between the way we undertake development or regeneration here in the public sector and the way countries like Holland tend to do it, or have done it, is that we do not have the kind of funding for infrastructure and the master developer role, if you like, in the public sector that some of our European neighbours are used to. We have the land but, frankly, our budgets to bring that land forward as fully serviced plots in most instances simply are not there. The public funds are not available to do that, which is why we take a procurement role, which tends to rely more on the developers with deeper pockets to come and play a lot of that role for us.

There are many differences and contrasts between the way that we operate regeneration and major public sector housing projects in this country, as opposed to parts of Europe.

Tom Copley AM (Deputy Chair): Could you not be getting larger developers to work together with smaller developers on this and to do that jointly? Is that not possible?

David Lunts (Executive Director, Housing and Land, GLA): It is. As I say, we are doing it on some of our sites, so we are out with a site at Branch Road in Tower Hamlets through the LDP, looking for custom-build and community-build outcomes. Where we have very large sites at places like Barking Riverside, where we have a 50:50 joint venture with Bellway, one of the country's largest house-builders, we are very consciously looking to package up plots within that 11,000-unit consented scheme for newcomers. We have just done a 300-unit private rented sector (PRS) scheme there with a newcomer to the London market. Where we can, we do.

However, I would just reiterate the point that where we have a very large site, where there is going to be quite expensive upfront infrastructure and site preparation obligations, we do not generally any longer have the funding to do that ourselves. Consequently, SMEs if they come in are going to have to come in at the back end once those serviced plots have been built. Those serviced plots in the instances I am describing are largely going to be put together by the larger developers, the Barratts, the Berkeleys and the Bellway Homes of this world.

Tom Copley AM (Deputy Chair): Paul, from the point of view of your members, what would be the best framework for helping smaller developers to purchase public land?

Paul Rayment (Senior Surveyor, Affleck Property Services, Member of the Federation of Master Builders): It would be greater knowledge of how smaller developers can access public land.

Tom Copley AM (Deputy Chair): Greater knowledge for small developers on how they can actually get into the game in the first place, as it were?

Paul Rayment (Senior Surveyor, Affleck Property Services, Member of the Federation of Master Builders): Yes, to get into the game in the first place. Sites on the open market

are generally overpriced, so release of public land is going to be very, very important as the industry moves forward in the next few years. Through potential framework agreements or perhaps an alternative to this panel, for SMEs that are interested in going into this market sector, a very high-level briefing could be given so people understand how they can access these types of sites. If you mentioned the current LDP to most SME contractors, they would not know what it is.

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): I agree with David's [Lunts] analysis. In a sense, public bodies no longer fulfil that role that they often used to. English Partnerships do. You should still be thinking about doing something like that. What are you trying to do? You are not trying to make SME builders like bigger builders. You are trying to do something which gives them a greater profile in the market and a greater awareness of what they can do.

There is a very good example in Karlsruhe, Germany. The local authority acquired a big American barracks when the Americans went home. They set up an arms-length project management company to be the facilitator of that development. That company went about the recruitment of ten building groups for the high, middle and low-income groups. People wanted to rent. People wanted to buy. There was a passive housing group and a cohousing group. They acted as the ringmaster for that role. They did have to invest in all of the upfront infrastructure. They managed the master plan process with those groups and then they helped procure the individual plot developments, ten of them, with each of the ten building group client groups.

What that meant, though, was that they knew that they were going to recover all that money because they had ten plots that were basically presold and fully committed. There are easier financing mechanisms for community groups to access so that there is greater certainty, but the thing about that is that you can go there now. It did not take any longer than a normal development. The local authority provided its leadership role. You have ten really interesting different sorts of developments but integrated into a new neighbourhood. How many of those would you have to do in London to really think, "There is something different going on here"? One? Two? Could we not afford to run to one of those? There are opportunities where we could be a bit more imaginative.

On the other bit that Paul was saying about land, there is something that RICS is doing with DCLG. It was initially specifically in relation to the community sector and custom-build, to make it easier for those groups to understand the powers under which local authorities hold land, the powers under which they can dispose of it and also the basis of valuation including less-than-best consideration. That is something which is still slightly unformulated. It feels as if we ought to have a conversation to see if we can extend that to a bigger audience.

Tom Copley AM (Deputy Chair): Do we need, essentially, some sort of easily accessible database of land that is available? Is this the sort of thing? I know that for GLA group land you can go online and you can see it, but for the rest of the public sector that is not the case. The National Health Service owns vast amounts of land. There are all sorts of public bodies that own land that is not being used. From the point of view of small developers, would it be helpful

to have some sort of database where you can see what land is there, what is available and who you have to approach?

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): Very much so, yes.

Tom Copley AM (Deputy Chair): Am I right in saying that this is the sort of thing the Mayor wants to --

David Lunts (Executive Director, Housing and Land, GLA): Yes. As you say, the GLA's land is now readily available online and, indeed, the rest of the GLA group's and the functional bodies'. You are right, though. We still do not have that properly integrated, certainly not with local authorities in London. There are bits of Government land which are still very difficult to access. That really needs to happen. However, there is obviously a subsequent challenge for the smaller organisations we are talking about, which is - even when you have access to that information - the way that land is then marketed and the best consideration points that are usually taken into account. I know from first and second-hand experience how frustrating it can be simply to get that land into a process where you can acquire it on sensible terms. It is not easy in many cases.

