

**Regeneration Committee – 2 July 2015****Transcript of Agenda Item 9 – Transport-led Regeneration**

**Gareth Bacon AM (Chairman):** That takes us on to the main item of today's agenda, which is item 9, our discussion on transport-led regeneration. Can I welcome all four of our guests to the meeting? As I said earlier, Isabel Dedring, the Deputy Mayor for Transport, has to leave fairly promptly in about 24 minutes. Therefore, the first section of this meeting will be focused exclusively on her. Could I also welcome Alex Williams, the Director of Planning for Transport for London (TfL), Martyn Evans, who is the Creative Director at the Cathedral Group, and Dr Helena Titheridge from University College London? Particular thanks to you because you have come at extremely short notice, involving moving your diary around in order to be here. We are very grateful. Thank you and welcome.

As is traditional, I will take the first question, which is to the Deputy Mayor. Can you enlighten us as to how the Mayor views spending on transport as having a regeneration function, or is it just about growth?

**Isabel Dedring (Deputy Mayor for Transport):** I would classify regeneration and growth in the same bracket, but the challenge that you are alluding to is that the natural instinct and, indeed, purpose of a transport agency is to deliver transport that is purely transport. In other words, if a Tube line does not have enough capacity, the transport agency will tend to focus on trying to get more capacity where things are crowded in the city. However, if we look at the opportunity areas that the Mayor has articulated, those are a few narrow areas really across London. They are supposed to accommodate one million people in terms of London's growth, which is a big chunk of London's expected growth, and many of the opportunity areas that are not coming forward at the speed we would like them to come forward - they are not redeveloping at the speed we want them to - is because they do not have the right transport connections. What you want to do is direct transport investment into those areas, but the natural processes of a transport agency will not be to prioritise those schemes, for probably three reasons. One is that the business case process does not really put the right value on the impact on regeneration, by definition, because these are transport schemes. They are not designed to be thought of as housing schemes. What happens is that we end up struggling to get the business case together that really articulates what the benefit for London will be of these schemes, and even the schemes that have a positive benefit-cost ratio that can be constructed and all the evidence can be drawn in still need to compete with a whole host of other things within the organisation and, therefore, will tend not to be number one or number ten on the list of priorities. We have had to use political influence in the process and also use things like the £300 million Growth Fund within TfL as a way to try to find an easier path for some of these projects for the organisation.

The last issue is institutional capacity and focus. Again, a transport agency is going to have a lot of people who focus on transport, not people who necessarily know about regeneration, housing and structuring these financial deals and how you go about them, because these kinds of projects tend to be quite unique in the way that they need to be constructed. If you look at a case like Barking Riverside, for example, or Elephant and Castle, these are places where there are a series of different funding streams coming together, you want to capture land value, and these are all not traditional ways in which big public infrastructure schemes have been funded historically.

I think there are a series of institutional barriers to getting transport to be used much more actively for regeneration. It is something that Sir Edward [Lister, Deputy Mayor for Policy and Planning] and I and Richard [Blakeway, Deputy Mayor for Housing, Land and Property] have spent a lot of time over the last two or three years trying to focus on: how can we institutionally do this more effectively? Old Oak Common is obviously another way in which you can do it, which is through a Mayoral Development Corporation (MDC), but in some

ways that is easier because you have the institutional structure of the MDC. What you want are places that do not have an MDC, like Barking Riverside, like the emerging opportunity area in Bexley. How do we get that senior level focus? How do we get the transport funding in that is going to support growth in these areas? I think it is an ongoing challenge.

The last thing I would say is that what we are trying to do on transport schemes also is to start thinking about the design of new transport schemes in a quite different way and put the whole thing on its head. The Bakerloo line extension: historically what we would say is, "Here is the perfect transport route for the Bakerloo line extension", and then we say, "Right, so what is going to be the impact in terms of planning?" South London is so deprived of Tube connections, you could put the Bakerloo line pretty much anywhere and you will get a fantastic impact in terms of transport. At one level, from a transport perspective, it does not really matter where the Bakerloo line goes, but it does matter from a regeneration perspective. We are trying to look at: where do we get the biggest regeneration impact? Where do we get the best impact in terms of delivering new homes and delivering growth areas? Then, once we have identified that corridor, that is where we would put the Bakerloo line, which is quite different from the way historically transport infrastructure is planned.

I think, fundamentally, I would say the impact of transport on regeneration is incontrovertible and massive, but we are not geared up institutionally to grind out a lot of these schemes. What happens is that we do three or four at once, where we are bringing together the senior players, which is usually some combination of me, Sir Edward, senior people at TfL, the leader of the borough and the key developers that are involved, to try to pull together these schemes, but it is almost against the system as opposed to the system working with us. I think we are on a pathway there where we need to start to try to systematise or institutionalise more of some these process so that we can use transport for regeneration more systematically across the board.

**Gareth Bacon AM (Chairman):** Yes. It is a relatively recent phenomenon, which is of course why we are now investigating it in this committee. It is surprising, from the outside looking in, that this has not been considered before. It is surprising it is not already part of the system.

You mentioned, very early on in your opening remarks, about the business case process almost working against the use of transport to stimulate regeneration. What has been changed within the TfL business process now to prioritise that? Has it in fact changed, or is the question of being pushed by the Mayor's Office?

**Isabel Deding (Deputy Mayor for Transport):** There are two aspects to a business case. One is the strict benefit-cost ratio, which is the mathematical exercise, but a business case can then pack a load of stuff around the mathematical element of it. The Board, for example, and internal management teams are required to look at the business case, not just the benefit-cost ratio. What we have tried to do is more of a softer thing, because the benefit-cost ratio and how we assess these projects is set by the Treasury. Therefore, there are some limits to how much we can deviate from that process. What we do is we say, "Here is the benefit-cost ratio, which might not look that good in transport terms, but here are all the other things that we want you to take notice of", which can be quantified but are not necessarily reflected in the benefit-cost ratio. I have spent a lot of effort with colleagues at the Finance and Policy Committee, for example, of the Board, explaining that this is not about looking at the benefit-cost ratio. It is about looking at the overall business case for this.

It continues to be a challenge. A lot of these things would not even surface up through the system, and arguably there is a question about whether transport funding channelled to a transport agency, which is going to go into transport infrastructure but which is to trigger housing growth. Is that housing investment or is that transport investment? It is a bit of a slightly semantic point, but it is important because unless the transport

agency comes to see that as part of its mission to deliver these schemes -- I think the management at TfL have been very accepting of that, so there has not been any argy-bargy about it. I think the issue is more that it is not part of the institutional culture that that is up there, that the number one priority is regenerating opportunity areas in London, and nor should it be, but it needs to be quite high up the ladder.

**Gareth Bacon AM (Chairman):** Intuitively, you would think that they would be symbiotic in terms of their relationship because one leads historically into the other.

**Isabel Dedring (Deputy Mayor for Transport):** I think that in an age of austerity where we are trying to increasingly tap out every possible revenue source, whether that is commercial revenue, whether that is land value uplift, actually, curiously, it drives you towards these kinds of schemes because you are looking for schemes that you can build where you can capture a lot of land value uplift, and, therefore, that will tend to be schemes that actually do have an impact on regeneration and housing and all of these things. In a way, austerity is your friend and it has driven us to a scenario where we will focus a lot more on these projects because we are always looking for projects where we can leverage in other sources of funding. Something like upgrading the Tube - which is probably, if not the top priority, one of the top priorities - does not afford that kind of opportunity. That is always going to be purely paid for through grant and farebox because it is quite difficult to see how you would capture the benefits of that more broadly.

**Gareth Bacon AM (Chairman):** What role do planning frameworks play in driving transport investment?

**Isabel Dedring (Deputy Mayor for Transport):** As far as I am concerned, they have to exist - Alex [Williams, Director of Borough Planning, TfL] might be able to comment more intelligently on this - and they are a precursor requirement, but I do not see them actually driving that change. Certainly, if I look at the opportunity areas, there are way more opportunity areas that we could be actively involved in driving forward from a transport perspective. Many of them have Opportunity Area Planning Frameworks (OAPF), but that alone is not going to generate attention and funding. It is a necessary but not sufficient requirement. I do not know whether --

**Alex Williams (Director of Borough Planning, TfL):** What I would say on the planning frameworks is that they are a very useful and quite often powerful tool to actually identify what are the transport projects that are essential to unlock that growth, and investigating the range of funding sources to help deliver those, and from that you get a debate about how you can bring the borough and the key developers into the fold to actually unlock and deliver that infrastructure. I think they can be very powerful. If we think about the Northern line extension, which was identified in a planning framework in probably 2009, something like that, and will be open in 2019. Being identified as an idea, as an initiative to unlock growth, to being delivered in circa ten years, it is incredible. They can be very powerful, but I agree with Isabel. In some ways you should not just be focusing on the opportunity areas because there are a whole range of other sites across London where growth has a lot of potential and boroughs want to deliver it.

**Gareth Bacon AM (Chairman):** There are a lot more questions I could ask you about funding.

**Isabel Dedring (Deputy Mayor for Transport):** I am sorry.

**Gareth Bacon AM (Chairman):** I know how much time you do not have. I am going to move on to the second question, which is from Navin.

