The standard method, ONS's figures, housing need in London

The Government has promised to review the standard method and generate a new methodology. Without this clarity it will be difficult for the Mayor to make a start on a new London Plan says Bethan Haynes

Introduced in 2018, the Government's standard method for assessing housing needs was intended to help solve one of the problems arising from the 2012 NPPF: the abstract debate over contested estimates of housing need which was slowing the preparation of local plans (and also plaguing many planning appeals). The change was intended to shift time and resources away from the question of how much and towards where new homes should go and how we should deliver them.

Against a 300,000 per annum national ambition, the standard method utilised the official 2014-based demographic projections and yielded around 266,000 homes a year nationally, of which around 72,000 were in London[1]. Not only did this place significant pressure on London (which would need to meet around a quarter of all the country's needs), it still required authorities collectively to make additional provision for some 30,000+ dwellings each year on top of their standard method figure. This was – in the government's view – achievable, and the standard method applied to all local plans submitted after 24th January 2019; it thus did not apply to the New London Plan (NLP), the examination of which began in 2018.

The impact of ONS and its projections

ONS publishes new population and household projections roughly every two years, and each time it revises its assumptions around births, deaths, migration and household formation. After the standard method was adopted, ONS published new household projections (the 2016-based projections, published in September 2018) which suggested much lower growth nationally than the 2014-based figures upon which the standard method had been formulated. If the 2016-based projections were applied to the standard method formula it would have yielded a much lower figure – we estimate around 210,000 per year, of which 47,000 would be in London. As this outcome was significantly at odds with the government's 300,000 homes a year ambition, and resulted in significant fluctuations from previous figures at a local level, government consulted on changes to the standard method and directed authorities to continue using the 2014-based figures[2]. The message was clear – lower projections of population and household growth were not sufficient basis to reduce housing targets.

Bethan Haynes is a Senior Economics Consultant at Lichfields

Two years on and ONS has published another set of projections – the 2018-based population projections. These suggest a further reduction in levels of population growth than the previous projections. ONS has yet to publish the household projections which go alongside these, but we can broadly estimate what the household projections would show; applied using the standard method, it would result in a housing need figure of around 207,000 homes nationally, of which 42,000 would be in London *(see Figure 1)*.

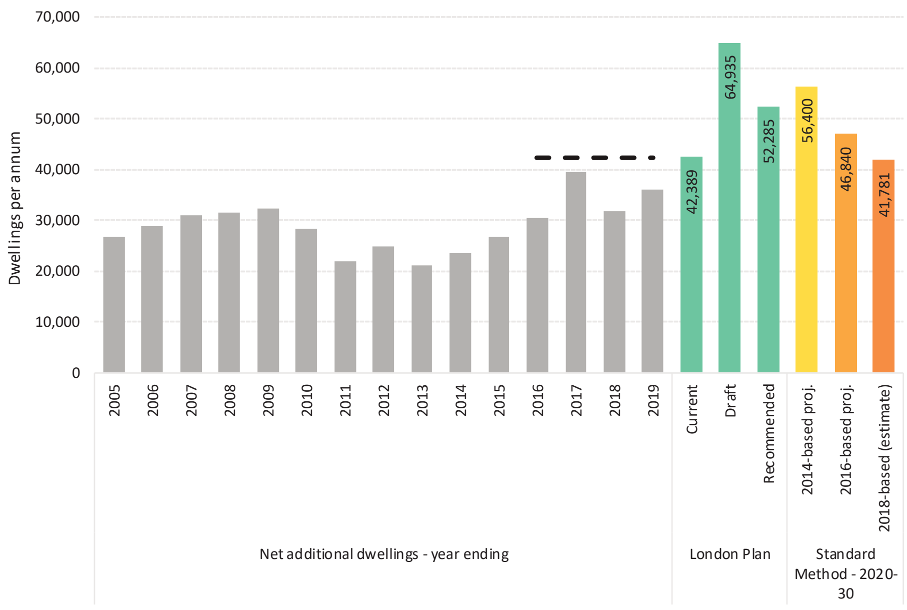

Figure 1 – Historic housing delivery in London, London Plan figures and Standard Method figures. Source: Lichfields analysis, London Datastore, GLA

With successive projections getting progressively lower, there is a growing divergence between more recent projections and the Government's ambition for 300,000 homes per annum. We will turn to the weaknesses of projections as the starting point for measuring true housing need later in this article. But there are other practical concerns, notably volatility: with projections changing every two years it is difficult for local authorities to plan on a consistent basis, with housing numbers changing at least once (and often two, or sometimes three times) during each plan-making cycle.

But even sticking with the 2014-based projections, the number is changing. Each year the relevant ten-year period for estimating need moves forward and because of the ONS methodology, the projected household growth tails off. And there are factors in the standard method formula that see a reduction. More authorities now have adopted plans, which in some cases reduces the standard method figure (through the plan-based 40 per cent 'cap'), and in the case of some areas – including in London - affordability has (very marginally) improved, reducing the market signals uplift. The result is that – when calculated now – the standard method yields around 250,000 homes nationally, of which around 56,000 are in

London (see Figure 1). .

London

So what does this all mean for London? Even if London's need was really 72,000 homes a year (the number yielded when the standard method was first introduced) this was clearly never going to be delivered in the short to medium term, at least. Competing uses mean there is limited supply of deliverable housing land in the capital. There is the Green Belt and other land constraints, not to mention economic factors like limits to market absorption. In the last 15 years the highest rate of delivery London has seen was a shade under 40,000 a year (in 2016/17, Figure 2) and the average is much lower at around 29,000 per year. In this context, the current London Plan (FALP) target of 42,000 homes a year was already ambitious, and the capital has only come close to meeting this once in recent years.