Tom Copley AM (Deputy Chair): OK. Thank you.

James Cleverly AM: David, could I come back to you to start with? You spoke about custom-build and how there is a programme in existence, and you touched on the take-up or lack thereof. Could you just give us a little bit more detail as to that programme and other programmes that either currently, or could, encourage some of the smaller players into working more closely with it?

David Lunts (Executive Director, Housing and Land, GLA): Custom-build is basically money that is available on loan terms. It is designed to meet the challenge, which we have already discussed, that smaller organisations with little or no access to capital are very difficult to bankroll in the marketplace. We can offer funding up to about £400,000 per home. That is a recoverable fund.

We launched our custom-build programme in July 2012 and it is fair to say it has had a fair amount of interest, but I can give you the numbers if you are interested. On custom-build, we have 36 inquiries and of those quite a large number now are in pre-bid negotiations. At the moment, we only have one bid approved. There are more coming through, but that gives an indication that this is not yet a mature market by any stretch.

We are also doing more to try to encourage, both on our land and on other public sector land where we have the right relationships, more around custom-build. Just to give you a couple of quick examples, there is the site I have already mentioned, the Branch Road site, which is a fairly small housing site in Tower Hamlets. We are teaming up those with an interest in local custom-build with LDP members and we should be making some decisions on that over the summer. To give you another example, the London Borough of Newham has a garage site. We are working

with East Thames Housing Association on a modest scheme down there that will probably produce around ten custom-build units. We will help to fund the custom-build element, but we have done that by putting East Thames and some local community demand in touch with the London Borough of Newham. It works on a number of levels: direct loan funding for third-party interests that come in with a custom-build proposition, our own land where we can - and there is at least one instance now where we are looking to get custom-build outcomes - and our sort of marriage brokerage between organisations like housing associations and local boroughs.

James Cleverly AM: David, you mentioned that if this programme was in Holland it would have so much more take-up. The numbers that you are talking about - and I do not want to decry them - we are talking very, very modest numbers here, are we not?

David Lunts (Executive Director, Housing and Land, GLA): Yes.

James Cleverly AM: We are not rushed off our feet, even against those fairly modest aspirations. What is the logjam? What does Holland have that we do not? What can we do to stimulate more?

David Lunts (Executive Director, Housing and Land, GLA): It is an interesting question. Holland perhaps, in European terms, is pre-eminent in having a culture, a legacy and a history that goes back hundreds and hundreds of years of reclaiming its land and taking its building very, very seriously. If you do not, you tend to drown in Holland, so you do take it very seriously. Partly for that reason, the public sector and the state, particularly at local level and at city level, has always been very actively involved in reclaiming land and playing what one might call a master developer role. It is very much part of the culture. It is very much part of the behaviour patterns both of end customers and of industries such as construction and planning and, very importantly, in terms of finance. Holland has a long-term investment industry, pension funds and things, that is very familiar with the idea of supporting these sorts of projects.

I would argue that none of those things exist at anything like that level in this country. As we know, at the moment, it is particularly difficult because the kind of funding that was once available for English Partnerships and people to begin to play that role is much more difficult to secure today.

James Cleverly AM: We had a heritage not dissimilar to that. I used to live in Hither Green on what was a corporate estate, which was built on that kind of thing. All around London, you can find pockets of relatively modest in terms of surface area but in many instances still loved and built and refurbished now. Rather than looking back, let us look forward. What could we do or what could the Mayor do to recreate some of that? Actually, I tell you what. I will let you think on that because I want to bring Paul in. I will give you some thinking time on that fast-forward question.

Paul, just with regard to what David has said, from the sector's point of view, what are your thoughts on it?

Paul Rayment (Senior Surveyor, Affleck Property Services, Member of the Federation of Master Builders): Custom-build is a market that there is definitely demand for. I do not have the specific number with me, but there was a statistics launch released by Rightmove recently about the number of people that were currently actively looking for a site or a plot. It was significant to suggest that there is a lot of demand out there.

I guess it is educating the general public, so to speak, that has aspirations to build their own property or have a custom-build property that is not something they buy off a standard developer, about how this process works. There was a very formal custom-build launch headed up by Kevin McCloud [designer, writer and television presenter] in London earlier this year that the FMB played a part in. It is a reasonably new industry sector, but it is very much something that from my perspective there is demand for. Again, it is bringing the procurement outside the box, so how sites and the people that are available to construct these homes are brought together. I see there is demand for custom-build homes. There are barriers to procurement that are stopping more custom-build taking place.