**Navin Shah AM (Deputy Chair):** Can you explain the whole concept of the thinking and rationale behind the Growth Fund and the mechanics as to how it is allocated?

**Isabel Deding (Deputy Mayor for Transport):** Yes. I think probably Alex [Williams, Director of Borough Planning, TfL] can talk better about the mechanics, but it is worth doing that in conjunction. The rationale was that looking across the series of opportunity areas in particular, whether that was Barking Riverside, areas in the Lea Valley, North Bexley is another example, but the list goes on and on. Brent Cross was one of the issues at the time. That has now been resolved through other means. What was clear was that many of them were not moving forward at the rate that we wanted to, and some of those were not for transport reasons. A chunk of them were for transport reasons, but these were transport projects that were not in our business plan. Part of that was because, as I was saying earlier, they were not transport priorities, because what you are doing is building a transport link to somewhere that does not exist at the moment. Of course you would never identify a need to build a bus route or build a railway extension if there was not anyone there at the moment. Barking Riverside is a great example of this. Riverside is supposed to accommodate 11,000 homes. It had 1,000 and a bit. Therefore, one bus route was the right solution there, but of course you are never going to get the 11,000 homes unless you have proper transport capacity to that location.

Because of the difficulty of bringing forward some of these business cases through the TfL system, because it is focused on transport more narrowly, rightly, we thought it would be easier if we had this ring-fenced pot of funding that is explicit. Therefore, you make the argument once and you get the pot of funding for growth, rather than having to for each of these projects make the argument for growth. I suppose ultimately you would want to be in a situation where that is only an intermediate solution, and ultimately there is a way to better reflect these kinds of projects within the prioritisation system so that you do not have to ring-fence a pot of funding but projects like Riverside are accorded a higher priority within the business planning system and you do not have to say, "All these projects are really strange, so we will just stick them into this Growth Fund". It has been very successful, as far as I am concerned, and a great way of trying to bring forward some of these projects, and TfL has done a great job handling it, actually. I do not know whether you want to talk about --

**Navin Shah AM (Deputy Chair):** Yes. Sorry to stop you there. Before we go into the whole mechanics of how the location, etc, works, whilst you are here, Isabel, obviously there is this current £360 million funding that has been agreed, which, when you look at the allocations already made, two to that value, obviously it does not quite cover the aspirations of the whole thing, nowhere near that.

**Isabel Deding (Deputy Mayor for Transport):** Yes, that is clear.

**Navin Shah AM (Deputy Chair):** Are there any prospects for the Growth Fund being put together?

**Isabel Deding (Deputy Mayor for Transport):** I think £360 million is better than zero, and we are glad --

**Navin Shah AM (Deputy Chair):** Yes. Very good. Yes.

**Isabel Deding (Deputy Mayor for Transport):** It was £330 million, I think, when we set it up.

**Alex Williams (Director of Borough Planning) :** £300 million.

**Isabel Deding (Deputy Mayor for Transport):** £300 million, and it has been expanded for precisely that reason, that it is effective and there are way more schemes out there that we could fund than we have funding

to cover. My own view is, theoretically for sure, it is a pot of funding that we could increase. That is something that is going to come up in the business planning process this year for the December 2015 TfL business plan. One of the things that will be in the discussion is whether there should be a further allocation into the Growth Fund as part of that process. Yes, it could be substantially bigger.

You want to be a little bit careful because that should be the funding of last resort. You want to make sure that you are tapping into all the other sources, but as long as we are controlling that, which so far has worked well, then I think that is fine. For sure, you are right; it could be bigger.

**Navin Shah AM (Deputy Chair):** No, no, I accept it, and also the whole approach of third party funding with partnerships with boroughs etc I have no issues with. The problem is that sometimes getting either section 106 or Community Infrastructure Levy (CIL) or councils funding, which is scarce, is a challenge to say the least.

**Isabel Deding (Deputy Mayor for Transport):** Yes.

**Navin Shah AM (Deputy Chair):** In that scenario, and given that we are already putting through major development projects, including some of the Housing Zones money which has been allocated across London, that is where regeneration and transport-related growth, therefore infrastructure, is critical in terms of the timing aspect of that, and that is where I think the Growth Fund or a fund like that can play a major role in almost pump-priming the whole transport --

**Isabel Deding (Deputy Mayor for Transport):** Obviously, I would welcome the Assembly's representations on that in the course of doing this year's TfL business plan. It is great to have support for these things, and that is one of the things that we can certainly look at in the course of preparing the business plan for December.

**Navin Shah AM (Deputy Chair):** OK.

**Alex Williams (Director of Borough Planning, TfL):** Do you want me to --

**Navin Shah AM (Deputy Chair):** Yes. Can you also pick up the issue as to what are the criteria for the Growth Fund?

**Isabel Deding (Deputy Mayor for Transport):** In terms of the prioritisation and that kind of thing.

**Alex Williams (Director of Borough Planning, TfL):** Yes, in terms of the mechanics. I think the key process for us is to work with all three deputy mayors with this portfolio - Isabel, Sir Edward Lister and Richard Blakeway - because all three have to have a role in delivering the regeneration that these schemes are looking at. Also you have investment streams coming through the Housing Zones, through the London Enterprise Panel (LEP) and the Growth Fund, and clearly we need to look at those in the round, rather than just around an investment portfolio and ignoring others. A key part of the mechanics is to understand what is going on in all of the opportunity areas and what investment proposals are being looked at from other sources as well. We do that through a regular dialogue of monthly meetings with the relevant parts of the Greater London Authority (GLA) and TfL to make sure to put that -- and we track progress.

**Isabel Deding (Deputy Mayor for Transport):** It is the snappily named Investment in Transport Enabling Growth Group, which brings me, Sir Edward and Richard into one room together with TfL, Housing and

Planning at the GLA so that we can have a shared understanding of what the priorities are. You guys will do the technical analysis, but then it is ultimately brought together there.

**Alex Williams (Director of Borough Planning, TfL):** When you look at an individual opportunity area in that or some sort of growth area, you will be looking at the transport interventions that are needed to unlock that growth. I think there will be a key debate about how essential some of those transport interventions are to unlock growth. Sometimes they are an aspiration from a stakeholder or a borough or a developer, and they are nice to have, but, frankly, the growth is not truly dependent on that, and that is a big test for us really.

Then the other test I think is how much we can get from other sources, because this should be the fund of last resort, really, plugging the gaps at the end. Before we come to the Growth Fund, we should be maximising the contributions from CIL, from section 106, from developers, through contributions in kind sometimes as well. Those are the key things, really: a joined-up approach with the rest of the GLA, only prioritising those ones that are truly essential, but also maximising other contributions. That is the criteria I think that you would be looking at in allocating these schemes.

The other thing, I suppose, is through the engagement with the boroughs and the developers having clear stakeholder support for these investment decisions as well so that everyone accepts that these are the priorities for unlocking the growth in the opportunity area.

**Navin Shah AM (Deputy Chair):** Is the decision, therefore, actually being made by the programme we have set up or the working group which runs the Growth Fund programme?

**Alex Williams (Director of Borough Planning, TfL):** Yes.

**Isabel Deding (Deputy Mayor for Transport):** I think they would make a recommendation into us, and then there is a discussion in the round where we would make a decision.

**Alex Williams (Director of Borough Planning, TfL):** The TfL leadership too.

**Isabel Deding (Deputy Mayor for Transport):** We rubber-stamp Alex's brilliance.

**Alex Williams (Director of Borough Planning, TfL):** The TfL leadership team, it is their budget, so they would make that, but clearly we would work with the Deputy Mayors as to how this fits with it in the round. A good example is the latest scheme we allocated money for, Beam Park Station, which unlocked several thousand homes, and basically there is a Housing Zone contribution of circa £8 million to be matched by an £8 million contribution from the Growth Fund. Those two contributions together deliver the new station, it creates the values and the interest from the developers, and there is real interest from the developers there, to unlock a site that has been stalled for years. It is a good example of one part of GLA and TfL working together to get the investment in there to unlock thousands of homes.

**Navin Shah AM (Deputy Chair):** Is there provision for individual boroughs who may have opportunity area or intensification area designation to actually make a bid to say based on your criteria for Growth Fund --

**Isabel Deding (Deputy Mayor for Transport):** It does not work that way, per se, but obviously we always want to make sure we have the right list. It happens more informally through discussions with the boroughs. We would hope that we are reflecting the long list. It should have everything that we think the boroughs want.

It is an interesting point, whether there is a more formalised way that we could work with the boroughs to get views in.

**Navin Shah AM (Deputy Chair):** Yes. Certainly I know one borough which I represent would certainly have a strong case, but I am sure that is not the only exception, and, "Fine, well, the allocation has been made here". The situation on the ground changes and so on.

**Isabel Dedring (Deputy Mayor for Transport):** Yes. We can look at that. I do not know what you think, Alex. Just recently we wrote to all the boroughs about this step-free fund that we created in the December 2014 business plan, and we said, "We are putting together a list that we think is the right list but, if you have any views on it, let us know", just so that people do not feel that we have somehow, in some ivory tower, created this list. I do not see any reason why we could not just highlight, "Here is the Growth Fund. Here is what we are using it for. Here is what we have funded, and here is the long list that we are considering but, if you have any other views, let us know". I do not see why we could not do that.

