Part I
Perspectives on governance

1

Capital flows in the capital: Contemporary governmental imaginations in London's urban development

Mike Raco and Nicola Livingstone

Introducing systematic ambiguities: Questioning the planning, politics and perceptions of London's real estate market

Much of the critical literature on neoliberal urban development, and many of the policy frameworks that shape planning systems, characterise the real estate and investment sectors in a relatively simplified way. They are often presented, implicitly or explicitly, as a unified interest with a clear subjectivity built around fast returns from investment decisions, a lack of consideration for broader public interests, outlooks dominated by the conversion of places into profit-maximising investment spaces and counterproductive approaches towards citizens and government authorities who potentially seek to disrupt their programmes and projects. Such characterisations are becoming increasingly important as regulators in major cities such as London and Toronto are calling for the introduction of new policy technologies and techniques to try to exert greater territorial control over increasingly fluid investment flows, real estate actors and other institutions within cities. Through this chapter we will challenge these preconceived notions relating to real estate actor behaviour and demonstrate their more nuanced, integrated and essential role within London's politics of planning. Just as the urban form is a social product (Harvey 1979, 196), we need to better understand how the creation and ongoing dynamics of our built environment are impacted by the social (and not purely economic) form of market actors and regulators actively mediating the commercial and residential landscapes of the city.

This chapter draws on a content and discourse analysis of contemporary planning documents, political statements and speeches in London to examine the *conceptions* and *imaginations* of the development and investment sectors that exist within policy-making processes, and their apparent manifestations in the real estate market in reality. We argue that it is important to reflect on the active networks of real estate and planning actors who are mediating the flows of capital into London's commercial and residential market, demonstrating that there is a process (often asymmetrical but symbiotic) at play through the 'rules of the game' present within the local market context, policy environment and political perspective. The chapter will assess dominant understandings and diverse interconnections between market actors who are actively creating and mediating London's urban environment, and the analysis will demonstrate that systematic *ambiguities* lie at the heart of the political narratives and the planning system's characterisations and imaginations of the real estate and housing sectors.

On the one hand, they are infused with a critical view that portrays large developers and investors as overly powerful actors whose activities need to be tamed and restricted in order to meet a broader public interest. These actors are often presented as prioritising economic impacts of their behaviour over the social implications, whose actions can only be regulated through the deployment of hard financial incentives and regulations rather than through negotiated forms of softer regulation that could seek to establish more ethical and/or more community-oriented forms of intervention. There are also calls for a broadening of the diversity of investor and developer typologies, with smaller firms viewed as being more publicly oriented and socially progressive than the larger firms that disproportionately dominate the building of new housing, real estate and infrastructure; the latter are often perceived as purely driven by the prospect of financial benefits. There are also conflicting perspectives at play in relation to the scale of internationalisation in London as an investment and development market, as questions arise relating to the global nature of real estate actors and their potential (or lack of) connections to the city.

On the other hand, the chapter will illustrate how the rolling out of a market-led planning system means that the implementation of broader objectives requires the active and privileged cooperation of major private sector actors and their skills, expertise and resources. In planning fields ranging from the provision of affordable housing to energy and infrastructure management, private actors are increasingly called upon to work in harmony with the planning system and governing agencies to deliver public policy priorities. In the core strategic planning blueprint, the London Plan (LP) (GLA 2018), developers wishing to implement projects are expected to draw up proposals to (amongst other things): boost training and employment for young people; ensure that heritage standards are maintained; mitigate the impacts of developments on local urban environments; ensure the provision of green spaces; develop local utility infrastructure networks; and develop recycling and waste management systems. Market-led policies thus generate new forms of dependence on private sector resources and this, in turn, limits the scope and scale of regulation and political interventions.

The analysis will also show that there exists a clear knowledge gap that helps to generate and institutionalise these ambiguities. There is a relatively weak understanding of the investment landscapes that now shape urban environments and the systematic changes that have been underway in the form, character and structure of the real estate sector in recent decades, particularly in the wake of the Global Financial Crisis of 2008 (Baum and Hartzell 2012). We draw attention to the lack of knowledge and the contradictions active within the London market, by evaluating the antagonistic characterisations of institutional real estate actors, the lack of reflexivity in the governance and regulation of such actors through the planning system, and the importance of knowledge-laden networks in producing the city's built form. The chapter begins by unpacking some of the relevant literature relating to the planning system, real estate and housing markets, before presenting an analysis of these ambiguities. A concluding section outlines some of the implications of current trends for the (effective) regulation of the real estate sector in global cities such as London and Toronto, and the directions for further research in the future.