James Cleverly AM: David and/or Paul and/or anyone else, actually, might have a view on this. Do you think there is a public perception as to the type of scale or complexity that is dictated by this? I imagine a lot of people think that unless you are a multimillionaire looking to build - and you mentioned Kevin McCloud - something that is going to get you on that programme [*Grand Designs*] or unless you are looking at a project of that kind of scale, you are not really in the market. You mentioned education, Paul. Is there something about saying that it does not need to be a seven-bedroom, multimillion-pound castle for it to work.--

Paul Rayment (Senior Surveyor, Affleck Property Services, Member of the Federation of Master Builders): The term 'custom-build' and the term 'self-build' must be very carefully defined. Custom-build should be about assistance to provide a serviced plot, with planning permission for something on it, and appointing a developer or contractor to develop that scheme on your behalf. Whereas the term 'self-build' almost paints a picture of standing in a field in wellies digging your foundations or that type of scenario.

Yes, there does need to be greater education to the general public that you do not need £1 million to build your own property. It is also very much about how the industry uses new technology as well to ensure that we keep build costs down. Land costs are something that is always going to be very much defined and be a very high proportion of the gross development value, especially within greater and central London. We must ensure that custom-build is not pricing people out of the market.

David Lunts (Executive Director, Housing and Land, GLA): I would say yes. The very terminology and nomenclature of this puts people off to start with. What is the difference between custom-build, the community right to build, self-build, *Build Your Own Home - The London Way*, etc? Straight away, unless you are a technical anorak, you are almost lost. The way it is perceived is that unless you are an architect, and probably a fairly wealthy one, this probably is not for you and it is too complicated

There is a challenge about trying to reposition this. Partly or largely, frankly, that is about two things. One is that there is a call to be made. It is about political leadership and ambition. At City Hall, there is a very clear ambition to do more about this. Then, equally importantly, it is about seeing some schemes emerge that people can actually be inspired by, and go to see.

You are right. I used to live on the Brentham Estate in Ealing. A lot of people have not heard of this. It was actually the first co-partnership suburb ever built in this country. It predated Hampstead by a couple of years. A bit like Hampstead, a bit like Letchworth, it came at a very specific moment in very specific circumstances, very cheap land on the back of the agricultural recession at the end of the 19th century; all sorts of things that do not exist today. That tradition still exists in this country but we have lost it and we have certainly lost the capacity and capability to reinvent it.

Schemes like St Clements - and the Mayor has been very clear that he wants to see something similar happen on the Queen Elizabeth Park with the Chobham Manor development - and things like the small scheme I have mentioned in Branch Road and others that are emerging probably will provide some of the clues to the answer to your question on whether it is going to inspire more people to come forward and say, "Actually, this can be a bit less complicated than we thought", and start to build a movement; which - I will be frank - will always be very much a small part of what London builds in housing terms over the next ten or 20 years but can be quite an important component. Frankly, if we are going to make London more successful in terms of building the homes it needs, we need everything to work. We need traditional market housing, traditional affordable housing, community building, market renting; everything needs to be optimised, really, and this is an important strain within that overall supply.

Stephen Knight AM: If I can ask you first of all, Stephen, to tell us what the pros and cons of a community-led approach such as the community land trusts are, and particularly what impact they could have on the speed and volume of house-building in London? I am interested particularly in how they compare or what the pros and cons are with respect to housing associations or councils themselves, perhaps.

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): I will try to take all the sectors together because there are co-ops, cohousing and community land trusts. They are the developing arm of the community housing sector.

The key thing, as I have said before, is that they are the demand-side voice speaking. They are asking for something that almost by definition other people are not providing. That is a very interesting phenomenon in itself because then, in a sense, their very existence is an implied criticism of house-builders, local authorities and housing associations. In an era when we do not really have a housing policy except for this word 'choice', there are people asking for a choice that nobody has been offering. I have to say that, generally speaking, they are not welcome. They are seen as a threat, a nuisance and difficult people.

I did some research for the JRF in 1999/2000 about the future of the community self-build sector, which was the grant-aided affordable housing programme at the time. It was very interesting. Just going back to James' [Cleverly AM] questions about a common culture, I

looked at both England and Scotland. In Scotland, there is a very clear culture and history which supports people providing for themselves in terms of their housing, both in crofting communities and in urban areas. There is very strong support and an incredibly clear political message from the Scottish Executive about why they put money into enabling mechanisms for community housing, even to the extent - recognising that they are more complicated - that in the Scottish equivalent of the Housing Corporation then the scheme work officers used to get a bonus if they could get a community self-build project to contract. They recognised that there was a bit of an incentive. In England, by comparison, whether you were in Whitehall, local authorities or housing associations, they were all too small, not important and a nuisance. At one level, there was a quite visceral hatred of it, almost. I had one chief executive of a housing association say, "Over my dead body will we do another self-build project". They are completely preoccupied with what they want.

That is really the whole idea. What they want are some very clear, simple things. They want a genuinely and permanently affordable home both for themselves and for the people who come after them. They want to live in a neighbourly place. I am doing some work for the Welsh Government at the moment on their co-operative pilot programme and we are working with people who are just responding to an advert, "Are you interested in co-operative housing?" You get to the bottom of what they are after. The key thing is they want to live in a decent home and have somebody able to do the repairs if it is not them. Most of all, they just want to live in a neighbourly place. That is true of people who live in Wales and there are quite a lot of people from Eastern Europe and the Baltic States there who have made South Wales their home. They say exactly the same thing. At one level, these are really simple things that somehow we are not managing to deliver through other means.