**Alex Williams (Director of Borough Planning, TfL):** I suppose part of the context of that is the fund is fully allocated for the next eight years. Clearly, if we get more money or a scheme drops out, that is something that could be considered.

**Isabel Dedring (Deputy Mayor for Transport, TfL):** Yes. I think also just what is in the holding pen or whatever, yes.

**Alex Williams (Director of Borough Planning, TfL):** Yes.

**Gareth Bacon AM (Chairman):** According to the brief that we have, there is actually about £5.5 million left unallocated in the Growth Fund.

**Isabel Dedring (Deputy Mayor for Transport):** How much would your scheme cost, Navin?

**Navin Shah AM (Deputy Chair):** I would want to negotiate. More than that. I will start with £5 million.

**Isabel Dedring (Deputy Mayor for Transport):** This is the process whereby the funding is allocated.

**Martyn Evans (Creative Director, Cathedral Group):** The accessibility stuff will just about take you over there.

**Isabel Dedring (Deputy Mayor for Transport):** Get in there, Navin!

**Navin Shah AM (Deputy Chair):** I will accept £5 million on the table now and will negotiate more!

**Alex Williams (Director of Borough Planning, TfL):** OK.

**Isabel Dedring (Deputy Mayor for Transport):** Alex has the chequebook.

**Navin Shah AM (Deputy Chair):** Part of the deal is done then! Thank you.

**Isabel Dedring (Deputy Mayor for Transport):** Yes. I think in the meantime, if you have anything that you want to send in just to check whether we are already considering it, obviously, just get in touch.

**Navin Shah AM (Deputy Chair):** I absolutely promise you I will do that.

**Gareth Bacon AM (Chairman):** Was it conceivable, at least in theory - given that most of the fund is allocated, it is not probably conceivable in practice - that the Growth Fund would be used to regenerate TfL's own estate? For example, working in conjunction with the commercial partner, Graeme Craig's [Commercial Development Director, TfL] people. Southwark Station, for example, has a lot of empty space above it right opposite Palestra House that could be developed for housing. Is that something that would be considered as appropriate for Growth Fund funding or not?

**Isabel Dedring (Deputy Mayor for Transport):** Southwark is a good example; that site is being brought forward for development, so the idea would be that --

**Martyn Evans (Creative Director, Cathedral Group):** With me.

**Gareth Bacon AM (Chairman):** With you?

**Martyn Evans (Creative Director, Cathedral Group):** I declare an interest.

**Isabel Dedring (Deputy Mayor for Transport):** Obviously, wherever possible, you would be looking to redevelop TfL's land from the proceeds of the development, ultimately, rather than having to chuck funding into it.

**Gareth Bacon AM (Chairman):** The Growth Fund would be not used for that; would TfL fund that in another way?

**Alex Williams (Director of Borough Planning, TfL):** There could be links between the two.

**Isabel Dedring (Deputy Mayor for Transport):** Yes.

**Alex Williams (Director of Borough Planning, TfL):** Vauxhall is a good example, where the removal of the gyratory, the reconfiguration of the public realm there, that does unlock a lot of land that could be developed. It happens to be TfL land. That is not the primary motive for the scheme at all, but clearly how that new land relates to a development site is a commercial development discussion at some stage.

**Isabel Dedring (Deputy Mayor for Transport, TfL):** Actually, it has been an issue. Another example is Hammersmith.

**Alex Williams (Director of Borough Planning, TfL):** Yes.

**Isabel Dedring (Deputy Mayor for Transport):** The Hammersmith flyunder discussions. The bus station at the centre of the roundabout there is TfL's land, and there has been an issue in the past about commercial development. Graeme's guys [Graeme Craig, Commercial Development Director, TfL] are looking at the TfL portfolio and how they can best exploit that, and we might be looking at the wider area. In this case, this is not Growth Fund, but we are looking at how we would redesign and regenerate Hammersmith Town Centre as part of the flyunder in order to get the land value to pay for the flyunder, and we had to actually put those two discussions together because they were not happening at the same time. There is a bit of an institutional issue



about getting some of the commercial development side and some of this thinking together, but it is usually seamlessly integrated, of course, which Martyn is here to talk about.

**Gareth Bacon AM (Chairman):** That was very well put. That was the reason I asked the question, because TfL is one of those behemoths that sometimes does not talk to itself, or at least the outside perception is it does not talk to itself. Internally, of course, there are all sorts of different departments and they all do their own thing.

**Isabel Dedring (Deputy Mayor for Transport):** Yes. It does happen. I think it has gotten a lot better. There have been a few cases like this, and then everyone clocked that there needed to be -- Old Street is probably a good example, where TfL owns the land above the centre of the roundabout at Old Street, but then we are doing this big programme to peninsula-ise the roundabout, put in cycle lanes and all this other stuff, and again, it is getting an integrated idea of exactly what we want to do there both in terms of what is the outcome that we want, but also how are we going to go about paying for it? Making sure that, "Wait a second, we are desperately trying to capture some land value here, but a big chunk of that land is our own". How you might go about getting that contribution might be quite different. If it is your own land, then rather than just paying into some CIL or section 106, as if you were any old landowner, there is an uplift there that you could potentially use to help regenerate the site. You are right; it can be an issue. I think we are trying to flush out any examples of it within the organisation.

**Navin Shah AM (Deputy Chair):** Can that be almost like locally ring-fenced in the sense that if you have an area where intervention is required for regeneration and transport, if, for example, they are TfL assets where so-called third party funding can also be raised through TfL property assets, any money raised from that, can that actually be then ring-fenced and used for local regeneration transport infrastructure projects?

**Alex Williams (Director of Borough Planning, TfL):** We have done those kinds of things.

**Navin Shah AM (Deputy Chair):** You have?

**Alex Williams (Director of Borough Planning, TfL):** It is a borough by borough debate, but that principle has been accepted in other cases. I am thinking like the Euston Circus scheme, where it was a slightly different scheme but there was an advertising consent on our road which was from the local authority, and part of that consent was that the money would be reused to fund the public realm scheme. It is a case by case debate really, but it is something that has been accepted in --

**Navin Shah AM (Deputy Chair):** There is best practice. I am pleased to hear that.

**Alex Williams (Director of Borough Planning, TfL):** Yes.

**Navin Shah AM (Deputy Chair):** Chairman, I think I am done.

**Gareth Bacon AM (Chairman):** Thank you very much, Assembly Member Shah. Unfortunately the Deputy Mayor has to leave us.

**Isabel Dedring (Deputy Mayor for Transport):** Is that all right? Yes. Sorry.

**Gareth Bacon AM (Chairman):** It is not really. We have discussed it, but not really.

**Isabel Dedring (Deputy Mayor for Transport):** Believe me, I would rather be here.

**Gareth Bacon AM (Chairman):** I am sure you will tell the Mayor.

**Isabel Dedring (Deputy Mayor for Transport):** All right.

**Gareth Bacon AM (Chairman):** OK. Thank you very much indeed.

**Isabel Dedring (Deputy Mayor for Transport):** Thanks very much, and thanks for being understanding about the time.

**James Cleverly AM MP:** Taking it away from the TfL team for a while, Martyn and Helena, this is more for you. It was touched upon by Isabel, but I want to explore how transport infrastructure can have a regenerative effect and in what ways it can have a regenerative effect on projects. I want to tease out some of the ways that that effect might be quantified and valued and that kind of stuff. If you could, to start off with, just have a talk around what impact it has.

**Dr Helena Titheridge (Senior Lecturer, Department of Civil, Environmental and Geomatic Engineering, University College London):** The most obvious way is through accessibility. It is a key concept. It is about providing people with access to more jobs, providing companies with access to labour markets, to customers, to other companies that they work with. That is valuable; the more customers you have, the more money/profit you earn in simple terms. That creates a higher value and a greater demand for locating in those spaces. That brings the land value up. That is the basic and most commonly explored one. There is a lot of evidence related to that. The amount of uplift you get varies considerably, depending on the state of the economy, the nature of the transport infrastructure, how much it is adding to accessibility that currently exists, and that includes network connectivity, not just one new line. The way in which the whole thing is managed and handled and the extent to which it is truly integrated with the land use, makes big differences to the size of that uplift and how attractive it is to the different markets, commercial and residential.

There are some other benefits that have been documented, quantified through surveys and things, related to the good feeling that it creates in an area. It creates an outward statement, "This area is of interest. People are investing in this. The Government is investing in this area, or local authority. Things are happening here". If it is a light rail scheme rather than a bus scheme, it creates an image that says, "This is a forward-thinking help". That all helps make the area more attractive to people and creates an increased demand for being in that area.

That same investment in the area creates wellbeing effects documented to create wellbeing amongst the local community. Not in all cases. That is because of the effects of construction and disruption, and occasionally with regeneration local communities can get dispersed and that can create bad feeling, and then if extra traffic is generated with people driving to public transport stations and things like that, or if it is a highway scheme, you can get increased noise and pollution in the area, which may be considered a bad thing. There are a whole range of different elements that come in.

**James Cleverly AM MP:** Martyn, that was a pretty comprehensive answer. I am going to challenge you to try to find the gaps and the cracks and fill in with any points that you want to make.