Dominant representations of real estate developers and investors in planning

Within much of the critical urban studies and planning literature, contemporary real estate developers and investors are represented as a relatively undifferentiated group of capitalist institutions. As Rachel Weber (2015) argues, much of this work has been dominated, on the one hand, by neoclassical framings of market systems and corporate practices and, on the other hand, by critical economy approaches. Weber maintains that both approaches are 'debilitated by their lack of attention to the action of actors and institutions that mediate between demand and supply' (2015, 30). The latter are found within 'urban political economy, cultural studies and geography traditions [in which] capital is often characterised as perpetually dynamic and naturally expansionary while the actors and institutions that make capital mobile are deemed irrelevant and unexamined' (Weber 2015, 30). Influential writings and models that draw on neoclassical interpretations suffer from similar limitations, with their focus on idealised and abstract models of action and practice of the management and ownership of urban land and real estate assets. Both real estate developers and investors are often represented as seeking fast returns from investment decisions, lacking an ethical concern with the impacts their development may have on broader public interests and/or the sustainability of places and communities. Since the beginning of the twenty-first century, writings on financialisation of the city have reinforced some of these inscriptions and it is an approach that stands in stark contrast to studies of social movements and non-governmental organisations, many of which highlight the variegated and place-specific nature of organisational structures and outlooks. Part of this explanation arises from the globalisation and/or internationalisation of the real estate sector and a degree of convergence and monopolistic behaviour between firms (Theurillat et al. 2015). Simplifications are especially evident in planning documents and policy frameworks, with Adams et al. showing that planning frameworks often 'reveal only scant awareness of both the structure of the development industry and the varied characteristics of individual developers' (2012, 2593; see also Campbell et al. 2014). Too often plans are built on simple assumptions about the practices of private firms, their outlooks, their ethical frameworks and their views of planning and regulation (see Imrie 2010).

There is only a basic understanding of the internal structures of investment and development companies, the tensions that exist between different types of private sector institutions, the greater importance given to knowledge production within the private sector, and the reflexive nature of actor subjectivities, networks, systems and practices. Ownership structures and models also vary, along with managerial practices and systems, firm traditions and outlooks towards investment ethics and attitudes to sustainable urbanism. This knowledge gap, the chapter argues, has under-researched implications for both the effectiveness of planning interventions and understandings of the types of investment that are now shaping London's built environments. Such knowledge gaps are becoming ever more significant as, under conditions of contemporary globalisation, we are also seeing the emergence of new investment landscapes underpinned by a plurality of institutions and actors. Projects are now funded by complex investment vehicles with finance sourced through foundations, charities or even public sector authorities (including local governments and quangos) and representing non-traditional real estate investors. Neither developers nor investors can be easily defined or categorised, due to their diverse strategies, motivations, scale, size and capital structures.

The previous section emphasised how the perceptions of complex real estate actors are limited in planning and (to an extent) urban studies literature. Relatively little attention is paid to the institutional organisation of the sector and/or the extent to which the real estate processes of developing and investing possess specific difficulties and challenges vis-à-vis other forms of investment. Property trading is also a resource- and capital-intensive process when compared with, for instance, the buying and selling of stocks and shares. Development itself is also inelastic in the short term, requiring a highly regulated and lengthy production process, and its position as an asset is always shifting in terms of governance landscapes. As Baum and Hartzell (2012) note, direct property as an investment asset is relatively illiquid, entirely heterogenic and fixed to a location, making it difficult to diversify without the invention of financial vectors and innovations, combined with significant amounts of capital. The high degree of 'spatial fixity' in real estate assets means that investments are particularly place dependent and vulnerable to market shifts that are outside the control of site owners, encapsulating both systematic and specific types of risk.