What you feel at the moment is that all these community groups are trying to put into the market something that does not exist. The question is to what extent the political enabling mechanisms would be focused on effectively creating that new market. There is quite a well-known saying: brave people create new markets. At the moment, communities are having to do that themselves. The Mayor of London is probably trying to do something with *The London Way*, but maybe it could be a bit more focused.

I do not think there is much value in trying to make all the established players play this game. There are too deeply embedded cultures and ways of working. There are very simple things like the overheads of how you run a site and things of that kind. I do not think you should be trying to force them to do anything, but you could quite simply create a new centre of energy and enthusiasm which, in the end, if it is successful, the mainstream market will come towards. That is what we are finding.

I am doing this project in Cambridge that I mentioned before. When we first started it about two years ago, talking to suppliers in the region, there was a bit of interest because there are small and medium-sized house-builders there who have come and been contractors-turned-developers. Now, literally just last week, the Council gave its final approval. That group has been inundated with requests from people to build their homes, firms all over the country, firms based in London, so there is a real appetite now.

It is very much about not trying to change the mainstream system. Start off with something new, a new centre of energy. If it works and is successful, then the mainstream market will come towards it.

Stephen Knight AM: Are homes built under a community-led structure likely to be more expensive or less expensive than via a housing association-type route in terms of the public sector contributing land or finance?

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): All my experience is that there is nothing intrinsically different about a community-led home. What people tend to do, particularly if you look at the experience of the building groups in Germany and you get it to a certain extent here, is if you are promoting your own development you do not have to make a development profit. You have a 15%, 20% or 25% margin which you can spend on other things. Certainly the experience of the Lancaster Cohousing Project is that they have managed to build a code 6 passive house for the price of a normal house in Lancaster, which is not much. They were able to buy the land from a distressed developer, so they got a good price, but there is nothing intrinsically that makes these things more expensive.

Stephen Knight AM: What experience do we have in London of community land trusts so far? Not much, I guess.

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): Hard work.

Stephen Knight AM: What have been the specific issues in relation to London?

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): Again, winning acceptance. Often, the first reaction when you talk to a local authority is, "Who are you? Why do you want to do your own housing? We do that. Housing associations do that. House-builders do that". There is not an intrinsic understanding that people might want to take responsibility for their own housing. There is some kind of resentment, particularly when we have lived in an era of acute shortage, of anything that personalises the relationship between a policy initiative and the person who is going to be housed. If you know them, it is a bit embarrassing. We like to have this distance, so we have our intermediaries, the housing associations and the developers. They produce housing for an undifferentiated market and then there are systems for getting the homes occupied.

If you look at Cornwall, for instance, it is very specific. These are small communities of place. You have quite small numbers of people who need that kind of housing. As I said before, there is that kind of congruence of political interests, local landowners and communities all wanting to make sure those people can be housed in that place because they live there, they work there and they have family connections there.

In London, communities are much more diffuse and fluid, but I am often surprised, having done lots of estate regeneration programmes, how place-specific and how place-tied people really

feel. They do feel very rooted in a place and we found that a bit through St Clements. It certainly did not start off that way, but it has generated a huge amount of local interest from people who live around the site and real interest from people in the vicinity who want to live there. I could go on, but I shall leave it for you to ask another question.

Stephen Knight AM: I am just trying to picture it. Are there people involved in building? Are they largely people who will be renting and who will be tenants of the new high-rise or will some of them be --

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): Again, it is very diverse and --

Stephen Knight AM: Are we talking about intermediate-type housing?

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): Yes.

Stephen Knight AM: We are not talking about taking a community of people who are currently sitting on the local authority housing register and somehow getting them to raise the finance to build their own homes. Or are we?

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): You can do both. Certainly the estate in Islington where I am working at the moment was a scheme. It is not resolved exactly how it will work. There has been a bit of political tension there. The original premise was that the community found that there was a lot more land on the estate that could be built on, so there was a quid pro quo. The estate is not a very good estate. The infrastructure is creaking with lots of public space that do not work. In a sense, we are saying, "Instead of 30 homes, we will get 140 to 170 homes. You, the local authority, have to do something about some of these other issues". Then there was a possibility that the local authority might lend the CLT directly the money through both on-lending and the Public Works Loan Board. That then just opened up a possibility: if we can get money at that rate, it is about half the rate it would normally have to be if it was raising the money itself --

Stephen Knight AM: Is that subject to HRA cap issues?

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): Yes. Islington has a quite generous HRA cap, but they were looking at either funding through the HRA or through the general fund. A lot of local authorities are lending public works money to smaller associations who cannot easily raise money in the modern market.