**Martyn Evans (Creative Director, Cathedral Group):** I can only speak to you from a commercial property developer's perspective. For us, transport, housing, commercial and economic regeneration of cities like London are utterly, totally, completely and wholly, inextricably linked to transport issues. That is it, full stop. How do people get to work?

**Gareth Bacon AM (Chairman):** Do not beat around the bush. Come on.

**Martyn Evans (Creative Director, Cathedral Group):** How do people get to work? How do they get home from work? How do they get where they are going to enjoy themselves? How do they take their children to school? How do they travel to see their sick relatives in hospital? How do they move around the city where they live, work and play? As a commercial developer, sitting in my office, looking at a map of London, looking at where my opportunities to develop are and where I am going to make money for my shareholders and partners - and half of my business, my partners, are local authorities in London because we are building on local authority land - I am looking at transport issues. I am looking at where there is no transport and about to be some, and, therefore, that area is going to become of interest. I am looking at areas where transport is great but underused or underutilised or under-noticed or under-operated.

Obviously, every single colleague in the industry and I are super-interested in Crossrail right now because of the change that that is going to make to London. What happens with me and Crossrail is what we call the Olympic effect, which is I do not think anybody has any clue yet generally in London what impact Crossrail is going to have on our city in terms of how people are going to move across that city to work and to enjoy themselves. They will, because critical mass of information and excitement about it will happen as it arrives, and suddenly people will realise what it is going to do for our city, exactly what happened with the Olympics. For people like me, that creates opportunity. I am building at the minute in Hayes in the London Borough of Hillingdon, quite a few other developers and I, around the station in Hayes and Harlington Station, which is about to be a Crossrail station. There are, I think, probably about 3,000 homes in development as we speak. That is a lot, in a place where nobody would have put a single pound in development before Crossrail came.

We are doing that because the value of that land, the value of those homes, the value of the office buildings that go with them, is right now not what it is going to be when that station is there and when people are using it every day and when it takes only half an hour to travel from Hayes and Harlington Station to Canary Wharf. It means, if you work in Canary Wharf and you earn an average London salary, and you choose where you are going to live, at the minute you can have a half-an-hour bus ride up the road to Stratford or somewhere, where it starts to get affordable, away from Canary Wharf. Now you can get half an hour on the train from Hayes in Hillingdon and come to work, and buy somewhere or rent somewhere incredibly affordable, because the sort of rents that are there in West London bear no relation to the sort of rents that are closer to Canary Wharf, where you might work in one of the big companies.

For property developers - and I say this only because it is straightforward business operations for us - how you need to understand how your management of London's transport infrastructure and commercial property development works together is to understand that symbiotic link between what drives me and my colleagues and our money and our investment in those places is good transport links. It is absolutely, incredibly, inextricably linked.

I am sorry I am going to keep on talking about Crossrail. I know Crossrail is outside of TfL, but it is the same because, as I say, I am in an early partnership with TfL to deliver Southwark Station. The same issues apply there. In Hayes, the town centre is in trouble. It is not a good place. It needs a lot of help. There are 3,000 homes being developed around that transport node there which will be hugely important and very good for that

town. It is bringing people with money in their pockets who will have a two-minute walk into the town centre and spend their money on night-time economy. Very, good, with good, affordable homes, for people to live in. However, the area around the train station is terrible. It is really horrible. There seems to us to be no impetus on the part of the partners delivering Crossrail to understand how important that is to the project to bring that upgraded station to the town and to bring the development and economic regeneration to that part of the town. I have never been invited to a meeting with any of the transport partners and the local authority and the other developers in the area to talk about how, together, we can have an impact on that transport-led regeneration. I have money in my pocket that I could spend to contribute, other than 106 and CIL and that. I banged on the door myself to ask what opportunities there are to acquire perhaps publicly-owned land in that area so that we might add to the development of that town centre node, because a good train station and a good arrival into a town makes my property worth more money. It is commercially important for me, it is commercial worthwhile to me, to understand how the transport infrastructure could be even better presented and even better, more efficiently able to be used by the users.

I could go on, but I cannot tell you how completely interlinked and connected those two things are.

**James Cleverly AM MP:** You both reinforced, I think, what instinctively we all understand, that there are some immediate and obvious advantages through increased property value, similarly like for local businesses, etc, and you covered them from each end of the argument respectively. My understanding - Alex, pull me up on this if I am wrong - is that the increased land value, increase in property value and increase in value on local businesses, these quantifiable advantages, are not captured in the TfL estimation of the impact. Am I fair in saying that?

**Alex Williams (Director of Borough Planning, TfL):** "Not captured" is accurate, yes. They are captured by the business rates income or stamp duty increases, would be captured by the Exchequer, they are --

**James Cleverly AM MP:** No, I mean in terms of the planning. As Isabel was saying, when you are looking at what one of a number of potential transport executions you could look at, the mathematical equation, the cost-benefit analysis that you work to, does not factor in the financial impact on land values, property prices, business values.

**Alex Williams (Director of Borough Planning, TfL)** No. It would be talking about general quantum of developments, x thousand homes or x thousand jobs.

**James Cleverly AM MP:** Yes.

**Alex Williams (Director of Borough Planning, TfL):** I suppose, yes, probably sometimes we will have a gross value added assessment of that, but as a transport authority where the benefit-cost ratio stuff is now about transport deliverables and travel time savings or road safety, things like that, and I think Isabel highlighted we want the case to be much broader than that. Think about the case for Crossrail 2. It is looking at the much bigger macroeconomic benefits that that project will bring to the London or national economy as well.

**Martyn Evans (Creative Director, Cathedral Group):** I suppose my disappointment in listening to Isabel is that because I can be so clear about that in terms of what drives my business, about the inextricable link between successful transport infrastructure and successful development, which ultimately means successful places for people to live, is her question about whether investment is housing investment or transport investment. Not institutionally geared up to decide between those two things. That just makes me so

frustrated. We all should be focusing on the same thing, which is making London better for everybody who lives and works there, and those two things are completely linked. Housing investment, transport investment, they are absolutely, unbelievably linked.

**James Cleverly AM MP:** It strikes me that there is a desire from TfL to look a bit more holistically at the impacts of their projects. I think Martyn has just expressed it with a good degree of passion, genuinely. No, it is good. What might be the impact - I know this is a bit of crystal ball gazing I asking you to do - if TfL got their way and were enabled to look a bit more broadly, look at a broader basket of impacts? What kind of things do you think that would unlock or could unlock?

**Dr Helena Titheridge (Senior Lecturer, Department of Civil, Environmental and Geomatic Engineering, University College London):** I think it is worth looking at what has been going on in the States, in China and in the rest of the world regarding transit-oriented development, where they have done quite a lot of work at unlocking that money and trying to bring the two together, not always very successfully. Because you can then start looking at using the land value a little bit better, it creates new, more flexible options. It unlocks more opportunities for further investment, future investment. In terms of the wide benefits, it can create a much more successful scheme because you then have that joint incentive to plan together. Most of the work in this area, looking at the role of transport investment on land values, has been done looking at public transport rather than roads. You can get higher public transport usage because you have made the walk - as Martyn was saying, you have the link between the developments and the station - a pleasant walk. I was at a conference last week and they were talking about - someone presented some evidence - that the number of people who shop locally, who use the local facilities in the evenings and things, is actually affected by that connection between the station and where they live and what is on the route and how pleasant that route is. It is really incredibly important that that whole thing is planned together and integrated, and if you have the finances together you are, I think, a step closer to doing that comprehensive planning. You have more choices there.

**Martyn Evans (Creative Director, Cathedral Group):** Unfortunately, what happens with the nature of mostly private investment delivering the homes, and the affordable homes even in London particularly, is that it just gets on that treadmill of what you have all mentioned in your questions about increasing land value and increasing property value. In Hayes at the minute, I tell you all it is a very good investment. It will not be for long. When the Crossrail station opens and people have bought their flats, and they are very happy living there and travelling across London fast and furiously, it will change. We will be on to the next place. It is a constantly shifting thing, as the transport people who are here and planning London's transport know and understand. It is a constantly shifting landscape, where people are moving and shifting because of economic growth and improvement. We are looking outside of London a lot now to be building houses for people who work in London because they simply cannot afford to live in the places where they want to live. We are building houses and homes in places like Sittingbourne, where it still costs £6,000 a year to take the train into London every day. It is perfectly commutable, it is less than an hour, but it is £6,000 a year to travel. It is about £500 a month. It is extraordinarily expensive.

**Dr Helena Titheridge (Senior Lecturer, Department of Civil, Environmental and Geomatic Engineering, University College London):** One of the other benefits of looking at joint investment is the sharing of the risk, and you change and distribute the risks so that it is not all banking on private developers coming into an area, and you can be a bit more proactive about it. You can reduce the developers' risk in order to encourage them in, which is important if you are really trying to get regeneration going in an area.

**Andrew Dismore AM:** Can we just ask you about that, though? You said at the beginning, somebody works in Canary Wharf, half an hour to Hayes, affordable, and now you said Hayes is going to start becoming less --

**Martyn Evans (Creative Director, Cathedral Group):** It will become it. If you get in there now, it is affordable.

**Andrew Dismore AM:** Yes, but if you go there now, you get cleared off the land. How do you do it? Start yesterday?

**Martyn Evans (Creative Director, Cathedral Group):** Relatively. Hayes is always going to be more affordable than living in Poplar or Kensington.

