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# Holistic Approach To Land Encompassing Marginal Gains



As At  
06 October 2014

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## PROLOGUE

### Legislation, Regulation, Mandatory, Voluntary & Codes Of Practice?

2014 witnessed the appointment of Britain's first Housing Minister, Brendon Lewis MP, but which government department does he sit, if at all? And with many calling for a permanent Secretary of State for this sector, with a seat in Cabinet, what other departments impinge and influence the Built Environment? With many of the decisions they make having unintended consequences on the construction and property industry, people and environments, well beyond the immediate locale or region of operation. Click to see if the ministerial department will affect Land;



The Rt Hon  
**David Cameron MP**  
Prime Minister, First Lord of the Treasury, Minister for the Civil Service



The Rt Hon  
**Nick Clegg MP**  
Deputy Prime Minister and Lord President of the Council



The Rt Hon  
**William Hague MP**  
First Secretary of State, Leader of the House of Commons



The Rt Hon  
**George Osborne MP**  
Chancellor of the Exchequer



The Rt Hon  
**Theresa May MP**  
Secretary of State for the Home Department



The Rt Hon  
**Philip Hammond MP**  
Secretary of State for Foreign and Commonwealth Affairs



The Rt Hon  
**Chris Grayling MP**  
Lord Chancellor and Secretary of State for Justice



The Rt Hon  
**Michael Fallon MP**  
Secretary of State for Defence



The Rt Hon  
**Dr Vince Cable MP**  
Secretary of State for Business, Innovation and Skills and President of the Board of Trade



The Rt Hon  
**Iain Duncan Smith MP**  
Secretary of State for Work and Pensions



The Rt Hon  
**Jeremy Hunt MP**  
Secretary of State for Health



The Rt Hon  
**Eric Pickles MP**  
Secretary of State for Communities and Local Government, Minister for Faith



The Rt Hon  
**Nicky Morgan MP**  
Secretary of State for Education, Minister for Women and Equalities



The Rt Hon  
**Justine Greening MP**  
Secretary of State for International Development



The Rt Hon  
**Edward Davey MP**  
Secretary of State for Energy and Climate Change



The Rt Hon  
**Patrick McLoughlin MP**  
Secretary of State for Transport



The Rt Hon  
**Alistair Carmichael MP**  
Secretary of State for Scotland



The Rt Hon  
**Theresa Villiers MP**  
Secretary of State for Northern Ireland



The Rt Hon  
**Stephen Crabb MP**  
Secretary of State for Wales



The Rt Hon  
**Sajid Javid MP**  
Secretary of State for Culture, Media and Sport



The Rt Hon  
**Elizabeth Truss MP**  
Secretary of State for Environment



The Rt Hon  
**Danny Alexander MP**  
Chief Secretary to the Treasury

## EXECUTIVE SUMMARY

The Latham Report 1994 and Egan 1998 are held and championed as the bastion for holistic Best Practice within the Construction Industry, yet only delivers or 'Supplies' a product i.e. The Built Asset to the 'Demand' Start Line, for purchase by the 'End User' and as such negates the bigger picture, which drives the decision on whether or indeed 'If' construction is viable, through 'Margins' in the first instance.

Property Development, by definition (Harvard 2008) requires margins and profit to the developer c20%, if these margins do not exist then development will stall, thus it is advantageous for all factors directly or indirectly influencing this to be stable in nature. Instability mutes these margins and allows risk, acceptable or not, to emerge.

There is a fine line between a Property Developer and Speculator, as seen between 2000 & 2008, as on a rising market, both succeed, yet successful Property Developers only come to the fore on a stagnant or falling market. If the economic downturn of 2008 had not happened, then unsuccessful Property Developers would continue to thrive, believe in their business model and encourage more financial risk, thus continuing to artificially inflate the property bubble.

Perhaps the root of any solution to stabilising the Built Asset market lies in the origins of Land<sup>1</sup> and thus the origins of this paper, in that the solution has been ever present in law and The Law of Property Act 1925<sup>1</sup> and its link to The Crown and true ownership. Whilst in no way advocating a socialist state, this definition of Land<sup>1</sup> does give weight in law to it being under the ownership of an 'A Political' organisation which if borne has the potential to stabilise the complete sector, pulling various vignettes together.

Any proposed organisation solely responsible for Land<sup>1</sup> must have complete autonomy and thus be independent from government, politics and industry bodies, but must be influential enough, through a holistic ability, to lead and join this fragmented industry into one sanguine direction.

It must mute these constant Short Cycles (4-5 Years), Long Cycles (9-10 Years), Long Swings (20 Years) and Long Waves (50 Years) and prevent the 'Hockey Stick' Patterns, identified by Knoll et al, which plague true and stable growth.

The BoE is perhaps best suited and positioned for this roll, given its mantra that of;

"Promoting the good of the people of the United Kingdom by maintaining monetary and financial stability"

And in that it is remote from the government of the day, including its politics and yet has the Data Set and Tool Set to expediently intervene in the Land<sup>1</sup> sector, which invariably encompasses construction.

Legislation for this sector, such as The Housing Act 1988 etc, is so fragmented that a new Act is required, to supersede all others, akin to the Equality Act 2010 usurping and codifying its numerous previous Acts and Regulations, but most importantly to simplify and facilitate procedure in a proactive fashion.

Thus, when the weight and emphasis is passed to Local Authorities, there is parity across the UK and procedurally limited bureaucracy, for the Land<sup>1</sup> Developers, irrespective of size, to thrive.

A bi-product / Secondary function of this proposed autonomous organisation, once established, will be to merge all the threads of Infra', Sustainability, Build Quality etc, so future towns and villages are not achieved piecemeal, but have a common thread and theme running through, for time immemorial.

At the Macro level of course it will be self-propagating, releasing space to the Land<sup>1</sup> market and trading space, for the Built Asset – Commercial, Residential, Retail etc ensuring its own targets are met and the ever elusive, but agreed figure of 250,000 Units pa.

Whilst analyzing these vignettes, unduly influencing Land<sup>1</sup> in terms of asset value, asset availability, asset definition etc, it is of note that individual changes whilst small in effect and gains, in combination, through a proposed holistic approach could benefit and stabilize the Land<sup>1</sup> and thus the property sphere greatly, akin to Sir D Brailsfords theory and application of 'Marginal Gains'. The concept of 'Marginal Gains' is not new, the approach is used in many sports and is now filtering through to business. An in depth analysis of this can be found in 'Marginal gains: Olympic lessons in high performance for organisations', Hall et al 2012

## CONTENTS

<b>Prologue</b>	2
<b>Executive Summary</b>	3
<b>Overviews</b>	
Value	5
Market	6
End User	6
Demand	7
Supply	7
Development Activity	7
Capital Value	7
Yields	8
Income Levels	8
Employment Levels	8
Gross Domestic Product (GDP)	8
Interest Rates / Taxation	8
Pessimism	8
Government Policy	8
Theoretical Models	8
Current Land Values	10
Construction Sector	11
<b>An Holistic Approach To Land, Encompassing 'Marginal Gains'</b>	
<b>A Fragmented Sector</b>	
Land & Government	12
Land & Politics	16
Land & The Bank of England (BoE), including Fiscal Policy	21
Land & Infrastructure	25
Land & Sustainability	28
Land & National / Local Planning Framework	30
Land & Legislation	34
Land & The Private Rental Sector (PRS), including Social Housing	35
Land & Industry Governing Bodies	38
<b>Summary</b>	39
<b>Bibliography</b>	41



## Overview

1. At present, the only truly holistic approach to 'Land' and thus by definition 'Property' is found in the Law of Property Act 1925<sup>1</sup> in that;

"Land" includes land of any tenure, and mines and minerals, whether or not held apart from the surface, buildings or parts of buildings (whether the division is horizontal, vertical or made in any other way) and other corporeal hereditaments; also a manor, an advowson, and a rent and other incorporeal hereditaments, and an easement, right, privilege, or benefit in, over, or derived from land"

Or put bluntly, 'Land' is inclusive of its curtilage, conically down to the earth's core and extends up through the airspace above, including of course any property or structure on the said 'Land', an all-encompassing approach. From this point forward, at present, 'Land' fragments into sectors (Construction, Property, Resources etc) and dissipates into a plethora of vignettes (Commercial / Home Ownership, Private Rental Sector (PRS), Social Housing etc) overarched by; at best 'Legislation' through 'Mandatory Regulation' and at worst 'Voluntary Codes of Conduct' which seldom define 'Best Practice'<sup>2</sup> or the now defunct Total Quality Management (TQM) (Less the 'Construction Sector' – Latham Report 1994<sup>3</sup> & Egan 1998<sup>4</sup>).

2. **Value Overview:** The UK's 'Land' industry is worth c£6Tn Sterling on property value alone, as purported by Land Registry<sup>5</sup> data in conjunction with the Office of National Statistics(ONS) 2011 Census<sup>6</sup>, irrespective of linked activity adding to GDP<sup>7</sup>, which totalled c\$2.3Tn USD in 2013; The Service Sector, for example. This c£6Tn is London centric, as defined by Stringer, City Metrics 2014<sup>8</sup>;

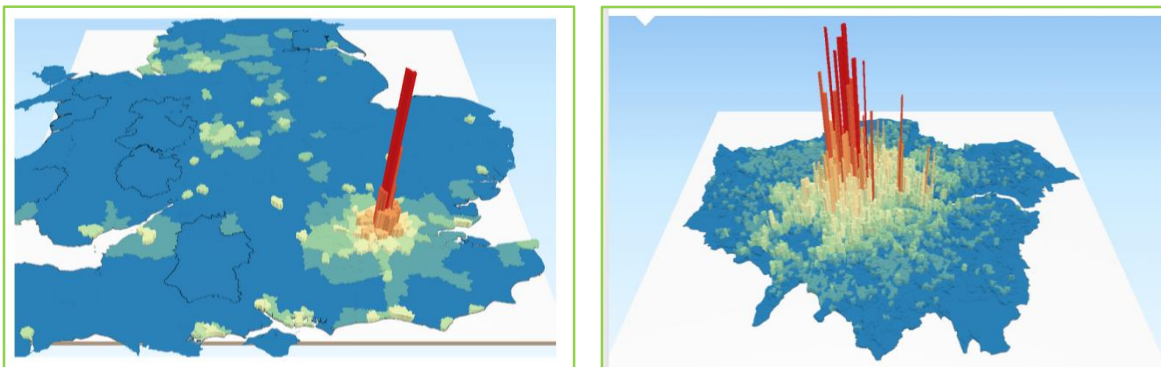


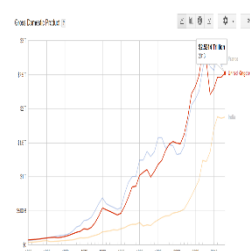
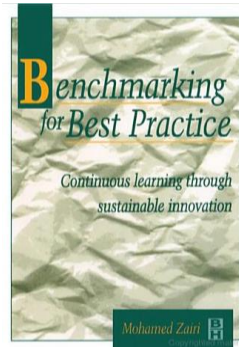
Fig 1  
'Mapping The UKs Housing Wealth' – B Stringer, City Metrics 2014

As such, London can be viewed as one of the principal drivers for the value of 'Land', subject to internal (UK) and external (Global) factors and with the ONS<sup>9</sup> predicting the capitals population will rise by 2Mn to 10Mn by 2030<sup>9</sup>, this will add stimulus to an already poorly regulated sector. This amongst other influences such as; Politics, Base Rate, Supply & Demand, Construction, Legislation, Planning etc all impinge on the value of 'Land' and are largely fragmented with a disjointed approach.

3. 'Land' costs, irrespective of trajectory, have been a major focus of the macroeconomic environment post 2008, with relevant research including; Jorda et al 2014<sup>10</sup> and Piketty at al 2014<sup>11</sup>. The value of 'Land' drives the development of 'Land' as defined by 'Contemporary Property Development' (Second Edition 2008)<sup>12</sup>, written by Dr T Havard<sup>12</sup> in 2002 and as such developers wish to maintain or grow margins, thus feeding the 'Land' value. Knoll et al 2014<sup>13</sup> has quantified these values from 14 advanced economies, through various sources (UK – Land Registry<sup>5</sup>), which whilst identifying a 'Hockey Stick' pattern to these ever increasing values, also highlights 'Land' as an heterogeneous asset. Whilst this purports the many influencing factors, both Macro and Micro impinging on asset value, the rub is in the minutia which is individualistic in nature, uncontrolled or at worst out of control, which whilst marginal, with an Holistic approach has the ability to stabilise the



Law of Property Act 1925  
1925 CHAPTER 20 15 and 16 Geo 5



unpredictability of 'Land' appreciation, thus reducing the acute angle of the 'Hockey Stick' formation.

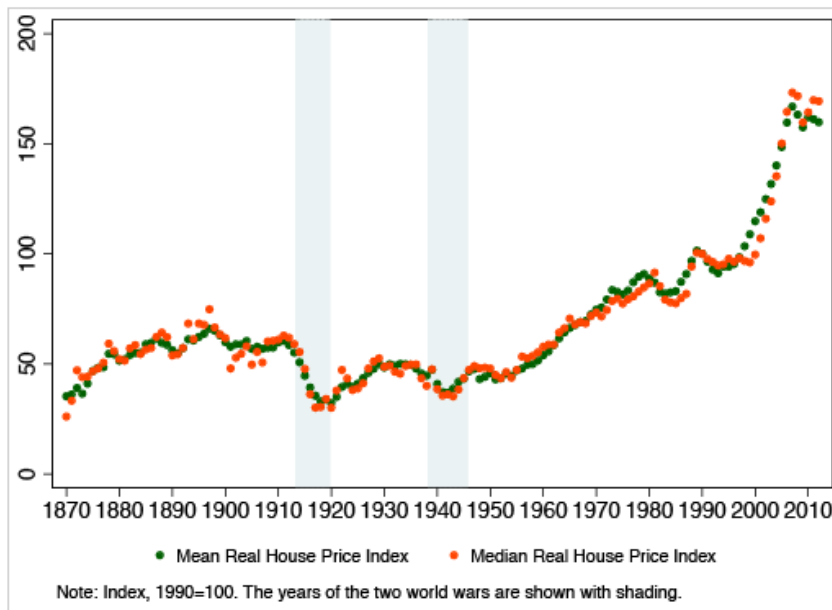


Fig 2

'House Prices Since 1870, No Place Like Home' – Knoll et al<sup>13</sup>, 2014

**4. Market Overview:** The property market offers 'Land'<sup>1</sup>, for 'Treat'<sup>14</sup> to the end user (Various guises), in both the UK and overseas whilst attempting to keep supply and demand in equilibrium, through numerous financial and socio-economic mechanisms. The definition of 'Land', in the UK (Which encompasses the Built Asset) falls from the Law of Property Act 1925<sup>1</sup>.

**5. End User:** The end user can further be defined as either; Developers, Investors and Users of space, thus sub-dividing the property market into; The Development Market, Investment (or Asset) Market and User (or Space) Market where individuals buy and sell space. Though individually not extant, there is opportunity for overlap where an individual can be all three, within the same 'Space'.

**6.** Further sub-divisions fall from the governments usage clauses, in style or type of the Built Asset whether Commercial (Retail or Industrial)<sup>15</sup> or Residential space, which is either for sale or to rent

**7.** The 'Land', including the Built Asset, is pulled in various financial directions (Appreciation, depreciation, stagnation, negative equity etc.), through the characteristics of individual property and government policy and can often be found as a 'Property Micro Climate' centred on like properties / areas / suburbs, communities etc. but seldom cross property characteristic boundaries, such as Location, Heterogeneity, High Unit Value coupled with Illiquidity and the Transactional Costs involved in transfer. With the increasing use of internet marketing for both Commercial and Residential Space available (Rightmove, Savills etc.) and the onset of the Freedom of Information Act<sup>16</sup>, the further property characteristics of; No Central Market and Limited Information are now in decline. Government policy<sup>17</sup>, in the guise of 'National Planning Policy Framework'<sup>17</sup>, dedicated building programs etc influence the Built Asset landscape and therefore ebbs and flows over time.

Ultimately the property market supplies Land<sup>1</sup> to the end user.