What you were then able to say was that you were housing primarily people who were overcrowded on the estate or under-occupying, so you were trying to do something about keeping that community together. The local authority in a sense gets free backfills when those people move out, but you are also looking at a greater element of control about how the estate is run. They are now looking at a tenant-managed organisation that might run alongside this.

However, crucially - and this is really important for some local authority estates - you would have to say that 40 years of municipal ownership has not served these places well. There are not the resources to make them really work, to get them out of this state of dependency. That particular estate gets money from the Single Regeneration Budget and it gets money from section 106, but these are back-pocket bits of money to keep the estate ticking on. Fundamentally, it is a place most people would like to get away from. How would you do something in the future when the local authorities will not be able to afford to give them that kind of money? How do you get that place off its knees and to somewhere that is more self-reliant? The community land trust mechanism in that case was saying, "We could actually create revenue surpluses much quicker if we have public works money and we could then reinvest that into the estate. We could invest in the things that are otherwise really difficult to deal with such as supporting young people, supporting the creation of local businesses and a whole range of activities". That would be one, so that is primarily about social renting for existing people, maybe some intermediate and maybe some market as a way of creating a cross-subsidy, getting the long-term loan to revenue surplus quicker.

Darren Johnson AM (Chair): Just in terms of the London experiences, could you just say a little bit about the problems you have encountered on the Olympics site as well?

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): Yes. There is a real sense of frustration. People who are promoting community land trusts think they are quite simple. For whatever reason, the London Legacy Development Corporation (LLDC) - and the Olympic Park Legacy Company before it - does not seem to come out to really look at, or find out what has been happening on the ground. It is almost as if they are trying to invent a solution internally and are making it much more complicated for themselves. That is my perception. Actually, there are things in train which might make that problem go away, but in a sense it is very clear to us what the CLT offer is. That does not seem to have been understood by people on the other side. We have just been missing each other completely.

Darren Johnson AM (Chair): Do you think the LLDC just needs to look outside London at models that are working successfully elsewhere?

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): It also needs to engage. There is a national CLT network. There is a website absolutely stuffed full of information and resources. It is very clear what the offer is and that does not seem to be being appreciated.

Stephen Knight AM: Is there more the Mayor or the GLA could be doing to encourage these kinds of initiatives in London? Could we have a pairing service to sort of pair up small builders with community groups?

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): There is a real case for that and certainly the value of having the umbrellas, which are self-financed - just - in the various counties, so there is quite a big one for the east of England, there is one for Cornwall and there is one for the three neighbouring counties and so

on. However, they are still borderline activities and they often rely on people putting in many more hours than they are getting paid for, and a huge amount of volunteer time.

There is a real case for having something like a London umbrella. The governance of it ought to be shared between the GLA, London Councils and the community sector, with some independents. It needs to be something that is visible, a small body with a very clear remit to bolt together the supply side and the demand side and to begin to act as a bit of a banking facility. It can build on the resources that are already there. For the next two years, the National Community Land Trust Network has quite a significant amount of money from the Oak Foundation in the US to promote an urban CLT programme to really shift people's perceptions from it being a rural phenomenon to an urban one. Clearly, we will be supporting those ones that we already know are in the pipeline. In the evidence to the Draft London Housing Strategy, both the Cohousing CLT Network and the Confederation of Co-operative Housing are all saying, "Please talk to us. We have some resources. Can we pool them and find a way of giving this a critical mass and some momentum?"

Nicky Gavron AM: This is broader than just community land trusts, David, but how can the Mayor's Housing Strategy increase competition?

David Lunts (Executive Director, Housing and Land, GLA): Obviously, I do not want to repeat what I said before about the way that we are looking to dispose of land that we think is particularly suitable for SMEs by, wherever we can, encouraging LDP members to partner and support that. We will certainly do more of that.

We are keen to do more around custom-build and self-build. Stephen's suggestion just now about some sort of umbrella interest group to try to promote this is an interesting one. We will certainly happily take that away and look at it.

As well, there is something that we have not really talked about this morning, but I am keen to put it on the agenda. There are quite a large number of small and medium-sized housing associations as well. One of the things that frankly is a bit of a concern for us is that we are not convinced that they are doing as much as they potentially could do in London. They have something like 20% - in theory, at least - of the financial capacity in London but they deliver a good deal less than that in terms of their development output.

We have funded a lot of smaller associations, particularly through the Mayor's Housing Covenant and Building the Pipeline. We are doing some quite structured work with g15 members at the moment to see if we can partner them up, so they can help to de-risk some of the, at least, perceived risk that some of the smaller associations see in terms of developing new affordable housing at the moment. In the bidding round that is currently open for 2015-18, we have gone out very specifically to try to encourage the smaller associations to do more. That is one area that I would just want to reference because we have not really talked about it this morning.

Could I just say one final thing as well? We are also very keen to bring new SME entrants into the market. Again, through the Building the Pipeline and Housing Covenant work, we funded

pocket homes in London with nearly £22 million of funding for what we see as a very interesting and very innovative model to deliver affordable submarket housing in London. It is effectively quite a rapidly revolving fund, so we put £20 million-odd in and that revolves quite quickly. Over a ten-year period, that should deliver an exponentially larger number of homes on the pocket model.