**Andrew Dismore AM:** Yes. What is the impact on other communities of these prices? It starts to break up local communities who can no longer afford to live in the areas they have been. If I look at Colindale in my own area, we have 11,000 new homes coming. The Tube station is woefully overcrowded, so there has been no investment in transport links at all from what I can see, and the local community is feeling really, really squeezed and driven out and under incredible pressure - the longstanding community has been there 10 or 20 years - as a consequence of all this new development.

**Martyn Evans (Creative Director, Cathedral Group):** The opposite is happening Hayes because the development is happening because the transport infrastructure is getting tonnes better. The opposite is happening. It is not thousands of homes being built are putting the existing transport infrastructure under pressure. It is not --

**Andrew Dismore AM:** Then if we look at High Speed 2 (HS2), for example, the development is going to destroy local community, and there seems to be no thought at all given to the impact on the local community, or, despite the council's best endeavours to do something about it, they have just been completely overwhelmed and railroaded. The point I am making there is that is an absolutely central, central position. I do not know what the impact of HS2 will be on property prices. It probably will not make a great deal of difference because they are expensive anyway, but the impact on the community of that is horrendous.

**Martyn Evans (Creative Director, Cathedral Group):** Yes. I suppose the point I was trying to make is that transport for me is one element of the basket of issues that you pull together to present an opportunity to develop in a particular place. The community has to be there, the transport has to be there and the land has to be there to build. Because the transport comes sometimes from TfL and the GLA, sometimes through local authorities' control, and then through other agency control, Network Rail and Crossrail, it is a bewildering basket of people that you have to deal with, with all competing issues, and it is so vital, and it becomes frustrating for us sometimes. Our scheme in Southwark Station with TfL - an early part of the process that TfL are undergoing with many stations now with the bid process over the coming months - for us, that is only an amazingly good thing that TfL is putting itself right in the middle of development opportunity and partnering with private sector developers to bring the money and the opportunity to develop on an estate that has an enormous opportunity to provide homes and commercial opportunities for people to live and work. It is incredibly important.

**Gareth Bacon AM (Chairman):** We are segueing neatly into the question that I wanted to ask, and it is aimed primarily at Dr Titheridge and you, Mr Evans. Because of the complicated way that regeneration and particularly housing things are put together, the business case has to be economically viable for it to go forward, and that can have knock-on effects. It flows off the back of the question that Andrew has just asked

about, the impact on existing communities, whether or not you create a nice, shiny new space and push existing communities out because they can no longer afford to live there. Does the transport-led regeneration that we are talking about necessarily involve detrimental impacts on social-led regeneration, ie affordable housing and things like that? Is it inevitable that those will be downscaled in order to make schemes viable?

**Dr Helena Titheridge (Senior Lecturer, Department of Civil, Environmental and Geomatic Engineering, University College London):** I do not know if I know the answer to that one. I would say no, it is not inevitable. It depends so much on the economic situation and how the whole scheme is managed as to how much you can protect the existing communities and how much you can supply and developers supply affordable housing.

**Alex Williams (Director of Borough Planning, TfL):** It is worth thinking of an example of that issue, where, certainly with development sites, you are often having a debate and investment in transport playing off against investment in affordable housing. A good example of that is Vauxhall, Nine Elms again, where, when we did the planning framework, Wandsworth recognised that there was a substantial investment required in the Northern line extension circa £1 billion project, and they made a decision to say that they would have a lower affordable housing percentage to help fund that. I think it was about 10% to 15%. What is interesting about what has happened to that is that that was the framework that was agreed, but, over time, with the certainty of the Northern line increasing and that transformational change with a project being delivered, the total quantum of housing has gone up from I think circa 16,000 to circa 20,000, and also the percentage of affordable has gone up as well, so it has to be --

**Gareth Bacon AM (Chairman):** The percentage has gone up or the number has gone up?

**Alex Williams (Director of Borough Planning, TfL):** Both.

**Gareth Bacon AM (Chairman):** Both have gone up?

**Alex Williams (Director of Borough Planning, TfL):** Yes. Because it is all linked to viability, because of the increase in values in that particular area on the back of that transport investment, it has meant that the depressed level has actually gone higher now because of the confidence of the transport investment that will be going in that area.

**Martyn Evans (Creative Director, Cathedral Group):** It is about who has control or who has the overview about how to make places good. That is about not having negative impact on existing communities. It is about taking dead places, where almost completely new communities are being delivered and understanding how best to make those communities from scratch. That includes issues of transport, issues of social housing, housing mix, tenure mix, and mixed use developments, not just housing development. I build in predominantly lower-value areas in London. I do not build houses in Knightsbridge and in Chelsea. I build in Bromley and in Hayes and Sittingbourne and Deptford. In the places where I build, they are typically places that have been empty and dead for a very long time. That is just because that is the type of development that we do.

The affordable housing issue is a whole other issue again, and it has an absolutely important impact on this because, as I explained, in Hayes, one of the benefits of being able to live in Hayes and take advantage of the lower values that the property there commands is the speed at which you can travel across London to go to work somewhere else. You do not have to be a person on a low income travelling a really long way to get to work every day, because that is one of the consequences of being on a low income and having to travel to find a place you can afford. There, transport is clearly hugely important.

The issue of affordable housing in places like that is more to do with whose responsibility it is to deliver that affordable housing. At the minute, the majority of it in London, it is my responsibility to deliver it as required by section 106 negotiations with local authorities. If that system continues to be the really only way that social housing is being delivered, we are in trouble, because my company is a public company owned by shareholders. It is my job to deliver profits to my shareholders. In that regard, I am going to go into a section 106 officer's room and argue for as little social housing in my schemes as possible, because that is my job. Whilst it is a combative system we are not going to get anywhere, but that is a whole other issue.

**Gareth Bacon AM (Chairman):** Are you able to give good and bad examples of where transport investment has impacted on regeneration?

**Martyn Evans (Creative Director, Cathedral Group):** I can say again Hayes. It is a town that is in a lot of trouble. The town centre in Hayes has an enormous perception problem of Hayes. There is nobody walking around Hayes town centre in the evenings because there is a perception that crime is high. It is not true. Crime in Hayes town centre is not any higher than in other parts of London; it is just a perception. Until people start going out in the town centre in the evenings and using the very few restaurants and evening entertainment things that there are, it will just appear to be a tumbleweed place where nobody wants to go. 3,000 homes clustering around a new transport node there in Hayes is going to bring an awful lot of people with an awful lot of demand and an awful lot of money in their pockets to spend money in the town that they live 500 yards from. It is going to have a gigantically significant effect on that town centre and a very, very positive one.

**Navin Shah AM (Deputy Chair):** I wanted to make the point about the impact on the existing neighbourhoods and communities from regeneration because it is not only during this session now that we are talking about it. When we did stadium-led regeneration we had similar discussions and outcomes, that there is definitely an impact on the existing neighbourhoods and communities, who either feel disenfranchised or are being driven out almost. Andrew has talked about Colindale. I can tell you about Wembley and so on. I think this is something that we need to factor in when we look at how we are going to regenerate the areas. Not only do we have new, thriving communities with jobs and everything else that goes with it and property and social infrastructure; we also take into account how we accommodate and actually enhance the local existing neighbourhoods. Otherwise we are creating a different class of communities in those areas where we are regenerating and the risk of having a different sector altogether.

**Alex Williams (Director of Borough Planning, TfL):** The best example I can think of, where a regeneration project has brought the community with it, is the Woodberry Down project in Hackney. There it is a scheme, Berkeley Homes, in partnership with Hackney Council, going from 2,000 homes to 5,000 homes. At the heart of it is the Seven Sisters Road, where there is a lot of debate about narrowing the road to be funded there, but they were very clear at the outset that they wanted to bring the community with them. They had a decant strategy, which meant that, whilst blocks were being demolished, there would be the new houses in the area for people to go to before they had to go. One of the interesting things about that development is that they are doing it slowly and thoroughly, that it brings the community with them, but the time to deliver those extra 3,000 homes is 20 years. If you are prepared to wait that length of time and bring the community with you, it is a very good project, but quite often a lot of these other projects, like The Old Vinyl Factory [regeneration project, Hayes], I suspect you will be seeing it in less than 20 years. What I am just saying is that if you are going to bring the community, you need to accept that it will take longer as well, and it might be that you get a better set of outcomes as well. Woodberry Down is a very good example to look at.



**Navin Shah AM (Deputy Chair):** Yes.

**Martyn Evans (Creative Director, Cathedral Group):** Local authorities have an enormously important part to play in that, obviously, because they are in control of the planning policy and the consents, but also where there is public land that is being developed to create the changes that you suggest might be causing issues with local authorities. It is owned by local authorities. They are joint venture partners in the delivery of those schemes, so they can have an absolutely crucial impact on how those schemes are developed and what characterises them and the impacts that they might have. Otherwise you rely on nice guys like me - but then I would say that, would I not - to do it right. Berkeley Homes are doing a great scheme there, they absolutely are, but other purely residential developers who just chuck flats up and board up the commercial units at ground floor because they do not care about it, because it is of no value to them, a few shops on the ground floor, it is just cheaper to board them up and walk away than to do anything about them. Those are the sort of things that have a very negative impact on local communities and offer nothing to the existing communities to enhance the enrichment of the offer.