**8.** The property market is never static and through the individual Land<sup>1</sup> characteristics, coupled with the constraints mentioned below is elastic and will always go through



Estate Agents Act 1979

1979 CHAPTER 38



Freedom of Information Act 2000

2000 CHAPTER 36



National Planning Policy Framework



sequences (Commonly referred to as 'Boom & Bust'<sup>18</sup>). These trends are either; Short Cycles (4-5 Years), Long Cycles (9-10 Years), Long Swings (20 Years) and Long Waves (50 Years) as born from history (2008, 1991 etc), but ultimately the UK Built Asset market rises financially over time, in both Yield and Asset Worth. The constraints, falling from socio-economic signals, which interlink with each other are;

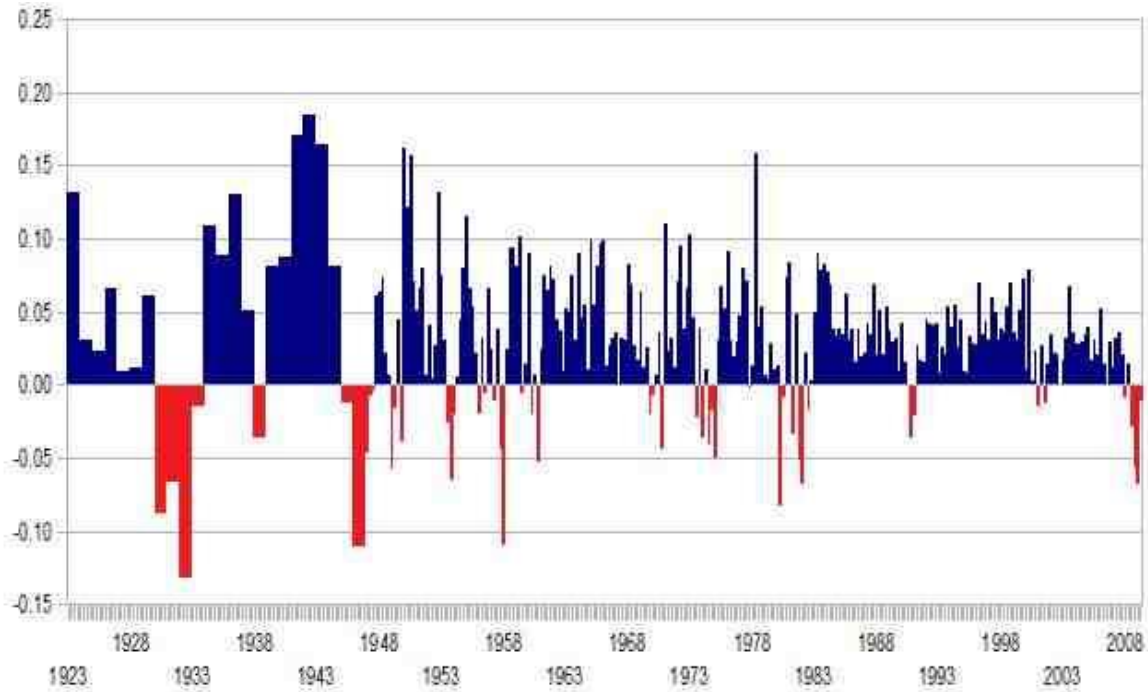


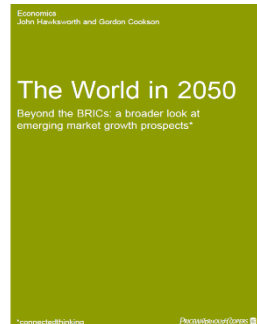
Fig 3  
'UK GDP – Recession / Crash' – ONS, 1923 - 2008

**9. Demand Overview:** Demand is triggered by a positive influence in the constraints of; income levels, asset price / capital value, the state of the economy (GDP<sup>7</sup> etc), employment levels, interest rates and taxation, which has an elastic effect. However, a negative influence from the above, will make demand in-elastic. To balance demand and keep the market in equilibrium, Government policy attempts to control stock levels, through national and local planning policy<sup>17</sup>, via the large corporate developers (Barrat, McAlpine etc). But, drilling down and studying this method further, it relies on a closed economy and does not take into account overseas investment, in that emerging economies (BRICs<sup>19</sup>) in a positive position can take advantage of stock in countries currently in a downturn. Thus distorting the Land<sup>1</sup> market.

**10. Supply (Stock):** An increase in demand will lead to an increase in supply, for fiscal gain with the secondary effect of harmonizing the market. Supply controlled by policy is apparent in every Local Town Plan and the never ending debate about Greenfield Land.

**11. Development Activity / Building Activity:** Development / Building activity occurs in high levels of demand and is conducted by all types and styles of developers and builders, from high net worth projects, to the individual builder. This again is linked to positive influence associated with paragraph 9 above.

**12. Capital Value:** The capital value in relation to the individual asset will also trigger investment and hence demand. If the capital required to fund the project is exceeded by the end sale price or yield return, then again this will stimulate supply, until equilibrium is reached where the end asset price returns to an uneconomical project, through over supply. An example to scrutinize is 'The Centrium'<sup>20</sup>, in Woking, England, where three serviced tower blocks for the User Market, were firstly promoted and sold with an over inflated price compared to the nearest equivalent space, for a fiscal return to the





developer. However, this raised the costs of surrounding space, whilst lowering the initial 'Centrium' Space prices until the equilibrium was found. Benefiting the owners / investors of the surrounding space.

**13. Yields:** For long term investors, the Yields have to be positive to achieve a security. The definition of which is – 'Yield levels are generally determined by the long term interest rate in the economy, the expected growth in rents, the risk associated with the rental income stream and the relevant property taxes'.

Therefore if rents are high for the built asset, then the yield will be positive and again stimulate demand for future investment stock.

**14. Income Levels:** This falls from the state of the economy and can be linked with employment levels, GDP<sup>7</sup>, interest rates and taxation. If the economy is in a recession or stagnation then income levels will fall or remain stagnant with public and private sector workers taking either 'Under-employment' (2012 - 17%)<sup>21</sup> or a pay freeze, leading to a motionless property market, especially in the residential sector. This also affects the retail sector as there is less disposable income to spend and hence a decline / need for retail and subsequently industrial space.

**15. Employment Levels:** If employment levels are high then the demand for industrial space is high. In addition stability of the work force, although not guaranteed, is assured and thus retail space is in demand to cope with a buoyant economy. With constancy and job security comes a positive effect in the residential sector and the market becomes active.

**16. Gross Domestic Product:** GDP<sup>7</sup> is a good indicator of the prosperity of the economy and can be utilised to predict income, employment and taxation levels. Grebler & Burns<sup>22</sup> (1982) analysis suggests that the peak of GDP<sup>7</sup> led the construction cycle by 11 months in the USA, which in turn can infer that if supply rises then demand will have risen, thus positive elements of all of the above constraints would have been encountered within that 11 month lag window.

**17. Interest Rates / Taxation:** High interest rates affect the flow of capital into investment opportunities and will have a direct impact on Yields, as does taxation. If the economy is booming, the interest rates and taxation will rise, allowing another method of balancing the property market (Stamp Duty, Capital Gains etc). Interestingly, as can be seen in the current climate of the UK, they can also be utilised to stimulate the property market (lowering/eradication of stamp duty for first time buyers, historically low BoE interest rate of 0.5%<sup>23</sup> etc)

**18. Pessimism:** Human nature and indifferences also play a role within the property market, in that no two buyers, sellers, investors, developers and users of space are the same and each in turn have their foibles and react differently in times of depression or asset appreciation. Thus clouding modelling of the market.

**19. Government Policy:** Government policy controls supply at the national and local level, through Building Control via the Town & County's Planning Act 1990<sup>24</sup>. This can add to time line and cost to developers and investors and subsequently delay supply. An example of a major project, heavily influenced by government policy can be found in the subsequent pages.

**20. Theoretical Models:** Various models exist to quantify the property market. However these are theoretical models and in practice are subject to human indifferences, rationality among agents and the supply of accurate and up to date market information. Some examples are;

Office for National Statistics

Statistical Bulletin

Labour Market Statistics, April 2012

Coverage: UK  
Date: 18 April 2012  
Geographical area: UK, and GB  
Theme: Labour Market

For December 2011 to February 2012:

- The unemployment rate for those aged from 16 to 64 was 19.8 per cent, up 0.5 on the quarter. There were 29.17 million people in employment aged 16 and over, up 53,000 on the quarter.
- The unemployment rate was 9.2 per cent of the economically active population, down 0.1 on the quarter. There were 2.15 million unemployed people, down 52,000 on the quarter. This is the first quarterly fall in unemployment since the third month of May 2011.
- The temporary rate for those aged from 16 to 64 was 21.1 per cent, down 0.1 on the quarter. There were 6.22 million economically inactive people aged from 16 to 64, down 25,000 on the quarter.
- Total pay (including bonuses) rose by 1.1 per cent on a year earlier, down 0.2 on the three months to January 2012. Regular pay (excluding bonuses) rose by 1.8 per cent on a year earlier, unchanged on the three months to January 2012.

In this Bulletin

This Statistical Bulletin contains the latest estimates for employment, unemployment, economic activity, current claim, average earnings, total productivity, vacancies and other figures. The estimates are used by a wide range of users, including across government and the media, to monitor developments in the labour market. All estimates discussed in the Statistical Bulletin are seasonally adjusted unless otherwise stated. The Statistical Bulletin is accompanied by a data table in spreadsheet format.

Regional estimates are available from the [Regional Labour Market Statistics Bulletin](#).

Next this month:

Labour Force Survey and Average Weekly Earnings estimates for December 2011 to February 2012  
Claimant count estimates for March 2012

REAL ESTATE ECONOMICS  
Journal of the American Real Estate and Finance Association

BANK OF ENGLAND



Town and Country Planning Act 1990



21. **Keogh (1994):** Keogh breaks the market into the three platforms that of; User Market, Investment Market and Development Market, with the resulting determination of prices through supply and demand, as can be seen from the diagram below;

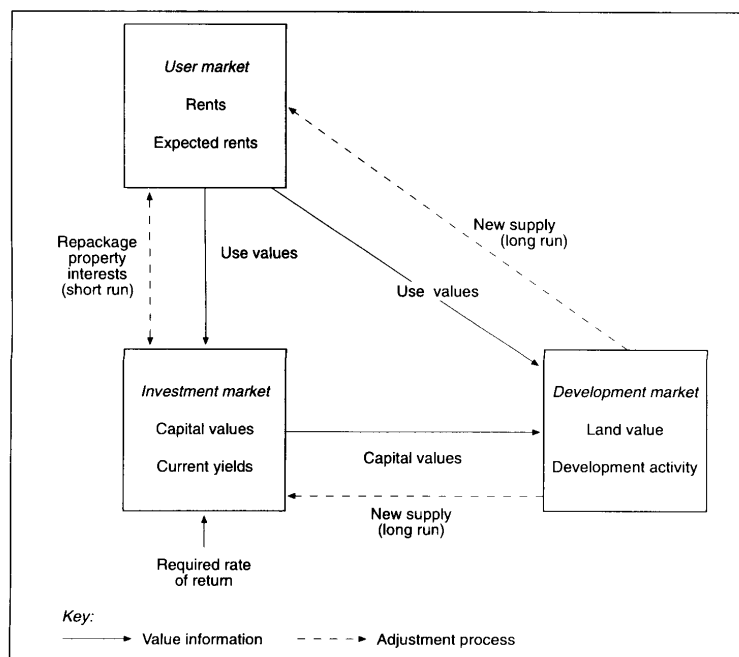


Fig 4  
Keogh Model – 1994

This is a simplistic analytical method for analysing the property market behaviour across the three sub markets. The data and modelling was conducted from 1970 – 1994 and could now be somewhat out dated with the evolving world economies post 2008 (Economic Recession) and the supply of capital investment.

22. **DiPasquale & Wheaton (1996):** This model goes deeper and takes into account other exogenous economic factors such as rent, income levels, production levels and employment levels, as discussed within the constraints section of this paper.

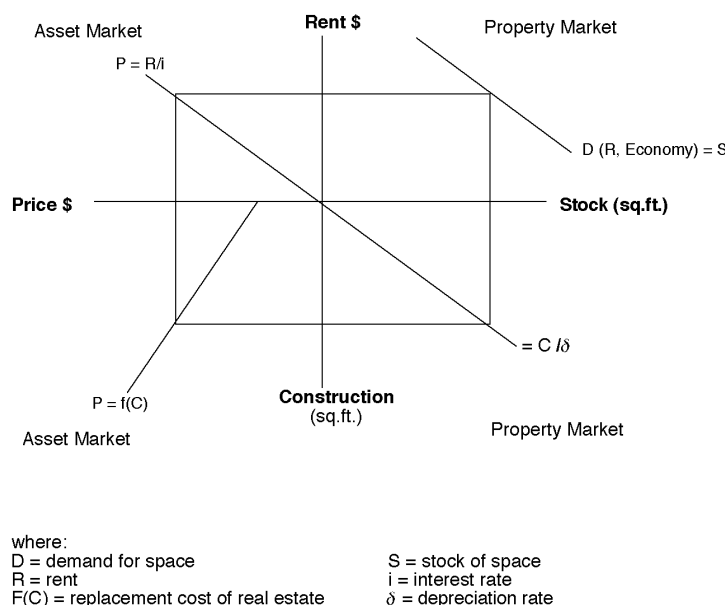
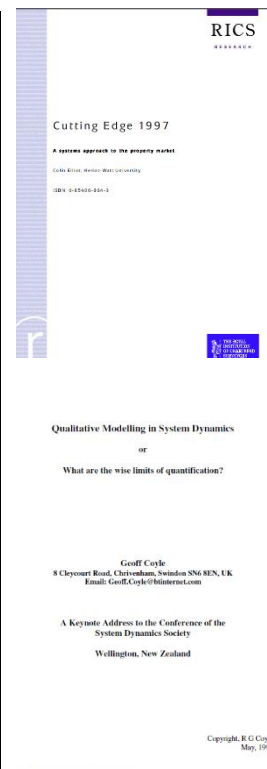


Fig 5  
DiPasquale & Wheaton Model – 1996

This model presents a more holistic approach to market dynamics.

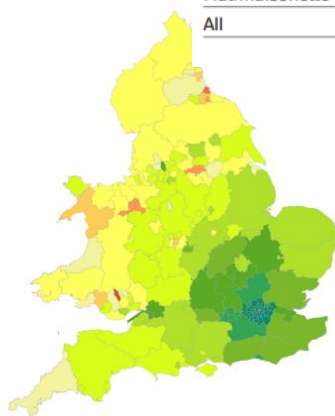
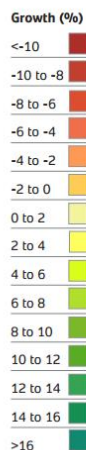


23. Both these examples and subsequent modelling are reliant on Information / Action / Consequence and as discussed in the RICS 'Cutting Edge' 1997 Report<sup>25</sup> is open to interpretation and outcome, as discussed in Coyles 1994 Report 'Quantative Modelling In System Dynamics'<sup>26</sup> and hence the initial view of modelling is great in theory, but open to interpretation in practice.

24. **Current Land Values:** For the whole of 2014 Land<sup>1</sup> values have been resurgent after the stagnation encountered post 2008, as the UK emerges from recession and the treasury orchestrated, austerity measures. Various data exists from a plethora of House Price Indices (HPIs), some more substantial and historic than others (Nationwide, Halifax, Land Registry, ONS, HomeLet, LSL, EMOov et al) and it is clear that irrespective of asset price deflections + / - between HPIs, the trajectory remains blatant and driven by London. ONS September 2015 HPI<sup>27</sup> data shows an average house price in England & Wales of £177,299, compared with a peak of £181,324 in November 2007. London experienced the highest annual increase in property value with a movement of 18.4%pa with the national average showing 7.2% Year On Year (YoY);

Land Registry  
House Price Index  
Price change by county

Annual price change by county



Average prices by property type (England and Wales)	September 2014	September 2013	Difference (%)
Detached	£278,156	£260,105	6.9
Semi-detached	£167,647	£155,951	7.5
Terraced	£133,978	£124,815	7.3
Flat/maisonette	£169,218	£158,222	6.9
All	£177,299	£165,385	7.2

Fig 6

Land Registry House Price Index – HPI

Annual change (per cent)

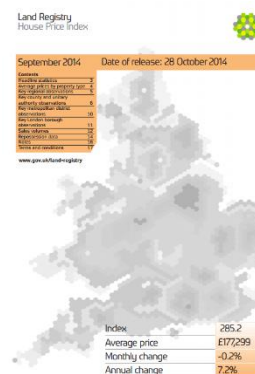
■ UK ■ UK excl London ■ UK excl London & S East ■ London

Index 30



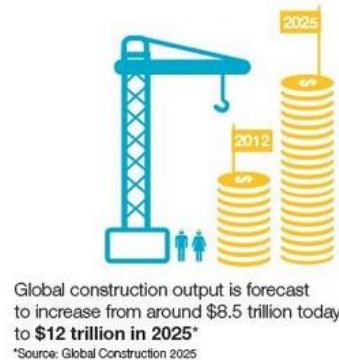
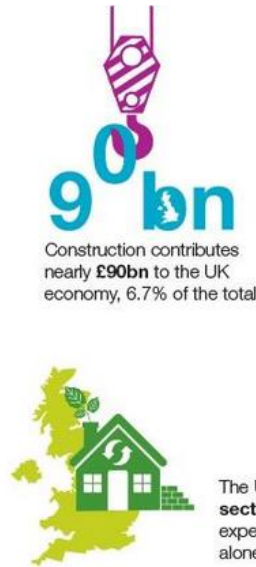
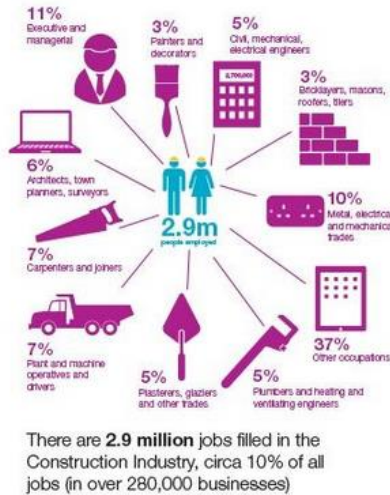
Fig 7

ONS HPI Annual Change – 2004-2014



**25. Construction Sector:** Construction, which contributes c£90Bn<sup>27a</sup> to the UK economy, is intrinsically linked to Land<sup>1</sup> and thus Property Development and is not the final output, but merely supplies the built assets to the start line of the sector.