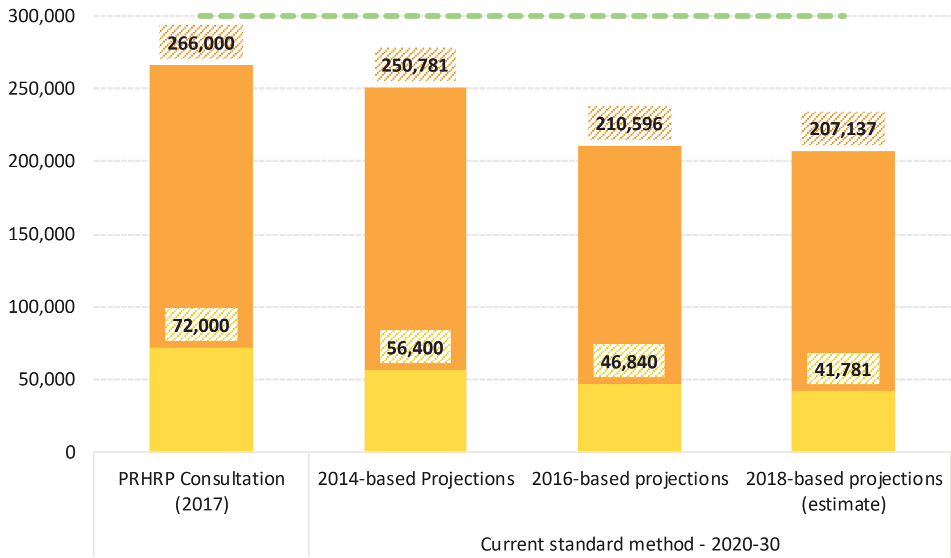

Figure 2 – National total and London figures for standard method using various underlying projections. Source: Lichfields analysis using MHCLG/ONS data

The initial proposed target of 65,000 per year in the NLP was extremely ambitious, and this was moderated down by the Inspectors to a recommended figure of 53,000, based on a more realistic view of London's capacity. This is comparable to the current standard method figure (based on the 2014-based projections and the latest affordability data) of around 56,000; this would suggest the NLP is coming closer to meeting its needs – although even this relies upon London increasing delivery beyond anything seen in recent years and sustaining this for at least c.10 years. The Secretary of State's intention to approve the NLP was conditional on modifications that allow for higher housing delivery and to require a further London Plan to be prepared to address higher levels of housing need – based on the cited 72,000 figure.

However, were the standard method to be based on any of ONS's most recent projections (the 2016-based or 2018-based figures), a figure of 53,000 homes per year would actually meet the suggested need – *see Figure 2* – because the new projections now indicate need of c.41,500 – 47,000 per annum. For some, this might be cause for satisfaction and a job well done, but we must be very cautious before we conclude that the issue of housing delivery in London is 'solved' and that London is finally meeting its housing needs. This is for three reasons.

Firstly, even meeting the very lowest (and theoretical) standard method figure using the 2018-based figures (42,000 per year) would require London to increase its long-term delivery average by 44 per cent, from around 29,000 per year to 42,000 per year, and then sustain delivery at this level for at least around 10 years. London didn't even come close to 42,000 in the pre-recession peak (reaching around 32,000 by 2009) and has only managed close to 40,000 in one year since. Even in the past three years - which have seen the highest delivery since the recession - delivery has averaged around 36,000.

Secondly, the government has made clear that lower population figures do not justify a conclusion that need has reduced. This was the case when the 2016-based projections were published and there is no reason to believe the government would reach a different conclusion based on the most recent 2018-based figures. There are a number of reasons for this:

1 Projections are trend-based, i.e. if new homes have not been delivered in the past, households could not form, risking a downward spiral if steps are not take to reverse past trends. In other words, the more recent household projections 'bake-in' the population and household formation effects of past under-delivery;

2 Long-term historic under-delivery provides a justification for increasing rather than reducing the rate of new housing supply, with the under-delivery between 1994 and 2012 alone estimated to be roughly 2m homes;

3 Poor and worsening affordability alone is evident of housing demand and provides a justification for delivering more homes than simple population projections suggest; and

4 Other factors, such as rising incomes, changing social preferences, credit availability and many other factors also contribute to housing demand, but are not reflected in projections.

Thirdly, a chronic undersupply of affordable (social rented, affordable rent, intermediate tenure) housing in particular has meant that a significant backlog exists in London (and in many parts of the country). As affordable housing is typically delivered as part of mixed market-affordable developments, it is unlikely that affordable housing need (both backlog and future need) can be addressed without sustaining housebuilding at levels higher than seen historically.

The differences yielded in each set of population/household projections and the differences arising in the standard method due to the passage of time have undermined confidence over what London's housing need 'actually' is. Whatever the fluctuations in the metrics involved in estimating housing need, a simple glance at the London housing market tells us that there is an acute shortage of new homes across virtually all segments of the market, and particularly for those in need of affordable housing or family homes, and that the rate of supply needs to increase, not just in London but across the wider South East.

In practice, the latest 2018-based projections will probably have little bearing on housing figures for London because the government is unlikely to endorse them for the purposes of the standard method. It has promised to review the standard method and generate a new methodology, expected to be released this year. What the new approach will be remains to be seen, but it is reasonable to conclude that reliance on demographic projections has reached the end of the road given the re-stated commitment to 300,000 homes per annum.