**Gareth Bacon AM (Chairman):** OK. We are starting to talk about local communities.

**Martyn Evans (Creative Director, Cathedral Group):** Yes.

**Andrew Dismore AM:** Just picking up on that point, one of the key issues is this issue of viability, and it seems to me that local authorities are taken to the cleaners on the time value-add of this, because they are going out to the people who are sufficiently skilled to fight and fight and fight the corner of the local communities. If you take Barnet, we have already lost. The regeneration scheme has over 800 social homes as a consequence of that, and I think that is one of the -- if I hop around a bit, what I was going to ask, a question for Alex is: how do you test the viability of what the developers tell you when they say, "We want money from the Growth Fund to bail them out on the transport links"?

**Alex Williams (Director of Borough Planning, TfL):** Viability is a bit of a dark art, is it not?

**Martyn Evans (Creative Director, Cathedral Group):** Yes, it is definitely a dark art.

**Alex Williams (Director of Borough Planning, TfL):** I was part of a traffic modelling in a subdivision, similarly a kind of dark art where very few people actually understand the fine detail. The way we look at that is that if we are concerned about viability, we would commission our own independent assessment, as we have done for many major developments across London. It is sometimes difficult to get access to that information from developers, and the Information Commission's decision in Elephant and Castle, I think, has made it harder to extract some of that information.

**Andrew Dismore AM:** That is crazy, is it not, because the developer wants you to put money in to a scheme, but he is not going to co-operate with you in giving the information for you to make a judgment about whether it is something you should be putting money into?

**Alex Williams (Director of Borough Planning, TfL):** Yes.

**Andrew Dismore AM:** You just have to put your finger in the air, lick it and hope for the best.

**Alex Williams (Director of Borough Planning, TfL):** No. I think it often comes to brinkmanship with the developer about us not accepting their viability assessment, and some hard negotiations with them to say that

we have identified that a certain set of transport interventions are required to enable this development to happen and we are expecting that to be paid for through CIL or section 106. I think where the Growth Fund comes into it is that what we are looking for is well above what an individual developer can obviously afford. I think the land lease scheme at Elephant and Castle, the transport mitigation there at a cost of £155 million, the prime developer in Elephant and Castle land lease could afford circa £20 million to £25 million, and the notion of us driving a hard deal to get £155 million was completely unrealistic and we were stuck in that log jam for a long time and that is where the Growth Fund came in to help, really.

The other thing that I think you need to be mindful of with the deals of developers is it is the CIL world we are in now where, effectively, it is a tariff. It is a tariff where you have a viability assessment when you set that tariff and it becomes a different negotiation. It is less of a negotiation about an individual site and more a negotiation with a borough about using their pooled services for the whole borough for these specific transport projects. For example, the site in Wandsworth, the Ram Brewery site there, we negotiated a s106 but in the end it became a negotiation about CIL, signed up by the Wandsworth Cabinet, so it is an ongoing debate about --

**Andrew Dismore AM:** It seems to me that developers have got the whip hand, really, in terms of -- Martyn is agreeing.

**Martyn Evans (Creative Director, Cathedral Group):** I do agree, but where is the money? It is all about the money. It is. I was just involved in the planning consent at Smithfield Market. That is a transport infrastructure redevelopment issue; 44 million passengers a year travelling through Farringdon Station is transforming that place through the transport infrastructure improvement. Does that station site need a new glass and steel office building? I think not. I think it needs a community leisure and commercial focused scheme.

The company that has the agreement with City Corporation to develop that site produced a viability that showed the only scheme that could possibly work on that site was to deliver a glass and steel office building. It ticked all the boxes, produces jobs and contributes to the City being the best in the world, so they went to English Heritage and they said, "We are going to have to pull some of the buildings down, of course, to be able to do that but we will keep as much as we can and here is our viability". English Heritage gave in and said, "OK, we will support it" and so then they go around waving English Heritage's support letter saying, "English Heritage love our scheme", consent - "boom".

We funded an alternative viability that showed that you could make more money by not building an office building there. You could make more money by keeping all of the buildings and putting in a leisure and commercial operation. That is just because that is what we chose to make our viability show and in fact the Secretary of State decided that was the right answer and refused to consent.

It is a dark art, unbelievably a dark art. Of course what happens in this commercial environment is that my peers in our industry steal all the best people out of local authority planning departments, paying them way too high salaries and gut the ability of local authorities to challenge developers when they are pulling the wool over. There is no money to be producing alternative viability schemes that produce evidence that developers are wrong and it is never going to change until there is more power on the other side of the table, and local authority planning departments, to challenge developers' viability assessments and say, "No".

**Andrew Dismore AM:** That is a very frank answer.

**Martyn Evans (Creative Director, Cathedral Group):** It is true.

**James Cleverly AM MP:** Yes. I am discerning a pattern in your answers, Martyn.

**Martyn Evans (Creative Director, Cathedral Group):** What, that I do not want to be a property developer! A planning officer!

**James Cleverly AM MP:** You are brutally honest, which is welcome. I am not suggesting that the others are not, by the way.

**Martyn Evans (Creative Director, Cathedral Group):** They are not. I will get thrown out of the British Property Federation.

**Andrew Dismore AM:** Yes. Going back to where the discussion started, it is the impact on communities we are looking at and the viability is one side of it because the developer gets away with murder and then the people who suffer are the local people who do not get their fair crack of the benefits. They get the downside and not the upside, which is particularly the case in HS2 where there seems to be no benefit at all. All I can see for the local community is just the complete downside.

I mentioned the other schemes in Barnet: a bit of social housing in Colindale where the community is being driven out. All that seems to be happening is a lot of people coming in which is adding to the housing problem rather than subtracting from it. I do not know if Helena wants to say anything about those.

**Dr Helena Titheridge (Senior Lecturer, Department of Civil, Environmental and Geomatic Engineering, University College London):** There are a couple of difficulties. One is that a lot of the community benefits are quite hard to quantify. You can describe them. You can discuss what has happened in previous case studies, but being able to do the modelling and say, "This is what is going to happen" beyond a few ones like noise. Even then, it is hard to judge the impact on communities because people perceive noise differently as a disturbance and have different stress responses to noise. Therefore, it is very hard to have the same sort of level of quantification and comprehensive study of a lot of the community impacts, which makes an imbalance between what is considered in any case.

The other issue, even if you can, is that the distributional impacts get hidden in the aggregate figures that we deal with in appraisal processes. The impacts on the local community can be quite small scale in the transport scheme compared to travel time savings and values like that across the whole of London, so they just disappear. In a way we need a completely different way to approach appraisal of projects if we are going to really get consideration of local communities within the viability cases, within the business case considered.

**Andrew Dismore AM:** So what would that look like?

**Dr Helena Titheridge (Senior Lecturer, Department of Civil, Environmental and Geomatic Engineering, University College London):** A good question. As well as the research projects we have going at the moment, a lot of people are looking at that. Multi-criteria analysis is one way but it does not get rid of all of the problems of qualitative versus quantitative data and how you predict there will be impacts on local communities. At the moment we do not have a nice, neat answer for how we do it but it does not add huge amounts of cost to appraising schemes.

**Andrew Dismore AM:** If we take HS2, it seems to be HS2 telling a community what is going to happen to them and the local community saying, "We do not like this, that and the other" and HS2 says, "So what?"

**Dr Helena Titheridge (Senior Lecturer, Department of Civil, Environmental and Geomatic Engineering, University College London):** Yes.

**Andrew Dismore AM:** One of the questions for Alex, I suppose - not about HS2 because that is not a TfL project - how do you listen to what the local community has to say and reflect that in what you are doing? How do you consult on these things and would you significantly alter/stop a scheme if there was such real hostility from local people to it?

**Alex Williams (Director of Borough Planning, TfL):** I think HS2 in particular used to. It requires a very good and close working relationship with the local authority because I think they are much closer to the issues than we are and I think there is that dialogue with Sir Edward Lister [Mayor's Chief of Staff and Deputy Mayor, Policy and Planning] and the leader of the [Camden] Council, Sarah Hayward, to set out clearly what we expect from a transport authority perspective because, frankly, there is no point in getting from Birmingham to London half an hour quicker if you have to spend 15 minutes waiting to get on the Tube because, as it currently stands, that is what will happen. Therefore, we need to set out what we expect from a transport authority perspective, working with the local authority to set out what they would expect from a place-making perspective as an acceptable offer in terms of the new housing and the new permeability across the station. That is where regional and local government needs to work very effectively together, particularly for a project like HS2, but we have a long way to go, particularly for the Euston element of that. Old Oak is a different place but I think with Euston there is a lot of work still to do on that.

**Andrew Dismore AM:** If we move away from the HS2 and looking more generally. A developer comes to you and says, "OK, I think we need this, that and the other" and the local community says, "We don't want it because of all the trouble it is going to cause. Property prices are going to go through the roof. Our children are not going to be able to live in the area" or whatever. How would you consult and reflect the views of the local community in a hypothetical project?

**Alex Williams (Director of Borough Planning, TfL):** Certainly the projects we have gone through for the Growth Fund we would be consulting on those individual projects with the local community to make sure that they had support. If they did not have support often it is about detail and changing that detail to make it more acceptable. As I say, it does rely on a very close partnership with the local authority because I think they have a much better grasp of the issues for that local community, the weight to attach to them and how to address some of those issues.