However, how this is manifest and expressed is contingent on the investor's perception of risk as well as the particular real estate asset being considered, and it is reflected through its specific physical characteristics, its security of income and wider economic influences (such as interest rates). For example, large-scale residential investment was often seen as an unattractive real estate proposition in the UK market; however, with the emergence of the niche student accommodation sector and built-to-rent markets, institutional investors are becoming increasingly interested in diversifying into the housing market due to attractive longer-term returns and the opportunity to concentrate capital. All real estate is a constantly deteriorating asset that needs to be maintained, again creating longer-term uncertainties and risks (Graham and Thrift 2007) which need to be managed by investors. Data within the real estate market is always seen as weakly developed in comparison with other investment fields (such as the stock market), but information accuracy and accessibility continues to improve in mature markets. Irrespective of the challenges associated with direct property as an asset generally, investment and development continue to boom in London as there are clear benefits to being an active presence within the city's real estate market. As well as being perceived as a 'safe haven' for capital (Fernandez et al. 2016), offering attractive and consistent returns to investors, London is also the most transparent city market globally (JLL 2018a), with knowledge-rich, networked actors contributing to improving liquidity through efficient transaction and brokerage processes (Devaney et al. 2017).

Investment landscapes themselves are also becoming increasingly complex with the emergence of new investment players, including public sector actors and new types of investment funds, adding to market uncertainties and complexities. Some English local authorities, for instance, are now major property speculators and investors, as are publicly owned organisations with land assets such as Transport for London (TfL) and Network Rail (Findeisen 2016). The Global Financial Crisis of 2008 has also led to a wide-scale restructuring of the sector itself and the growth in importance of international hedge funds. In many instances there has been greater specialisation within the property sector and the emergence of clear distinctions between housebuilder developers, commercial property developers, landowners of different types and multiple forms of investor. As Beauregard notes, these specialised sectors possess 'different micro-logics' (2005, 2431), with authors such as Coiacetto (2001) identifying six types of firm: passive local property-owning developers, 'means to a mission' developers, specialised client developers, showpiece developers, value-adding opportunity developers and, finally, eye on the street builder-developers. To these (and more non-traditional investors) we can add specialist real estate investors and actors, such as listed Real Estate Investment Trusts, unlisted private equity funds, property investment companies, Property Authorised Investment Funds (PAIFs), Property Unit Trusts, family offices, Sovereign Wealth Funds and pension funds. There is significant granularity within the real estate investment and development sectors; however, this is underpinned by institutional processes which reflect spatially and temporally concentrated relations of networked knowledge, connections and interpretations actively shaping the increasingly international London market.

Both the London and Toronto markets can be viewed as a constellation of systems which broadly reflect 'interaction characterized by a specific institutional framework, that is, by a set of rules defining certain restrictions on the behaviour of market participants' (Vanberg 1986, 75), as defined by the planning and regulatory systems as well as the motivations of market actors themselves. Such 'rules of the game' are reflected through a response 'or action of some prevalence and permanence, which is embedded in the habits of a group' (Hamilton 1932, 84) and cannot be viewed from a purely economic or one-dimensional perspective. Although institutional behaviour and expert knowledge can become both established and embedded as market functions are fulfilled within the realms of the law, the 'rules of the game' through which such processes are expressed are nuanced, dynamic and particular to real estate (be it commercial, residential or infrastructure assets). The behaviour of networked real estate market actors, although habitual and locally embedded, is not static and is central to the emergence of these complex new investment landscapes, contingent on governance mechanisms and planning systems in global cities. Within the UK there is an apparent and potentially ever-increasing disconnect between the complex embedded knowledge, strategic subjectivities and dynamic market processes guiding real estate investor/developer decision-making, and current policy and planning frameworks.

Capital flows in London: Embedded knowledge, challenges and market trends

Recent decades have seen ever increasing flows of capital into London's commercial real estate markets, as both domestic and international actors seek to capitalise on property investment and development opportunities across such an internationalised, highly desirable global market. Transaction volumes were up 14 per cent in London year-on-year in 2018 to $36.3 billion, and the city was the largest recipient of cross-border investment globally (JLL 2018b). Within the commercial and residential real estate market, private service providers (such as real estate agents, valuers and planners working for JLL, CBRE and Cushman & Wakefield) have become increasingly important in terms of the diverse skill sets they offer and have concomitantly become globalised (De Magalhães 2001). In addition to increased transparency and improved brokerage practices globally, there are 'more robust and better-governed investment platforms covering most of the world's real estate markets' (Aussant et al. 2014, 3). Such platforms are mediated not just by the investors, developers and policy-makers, but also by those with specialist local knowledge working within private sector providers who contribute to the creation, interpretation and perpetuation of institutional processes and networks.