In London, as nationally, many other factors are driving housing need and demand. How this plays out to generate a new housing need figure for the next London Plan is an open question. It could be higher or lower than current figures, and pending this clarity it will be difficult for the Mayor to make a start on a new London Plan. For now, the focus should be on adopting the current Plan, and helping Boroughs take forward its proposals to achieve a the boost in supply that is needed.

[1] *See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/652888/Planning_for_Homes_Consultation_Document.pdf para 26*

[2] *See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/751810/LHN_Consultation.pdf*

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Locking down future housing delivery

Short-term change and fiscal measures have a key role to play in reviving London's economy but confidence and proactive leadership is also needed says Justin Kenworthy

My colleagues and I at Barton Willmore, have, along with many others across the industry, watched on as housebuilding activity slowed during 'lockdown'. Significant construction site closures and a decrease in the submission of new planning applications alongside the Government's strict social distancing rules introduced to manage the COVID-19 pandemic, have had a severe impact on labour and material supplies, and will continue to slow construction programmes in coming months.

What are the unintended consequences of lockdown on the future construction of new homes in London and across the UK? A widening of the already significant shortfall between supply of, and demand for, new homes in the London and for an ever-growing population is surely a very real threat.

Recent Planning Inspectorate Reports have concluded that, at this stage, there is no clear evidence that a slowdown in housing delivery will be sufficient enough to carry significant weight in the determination of planning applications, but I firmly believe there are signs that this conclusion could change in the near future.

BELOW:
A London development by Mount Anvil

I agree that the full extent is not yet clear, but evidence produced by the Planning Portal in May 2020 has established there was a 12 per cent - 23 per cent-decrease in the number of planning application submissions in March/April 2020 across the UK, when compared to March/April 2019.

Local Planning Authorities are starting to voice concerns about their ability to meet their adopted housing targets owing to an expected reduction in the number of completions. The switch to home-working and virtual decision-making is happening, but pace has varied hugely across London and even more so across the UK and there is no doubt new working-practices have slowed the pace of decision-making and impacted Local Planning Authorities abilities to process and determine planning applications already in the system.

Combine this with the clear commentary from housebuilders around the slowed pace of construction and site working due to social distancing, and even in some instances, plots being effectively completed to order, surely the Planning Inspectorate's position will change within the next 6 to 12 months from now?

Notwithstanding the difficulties faced by the housebuilding industry during lockdown, we continue to receive instructions from housebuilders and registered providers to submit planning applications. Those schemes moving notably faster are those that will deliver grant funded affordable homes and large-scale development projects that are capable of 'riding the storm', such as Estate and Urban Regeneration projects. We're also seeing a healthy level of other instructions, important in helping with the early delivery of homes, include submitting applications to discharge conditions and obligations, so construction sites can commence as soon as possible.

But the development pipeline needs to be considered holistically. Much of the focus to date from Government and the Mayor of London, has been focused on sites that were already in progress before the lockdown. With the quantum of housing need we are faced with across the City, supporting and securing new long-term sites and investment for future housing delivery is critical. As is requiring public sector bodies with available land to work in Partnership with housebuilders to optimise these sites and consider options for potentially fast tracking the determination of planning applications for residential-led proposals.

Justin Kenworthy is a partner at Barton Willmore LLP

Encouragingly across London, there are signs that Mayoral support for 'ready-cooked' sites is starting to come forward, as demonstrated by the recent announcement of a £50million loan to Mount Anvil to accelerate the purchase of new sites and speed up the delivery of new homes. This type of Mayoral investment is hugely important and should be further encouraged as well as consideration for other incentives such as Community Infrastructure Levy (CIL) payment deferments to help ease developer's cash-flow concerns.

Mayoral elections are now only nine months away and we still don't have the certainty for investors and developers of a final London Plan. This is something which continues to undermine confidence and opportunity. In tandem, the COVID-19 health crisis has quickly highlighted the continued huge social and housing delivery challenges we face across Greater London and the UK. A response to which must be embedded within any Government's lockdown exit plans.

Housebuilding and the way we support our industry as we exit is critical to getting this right. Short-term change and fiscal measures have a key role to play, but confidence and proactive leadership is also needed, from Boroughs, Mayors and Government alike. Fingers crossed we get to see it.

Barton Willmore LLP is one of the largest independent planning and design consultancies in the UK

Achieving diversity

If the professions are to serve society well, we should ourselves reflect society's diversity says Ben Derbyshire

The international Black Lives Matter campaign has signalled a turning point in understanding the nature of discrimination that uniquely affects black people. In my own practice the campaign has impacted at a deeply emotional and personal level especially with the black members of our team.

We set out as a practice with a belief in our own shared wellbeing as a team and a concern for the communities we serve externally. So when our black colleagues spoke out, clearly stirred by these events, building on a deep level of hurt and growing anger over generations, we realised we had to do more. It's not as if we are totally unaware and inactive, but no organisation is above improvement in this area, so we realised the need to do more to educate ourselves, support others working on the issues and speak out about them.

It's all too easy for a sense of well-meaning complacency to grow. So recent events are a reminder that the plight of black people is an experience unique to their particular circumstances, highlighted by skin colour where the impact of racism and structural discrimination is more frequently, keenly and sometimes violently felt.

The nature of the disadvantage experienced by black people in the architecture profession must not be understated. According to RIBA Education Statistics published in 2017, the proportion of Black students entering architectural education at part 1 is 6.4% of the total, falling to 2.7% of all who pass the final part 3 qualification. Conversely, the proportion of white students increases from 59.8% to 87.9% successfully qualifying.

To fix this we need to develop behaviours which are inclusive, not exclusive, adopt policies that create equal opportunities out of circumstances which are not and, most importantly, work consciously and consistently to banish unconscious bias, which is perhaps the most pernicious obstacle to achieving diversity.