One of the things that has frankly been a little bit disappointing over the last few years is that we have not found an awful lot more pocket homes out there to fund. Again, one of the themes in our funding for the new round from 2015-18 is to try to do a lot more to stimulate, particularly, that intermediate housing market; which we think is under-represented in London and where there is scope for new SMEs to be emerging.

Nicky Gavron AM: When you talk about smaller housing associations, are you talking particularly - and I understand exactly what you are saying about trying to encourage them to be more proactive and not pull their punches - about them bringing and linking up more with the small builders and SMEs?

David Lunts (Executive Director, Housing and Land, GLA): Possibly, but I was thinking more specifically about them because in actual fact, if you look at their development capacity, some of these associations are SMEs in the classic numerical sense. However, if you take away their housing management functions and just look at their development functions, they certainly would be small and medium-sized developers.

Our view is that they could probably be doing a bit more as a sector. I am generalising and I do not want to pick on any specific ones, but with something like 20% of the potential financial capacity in London they are only delivering about 6% of the output. There do seem to be some anomalies there. Some of this, as I say, is about views of risk, which is why we are looking to help some of the g15 members and maybe partner with them, because they can sometimes access funding on more beneficial terms.

Nicky Gavron AM: Can I just focus for a minute on Pocket Homes? I am going to go on a site visit and see them, but I have understood their model. Their business model is a very clever business model and it works for a number of reasons, but one of the reasons it works is because there is no affordable housing and it is also smaller scale. It can only really work for one-bed or two-person homes. The sites they particularly want are garage sites, locked-in sites.

I was wondering. Is there going to be a lot of competition between a model which is very targeted - particularly the community build - and maybe some of the small builders' potential developments, too? They will be doing affordable housing, hopefully.

David Lunts (Executive Director, Housing and Land, GLA): Yes, it is an interesting point. Pocket Homes would probably dispute - and I think I might - that they are not providing affordable housing. They are providing submarket intermediate housing. They are not providing affordable rent or social rent housing. That is true. The pocket product is defined as affordable housing because that value is discounted from the market in perpetuity.

Nicky Gavron AM: Do you think it is solid that it is in perpetuity?

David Lunts (Executive Director, Housing and Land, GLA): Yes, it is part of the funding condition. We would not fund it otherwise and we are very clear about that. It is also worth mentioning as well that in terms of the programme that we funded with them, which is the vast bulk if not all of their new business, we have been clear and have an agreement that they will be designing to the Mayor's housing standards. They are not going to be sub-specified in terms of internal space and so forth.

Having said all of that, on the question about whether that sort of business model is likely to compete with smaller sites that other SMEs might be looking for, it is probably true, but that is the marketplace, it seems to me. There is nothing wrong with having some legitimate competition for these smaller sites.

One of the things we are finding in one or two instances, which is also interesting, is that some local authorities are increasingly looking for those smaller sites for their own development programmes and their own local authority new-build programmes, which is occasionally making it a little more difficult to get those sites into the market. Pocket Homes has quite an ambitious programme of land acquisition to deliver the programme that we are funding with them. So far, they seem to be making reasonable progress at securing those backland infill sites.

Nicky Gavron AM: I find that quite interesting because it is a very interesting model but it is a clever model. It is good.

Can I just talk to you, Paul, for a minute about how the CIL affects small businesses in terms of cash flow and so on, whether anything could be done about that and how you are working with the Mayor on that?

Paul Rayment (Senior Surveyor, Affleck Property Services, Member of the Federation of Master Builders): CIL for a small developer can be the difference between building a site and not building a site, in broad terms. To paraphrase it, it is quite often the straw that breaks the camel's back. When you are analysing the costs for a site and your potential margin, in some local authorities, particularly Wandsworth, with the calculation of the CIL charge I have seen pertinent examples of why developers have not gone forward with the sites, because of the land value versus the build cost. Once the CIL was calculated, there was not any margin left to progress with the project.

From a cash flow perspective, when you are on a site where a CIL payment has to be paid, local authorities are obviously requesting this before the build commences, so to speak. Obviously, revenue within a site is not released until the property is sold. If there was a possibility to defer CIL payments, it would help with small contractors' cash flows.

Nicky Gavron AM: Do you think, David, the Mayor can help with that?

David Lunts (Executive Director, Housing and Land, GLA): It is very difficult, is it not?
The CIL regulations are not --

Paul Rayment (Senior Surveyor, Affleck Property Services, Member of the Federation of Master Builders): It is also a national policy

David Lunts (Executive Director, Housing and Land, GLA): Yes, they are nationally prescribed, not prescribed by City Hall or the Mayor. At the moment, although I am aware that some boroughs are quite keen to look at a deferral of CIL, not just for SMEs but maybe to help with regeneration programmes and so forth, it is really a matter for Government. It will be interesting to see as well how the Chancellor's announcement in the Budget last week around the £500 million for SME builders - the Financing Building Programme or whatever it is to be called - and the impact that makes, but we have not yet seen the detail of how that is going to operate.