The professional companies that support the investment and divestment of domestic and international capital into and out of London can be considered to be a type of institution themselves and are part of a global network which enables actors to 'move capital through the built environment, articulating arguments for its free passage' (Weber 2016, 587). Although investment flows have been somewhat dampened by the political uncertainty due to Brexit, the commercial real estate sector within London remains resilient and relatively buoyant, reinforcing the perspective of London as a safe haven and one of the key global markets, as investment opportunities are still sought constantly. As previously mentioned, post-2008 the residential/housing sector within the UK has become a much more attractive proposition, not just to smaller retail investors but also to global institutions that have turned their attention to purchasing housing and entering the private rented sector (PRS). Although the UK has historically embraced owner-occupation of housing, the growth of institutional and international investors ploughing capital into new residential development and investment opportunities, coupled with the costs to buyers of accessing mortgage finance, limited supply pipelines and the decline of socially provided housing, has resulted in the emergence of 'generation rent', which further exacerbates the ongoing housing crisis of affordability in the capital (Minton 2017; Edwards 2016; Beswick et al. 2016; Whitehead and Williams 2011; see Chapter 10 by Gabrieli for more on London and Chapter 9 by Walks for a Toronto perspective).

As of 2018, the house price index (HPI), which relates the median house price to gross annual resident-based earnings, sat at 18.43 in the London local authority of Camden, 33.44 in Westminster and 14.88 in Wandsworth (ONS 2018). This cannot remotely compare to an average HPI in England of 8.0 (ONS 2018), and although house prices showed signs of declining or stabilising in 2019–20, rents are rising (GLA 2019). Global investors, especially those at smaller-scale level, are often perceived negatively as dominant networked elites, with London's residential sector in particular 'being made for money, and the monied' (Atkinson et al. 2017, 2443). However, less critique has been levied at the institutional investment flows into housing in the city's PRS market (e.g. Sigma Capital, M&G, Legal & General), although Gallent (2019) argues that the fixing of both institutional and smaller-scale capital into London's residential markets has been fostered by the withdrawal of the state from housing production and the deregulation of the market. This chapter argues that it is the latter and other governance mechanisms, coupled with the misunderstanding of the complexities of real estate processes within the planning and policy frameworks, which creates systematic ambiguities between market actors who are actively mediating the urban landscape across the capital. How such ambiguities and disconnects find expression in London is explored in the following section.

Contemporary governmental imaginations and the realities of real estate in London: Narratives and the politics of crisis

From a planning perspective, the lack of available housing to buy and rent in London and the city's affordability crisis have become the most significant issues facing the mayor and the 32 local boroughs. The victory in the 2016 mayoral election of Labour's Sadiq Khan was in part down to his proposals to tackle the city's housing problems and to challenge the perceived hegemony of international investors and developers. As he claimed during his campaign:

> There is no point in building homes if they are bought by investors in the Middle East and Asia … I don't want homes being left empty. I don't want us to be the world's capital for money laundering. I want to give first dibs to Londoners. (Khan 2016, 1)

Such statements set a clear tone for 'Londoners' and against international investors shoring up their capital in the city's residential market. This prioritising of London residents has been institutionalised through new arrangements and partnership agreements that include larger-scale housebuilders, such as Berkeley Homes and other major builders and housing associations. Under the agreement, London and UK residents have first option to purchase homes under £350,000, at the lower end of the market (however, whether this is affordable considering current levels of the HPI remains questionable). Housebuilders have agreed not to market their properties internationally or sell them to non-UK residents for three months after completion (Mayor of London 2018b). Although such steps can be construed as a clear and constructive effort to influence the market-led housing market, even without international marketing the capacity of global real estate investors to operationalise the complex vehicles and channels available to them to ensure purchase of assets cannot be underestimated.