## Construction



The UK has the **sixth largest green construction sector in the world**. Around 60,000 jobs are expected to be supported by the insulation sector alone by 2015

gov.uk/industrialstrategy

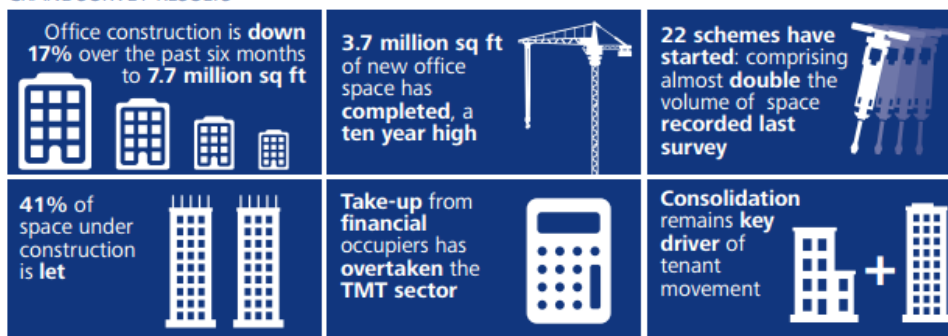
#indstrategy

Fig 8  
Construction Industry – Government Data<sup>27a</sup>

The Construction vignette to the Land<sup>1</sup> Sector is championed as a collaborative environment through the Latham Report 1994<sup>3</sup> & Egan 1998<sup>4</sup> but if the remaining threads, such as Government, PRS, Agencies fail to merge holistically, then this will directly impinge on Construction and thus by definition, Property Development.

**26.** A good indicator of the sectors growth is the Deloitte Crane Index<sup>27b</sup> which shows for Winter 2014;

### CRANE SURVEY RESULTS



### OUTLOOK

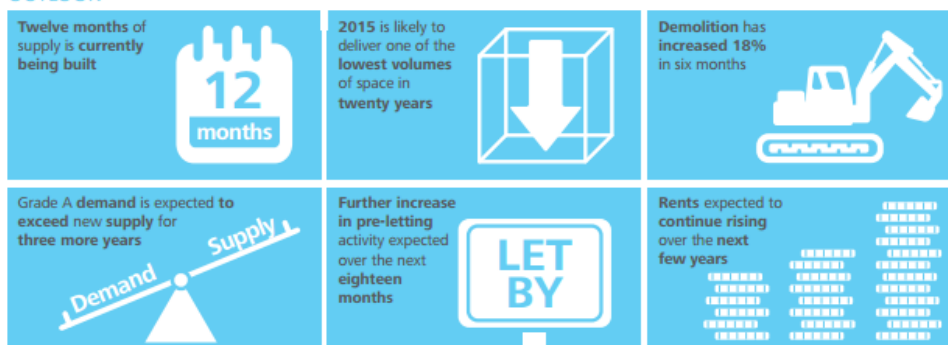
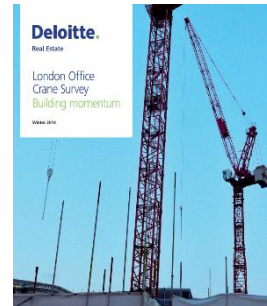


Fig 9  
Crane Survey Winter 2014 – Deloitte Data<sup>27b</sup>







31. Thus, the Fixed Term Parliament Act 2011<sup>31</sup> will now overarch and impinge on the Property Developer, for the foreseeable future and only time can mitigate this new influential factor.

32. Turning to Government itself, irrespective of political party, there is still no 'Housing Ministry' with the position of Secretary of State for Housing and a Cabinet seat at present, despite calls from all quarters, such as the Building Societies Association<sup>35</sup> who represent all 44 Building Societies and which forms part of their 'Five Building Blocks To A Better Housing Market'<sup>35</sup>, currently all Housing and Planning issues fall under the Department For Communities & Local Government (DCLG)<sup>36</sup> with a newly appointed Housing Minister in the guise of Brandon Lewis MP<sup>37</sup>. Appointed in July 2014, he oversees;

- Housing.
- Planning & Development.
- Ebbsfleet Development<sup>38</sup>.
- Traveller Policy.

His latest action highlights the paradox between Central and Local government, vis a vis Land<sup>1</sup>, in that he has moved to curb the smattering of newly emerging and disjointed Landlord Licensing Schemes<sup>39</sup> in areas such as York and Liverpool. From 01<sup>st</sup> April 2015, local councils will require Brandon Lewis' MP specific approval before introducing any scheme, which covers an area in excess of 20% of any given boroughs PRS. This is in addition to mounting court action and decisions<sup>40</sup> falling from industry bodies, such as The Residential Landlords Association (RLA)<sup>41</sup>. The National Landlords Association (NLA)<sup>42</sup> went further, stating;

"The change in the legislation is welcome as it stops local councils introducing unnecessary borough wide licensing schemes, without an evidence base. Instead it pushes councils towards resolving specific issues in targeted local areas by outlining the key criteria by which schemes should be implemented and judged. We hope to see this progress before the dissolution of parliament."

NLA chief executive officer-Richard Lambert<sup>39</sup>

33. It is blatant that any Licensing Scheme, placing additional costs onto landlords will perpetuate full circle and influence the Property Development sphere, in type and style of developments built and is just one example, of a plethora of disjointed policy. Whilst hard to differentiate, especially on the lead into the GE, other examples of government policy, per Ministerial Cabinet Department, not politically driven, introduced within Land<sup>1</sup> which will directly affect future Property Development are;



The Rt Hon  
**David Cameron MP**  
Prime Minister, First Lord of the Treasury, Minister for the Civil Service



The Rt Hon  
**Nick Clegg MP**  
Deputy Prime Minister and Lord President of the Council



The Rt Hon  
**William Hague MP**  
First Secretary of State, Leader of the House of Commons



The Rt Hon  
**George Osborne MP**  
Chancellor of the Exchequer



The Rt Hon  
**Theresa May MP**  
Secretary of State for the Home Department



The Rt Hon  
**Philip Hammond MP**  
Secretary of State for Foreign and Commonwealth Affairs



The Rt Hon  
**Chris Grayling MP**  
Lord Chancellor and Secretary of State for Justice



The Rt Hon  
**Michael Fallon MP**  
Secretary of State for Defence



The Rt Hon  
**Dr Vince Cable MP**  
Secretary of State for Business, Innovation and Skills and President of the Board of Trade



The Rt Hon  
**Iain Duncan Smith MP**  
Secretary of State for Work and Pensions



The Rt Hon  
**Jeremy Hunt MP**  
Secretary of State for Health



The Rt Hon  
**Eric Pickles MP**  
Secretary of State for Communities and Local Government, Minister for Faith



Department for  
Communities and  
Local Government



Brandon Lewis MP  
Secretary of State for Housing and Planning  
Department for Communities and Local Government  
10 Downing Street  
London SW1E 5AF  
Tel: 020 7095 4000  
Fax: 020 7095 4001  
Email: [brandon.lewis@communities.gov.uk](mailto:brandon.lewis@communities.gov.uk)  
[www.gov.uk](http://www.gov.uk)  
11 March 2015

Dear Colleagues,  
**PRIVATE RENTED SECTOR - REVIEW OF SELECTIVE LICENSING**

I am writing to share your thoughts on the plans to introduce a system of selective licensing of privately rented housing. These changes will help local authorities focus their enforcement efforts on areas where there is a clear need to ensure that good standards are not adversely impacted. They are scheduled to come into force on 1 April 2015.

Local authorities have powers under the Housing Act 2004 to introduce selective licensing of privately rented housing in order to ensure the quality of privately rented housing and to improve the management of a housing scheme. Landlords who rent out properties in an area that is subject to selective licensing are required to obtain a licence from the local authority for each of their properties. When licensing was originally introduced, local authorities had to obtain confirmation from the Secretary of State before a scheme could be introduced. However, in March 2015, a Central Government decision, which removed the need to obtain confirmation before introducing a licensing scheme.

Licensing can play an important role when it is strictly focused on discrete areas with specific problems. However, the Selective Licensing approach adopted by some local authorities has created a number of issues. It has created a patchwork of selective licensing schemes across the country, leading to a complex and costly system for landlords and tenants alike. The cost of selective licensing is also a significant barrier to entry for new landlords, leading to a reduction in the number of properties available for rent. The cost of selective licensing is also a significant barrier to entry for new landlords, leading to a reduction in the number of properties available for rent.

In response to these issues, it has been decided to extend the General Approval. With effect from 1 April, local authorities will have to seek confirmation from the Secretary of State for any selective licensing scheme which would cover more than 20% of their registered private rented sector.

This measure will help ensure that local authorities focus their efforts on areas with the most problems while helping to ensure that they do not adversely impact on good landlords.



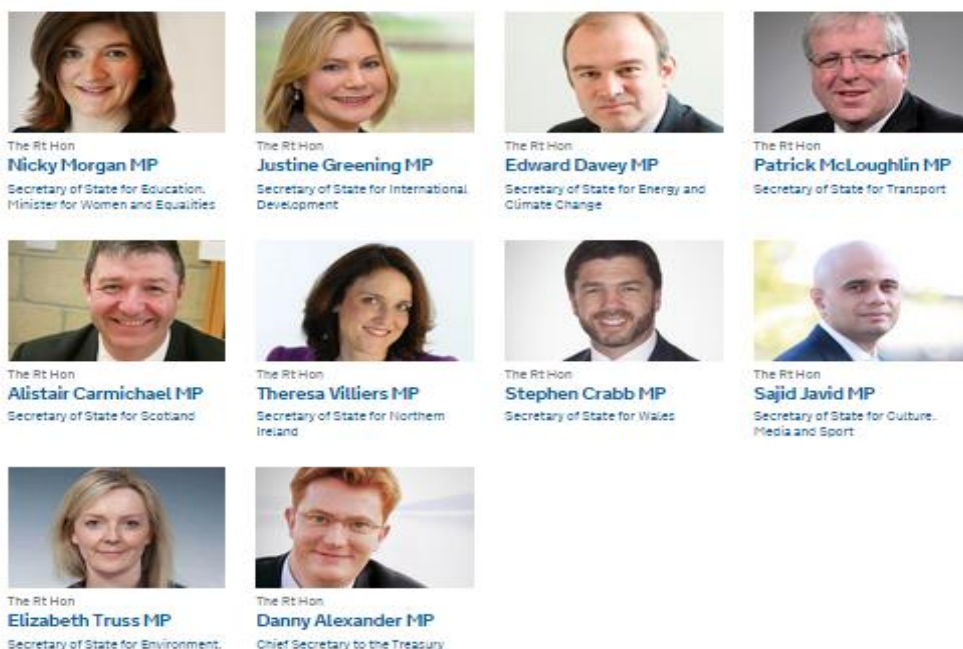


Fig 10  
Cabinet Ministers / Departments – Click To View Policy Relating to PD.

As demonstrated above, all Ministerial Offices have been involved in policies directly affecting Construction and thus Property Development, through a disjointed approach. Has the DCLG<sup>36</sup> been cognitive in this and given direction? Or, is this fragmented approach to continue through an Under Secretary?

34. Democracy, in that: 'Of the people, By the people, For the people' dictates, no demands all Government policy, Land<sup>1</sup> included, should be 'A Political' and not bent by party politics, but at present it is hard to differentiate between the two. Recent government initiatives highlighted above, demonstrate this bias. To understand 'A Political' there is no better example and bastion of this ethos than the British Military, who whilst purporting a 'NeoCon' majority, support the government of the day, through their 'A Political' mantra and can be better understood through James de Waal paper 'British Political – Military Relations 2001/10'<sup>43</sup>. This ethos should not be confused with its Autocratic Management style, which would be at odds within the sector.

35. Contained within the DCLG<sup>36</sup> is the Homes & Communities Agency (HCA)<sup>44</sup> which is an executive non-departmental public body overseeing and regulating Social Housing and thus such schemes as Right To Buy<sup>45</sup>, Right To Rent<sup>46</sup> and Rent To Buy<sup>47</sup> etc. Thus this organization, whilst not directly orchestrated under the remit of the Housing Minister, has direct influence over; c20% of all UK Households through Social Housing schemes and indirectly c20% through the PRS.

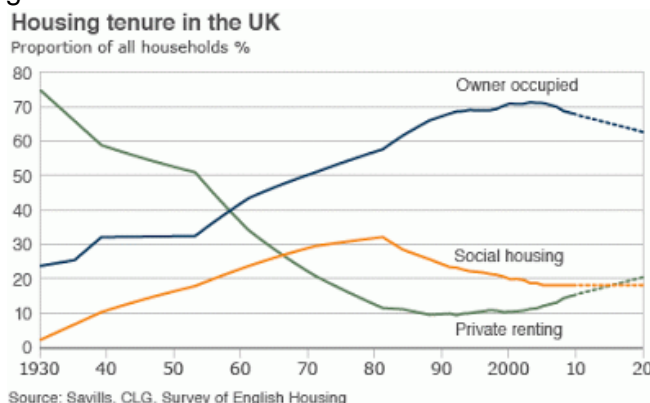


Fig 10  
Housing Tenure in UK – Savills<sup>48</sup>



Depending on the  
Right People  
British Political-Military Relations, 2001–10  
James de Waal  
November 2013

CHATHAM HOUSE



**Homes &  
Communities  
Agency**

Right-to-buy: The history of a life-changing but controversial housing policy



**Right to Rent**

From 1 December 2014, landlords will primarily be responsible for checking the immigration status of their tenants. They can go to GOV.UK and search for right to rent or call 0300 060 9796.

The checks are straightforward and can be done by landlords or letting agents. For the majority of landlords, it will take a matter of minutes and they won't need to contact the Home Office.

In most cases, landlords will simply need to check the tenant's passport or existing residence permit. For the majority of landlords, it will take a matter of minutes and they won't need to contact the Home Office.

In a small number of cases, where tenants do not have their documents with them, landlords can request a check using the online form. The checking service will then provide a go/no go answer within 2 working days to confirm whether they can let to a particular tenant.

Homes &  
Communities  
Agency

Rent to Buy 2015 to 2017  
BIDDING PROSPECTUS

September 2014

36. It also bears influence over the remaining Owner / Occupiers, through the policies of Affordable Housing and Supply, as demonstrated in its 2013/2014 figures and report; Affordable Housing Supply: April 2013 to March 2014 England<sup>49</sup> which shows that;

- A total of 42,710 affordable homes were provided in England in 2013-14, slightly lower than the 42,920 (revised) affordable homes supplied in 2012-13.
- Of the 42,710 homes, 85% were reported by the Homes and Communities Agency (HCA) and Greater London Authority (GLA); broadly consistent with the 86% reported by the HCA and GLA in 2012-13.
- Overall, the number of homes delivered in the social rented sector (social and affordable rented) increased 24% from 24,600 in 2012-13 to 30,590 in 2013-14.
- There were 11,330 affordable home ownership completions in 2013-14, a decrease of 34% compared to delivery in 2012-13.
- There were 36,520 new build affordable homes provided in 2013-14, an 8% decrease from the 39,510 built in 2012-13. New build homes represented 86% of all affordable homes provided in 2013-14 compared to 92 per cent of total supply in 2012-13.

This is still way below the instantly recognizable figure of 250,000 new homes required to be built, or brought online per annum (pa) through public and private initiative, especially given that 75% of the homes completed between 1 April-30 Sept 2014 were for affordable housing, according to HCA Data<sup>50</sup>

36. Historical Data through research from Savills, show the achievements in Land<sup>1</sup>, from Margaret Thatcher and her application of Right To Buy<sup>45</sup>, through to the current Prime Minister;

	THATCHER 11 years	MAJOR 7 years	BLAIR 10 years	BROWN 3 years	CAMERON 4 years
<b>PRIME MINISTERIAL NUMBERS</b>					
From	May-79	Nov-90	May-97	Jun-07	May-10
To	Nov-90	May-97	Jun-07	May-10	?
<b>HOUSE PRICES</b>					
Total House Price Growth Nominal	187.9%	6.3%	211.3%	-7.2%	11.9%*
Annualised House Price Growth Nominal	9.6%	1.0%	12.0%	-2.5%	2.7%*
Total House Price Growth Real	21.5%	-11.8%	136.8%	-14.3%	-2.3%*
Annualised House Price Growth Real	1.7%	-1.9%	9.0%	-5.0%	-0.5%*

\* to date \*\* estimated to Q2 2014 using recent trends \*\*\* estimated to May 2015 using recent trends

Fig 11  
House Price Growth Per Government – Savills<sup>51</sup>

<p>Department for Communities and Local Government</p> <p>Affordable Housing Supply: April 2013 to March 2014 England</p> <p>16 October 2014</p> <p>A total of 42,710 affordable homes were provided in England in 2013-14, slightly lower than the 42,920 (revised) affordable homes supplied in 2012-13.</p> <p>Of the 42,710 homes, 85% were reported by the Homes and Communities Agency (HCA) and Greater London Authority (GLA), broadly consistent with the 86% reported by the HCA and GLA in 2012-13.</p> <p>Overall, the number of homes delivered in the social rented sector (social and affordable rented) increased 24% from 24,600 in 2012-13 to 30,590 in 2013-14.</p> <p>There were 11,330 affordable home ownership completions in 2013-14, a decrease of 34% compared to delivery in 2012-13.</p> <p>There were 36,520 new build affordable homes provided in 2013-14, an 8% decrease from the 39,510 built in 2012-13. New build homes represented 86% of all affordable homes provided in 2013-14 compared to 92 per cent of total supply in 2012-13.</p>	<p>Housing Statistical Release</p> <p>16 October 2014</p> <p>Annexes</p> <p>Annex 1: Affordable home ownership</p> <p>Annex 2: New build and conversion</p> <p>Annex 3: Social rented homes</p> <p>Annex 4: Accommodation needs</p> <p>Annex 5: Delivery</p> <p>Annex 6: Tenants' views</p> <p>Annex 7: Summary</p> <p>Responsible Statistician: David Clark</p> <p>Statistical enquiries: 020 3447 3001</p> <p>Media Enquiries: 020 3447 3001</p> <p>Copyright Crown copyright 2014</p> <p>Use of copyright material: 020 3447 3001</p>
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	THATCHER 11 years	MAJOR 7 years	BLAIR 10 years	BROWN 3 years	CAMERON 4 years
 <b>PRIME MINISTERIAL NUMBERS</b>					
From	May-79	Nov-90	May-97	Jun-07	May-10
To	Nov-90	May-97	Jun-07	May-10	?
 <b>TRANSACTIONS AND HOUSEBUILDING</b>					
Annual Housing Transactions (Av)	1,676,000	1,267,000	1,540,000	995,000	985,000 *
Annual Private Housing Completions (Av)	157,000	153,000	170,000	143,000	109,000 **
Annual Public Housing Completions (Av)	55,000	36,000	23,000	33,000	32,000 **

\* to date \*\* estimated to Q2 2014 using recent trends \*\*\* estimated to May 2015 using recent trends

Fig 12  
House Transactions & Construction Per Government – Savills<sup>51</sup>

	THATCHER 11 years	MAJOR 7 years	BLAIR 10 years	BROWN 3 years	CAMERON 4 years
 <b>PRIME MINISTERIAL NUMBERS</b>					
From	May-79	Nov-90	May-97	Jun-07	May-10
To	Nov-90	May-97	Jun-07	May-10	?
 <b>BASIS OF OCCUPATION</b>					
Change in Owner Occupation	3,931,000	1,248,000	1,508,000	-215,000	-422,000 ***
Change in Private Renting	-522,000	249,000	1,297,000	830,000	1,193,000 ***
Change in Social Renting	-990,000	-226,000	-726,000	19,000	89,000 ***

\* to date \*\* estimated to Q2 2014 using recent trends \*\*\* estimated to May 2015 using recent trends

Fig 13  
Basis of Occupation Per Government – Savills<sup>51</sup>

## Land & Politics;

37. Rightly or wrongly, 'Land'<sup>1</sup> is unduly bent by the current three or four party, five year Fixed Term politics and is pulled not only by the government of the day, but additional via the opposition and coalition partners, to its detriment. The lead into this GE is no exception with all parties courting the electorate with their property policies. History has shown that Built Asset prices have risen c3.2%<sup>51b</sup> on average, in every post-election quarter since 1983.