According to a recent Architects Journal survey the proportion of architects from a BAME background who believe racism is widespread in the profession has risen from 23% to 33% in only two years, whilst amongst the majority white respondents, the figure has risen from 9% to just 17%. The disparity between black and white perceptions is telling in itself.

So it could be said that we are going backwards. Contrast the proportion of people from ethnic minorities, 43% in London and 13% nationwide, with the proportion of black people on the architects' register – currently reported by the Architects Registration Board at about 1.2%. Shocking.

An underlying problem that disproportionately affects black people, is the notoriously modest remuneration that salaried architects can expect – a median of £40,000 with five years' experience or more. Compare that to the £100,000 of student debt accrued in qualifying for the profession, and add the daily experience of discouraging prejudice experienced by black people and a career in architecture can seem a lot less appealing from their perspective. The profession has to work hard to increase the value it offers to clients and society, and be prepared at the same time to offer a larger slice of the cake to black colleagues working amongst us.

Black would-be architects need champions, not just mentoring and role models. We have to believe that the industry has the capacity and must redouble its will to make a real difference on the issue both internally and externally. Acknowledging that we can and will do more, we must at the same time recognise that there is a mountain to climb.

To take the first steps forward in our own practice we have established a forum exclusively for the black community within HTA Design, that will consider the specific issues confronting our black people, within the umbrella of our wider commitment which already has structures responding to diversity and inclusion generally. This will be led by and made up of black colleagues with a commitment of allyship and wider representation within the practice and externally from myself and our managing partner, Simon Bayliss.

Ben Derbyshire chairs HTA Design LLP and is immediate past president of the RIBA

Black lives matter and black involvement in creating a better and fairer built environment matters too. If the professions are to serve society well, we should ourselves reflect society's diversity. Covid 19 has exposed the inequities in the built environment. For example, black people are four times more likely to be deprived of access to private amenity space than whites. We need to enable black people to take their fair share in the planning and design of better quality towns and cities that we must strive for, together.

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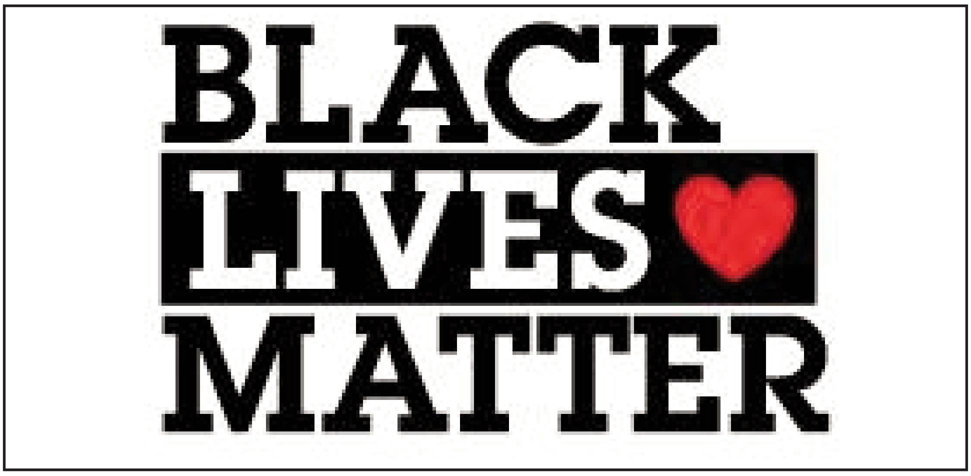


Design and planning re-thinks crucial for our post-Covid world

Actively address the opportunities for beneficial change, working with architects and planners as part of a collaborative regeneration effort says Paul Finch

Paul Finch is editorial director of the *Architects' Journal* and *AR* and joint publishing editor of *Planning in London*

A recent survey suggested that 40 per cent of architects have experienced a reduction in their 'mental well-being' during lockdown. That may be the case, but one of the effects of the current health crisis has been to focus on how we can redesign or rethink the places where we live, work and play to deal with the current and indeed future pandemics. That should mean new work-streams.

Every building owner and occupier, big or small, public or private, needs to review access, circulation, layout, lavatory arrangements, lifts, foyers, security and so on. The people best placed to help with this are the architects, designers, space planners and facilities managers who know most about the building.

None of this is going to be simple, but as we are already seeing in prototype layouts for schools, it is not impossible. And from a design point of view, the possibility has arisen of making more civilised interior environments because there will be a premium on space, volume and distancing, rather than the endless quest to cram more people into diminishing areas of accommodation.

In the case of offices, even if we reach the stage where only a minority of employees are in a workspace at any one time, it will still be necessary to ensure their well-being, which is not going to be achieved by the rigid desk-bench layouts, Cost consultants, who suck air through their teeth if you suggest that seven square metres is a rotten amount of space for a human being to occupy for much of a working day, will have to rethink.

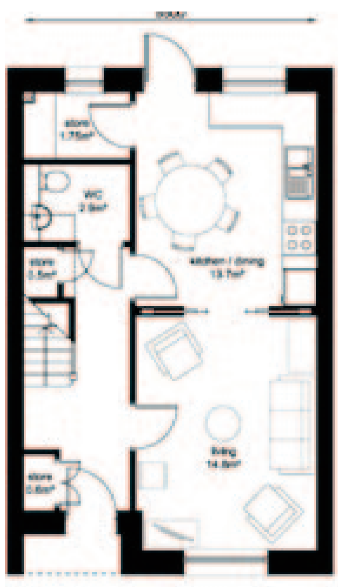
For offices, and workspaces mores generally, the sardine-can mentality is now out of the window. Density of occupation is no longer king. Thoughtful architects are already running seminars for clients about potential approaches in this new era – thoughtful clients should seize new ideas with alacrity. As we know, the cost of workspace to employers is a drop in the ocean compared to the cost of running almost any business as a whole. That is not about to change.