The complexities of investment structures, which can potentially provide alternative routes to investment, could still meet the criteria of the mayor and the housebuilders depending on their form and structure. Indeed, the mayor's criticisms raise not insubstantial concerns about market transparency, especially in relation to foreign buyers, and he goes further, as the rhetoric and tone of planning politics has become hostile to major developers, particularly international developers and investors:

> 44% of all the UK properties owned by overseas registered companies are located in London … [the mayor] has long believed the legal and beneficial ownership of companies and other entities that own UK property should be more transparent, to help prevent offences such as tax evasion, theft and terrorist activities … (Khan 2018, 1)

There is a clear territorial narrative that makes simple connections between international developers and investors through overseas-registered companies and these illegal practices. International investors, rather than domestic regulations, are being blamed for the fact that 'Londoners born and raised in our great capital have struggled to rent and stood little or no chance of owning a home in their own city' (Khan 2017, 1). Housing in this context is presented as a right that it is the planning system's obligation to meet (Madden and Marcuse 2017), but one which is being restrained due to the presence and potentially dubious activities of international investors, even if those investors are acting within the realms of the law and in response to the deregulated, market-led system of governance in the UK. Ambiguities emerge in interpreting the current crisis and where the apparent liability for such a crisis lies.

These ambiguities are reinforced through a set of additional simplifications over the *size* of firms and how the promotion of more diversity would make a difference to the form and character of residential development in London. It is claimed that building is too concentrated in the hands of a small number of larger firms. A number of piecemeal approaches have been proposed; for example, under a 'Small Sites Small Builders' programme the mayor is prioritising development on 10 small sites owned by TfL with the aim of completing only 111 homes (Mayor of London 2018c), a tiny impact on the proposed target of 65,000 new homes per year.

Reductions in local government finance mean that the mayor, as with local governments across England, is increasingly reliant on business rates drawn from the commercial real estate sector and other forms of finance to generate revenue. One initiative, launched in February 2018, saw the mayor negotiating an arrangement with central government under which 100 per cent of the growth of business rates would be allocated to the Greater London Authority, raising an additional £114 million. It was announced that this would help underpin a £140 million investment programme to boost London's economy. The scheme has a particular focus on support for a diversity of uses and acknowledges the continual erosion of spaces for small businesses and 'alternative' activities in the wake of recent development projects, a direct critique of the impacts of projects by large developers on the city and its residents (Mayor of London 2018a). While such initiatives clearly depend on the generation of more activity, they also represent an attempt to establish some autonomy and develop planning agendas for a broader range of needs and interests.

The mayor has been promoting greater liberalisation of planning to allow for an expansion of supply, an agenda that mirrors that of major housebuilders in the city. At the same time, after coming to power, the mayor also claimed that planning rules that prevented development were a significant barrier to new development and pledged that he would be:

> ripping up existing planning rules and calling on homebuilders to develop sites at higher housing densities to substantially increase capacity in the capital. … the Mayor has set out how he will ask homebuilders to maximise the use of valuable land in the city – and that means developing sites with more homes on them than existing developments nearby that would have had to follow previous guidelines. (Mayor of London 2017a)

While such plans impose additional demands on developers, the call for increased densities and more flexibility in design reflects the broader dependence of the public sector on market-led forms of planning gain and value capture, while also increasing opportunities for profit maximisation by developers (for more on densification in London's housing market see Chapter 12 by Short and Livingstone). Therefore, in some respects, the needs of the market, and private actors within it, are being equated with the needs of the public sector and to an extent can be considered mutually beneficial. But at the same time as there is something of a reification of the 'diversity' of the private sector and actors within it (even in the light of the negative connotations discussed earlier), the form and character of an entrepreneurial planning system *structurally privileges* the role and resources of major developers through four key dynamics.

Firstly, planning arrangements are systematically seeking out the development of *major sites* as the basis for tackling the housing crisis and boosting supply. This focus, in turn, privileges those developers and investors with the resources to bring complex and large-scale sites to fruition. The mayor's transport agency, TfL, for instance, has launched a Property Partnerships Framework that has brought into the pipeline six major development sites, all to be delivered by major housebuilders. The construction of the major cross-London Crossrail project provides sites for 12 'major property developments over and around the new stations along the railway and other key locations' (TfL 2016, 1). Francis Salway, Chairman of TfL's Commercial Development Advisory Group, has pointed out that 'TfL has some of the best assets in London and over the coming years we will be working together with these developers to ensure that we are delivering for Londoners' (TfL 2016, 1). TfL is now an active player in the 'identification of development opportunities' and has submitted some of London's largest planning applications in partnership with international investors and housebuilders for major sites such as Nine Elms, Northwood and Parsons Green. As TfL (2016, 1) states:

> it is anticipated that the three sites will generate over £100m for reinvestment in London's transport network as well as delivering more than 600 new homes, a new step-free London Underground station at Northwood, new workspaces, retail units and high-quality public spaces. The three sites will also support the creation of more than 500 new jobs.