38. Ipsos MORI Data<sup>52</sup> shows the salience of the Built Asset and as such Land<sup>1</sup>, within the current GE cycle and how it has risen to prominence within the electorate since 2007 onwards and thus demonstrates why political parties woo on this issue. This build up over the last two elections, has influenced housing policy around the time of the GE, but also throughout the Fixed Term Parliament. Can the latest Stamp Duty Land Tax (SDLT)<sup>53</sup> reincarnation on the 04<sup>th</sup> December 2014, be attributed to playing politics with property, or a general necessity falling from the current Land<sup>1</sup> market? This particular SDLT policy resulted in an instant distortion of Land<sup>1</sup> value, which directly effects Property Development and the Construction 'Pipeline' and is this yet another demonstration of;

"Another disjointed property vignette TAIL, wagging the Land<sup>1</sup> policy DOG"

### NEW STAMP DUTY RATES

FIRST £125,000	0%
PORTION UP TO £250,000	2%
PORTION UP TO £925,000	5%
PORTION UP TO £1.5M	10%
ABOVE £1.5M	12%

**£4,500**  
AMOUNT SAVED  
ON AN AVERAGE  
PRICED HOME



## The salience of housing in build up to election

Q1/Q2 What is the most important/other important issues facing Britain?  
[UNPROMPTED]

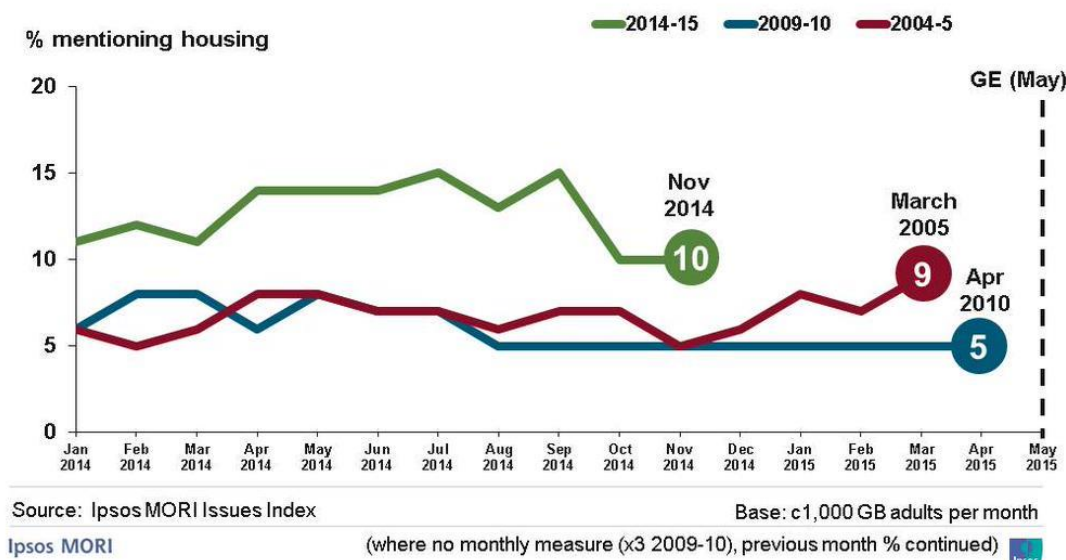


Fig 14  
The Salience of Housing in Build Up to GE – Ipsos MORI<sup>52</sup>

39. It is evident from recent policy announcements, from all parties, relating to the Built Asset that the key drivers in this sector have morphed due to the GE. Knight Franks pre-election and pre-manifesto matrix ably shows the main contenders and their policies vis a vis; Built Assets, Construction, PRS, Social Housing etc.

### Pre-Manifesto Matrix

	Conservatives	Labour	Liberal Democrats	UKIP	Green Party
<b>In their own words:</b>	"Buying a home shouldn't be an impossible dream"	"Under a Labour Government housing will be a top priority"	"Providing the opportunities for everybody that a home gives"	"Vote Purple, Keep Britain Green"	"Providing secure, comfortable and affordable places to live"
<b>Annual Total Housebuilding Target</b>	For councils to determine housing targets	200,000	300,000	200,000	Let Local Authorities (LAs) determine
<b>Affordable Homes Target</b>	275,000 by 2020				500,000 social rented (affordable) homes by 2020
<b>Other Housing Targets</b>	100,000 homes 20% discount for FTBs under 40	Double number of FTBs by 2025	• More shared-ownership, rent-to-buy • Commissioning new housing direct from Government	1 million homes on brownfield by 2025	
<b>Help to Buy</b>	Equity loan extended to 2020			Review scheme	End Scheme
<b>Planning</b>	Continuing current policies. Further support roll out of neighbourhood planning	• Speed up planning for <10 unit schemes • LAs use land as equity rather than selling	LAs to identify 15 years' housing supply	Cut cost of applications by merging planning and building control depts	• Constrain power of national planning inspectorate • Councils to have more proactive role
<b>Garden Cities</b>	Yes, where locally supported	Yes & Garden Suburbs	Yes	Yes, not on greenbelt	
<b>Private Rented Sector</b>	Complete delivery of 10,000 new homes below market rent	• Ban lettings agents fees • Introduce national register of landlords		Encourage more landlords to rent to tenants on housing benefits	• Compulsory licensing for all landlords • Ban letting agent fees
<b>Rent cap</b>	No	Market rent followed by ceiling on rent increases over 3 year tenancies		No	• Cap rent rises to inflation initially • Living Rent Commission to examine more stringent proposals
<b>Length of tenancy</b>	Support voluntary model tenancies agreement	3 years will be default		New 3-10yr tenancies (as well as ASTs)	5 years with the tenant's right to renew unless the landlord sells or moves in
<b>Development land tax</b>	No		Pilot for LAs to capture value uplift	No	Yes
<b>"Mansion Tax"</b>	No	Yes	Yes	No	Would support, prefer Land Value Tax
<b>New Council Tax bands</b>	No			No	Yes
<b>Empty homes</b>	Continue current policies to reduce empty homes	Double Council Tax charges for properties empty for more than a year		• Double Council Tax charge properties empty 5yrs+ • Council Tax Waiver for Landlords bringing empty homes back into use	More robust council powers e.g. punitive council tax levels

4

LAs = Local Authorities, ASTs = Assured Shorthold Tenancies, FTBs = First Time Buyers

Fig 15  
Multi Party Pre Manifesto Matrix – Knight Frank<sup>54</sup>

This matrix, whether viewed as jingoistic electioneering or a blue print for the future of Land<sup>1</sup>, identifies the main issues currently, by the very nature of their differing approaches, that of: Targets for house building construction, private rented sector issues encompassing length of tenancies and rent control and property taxes. All of these issues will have a direct effect on Land<sup>1</sup> value and as such either drive or stagnate future asset developments. With profits and margins for the Property Developer remaining extant, these potential changes can be classed as 'Risk', acceptable or not and as such should be mitigated against.

40. The 'UK Residential Forecast & Risk Monitor'<sup>55</sup> quarterly report from Knight Frank not only identifies these potential risks, but categorizes and prioritizes them for the developer and it is clear from their February 2015 Report that the main risk is from political uncertainty;



RISK	SCENARIO	IMPACT	UK			PRIME LONDON		
			LIKELIHOOD	IMPACT	RISK SCORE	LIKELIHOOD	IMPACT	RISK SCORE
<b>INTEREST RATES</b> 	The UK bank base rate rises more rapidly than expected	Our expectation is that the Bank of England base rate will rise to hit 0.75% by Q4 2015, and 1.50% by Q4 2016. A more rapid rise would translate into higher mortgage rates, putting pressure on current borrowers, and reducing the ability of new buyers to purchase at current pricing levels. Rising rates are likely to make alternative investments more attractive, and could prompt investors to look less favourably on low yielding property investments.	1	5	6	1	4	5
<b>ECONOMIC GROWTH</b> 	The UK economy is hit by weaker global activity	While the UK economy continues to outperform most developed markets, a key risks to future growth is renewed weakness in the global economy. Deflation and political turmoil in the Eurozone is becoming a more potent issue and risks a downturn there. Emerging markets, including China, have seen an economic reversal since 2013, which could be reinforced by the withdrawal of US QE.	3	3	6	3	2	5
<b>MACRO PRUDENTIAL POLICY TOOLS</b> 	The Bank of England imposes restrictive mortgage policies	The Bank of England is increasing the use of macro prudential measures to help manage risk in the UK housing market. These efforts have mainly been expressed as regulations limiting higher risk lending. The Financial Policy Committee is seeking additional powers to intervene in the market to control loan to value ratios and debt to income ratios. These measures could weigh on mortgage availability as lenders become more cautious.	1	4	5	1	3	4
<b>GEO-POLITICAL CRISIS</b> 	Worsening crisis in Crimea or Syria feeding a wider economic fall-out	EU restrictions on Russian investments have focussed on a small group of individuals, without a noticeable increase in the scale of the crisis it is difficult to see how this will expand to more general restrictions. The prime London market would face some risk from this scenario. The growing Middle East crisis, centred on Syria, could easily damage global economic conditions by disrupting world trade, harming the London market in particular.	3	2	5	3	2	5
<b>NEW BUILD SUPPLY</b> 	Housing supply exceeds demand	Outside London and a few, very specific, regional markets this is a non-issue in our view. In most areas of the UK the real issue is undersupply, which has been helping underpin price growth. While we remain of the view that at a macro level it is almost impossible to imagine new-build delivery ever outpacing demand for housing in London, around the key development hubs around the edge of central London, this issue is worth watching.	1	3	4	1	3	4
<b>POLITICAL RISK</b> 	New property taxes and restrictions on foreign buyers	A new tax on £2m+ residential property is being proposed by both Labour and the Liberal Democrats. The lack of detail provided means we can only guess at the likely impact on pricing, save noting that these are policies which will be overwhelmingly London issues. Political attention on foreign investors in London has been rising and is something which could lead to more restrictive policies following the election.	3	1	4	3	4	7
<b>RENT CONTROLS</b> 	Rent controls and longer term tenancies introduced following the election	The Labour Party have confirmed they are in favour of a reintroduction of rent controls and longer fixed term tenancies. If these ideas are followed through after the election a widely expected effect would be an immediate hike in rents. In the longer-term, the restriction of rental growth could weigh the growth in the institutional private rental sector, impacting on construction and supply of new housing.	2	2	4	2	2	4
<b>CURRENCY RISK</b> 	The pound strengthens against the US dollar	After falling from a 2007 high of \$2.10 to a 2009 low of \$1.36, the pound/US dollar rate has remained relatively constant between \$1.50 and \$1.70. Our forecast is based on the assumption that the rate will remain below \$1.75 to the end of our forecast period. A strengthening in the pound much above this level would begin to weaken the attraction of UK property for investors. Recent strengthening of the dollar points to a weakening of this risk.	1	1	2	1	4	5

Fig 16  
UK Residential Forecast & Risk Monitor – Knight Frank<sup>55</sup>

41. Despite proactive statements from the respective figure heads championing their policies, be it Brandon Lewis MP<sup>37</sup> stating that;

“Home ownership is a central plank of Conservative Party Policy. A home gives hardworking British people and their families, the stability, security and independence they deserve”  
Housing Minister – Brandon Lewis MP<sup>37</sup>

Or alternatively, Emma Reynolds MP<sup>56</sup> (Shadow Housing Minister) views that;

“We are not even building half the number of homes that we need to keep up with demand. Under this Tory-led Government we have seen the lowest level of housebuilding in peacetime since the 1920s. “Housing will be a top priority for the next Labour Government and we have set out a comprehensive plan to tackle the housing shortage and get at least 200,000 homes built a year by 2020”  
Shadow Housing Minister – Emma Reynolds MP<sup>56</sup>

Amongst others.

Neither parties have reviewed the minutia of policy delivery, with obstacles that will need to be addressed such as; a shortage of skilled labour, planning system issues such as speed, parity and delivery and more sanguine, the tentative pace and ongoing row of public sector land categorization; Brownfield, Greenfield, Commercial, Residential etc and its release, which can be used for development. All of which, could render any election promise mute allowing the sector instability to continue and potentially has the secondary ability to impinge on third parties, such as the Federation of Master Builders<sup>57</sup> etc, through the skills shortages and tradesmen required to deliver policy at the coal face, all at a cost to the developer.

42. Of course this is at the Macro level within the sector and doesn't cater for regional or constituency trends, which are overarched by 'Local Government' and by its very nature, through polar opposites of politics, can be at odds with 'Central Government', their direction and aspiration, thus creating 'Micro Climates' for Land<sup>1</sup>. These 'Micro Climates' have been identified by Savills through their report – 'Constituencies Of Housing Value'<sup>58</sup>

## THE GREAT DIVISIONS OF HOUSING VALUE

Geo-demographic differences

5-year value changes 2009-2014

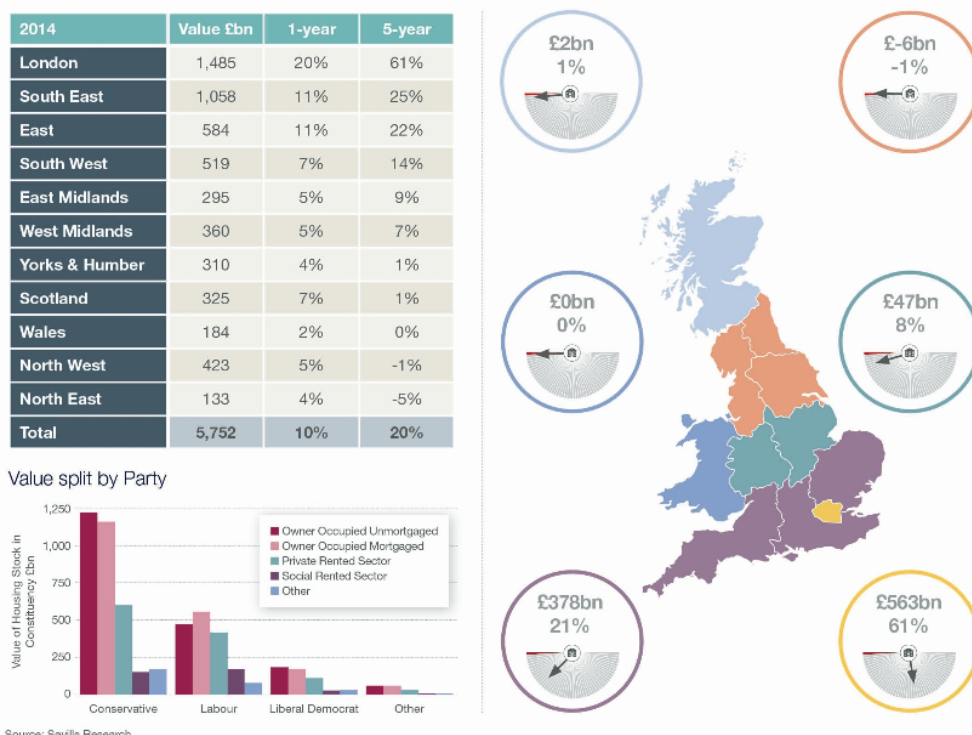
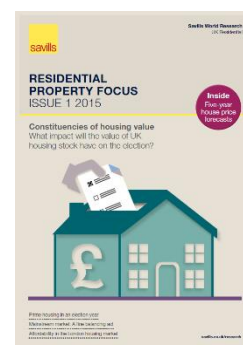


Fig 17  
Constituencies Of Housing Value – Savills<sup>58</sup>





There is a robust argument that the maintenance of a reliable housing policy is problematic when:

- a. £2.4tn or 61% of all owner occupied property value is held by Conservative constituencies.

While,

- b. Almost half or 48% of the value of social housing is in Labour controlled constituency seats.

