SUMMARY

Public land could deliver as many as two million new homes

- **We estimate that** public land could deliver as many as two million new homes based on our analysis of public records of the Central Government Estate and the land holdings of the Greater London Authority (GLA) as well as our market knowledge of the potential for development on NHS and Local Authority land.

- **Lack of transparency** regarding the full extent of these assets still remains a major drawback in bringing forward sites, despite huge progress by the Government in this area. Data recorded in the central database of Government property and land does not include all public land holdings.

- **Our analysis** of 250,000 ha of land held by the Central Government Estate in England, for which there is data available, identified 13,000 ha (5%) which are likely to be most suitable for residential development. These sites could deliver 600,000 homes.

- **Further analysis** of assets held by the Greater London Authority (GLA) shows there is space for an additional 100,000 homes. But these numbers are only part of the full potential.

- **The capacity of Local Authority land is not clear.** However, we estimate that this could be around one million if assets are actively managed and densities increased.

- **NHS land** has the potential to bring forward a valuable part of the mix. NHS Property Services, which controls just 11% of the whole estate, released 24 ha of surplus land between April 2013 and July 2014.

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“NHS land has the potential to bring forward a valuable part of the mix”

Susan Emmett, Savills Research
Analysis of public records of the Central Government Estate as well as our market knowledge, suggests there is huge potential to deliver more homes.

The public estate held by central and local government in England is worth £370 billion according to the figures from the Cabinet Office. The Audit Commission estimates £170 billion of that sum are council owned assets (46% of the entire public estate). There is an urgent need to establish how much is really required for operational purposes and how much can be released to meet housing need. However, we have analysed 250,000 ha of land held by the Central Government Estate in England and identified 13,000 ha (5%), which are likely to be most suitable for residential development. We believe these sites could deliver 600,000 new homes.

The NHS and Local Authority land, which we were not able to include in our analysis, has significant potential. In the absence of public records, the capacity of Local Authority land is not clear, although we do have some indication of how much these bodies are capable of bringing forward. We know that assets owned by Local Authorities make up 46% of the public estate. Although most of these assets are not council housing, we estimate Local Authorities could deliver around one million homes if assets are actively managed with development potential in mind and council estate densities are increased.

The assets held by Local Authorities and the NHS are not only a large proportion of the overall public estate but are also likely to be a particularly valuable part of the mix. Given the nature of these operations, their portfolios contain mostly urban land where sites are most likely to be developable for residential property.

Barriers to delivery

While much progress has been made in identifying and releasing public land for development, there are significant hurdles to overcome. Although the decision to develop will be made at the devolved level, we urgently need a register of assets held by Local Authorities and NHS bodies. Only then will we be in a position to assess the full potential both for housing delivery and income generation for the public bodies currently holding the land. But there are other factors at play. We would question whether public bodies are given enough incentives to either dispose of or to reassign their assets with the aim of bringing forward more housing. We would also question whether current public procurement rules deliver best value. There is urgent need to accelerate research and discussion into these two points. This analysis should act as a launch pad to stimulate debate among key public sector bodies in order to better identify solutions.

CASE STUDY

Springfield Hospital, Wandsworth

While the lack of public data on land held by the NHS has prevented us from adding it to this count, this is an area of huge potential. In some cases, the reassignment of operations within a site may make it possible to extract maximum use from the land while providing new medical facilities and bringing forward more housing.

One example, are the plans for the redevelopment of Springfield Hospital, a dated Victorian property, set within an 85 acre site in Wandsworth, West London. The site, belonging to St George’s Mental Health NHS Trust, has outline consent for 839 homes (20% affordable), 2,500 sq m of retail and leisure accommodation as well as 25,000 sq m of healthcare space.
Analysis

WHERE IS THE MOST DEVELOPABLE LAND?

Lack of transparency regarding government assets prevents us from conducting a full analysis of all public sector land. However, using e-Pims, the Government's Property and Land asset database, we have been able to analyse a part of central government land holdings in England.

The data we used includes the holdings of DEFRA, MoD, DCLG, and HCA among others but excludes the NHS and Local Authority assets. Using existing information, we plotted the location of the sites and estimated the number of sites suitable for residential development according to the typology of the site.