Paul Rayment (Senior Surveyor, Affleck Property Services, Member of the Federation of Master Builders): The consideration - not to generalise here - is that CIL charges per square metre in some London boroughs are probably significantly more than they are in other areas of the country. Although we are saying it is a national policy, it has a different effect on an SME based in London than it would in another part of the country. For barriers to entry to the market specifically within London, the CIL is one thing.

Nicky Gavron AM: It is always that. London is so different. Just quickly, Stephen, because I know wearing other hats you have views on CIL, from your experience do you have views on what should be done?

Stephen Hill (Board Member, National Community Land Trust, and UK Cohousing Network): It is a rather big philosophical question. There are now exceptions for custom-build and I do not know how helpful that will be. As a purist, I would ask why local authorities would then want to support custom build if it means they are losing out on CIL. It seems a slightly back-to-front argument. I did not bring that up. A lot of these things are substitutes for better land policies and better taxation policies and I had better leave it at that.

Nicky Gavron AM: OK.

Darren Johnson AM (Chair): Thank you, Nicky. In a moment, I am going to bring in each of the guests to give us your final thoughts on what carrots or sticks, that we have not talked about so far, could be used.

Firstly, I would like to turn to Sarah. We have mentioned throughout the meeting learning from overseas examples and so on. What can we learn from other countries in terms of the Mayor being more proactive in London's land market?

Sarah Monk (Deputy Director, Cambridge Centre for Housing and Planning Research, University of Cambridge): Actually, since that report was published, I have actually thought that we can learn better from the successful measures we have done in this country. We finished that project with a roundtable on what are the barriers to introducing these things in

this country? All sorts of experts came up with examples where they had worked successfully. It included things like community land trusts and that is all part of the picture, I agree.

Cambridge, for example, has used its Growth Fund money as a rolling fund for infrastructure. Infrastructure provision was seen as a very big barrier. Of course, that project report was written much closer to the recession and the crash than now and a lot of sites had stalled; so a lot of the discussion was about how to un-stall them. London has clearly done a lot of work on un-stalling sites and has made a lot of progress since then.

The land readjustment can be very useful when you have land ownership problems and you want to regenerate a whole area, but the ability to Private Use Permits, to create small parcels of land, it makes you think of the old development corporations. Towns like Peterborough and Milton Keynes actually had the resources to buy up all the land and masterplan it and all the rest of it.

Darren Johnson AM (Chair): It was part of a land assembly programme, yes.

Sarah Monk (Deputy Director, Cambridge Centre for Housing and Planning Research, University of Cambridge): Yes, it was all part of it. In other words, we have done it in the past. We cannot bring back the past exactly, but how far are people managing to do it perhaps in smaller ways now? As I said, three of the eight authorities we looked at for the Select Committee were already doing something like that with their publically owned land, and were making sure that they were putting in the resources for master-planning. That is the big gap. As somebody has already said, it is the difference, if you like, with what happens in the Netherlands - and to some extent in France and Germany as well - which we just do not have here. The cuts since the crash have made it all much worse and a lot of planning departments are very under-resourced now. Developers find that frustrating because they are paying fees upfront for planning and they expect a good service. The people are part-time and they are just not getting that good service. It is myriad of things.

Darren Johnson AM (Chair): The benefits of doing a clear land assembly programme, as you discussed, are fairly obvious. What are the risks if we were to start to try to persuade the Mayor and local authorities in London to do more?

Sarah Monk (Deputy Director, Cambridge Centre for Housing and Planning Research, University of Cambridge): The risks are that they do not have the resources and skills to get it right. They might feel they have to buy in those skills. I am just thinking about Camborne in Cambridgeshire, a new village which has now been expanding and is incredibly successful. When it was planned, it had a fantastic masterplan. When the first homes were built, it was almost as if the masterplan had gone out of the window. That is the sort of risk; even when you have all of that master planning, how do you actually make sure it happens?

Darren Johnson AM (Chair): OK. Just another question on CPOs and their use, which we mentioned earlier.

Sarah Monk (Deputy Director, Cambridge Centre for Housing and Planning Research, University of Cambridge): Yes, they do use them more in the Netherlands, France and Germany in particular.

Darren Johnson AM (Chair): Is it using them or is it the threat of them hanging around.

Sarah Monk (Deputy Director, Cambridge Centre for Housing and Planning Research, University of Cambridge): They had to use it a couple of times to ensure that the threat was realistic so they had used it but then they found they did not have to. They preferred not to as well, as we do. Even the United States has used it. We looked at New Jersey and Washington State, for example. They have both used it in various circumstances. The threat of it has meant they have not had to use it any more. They call it something different there. I have forgotten.

David Lunts (Executive Director, Housing and Land, GLA): Eminent domain.

Sarah Monk (Deputy Director, Cambridge Centre for Housing and Planning Research, University of Cambridge): Yes. There are test cases that then become very publicised and everyone else starts thinking about it.