Further, additional 'Socio Economic' factors highlight that within these constituencies the greatest proportion of the wealth distribution through property and thus Land<sup>1</sup> is held by the older generation, a key voting demographic, or put bluntly; A divide between equity-rich boomers and equity-poor millennials, with £3.6Tn of the £6Tn market wealth held this way in equity. Thus, it can be said that at present, it is the way in which this £6Tn Land<sup>1</sup> value is distributed per constituency and socio-economic group that holds the key to future sector policy and influence and gives weight to an independent governing body, whether Industry driven or Civil Service driven, responsible for all facets of the Land<sup>1</sup> environment and which has the potential to provide stability to the sector, in turbulent times such as General and Local Elections.

43. An exemplar of this, placing politics before best policy can be found in the Conservatives attempt to make inroads with the electorate, into the Labour controlled constituencies with 48% value of Social Housing, through their latest policy proposal of expanding Right To Buy<sup>45</sup>. This proposed extension to the Right To Buy Scheme, will see property held by Housing Associations fall under the same rules and thus opportunities for their respective tenants, as per direct Council Houses and Flats. Thus they are committing Pre GE to amend the 1996 Housing Act Post GE. With 1.5Mn homes having already been sold off under this scheme, since its inception by the then Conservative government in 1980, critics of the scheme point to this as a major contributing factor to the lack of social housing in circulation today and the escalating costs to all, as the burden is moved to the PRS. The Joseph Rowntree Foundation<sup>59a</sup> predicts that;

"By 2040, just one in 10 will be living in social housing, down from the current figure of 8.2 million to 5.7 million in 2040. Meanwhile, social rents will increase 39% to reach £92.10 per week in real terms"  
Joseph Rowntree Foundation<sup>59a</sup>

For balance, the Labour proposed electioneering policy of the 'Mansion Tax'<sup>59b</sup> has pegged back 'Little London'<sup>59c</sup> property hotspots, such as Bath, Oxford, Cambridge, York, Sevenoaks, St Albans and Edinburgh with property experts such as Savills predicting huge growth in these 'Prime' Residential markets, if Labour is not returned to government. Without Mansion Tax, they predict an 89% rise in sales of £1M plus Built Assets and thus Land<sup>1</sup> outside of the London arena, on or before 2019. The Director of UK Residential Research at Savills stated;

"In the event that such wealth taxes are avoided, we are forecasting a significant rise in the number of £1m-plus sales beyond London, as the economy improves and buyers exploit the price gap between the capital and its hinterland, and between the commuter zone and beyond."  
Director of UK Residential Research at Savills – Lucian Cook<sup>59c</sup>

This property policy, again has amplified 'The Ripple Effect' that emanates from London and how any input from driving factors within the Land<sup>1</sup> sector will see London as the prime mover, intrinsically energize outer London and beyond with values in this past year increasing by 7.3% in the commuter belt alone (30-60Mins travel from the city).

"If the current uncertainty around further taxation is removed we would expect a much quicker bounce back and a more orderly reinstatement of the ripple effect that appeared to have gained some traction in the first half of 2014"

Director of UK Residential Research at Savills – Lucian Cook<sup>59c</sup>



This fascinating heat map of England shows all £2Mn plus homes sold, that are affected by Labours 'Mansion Tax'<sup>59b</sup> since 1995 and highlights not only the 'ripple' effect, but also identifies 'Little London's'.

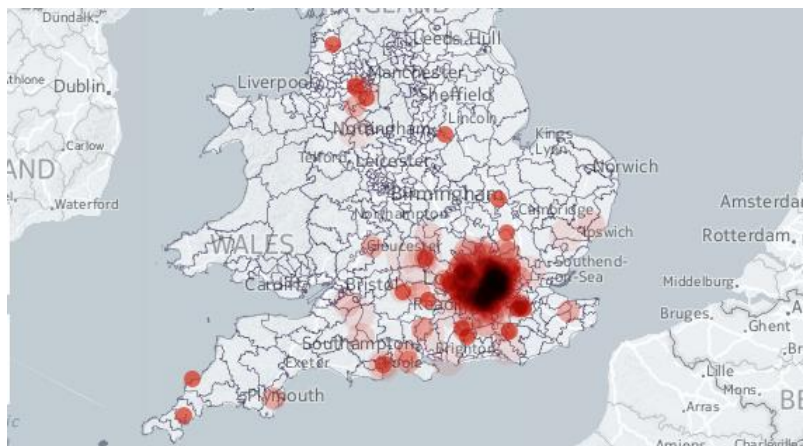


Fig 18  
Heat Map of £2M+ Land<sup>1</sup> Since 1995 – Land Registry Data<sup>59d</sup>

Thus, for a stable sector there is no place for politics in Land<sup>1</sup>.

## Land & Bank Of England (BoE) - Fiscal Policy;

44. The 'Old Lady' of Threadneedle Street, founded in 1694 as the Bank of England (BoE)<sup>60</sup>, overseen by its head and present incumbent Mark Carney<sup>61</sup>, has morphed several times since birth, most noticeably in 1997 when it gained control of Monetary Policy, became detached from government and operationally independent with a clear remit to pursue price stability, contained within its mission; to promote the good of the people of the United Kingdom by maintaining monetary and financial stability. Further responsibility has been thrust onto the BoE<sup>60</sup> since the financial crisis of 2008, austerity and various banking scandals (LIBOR Manipulation<sup>62</sup>, FOREX<sup>63</sup> etc) which falling from the Financial Services Act 2012<sup>64</sup> saw the BoE<sup>60</sup> establish its Financial Policy Committee (FPC)<sup>65</sup> to run hand in hand with its already existing Monetary Policy Committee (MPC)<sup>66</sup>. The BoE<sup>60</sup> is, by remit, completely independent from government and thus by definition, not politically bent or driven in its interaction and effect on Land<sup>1</sup> through such policies as Base Rate (BR) Decisions or most recently the Mortgage Market Review (MMR)<sup>67</sup>.

The BoEs Strategic Plan, that of One Bank – One Mission is;

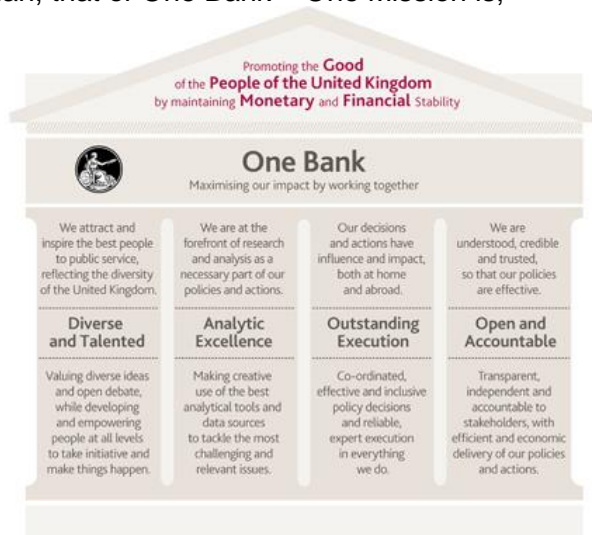


Fig 19  
BoE Strategic Plan – BoE<sup>68</sup>



BANK OF ENGLAND



Financial Services Act 2012

With the objectives of the MPC<sup>66</sup> and newly formed FPC<sup>65</sup> meshing as;

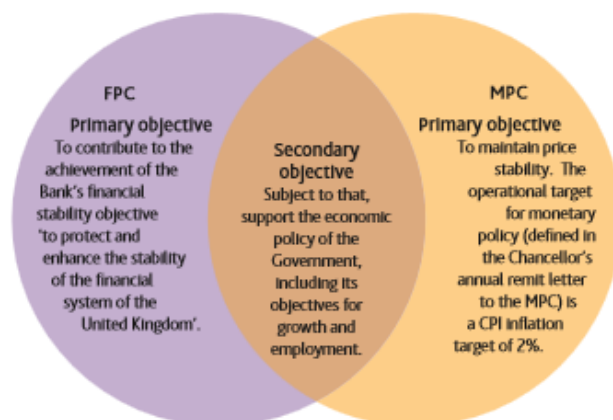


Fig 20  
BoE MPC & FPC Objectives – BoE<sup>68</sup>

45. Monetary and macro-prudential policies interact through a number of channels within the independent BoE;

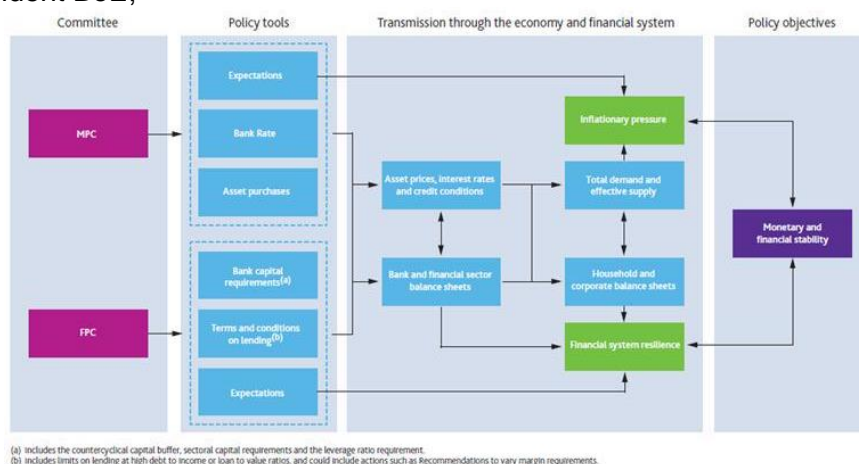


Fig 21  
Selected channels of monetary and macroprudential policy interaction – BoE<sup>69</sup>

With the primary output being Base Rate (BR); the interest rate set by the BoE<sup>60</sup> for lending to other banks, used as the benchmark for interest rate and the mechanism / main instrument for which the BoE<sup>60</sup> influences and drives monetary policy within the UK. The BoE<sup>60</sup> has gone further in recent times, under Carney<sup>61</sup> and has aspirations for 'Forward Guidance'<sup>70</sup>, in an attempt to be proactive, rather than reactive to the sectors, including Land<sup>1</sup>, which accounts for £6Tn of UK wealth and thus again is identified as a big driver and influencing factor.

46. BoE<sup>60</sup> BR is at an historic low of 0.5% and has been for six years plus, which has directly affected Land<sup>1</sup> and its linked value.

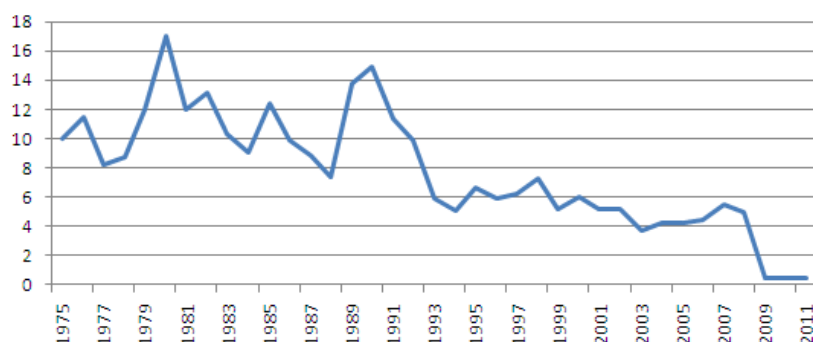


Fig 22  
Base Rate Historic Data – BoE<sup>71</sup>

This low rate, some predict will be the new normal and certainly in the short term, due to interest rate swaps with traders, cannot exceed 2% within the next three years. Thus it can be said that these lows are changing from supportive to addictive and in relation to Land<sup>1</sup> and those wishing to borrow against or mortgage on Land<sup>1</sup> little 'wiggle' room on any BR rise against affordability on the Built Asset. This current BR sees on average 61,000 mortgages issued per month, albeit Variable or Fixed Rate, with a collective value of £6.2Bn, (Sep 2014 BoE Figs) and why this sector has thrived over the past two years, only being dampened by the GE.



Source Bank of England

Fig 23  
Loans On Dwellings Data – BoE<sup>72</sup>

This new normal could stabilize the sector, or at least until as most analysts' predict, summer 2016. However as, Panmure Gordons Senior Economists correctly identify;

"We remain cautious however for the medium term prospects for UK Housing given the political risk associated with 2015 General Election, valuations that ran ahead of economic fundamentals in the first half of 2014 and the risk that households are adjusting budgets to these lower servicing costs – making them more sensitive to rate rises when they eventually arrive"

Senior Economist Panmure Gordon – Simon French<sup>72a</sup>

The savant David Buik from Panmure Gordon goes further in this debate, stating;

"Times on Saturday also pointed out that Governor Carney looks to be working perhaps too closely in tandem with George Osborne so near to the General Election. The BoE probably needs to be more transparent about interest rates rather than appear to change its stance like the weather. Surely there is little chance of rates increasing before August of next year. That being the case that BoE should be unambiguous about its independent views."

Panmure Gordon – David Buik<sup>72b</sup>

47. Further, with the Consumer Price Index (CPI), which is the main measure of inflation, hovering around 0% some commentators state a rise in the BoE<sup>60</sup> BR from its current 0.5% level this year is 'highly unlikely' and could even have been pushed back for 18 months to two years'. This has quite rightly fueled house price optimism and as such Land<sup>1</sup>, identified by the Halifax Housing Market Confidence Tracker<sup>73</sup> which now stands at +62 after a low of +52 at the start of this year. So optimism remains within the sector, but few have little credence with any further BR drops. A member of the BoE's Monetary Policy Committee amplifies this, as David Miles has sought to quash these fears over deflation, stating;

"Any foray into negative territory would be short-lived and shouldn't lead to rate cuts"  
MPC Committee Member – D Miles<sup>74</sup>



This common sense approach that 0% inflation equates to stability however, is not the BoE's 'Working Definition' which remains a pragmatic figure, in the UK of 2% in order to stave off 'Deflation' and allows the MPC to in effect pursue negative real BR in the real world, without reducing to zero.

The official line from the BoE<sup>60</sup> is that BR rises, when they occur, will be gradual and limited, which is good news for Property Developers who deliver the pipeline of Land<sup>1</sup>.

48. The second string contained within the BoEs bow, in relation to Land<sup>1</sup>, is contained within the physical money moved / issued interbank, for mortgages on Land<sup>1</sup> acquisitions, through the BoE's Real-Time Gross Settlement (RTGS)<sup>75</sup> payments system. Achieved on a daily basis, with smooth transitions, it highlights another vignette in the Built Asset, which has the potential, through marginal gains to stabilize the sector. Whilst most transactions are smooth, occasionally the system can go wrong, as witnessed in October 2014 when it ground to a halt, delaying 700 house and therefore by definition Land<sup>1</sup> sales. Or to put in fiscal terms £290Bn worth of transactions were affected. The BoE<sup>60</sup>, through swift decisive action, as an independent body, with no requirement for political posturing or being pulled in any 'Left or Right' direction, established an 'Oversight Board'<sup>76</sup> chaired by the BoEs Deputy Governor; Minouche Shafik, which had in addition been recommended by Deloitte<sup>77</sup> and now adopted. This met with the approval of the Chair of the Treasury Select Committee<sup>78</sup>, who stated;

"The economy depends on a wholly reliable payment system. Any failure – even if brief – can have very serious consequences."

Treasury Select Committee Chair - Andrew Tyrie<sup>78</sup>

This is a clear example of swift action in the property sphere, resulting in an immediate effect, which has not been bent by politics.

49. It is worth bearing in mind at this juncture, not all Land<sup>1</sup> acquisitions require Mortgages against and as such the 'Cash' market as at November 2014 accounted for the largest group of Built Asset purchasers, some 436,660, which sees a return to pre-crash and 2007 levels.

Transactions by buyer type



Fig 24  
A Fine Balancing Act – Savills<sup>72</sup>

These figures thus demonstrate that introductions and initiatives towards the sector, from the BoE<sup>60</sup>, such as the Mortgage Market Review (MMR)<sup>67</sup>, in July 2014, which limits the risk of the mortgagor over-extending themselves to the mortgagee and prevents financial institutions being exposed to too much risk, if and when BR rise. Projecting further, it



effectively caps the amount the mortgagor can borrow. Thus it is no revelation that average loan-to-income multiples peaked in June 2014 and have had limited impact whilst not affecting the whole of the Land<sup>1</sup> market. This, masked by the GE at present, could lead to further destabilization and an ever widening gap between 'The Haves and Have Nots'. Whilst this has had a short term desired effect, already returning to this sector is 100% LTVs and beyond. It is also of note that the MMR<sup>67</sup> 'DOES NOT' apply to the 'Buy To Let (BTL) market and 'SHOULD NOT' apply to Re-Mortgages, but anecdotal evidence smattered across the media, in the latter half of 2014 shows otherwise, with perfectly credit worthy individuals stuck in a remortgage trap, facing higher interest rates, locked into products that they can't swap, despite being affordable. Thus another vignette to Land<sup>1</sup> stability has been overlooked and another example of a disjointed, non-holistic approach is evident.

50. As can be seen, the BoE<sup>60</sup> seems an ideal vehicle to be more of an independent dominant driver in Land<sup>1</sup> and has the potential to overarch all the vignettes intrinsic to the Property Developer and thus Land<sup>1</sup> sphere, under its already existent 'A Political' mantra. Could a left of field idea be to disentangle mortgage rates from BR, with the introduction of a hypothetical BoE<sup>60</sup> – House Index Base Rate (HIBoR)? Which it would loan money against. An aspirational idea, but one worth considering.