**Gareth Bacon AM (Chairman):** How much weight do you attach to that? For example, the Bakerloo line extension, which I believe is going into Bromley. It was mooted it would go into Bromley. I understand - and this is hearsay because it has not been put to me directly - that Bromley Council would not necessarily be in favour of that. Would you place particular weight to that or would you press on anyway?

**Alex Williams (Director of Borough Planning, TfL):** The Bakerloo line extension, we have consulted on that and we have published the results I think, which is indicating very strong support for the scheme from all three local authorities it goes through: Southwark, Lewisham and Bromley. Bromley is an odd position in the sense that the local residents are very supportive of the scheme within Bromley. The local authority is very opposed to the scheme within Bromley. I am not entirely sure how we will square that particular circle but it is an ongoing live political debate with the Deputy Mayors here and the local authority. It is a very odd

disconnect there when you have very clear support for that service locally but the local authorities themselves do not agree with that response. To defend them, part of their issue is I think they felt people were responding to, "Do you want a Tube service?" and being very positive about that new investment and not necessarily giving due weight to what would be lost, which was the direct access that they have now from the Hayes service right into the City of London. That is a very interesting debate that is still ongoing. I have no idea how that will come out.

**Andrew Dismore AM:** If I can ask you about the mirror image of that; what happens if the council wants something and the local people don't?

**Alex Williams (Director of Borough Planning, TfL):** We had an example of that with Vauxhall, that scheme where the council was very keen on it initially and there was an uproar locally about "save the bus station of Vauxhall" and the scheme was changed. The scheme was changed to make it more acceptable to the local community. I think the issue there was that the local authority and ourselves saw Vauxhall and recognised it needed radical change and transformational change. It wasn't working as a place and the public realm was pretty dreadful. The first schemes that we came up with to deliver that change were put out to informal consultation. They went down very badly, principally because there was a feeling that it was losing the asset that people valued. It was a very useful exercise in doing that kind of engagement. As a consequence of that, the local authority, working with Isabel Dedring [Deputy Mayor, Transport], initiated a series of changes to that scheme which kept a central bus station but also delivered the public realm improvements. We went out for consultation and we got a scheme where there is a lot more support for it. Therefore, we are not sitting in an ivory tower saying, "We are only listening to the local authority". We are responding to community views as well.

**Gareth Bacon AM (Chairman):** How much of that is a numbers game? This is a slightly cynical interpretation. People do not sit around waiting to respond to TfL consultations on anything, so how high does the consultation response have to be for you to take it seriously, so 10%, 3%? Local government consultations typically attract about 4% response rates, don't they? Anything over and above that you have the interest of a significant amount of the community, but at what point do you think, "Well, the response rate is too low for us to take this particularly seriously", particularly if it runs in contrast to what the local authority are saying to you?

**Alex Williams (Director of Borough Planning, TfL):** There is no thresholds for this but I think what you often find with regeneration growth projects is that when you seek to involve people on a planning framework or a strategy for an area or a vision for an area, you get poor responses. You get a very low response rate. When you crystallise that vision into a specific proposal or project, you get a much higher response rate. In the OAPF, Battersea, Nine Elms, Vauxhall, there was a proposal in there for the Vauxhall gyratory. Very few people noticed it. A very low response rate. People did not notice it. When we went out for consultation with it, with a proposal that people did not like initially then it generated a lot of negative views and that led to the change.

There is no kind of threshold. All I am saying is it is a lot easier when you have a specific proposal you can consult on and it does generate more responses with that. The same with the Bakerloo line extension. We could have done a consultation on a rail strategy for South East London, and probably not got a great deal of responses. If we went out - as we did - to 30,000 people for a line on a map saying, "The Tube will go here" you know, boy, did we get a lot of responses. There is not a threshold of saying, "It has to be 5% above or 5% --"

**Gareth Bacon AM (Chairman):** I am just interested in how you weigh the different positions. The Bakerloo line one is a good example with the council in one camp and the majority of responses from the general public are in another. Where do you sit? You are going to upset somebody.

**Alex Williams (Director of Borough Planning, TfL):** Yes. My job as an officer is to present all those facts as clearly as possible to the politicians who make the decisions.

**Gareth Bacon AM (Chairman):** Oh that was very neatly answered.

**Alex Williams (Director of Borough Planning, TfL):** It is very “Sir Humphrey” of me, I know, but that is the reality.

**Navin Shah AM (Deputy Chair):** I think it is worth picking up from where we were talking about this whole issue about the local impact from transport-led regeneration. We have here an initial submission, albeit, from Just Space who are a network of community organisations. I will quote the summary comment that they have made, which I think is interesting, where they say that, “Community, housing and neighbourhood groups in London have major concerns that transport investment - essential for their transport benefits - tend in private market conditions to lead to mainly negative impacts on incumbent communities and the local economies of areas. Built-in and powerful safeguards to inoculate ‘regeneration areas’ against these ill effects are essential”. It is that bit that I would like to draw your comments as to how that can practically and effectively be done, both Alex and Helena might want to comment.

**Gareth Bacon AM (Chairman):** I think Martyn was alluding to this earlier --

**Martyn Evans (Creative Director, Cathedral Group):** Yes, and it goes back to Mr Dismore’s point. I think that the negative effect of transport and regeneration is not binary. Transport infrastructure improved, places improved, more people want to live there, property prices go up. It is automatic. You cannot stop it and you do not want to stop it. What you do need to do is take account of what exactly that person said there: build in compensatory measures that mean that that place stays being a place where there is a good mix of community and a good mix of affordable housing. That is about not leaving it to the market. You cannot leave it to the market to deliver good, affordable housing to compensate for what happens when good transport infrastructure development happens. You cannot because what will happen is house prices will go up, land prices go up, commercial rent values go up and people are pushed out and it is wrong.

**Dr Helena Titheridge (Senior Lecturer, Department of Civil, Environmental and Geomatic Engineering, University College London):** I would say as well as protecting that community in terms of affordable housing, the other thing to remember is a lot of people on lower incomes may not be taking advantage of the new infrastructure, Crossrail, things like that. Therefore, it is making sure that whatever transport scheme goes in, that the transport that that community relies on is not adversely affected. That their lives and their journeys do not get harder because some bus route has been rerouted or cancelled all together or the main path from a particular housing estate to key services has been cut-off or built on so that there is no longer connections. That is part of it. It is making sure that they are not worse off. That they can still do what they normally do. As Martyn was saying, some sort of extra enhancements as well, so what improvements can be made to the local round that will make it better for them.

**Alex Williams (Director of Borough Planning, TfL):** I can certainly recognise the comments from Just Space. I think there are many groups who probably say the same thing about concern about gentrification and being priced out. Certainly my experience of dealing with many significant developments across London is that

you often get a quite polarised debate with housing, with the provision of very high-end, very expensive flats and houses in the units, and then a debate about the affordable housing for people who are struggling to get on the housing ladder. There is not a great deal of attention on the more affordable in a different way, housing that is affordable to Londoners generally. I think the key issue there for us in a strategic transport authority is about supply and about how we work with all developers and all boroughs to increase supply. At the moment, if you look at the supplies, London is delivering net 24,000 homes a year increase and the London Plan sets out how that needs to be dealt with to circa 48,000, 50,000 a year, and we are nowhere near that.

One of the key things for us with the Growth Fund, if you look at that investment and the top numbers of housing that is looking to unlock, if all of that happens that is circa 50,000 homes. If you think about Crossrail 2, that is looking at a business case around 200,000. Therefore, a core part of our investment is less of the kind of detail about what happens in an individual area. It is more about putting in significant increases in supply because, frankly, that is the root of the problem in many areas for this that London is not delivering the supply it needs to do. That is why the Growth Fund with circa 50,000 and Crossrail 2 and other growth we are looking at is about step change increases in supply for all Londoners not just the people at the top and the bottom.

**Martyn Evans (Creative Director, Cathedral Group):** There are simply not enough houses in London and so gentrification and rising prices is simply the result of that.

**James Cleverly AM MP:** We have gone from a fairly broad - and I am going to hone in onto a specific - and this is for Alex, I will put you on the spot, Alex - the Croyley rail link. We took it over. I say "we", TfL took it over and it is in Hertfordshire and it is part of our network. The benefit is ultimately going to be felt outside London but it is London money that is going to be used to do that improvement.

**Alex Williams (Director of Borough Planning, TfL):** Yes.

**James Cleverly AM MP:** Are we not inadvertently cross-subsidising Hertfordshire?

**Alex Williams (Director of Borough Planning, TfL):** This project has a chequered history that goes back many years. I am sure you are familiar with some of it, if not all of it. The key issue for me is that the costs have increased to just under £300 million and the Mayor was very committed to delivering this project, working with Hertfordshire and the Department for Transport (DfT). It was clear in the last budget round that there was a funding gap and there was a direction issue to us to plug that funding gap of circa £16 million from the Growth Fund. I can see the reason for the question and why people would see it is not the first call on a fund like this. However, it does improve transport connections to and from the Capital and Watford. It does facilitate growth, albeit just outside the London Capital, in terms of extra homes and jobs. If you think about the Growth Fund, all of the projects it is funding, not one of those projects is it funding in its entirety. It is all top-up funding. That last bit of funding to plug the gap. The Croyley one was about plugging a gap that became apparent last year when we took it over.