While promoting new arrangements for smaller firms and developers, the biggest projects are being implemented through partnerships with large developers, as listed in Table 1.1.

Secondly, this drive to develop partnerships with major national and international firms is de facto, if not de jure, reinforced by the weight of the LP's obligations on real estate developers. Applicants will only be granted planning permission for their proposals if they contribute directly to a growing array of planning objectives – in line with the broader restructuring of the planning system towards entrepreneurialism and local self-sufficiency (see Table 1.2). Many of these obligations,

Table 1.1 Firms signed up as TfL property development partners

Balfour Beatty PLC
Barratt Development PLC/London and Quadrant Housing Association (Consortium)
Berkeley Group PLC
The British Land Company PLC
Canary Wharf Group PLC
Capital and Counties PLC
U+I/Notting Hill Housing Group (Consortium)
Land Securities Group PLC
Mace Ltd/Peabody Trust/DV4 Ltd (Consortium)
Mount Anvil Group Ltd/Hyde Housing Association Ltd
Redrow Homes Ltd
Stanhope PLC/Mitsui Fudosan Company Ltd
Taylor Wimpey UK Ltd

Source: TfL (2016)

Table 1.2 Key planning objectives that proposals must meet in the London Plan

- Public transport improvements
- Enhancements to public places
- Mixed-use developments and affordable housing
- Sustainable development programmes for Opportunity Areas
- Heritage planning
- Training and skills development
- Urban greening
- Noise reduction and the building of quality infrastructure
- Primary care infrastructure
- Helping to tackle climate change

Source: Information synthesised from GLA (2018)

particularly in fields such as education and training or investments in the creation of new urban spaces, would traditionally be undertaken by public agencies. Instead, under austerity cuts and planning gain-led arrangements, it is anticipated that developers and their funders will meet these objectives on behalf of the state. For instance, the LP calls on local boroughs 'to investigate with developers the possibility of providing local businesses and residents the opportunity to apply for employment during the construction of developments and in the resultant end use' (GLA 2018, 173). In relation to public transport, 'appropriate developer contributions are also needed to deliver public transport improvements to support the proposed intensification of residential use' (GLA 2018, 358). The implication, as with the more ambitious planning projects across the city, is that larger (possibly international) developers and investors who possess the expertise, knowledge and financial resources to meet these obligations will be in a stronger position to obtain planning permission than the 'smaller' and 'more diverse' firms that the LP and the mayor ostensibly want to support and nurture.

Thirdly, there is relatively little understanding given in the new planning frameworks of the differentiations within and between different types of housebuilder, investor and developer and this also counts against smaller firms. Unnamed and ill-defined 'institutional investors' and 'greater institutional involvement' will help to solve shortages of rented property in the city as they will bring 'more professional and less fragmented management, greater stability, high quality standards and, potentially, longer term rental periods and affordable homes for rent', thereby helping to create more stable neighbourhoods across the city (Mayor of London 2018, 115). Real estate developers and landowners are expected to 'partner' with local authorities to protect town centres across London and ensure that any proposals they submit are 'closely integrated with investment in supporting social, environmental and physical infrastructure' (GLA 2018, 75). At the same time as mainstream housing developers are criticised in public and political discourse, the DLP makes it clear that major companies are the only ones able to help the mayor meet objectives such as the provision of residential environments for older residents, and planners are required to 'encourage mainstream housing developers to extend their product range to meet specialist needs' (GLA 2018, 112). It is anticipated that smaller developers will be unable to deliver on these social objectives to the same extent.

Most significantly in the context of London's housing crisis, the LP and the London Housing Strategy see real estate developers as key to delivering social and affordable housing and suggest they must 'provide development appraisals to demonstrate that each scheme provides the maximum reasonable amount of affordable housing output' (GLA 2018, 123). It is in relation to housing that some of the ambiguities are at their most evident. Underpinning the mayor's reforms is a critical challenge to the private sector to build more housing units that will help meet the city's crisis of affordability. The focus is mainly on the category of 'developers', with occasional references to a more generic group termed the 'development industry' and 'landowners', although it is not always clear if these are the same institutions or what their capacities might be to meet extra planning obligations. The Housing Special Planning Guidance (Mayor of London 2017b, 20) warns developers that

> the requirement to deliver investment in other infrastructure will generally be set out in the development plan, relevant planning frameworks and CIL [Community Infrastructure Levy (London)] charging schedules. It should be taken into account by the applicant and the land owner, and should not necessarily lead to a reduction in affordable housing.