## Land & Infrastructure;

51. Is Land<sup>1</sup> integral to infrastructure or is infrastructure a byproduct of the Built Assets? Irrespective both drives business on the macro-global scale, with London at the fore and within UK, this property / construction sector contributing 7% of the Gross Domestic Product (GDP)<sup>80</sup>. GDP<sup>80</sup> is a good indicator of the prosperity of the economy and can be utilised to predict income, employment and taxation levels. Grebler & Burns (1982) analysis suggests that the peak of GDP<sup>80</sup> led the construction cycle by 11 months in the USA, which in turn can infer that if supply rises then demand will have risen, thus positive elements of all of the above vignettes would have been encountered within that 11 month lag window.

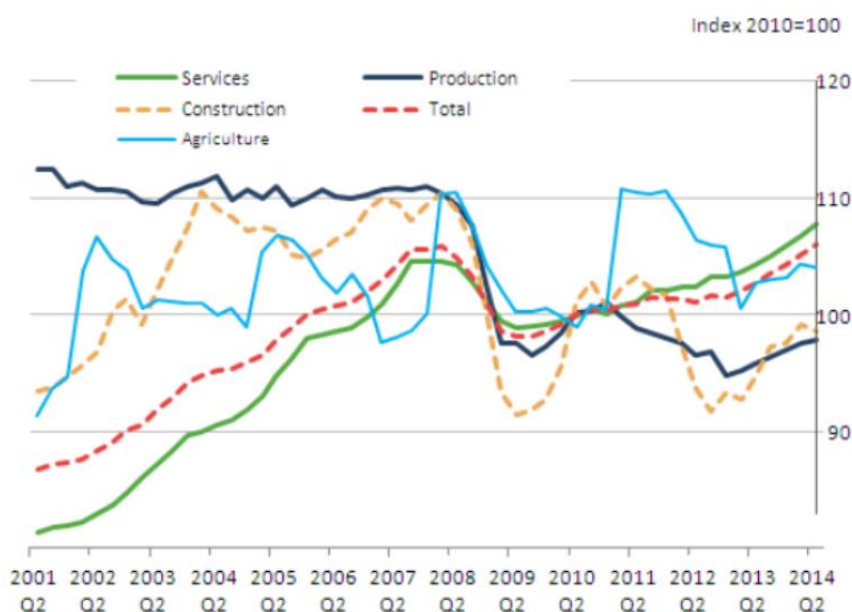
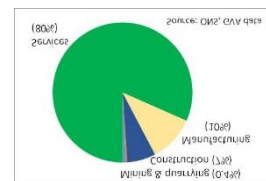


Fig 25  
Gross Domestic Product (GDP) By Sector – ONS<sup>80</sup>

52. At this Macro level, in January of this year (2015), Dubai International Airport<sup>81</sup> usurped London Heathrow<sup>82</sup> as the world's number one international transportation and travel hub, with YoY growth of 6.1% totalling 70.47Mn passengers and due to a rapid construction program aiding growth in volume, this sector is expected to account for



more than a third of the Emirate's GDP by 2020<sup>83</sup>. In contrast, London Heathrow<sup>82</sup>, covering some 12.14Km<sup>82</sup> and operated by Heathrow Airport Holdings ( FGP TopCo Limited)<sup>84</sup>, formerly BAA<sup>85</sup>, today runs at 98% Capacity, some 191,200 passengers daily<sup>82</sup>, in part due to the expansion and construction of Terminal 5 (T5) completed on the 27<sup>th</sup> March 2008. But whilst at 98% capacity is still at the mercy of the political system, floundering in a sea of bureaucracy, committee's, commissions and public inquiries such as 'The Terminal 5 Public Inquiry Conditions', overseen by The Rt Hon S Buyers MP, Secretary of State For The Department of Transport<sup>86</sup>, required the integration of air, rail, road and local bus traffic and thus Inter-modal transport connectivity was also synergised, whilst trying to add a third runway.

53. Similarly, as the Richard Rodgers Partnership ('A Political') correctly identified the need to secure Heathrow's position as the 'Busiest Airport in Europe' and as such offered a scheme to improve capacity by 30mppa, through the emplacement of their design for T5, falling from this Public Enquiry into capacity and was delivered within 'The Iron Triangle' that of; 'On Time', 'In Budget' and 'To Specification' (Time, Cost & Quality), at an overall cost of £4.3 Billion. Thus, It is perhaps of note that Heathrow and T5, by successfully expanding capacity by some 30mppa and continuing to operate at 98% of that capacity becomes self-rejuvenating and as such gives birth to new construction projects on site; Terminal 2<sup>87</sup> designed by Luis Vidal and at the macro scale, perhaps a proposed third runway as defined in the 'Airport Commissions Interim Report'<sup>88</sup>, Short to Medium Term Options. Yet still cannot keep pace with Dubai and hold its position as the world's number one air hub despite a Populus Poll<sup>89</sup> showing that 58% of the local population surrounding Heathrow<sup>82</sup> support the expansion and third runway, thus negating and 'NIMBY' (Not In My Back Yard) argument. With the key drivers being additional skilled employment opportunities and apprenticeships given by local residents for their support, with this potential construction and development promising to create 10,000 apprenticeships and potentially 180,000 new jobs in the region.

54. But, it is evident with the GE looming that Infra' is akin to property, thus Land<sup>1</sup> and once again will see it as a political football, with such heavyweights as Rt Hon Philip Hammond and the Mayor of London, Boris Johnson purportedly<sup>90</sup> refusing to support such needed hub expansions, ahead of the final round of public consultations chaired by Sir Howard Davies<sup>90</sup>, whilst the CBI, interested in business growth and not political gain and thus 'A Political', has come out in favour of the expansion. It is of note, that both individuals have constituencies bordering Heathrow and thus perhaps given the 58% support around Heathrow, it could be argued they are pandering to the minority.

55. This one example of macro infrastructure growth, if increased / committed too, would aid the Land<sup>1</sup> pipeline, emanating from these hubs and other nodes such as Gatwick, Stanstead etc, as developers would eagerly recognise margins and increase construction productivity, due to anticipated further demand. This potentially could not only restore Heathrow to its global first position, but like Dubai mirror its increased contribution to GDP and at worst, double the sectors contribution, currently 7%.

56. Other exemplars in a similar vein can be found through a cursory scan of any local media source, one for example being the hardy perennial that is the tunnel under Stonehenge, or to give it its technical term; The A303 Upgrade<sup>91</sup>. Announced in the Autumn Statement in 2014 and pre-empted by the Rt Hon Nick Clegg MP, this was again another infra' project, overlooked for decades that came back to the table, some could argue for political benefit, given that the majority of Liberal Democrat constituencies were in the South West of England and this was its main artery. The Rt Hon Nick Clegg MP<sup>91</sup> leaked the news three months early, stating;

"Everybody in the South West knows that the A303 has been a big problem for far too long. Bluntly, congestion on the A303, A30 and A358 corridor is strangling growth in the South West. The A303 is the main economic artery in the region and it's high time it was made a dual carriageway. Time and time again on my visits to the



region, I have heard from colleagues, businesses and members of the public that transport investment is at the very top of their agenda"

Deputy Prime Minister – Rt Hon Nick Clegg MP<sup>91</sup>

57. The above statement, viewed from a different perspective, by replacing the wording A303 and inserting Heathrow, is just as apt and smacks of Shakespeare's misquote – 'Hypocrisy, Thy Name is' and suggests the Third Runway thorny issue will stagnate to the detriment of Infra'.

58. At the micro level, Property Developers are now encouraged to consider Infra' as part of their developments, with government looking favourably on communal living and working spaces, in conjunction with sustainability.

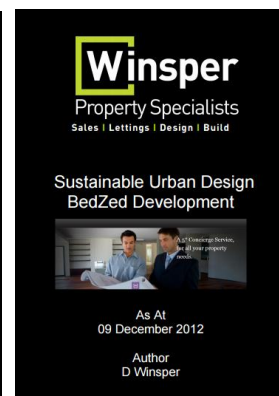


Fig 26  
Beddington Zero Energy Development – BedZED<sup>80</sup>

Past exemplars for this include Beddington Zero Energy Development (BedZED)<sup>92</sup>, consisting of 82 units catering for social housing, shared ownership, key-worker units and private houses, developed for the Peabody Trust Housing Association<sup>92</sup>, in conjunction with the Bio Regional Development Group<sup>92</sup>, who located the site, in Sutton (UK). The architect Bill Dunster<sup>92</sup>, has also incorporated office space and 'live-work' units overarched by a commitment to provide 'green' lifestyle services, through energy efficiency, renewable energy, water conservation, car club and local organic food deliveries. The build strives to achieve environmental, social and economic sustainability and is the UK's largest Eco Village. In addition, it promotes sustainable 'Social Housing' through its three main bastions of; Sustainable communities, sustainable tenancies and sustainable buildings. It is at a micro level, with 82 Units but has the potential to be 'Best Practice' for macro Sustainable Urban Development. Whilst the 'Built Environment' after construction is extant, having gained all of its sustainable benefits, through the design and build process, BedZED<sup>92</sup> continues to produce environmental savings, through the 'Sense of Community' and its willingness to continue to work towards a sustainable planet.

59. Whilst the Land<sup>1</sup> 'Pipeline' stagnated post 2008, few development opportunities, irrespective of scale, were fulfilled and as such the well-established 250,000 units pa required to satisfy the sector and achieve government and / or industry targets were met. As such, post austerity c2013/4 there has been new impetus within the Land<sup>1</sup> sector and thus, larger schemes are coming to the fore, such as the UK's first proposed Garden City; Ebbsfleet<sup>94</sup>, to be built on Greenfield Land<sup>1</sup>, at a cost of £1.5Bn<sup>94</sup>.

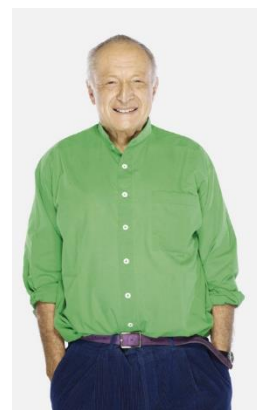
Ebbsfleet<sup>94</sup> Garden City will contain 15,000 Units, complete with its own Infra'; Schools, Hospitals etc as designed by URBED<sup>94</sup>s David Rudlin<sup>95</sup>, as part of the Wolfston Economic Prize<sup>96</sup>. There are critics to the scheme though, such as Richard Rodgers<sup>97</sup>, who believes that the 61,000 Acres of Brownfield Land<sup>1</sup> contained within the UK, should be put to best use first, with the potential to deliver 1.3Mn<sup>98</sup> 'Low Density' dwellings to the sector, stating;



## Oral statement to Parliament Ebbsfleet Garden City

From: Department for Communities and Local G  
Delivered on: 3 March 2015  
Location: House of Commons  
First published: 3 March 2015  
Part of: House building and Housing

URBED SCOOP  
£250,000 WOLFSON  
PRIZE FOR THEIR  
GARDEN CITY  
PROPOSAL



**urbed**

Urbanism  
Environment  
Design

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"You could put two new towns in the centre of Croydon without any problem because the centre of Croydon is practically empty if you look at a plan of the place. It already has wonderful transport: trains, trams and it could even have a new runway at Gatwick which is not far away. There is even more brownfield land in the centres of Manchester, Hull and Birmingham. We should build new towns in our cities before we build them in the green belt."

Richard Rodgers – Architecture Daily<sup>98</sup>

60. Whilst Ebbsfleet<sup>94</sup> is still, as yet, aspirational at present, with a governmental view to jumping from conception to delivery, normal large scale construction projects delivering Land<sup>1</sup> to the sector continue, with exemplars such as the Princess Royal Barracks (PRB) Deepcut<sup>99</sup> and The Dettingen Park Construction<sup>99</sup> contained within Surrey Heath, a Conservative party 'Safe Seat'

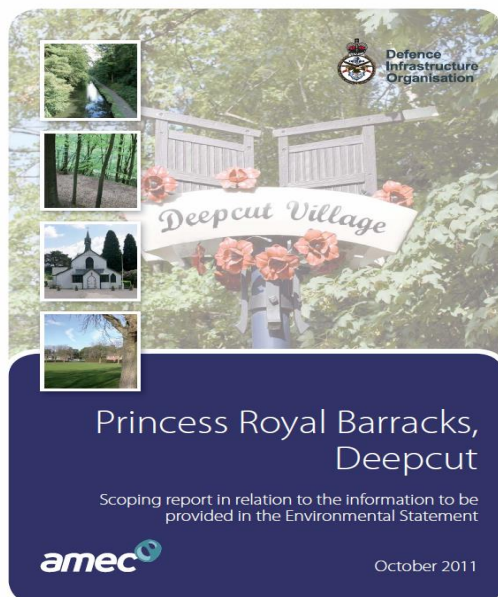


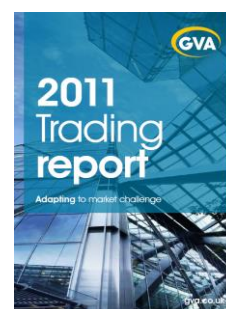
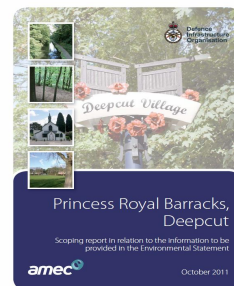
Fig 27  
Princess Royal Barracks (PRB) Development – AMEC<sup>99</sup>

On the 10<sup>th</sup> & 11<sup>th</sup> February 2012 the Defence Infrastructure Organisation (DIO), under their Land & Property Disposal Strategy<sup>100</sup> provided a second Public Consultation<sup>101</sup>, through their contracted consultants GVA<sup>102</sup> (born out of H M Grimley & Son<sup>102</sup>), on behalf and for the Ministry Of Defence (MOD), in relation to the disposal of a military estate of 112 Hectares<sup>100</sup>, known as the Princess Royal Barracks (PRB)<sup>99</sup> in Deepcut. GVA<sup>102</sup> is not the only or first consultant that has been contracted by the DIO<sup>100</sup> on this project and they are working hand in hand with AMEC<sup>103</sup>, with bespoke areas of contractual responsibility. Of particular note at this juncture is the protracted length of time that this process has taken, time being one of the principal drivers for construction procurement, some four years to this point. The MOD wish to maximise the value of its asset, prior to development and/or sale, by gaining planning permission for 1,200 new homes, complete with infrastructure support (Schools, green spaces, transport links etc) by achieving outline planning permission on or before Late 2012<sup>104</sup>.

61. This 'Pick and Mix' piecemeal approach, contained within the planning and construction 'Pipeline' again demonstrates a disjointed attitude to the Built Assets or product delivered and thus holistically, the Land<sup>1</sup> sector itself. Firm direction, from an 'A Political' organisation, not bent by profit margins and / or land<sup>1</sup> usage should oversee this 'Pipeline' delivery.

## Land & Sustainability;

59. Sustainability within Land<sup>1</sup> is integral to its evolution and thus a vignette to formulating a holistic approach. Future planning and development within England, irrespective of scale, must ethically and morally conform to the United Nations Earth Charter, in





conjunction with the Kyoto Protocol 2007<sup>105</sup> et al and must be cognitive of the Committee on Climate Change (CCC)<sup>105</sup>, the Department of Energy & Climate Change (DECC)<sup>105</sup> and The Royal Society's perspective of Climate Change<sup>105</sup>, overarched by legislation, to ensure the planets longevity not just intergenerational, but for future generations and reduce the CO2 output from 549.3 MTCO2 pa (2011) to c136 MTCO2 by 2050<sup>105</sup>.

Therefore any development must be 'Sustainable', with the most utilised and accepted definitions falling from Brundtland 1987<sup>105</sup> or Gland, 1991<sup>105</sup>, apportioning accountability to 'Matter' and 'Energy', of which it cannot be created or destroyed (Antoine Lavoisier)<sup>105</sup>, global ownership of which is problematic.

Any newly proposed Sustainable Development to the built environment should only be undertaken, when the existing 'Built Asset' stock is performing at 100% capacity, thus ensuring that historical and existing impacts on the biosphere, are not futile. Case studies exist, across the globe, demonstrating 100% Non-Occupation (Chengong, China – 100,000+ Empty Units)<sup>105</sup>, through to the modern world (Orlando, USA – 20% Unoccupied). This current stock should be utilised and retrofitted, in earnest, to be carbon Neutral, prior to any new endeavours.

However, as the population ever increases there will be a need for future sustainable developments and as such careful consideration at the design stage should be afforded to;

- a. The 'Built Environment' (Size, space, form, materiel), with a view to Thermal Efficiency and improved Logistics.
- b. Energy, placing a greater emphasis on renewables, such as Photovoltaic (PV), Wind etc.
- c. Water supply improvements to the supply chain, harvesting and production.
- d. Sewage utilisation, not disposal.
- e. Waste; No more 'Cradle to Grave', but 'Cradle to Cradle'.
- f. Transport, empowering individuals to better choice, through improved and efficient systems.
- g. Health / Wellbeing issues addressed to promote sustainable longevity for the development.

This is followed through to the construction and operating phase of the SD, to produce a development that has the lowest possible carbon footprint and is in tune with the biosphere, whilst not raping the planet of resources.

To ensure this, all SD should be constantly evaluated and analysed as an enduring commitment, through a global standard. Whilst various 'Stand Alone' analysis packages exist, Xing 2007<sup>105</sup> proposes a more joined up approach with a Construction Sustainable Assessment Model (CSAM)<sup>105</sup>.

Thus guaranteeing at best effort, from a developmental perspective, the existence of this planet for millennia.

60. However, given the economic downturn post 2008 and austerity Britain, sustainability can now be viewed in a fashionable sense, from both a fiscal and political perspective. If there is no political will to drive this vignette, or profit margins are reduced to zero, then it simply falls away, as can be seen in The Winsper Group Paper 'UK Recycling, Finance Before Ethics'<sup>106</sup> which highlights various case exemplars.



