

# Airport strategy is a sad failure of nerve and imagination

Airport policy is currently a matter of low politics, the narrowest of vested interests, and a lack of imagination which is utterly at odds with the aspirations and spirit of arguably the greatest city on earth.

When David Cameron asked Sir Howard Davies to conduct a review of airport policy, he was doing so for political, not transport reasons.

Having given election pledges not to expand Heathrow, but having sacked his transport secretary for sticking to the pre-election line, he was in a tricky pickle. Having been heavily lobbied by BAA/Ferrovial, Gatwick and the usual suspects at the CBI, London First etc, the Prime Minister needed a get-out clause to dump that pesky commitment – but not before the next election.

This explains the timing of the interim findings published before Christmas, and the delay of any final decision on the matter until the Conservatives are back in power, or not. In the meantime, they can legitimately say that the matter has not been decided, even though on the really big decision – expanding the existing or go for an estuary airport – Sir Howard has done what was expected of him.

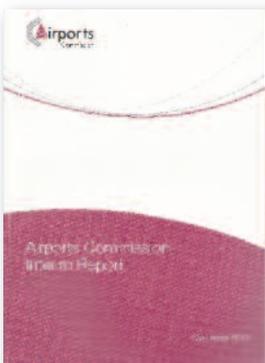
Being an establishment chap, Sir Howard knew that his appointment was to introduce delay into this most important decision, and to try to keep sweet as many parties as possible. That is his stock-in-trade, having presided over the Financial Services Authority when it backed the New Labour policy of being nice to bankers instead of keeping them honest, and then heading the London School of Economics and sucking up to the Libyans, no doubt with the support of the Foreign Office. His recent career cannot be described as a glowing success.

One should review his advice in this light. He has told the Prime Minister what the latter wanted to hear, by saying leave it up to Heathrow in the first instance, think about Gatwick as an outside possibility, hang Stansted out to dry, and kick an estuary airport into the long grass - without actually ruling it out. In the usual Establishment manner, the way you do this is to say that more research is needed before it can properly be assessed.

All this is very disappointing, if predictable. In the short term, running out Crossrail 1 to Stansted and exploiting existing capacity makes far more sense than continuing to promote the Heathrow white elephant, the Royal Docks of the 21st century which should be put out of its misery as soon as is practicable (15 years if we took the necessary brave and bold investment decision). Gatwick also makes more sense than Heathrow.

Airport policy for London and the South-east requires vision, commitment and imagination. It is currently a matter of low politics, the narrowest of vested interests, and a lack of imagination which is utterly at odds with the aspirations and spirit of arguably the greatest city on earth.

No wonder the Mayor is furious. ■



# Little supply, lots of demand

Housing will be the hot political topic ahead of the next Mayoral elections

As with airport strategy, London is failing to seize the day when it comes to housing and for similarly political reasons. Boris' revised London Housing Strategy may have cranked up on paper how many houses he'd like to see built every year to 42,000, but new Londoners have been arriving at the rate of 100,000 a year for the last 10 years, and look like continuing to do so. Housing will be the hot political topic ahead of the next Mayoral elections and has been building a head of steam for several years. Hence our 11 page feature in this issue.

Boroughs that are poorer, like Newham, have seen the lowest house price rises and the highest rises in the number of new citizens. According to the census, Newham saw its population rise from 196,000 in 2001 to nearly 255,000 in 2011. A rise of 30 per cent. This compares to a rise for London as a whole of 14 per cent.

A quick look at the planning statistics for the last five years, however, shows planning decisions on applications for dwellings in Newham have fallen by 22 per cent, according to DCLG figures – which we publish regularly. So that's a 30 per cent rise in population (over 10 years), and a 22 per cent fall in planning decisions (in the last five). OK, that isn't apples and apples, but you get the picture. Nor is it a comparison that includes the Olympic Park, but it still tells a story.

We just aren't building enough homes. Those that exist are too dear. Young people – well they're not even young any more – people in their mid-30s – can't afford to live where they want to in London.

House builders and developers may like the look of the Mayor's suggested 'housing enterprise zones' – though we don't know where they are yet – but they can only build as many as they can sell. And people can only buy them if they can borrow the money. The biggest political canard is that foreign investment in London's homes is bad. People, and therefore politicians, believe that foreign investment drives up prices. It does. But only when there isn't enough supply, and there is currently what economists call an 'excess of demand'. Hence the loud welcome from the London Assembly to a new tax on overseas investors' gains. This squib will do nothing to dampen overseas demand.

In London's housing market it is both the best of times and the worst of times. Little supply, lots of demand. Not only that, but private homes are free of capital gains tax. It makes for a perfect storm. But unfortunately we don't have enough homes to shelter from it. Nor will we while the provision of affordable housing is funded by taxing... you guessed it... housing development.

How mad is that? ■

SEE: London's Housing Crisis feature pages 31-41