However, the mechanisms through which to meet these multiple priorities remain ill-defined.

Yet at the same time, the requirement to deliver development and for this to be implemented by private companies is structurally inscribed into the city's planning frameworks. The plans expose the financial weaknesses on the part of state institutions – and how they are structurally dependent on the resources and practices of private companies – yet they show little awareness or understanding of how private companies operate, what their priorities are, or their capacities to deliver financial resources to public projects and budgets. There is a constant tension between the mayor's threat to 'call in' and challenge development proposals if he is 'not satisfied with the viability information submitted by the applicant, the assumptions that underpin the information, or the level of scrutiny given by the local planning authority' (Mayor of London 2017b, 12), and the political reality that in order to deliver on election pledges, too many of these challenges might result in fewer successful applications and a clear public governance failure.

The fourth dimension of the representations made of private firms is that they are perceived to be economic agents responding to economic incentives and priorities. Firms are not viewed as reflexive social organisations or as a differentiated sector. Thus there is a tension between, on the one hand, seeing developers as 'co-producers' of the urban landscape who are willing and ready to use their resources to contribute to planning objectives and (indirectly) defined public interests, while on the other hand opening up opportunities for them to 'fast-track' investments to generate profits and giving 'good developers' the opportunity to limit obligations if they meet their housing targets (of 35 per cent affordable housing). If they are unwilling to contribute to broader policy objectives, then it is unclear how they will be policed given the reliance on market dynamics to deliver on policy objectives.

Conclusions

Future research on urban planning should focus less attention on the stated intentions, aims and objectives of public policy fields, and give more weight to the analysis of the frames of reference and types of knowledge that shape governmental imaginations and perspectives. Regulatory structures in cities such as London are, in part, built on these imaginations and specific understandings of how social and economic processes operate. Yet there is little evidence that policy-makers and regulators understand the institutional structures that shape real estate development and investment practices, and such lack of understanding has emerged as one of the key weaknesses of a market-led system. Deregulation in the UK market has encouraged global capital flows into the London real estate market, which is a dynamic and constantly evolving network of actors and vehicles producing knowledge in a complex system.

However, this burgeoning knowledge is not sufficiently integrated into governance, planning and regulatory framings, which are slow to understand and process real estate market knowledge even though there is an opportunity for greater connectivity between the public and private sectors to foster positive outcomes for the city. Rather than viewing the actions of real estate investors and developers with scepticism laced with purely economic assumptions, the planning system in particular could improve its functionality by facilitating burgeoning and positive relationships between public and private sector actors, so that actors have both abstract knowledge and concrete connections to the processes at play in London's markets: market actors should strive to learn each other's 'rules of the game'. Such efforts could be developed in other global cities, considering the significant flows of capital into real estate assets across the world. International developers and investors cannot and should not be considered as separate entities to local or national actors, due to the blurred lines between definitions of 'overseas' and 'domestic', as our understandings move towards eradicating notions that may demonise international actors. Efforts to 'incentivise' the right types of activity or to generate different forms of subjectivity among investors and developers need to be founded on a broader and deeper knowledge base and a recognition of the types of diversity that exist across the real estate sector. Regulatory powers and interventions would be significantly strengthened by a deeper understanding of the role that property, land use and other assets play in the portfolios of different types of investment actor.

Acknowledgements

This chapter is based on research funded by the ORA/ESRC project 'What Is Governed in Cities: Residential Landscapes and the Governance and Regulation of Housing Production' (2019–22).

References

Adams, David, Croudace, Robert and Tiesdell, Steve. 2012. 'Exploring the "Notional Property Developer" as a Policy Construct'. *Urban Studies* 49(12):2577–96. https://doi.org/10.1177/0042098011431283.

Atkinson, Rowland, Parker, Simon and Burrows, Roger. 2017. 'Elite Formation, Power and Space in Contemporary London'. *Theory, Culture & Society* 34(5–6):179–200. https://doi.org/10.1177/0263276417717792.