In 2008, of the 400 Local Councils surveyed, of the responding, 75% admitted the practice of sending a percentage of recycling to landfill sites due to costs and the financial downturn. The worst offenders were Medway and Portsmouth County Council<sup>106</sup>, which admitted to sending over 11% of household sifted recycling, including bottle banks, to landfill sites. Additional to this, Pembrokeshire County Council<sup>106</sup> confessed that 19% of Kerbside recycling would end up in landfills.

Some councils were countering the financial effect, by storing recycling until the market became more viable (Profitable?), such as Plymouth<sup>106</sup>. As the economy in the UK stagnated, is 100% of household recycling arriving at the correct destination? With legislation in place, this should be the norm across the councils, however, evidence exists that this is not the case;

On the 17th of October 2012, Stroud News and Journal<sup>106</sup> reported that Stroud District Council, via its private partner Veolia would take cardboard on non-recycle weeks and that it would go direct to landfill.

Whilst these two articles (Listed Above) only scratch the surface of recycling in any given economic downturn, it does highlight that recycling and hence sustainability, whether tax payer led or via private partners, has to be financially viable. How much financially viable, above cost neutral, is at the discretion of the reader and if indeed it crosses sector boundaries from household into industrial / construction / Land<sup>1</sup>.

61. Drilling down further into the minutia, 'Green Deal'<sup>107</sup> disasters are abound and waiting in the wings. What's fashionable now, will be subject to public and government scrutiny, both ethically and fiscally in the long term, with some equating such offers including 'Cavity Wall Insulation', as scandalous as the 'PPI' debacle. This 'Green Deal' initiative, introduced by the government of the day, allows unregulated developers and companies access to funding, offsetting 'Client' costs, which has turned into a 'Wild West' style free for all. Thus again highlighting the need for better regulation and a more joined up approach, from all agencies involved.

"I am astonished that large sums of taxpayers' money can be distributed in such a cavalier fashion by bodies that appear to have no knowledge of normal construction practices."

Jeff Howell – The Telegraph<sup>107</sup>

## Land & Local Planning Frameworks;

62. Government policy controls supply at the national and local level, through Building Control via the Town & County's Planning Act 1990<sup>108</sup> and The National / Local Planning Framework<sup>109</sup>. This can add to time line and cost to developers and investors and subsequently delay supply to the Land<sup>1</sup> sector, with no holistic approach and varying degrees of parity, between local governments.

Transaction levels and housebuilding: A close fit



Town and Country Planning Act 1990



National Planning Policy Framework



As above, highlighting the association between total 'Built Asset' transactions and private development within the Land<sup>1</sup> sphere, it is of no surprise to see that private housebuilding is beginning to level off mirroring the wider market. Despite significant support for Property Developers and purchasers, the association essentially remains unbroken. Land<sup>1</sup> sales rates, though clearly supported by government measures, appear to remain ultimately limited by demand in the wider market. Therefore, whatever the merits of current policy, any serious attempt to substantially increase the rate of housebuilding to the levels required needs an increase in delivery across all tenures to break this relationship.

63. As per the DCLG 'Key Achievements'<sup>110</sup> statement to parliament, their data shows that in 2014 253,000 units were approved under current planning laws and some 217,000 were delivered to the Land<sup>1</sup> sector, the highest build level since 2007 and thus 'Pre Crash'. But still showing a 'Delta' of 36,000 units, which can be attributed to non-profitable Land<sup>1</sup>. The Rt Hon Eric Pickles goes further;

"This government has reformed planning so it can deliver the homes and infrastructure people want and need, by working with, not against, local communities. Our planning reforms and the locally-led planning process are delivering real results and speeding up the system."  
Rt Hon Eric Pickles MP – DCLG<sup>110</sup>

Whilst this can be viewed as political rhetoric, it is noteworthy that only 81% of Local Authorities have signed up to the Localism Act 2011<sup>111</sup> and published a 'Local Plan', again demonstrating the planning disparity, irrespective of politics, whilst purporting to protect the 'Greenbelt'.

64. Obligation Or Aspiration? Emanating from The Latham Report 1994, through to the current Growth & Infrastructure Act 2013<sup>112</sup>, a more collaborative approach to construction and development is constantly advocated by government and industry bodies alike. However, the majority of initiatives fail to address the disjointed methodology and disparity of Planning Departments and their individualistic Local Planning Frameworks (LPF)<sup>109</sup>. In reality, this pitches the developers aspirations and practices against its obligations, which impinges on the hot topic at the moment, that of 'Affordable Housing'.

Local authorities, overarched by central government rely on Section 106 of the 2013<sup>102</sup> Act to produce these affordable homes, but forget that developers can either implement these OR financially offset this requirement through remuneration, thus punting the 'hot potato' straight back at the planners, as can be seen by the 10 appeals currently lodged with the Planning Inspectorate, ensuring that affordable housing is located elsewhere, as to not disrupt the profitability of the land and the organizations bottom line. Does this go against Corporate Social Responsibility – Yes. Will it impinge on profitability – No.

As such, the scorn is now with developers, but as so ably demonstrated by Nick Boles MP, PUSoS Planning, proposals for 4 'Garden Cities', containing some c60,000 homes and allocated £2.4Bn with completion c2020, such as Ebbsfleet in Kent, also lack any affordable housing solutions, confirming the disjointed approach on the national stage, at odds with Nick Clegg DPM and highlighting the extent of the issue, within government. Put simply, Section 106 has the potential to stifle development and any prospective regeneration. Thus Ebbsfleet becomes just another development, at the mercy of market conditions.

Therefore a complete step change is required, in how towns and cities are planned and developed – 'Garden' or otherwise, leaning towards a combination of sustainability and affordable housing policies, which may be reignited, given the current economic recovery. The exemplar in this field – Beddington Zero Energy Development (BedZED), which caters for social housing, shared ownership, key-worker units and private houses, was developed for the Peabody Trust Housing Association, in conjunction with the Bio Regional Development Group, in Sutton (UK). The architect Bill Dunster, also incorporated office space and 'live-work' units overarched by a commitment to provide 'green' lifestyle

## Written statement to Parliament Housing and planning

From: Department for Communities and Local Gov  
Pickles  
Delivered on: 26 March 2015  
Location: House of Commons  
First published: 26 March 2015  
Part of: Planning system, House building, Housing ar



Localism Act 2011



Growth and Infrastructure Act 2013



services, through energy efficiency, renewable energy, water conservation, car club and local organic food deliveries. The build strives to achieve environmental, social and economic sustainability and is the UK's largest Eco Village. In addition, it promotes sustainable 'Social Housing' through its three main bastions of; Sustainable communities, sustainable tenancies and sustainable buildings. This ethos, projected at a macro level, could be the 'Blueprint' for all new towns and cities, addressing a much needed 'Work – Life' balance.

But alas with London a stone's throw away, will any true 'Garden City / Utopia' fall foul of Richard Whittington's Theory c1380?

The rub is of course that a growing percentage of any new large scale developments constructed today, overarched by legislation and George Osborne's budgetary aspirations, will be purchased by Buy To Let (B2L) investors and the over 55's with their new found pension freedom (SIPPs) and rented back to the very people they were originally intended for.

Finally, to debunk a planning myth; increasing supply will not reduce house prices, within the same geographical location, only mirror or exceed existing property prices.

65. It can be seen within the DCLG<sup>110</sup> statement, in conjunction with the above and irrespective of individual 'Built Environment' departments and their sub sets, that of; Planning, Building Control and Enforcement, at the local level, housing and planning forms part of the 'Long Term Economic Plan' for this country and as such, again is bent politically, rather than open to true market forces.

66. In an attempt to cut through this bureaucracy, further reforms have been introduced, such as;

a. The Deregulation Act<sup>113</sup>; Encompassing housing and tenancies, this paves the way for the creation of a Development Corporation for Ebbsfleet, with planning powers transferred to it on 1 July, an end to retaliatory evictions, short-term lets in London vis a vis AirBnB, extending the Right to Buy for council tenants, overlapping and complex housebuilding standards have been streamlined, saving c£100Mn pa for planners and developers and finally compulsory Tenancy deposit protection.

b. The Consumer Rights Act<sup>113</sup>; This will require letting agents to issue details of all dues they charge to tenants, so that anyone looking to lease in the PRS knows what they can expect to pay. Additionally it mandates that letting agents must belong to 1 of 3 redress schemes, so interested parties have a joined up approach, if they have a complain.

c. The Self Build and Custom House Building Act<sup>113</sup>; This Act will overarch Right to Build and requires local councils to create registers of people, both individuals and Developers, looking to purchase land<sup>1</sup>, to commission or build a 'Built Asset'. The Act also requires accountability of the demand for self-build when formulating and enforcing their planning housing, regeneration and land disposal functions.

The Housing Minister, Branden Lewis MP stated;

"Today's measures maintain the momentum, cutting red tape to get homes built, providing help for those who want to buy and support for people renting in the private sector."  
Minister for Housing – Brendan Lewis MP<sup>113</sup>

But here, once again in the minutia of the detail, examples in disparity can be found. Interrogating the 'Redress System' now contained within legislation, three approaches can be found and advocated, but which one is 'Best Practice' or alternatively, is 'Best Practice' open to interpretation and subject to the path of least resistance, with individuals jumping between to suit. Another 'Pick & Mix' mentality only aiding Land<sup>1</sup> instability.



Deregulation Act 2015

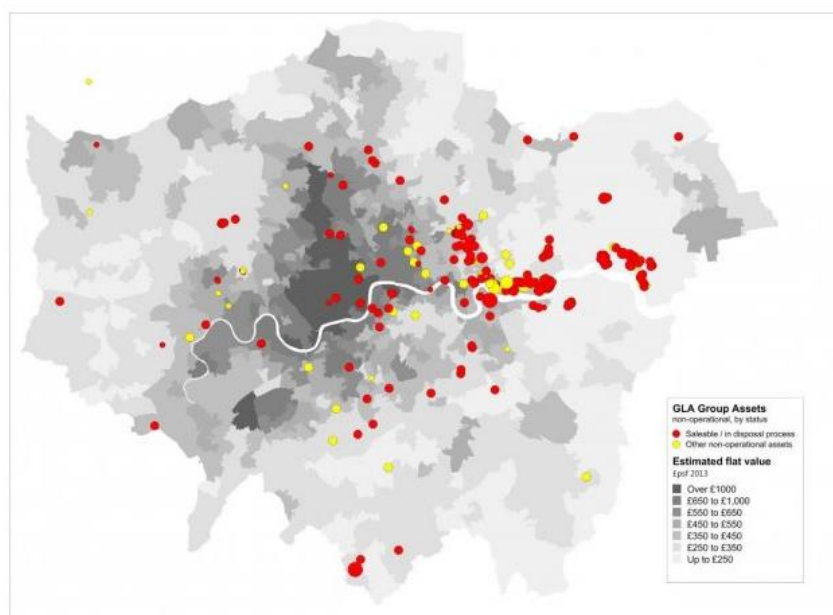


Consumer Rights Act 2015



Self-build and Custom Housebuilding Act 2015

67. Further, is Land<sup>1</sup> Legislation from any government just 'Lipstick on a pig'? in solving supply issues and thus stabilizing the Land<sup>1</sup> sector as London can ably demonstrate;



Potential sites for new homes on government-owned land in London (Source: Savills)

Fig 29

Government Owned Land in London Capable Of Delivering Housing Units – Savills<sup>114</sup>

Savills Data<sup>114</sup> shows that in London alone, 100,000 units could be built on space owned by the government in the guise of; MOD, NHS, DCLG, GLA, Department for Rural Affairs etc and projected on a national scale has the potential to provide enough space for 2Mn Units. This underutilised space, is the equivalent to 13,000 Hectares of viable 'Brownfield' development opportunities and demonstrates that the resource exists, if the political 'governmental will is present. If this was an 'A Political' business, then this resource, having been identified, would be exploited to best effect and as such again demonstrates the need for a completely new and radical approach to Land<sup>1</sup>.

68. This is particularly relevant when viewed in conjunction with Lyons House Data<sup>115</sup> which shows that of all the space in England, only 9.9% has been developed and only 1.1% is currently used for dwellings;

## Land Use in England



Source: NLUD 2005

Fig 30

Land Use in England – Lyons House Report, NLUD 2005<sup>115</sup>

## Land & Legislation;

69. The Law Courts, as structured below provide the legislation for the Land<sup>1</sup> environment;

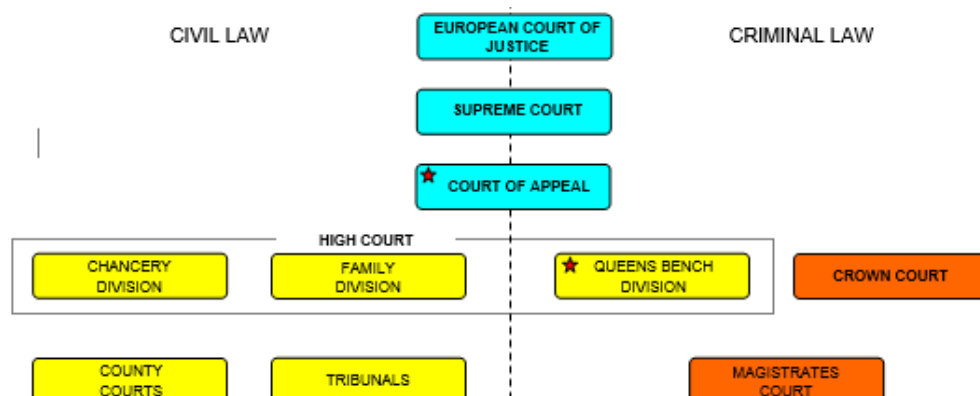


Fig 31  
The Law Courts Structure<sup>116</sup>

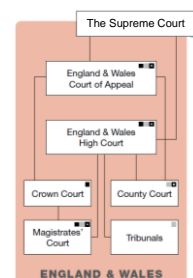
Each division is a separate entity and Land<sup>1</sup> cases are not linked, with the judiciary refusing to take a proactive collaborative approach to Land<sup>1</sup> related issues, as borne witness in the Case of Winsper&Winsper, Number of Matter GU12D00986 (Data Supplied On Request), thus Property Developers can find themselves in the County Court and Magistrates Court simultaneously, summoned on the same day to different benches, for the same issues, under any or all of the legislation relating to Land<sup>1</sup>, some of which are listed below;

- Law of Property Act 1925.
- Land Registration Act 2002.
- Estate Agents Act 1979 & 1988.
- Property Misdescriptions Act.
- Town & County Planning Act 1990.
- Data Protection Act & The Freedom Of Information Act.
- Immigration Act 2014.

The list, by no means exhaustive also demonstrates the disjointed approach to Land<sup>1</sup> through the legal Acts and documents, with no one Act taking precedence. This propagates an individualistic approach by local councils, which can be demonstrated by such schemes as 'Landlord Licensing'<sup>117</sup> and 'Selective Licensing'<sup>117</sup> which are unholy disproportionate costs by some local councils such as Liverpool through to Tower Hamlets, from 2010, contained within a veiled guise to regulate and legislate over 'Bad Landlords', which will inevitably lead to costs being passed on within the PRS to the end user, forcing up PRS Rents, thus increasing costs and ultimately flowing through to developers margins, rightly or wrongly. This 'Wild West' approach has already brought strong condemnation from central government, whilst concurrently looking to Legislation to mute these local schemes.

"However, councils will from next month require government approval before implementing a licensing scheme if they plan to license a large area or proportion of the market – likely to be above 20 per cent of either the geographical area covered by the council or the local private rented sector"

Housing Minister – Brendan Lewis<sup>117</sup>



The UK Legal System



Law of Property Act 1925  
1925 CHAPTER 20 15 and 16 Geo 5



Estate Agents Act 1979  
1979 CHAPTER 38



Conversely and again diluting legislation thus confusing 'Best Practice', the Mayor of London (Boris Jonson)<sup>118</sup> has introduced, without government or national consultation the 'London's Rental Standard Accreditation Service'<sup>118</sup> within the GLA<sup>118</sup> and to which Lettings Agents are obliged to sign up to, at a cost to the industry, again passed on, but will always filter through to Land<sup>1</sup> and impinge on any development potential. This standard is backed, not only by Agents and Industry such as the CBRE<sup>118</sup>, but also by ARLA<sup>118</sup>, RICS<sup>118</sup>, NALS<sup>118</sup> and UKALA<sup>118</sup>, all of whom have their own bespoke Codes of Conduct which have to be adhered to. The duplicity within this vignette and its bureaucratic effects and influence on Land<sup>1</sup> are astounding and offer some of the best evidence to date as to why this sector is so disjointed.

70. Thus it can be stated; Legislation versus Mandatory versus Voluntary, coupled with yet at odds with, a plethora of Codes of Practices and licensing schemes, none of which marry up, due to the disjointed approach within the Land<sup>1</sup> sector, does not aid or benefit the present methodology.

71. An exemplar, if at all required, is the nonsensical approach and interpretation of the 'Right To Rent Act'<sup>119</sup> in that not only has the burden for Immigration Status been passed from the Home Office and the Immigration Service to individual Landlords, but that individuals on 30 Day Visas have the Right To Rent<sup>119</sup>, irrespective of the Laws governing Assured Shorthold Tenancy (AST) Agreements which categorically state that the minimum tenancy period is six months, with notice served after four months! A nonsensical approach to the PRS vignette, which could potentially see stock tied up unnecessarily within the legal process and lose eviction laws, within the Land<sup>1</sup> environment which demands an overhaul, with a holistic intent.