**James Cleverly AM MP:** I get that. It is not quite a definitive yes/no answer to the question but, in light of the fact that increasingly some of the big transport infrastructure projects that TfL are involved in stretch beyond the boundaries of London, are we setting a precedent in this, in that the tentacles of London's transport network stretch out into the home counties with Crossrail and other projects with the Mayor's desire to take over suburban heavy rail? Are we going to be in a position where we are using London taxpayers' money basically to regenerate home counties?

**Alex Williams (Director of Borough Planning, TfL):** I think in many ways that precedent was set a long time ago. If you think about the Tube network and the rail network that we are running, if you think about Crossrail that goes out to Reading now and out to Shenfield, outside of the London boundary, but the funding settlement is one for national Government and TfL to find. Say, for example, where we are getting money from developers it is all from London-based developers. We are not getting anything from developers in Reading, for example, for this project even though it goes there.

It is certainly a live debate that we are having with Crossrail 2, because Crossrail 2 will go north of the Capital and south of the Capital, and we believe that the beneficiaries of that service should help fund the delivery of that service. Certainly, we are seeking contributions from authorities or beneficiaries outside of the Capital but, if you think about Croxley, the majority of the funding is from Hertfordshire, so it is a funding deal with a whole series of parties coming to the table to deliver the project that benefits them but also benefits the Capital. I would --

**James Cleverly AM MP:** You are comfortable with the mix?

**Alex Williams (Director of Borough Planning, TfL):** I am comfortable with TfL --

**James Cleverly AM MP:** Do you feel comfortable looking at a Londoner - your average Joe public Londoner in the eye - and saying, "This is a good mix. This is a fair balance"?

**Alex Williams (Director of Borough Planning, TfL):** For Croxley, yes. When you look at the breakdown of it, Hertfordshire are bringing a lot to the table. The Government is bringing a lot to the table and TfL is providing the top-up fund. I have the details if you want it. I forget the breakdown. It is £109 million from DfT, £128 million from Hertfordshire, £46 million from TfL.

**James Cleverly AM MP:** OK.

**Alex Williams (Director of Borough Planning, TfL):** You could argue about the balance of that but, given that it is a national rail asset, it benefits the local authority, it benefits London, is that proportionately the right amount? That does not feel to me hugely out-of-kilter with the way the beneficiaries of the project are.

With Crossrail 2 I think it will be harder to get money from people outside of London, but I can assure you we are trying. We are trying. Part of our negotiation with Government and those authorities is that if they want the improved service, connectivity and accessibility that helps unlock growth in that area then they should help pay for it.

**James Cleverly AM MP:** Right. Okay. Thank you.

**Navin Shah AM (Deputy Chair):** Very clearly, with successful regeneration not only the new and emerging communities will benefit, developers will benefit too from those transport-led regeneration schemes. Alex, what mechanism do you have there for TfL to recoup from the benefits that developers will gain from transport-led regeneration?

**Alex Williams (Director of Borough Planning, TfL):** It is the traditional systems through the planning system, through section 106 and CIL. They are the principal means of levering in money from developers and I think it can be harder with CIL. There are opportunities and threats with CIL I think, really. The opportunity is



to pool resources from across the borough. The threat is that it will not be in their designated list of expenditure and you cannot get money through CIL.

The other issue I think that is worth thinking about is the Brent Cross example where, whilst there were contributions from the developer through the section 106 and the 278, the development generates a huge amount of increased business rates and that is being used to construct a funding deal to deliver the new Thameslink station at Brent Cross. In terms of getting development money from developers, it is principally CIL and section 106 but, increasingly, I think we are looking at how we ring-fence or use the business rates that are generated by those developments afterwards to help fund the structure.

The Brent Cross deal is close to being done. We are a party to it. It is between Barnet and Treasury. Within Croydon we have a debate at the moment about the growth zone there. That is all about funding infrastructure investment on the back of the increased business rate income you get from these developments, so it is not just CIL and s106 it is also the business rates that they deliver later on as well.

**Navin Shah AM (Deputy Chair):** Would there be a similar approach for the Old Oak and Park Royal Development Corporation (OPDC)? I would not know whether that MDC would also take a similar view and, therefore, with TfL or other partners would want to extract as much benefits or recouping of investment back from developers?

**Alex Williams (Director of Borough Planning, TfL):** Yes. I think the OPDC will certainly be looking at that. I think they are also looking at two other areas to help finance it. One is stamp duty and whether that can be ring-fenced to help from all the thousands of homes that will go in there. The stamp duty being ring-fenced to help to fund some of the infrastructure. The other thing that I know they are doing through engagement with Government is to seek money for early land assembly. What you often find is that it is designated as industrial land now but in the future it will be housing land, so people are buying it on the hope value of the residential value rather than the industrial value, and it is quite important that the public bodies seek to get hold of that land at the lower value. Therefore, one of the things they are looking for is support from Government on land assembly, so that the direct uplift in values that come from any developments above there, they are the recipients of the benefits of that because they own the land in the first place. That is certainly something they are looking at at Old Oak.

**Gareth Bacon AM (Chairman):** Surprisingly, we are almost at the end of the session. I am going to ask a question and I am going to leave you to the end, Alex --

**Alex Williams (Director of Borough Planning, TfL):** OK.

**Gareth Bacon AM (Chairman):** -- because it has been the Alex Williams' show for the last half an hour. I am going to ask - probably starting at that end of the table forward - whether TfL should make the case to expand the Growth Fund in the next mayoral term? Obviously, this mayoral term is drawing to a close, but whether objectively you feel that the Growth Fund is worthwhile and whether it should be extended into the next mayoral term. I will start with you, Dr Titheridge.

**Dr Helena Titheridge (Senior Lecturer, Department of Civil, Environmental and Geomatic Engineering, University College London):** Yes, I would extend it I think. I think it is a good case to be looking at it from the regeneration perspective and not just from the transport perspective, and it provides a good opportunity for us to do more integrated planning, which can only be a good thing.

**Gareth Bacon AM (Chairman):** From your perspective, the use of transport to stimulate regeneration is appropriate? It is the right way forward?

**Dr Helena Titheridge (Senior Lecturer, Department of Civil, Environmental and Geomatic Engineering, University College London):** It is part of a package of things that need to happen. I think without transport improvement regeneration is unlikely to happen in many areas, so it needs to be considered as part of that. Not necessarily the only tool for regeneration but certainly it needs to appear strongly.

**Gareth Bacon AM (Chairman):** Mr Evans, your thoughts?

**Martyn Evans (Creative Director, Cathedral Group):** Oh, I get completely lost about all these funds and things, honestly. In the end, whatever happens, wherever money comes from, whoever applies for what from who, the people who are together involved in having an interest in creating London as a better place to live and a more productive place to live, need to sit around a table and pool resources and talk about doing it together better. If that means that a Growth Fund is the channel through which TfL comes to the table and brings its considerable clout to bear in that debate, fantastic, but the agencies that have enormous potential impact on this problem, and TfL is hugely important in that regard, my community, the political community, local authorities, all the other public sector landowners who have investment in communities will need to sit around a table and talk about how together we are going to make this work.

We are just working on it. We are just about to try to partner with a local authority, which shall remain nameless, to develop a scheme. We have been working for a very long time to develop a plan for a site that a National Health Service body has just put out a bid for 100 yards down the road for an exactly similar scheme on a piece of land and nobody has talked to anybody - crazy. That is one small example of how that happens when people do not sit around a table and contribute common goals and interests in creating London as a better place to live and work, so I am all for mechanisms that allow very important bodies - like TfL - to come to the table and bring their considerable impact to bear.

**Gareth Bacon AM (Chairman):** A final word to you, Alex, the Growth Fund is still relatively new conceptually. It was an innovative step forward. Is the position of TfL that you are content with how it has gone so far and, therefore, will TfL be engaging with the future Mayor to see if we can extend it going forward?

**Alex Williams (Director of Borough Planning, TfL):** Certainly we expect it to be extended going forward and we see the value of the Fund. You are right, it is a relatively new fund and it almost seems perverse that it is so new, really. It is just a kind of no-brainer in many ways as to why it should exist and why the old system clearly did not work. I think there is a very good case for continuing it into the next mayoralty. The one caveat I would put on that is that, if there is an increase in the Fund, we need to make it clear that this is a fund of last resort and it is not used as a way of the developers getting off the hook of what should be a fair payment themselves, rather than it passporting mitigation that they should be paying for under the public sector. I think that is the caveat I would put on it. We need to manage that risk that they see this as a kind of free ride when it absolutely is not. It should be a top-up, a fund of last resort to unlock some of these sites rather than, "Oh, we will just go to TfL who will pay for the lot" because that is not what it should be about.

**Gareth Bacon AM (Chairman):** You need to be in the position to scrutinise the viabilities effectively.

**Alex Williams (Director of Borough Planning, TfL):** I would argue that we do scrutinise it.

**Gareth Bacon AM (Chairman):** OK. That draws the discussion to a close. Can I thank our guests very much indeed for your attendance today. It has been very much appreciated.