There are opportunities for constructive improvements in the world of planning too – provided we allow local authorities the scope to set their planners onto proactive work, rather than restricting them to development control. Quite apart from big questions about safety and security in relation to public spaces, there is the specific issue of the high street and empty shopping centres to ponder.

Already the subject of much breast-beating, the impact of Covid-19 on the high street's individual retailers, multiples, bars pubs and restaurants suggest the problems are likely to get much worse. This may be the moment for the sort of radical planning approach which until recently would have been unthinkable.

One strategy, for example, would be for local authorities to become 'owner/curators' of high streets, on the model of London's great landed estates. If only we could have 10,000 Marylebone High Streets! With retail values plummeting, it might not be an absurdly expensive exercise to start buying-in leases in order to give future direction to what is quasi-public realm.

As to the use of vacant premises, this would be a matter for some strategic planning thinking. Sensible retrofit/adaptation would be the watchword, with a freer mix of uses than currently allowed. In some instances, conversion to residential use might make sense. Perhaps the 'live-work' unit could make a comeback so that, at the very least, properties would remain occupied rather than vacant. Perhaps we could have another serious go at increasing the proportion of accommodation above shops that can be used for residential purposes.



Ground Floor Plan

What about living space itself? Coping with the possible need to go into lockdown again suggests we need to be increasing minimum space standards and making them compulsory. Those rabbit-hutch office-to-resi conversions should be banned: either do decent space standards or forget it. Which would mean making mandatory nationally the Boris Johnson London space standards which he introduced as mayor.

The desirability of balconies as adjuncts to small apartments has become increasingly obvious in recent weeks – there is a general acknowledgement of the importance of, as Le Corbusier described it, 'espace, soleil, verdure'. Terraces and roof gardens are welcome spaces, not just a management burden.

With so many difficulties (in some cases tragedies) to content with, it is sometimes difficult to concentrate on anything other than yet another media story of failure and threat (the BBC's stock-in-trade reporting model). What would happen if everything went wrong? The general answer is that someone would make their reputation by sorting out the mess.

However, for the property sector, the approach right now is to actively address the opportunities for beneficial change, working with architects and planners as part of a collaborative regeneration effort. In the end, this will make financial, as well as social and political, sense. ■

First published in Property Week, with kind consent

Belvedere, NSIP and the heat paradox

Combined Heat and Power is increasingly recognised for its environmental and economic benefits. From one single on-site process, CHP can be used to provide a building with electricity explains Melville Haggard

My first encounter with Belvedere was in 2002 when Cory asked Impax Capital to pass a slide rule over the economics of what was to become Riverside Resource Recovery, an energy from waste project conceived in the early 1990s and resubmitted for planning approval to the DTI in 1999. The plant was finally granted approval by the DTI in June 2006 but only after two public enquiries and a last-ditch judicial review challenge, rejected in 2007, thereby concluding a planning cycle of a staggering fifteen years.

Concerns about traffic movements and emissions make the siting of energy from waste facilities (EfW) notoriously contentious. Belvedere's case was compounded by the criticism that the plant was energy inefficient as it did not use waste heat from the incineration process. This argument ignored realities of the availability of heat use infrastructure in the UK, while skating over the fundamental policy clash imposed by energy market reforms of the 1990s that prioritised competition for energy supply at the retail level over the 'Statist' concept of energy supply from a single source as embodied in a district heating network supplying electricity, heat and cooling from a sole provider.

Riverside Resource Recovery commenced operations at Belvedere in 2011. It burns 585,000 tonnes of residual waste per annum to generate up to 66MW of electricity and 30MW of steam or heat energy. We were acutely aware of the heat use deficit when I worked in at Defra from 2005-12 and much time was spent exploring opportunities for the plant's heat output. These included yet-to-be-built housing estates in Rainham and Dagenham on the north side of the Thames but the cost of a heat connection under the river proved prohibitive; while on the south side of the estuary heat use outlets within radius simply did not exist.

This brings us to the latest proposal, sanctioned by Secretary of State Alok Sharma under the Nationally Significant Infrastructure Project regime (NSIP), to build a second plant next to the existing facility. Learning from experience of previous planning cycles, the NSIP consenting process brings together planning, land assembly, environmental and access matters within a single consultation, application, public examination and decision-making process, determined by the Secretary of State. Where successful, as in this case, the result is a development consent order (DCO) containing all permissions and powers necessary to enable the project to proceed.

The new project is an energy recovery facility handling up to 806,000 tonnes of residual waste per annum with a generating capacity of 76MW; and anaerobic digester with an annual throughput of 40,000 tonnes of green and food waste; 1 MW of solar panels; a battery storage facility; and enabling infrastructure for combined heat and power (CHP).

It is this last item that bears scrutiny given the difficulty in finding heat hosts in the past and the fact that incentives for CHP outcomes have been in place for fifteen years. NPS EN-1 sets out the steps applicants should take to consider opportunities for CHP including explaining why CHP is not economically or practically feasible; providing details of potential future demand; and detailing provisions in the proposed scheme that would enable heat demand to be exploited at a future point.

Cory Environmental Holdings has now undertaken a Heat Demand Assessment over a ten-mile radius and it is this document that enables the project to achieve 'CHP enabled' status thereby exceeding the EA's requirement to be 'CHP ready'.

Melville Haggard is a member of the London Waste and Recycling Board

The study identifies potential heat use in West Thamesmead and Woolwich for social housing and other uses that could provide anchor demand for a DH network. This leaves planners with the task of approving heat use schemes within range of Belvedere.

Rolling out a District Heating (DH) network is a long-term business. In Southwark, Southeast London Heat and Power (SELCHP) is now connected to the borough's adjacent social housing – albeit over twenty years after the plant was commissioned in 1993. In Sheffield, the Council first embarked on its DH network in the 1980s with heat supplied from an energy from waste facility under a long-term waste management contract with Veolia.

Thirty-five years later the Sheffield network continues to evolve with companies, universities, hospitals, leisure facilities, public and private residencies connected to the network. This pre-dated the CHP requirements in NPS EN-1 by many years and was driven by a commendable consistency of political leadership from Sheffield Council. The Arnos Grove Heat Network, currently gas-fired, is rolling out a DH network to be connected to

Edmonton's refurbished EfW facility when it completes in 2025.

Belvedere will have to wait before CHP from its 'enabled' facility is fully functioning. The planning inspector's report to the Secretary of State requires the applicant 'to monitor and review the potential and to report its findings to the LB Bexley'. The ball now rests with planners in Bexley and neighbouring Councils. Schemes linked to Belvedere will almost certainly require Councils to act as financial counterparties to long-term heat use contracts in order to validate the rollout of DH networks.

The CHP Quality Assurance programme defines the nature of Good Quality CHP but until heat use opportunities are developed, Belvedere's two EfW facilities will remain classified as 'disposal' rather than 'recovery' facilities and the opportunity to raise efficiency levels to around 50 percent from the current 25 percent, will be foregone along with associated efficiency and climate change benefits.

Buildings currently account for 33 percent of CO_2 emissions in the UK, according to Centrica. Adopting sustainable energy efficient technologies is the best way to help users save energy. Combined Heat and Power is increasingly recognised for its environmental and economic benefits. From one single on-site process, CHP can be used to provide a building with electricity and thermal energy for hot water, and space heating or cooling and is around 30 per cent more energy-efficient than conventional power from the grid or heat from gas boilers.

To do this, we have to overcome our historic policy preference for competition for energy supply at the retail level; and Councils will need to provide their counterparty strength for long term energy offtake arrangements.

Melville Haggard is a member of the London Waste and Recycling Board and a former member of the Advisory Group on the UK Government's Green Investment Bank. He was Markets Development Adviser in the Waste Infrastructure Delivery Programme, DEFRA from 2005 to March 2011 following a career in commercial and investment banking and advisory

There is no market in this environment

Jonathan Goldstein says we cannot predict what the market will look like without the ability to implement the changes needed at planning level, we risk everything coming to a halt because we haven't been able to adjust swiftly enough

Jonathan Goldstein is chief executive of Cain International

These are highly unusual times by anyone's standard. Regardless of your industry, we are all trying to plan for the future in an environment where we don't know even what tomorrow brings, but, to ensure a successful recovery, we need to use this time to drive the change that will see us come out of this crisis securely.

Real estate was already in need of a radical reshaping. All it took to confirm this was a walk down any high street, and increasingly in globally recognised shopping destinations, where space-to-let signs gather dust. Now, following this crisis, the workplace will also need a refresh as concepts such as the 'six-foot-office', wider stairways, better access to green public spaces and fresh air will grow in demand.

While there is demand from the public and occupiers for real estate use to match our evolving habits, and eagerness from developers to meet it, we are simply not able to act quickly enough. After a stretch of time, we finally achieved planning permission last week for a development at 17-22 South Audley Street, a 48,000 sq ft site in Mayfair, that we acquired over four years ago. To emerge from this crisis on solid grounding and achieve the growth needed, we need to be able to adjust real estate use much quicker, we need to act now.

Policies that are not fit for purpose in the world that we now operate in increasingly threaten the success of the sector. To address this, we need a unified planning body that enables the sector to move with the changing landscape and create spaces that will benefit future generations. We need to ensure that this authority is adequately resourced, both now and in the longer term, to implement these changes and support growth.

Finally, we need to ensure that it attracts and retains the best talent so that targets remain consistent and that local and wider issues are addressed and recognised.

Property has had its share of negative headlines, but the majority of us go into this industry because we want to help build a better landscape. The current London Plan calls for the construction of 42,389 new homes a year across the city – a target that has never been met. Plans and red tape that stymie this growth in a city as innovative as London should, to an extent, be held accountable for missed targets and struggling sectors.

Policies that are not fit for purpose in the world that we now operate in increasingly threaten the success of the sector.

We know from the 2008 financial crash that an economic shock can cause profound and sustained damage to the housing market and the delivery of new homes. We need to avoid this happening once again and to do this we need a unified authority to work across all London boroughs to develop a recovery plan that will ensure the sector will not only bounce back but also improve its long term resilience.

Those who fail to learn from the lessons of history are doomed to repeat them. Thankfully global governance learned from the lessons of the GFC and were more prepared to tackle the financial challenges of the current crisis, and have allowed government bodies to focus their efforts on the most important issue at hand; our health.

However, in one important way we are in unchartered territory. Virtually everything has had to press pause at a point and, for a lot of sectors, there is no market in the current environment.

We cannot predict what the market will look like when we do emerge from this, but it doesn't require a crystal ball to realise that without the ability to implement the changes needed at planning level, we risk creating another situation where everything needs to come to a halt because we haven't been able to adjust swiftly enough.

Kick starting the development finance market

Kick-starting the development finance market will be a collective effort across the board says Amit Majithia

The COVID-19 crisis saw the UK lockdown virtually overnight; despite warnings from other countries, nobody was prepared for what the economy has faced. The development finance market, like most others, was hit hard. Restrictions on movement meant that works on many sites were suspended and supply chains slowed or were halted completely; this slowdown in activity presented challenges to many development lenders' loan portfolios, particularly if they were highly levered, and operational difficulties in getting valuers and monitoring surveyor to sites made it virtually impossible to close any new business. Funders sitting behind lenders were naturally cautious and so the market faced a near standstill situation.

After almost 12 weeks of lockdown, the first phase of easing has encouraged workers to return to site. Whilst activity has accelerated and will continue to do so with further easing, there will be a short to medium term impact on the market. Developments have fallen behind forecast schedules, and this will continue to impact the funding market with more developers running over terms and potentially over budget; the market is far from its pre-COVID status.

Historically, a feeling of confidence is the driving factor that underpins any market recovery – this will feed into lenders lending, borrowers investing and developing, buyers purchasing finished units and high street banks helping finance those purchases. Financial market turmoil has abated for the moment, but the sector will also be dependent on developers' appetite to start building again and lenders moving closer to their pre-COVID product range. These more tangible factors which will contribute to market recovery will be conditional on:

(i) Ability to re-start construction: many larger construction firms have already made the decision to allow workers to return to site with social distancing measures in place. Re-opening supply chains to service developments will be important in the weeks ahead – there is a potential for a spike in demand for materials as construction firms regain momentum. If supply chains have not fully recovered themselves this may lead to a lack of availability of some items or an increase in prices – both of which could impact demand in the development finance markets.

(ii) Administrative processing: functions such as HM Land Registry, local planning authorities, building control inspectors and conveyancing firms all need to return to normal so that applications for registration can be dealt with quickly, planning conditions discharged, build control sign offs dealt with and buyers are able to purchase developed units. Administrative delays can be long and costly in normal times; developers will need to face as little friction as possible to play their part in re-starting the market.

(iii) Open market sales: some uncertainty is coming from the depth of demand in the underlying property transactions, post crisis. Completions of deals agreed pre-lockdown will not suffice as there is too much sunk cost bias to pull out of transactions. Development lenders will need to see deals agreed when restrictions are eased and completed on which valuers can then use as comparables before the short term finance market will look anything like what it did in mid-March.

Amit Majithia is managing director at Avamore Capital

(iv) Long term funding: More than ever, developers will need secure exit strategies in place. High street banks are slowly returning to normal lending for homeowner and term investment loans, and once this has happened market wide it will support a return to normalisation..

Limited increases in unemployment (which will reliant on a low number of furloughs turning into redundancies), a normalisation of movement allowing all key stakeholders in the development process from planning to construction and sales and returning buyer sentiment will be key to lenders' confidence returning. For the moment, prices and leverage will remain conservative; for any new development deals, there is the risk of the 'unknown' to consider over life of the loan. The possibility of a second spike also cannot be ruled out with another lockdown imposed and being mindful of that will be really important for new transactions.

For the moment, we are seeing cautious signs of a pick-up in activity. On the developer side, we are likely to see a number of distressed or part completed developments needing a new source of funding. This is likely to be followed by a slow but steady ramp up in the amount of new development transactions that filter through to lenders. Lenders will keenly watch for when valuers can say with more certainty what the effect on the pandemic has been, both in terms of pricing and liquidity. Kick-starting the development finance market will be a collective effort across the board; evidence of stabilisation, stimulus for developers (including possible stamp duty reforms and VAT holidays) and clarity for lenders will all be responsible for driving a recovery.

Looking on the bright side

Amidst the challenges of the coronavirus there are opportunities to improve many aspects of society so they are better than they were, infrastructure planning included

The world has changed dramatically in a few short months, in ways that have affected every aspect of daily life. My area of work, infrastructure planning, is no different and has seen initial delays but some subsequent progress albeit at a slower rate than before and in a different way. Some things are possible without any changes to the law (e.g. hearings), some strictly speaking require a change in the law in a small way (e.g. not making documents physically available for inspection), and some things (e.g. traffic counts and air quality readings) are not possible even if the law was changed because they would not be representative.

In this article, however, I am exploring areas where practices affected by the lockdown might actually be better than before, and therefore worth considering being kept permanently. I have considered three such possibilities.

The first is that participation online, whether to view documentation or 'attend' a hearing may be easier for many people than attending in person. This may be because of their physical characteristics or because the hearings are far away or inaccessible by public transport. Although there may be some people who would have gone to a physical hearing but don't have the ability to attend a virtual one, I would have thought there are likely to be more people who would have difficulty attending (or would prefer not to attend) a physical hearing but do have the ability to attend a virtual one, at least by audio.

To give a specific example, a London airport expansion project, be it Heathrow, Gatwick, Luton or somewhere else, would have impacts felt a long way from their respective airports, and yet the hearings are likely to be held near or at the airport. A uniquely widely-spread group of people may be interested in attending hearings but will in many cases be a long distance from the airport. The first virtual DCO hearing took place on 9 June and was adjudged a success, confirming that this could well be a way forward.

If and when physical hearings are able to resume, something to think about is whether virtual attendees would still be permitted. I think that generally work meetings may become a hybrid of in-person and virtual meetings and that planning hearings could follow that model.

A second area is the reach of consultation. Being unable to use traditional methods of notification and having to think about new ways to notify hard-to-reach people is likely to be more successful than the default method of formal notices in newspapers, the London Gazette, etc., which I am doubtful reach many, if any, people who did not otherwise know about a project. Who is going to find out about Heathrow expansion by reading the classified section of the Maidenhead Advertiser?

Again, once this is all over, these methods could continue to be employed (and to avoid increased costs, perhaps the need to place formal newspaper notices could be reduced in compensation?).

A third area is the documents themselves. For nationally significant infrastructure projects, these can of necessity be very long – the preliminary environmental information report (the precursor to an Environmental Statement at the consultation stage) for the third runway at Heathrow ran to thousands of pages; the actual Environmental Statement will be even longer (should the project proceed). It's all very well saying (as Infrastructure Planning Commission chair Sir Michael Pitt once memorably said) these are too long and applicants should cut them down, and although vast tracts get little or no attention during examinations, some parts do and you can't predict which ones are going to. Plus, statutory bodies and other specialist interested parties do consider the detail in particular areas and need the data.

One day, perhaps you'll be able type your postcode into an electronic ES and it will tell you the baseline readings at that location, what the impacts of the project would be without mitigation, what mitigation is proposed and the residual impact

So if cut down documents are not feasible, electronic ones that bring up what people want and filter out the rest are an alternative that ought to be. One day, perhaps you'll be able type your postcode into an electronic ES and it will tell you the baseline readings at that location, what the impacts of the project would be without mitigation, what mitigation is proposed and the residual impact. Three months ago that was a dream, but perhaps out of necessity it may become reality much sooner than it might otherwise have done.

Angus Walker is a partner BDB Pitmans LLP

The Environmental Statement for High Speed 2 phase 1, from London to the West Midlands went some of the way there by dividing the route up into 26 'community form areas' plus a 'route-wide impacts' section, but it was still based on printed material. The next step would be a more dynamic online version.

Amidst the challenges and tragedies caused by the coronavirus, there are some opportunities to improve many aspects of society so that they are better than they were before the virus hit, infrastructure planning included.

'In Lockdown' – painting by the editor

What awaits the flexible office in a post-Covid world?

The crisis presents a challenge for flexible office operators, but with an increased focus on agility, we will see many winners says Eugene Tavyev

The flexible office space sector which has human interaction at its heart has been heavily hit by the pandemic, which saw the occupancy of London offices plummet to 10 percent of its pre-COVID-19 level in March, according to data by Spaces for Cities.

With the gradual easing of lockdown, we will see a phased return to modified, and in some cases, completely revamped offices. Despite the recent surge of interest in properties with a home office, many people can't wait to go back to a routine commuting and working in an office, which involves face-to-face interactions with colleagues and clients.

Of course, a complete return to how things were pre-COVID-19 is inconceivable given the need for social distancing and people's understandable nervousness to commute, which can be time-consuming and stressful. These changes in circumstances and people's attitudes have fast-tracked some of the changes that were bound to take place anyway but at a slower pace.

Focus on regional hubs

The number of commuters using buses and tubes is expected to change not only because more people will continue working remotely, but also because of the proactive measures being put in place to divert millions of journeys from public transport, encouraging more people to cycle and walk.

That means a bigger focus on working locally and keeping commuting to a minimum. This could be positive news for regional office space providers, who may be able to tap into a previously unavailable audience of professionals commuting into London. This view is shared by some of the leading office space providers, like Runway East and PLATF9RM.

It is expected that many of those who were previously required to commute into London will now be able to do the same work from a regional hub that they can walk or cycle to, minimising exposure to the virus and cutting out the lengthy commute. The health crisis has helped thousands of employers realise that remote working doesn't translate into the loss of productivity and procrastination, which is likely to lead to companies making more pragmatic decisions.

Greater desire for flexibility

Flexible office spaces are often associated with start-ups and the self-employed working in the creative or tech sectors, but even before the crisis a number of corporates, among which HSBC and Goldman Sachs started to embrace flexible office space arrangements.

Back in May, Knotel, a global flexible office space provider with a presence in London, noted that requests for large flexible office spaces had increased, demonstrating a strong appetite from corporates, which typically occupy large open space office buildings in central London.

This growing interest is likely to be due to their desire to spread their workforce across multiple locations to adhere to the social distancing guidelines. In addition, many have been rethinking their real estate strategy with a focus on reducing expenditure now that occupancy levels are likely to be smaller and transient. According to research from Gartner, nearly three quarters of CFOs expect to transition a number of previously office-based employees to remote work setups post-COVID-19 in order to cut costs, which could be a good opportunity for flexible office space providers.

Eugene Tavyev is founder and CEO of Spacepool

Social working from a safe distance

Throughout the lockdown, coworking space providers have been working closely with local authorities and clients to come up with the best way of ensuring their offices adhere to the government social distancing guidelines without jeopardising the very concept of coworking.

There will undoubtedly be a stronger focus on hygiene, and we will see some office providers install partitions in between desks to ensure social distancing, as well as making it compulsory to wear PPE. Hybrid meetings via Zoom and Teams, with people dialling in from the office and home, will likely become more common. Some offices may consider alternative opening hours and staggered work shifts, encouraging a 24/7 rotation of occupiers so that spaces don't get overcrowded.

Global real estate services firm Cushman & Wakefield went as far as designing a concept for a so- called 'six feet office' seeking to incorporate the social distancing guidelines into workplace design. A major overhaul may not be an option for many companies, especially at a time of a crisis, but some will undoubtedly find the '6 feet office' useful as a reference point.

Looking ahead

The health crisis has offered a rare opportunity for businesses to address their inefficiencies, whether it's larger than needed spaces, obsession with office presence or slow uptake of technology. It will, without a doubt, change the dynamic within the sector and present a challenge for many flexible office operators, but with an increased focus on agility, we will see many winners, too. ■