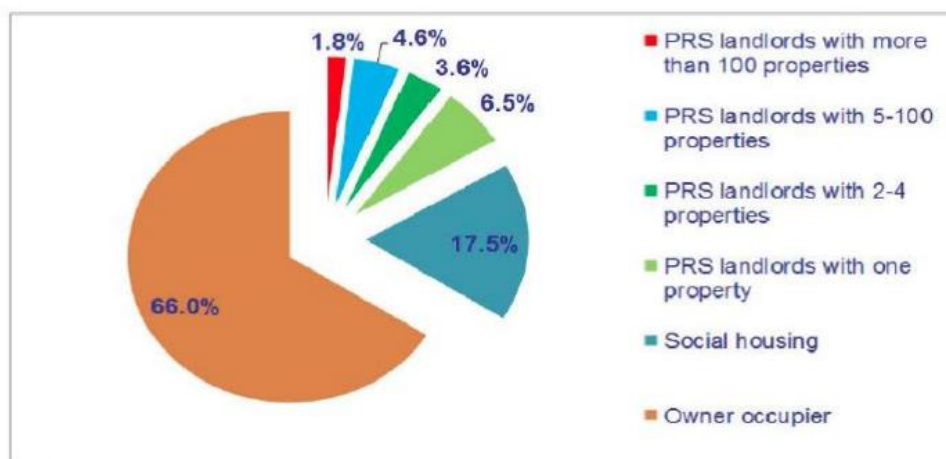
72. Curios in Law are abundant and examples of which are;

a. A Construction and Property Developer left 'homeless' after ex-wife wins 80% of his property in divorce.<sup>120</sup>, demonstrating 'Fire Sale' stock that historically arrives to the market post xmas and is undervalued, thus skewing market data.

b. An AST involving a 'Jointly Owned' property in Law, was ratified by a District Judge, despite only one party having knowledge of and bearing signature too the agreement. Winsper&Winsper, GU12D00986 (Data Supplied on Request).

73. Whilst these curios and exemplars are minimal in effect, the thread must be realized of 'Marginal Gains' and every little helps, in order to stabilize the Land<sup>1</sup> environment, including asset prices, to prevent 'Hockey Stick' patterns repeating.

## Land & The PRS (Including Social Housing);



Source: DCLG, Private Landlords Survey 2010

Fig 32  
Private Landlord Survey – DCLG<sup>121</sup>

## London Rental Standard

**1. Introduction**

The London Rental Standard is a voluntary set of minimum standards that the Mayor expects from landlords, managing agents and letting agents that operate in London's private rented sector. The aim of the London Rental Standard is to raise professional standards, to ensure quality, to ensure the sector is a vibrant, diverse and a desirable place to live, and to provide a framework for the sector to improve its reputation and to attract investment.

The London Rental Standard will act as a single regulatory framework for all letting agents, and will help to ensure the sector is a vibrant, diverse and a desirable place to live, and to provide a framework for the sector to improve its reputation and to attract investment.

The London Rental Standard has been subject to extensive consultation, including a three month public consultation between December 2012 and February 2013.

**1.1 Objectives**

A landlord is defined as a person who is responsible for a property and is used to carry out one or more of the functions associated with managing a property, such as all of the following: maintain the property and tenancy, provide a service to the tenant, and to ensure the property is safe and secure.

A letting agent is defined as a person who is responsible for a property and is used to carry out one or more of the functions associated with managing a property, such as all of the following: maintain the property and tenancy, provide a service to the tenant, and to ensure the property is safe and secure.

Managing the property and tenancy is a shared responsibility between a landlord and an agent. In all cases, at least one of them should be satisfied.



74. As shown above, this vignette including 'Social Housing' has influence within Land<sup>1</sup> to the tune of 34% at face value, but it can be argued that within this 34% market activity and thus sector activity is at its highest, due to the very nature of the PRS. In addition, Savills Data demonstrates that the momentum is with the PRS, with current projections showing that it will surpass home ownership c2050;

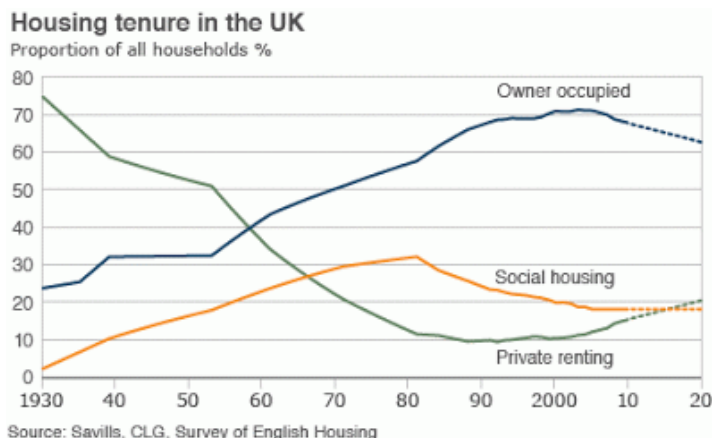


Fig 33  
Housing Tenure in UK – Savills<sup>48</sup>

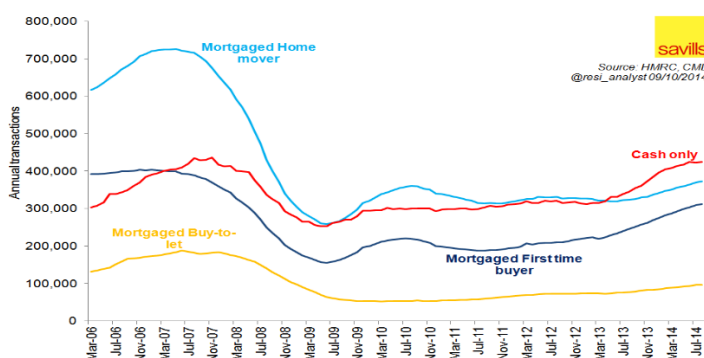
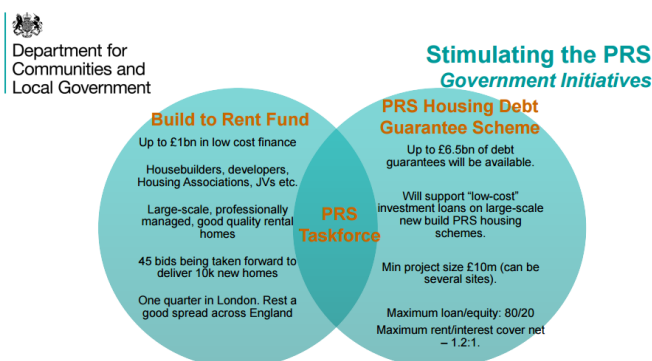


Fig 34  
Housing Purchases in UK – Savills<sup>48</sup>

With 1.9Mn Landlords (HMRC Data) servicing 7.64Mn Tenants (ONS Data) supporting a B2L mortgage sector with 1.2Mn mortgages in existence (CML Data) from a total of 11.6Mn of all mortgages and increasing at 18% YoY, AND with the relaxation of pension rules and reform, this vignette to the Land<sup>1</sup> sector will become ever increasingly influential as a driver. Because of this the DCLG is increasingly relying on the PRS to help shape government policy, as can be seen in the latest DCLG, CIH Housing Conference<sup>122</sup> where it clearly laid out its intent, that of 'Kickstarting a new PRS' by the virtue of; Increasing Institutional and Private Sector Investment, Increasing the supply of 'Large Scale' Housing Projects, raising standards and encouraging innovation, in order to leave a lasting legacy via;



75. With the CBRE Data showing that rents 'Per Calendar Month' (pcm) are up and that once again London leads the way with a 15% increase YoY helped by Croydon and Greenwich as market leaders, it is no wonder why investors will surpass the 1.6Mn<sup>123</sup> mark, with 10% of those investing in 'Student Accommodation'<sup>123</sup> as an emerging vignette. But it is perplexing to understand why the HCA<sup>122</sup>, with these increased costs wish to encapsulate 'Social Housing' and its burden upon the PRS. One train of thought, is that once HCA<sup>122</sup> stock is completely removed, it will reduce maintenance and up keep to zero, including any 'Infra' support, in these austere times when departments are under intense scrutiny and cuts. Whilst the HCA<sup>122</sup> part of the government is actively encouraging this process, by contrast the Competition and Markets Authority (CMA)<sup>124</sup>, again under the government mantra, does believe it is an issue and has highlighted this as such under their paper 'Private rented housing: problems for tenants on a low income'<sup>124</sup> This paper acknowledges the following issues;

- a. Many low income households may have little choice over which property to rent because of the budget they have available. On top of this some landlords won't rent to people receiving some types of state benefits, which further restricts access.
- b. People on low incomes can't afford large upfront deposits and fees associated with moving into a private rented property or renewing a tenancy agreement.
- c. A third of privately rented homes don't meet the government's Decent Homes Standard. Limited budgets means people on a low income are more likely to find themselves in these properties.
- d. Some tenants may feel reluctant to complain about problems because they fear being evicted. They may not know their rights and it can be confusing to work out where to turn for advice.

These issues and the overall thread is confirmed by the Citizens Advice Bureau (CAB)<sup>124</sup>, with data supporting, over 117,000 requests for assistance from private tenants, equating to one in every forty privately rented properties pa. The most typical issues involve 'repairs and maintenance', 'rents and other charges' and 'tenancy deposit protection'. With just 1 in 10 eligible individuals remaining in HCA 'Social Housing' by 2040, as predicted by the Joseph Rowntree Foundation (JRF)<sup>125</sup> they envisage this will force 6Mn into poverty.

76. Initiatives, borne from the current government are an attempt to stem this issue and will see funds allocated from the treasury that could have been earmarked to pay down the national debt. Such initiatives include, but are not limited to;

- a. Help To Buy ISAs<sup>126</sup>, which will cost the UK Taxpayer £2.1Bn over the next 5 years.
- b. The Right To Buy, Social Mobility Fund<sup>127</sup> in the eyes of Brandon Lewis, Housing Minister offers people the chance to get on the property ladder and buy a home that best suits their needs, at a cost to the treasury of £20Mn.

To date, over 33,000 people have exercised their Right To Buy, depleting the existing 'Social Housing' stock within Land<sup>1</sup>. However, the National Housing Federation<sup>128</sup> goes deeper stating;

"Right to Buy has decimated the supply of affordable homes to rent at a time when we have a major housing crisis and a real problem of affordability. Social housing should be reserved for those who need it most but Right to Buy is perpetuating the belief that homes are an investment rather than somewhere to live."  
Rachel Fisher – National Housing Federation<sup>128</sup>

It has identified 33 Local Authorities that currently rent back, previously sold off council house stock, under an FOI request. These numbers could potentially be greater, due to the limited response, with over 100 Local Authorities choosing not to respond.



77. The PRS is again viewed as the preverbal 'Political Football' with some groups advocating 'Rent Control', which was last encountered under 'The Rent Act 1977' and led to sitting tenants, in 'Built Assets' that couldn't be sold, as they were economically unviable. This act was soon replaced and was the industry driver for standards and the now common AST Agreement. To hark back to these days is political folly and as Kate Faulkner<sup>129</sup> points out;

"MPs who 'blame' letting agents and landlords for rents and other lettings industry problems are merely deflecting attention from their own critical failings, namely a failure to build enough homes and a failure to regulate private rentals despite support for 25 years from many within the industry itself."

Kate Faulkner<sup>129</sup>

The RLA<sup>130</sup> goes further in that;

"Once again Labour are playing to people's fears and engaging in the politics of cheap populism rather than reality. The RLA would be the first to admit that there are many challenges facing the sector, but the debate needs to be based on sound evidence. Sadly Ed Miliband has departed from the facts"

RLA chairman Alan Ward<sup>130</sup>

Irrespective of the causes outlined in blending the PRS with 'Social Housing' the effect of this policy, coupled with the Credit Industry's neglect, has been to create an underclass of Tenant, these individuals with low / poor credit scores and without access to suitable references scour internet sites such as 'Gumtree' and 'Spareroom', ultimately paying a 10% premium pcm for accommodation as Landlords mitigate risk. It is noteworthy that organisations remitted to champion these individuals: Generation Rent, Shelter etc are wrongly courting the demographic that ironically can use Agents and Industry Bodies. This ultimately inflates asset value and fuels development margins.

78. This disjointed approach can only lead to unit price fluctuation within the PRS vignette and as such destabilize the Land<sup>1</sup> environment.

## Land & Industry Governing Bodies;

79. Industry governing bodies are their own separate entities aren't they? Well as the National Federation of Property Professionals (NFoPP)<sup>131</sup> clearly shows, that's not the case.



80. And as for Duplicity, look no further than any one of the three complaints procedures, now enshrined in law, as compulsory, but which is 'Best Practice' or is it just simply 'Pin The Tail On Any Passing Donkey'?

**PRS** Property Redress Scheme

**Ombudsman Services**  
Good for consumers - Good for business



**The Property Ombudsman**

81. With regulated 'Sales' and 'Lettings' agents driving price points, whilst acting for the buyer, given the questionable independence of industry governing bodies, there is some legs in the argument to stabilize prices, that 'Built Assets' should be professionally and independently valued by a qualified surveyor, prior to market, thus negating any further mortgage survey, which will prevent mortgage shortfalls, which often leads to a delay in the purchasing process at best, or at worse see's the sale of the asset fall through and thus skewing House Price Indices (HPI's).

82. All these factors mentioned above, in a disjointed industry, have a direct and/or indirect effect on the most important driver to Property Development, that of Land<sup>1</sup> value and as such, if the PD Margins aren't there, no development will take place. Thus it is imperative to stabilize this market.

## Summary

83. The Latham Report 1994 and Egan 1998 are held and championed as the bastion for holistic Best Practice within the Construction Industry, yet only delivers or 'Supplies' a product i.e. The Built Asset to the 'Demand' Start Line, for purchase by the 'End User' and as such negates the bigger picture, which drives the decision on whether or indeed 'If' construction is viable, through 'Margins' in the first instance.

Property Development, by definition (Harvard 2008) requires margins and profit to the developer c20%, if these margins do not exist then development will stall, thus it is advantageous for all factors directly or indirectly influencing this to be stable in nature. Instability mutes these margins and allows risk, acceptable or not, to creep in.

There is a fine line between a Property Developer and Speculator, as seen between 2000 & 2008, as on a rising market, both succeed, yet successful Property Developers only come to the fore on a stagnant or falling market, as highlighted by such developments previously mentioned (Liverpool / Manchester Docklands etc). If the economic downturn of 2008 had not happened, then unsuccessful Property Developers would continue to thrive, believe in their business model and encourage more financial risk, thus continuing to artificially inflate the property bubble. This may be a partial reason, as to why the biggest built asset price drops in the latter stages of 2008 and beyond occurred in the North (UK).

Perhaps the root of any solution to stabilising the Built Asset market lies in the origins of Land<sup>1</sup> and thus the origins of this paper, in that the solution has been ever present in law and The Law of Property Act 1925<sup>1</sup> and its link to The Crown and true ownership. Whilst in no way advocating a socialist state, this definition of Land<sup>1</sup> does give weight in law to it being under the ownership of an 'A Political' organisation which if borne has the potential to stabilise the complete sector, pulling these vignettes identified together.

Any proposed organisation solely responsible for Land<sup>1</sup> must have complete autonomy and thus be independent from government, politics and industry bodies, but must be influential enough, through a holistic ability, to lead and join this fragmented industry into one sanguine direction.

It must mute these constant Short Cycles (4-5 Years), Long Cycles (9-10 Years), Long Swings (20 Years) and Long Waves (50 Years) and prevent the 'Hockey Stick' Patterns, identified by Knoll et al, which plague true and stable growth.

The BoE is perhaps best suited and positioned for this roll, given its mantra that of;

"Promoting the good of the people of the United Kingdom by maintaining monetary and financial stability"

And in that it is remote from the government of the day, including its politics and yet has the Data Set and Tool Set to expediently intervene in the Land<sup>1</sup> sector, which invariably encompasses construction.

A left of field aspiration, would be the introduction via the BoE of an bespoke Interbank lending rate for Land<sup>1</sup>, removed from Base Rate, a working title of which could be 'House Price Index Base Rate' (HIBoR), which the BoE would directly control through Sector Data and allow direct influence and regulation of Land<sup>1</sup> value, which would ultimately lead to greater stabilisation.

Legislation for this sector, is so fragmented that a new Act is required, to supersede all others, such as The Housing Act 1988 etc, akin to the Equality Act 2010 usurping and codifying the numerous previous Acts and Regulations, but most importantly to simplify and facilitate procedure in a proactive fashion.

Thus, when the weight and emphasis is passed to Local Authorities, there is parity across the UK and procedurally limited bureaucracy, for the Land<sup>1</sup> Developers, irrespective of size, to thrive.

A bi-product / Secondary function of this proposed autonomous organisation, once established, will be to merge all the threads of Infra', Sustainability, Build Quality etc, so future towns and villages are not achieved piecemeal, but have a common thread and theme running through, for time immemorial and to the benefit of all.

At the Macro level of course it will be self-propagating, releasing space to the Land<sup>1</sup> market and trading space, for the 'Built Asset' – Commercial, Residential, Retail etc ensuring its own targets are met and the ever elusive, but agreed figure of 250,000 Units pa.

Whilst analyzing these vignettes, unduly influencing 'Land'<sup>1</sup> in terms of asset value, asset availability, asset definition etc, it is of note that individual changes whilst small in effect and gains, in combination, through a proposed holistic approach could benefit and stabilize the 'Land'<sup>1</sup> and thus the property sphere greatly, akin to Sir D Brailsfords<sup>28</sup> theory and application of 'Marginal Gains'<sup>29</sup>. The concept of 'Marginal Gains'<sup>29</sup> is not new, the approach is used in many sports and is now filtering through to business. An in depth analysis of this can be found in 'Marginal gains: Olympic lessons in high performance for organisations', Hall et al 2012

**[E Signed]**

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