Darren Johnson AM (Chair): Yes, that is clear. I will turn to each of our guests now to either sum up on some key measures that you think should be done here in London that we have mentioned already or new things that we have not touched on so far. I will start with Tim. We are interested in either carrots or sticks.

Tim Craine (Director, Moliior): Neither of those. The thing you have not touched on is that most new entrants are experienced directors of existing development companies. You can have a little building get a little bigger, but how much more powerful to have Adam Lawrence [Former Regional Chairman at Barratt Homes] leave Barratt and start London Square or to have someone leave Lend Lease and start a company called Anthology. They have the credibility to raise finance, £250 million from the Oak Foundation or wherever. I am not sure there is anything the GLA can do to encourage that process, but that is where new entrants to the market will come from. We have not really talked about that.

Stephen Hill (Board Member, National Community Land Trust and UK Cohousing Network): The carrot, which is to you, is that the community sector could unlock quite a lot of land that you currently cannot get your hands on. Key things are looking at the existing bits of the community sector, so looking at co-ops and almshouses that already have assets and often have land. Co-ops have very substantial uncharged assets. They could be used. That is not to say that it is easy but it is something that could be done.

There is a lot of work going on but in a very fragmented way, looking at how London churches of all denominations could be used better. In some places, a few churches are coming together to see how they might pool resources. It needs a much bigger resource to really look at that systematically. Housing Justice and the Diocese of Southwark have been looking at that a bit. Again, it is not their mainstream everyday job, so it would be something to put some real resource behind that. The Diocese of London has already teamed up with a developer called

Blueland Group. It is not for housing because getting a change-of-use from church to housing is difficult because they are different use classes; so they are looking at going from churches to surgeries which have the same D1 use class.

We need to be a bit smarter about how we do some of these things. There are lots of charities that are probably in that class of not knowing what to do with their land or how to bring it to market; local authority small sites, CPO small sites. Just one really good example in Boston is a big community organisation set up in the 1980s after the market crash, with lots of derelict abandoned properties. They were given eminent domain powers by the city authority in a special purpose vehicle to go and buy in a very carefully delineated area, abandoned properties so that they could basically remake the centre of their neighbourhood. Can you imagine any local authority giving a community group compulsory purchase powers here? Done together, it seems to be a really good thing.

This estate infill and regeneration has become a really significant source of land. There are lots of small things, but they all add up to a lot. However, you need something with critical mass to manage that and to bring finance at a sensible scale to it.

Darren Johnson AM (Chair): Thank you.

Paul Rayment (Senior Surveyor, Affleck Property Services, Member of the Federation of Master Builders): In summary, I believe there are several SMEs out there that have the ability to deliver high-quality housing within London, both as contractors and as developers. It is very much ironing out the routes to procurement, in terms of how housing projects for contractors are procured, so it is not swallowed up by the larger contractors. In terms of the land supply, perhaps a framework agreement of some description that smaller sites can be released to smaller developers. In terms of how those are brought to site in terms of finance, we would like some consideration for build now, pay later schemes or the potential for joint venturing. Further considerations on CIL would be excellent also, but I understand that that is more part of a national policy, than one that can be affected by the Mayor.

Darren Johnson AM (Chair): OK. Thank you, Paul. David, has this morning given you some ideas of things that you may wish to look into that you have not previously thought about?

David Lunts (Executive Director, Housing and Land, GLA): Yes. We have obviously been discussing the fact that this is very much an emerging market. There are some interesting things happening, but there is a sense that more could be done and this is an area that needs to mature.

I would just say maybe three ideas in terms of carrots and sticks. One is that particularly for SMEs and particularly for community building, it seems to me that you can come in at the very small level and we have talked a lot about the small infill sites where others perhaps will not go. The other area perhaps is the very large scale where you actually have the ability to almost make new communities. Perhaps we need to do more to find some scope within those larger projects for self-build and community-build, because that could actually help to incentivise people to move in.

Two other quick thoughts, though. One is whether there is a role here, it potentially seems to me, around things like the reorganisation of traditional high streets and town centres; which, as we all know, in many places are undergoing quite rapid transformations and retail offers change. There is a lot of debate about how you manage this process, but I wonder whether there is a role for smaller community organisations to help to shape that.

Finally from me, as this discussion has gone on this morning I have been thinking a lot about housing associations, actually, because they in the main began life very much as community-based organisations. Many of them now are huge businesses posting mega surpluses. I wonder whether there is more that we could be doing between us, to get the housing association sector in London more closely aligned perhaps with some of these more localised and community build initiatives, because they have the financial capacity to help.

Sarah Monk (Deputy Director, Cambridge Centre for Housing and Planning Research, University of Cambridge): I just wanted to pick up on your housing association point, because there is an issue for some housing associations, because of their origins, that they really do not like affordable rent product. They feel that it is too expensive in London and that is something I have heard a lot. They are having to build to cross-subsidise. Moreover, they like to be under the Homes and Communities Agency's radar, they like to do it themselves rather than through grant.

Darren Johnson AM (Chair): OK. Thank you. That has been a really useful discussion, so thank you to each of our guests.