The analysed land amounts to 250,000 ha, but there is limited potential for residential development on much of this. Most suitable are National Parks, 44% are Natural Heritage Designations and 4% is in the Greenbelt.

This leaves 112,000 ha of potentially developable land. Of this, we have excluded 25,000 ha as the sites are too isolated to be considered viable residential development land.

The remaining land has been categorised into four broad types: new settlements, urban extensions, urban fringe and sites in an urban area. We then considered the viability of delivering the sites based on local sales values and how likely it is for the site types to come forward based on location, market demand and complexity of delivery.

We concluded that previously developed sites in urban areas would be the quickest and easiest to develop, while the cost and complexity of developing a new settlement means a smaller proportion of the land sitting in this category is likely to be suitable for development. This analysis has produced a figure of 13,000 ha of “most developable land”. We then applied a typical housing density for “most developable land”. We then produced a figure of 13,000 ha of residential development land.

This leaves 112,000 ha of potentially developable land. Of this, we have excluded 25,000 ha as the sites are too isolated to be considered viable residential development land.

The estate includes 141,000 ha of land covered by environmental designations which make them less suitable for development. This includes sites within National Parks, Areas of Outstanding Natural Beauty, Sites of Special Scientific Interest and Special Protection Areas.

A number of new development locations (3,500 dwellings plus) may need to be progressed to meet housing needs. Significant infrastructure provision will require long-term perspectives and Government support.

Traditionally a sustainable solution to enable significant levels of housing in good locations. The infrastructure requirements require medium to long term timetables.
Housebuilding

DELIVERING MORE HOUSING IN LONDON

At least 100,000 homes could be built on public land in the capital but many of these sites will need infrastructure and co-ordinated planning to maximise delivery.

S Tripol population growth

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steep population growth
coupled with years of
undersupply of new
homes means that
London is bearing the
brunt of the housing crisis. With
the city’s population expected to
surpass its previous 1939 peak of
8.9 million early next year and
continue climbing to 11.3 million by
2050, the need to make full use of
public sector assets is pressing.
However, the process of identifying
and co-ordinating the delivery of
sites is more advanced in London
than in other parts of the country.
The position of the Greater London
Authority (GLA) as a major landowner
does not mean that its powers to facilitate land assembly are key to
delivering more homes. Boroughs
are also becoming more proactive at
managing their assets and building
more homes.

Our analysis of the GLA’s asset
database, which includes land
belonging to Transport for London
(TfL), London Legacy Development
Corporations (LLDC), London Fire
Brigade (LFB) and the Metropolitan
Police Service (MPS) has identified
enough public land for at least
100,000 new homes in London. Many
of these sites are operational.
However, this number also
includes sites for the 40,000 new
homes previously earmarked by the
GLA when it acquired the London
property assets of the Homes and
Communities Agency (HCA) worth
£365 million in 2012. Of the 635 ha
portfolio inherited at that time, 85%
has been developed, committed for
development, or is being marketed.
Since April 2012 contractual
commitments have been entered
into for over 145 ha of land, with an
estimated gross development value
in excess of £3.6 billion. The Mayor is
committed to having an exit strategy in
place for all of the GLA’s current
landholdings by 2016 and the process
is well advanced.

Bringing sites forward

Analysis of GLA sites marked for
disposal showed that many of the
saleable sites are grouped in lower
value areas to the east of Canary
Wharf. Our map shows the location of
the non-operational assets, with the
saleable sites highlighted in red.
Lower value, post-industrial land
with poor infrastructure links can be
difficult to bring forward through
traditional development routes. A
co-ordinated approach with the Mayor
at the centre is essential to open up
new neighbourhoods.
The GLA aims to assist in the
regeneration of areas by
investing in infrastructure and site
decontamination. Better transport
links and investment in the public
realm are also important to encourage
development, especially in new areas.
There are some good examples of
public land already being used in
regeneration schemes to bring
forward more homes. One major site
delivering a substantial number of
homes is Barking Riverside (plans
for up to 10,800 homes, including
40% affordable). TfL is currently consulting on
the extension of the Overground to
Barking Riverside where a new station
would be built. If the plan goes ahead,
the new station will make a significant
difference to the future of the area.

Looking further ahead, the Mayor
is playing a central role in shaping
the vision for a new centre at Old
Oak Common in west London by
pulling together multiple landowners,
including TfL and Borough of
Hammersmith and Fulham.

Old Oak Common is set to become
a transport hub at the intersection of
HS2, Crossrail and Overground lines. To
take advantage of this, plans for
regeneration of the area with up to
19,000 new homes and 90,000 jobs are
already in a consultation process.

Local Authority & NHS land

Our 100,000 homes figure does not
include assets held by the NHS or
by the capital’s 32 boroughs. We
expect that the potential for public
land in London is even greater once
these other assets are taken into
account. Assets not held by the GLA
include central government holdings
(discussed earlier in the report); NHS
Trust land; and Local Authority land.
Although Local Authority
housebuilding is at a very low level,
many boroughs are bringing forward
vast public land and regenerating council
estates in partnership with private
developers. The London Borough
of Camden has been particularly
proactive, one example being a mixed
residential and industrial site at Maiden
Lane to the north of King’s Cross. This
is being redeveloped to provide 273
units across 10 residential blocks, with
many apartments exclusively available to
to local residents and key workers.
Former hospitals are also a source of
new housing across various markets in
London. Two different examples include
the site of former Middlesex Hospital in
Fitzrovia that has delivered 285 prime
apartments at Fitzroy Place.
Meanwhile, the redevelopment of
the former St Clement’s Hospital in
Mile End is an example of how such
can deliver mainstream housing.

The site, which was originally Bow
Workhouse will deliver 252 homes,
including 56 social rented properties
and 23 units for the East London
Community Land Trust (ELCLT), a
locally-run non-profit organisation.

London’s population is set to
soar to a staggering
11.3 million by 2050

ACTIVE PUBLIC ASSETS

Building around operational assets

Active public assets can also provide
development opportunities. Building over
and around transport nodes is one example.
Crossrail is the first scheme of its kind to be
part funded by the revenue generated from
above station property development at its
own sites. The contribution to Crossrail’s
operational costs by private developers is far
more than in other parts of the country.
The GLA, through the sale of its non-operational
assets, is well advanced.

The position of the Greater London
Authority’s Non-operational Group Assets
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opportunities is £545 million.

This must be raised from 12 key over station
developments spanning 3 million square
feet of residential, retail and office space. There
are currently 8 sites where permission
has been granted including Woolwich
station (where Greenwich Council recently
gave approval to plans for 400 homes), and
Paddington where permission has been
obtained for a 305,000 sq ft office building.

Source: Savills Research

MAP 2
Greater London Authority’s Non-operational Group Assets

GLA Group Assets
Non-operational, by status

- Salesable / in disposal process
- Other non-operational assets

Estimated flat value
April 2013

- Over £1000
- £100 to £1,000
- £50 to £100
- £25 to £50
- £12.50 to £25
- Up to £12.50

Source: Savills Research
OUTLOOK

- **Greater transparency** and data analysis is needed to establish the full size and shape of public sector assets. Big strides have been made to provide data on central government holdings. Although the decision to develop will be made at a devolved level, we must build on this momentum to achieve a similar register of assets held by all sectors of the NHS and Local Authorities.

- **Coordination is key:** Under the Infrastructure Bill currently going through parliament (latest draft published 10 November 2014), the Homes and Communities Agency (HCA) will be taking on a greater role in public land disposal. This will allow for a more joined up approach and provide a central co-ordinated knowledge base for development land delivery.

- **There must be clear incentives** for various public bodies to bring forward land. Accounting issues to allow public bodies to benefit from disposal receipts must be addressed to encourage development opportunities.

- **The London experience** shows that strategic and considered land disposal will deliver better results than a more ad hoc approach. Much has been achieved in London via the GLA which might serve as a blueprint for other major cities such as Manchester.

- **Seeking value:** A report by Localis, which included a survey of over 50 Local Authorities, revealed that one in six feel that they have been forced to dispose of assets for less than optimal value. We would therefore agree with the report’s recommendation that Treasury guidance needs to change to encourage public sector bodies to focus on long-term best value.

- **Opportunities exist** beyond taking one-off capital receipts for assets. We forecast that 24% of households will be renting privately by 2019. There is therefore potential for public bodies to maximise revenue income over the long-term by utilising various disposal and development structures including joint ventures, self-development and investing in PRS.

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