Aussant, Jean-Martin, Hobbes, Per, Yang, Liu and Shepard, Peter. 2014. *The Erosion of Real Estate Home Country Bias*. London: MSCI IPD Research.

Baum, Andrew E. and Hartzell, David. 2012. *Global Property Investment: Strategies, Structures, Decisions.* Oxford: Wiley-Blackwell.

Beauregard, Robert. 2005. 'The Textures of Property Markets: Downtown Housing and Office Conversions in New York City'. *Urban Studies* 42(13):2431–45. https://doi.org/10.1080/00420980500380345.

Beswick, Joe, Alexandri, Georgia, Byrne, Michael, Vives-Miró, Sònia, Fields, Desiree, Hodkinson, Stuart and Janoschka, Michael. 2016. 'Speculating on London's Housing Future'. *City* 20(2):321–41. https://doi.org/10.1080/13604813.2016.1145946.

Campbell, Heather, Tait, Malcolm and Watkins, Craig. 2014. 'Is There Space for *Better* Planning in a Neoliberal World? Implications for Planning Practice and Theory'. *Journal of Planning Education and Research* 34(1):45–59. https://doi.org/10.1177/0739456x13514614.

Coiacetto, Eddo. 2001. 'Diversity in Real Estate Developer Behaviour: A Case for Research'. *Urban Policy and Research* 19(1):43–59. https://doi.org/10.1080/08111140108727862.

De Magalhães, Claudio. 2001. 'International Property Consultants and the Transformation of Local Markets'. *Journal of Property Research* 18:99–121. https://doi.org/10.1080/09599910110014156.

Devaney, Steven, Livingstone, Nicola D., McAllister, Pat and Nanda, Anupam. 2017. 'Institutional Convergence in Real Estate Markets: A Comparative Study of Brokerage Models and Transaction Costs'. *Journal of Real Estate Literature* 25(1):169–88. https://doi.org/10.15396/eres2017_174.

Edwards, Michael. 2016. 'The Housing Crisis and London'. *City* 20(2):222–37. https://doi.org/10.1080/13604813.2016.1145947.

Fernandez, Rodrigo, Hoffman, Annelore and Aalbers, Manuel. 2016. 'London and New York as a Safe Deposit Box for the Transnational Wealth Elite'. *Environment and Planning A, Economy and Space* 48(12):2443–61. https://doi.org/10.1177/0308518x16659479.

Findeisen, Francesco. 2016. 'Financing Urban Infrastructure in London after the Financial Crisis'. In *Britain For Sale: Perspectives on the Costs and Benefits of Foreign Ownership*, edited by Mike Raco, 68–74. London: Smith Institute.

Gallent, Nick. 2019. *Whose Housing Crisis? Assets and Homes in a Changing Economy*. Bristol: Policy Press.

GLA (Greater London Authority). 2018. *Draft London Plan*. London: GLA.

GLA (Greater London Authority). 2019. *Quarterly Housing Market Report, November 2019*. London: GLA Housing and Land.

Graham, Stephen and Thrift, Nigel. 2007. 'Out of Order: Understanding Repair and Maintenance'. *Theory, Culture and Society* 24:1–25. https://doi.org/10.1177/0263276407075954.

Hamilton, Walton. 1932. 'Institutions'. In *Encyclopaedia of the Social Sciences*, edited by Edwin R. A. Seligman and Alvin Johnson, 84–9. New York: Macmillan.

Harvey, David. 1979. *Social Justice and the City*. London: Edward Arnold.

Imrie, Rob. 2010. 'An Exemplar for a Sustainable World City: Progressive Urban Change and the Redevelopment of King's Cross'. In *Regenerating London: Governance, Sustainability and Community in a Global City*, edited by Rob Imrie, Loretta Lees and Mike Raco, 93–111. London: Routledge.

Khan, Sadiq. 2016. 'Sadiq Khan Warns "Greedy" Developers as He Outlines Housing Plan'. *The Guardian*, 16 May. Accessed 10 June 2019. https://www.theguardian.com/politics/2016/may/16/sadiq-khan-developers-housing-plan-london-mayor-affordable.

Khan, Sadiq. 2017. 'Mayor Strikes Landmark Deal for 20,000 New Homes'. Press Release, Mayor of London, 6 April.

Khan, Sadiq. 2018. 'