Tomorrow’s Places

A plan for building a generation of new millennial towns on the edge of London

Jack Airey and Richard Blakeway

Foreword by Lord Wolfson
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## Contents

- About the Authors .................................................. 2
- Acknowledgements .................................................. 3
- Foreword .................................................................. 5
- Executive Summary .................................................. 7
- Recommendations .................................................... 9
- London’s housing supply problem .............................. 11
  - The impact of failing to build enough homes .............. 13
  - London’s housing supply problem extends beyond its borders 15
  - A significant increase in homes is needed .................. 18
- Existing plans for increasing housing supply .............. 20
  - Plans for new homes in London ............................... 20
  - Plans for new homes on the edge of London .............. 26
  - Plans for new Garden Communities ......................... 29
  - Plans are insufficient .............................................. 32
  - A better and more popular way forward .................... 33
- A new approach for building places on the edge of London 37
  - Corridors .................................................................. 41
  - Strategic planning ................................................... 43
  - Land use regulation .................................................. 45
  - Organisation leading the delivery of the new place ........ 45
  - Land assembly ........................................................ 47
  - Planning decisions ................................................... 49
  - What is built .......................................................... 50
  - Legacy arrangements .............................................. 51
  - Inward investment .................................................... 52
  - Public funds .......................................................... 52
  - The role of central government .................................. 53
- Conclusion ................................................................ 54
- Appendix ................................................................ 55
  - Local authorities in Inner London ......................... 55
  - Local authorities in Outer London ......................... 55
  - Local authorities in edge of London ....................... 56
Foreword

by Lord Wolfson

The 2014 Wolfson Economics Prize asked how a new Garden City could be delivered that is visionary, economically viable and popular. We received an astonishing 279 ideas, of which we shortlisted five finalists. The winner, an idea by the urban designer David Rudlin to double the size of 40 towns and cities, was quite brilliant. I felt sure we had unearthed policy proposals that could begin to address this country’s longstanding undersupply of new homes, of the sort that are popular with the public and in the places where they want to live.

It was a heartfelt disappointment to me that within hours of the winning entry being announced, the then Department for Communities and Local Government had rejected our ideas. The proposals were labelled as “urban sprawl”, from which the country would be protected – this is despite the same government promising a couple of years earlier to “think big” on garden cities. It was no coincidence that a general election was taking place nine months later, in May 2015.

This narrow-minded approach to dealing with the country’s housing crisis is depressing and unfortunately all too familiar. Although some progress has been made by this Government in developing garden communities, these developments are currently too small and their number too few to have a significant impact on housing numbers. The Government’s garden communities programme supports 23 places to deliver around 200,000 homes by 2050. In contrast, David Rudlin’s winning entry from 2014 set out plans to provide homes for 150,000 extra people in each of the 40 towns and cities.

London’s strategy for dealing with the lack of homes is equally deficient. It sets a target of building 66,000 new homes per year but does not identify enough land for them to be built on: too many of the sites where people actually want live have been closed off. I fear that London’s plight reflects an all too common theme – the homes we need sacrificed at the altar of short-term political gain. It is another chapter in the tragedy of British home building; our planning system is simply not delivering enough homes and our leaders dare not change the status quo. Despite the abundant rhetoric nothing changes, inertia slowly robs the next generation of the homes it deserves.

Much greater ambition is needed by all levels of government in dealing with the undersupply of homes in London and the South East – and this Policy Exchange report provides a plan for doing that. It builds on the vision and principles the Wolfson Economics Prize promoted in 2014 and outlines a strategy that can be supported by central government and the
Tomorrow's Places

Mayor of London. Political leaders who want to win the support of young millennial renters should read this report and act on it.

The Lord Wolfson of Aspley Guise is Chief Executive of Next and founder of the Wolfson Prize
Executive Summary

For some time, London’s economic success has outstripped its supply of homes. Unlike the Victorian era of mass housebuilding in Inner London, the early 20th century construction of ‘Metroland’ and London County Council’s great estates in Outer London, and the post-war era when government-sponsored New Towns were built to alleviate London’s housing supply problem, in recent decades there has not been a housebuilding boom to match the growth in the number of people and jobs in the capital.

The consequence of this failure to build enough homes in London and places around the capital is a housing market that fails far too many people who live there, or would like to. From the workers who commute many hours each day, to the renters paying over the odds for poor-quality homes too small for their needs, to, most acutely, the person or family with no home at all, large parts of society have been affected by this failure to build enough new homes. It has had an impact on people’s lives and it threatens London’s success after Brexit, with many companies reporting in surveys that high housing costs and housing shortages are impacting staff recruitment and retention – some companies say they are so concerned that they might relocate altogether,\(^1\) while a recent poll found 38 percent of Londoners have considered moving out of the capital due to the high cost of housing.\(^2\)

More homes are desperately needed where people want to live. This need is made even more pressing by the fact that housing demand is likely to increase significantly in the next two decades: the ONS projects that the number of households in and around London will increase by 950,000 (20 per cent) over the next two decades.\(^3\)

Both London and national government have plans for increasing housing supply, yet neither, as we argue in this report, adequately grapple with the pace at which the capital has grown or is expected to grow. The Mayor of London’s housing plan struggles to identify enough land for enough new homes to be built on and accommodate the other growth needs of London, while new ‘Garden Communities’ supported by the Government are too far from London and many of them might not be built at all.

Just five local authorities out of 25 on the edge of London have adopted local development plans that are legally compliant with national planning policy, largely because they cannot identify enough land for new homes to be built on which is not protected and local councillors will not take the electoral risk of removing planning protection. There is also limited collaboration between the Greater London Authority and local authorities on the edge of London. This is because there is no political imperative for

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1. Grant Thornton LLP (2016) - London’s vibrant economy relies upon solving the housing shortage
2. London First (2019) – 4 in 10 Londoners – almost 2.4m – have considered leaving the capital due to spiralling housing costs
3. Between 2019 and 2041 the number of households in Inner London is projected to increase by 346,000, the number of households in Outer London is projected to increase by 401,000 and the number of households in local authorities on the edge of London is projected to increase by 203,000. Local authorities included in Inner London, Outer London and the edge of London listed in the appendix.
either to do so, nor is there a binding process to secure agreements.

The extent of current and future demand for housing in and around London presents a choice. Do we carry on with the current system of planning for housing that protects the interests of those who already own homes but fails, and will continue to fail, the wider interests of society? Or does the urgency with which more homes are needed require a different approach?

In this report we argue that a new approach is required based on the building of new places on the edge of London along five updated growth corridors. These should be both within the Greater London boundary and outside the boundary too. Each new place should be aimed at the millennial generation – providing them a home that is affordable that they might be able to own and in an environment they want to live.

New places, which we have called millennial towns, should be extensions to existing settlements and places built anew. Three places in each growth corridor should be identified where new developments of at least 30,000 new homes can be built at pace and scale over the next decade – and which can then continue to grow in size. Each place should provide a diversity of employment spaces and all the other amenities and uses that make a place sustainable.

This new programme would be a strategic approach to managing London’s expansion, rather than the intensification that sometimes threatens the character of the capital and the surrounding green spaces. It would represent a plan with the scale and ambition of the Abercrombie Plan – developed by Patrick Abercrombie for London’s rebuilding after the Second World War that preceded the building of New Towns on the city’s edge – that addresses the challenges faced today in London and the wider South East for giving more people a place to call home.

Such a programme requires much stronger collaboration between the Government, the Mayor of London and local authorities. In the spirit of governments who pioneered the building of New Towns, this programme should have the highest ambitions to build places that people find beautiful and that are cherished for centuries to come. This means working with the house builders, contractors, architects, planners, infrastructure providers and engineers who will deliver the highest quality developments – and engaging with the public every step of the way, enfranchising existing residents by giving them a stake in the growth of new places.

Our recommendations for achieving this programme are listed on the next page.

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4. There are five growth corridors extending out of London into the South East. They are areas where growth in housing and the economy is expected to be concentrated. Two are recognised by the Government as having national importance – the Thames Gateway extending eastwards and the London-Stansted-Cambridge development corridor. Three are deemed to be of city region importance – the Western Wedge towards the Thames Valley, the Wandle Valley towards Gatwick Airport and the London-Luton-Bedford corridor along the M1.
The Government should commit to a policy programme that delivers new millennial towns on the edge of London. This programme should be led by the Government in collaboration with the Mayor of London, local authorities on the edge of London and in partnership with house builders, contractors, architects, planners, infrastructure providers and engineers who will deliver the highest quality places that people find beautiful and are loved for centuries to come.

New millennial towns should be built along the major transport routes that extend out of London – i.e. the growth corridors that are recognised by the Government and the Greater London Authority. To support this, the Government and Mayor of London should jointly review and update the boundaries of each growth corridor based on where new infrastructure is going to, or can, be built. Light touch bodies should then be set up for each growth corridor that are responsible for coordinating the delivery of new millennial towns.

Strategic plans should be written by each corridor that identify three places where new millennial towns of at least 30,000 new homes can be built at pace and scale over the next decade – and which can then continue to grow in size. The National Planning Policy Framework (NPPF) should be amended to allow for the creation of these strategic plans and give them, and therefore the growth corridors, formal planning status. Local plans and housing policies of all local authorities within the corridors should be in general conformity with the corridor strategic plan.

Corridor strategic plans should take a balanced approach to land use regulation. In areas where new millennial towns can be built, the strategic plan should be supported by the Government and Mayor of London to allocate development on protected land, for instance land protected by Green Belt and Strategic Industrial Land designation. This should be supported by swapping site land uses in the local area.

Development Corporations should be established where appropriate to lead the delivery of millennial towns. Each Development Corporation should then be given powers, status and funding for:

- Assembling the site for development – working with landowners to unify control and ownership of land. Where appropriate public land should be vested in the Development Corporation.
- Taking the site through the planning system – the Development
Corporation model means a separate local planning authority is created with a separate planning committee.

- Setting conditions for development – writing the site’s masterplan, design code and style guide, preferably via the charrette process so that local communities are given a say in what the development is like. Conditions are also set for the type of homes that can be built, for instance a diverse mix of tenures and a proportion of homes at discount rent – as with normal Affordable Housing obligations – and, on greenfield sites, a proportion of new homes available for discounted sale available to millennials.

- Securing partnerships with the private sector – inviting private sector partners to bid for and develop parcels of the site in accordance with development conditions. The Development Corporation should also be given a mandate for attracting inward investment, particularly towards infrastructure. To encourage capital investment into the area, the Government should consider place-specific provisions such as corporation tax relief.

- Legacy arrangements – the Development Corporation should be a temporary organisation that becomes a legacy vehicle accountable to the local community after construction is completed. Existing local residents should be enfranchised in the development of the new place, for instance by providing them council tax discounts paid for by a local wealth fund that is established from some of the gains of development.

- Using public funding to unlock private investment – each Development Corporation has borrowing powers. It should use these powers and grant funding to unlock private investment.

- Each new place should be built in a way that is supported by the local public – so as well as having a vision for where new places should be there is a vision for what they will be like. This should be assured through development conditions including high quality design and building/street styles that people think are beautiful, housing that is affordable to locals with a diverse mix of uses and tenures; and a commitment to using innovative methods in construction and new technologies.

- The Government should establish a Department for Growth that takes responsibility for the delivery of the new places programme we propose, and also the Cambridge–Milton Keynes–Oxford (CaMkOx) ‘Knowledge Arc’ corridor, the Northern Powerhouse and the Midlands Engine. This department should assume the regional growth responsibilities of HM Treasury, the Ministry for Housing, Communities and Local Government (MHCLG) and the Department for Transport (DfT), and work in conjunction with Homes England, UK Trade & Investment, the Greater London Authority, and Combined Authorities.
London’s housing supply problem

For some time, the growth in the number of homes in London has failed to keep pace with either the success of its economy or the rate of its population growth. Between 1997 and 2017 the number of jobs increased by 42 per cent and the number of people increased by 26 per cent, but the number of homes has increased by only 16 per cent (Figure 1).

Figure 1: Indexed trend in number of jobs, people and homes in London, 1996 to 2017 (1997 = 100)

Data source: Housing in London: 2018, GLA

Unlike the Victorian era in Inner London and the 1930s in Outer London, in recent decades there has not been a housebuilding boom to match the city region’s growth (Figure 2). Figures from the Valuation Office Agency show that between 2000 and 2018 just 258,000 homes were built in Inner London. In the same period just 194,000 were built in Outer London. The focus of housing construction has been in East London along the River Thames (Figure 3). In the same period London’s population increased by over 1.5 million people and the number of jobs increased by over 1.2 million.

Unlike the post-war era, when government-sponsored new towns were built to alleviate London’s housing supply problem, there has not been a

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5. Greenwich included as an Inner London borough (the ONS include Greenwich as an Outer London borough).
housebuilding boom on London’s fringes. Between 2000 and 2018, just 144,000 homes were built in local authorities on the city’s external fringes. 6

**Figure 2:** Number of properties by build period in Inner London, Outer London and the edge of London.

![Figure 2](image-url)

**Data source:** Table CTSOP4.0, VOA. Local authorities included in Inner London, Outer London and the edge of London listed in appendix.

**Figure 3:** Number of properties built in 2000-2018 period by Medium Super Output Area (MSOA) in London and the wider South East

![Figure 3](image-url)

**Data source:** Table CTSOP4.1, VOA. Inner and Outer London boundaries in red. 7

6. Local authorities included on edge of London listed in appendix.
7. An MSOA is a small geographical unit with a minimum population of 5,000 and maximum population of 15,000. The minimum number of households in a MSOA is 2,000 and the maximum number of households is 6,000. There are 6,791 MSOAs in England as defined in the 2011 Census.
London’s housing supply problem

The impact of failing to build enough homes

The consequence of the failure to build enough homes is a pent-up demand for housing and a lack of choice in local housing markets. Put simply, the housing markets in the capital and places on the edge of London are failing too many people. This has a number of consequences for many people in many different places, namely a large number of people living in homes that are either unsuitable or which they do not like. Each part of the housing crisis can be illustrated in many different ways using a number of different data sets and stories.

In the 2017 London Strategic Housing Market Assessment, the GLA finds that London’s backlog housing need is 452,000 households, of which they estimate 209,000 have a requirement for net additional homes. Another 147,000 are in market housing but need affordable housing, and 97,000 overcrowded households in affordable housing need to move to an affordable home of a more suitable size. Further details of these households are provided in the table below. As can be seen, the backlog is formed by households experiencing the most acute of housing crises, for instance those living in homes that are far too small or unfit for purpose. The GLA proposes to meet this backlog over a period of 25 years, much longer than recommended by the Government.

On top of this London’s population is still rapidly growing and the GLA estimates that there will be an additional 55,540 households forming every year, combined with meeting the above backlog over 25 years gives an annual calculated housing requirement for London of 65,878 homes a year.

Table 1: London’s backlog housing need as identified by the GLA

<table>
<thead>
<tr>
<th>Category</th>
<th>Estimated number of households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concealed households (People aged 25 or older living as part of a household and who would prefer their own accommodation, but either can’t afford it or say they expect to find something they can afford soon.)</td>
<td>153,588</td>
</tr>
<tr>
<td>Households lacking basic facilities (e.g. without a kitchen, bathroom or inside toilet)</td>
<td>45,863</td>
</tr>
<tr>
<td>Homeless households in non self-contained temporary accommodation</td>
<td>9,170</td>
</tr>
<tr>
<td>Overcrowded private sector households who need to move to affordable housing</td>
<td>74,821</td>
</tr>
<tr>
<td>Homeless households in Private Sector Leased accommodation</td>
<td>34,440</td>
</tr>
<tr>
<td>Households containing someone with a disability who needs to move to low cost rent housing</td>
<td>3,370</td>
</tr>
<tr>
<td>Private sector households in arrears</td>
<td>33,880</td>
</tr>
<tr>
<td>Overcrowded households in affordable housing</td>
<td>96,876</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>452,008</strong></td>
</tr>
</tbody>
</table>
A successful housing market will meet need and provide choice. While choice is difficult to measure, there is also the backlog of households in London whose housing situation is not as bad as those in the GLA’s definition, but who nonetheless want something more and something different from their home. This could be in terms of cost – between 2011 and 2016, housing costs in London have increased by 45 per cent (around four times more than the rest of the UK (Figure 4) – or it could be in terms of quality, tenure, typology, location, distance to work, space, style or something else. It would be impossible to reduce this backlog to zero, but, in the pursuit of making London a more liveable city, we can aim to provide a greater choice in the housing market.

Figure 4: Spending on actual and imputed rental costs by UK region, 2009 to 2016

Data Source: Regional Household Final Consumption Expenditure (Experimental statistics), ONS, 2018.

8. Most directly this impacts existing Londoners, but it also impacts people looking to move to the city to further their careers but who cannot afford the cost of housing. They are excluded from the city’s labour market for no reason to do with their skill or talent.
London’s housing supply problem extends beyond its borders

So far in this report we have quantified, where possible, housing supply in Greater London and on its fringes. This is because although the worst impacts of London’s housing supply problem are felt in the centre of the city – where space is at a premium and costs are highest – the reality is its impact is not confined to London’s administrative boundaries. Many people who might want to live within London are not able to do so. Instead they live outside its boundaries.

This point can be seen when looking at the extent of London’s Travel to Work Area (TTWA) – which the ONS define as a self-contained area in which most people both live and work (i.e. an approximate labour market area). As can be seen in Figure 5, London’s TTWA spills over its borders – and so does it form part of the Slough and Heathrow TTWA. This means that there are many people who should be considered a part of the city who do not actually live there. Another way of seeing this is in London’s commuter reach. The city’s daytime population in 2014 was over 10 million. In some local authority areas outside of London over 40 per cent of those in employment worked in London (Figure 6).

Figure 5: Travel to Work Areas in London and the wider South East

The ONS define a TTWA as a self-contained area in which most people both live and work (i.e. an approximate labour market area). Greater London boundary overlaid in red.

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A further consequence of London’s failure to build enough homes has been ever increasing levels of migration out of the city as people search for a property they want to live in and can afford (Figure 7). In the year ending June 2017, 336,000 people left London for the rest of the UK. This is an increase of almost 100,000 from the year ending June 2009 when 237,000 people left. London’s housing supply problem has, in effect, jumped its borders.

As can be seen from Figure 8, which shows the outflow of migrants from London to southern England by local authority in the year ending June 2017, people leave for cities like Birmingham, Bristol and Brighton, but the most significant level of outmigration happens to places on the edge of London. A total of 79,000 people left London for local authorities on the edge of London in the year ending June 2017 – this is the equivalent of adding the population of Guildford.10 Housing is of course just one reason of many for why people leave London – other factors like lifestyle also matter hugely and each person will have different reasons – but it is a significant and common one nonetheless.

10. Local authorities included on edge of London listed in appendix.
London’s housing supply problem

Figure 7: Outflow of migrants moving from London to the rest of the UK, 2007 to 2017

![Figure 7: Outflow of migrants moving from London to the rest of the UK, 2007 to 2017](image)

Data source: ONS Local area residential migration indicators.

Figure 8: Outflow of migrants moving from London to southern England by local authority, June 2016 to June 2017

![Figure 8: Outflow of migrants moving from London to southern England by local authority, June 2016 to June 2017](image)

Data source: Table IM2017-T7, ONS internal migration data, year ending June 2017.

On top of existing local demand and affordability pressures – Figure 9 shows how housing affordability is much worse in some places on the edge of London than inside the capital – outmigration from London displaces
its housing crisis to beyond the city limits. Wealthy Londoners are able to outbid local residents and this only adds pressure to local housing markets.

Many people who live in places on the edge of London will do so out of choice. But some will live there because it is their only choice – being displaced from London by market pressures because they are unable to afford housing costs in the city.

The important point to make is that when thinking about the problem of housing in London, we should think beyond the city’s administrative boundaries – which were established by the London Government Act 1963 and which have only had minor revisions since then. For instance, if a person working in London moves out of the city for cheaper housing, their commute is likely to be longer and more costly – something that is thought to reduce life satisfaction and increases the pressure on the transport infrastructure of the wider region. The growth of London’s economy and labour market has outstripped the geography by which the state plans for supporting its residents and workers to live comfortably and happily through guiding new homes and infrastructure.

**Figure 9: Housing affordability ratio by local authority, 2017**

Data source: House price to workplace-based earnings ratio, ONS. The affordability ratio for all of England is house prices being 7.9 times annual earnings.

### A significant increase in homes is needed

The problems associated with the housing market in London and places on its fringes will not be solved just by building more homes. People from across the country and the world will be attracted to the city’s job opportunities and amenities. This means competition for homes will remain very high. People will continue to live in poor-quality housing and in overcrowded conditions, all for a high cost. Yet the extent of the gap
between the supply of homes and the demand for homes in places in and around London is now so great that only a significant increase in housing supply will suffice. The aim must be making London a more liveable city by providing more and better homes so people have greater choice.
Existing plans for increasing housing supply

The responsibility for housing delivery across London and its surrounding area is held by a number of authorities. The Mayor of London, in partnership with London Boroughs, strategically coordinates housing development and planning policy across the city. District councils on the edge of London are charged with managing development within their boundaries (without strategic oversight beyond the National Planning Policy Framework). Central government sets housing and planning policy for the whole country with a number of policies specific to some places.

In this chapter we consider whether these plans will provide enough homes where they are needed. We conclude that the current system for planning and governing housing delivery within areas of significant growth potential in London and the wider South East and East of England are inadequate. We then argue a new approach is needed to deliver a new generation of places around the capital.

Plans for new homes in London
The draft new London Plan sets out the Mayor’s strategy for London’s spatial growth over the next 20–25 years. It is a statutory planning document that is accompanied by a number of other documents, including:

- The 2017 London Strategic Housing Market Assessment (SHMA) – which assesses housing requirements in the city of at least 65,900 new homes required per year
- The 2017 London Strategic Housing Land Availability Assessment (SHLAA) – which identifies land for new housing development for an average of 64,935 homes a year from 2019/20 to 2028/29
- The 2018 London Housing Strategy – which outlines policies for improving housing in London including planning the delivery of new homes and beyond (for instance on rent regulation, supporting industry innovation and Affordable Housing)

Each document adds up to the Mayor’s strategy for meeting London’s current and future housing need.

The Mayor has set a target, informed by the London SHMA, of a minimum of 65,900 new homes built each year in London for the next twenty years. This is a significant increase from past London Plans. The 2004 London Plan targeted 23,000 new homes per year. This increased to 30,500 in 2008; to

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11. This is supported by London Boroughs identifying Five Year Housing Land Supply Assessment – which every local planning authority must prepare to show it has identified enough land to provide five years’ worth of housing against local housing requirement (e.g. if the annual housing target is 100 new homes, the local planning authority must be able to demonstrate it has identified enough land for 500 new homes).
Existing plans for increasing housing supply

32,200 in 2011; to 42,400 in 2015; and to 49,000 in 2016 (Figure 10).

Yet the 65,900 target has been criticised for being insufficient. The London School of Economics has said the target “almost certainly underestimates housing need and therefore housing requirements in London.” The target has also been criticised by Rt Hon James Brokenshire MP, Secretary of State for Housing, Communities and Local Government. In a letter to the Mayor, the Secretary of State has said, “I am not convinced your assessment of need reflects the full extent of housing need in London to tackle affordability problems.” Instead Government officials believe the target should be 100,000 new homes per year. Neither source has identified the land on which this higher number of homes would be built.

Figure 10: Number of new homes built in London each year compared to the London Plan target at the time

![Graph showing number of new homes built in London each year compared to the London Plan target at the time.](image)

Data source: Housing in London: 2018, GLA

The London 2017 SHLAA, which replaced the 2013 SHLAA, identifies land with capacity for the development of 64,935 new homes per year over the next decade (phases two and three of the SHLAA from 2019/20 to 2028/29). In this period, the Mayor expects 40,000 additional homes per year (62 per cent) to be built on large brownfield sites – those that are 0.25 hectares or more – and 24,600 additional homes per year (38 per cent) to be built on small sites – those that are up to 0.25 hectares including conversions, new build development and change of use.

12. Written Submission from LSE London (London School of Economics) on Matter M17 for consideration in the Examination in Public of the New London Plan, 2019

Table 2: 10-year capacity of land identified for the development of new homes between 2019/20 and 2028/29

<table>
<thead>
<tr>
<th>Capacity identified</th>
<th>Proportion of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large sites (0.25 hectares +)</td>
<td>400,470</td>
</tr>
<tr>
<td>Small sites (&lt;0.25 hectares)</td>
<td>245,730</td>
</tr>
<tr>
<td>Non self-contained accommodation</td>
<td>3,150</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>649,350</strong></td>
</tr>
</tbody>
</table>

*Data source: London 2017 SHLAA.*

New homes delivered on large sites are expected to be evenly split between Inner London and Outer London. Capacity for 140,500 homes has been identified on large sites already with planning approval. Capacity for 155,600 homes has been identified on large sites that have already been allocated for development in local authority development plans. Capacity for the remaining 100,000 homes has been identified on other large potential development sites. There are a number of major sites in London that will provide new homes over the five phases of the SHLAA, each of which are at different stages of construction and/or planning approval. These include Old Oak Common (24,000 homes), Queen Elizabeth Olympic Park (24,000 homes), Greenwich Peninsula (13,000 homes), Thamesmead (11,500 homes), Barking Riverside (10,800 homes), Brent Cross Cricklewood Regeneration Area in Barnet (7,300 homes) and the Royal Docks in Newham (4,000 homes).

A large majority of additional homes delivered on small sites are expected to be built in Outer London (68%). In spatial terms, this means the Mayor wants much of Outer London’s housing growth to be achieved by intensified suburbs. The draft new London Plan describes increasing the rate of housing delivery from small housing sites as a ‘strategic priority’.

Table 3: Land identified for the development of new homes between 2019/20 and 2028/29 by Inner and Outer London

<table>
<thead>
<tr>
<th>Total 10 year capacity</th>
<th>10 year large sites target</th>
<th>10 year small sites target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inner London</td>
<td>277,790</td>
<td>197,410</td>
</tr>
<tr>
<td>Outer London</td>
<td>371,560</td>
<td>203,060</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>649,350</strong></td>
<td><strong>400,470</strong></td>
</tr>
</tbody>
</table>

*Data source: London 2017 SHLAA.*

A key emphasis of the draft new London Plan is that it pledges “to accommodate all of London’s growth within its boundaries”. It recommits protection for land designated as Green Belt and Metropolitan Open Land and stresses that most development (69%) between 2019/20...
Existing plans for increasing housing supply

and 2028/29 will occur in Opportunity Areas – brownfield sites with significant growth capacity many of which are already being developed – along designated growth corridors (Figure 11). This places significant pressure on delivering new homes through large brownfield sites and small sites within the city limits.

It is right that the Mayor has prioritised development on brownfield land and in areas which can be regenerated, but there are reasons to doubt that his target for new homes will be achieved.

Figure 11: London’s Opportunity Areas

As identified in the London Plan. Boundaries of Inner London and Outer London overlaid in red.

Figure 12: The extent of the Green Belt in London and the wider South East

Data source: Local Authority Greenbelt Boundaries 2016-17, MHCLG.
Firstly, the target of 24,600 additional homes delivered per year on small sites is a significant increase on the numbers recently delivered. In the eight years from 2008/09 to 2015/16, just 74,940 homes were delivered on small sites, an annualised rate of 9,371. This means the Mayor is expecting the total number of homes delivered on small sites each year to almost triple. It is worth noting that the number of homes recently delivered on small sites in Outer London – where the Mayor hopes 68 per cent of total additional homes on London’s small sites will be delivered – is particularly low. The annual rate of new housing delivery on small sites more than halved between 2006 and 2014 from 4,300 to 2,000.

To support the significant uprate in homes delivered on small sites, the draft new London Plan introduces new measures to make small sites more attractive to small and medium-sized (SME) house builders by increasing their planning certainty. Policy H2 directs local authorities to identify and allocate appropriate small sites for residential development, listing these sites on brownfield registers, then granting permission in principle on specific sites or preparing local development orders. It also introduces a presumption in favour of planning approval for developments on small sites up to 25 homes when certain criteria are fulfilled (e.g. design codes). The presumption applied to infill development on vacant or underused sites, proposals to increase the density of existing homes within PTALs 3–6 or within 800m of a Tube station, rail station or town centre boundary and, the redevelopment or upward extension of flats and non-residential buildings to provide additional housing.

While a revival in the SME house building industry would be very positive for London and the country as a whole, it is in all likelihood a long-term prospect rather than one that will be achieved immediately. The number and market share of SME house builders reduced significantly after the global recession and, unlike previous market cycles, they have not recovered. Improving their access to small sites and reducing planning complexity are important measures for supporting their revival; however, there are a number of other issues which hold SME house builders back from increasing their output (not least the cost of, and access to, development finance). What is more, although SME house builders will benefit from increased planning certainty on small sites, the financial viability of their proposals will be impacted by the Mayor’s encouragement of boroughs to include policies in their Local Development Plans that require affordable housing contributions (as cash in lieu contributions) from sites of ten or fewer units. In short, there is significant risk in relying on SME house builders to solve London’s housing supply problem – and if the number of homes built on small sites each year falls below the Mayor’s target, there is an increased requirement for homes to be built elsewhere.

In addition to the issue of whether the SME house building industry has the capacity to adequately respond to the Mayor’s small sites policy, there is also concern that the policy might cause harm to some of London’s listed buildings and conservation areas. Historic England has suggested Policy H2 would allow their developments to cause an ‘acceptable’ level of harm.

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15. This figure does not include the 4,430 additional homes delivered through the Office to Residential Permitted Development Rights during the time period because, as the London SHLAA identifies, a number of London Boroughs have or are in the process of preparing Article 4 Directions which remove these permitted development rights and this is encouraged in particular locations within the draft new London Plan.

16. Outer London Commission (2016) - Removing the Barriers to Housing Delivery
Existing plans for increasing housing supply

to heritage assets. This, they suggest, would not comply with the NPPF. Historic England recommends the policy wording is changed accordingly.

The second reason for concern with the draft new London Plan is whether enough new homes can be delivered on brownfield land as it aspires. As already outlined, 62 per cent of new homes are expected to be delivered on large brownfield sites between 2019/20 and 2028/29. The rest will be delivered on small sites which will include conversions, new build development and changes of use. Boroughs have been directed to “optimise the potential for housing delivery on all suitable and available brownfield sites.”

The simple truth is brownfield land is neither ample nor is it easy to build on. As the planning consultancy QUOD and Shelter have argued:

“The popular image of empty, unused ex-industrial or government land is misleading. There is practically no significant “derelict” land in London, and when we talk about “brownfield” what we really mean is simply any land that’s previously been developed. And about two-thirds of that already has housing on it (although the formal definition of brownfield was recently changed to exclude gardens).

“Of the rest, most is used for transport (including 15,000 km of roads), town centres and vital urban infrastructure like schools and hospitals. That leaves about 9 per cent of London, which is essentially “employment land”. This is used for all sorts of things — light industry, distribution depots, leisure, retail warehouses, sewage works.”

In many parts of London, it will be right for boroughs to look again at certain plots of employment land. Like all great cities, the capital has always been at the forefront of trends in the economy, lifestyles and employment, and its land use should adjust to support that. For instance as Policy Exchange argued in Better Brownfield, too much space in London is wasted on sites currently occupied by single-storey big-box retail, surface car-parking and industrial sheds. Each of these sites – we identified 1,220 such ‘boxland’ sites across the city – could be rebuilt as mixed-use traditional style neighbourhoods, delivering beautiful and high-density housing while retaining or expanding employment space.

Yet it must also be acknowledged that there are many obstacles to redeveloping brownfield land that make it a risky, expensive and slow business: existing uses may have to be relocated, land will need to be decontaminated from its past uses to be fit to live on, while investors may be held liable for past, present and future contamination. Each of these factors complicate development on brownfield land and each of them make development less worthwhile to private developers, landowners and financiers. Where brownfield sites are not located in high value housing markets, development will be more risky and therefore less likely to happen. Like in Greater Manchester, where the spatial development strategy has taken a balanced approach to Green Belt land to meet housing targets – 4.1 per cent of Green Belt land has been released as part of plans for building 200,000 new homes over 18 years – a more balanced approach is needed in London too.

17. Policy H2, draft new London Plan, Mayor of London, 2017
18. Quod and Shelter (2016) - When Brownfield Isn’t Enough
Thirdly, and perhaps most importantly, the SHLAA identifies land capacity for only 64,935 homes. Most obviously, this is 965 homes a year less than the minimum requirement calculated in the SHMA (65,900). But much more significantly, this is only sufficient land to deliver the target number of new homes. There is a presumption that every site identified will be allocated for new housing development and that every planning approval granted will lead to new homes being built. In fact, the ‘conversion rate’ of planning approvals to housing completions is around 50 per cent.20

As an extended essay for Policy Exchange in 2016 noted, this means that the Greater London Authority’s housing strategy is set up to fail:21

“By planning for only “just enough” land to deliver the homes that are needed, the planning system implicitly assumes that nothing will go wrong, that no site will have unexpected problems, or at least that any that do will be counter-balanced by new sites or increased densities on existing ones. The system is thus set up to fail.”

This essay argued that London needs a contingency of land supply of at least 50 per cent of its target for new homes. This means that for London to have a realistic chance of meeting its target of at least 65,900 new homes delivered per year, the SHLAA should have identified land capacity for at least 98,850 new homes. And if the Secretary of State for Housing and Local Government is right in his and MHCLG officials’ assessment that London’s housing target should be 100,000 new homes per year,22 London’s SHMAA should have identified land capacity for at least 150,000 new homes per year, almost quadruple the land identified in the 2017 SHLAA.23 Identifying land for this many homes within Greater London would involve some extreme trade-offs on land use that would probably not be acceptable.

**Plans for new homes on the edge of London**

London’s housing supply problem, as outlined in the previous chapter, extends far beyond its boundaries. Places on the edge of London face significant housing demand pressures – a result of local demand and outmigration from London – and a significant uprate in supply is required. Unlike in London, there is no strategic oversight of housing and planning in these areas so every local planning authority must prepare a SHMA to identify housing need, a SHLAA to identify a future supply of land for new housing development (informed by their Five Year Housing Land Supply Assessment) and a local development plan to set out how the place will grow.

The Government has recently introduced a new methodology for assessing local housing need. The objectively assessed need (OAN) formula, which is set centrally, has been introduced because the MHCLG believed some local authorities do not honestly assess the level of housing need in their area. It is stipulated in the revised NPPF that local planning authorities must plan to deliver enough homes to meet the OAN target, as opposed to the figure local authorities have identified in their SHMA. The cumulative OAN annual target for local authorities on the edge of London is 16,211 –
Figure 13 shows local authorities’ individual targets. This is just under one quarter of London’s target.\textsuperscript{24}

**Figure 13. Indicative assessment of housing need by local authority based on MHCLG’s proposed formula for Objectively Assessed Need, 2016 to 2026 (dwellings per annum)**

Just five local authorities out of twenty-five on the edge of London have adopted local development plans that are compliant with the 2012 NPPF (Figure 14).\textsuperscript{25} This means that 80 per cent of local authorities do not have legally compliant local planning policies for the allocation and management of new housing development. A significant proportion of them cannot demonstrate a Five Year Housing Land Supply either. Analysis by Savills found there were 28 local authorities who failed to demonstrate adequate land supply in 2017 and 2018 and that they “tend to be concentrated around London.”\textsuperscript{26} In short, most local authorities on the edge of London do not have adequate plans for sufficiently meeting housing demand in their area.

In some respects this is unsurprising. As can be seen in Figure 12, land use in local authorities on the edge of London is heavily constrained by Green Belt protection – there simply isn’t enough unprotected land supply to build adequate new housing supply in some places. However, given local authorities have had many years to prepare and adopt local plans – one local authority last adopted a local plan in 1994 – it also points to the political challenges of adequately planning for new homes.

What is more, although a legal obligation was placed on planning authorities to consult with each other on strategic matters when writing local development plans – known as the Duty to Cooperate which was introduced through the Localism Act 2011 – there is often little collaboration between local planning authorities in dealing with the housing supply problem on the edge of London.

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\textsuperscript{24} We have not used figures from the OAN for the section on London’s housing response because the MHCLG have said it does not need to be prepared this way.

\textsuperscript{25} Although the Government published a revised NPPF in July 2018, we have assessed local plan progress against whether they are compliant with the previous 2012 NPPF. This is because policies in the previous 2012 NPPF will apply for the purpose of examining plans which have been submitted on or before 24 January 2019. Any subsequent plan submitted after then will be assessed against the 2018 NPPF.

\textsuperscript{26} Savills (2018) - Falling short: many local authorities are struggling to hit their housing targets
There have been repeated calls for the Greater London Authority to work more closely with local authorities adjoining London to meet housing requirements. In a 2014 public examination by The Planning Inspectorate of alterations to the 2011 London Plan, the Inspector wrote:

“The evidence before me strongly suggests that the existing London Plan strategy will not deliver sufficient homes to meet objectively assessed need... In my view, the Mayor needs to explore options beyond the existing philosophy of the London Plan. That may, in the absence of a wider regional strategy to assess the options for growth and to plan and co-ordinate that growth, include engaging local planning authorities beyond the GLA’s boundaries in discussions regarding the evolution of our capital city.”

Similarly the Outer London Commission, a body set up by the GLA with members from business, local authorities, the development industry and the voluntary sector, published a report in 2016 to advise the new London Plan and recommended the capital partners with places beyond its boundaries to realise the potential of the city region. The Commission recommended partnerships working to help co-ordinate selective release of the Green Belt beyond London, relocation of industrial and commercial uses beyond London and the development of new settlements with good transport connectivity to London.

This would represent a step change in collaboration between London and adjoining places – which is currently weak and largely symbolic. The Greater London Authority does not believe the Mayor is bound by
Existing plans for increasing housing supply

the Duty to Cooperate. Instead they say the Mayor has a duty to consult with counties and districts adjoining London on changes to the London Plan and to inform local planning authorities in the vicinity of London regarding his views on matters of common interest. To these ends there is an annual summit between the Mayor and the Leaders of 156 local authorities in the Wider South East to discuss strategic coordination, but nothing tangible is decided. One person we spoke to described the summit as a “box ticking exercise”.

The reality is that London is out of step with the rest of the country when it comes to collaborating on planning matters. The duty to consult and conform is a weaker version of the Duty to Cooperate – which has been strengthened in the recently revised NPPF over concerns it was too weak to be effective.

There are a number of reasons why direct collaboration has been limited, but the most important ones are political. Firstly, there is no ‘need’ for political leaders to work with each other as they are not accountable to each other’s electorates. Secondly, there are tensions over Green Belt release – many South East local authorities will refuse to release Green Belt land for residential development when the Greater London Authority also refuses to. Thirdly, a strengthened new settlements policy might be unpopular with the Mayor’s office because it could appear as losing control over London’s growth. Fourthly, there are no binding mechanisms to secure agreements, reducing the incentive to even attempt meaningful collaboration.

The draft new London Plan includes an ambition “in working with willing partners beyond London to explore if there is potential to accommodate more growth in sustainable locations outside the capital.” It highlights the potential for new settlements along well-serviced transport routes in the wider city region – particularly along growth corridors within, and extending from, London – and states willingness for the Greater London Authority to formalise partnership agreements through Memorandums of Understanding between relevant authorities. Yet beyond a commitment to help investigate and secure new infrastructure investment, the draft new London Plan is arguably not sufficiently clear what a “willing partnership” would entail. This point has been raised by South East local authorities who have asked for the final version of the new London Plan to outline partnership working in further detail.

Plans for new Garden Communities

In the past few years, the Government has supported plans for new ‘Garden Communities’ across the country. These include new ‘Garden Towns’ of more than 10,000 homes and new ‘Garden Villages’ of between 1,500 to 10,000 homes across the country. Each proposed settlement is led by the local authority(ies) with Government support including funding, cross-departmental brokerage and advice. Private sector partners and landowners also work in collaboration with the local authority(ies) who, in practice, prepare a masterplan and infrastructure costings before the scheme is given planning approval and construction begins.

28. GLA – The duty to co-operate and the Mayor’s duties to consult and inform
29. GLA (2018) - Minutes of the WSE Political Steering Group on 21 July 2018
Although the Government has not said what separates a ‘Garden Town’ from any other town and a ‘Garden Village’ from any other village, the policy stems from the vision of Ebenezer Howard, an urban planner from the Victorian era, who argued for, and helped to build, new ‘Garden Cities’. Each new place was intended to merge the best qualities of the city with the best qualities of the countryside – employment and wealth with affordability and wellbeing.

There are nine ‘Garden Towns’ and 14 ‘Garden Villages’ that are currently supported by Government. Six ‘Garden Towns’ were announced in 2014, 2015 and 2016 – for instance Ebbsfleet, Didcot and North Essex – and then after the Government invited expressions of interest for new ‘Garden Communities’, 14 new ‘Garden Villages’ and three more ‘Garden Towns’ were announced in early 2017. The MHCLG estimate new ‘Garden Communities’ will provide almost 200,000 new homes. In August 2018 the MHCLG announced it was inviting bids for a renewed round of ‘Garden Communities’ from local authorities and private sector partners. The winning bids will be announced in 2019.

The ‘Garden Communities’ programme could deliver a significant number of new homes over a long period that, if they follow garden city principles, are well-designed and treasured for years to come. However, there are reasons to be sceptical that the programme will address the housing supply problem in London and on its periphery.

The first reason, most obviously, is the locations of the 24 approved ‘Garden Communities’. Just four new places are planned on the edge of London with a total of 35,000 new homes projected to be built across these four (Figure 15). The programme has been run on a competitive basis rather than with a strategic vision for addressing the housing supply problem in London and places around the capital.

30. In its Garden Communities prospectus Government has said it will not impose a set of development principles on local areas.
31. We have included Ebbsfleet was originally labelled a Garden City but we have included it as a Garden Town because it is the same size as other designated Garden Towns.
The second reason is that each new settlement is at a different stage of development so new homes will take a long time to be built, if they are built at all. Some ‘Garden Towns’, for instance, are already under construction because planning permission was granted long before the Government approved their ‘Garden Town’ status (e.g. in Didcot, where a ‘Garden Town’ of 15,000 new homes has been approved, planning permission for 10,000 new homes in Didcot had already been granted).\[^{32}\] Other proposed settlements are at a much earlier stage, with a number of them allocated for development only in *emerging* local plans (i.e. those without statutory status) as opposed to those allocated for development in *adopted* local plans (i.e. those that have been approved with statutory status).

This means that while there are 24 ‘Garden Communities’ approved by Government, many of them do not have legal backing and so they are at risk of being stuck in the planning process. The North Essex Garden Communities proposal, for instance, has faced loud opposition by local campaign groups and its strategic plan was found to be unsound by the Planning Inspectorate who demanded greater evidence of the proposed settlement’s feasibility.

There is a risk that the ‘Garden Communities’ programme faces the same problems of the ‘eco town’ policy — a previous programme of government-supported new town development — announced by the Gordon Brown Government. The new developments were supposed to pioneer sustainable ways of living but were dogged by public opposition. The Government hoped for five ‘eco towns’ to be built by 2016 and a further 10 to be built by 2020. Four ‘eco towns’ were announced in 2009; however, within three years all but one scheme, North West Bicester, had been dropped.

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\[^{32}\] Planning Resource (2018) - How work on the first wave of garden towns is progressing

The projected number of new homes for each Garden Town and Garden Village is included in brackets.
Tomorrow's Places

first phase of North West Bicester received planning approval in 2012 and its construction only began in 2014. The scheme has since been rebadged as part of plans for the new Oxfordshire Cotswold Garden Village.

The third reason is that the ‘Garden Communities’ programme places a great deal of risk on local authorities in the delivery of new settlements. At a time when local authorities face intense budgetary pressures, many local authorities may not have the strategic resources or capacity to do this. For instance, many local planning departments will have little to no experience of delivering settlements of 10,000 homes and, having had their budgets cut by a half in the past decade, will have little resource with which to hire relevant expertise.

There is also little incentive for local authorities to take on this risk. Local politicians see little to gain electorally in building more homes – and a lot to lose – so will tend to oppose the building of new settlements in their area. And though local authorities will be supported by new infrastructure investment and other types of government funding, the reality is the benefits of a place taking on greater housing growth are limited – for example while the devolution of business rates provides a genuine local incentive for commercial development, there is no equivalent incentive for housing because extra council tax gained through new housing development is relatively small. This is compounded by the sense that new development detracts from the value and identity of an area and breeds opposition to new homes by local residents and politicians. A more balanced sharing of risk is needed between central government, local authorities and the private sector.

The progress of ‘Garden Communities’ so far, and lessons of the ‘eco towns’ policy, show that without the right policy framework, the right political support and the right share of risk, plans for new places may not happen at all. Many places have opted to take ‘Garden Communities’ through their existing local plan process as opposed to setting up New Town Development Corporations as delivery vehicles – which since June 2018 they have been empowered to do. New Town Development Corporations have responsibility for planning and regeneration across a defined area, and they operate outside the normal plan-making system (it becomes a separate local planning authority to the existing local authority, preparing its own local plan with its own planning committee). It is a similar policy apparatus as used for the delivery of post-War New Towns and is thought to de-risk and accelerate development.

Plans are insufficient
Our analysis suggests that London will continue to struggle to meet its housing supply requirements. Not enough land is likely to come forward for development on sites which are viable to the market while there is an increasing reliance on an accumulation of small developments. The draft new London Plan pledges “to accommodate all of London’s growth within its boundaries” but this has never happened throughout the city’s history, and is unlikely to happen in the future, however pioneering the
Existing plans for increasing housing supply

draft new London Plan might be.

Neither can we expect places on the edge of London to solve the capital’s housing crisis, let alone their own supply problems. Planning restrictions prevent housebuilding in the places where homes are most wanted and viable while local authority members in shire districts face very little political pressure to increase housing supply and a great deal of pressure to prevent new housebuilding.

Government’s ‘Garden Communities’ policy has spurred an interest in new settlements but, as our analysis shows, a limited few are going to be built near London and there is a risk some new places are not built at all. There is a lack of coordination and misaligned incentives, both of which make timescales protracted and certainty more difficult to achieve. There is little strategic direction to the programme which means new places are not coming forward where they are needed at the scale required. What is more, a number of proposals for ‘new’ places are in fact old proposals that have been rebadged as ‘Garden Communities’ in the hope of attracting Government funding.

The Mayor of London’s densification plans and Government plans for new ‘Garden Communities’ are valuable. But when pent-up and future housing demand is so great, and when the rate of new annual housing supply has been insufficient for many decades, neither the Mayor’s nor the Government’s strategies are likely to add up to a solution to the housing supply problem in London and places on its periphery. The reality is many solutions are needed. The London Housing Strategy closes off too many options while the Government’s plan does not tackle the issues we have laid out in this report in a significant way.

The risk in the insufficiency of current plans is that the consequences of failing to deal with the housing supply problem in London and places around the capital – stalled economic growth, high housing costs, people forced to live in inadequate accommodation or to commute from ever further away – all get worse.

A better and more popular way forward

We believe that the housing supply problem in London and places around the city is best solved by a managed, as opposed to piecemeal, expansion of the capital. This should be on top of existing plans for housing growth inside and outside of London. While there are other options for increasing the number of homes – for instance a significant increase in the number of very tall buildings or the wholesale regeneration of London’s post-war housing estates – we believe the most popular and most viable option that gives people the sort of homes in which they want to live is building new places on the fringes of London where new transport infrastructure is being delivered. This necessitates much stronger collaboration between the Government, the Mayor of London and local authorities around the capital with regard to how London can grow outwards.

Building new places on the edge of London makes sense for a number of reasons.
1. Taking advantage of new transport infrastructure

Improvements in transport infrastructure in the London city region mean that many places on the city’s edges are a short journey from the central city (Figure 16) – sometimes a shorter journey than places inside the city. For instance a person living in Watford can get to Euston within 17 minutes compared to a journey on the Northern Line to Euston taking 25 minutes from Edgware, 23 minutes from Burnt Oak and 20 minutes from Colindale.

![Figure 16: Travel times from train stations in wider South East to central London termini](image)

As more infrastructure is built – whether it is new like Crossrail and Crossrail 2 or upgrades in the capacity of existing lines like Thameslink – places on the edge of London will have ever better access to central London. They will also be ideal places to build new places for people to live. As written in the London Infrastructure Plan 2050, a report from the Mayor of London in 2015 which identified, prioritised and costed London’s future infrastructure to 2050; “outside London we are likely to see planned new developments or additional densification of existing town centres. These developments would most likely occur on existing or planned transport corridors, where growth could most sensibly be accommodated, and it may occur naturally as people chose to move out of London.”

Figure 17 shows some of the major new pieces of transport infrastructure that will be delivered in the London city region over the next few decades. In addition to these, there will also be improvements to the existing National Rail routes like the Thameslink and Brighton Mainline routes. As the map shows, large parts of the London city region will become much better connected to the city centre. To relieve housing demand in London and places around the capital, we should take advantage of this by building new places along and near transport routes.33

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33. Our analysis of transport infrastructure only concerns trains travelling into London. There is, of course, a need for other types of transport infrastructure that go to other places as well, however we wanted to show the possibilities for people working in central London to live on the city’s outskirts.
2. New places are popular with the public

Building new places is one of the most popular responses to solving the housing crisis. Public polling prepared by Deltapoll for Policy Exchange found that 56 per cent of people in London and the South East supported the building of new places in suburban and rural areas of the South East, featuring mostly low rise, traditional two-story properties (19 per cent opposed). The polling also found that when new places are described as ‘Garden cities’ support increases to 79 percent (and opposition decreases to 6 per cent).

As can be seen in Figure 18, support for new places is fairly consistent whether the respondent lives in Inner London, Outer London or the South East. There is also much more significant support for new places as opposed to high-rise development in urban areas by people in London and the South East.

Although regional consent for new places is not the same as local consent – some people will always reject the fact of new development near them whatever the sort – the strength of support evident in the public polling shows a new places policy can command support across London and adjoining areas.

34. Online fieldwork dates: 3rd May-10th May 2018. 5,013 respondents from London and the South East.
3. Securing long-term legacy arrangements for local residents

A major consternation of policymakers and campaigners is that too much of the uplift in land value that happens when a plot of land is allocated for development goes to the landowner, rather than is spent on new infrastructure, affordable housing or making a development look beautiful. Often housebuilders will purchase developable land at a high value which then constrains their capability to build good homes and places while still being able to make a sufficient return on investment.

If the state takes on a more active role in the development of new places, like with the post-War New Towns, it will have much greater capacity to direct the uplift in land value towards making higher quality developments and securing legacy arrangements for local residents for the long term.

4. New places provide opportunities for innovation in construction, technology and tenure

A commitment to building a new generation of places would have a significant impact on many UK industries. Such a policy would, in effect, be a part of the Government’s industrial strategy, bringing new business to house builders, construction groups, architects, utility providers and many more.

The footprint of a generation of new places would also provide many opportunities for these industries to innovate. New models of tenure like Built to Rent could be pioneered. New methods of construction like off-site construction could be used and made commonplace. New technologies like smart energy networks could be integrated into new developments.
A new approach for building places on the edge of London

To effectively deal with the problem of housing supply in London and places on its periphery, a new approach is needed that supports the delivery of new places on the edge of the capital. This programme, led by the Government in collaboration with the Mayor of London and local authorities on the edge of the capital, can be popular and respond to people’s concerns around development. It should build on an updated growth corridor policy with a strategic planning process that identifies where new places can be built, establishes a strong enough policy framework for their delivery and ensures that new homes and places are built in ways people like and for the long term.

The new programme would be a strategic approach to managing London’s expansion, rather than the piecemeal sprawl and intensification that sometimes threatens the character of the capital and surrounding green spaces. It would represent a plan with the scale and ambition of the Abercrombie Plan – the plan developed by Patrick Abercrombie for London’s rebuilding after the Second World War that preceded the building of New Towns on the city’s edge – that addresses the challenges faced in London and the wider South East for giving people a place to call home.

In particular we believe new places should aim to provide millennials a place to call home that is affordable and that one day they might own. Clearly not all people who live in what we have called millennial towns would need to be from that generation. However we think that new places should be planned and designed in a way that attracts millennials to live there.

Without doubt a new places programme on the fringes of London would be a huge task that would take many decades to complete. From the New Towns built by the post-War governments, to the Brown Government’s ‘eco towns’ policy, to this Government’s ‘Garden Communities’ policy, it has been attempted in different ways and with different levels of success in other parts of the country before. Learning from the lessons of each of these policies, both the failures and the successes, we believe the key aims of a new places programme must be:

- Building homes and places where they are needed: how can enough land come forward through the planning system from one or a coalition of landowners?
- Building homes and places that people want and like: how can they be built to be beautiful and to last, affordable to millennials
who do not own a home, and with community engagement? How to give local residents a stake in the new place’s growth?

- Building homes and places that are financially viable and sustainable: how can the private sector be attracted to invest in these schemes for the long term?

Through the Letwin Review, whose final report HM Government is set to respond to in 2019, and the Building Better, Building Beautiful Commission, which will publish its final report in late 2019, the Government is already developing some policy proposals for the building of new places. The Letwin Review proposed a separate planning framework for large sites while a specific aim of the Building Better, Building Beautiful Commission is, “To develop practical ideas for the identification and release of appropriate land for housing and the role of infrastructure in strategic spatial planning.”

In our recommendations throughout this chapter we hope to bring these ideas to life by outlining a new approach to how the state can support housing delivery in new places along growth corridors spanning from London to the wider South East. This new approach is summarised in the table below, shown in comparison to the current approach, and considered in detail in the rest of this chapter. It is based on giving growth corridors a special status – a status that would address the structural flaws that impede housing delivery where and how it is wanted.

Such an approach would represent something quite different to the status quo. This is because, as we argue in the previous chapter, the current approach to delivering growth in the commuter belt is simply not working. Policy levers are misaligned which means there is no coordinated approach to achieving growth. This makes development more complicated than it needs to be which pushes away investors and is a factor in making poor quality developments. A better way is possible: designed in partnership with places and local people and delivered in partnership with the private sector.

Table 4. The current approach to delivering housing growth in the London commuter belt compared to our proposed new approach

<table>
<thead>
<tr>
<th>Corridors</th>
<th>Current approach</th>
<th>Proposed new corridor approach</th>
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<tbody>
<tr>
<td>Five growth corridors from London to the South East with differing levels of collaboration between places within each corridor. No corridor has any legal weight when it comes to the planning system.</td>
<td>The geographies of each corridor are updated and codified in policymaking. Light-touch bodies that are accountable to the Secretary of State are set up with responsibility for identifying where new places should be built.</td>
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## A new approach for building places on the edge of London

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<tr>
<th></th>
<th>Current approach</th>
<th>Proposed new corridor approach</th>
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<tbody>
<tr>
<td><strong>Strategic planning</strong></td>
<td>Strategic plan written for London but not for places in the Wider South East. In these places the local authority writes a local plan and is expected to ‘cooperate’ with neighbouring authorities on planning policy – but collaboration is weak. Sites are promoted by landowners and third parties for allocation in local plans.</td>
<td>Light touch strategic plan written for each corridor identifying areas where new places can be built.</td>
</tr>
<tr>
<td><strong>Land use regulation</strong></td>
<td>Designations such as Green Belt, Strategic Industrial Land and Metropolitan Open Area prevent the vast majority of developable land from being built upon. Local planning authorities sometimes release land from these designations when they can prove “exceptional circumstances”.</td>
<td>A balanced approach across the corridor based on increasing homes, jobs and access to green space. When planning deregulation increases land values significantly, the state takes a role in directing a significant proportion towards building a popular and sustainable place.</td>
</tr>
<tr>
<td><strong>Organisation leading the delivery of the new place</strong></td>
<td>The Government, the Mayor of London and local authorities have powers to establish Development Corporations but most new settlements are brought through the normal local plan process.</td>
<td>Development corporations are the simplest way of delivering new places, particularly where land assembly is complex. Where appropriate they are set up in the locations for new places identified in the strategic plan and are charged with delivering the development of each new place.</td>
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<tr>
<td><strong>Land assembly</strong></td>
<td>Control and ownership of land is largely in the private sector and often opaque. Many developable sites have complicated ownership structures. Local authorities have compulsory purchase powers and are encouraged to take a proactive approach to land assembly by the Government, but rarely use them because they are risky, expensive and require expertise that some planning departments lack.</td>
<td>A strategic focus on assembling land where new places will be built. Land is assembled through voluntary means though compulsorily if necessary. Dedicated funding streams are used to support this. There is a focus on directing more of the uplift in land value that occurs when a site is allocated for development towards building a sustainable place.</td>
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<td></td>
<td>Current approach</td>
<td>Proposed new corridor approach</td>
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<tr>
<td>Planning decisions</td>
<td>Decisions on major planning applications are made by local authority planning committees whose members are local councillors. The local authority planning officer provides the committee with advice on what decision should be made. The Secretary of State and Mayor of London have the power to ‘call in’ planning decisions and take them out of the hands of the local authority.</td>
<td>The Development Corporation becomes the area’s local planning authority which has its own separate planning committee.</td>
</tr>
<tr>
<td>What is built</td>
<td>What is built is largely determined by the private developer. A proportion of homes in a new development must be below market rate. Planning decisions, design codes and style guides set standards for new development but often there is little enforcement. The standard and quality of development is largely at the whim of the developer and landowner.</td>
<td>Conditions are set for development and private sector partners are invited to deliver on them. These conditions include commitments to build beautiful places, provide discounted homes and use modern construction methods.</td>
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<tr>
<td>Legacy arrangements</td>
<td>Most benefits of development accrue to the landowner rather than the community. The local authority receives extra funding through the New Homes Bonus. New infrastructure may be provided as a result of development. Whether the development adds or takes away from the value of the place is up to the landowner and developer – often they have no long-term economic stake in the area so there is little incentive to build places that are highly valued over decades.</td>
<td>Local residents are given more direct benefits of housing growth. A local wealth fund is established from some of the land value uplift, which is topped up by additional taxes raised from new development, which means existing local residents are given council tax discounts and arrangements are put in place for the maintenance of the area.</td>
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<tr>
<td>Inward investment</td>
<td>Current approach</td>
<td>Proposed new corridor approach</td>
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<tr>
<td>Individual local authorities and the Mayor of London promote their sites to investors.</td>
<td>Corridors write an inward investment strategy setting out how the infrastructure gap will be closed. Companies investing in infrastructure and land remediation are given tax breaks.</td>
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<tr>
<th>Public funds to unlock housing delivery</th>
<th>Current approach</th>
<th>Proposed new corridor approach</th>
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<tr>
<td>HM Treasury directs major new infrastructure project spending but this often isn’t linked to housing delivery. Places can make bids for infrastructure funding like the Housing Infrastructure Fund but have limited powers to raise public funds themselves. In London, the Mayor coordinates infrastructure spending. Outside of London county councils often have infrastructure strategies, but they have no responsibility for housing. As part of the planning process, developers are asked to make obligations to make development acceptable to the local community. These obligations vary by place and development.</td>
<td>Public funds are spent strategically to close the corridor’s infrastructure gap to unlock housing delivery and the building of new places. New revenue is also raised locally through development charges like the Community Infrastructure Levy (CIL).</td>
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<tr>
<th>The role of central government</th>
<th>Current approach</th>
<th>Proposed new corridor approach</th>
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<tr>
<td>Growth policies are split across MHCLG (housing), DfT (transport) and HM Treasury (infrastructure. The non-departmental body Homes England has significant powers to deliver new places which it has not used to full effect.</td>
<td>A Department for Growth is established that takes responsibility for the delivery of this programme, CaMKOx, the Northern Powerhouse and the Midlands Engine. This department works in conjunction with Homes England, UK Trade &amp; Investment and the Greater London Authority to deliver new places on the edge of London.</td>
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**Corridors**

The London Plan has, over time, identified corridors extending out of London into the South East where it expects growth in housing and the economy to be concentrated. The 2004 London Plan identified four such “corridors’ of development across regional boundaries [that] will necessitate joint strategies.” They included two corridors that are recognised by the Government as being of national importance –
the Thames Gateway extending eastwards and the London-Stansted-Cambridge development corridor – as well as two deemed to be of city region importance – the Western Wedge towards the Thames Valley and the Wandle Valley towards Gatwick Airport. The 2008 revised London Plan then included a commitment to a third corridor of city region importance – the London-Luton-Bedford corridor along the M1. The draft new London Plan proposes seven growth corridors within London based on where Opportunity Areas have been identified and where new transport is to be delivered (e.g. Crossrail 1 and 2, London Trams, HS2/Thameslink). There is little indication of how these relate to the five growth corridors extending out of London.

**Figure 19: The Key Diagram from the current London Plan (2016) showing the five growth corridors**

![Key Diagram](image)

Each growth corridor has a different level of collaboration and resource. The Thames Gateway and London-Stansted-Cambridge have both had commissions recommending each region can grow, while the corridors of city region importance have received less attention. However, being within a corridor does not seem to bring any legal weight in planning terms.

Even though joint strategies for each corridor have not developed with the importance or effectiveness imagined in the 2004 London Plan, we believe the growth corridors are a good basis to plan the delivery of new settlements on the edge of London. We believe that the Government and GLA should jointly review the geography of each growth corridor and then for their updated geographies to be codified in new policymaking
as the basis for coordination. The geography of each corridor should be based on where new infrastructure is being provided that can support the delivery of new places. This, as we argue in the rest of this chapter, should then be the geography upon which strategies for delivering new places on the edge of London are planned and decisions are made.

This revitalised transport corridor approach is similar to the one recommended by the Outer London Commission, set up by the previous Mayor of London, in its report on *Removing the Barriers to Housing Delivery.* The Commission recommended a review of development capacity in places accessible by public transport within London. We believe that to be most effective the corridors should extend beyond London.

Light-touch bodies should be established for each corridor with responsibility for large-scale housing growth and identifying where new places should be built. The board of each body should be jointly appointed by the Secretary of State and the Mayor of London, though they should ultimately report to the Secretary of State. Each body should then be supported by Homes England with their powers and funding to deliver new places, working in partnership with constituent local authorities and the Mayor of London, while the Secretary of State should be the ‘referee’ of each corridor making sure objectives are set and progress is made.

For each corridor to be effective there must be incentives for coordination and consequences for failing to meet objectives. Any local authority that accommodates significant housing growth in their area through the building of a new place must know there are benefits to doing so. For most places, the strongest incentive will be big strategic infrastructure that brings jobs and investment to their area. If a local authority fails to cooperate the consequence should be that the Government rewrites their local plan. This consequence should also apply to the Greater London Authority and the rewriting of the London Plan.

**Strategic planning**

The Mayor of London produces a spatial development plan for the whole city (the London Plan) however no similar plan exists for places beyond the Greater London boundary. There is a duty on local authorities to cooperate with each other when writing local planning policies, but there is often little coordination on how a wider area’s housing growth will be delivered across boundaries. This allows some local authorities to fudge major housing delivery by blaming one another. Unlike in London there is no healthy tension between a strategic body and the local authority which provides for a coordinated approach to housing growth. There is also, as we have said in the previous chapter, limited collaboration on spatial growth between the Greater London Authority and places in the vicinity of the capital.

To address these imbalances we believe a statutory strategic spatial plan should be written for each corridor. Each strategic plan should have a target of identifying three places where new developments of at least 30,000 new homes can be built at pace and scale over the next decade. One of these places should have the capacity to double size to 60,000...

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35. Outer London Commission (2016) - *Removing the Barriers to Housing Delivery*
homes after another 10 years and another should have capacity to triple in size to 90,000 homes after another 20 years.

Each plan should include a detailed analysis identifying the sites where new places can be built (i.e. a Strategic Housing Land Availability Assessment (SHLAA)) and, in a supporting document, the infrastructure necessary to make the place sustainable. The sites should be able to support major new development and could include large brownfield sites like local authority owned golf courses – of which there are many in Outer London boroughs – and industrial sites which could be relocated elsewhere in the corridor (as described in the swap approach outlined in the next section). They could also include large greenfield sites which in many circumstances will be protected from development. As we write in the section below, a sustainable approach should be taken across the whole corridor to increasing homes, jobs and access to green space.

The NPPF should be amended to allow for the creation of these strategic plans and give them, and therefore the growth corridors, formal planning status. Local plans and housing policies of all local authorities within the corridors should be in general conformity with the corridor strategic plan. The London Plan should be required to give due regard to each corridor strategic plan.

The writing of the plan should be led by the light-touch body of each corridor. Like other planning policy documents, the strategic plan should be examined in public and submitted to the Secretary of State. The Secretary of State should ensure corridor strategic plans and the London Plan cohere with each other.

Some might say this is a return to regional planning but they would be wrong. The strategic plan would be created and written with a clear aim of identifying the areas where new places can be built most sustainably. It would take a similar approach to the one already employed by the Government in the Cambridge-Milton Keynes-Oxford (CaMkOx) ‘Knowledge Arc’ corridor but in a way that addresses the issues of that approach, as outlined in the box below.

### Strategic Planning in the Cambridge-Milton Keynes-Oxford (CaMkOx) ‘Knowledge Arc’

The Government has an ambition build one million homes by 2050 in the Cambridge-Milton Keynes-Oxford (CaMkOx) ‘Knowledge Arc’. To achieve this ambition the Government hopes to build “at least four or five garden towns and villages with thousands of homes” along the corridor, and has begun “detailed analysis to explore potential locations for new settlements across the corridor, their alignment with transport infrastructure, and any environmental considerations.”

Yet there is a fundamental tension at the heart of these ambitions: the Government is expecting each new settlement to be brought through local plans, but most local authorities do not intend to support new settlements of the scale envisaged by MHCLG. Unlike Greater Manchester where the combined authority writes a statutory strategic plan, there is no local body that can be given responsibility for identifying locations of new places. This means that either the MHCLG steps in and rewrites places’ local plans or it falls in its ambition to building one million homes in the CaMkOx corridor by 2050.
Land use regulation

The same planning constraints that apply in low demand areas of England are applied in the same way as high demand areas on the edge of London. Designations such as Green Belt, Strategic Industrial Land and Metropolitan Open Land prevent the vast majority of developable land on the edge of London from being built upon.

In most cases this is very welcome yet in others, where protection is not warranted – for instance London’s non-green Green Belt as identified by the Labour MP Siobhain McDonagh – the inflexibility is a significant obstacle to building homes and places where they should be built. There are some local authority areas where large proportions of land are protected from development – often more than 90 per cent of total land area – which means many struggle to allocate land for new housing development or adopt local planning policies.

We believe the extraordinary circumstances of housing demand in London and the South East, and the failure to build anywhere near enough supply to meet this demand, means that a more balanced approach to land use regulation should be taken across the whole corridor. In areas where new places can be built, the strategic plan should be supported by the Government to allocate development on protected land. This should be based on the following principles:

1. Land is brought forward for the delivery of new homes and places that are of a high design and build quality
2. The number of jobs is increased
3. Access to green space is increased
4. The quality of green space is increased
5. Article 2(3) land remains protected (i.e. conservation areas, areas of outstanding natural beauty, the Broads, National Parks, and World Heritage sites)

To achieve a balanced approach to land use regulation across the whole corridor one approach that can be taken is to ‘swap’ land uses between areas. A site designated as Strategic Industrial Land in an Outer London borough could be transferred to an area with Green Belt protection on the edge of the city. This would free up land for development while providing the receiving area jobs, investment and uplift in business rates.

Organisation leading the delivery of the new place

Once the corridor’s strategic plan has identified where new places will be built, we envisage that assembling land for the millenial towns will be complex and therefore require a Development Corporation to be established which can lead the delivery of each place. In places where land assembly is straightforward, a lighter touch body may be appropriate.

Development corporations are statutory bodies that are vested with the requisite powers, status and funding to coordinate planning and investment across a single area. They are used to deliver large scale development and 36. The MP for Mitcham and Morden, Siobhain McDonagh, has campaigned for the de-designation of poor-quality Green Belt land in Greater London. Siobhain McDonagh (2018) – London’s Non-Green Green Belt
regeneration of a place with a separate governance framework to the current local authority-led system. The Development Corporation model was used for the building of Milton Keynes, the London Docklands and Olympic Park in London.

Development Corporations can be established as New Town Development Corporations, accountable to the Government or the local authority or authorities in the area, Urban Development Corporations, accountable to the Government, or Mayoral Development Corporations which are accountable to the Mayor of London. The right Development Corporation model will depend on the scale and complexity of each place. It should be noted, however, that the Government has encouraged the use of New Town Development Corporations for the delivery of major new settlements.

The board of each Development Corporation should be jointly appointed by the Secretary of State and the Mayor of London. Local authorities in the area should draw up a shortlist of local representatives to be chosen from. But the Development Corporation should be led by someone from outside the area. The Development Corporation should then be responsible for:

- **Assembling the site for development.** Working with landowners to unify control and ownership of land. Where appropriate public land should be vested in the Development Corporation.
- **Taking the site through the planning system.** The Development Corporation model means a separate local planning authority is created with a separate planning committee.
- **Setting conditions for development.** Writing the site’s masterplan, design code and style guide. Conditions are also set for the type of homes that can be built.
- **Securing partnerships with the private sector.** Inviting private sector partners to bid for and develop parcels of the site in accordance with development conditions. The Development Corporation is also given a mandate for attracting inward investment, particularly towards infrastructure.
- **Legacy arrangements.** The Development Corporation should be a temporary organisation that collapses into a legacy vehicle accountable to the local community.
- **Using public funding to unlock private investment.** Each Development Corporation has borrowing powers. It should use these powers and grant funding to unlock private investment into the new place.

We consider actions for achieving each of these in this chapter. Each site will be different so each set of actions might be made in a different order with different importance.

Some might say the Development Corporation approach represents too much state control of the process. We disagree for two main reasons. The first reason is that the current system has not delivered new places at the scale, pace or quality that is required. As detailed earlier in this report,
whether a new settlement has been one of New Labour’s eco-towns or this Government’s garden communities, the progress of each development has been slowed by weak delivery arrangements. The extent to which the state controls the levers of development means that the state should take a strong role in the development of new places.

The second reason is that the areas where land is allocated for development will see huge uplifts in land value. This is particularly so for sites which are currently protected from development by Green Belt designation. Landowners would have bought these sites with very little expectation of it being developable. It is only right that in exchange for making land developable – through planning deregulation and investment in infrastructure – the state sets conditions for how land is developed, for instance on build quality and the sorts of homes that can be built. We explore what both might mean later in this chapter. Local residents should know that the land is being used to develop a place that is beautiful and adds value to the local environment rather than takes value away from it as much new development does. They should also be assured that new development will be accessible and affordable to people like them. The significant uplift in land value would mean developers still make healthy profits.

Rather than excessive state control, we believe the Development Corporation model can engender a new form of partnership between the public and private sectors. These partnerships, as we write in the rest of this chapter, should be based on long-term shared interests and will look different by place. Each Development Corporation should set the conditions for high-quality development to happen and commit to working with private sector partners in its delivery. It is likely that a high amount of debt will be run up early on, with profits made six or seven years into the scheme.

Land assembly
When a plot of land has more than one owner, this can make development more complicated. Each owner might have different interests and expectations in how their land is used and valued. One owner might be willing to invest in making the site developable – e.g. through land remediation or improved infrastructure – but others might not. There might also be complications in speaking with one voice to public bodies like a highways authority. Even when there is just one landowner, they may take little interest in whether, when or how their land is developed, they may just want to sell it for as much as possible. Each of these factors makes land assembly – the process of creating a single site ready for development – a complex and time-consuming process.

This makes land assembly powers essential to the building of new places on the edge of London. A corridor’s strategic plan might identify an area that is suitable for the building of a new place, but if the interests and expectations of landowner(s) or third-party agencies working on behalf of the landowner(s) do not align with the corridor’s ambitions, the place might not be built at all. When there is a public landowner, the site should
be vested to the Development Corporation and the process will be less complex and time consuming. But when there is a private landowner, the process might be more difficult.

Development Corporations should take on a ‘master developer’ role, as recommended in the Letwin Review, and either control and own the land before it is allocated for development, or work with landowners who make a long-term commitment to, and take a financial stake in, building a new place which is beautiful and affordable for years to come.

Development Corporations and local authorities have compulsory purchase powers, and are encouraged to take a proactive approach to land assembly by the Government, but rarely use them because they are risky, expensive and require expertise that some planning departments lack. The Government is currently preparing its response to the Letwin Review which made some recommendations on land assembly for large sites – namely greater purchasing powers for local authorities to unlock development.

What seems essential is that when large sites are identified for new places, bodies like Homes England, who have effective land assembly powers along with funding and expertise, support the process of unifying control and ownership of land. This might involve compulsorily purchasing land but it could also involve innovative approaches to land being brought forward voluntarily with landowners becoming willing partners in a place’s development, each of which could be pioneered in the delivery of new places.

When a number of potential sites have been identified for a new settlement, for instance, a community land auction approach, as pioneered by the academic Tim Leunig, could be used.\textsuperscript{37} This would involve the local planning authority inviting landowners to name the price at which they would sell their land. The local planning authority would then decide which site is best for development and priced most suitably, and would then be able to allocate the land for development and auction it to developers for a higher price. Land would come forward for development that might not otherwise have and more of the uplift in value conferred by development allocation would go to the local authority to invest in things like infrastructure and civic amenities.

Another option is land pooling. This process involves small plots of land being assembled into a large site by the state, which then provides necessary infrastructure for the site to be developed. Smaller plots of the much higher-value land are then handed back to their owners who are then free to sell or develop their land. The infrastructure is financed by the sale of plots within the new area. It is a model of land assembly often used in Japan, Korea and India.

Landowners could also be asked to take an equity stake in the place’s development. This would mean them taking a long-term view, taking the risk that greater value will be accrued over the long-term success of the new place, through the sales and rental value of new buildings in a place people want to live, rather than the landowner crystallising a smaller gain at the start of the development by selling to the highest bidder.

\textsuperscript{37} CentreForum (2011) - In My Back Yard
Whatever path is chosen, it must be done in coordination with the process by which land is allocated for development. This is the stage at which land values rise significantly, so the conditions for development that can make a development acceptable to local residents – high build quality, affordability to locals etc. – must be in place and secured before that happens.

Planning decisions

The recent experience of many garden communities attempting to navigate the planning system – many are stuck in planning limbo – suggests that the normal route through which a new settlement receives planning approval is not fit for delivering big new places. Normally a large site will be allocated in the local authority’s development plan and then a planning application is approved by the local authority’s planning committee who are provided advice by a planning officer (which they are free to ignore).

We do not think this is suitable because, in short, local authority planning departments and planning committees rarely have the expertise, experience or resource necessary to deliver large settlements. Local planning departments are hard-pressed financially, having seen their budgets cut by over half since 2010,38 while the structure of local planning committees is simply inadequate to decide on something as important as a major new settlement. New settlements often become a victim of local politics and many local authorities would like to have their planning taken out of their hands.

The inadequacy of the planning system for delivering new places is one of the reasons why the Government has encouraged the use of Development Corporations for the delivery of major new settlements. When a Development Corporation is established for an area, it becomes the area’s local planning authority which has its own separate planning committee. This bypasses the problems of the normal planning route described above. It also overcomes issues that arise when a large site is part of more than one local authority area.

We believe corridors should adopt this approach in the delivery of new places. There would need to be a reasonable balance between effective committee structures and local representation. This might seem undemocratic, but it should be remembered that a far larger number of residents will live in the new place compared to those who already live near the area. The Development Corporation should set out what sort of place they would like to build and the conditions for development – in terms of what is built, its design, its costs etc. – and then invite bids from private sector partners to work with them and the landowner. The committee should be charged with scrutinising the credentials of private sector partners – for instance, do they have a track record of building good quality places and what sorts of commitments will they make to achieving that? The committee should also monitor delivery against the conditions that are approved in the planning application.

There are calls for the planning approval process for Nationally Significant Infrastructure Projects (NSIPs) – whereby the Secretary of State is able to grant a Development Consent Order for projects deemed

38. Between 2010-11 and 2017-18, spending on planning and development fell by 52.8% in real terms. NAO (2018) - Financial sustainability of local authorities 2018
of national significance – to be extended to major housing development like new places\textsuperscript{39} but we think this should be avoided. For one it is overly dirigiste. It would also necessitate legislative change.

**What is built**

When leading the planning and delivery of New Towns after the Second World War, Lord Reith described how they would be “an essay in civilisation”. Building on the principles of the garden city movement, he said they would provide a new model of living: rationally planned with green spaces and an efficient transport network. New towns were designed to be a utopia to create what government called “a new type of citizen, a healthy, self-respecting, dignified person with a sense of beauty, culture and civic pride.”

Whether Lord Reith and the Government succeeded is a question for other research. What is essential for a modern day new places programme is that their sense of grand ambition is recaptured. Building new places on the edge of London will be difficult politically and people will rightly be concerned that the new development is of a high quality. There is also opportunity to pioneer new tenure models, construction methods and models of living fit for the 21st Century.

To make sure new places are modern essays in civilisation with a sense of beauty, culture and civic pride, we believe Development Corporations should set conditions for development and invite private sector partners to deliver on them – so as well as having a vision for where new places should there is a vision for what they will be. These conditions, which would need to vary by place and land value, should be based around three themes:

**Built to a high quality in designs and styles that people think are beautiful.**

The Development Corporation could provide a detailed masterplan with a design code and style guide, or it could set a looser masterplan with principles of densities, street layouts, styles, building heights and types, and invite private sector partners to produce their own visions which the Development Corporation could then choose for each development phase. What is important is that local people are asked what they would like the place to look like and that these preferences form part of the planning and partnership agreement.\textsuperscript{40} The Development Corporation should choose to work with private sector partners who will uphold that agreement and assess build quality in each development phase. These conditions could also form a part of a covenant when land is sold on.

**Built to be affordable to locals with a diverse mix of uses and tenures.**

The Development Corporation should encourage a diverse mix of uses and tenure in the development by parcelling land accordingly. This not only makes for a better place, but it also means it will be built at a reasonable
pace: As identified in the Letwin Review of build out rate, the more diverse a development’s mix of uses and tenures, the quicker it can be absorbed by the market and the quicker it can be built. This diversity mix should be set by the Development Corporation and would be an opportunity to pioneer new models of tenure like Build to Rent. It could also say that a proportion of serviced plots must be made available to people who want to self-build or custom-build their home. The aim should be increasing choice in the local housing market.

As part of planning conditions Development Corporation should also stipulate that a proportion of new homes available at discounted rent – as with normal Affordable Housing obligations – and, on greenfield sites, a proportion of new homes available for discounted sale that are available to millennials who have accommodation that does not meet their needs. This sales discount should be permanently locked into the home’s value so that it is retained in the area. Some may say this is onerous on the developer, but as we argue earlier in this chapter, the landowner will benefit from an extraordinary rise in land values and it is right that a significant share of that uplift stays with the community.

**Built with new construction methods.**

As one condition for their resource and support, the Government might want to ask that a certain proportion of a new place is built using Modern Methods of Construction. The Government is currently encouraging more of the construction industry to use modern methods, such as off-site construction, because the industry faces a shortage of skilled workers. Yet few builders have invested in the factories necessary for an industry-wide shift towards off-site construction largely because they do not believe there is demand. If Government can guarantee the order book, this will be a signal to the market to invest in off-site factories.

**Legacy arrangements**

As well as making sure new places are built to be beautiful and to be affordable, Development Corporations must also make sure new places are built to last. The Development Corporation must, in other words, have a legacy. In Milton Keynes for instance – a New Town built by a Development Corporation – the corporation created a Parks Trust to maintain open green spaces. This is financed by rent from property bequeathed to the trust from the corporation. The local authority was also transferred land to help fund local infrastructure.

Development Corporations for new places should consider how similar arrangements might be made after it collapses into a legacy vehicle and powers are transferred to the local authority. A local wealth fund, for instance, could be established from some of the gains of development. The fund could be topped up by additional taxes raised as a result of new development. Consideration should also be given to how to enfranchise local residents who are most impacted by major new development in their area. As we have said, new development should be built to be beautiful,
adding value to the area, while also being affordable to local residents. Local residents should also be offered a financial stake in the growth of their area – a share of the local wealth fund, for instance, could be used to give people living within two miles of the new place a council tax discount.

**Inward investment**

Each new place will require a significant amount of investment and risk by the private sector. Alongside investment in land and the construction of new homes, there will also need to be investment in infrastructure like roads and utilities. Without this investment a place will not be built. Some investment will be provided by central and local government funding, but the public purse can only fund so much.

As we have already argued, corridors should prepare detailed analysis of the infrastructure necessary to make the place sustainable. This should be written in tandem with an inward investment strategy that sets out how the infrastructure gap will be closed. To attract private investment, places must be able to answer why organisations should risk their capital investment in their area – and what can be done to make investment in these areas and schemes more attractive than other places across the world?

The Coalition Government allowed places to set up Enterprise Zones to encourage economic growth. These areas benefited from provisions such as business rates discounts to companies who located in the area. A similar approach could be used for new places on the edge of London however with provisions that incentivise investment over occupancy (unlike business rates discounts). The Government could offer something as simple as corporation tax relief for companies who invest in infrastructure provision or land remediation in these areas.

**Public funds**

The Government has an annual investment programme of around £9 billion for increasing housing supply. It also spends an even more significant amount on new infrastructure projects from big schemes like HS2 to smaller schemes like A-road upgrades. This investment often makes new development possible that wouldn’t otherwise have happened.

In a new corridor approach, the forthcoming 2019 Spending Review should consider how government funding for increasing housing supply can be used strategically on a corridor basis to unlock investment in new places. This should be done with reference to a corridor’s inward investment plan to see how and where the public sector balance sheet can unlock private sector investment.

A more coordinated approach to investment would mean that communities would see the benefit of accommodating new housing growth in their area. The funding of large infrastructure schemes like Crossrail 2 could be more directly tied to housing growth.

Each New Town Development Corporations is already provided borrowing powers – the amount is agreed between the Development Corporation and HM Treasury – but they should also consider what

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42. The 2017 Autumn Statement announced an investment programme of at least £44 billion over the next five years. This includes grants like the Housing Infrastructure Funding and guarantees like the Affordables Homes Guarantee.
local revenue-raising methods can be used to fund new infrastructure. A Community Infrastructure Levy (CIL) could be introduced for the new place where developers pay a standardised tariff charged per square metre of retail or commercial property space. The tariff should be designed with reference to what is viable in the context of the other conditions set for development. As happened in Milton Keynes, the new place could work with Homes England and HM Treasury to borrow money against future CIL receipts to forward fund new infrastructure. The new place could also explore retaining Stamp Duty receipts as part of this arrangement to retain the benefits of growth in the area.

### The role of central government

Our recommendations in this report provide the Government a more central role in the delivery of new places on the edge of London. We believe this is essential to their delivery because, without the sponsorship of the Government, development would be much more difficult and slow: coordinated changes to land use across the corridor would be hugely unlikely, there would be less reason for local authorities to play an active role and there would be less funding available for funding a development’s infrastructure gap.

Nonetheless we do not believe that Whitehall is well organised for sponsoring growth in new places on the edge of London. Growth policies are split across MHCLG (housing), DfT (transport) and HM Treasury (infrastructure). Each department will often hold vital funding or policy support up because they are often caught between operational and strategic issues. To overcome this issue we believe a Department for Growth should be established that takes responsibility for the delivery of the new places programme we propose, the Cambridge-Milton Keynes-Oxford (CaMkOx) ‘Knowledge Arc’ corridor, the Northern Powerhouse and the Midlands Engine. This department should work in conjunction with Homes England, UK Trade & Investment, the Greater London Authority and Combined Authorities. Just as we believe the growth responsibilities of other tiers of government should be realigned, so should the arrangement of Whitehall.
In this report we have proposed a new framework for delivering major new settlements in and around London on a scale that will address the area’s housing supply problem. We believe this will bring land forward for new homes where people want to live and create the conditions for development to happen. We also believe the partnership model we propose between the public sector and private sector will better align incentives and risk – with the result that greater benefits of housing growth are delivered to the local community and more beautiful homes and places are built at the pace and scale required.

Clearly there are other issues that must be addressed for our proposals to be effective – for instance whether there is enough political will to deliver new homes at the scale required and whether there is capacity in the construction industry to build them. Yet neither is insurmountable. The electoral consequences of governments fudging the housing problem are becoming ever more present, while the construction industry will respond to market signals if there is a firm commitment by the Government to delivering a new generation of places at scale on the edge of London.

The draft new London Plan is currently being considered by a formal Examination in Public and will be signed off by the Secretary of State. During this process there is an opportunity to look again at the questions issued in this report – namely the structural flaws that impede housing delivery at the scale and pace it is needed in London and places around the capital.
Appendix

Local authorities in Inner London
1. Camden
2. City of London
3. Greenwich
4. Hackney
5. Hammersmith and Fulham
6. Haringey
7. Islington
8. Kensington and Chelsea
9. Lambeth
10. Lewisham
11. Newham
12. Southwark
13. Tower Hamlets
14. Wandsworth
15. Westminster

Local authorities in Outer London
1. Barking and Dagenham
2. Barnet
3. Bexley
4. Brent
5. Bromley
6. Croydon
7. Ealing
8. Enfield
9. Harrow
10. Havering
11. Hillingdon
12. Hounslow
13. Kingston upon Thames
14. Merton
15. Redbridge
16. Richmond upon Thames
17. Sutton
18. Waltham Forest
Local authorities in edge of London

1. Basildon
2. Brentwood
3. Broxbourne
4. Chiltern
5. Dartford
6. Elmbridge
7. Epping Forest
8. Epsom and Ewell
9. Gravesham
10. Harlow
11. Hertsmere
12. Mole Valley
13. Reigate and Banstead
14. Runnymede
15. Sevenoaks
16. Slough UA
17. South Bucks
18. Spelthorne
19. St Albans
20. Tandridge
21. Three Rivers
22. Thurrock UA
23. Watford
24. Welwyn Hatfield
25. Windsor and Maidenhead UA

Figure 20: Local authorities on the edge of London