

The Real eState with Peter Bill

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In the run up to the election on 8 June both the Conservatives and Labour have promised to build more council homes. How? Altering CPO legislation to allow land to be bought at present use value and adding new use classes may provide the key.

Only an ingénue believes Conservative and Labour promises to build 250,000 new homes a year by 2020. Mrs May and Mr Corbyn are however of one mind on council houses. More must be built. Labour suggests 100,000 a year, paid for from public funds. Mrs May is fey on numbers, but hinted last week at a bombshell idea. CPO land at existing use value.

Official figures show agricultural land was worth £21,000 an acre in 2014. Industrial land averaged £482,000 an acre. Residential land ranged from £770,000 an acre in Torbay to £19m an acre in Tower Hamlets. The scope for councils capturing the uplift in the value of land conferred by their granting of permission lies in the tens of billions.

The CPO idea may be hobbled with caveats, or not even make the manifesto, to be published on 18 May. More's the pity, if that's the case. As it's not hard to see 100,000 new council homes could easily be built every year - if councils had freedom to buy land at existing use value and use the uplift as collateral to borrow money for construction.

There would be howls from developers, naturally. Power to buy at agricultural or industrial values would undermine the foundations of land trading. Imagine being a housebuilder with options to buy thousands of acres of 'white land'. These options may turn worthless if councils threaten to CPO at existing use value.

Even then, an 'existing use' CPO purchase goes only partway towards a solution. Both main political parties need to go further. Giving councils more powers to determine the social mix is vital, not just to prevent council home ghettos. Let councillors determine the mix rather than just the number of homes in each zone. It's their town. Let localism flower.

How? Expand the antiquated C3 - 'dwellingshouses' use-class. Add three new rental sub-sets: council, housing association and private. Then allow councils to determine the percentage of each use class for each application based upon a re-zoned and re-cast local plan that determines the overall mix. Yes, it sounds easy. Planning never is...

Banks going nowhere

Laugh in the face of any Remainer who tells you this week's news of JP Morgan Chase taking space for 1,000 staff in Dublin will see the US bank, along with HSBC, Citi Group and Barclays, sail away with full crew from Canary Wharf. Forget the idea Goldman Sachs will leave for La Defence. Gape instead at the Squid's 1.1m sq. ft offices under construction in Holborn.

Banks do not need to move wholesale to gain a trading 'passport'. Guess how many staff they need to shift? "None", said a lunch companion with banking connections last week. "OK, maybe ten." I didn't believe him. So, I asked eminent pro-Brexit economist, Dr Gerard Lyons, at the BCO conference in London last week. "There is no number, as such."

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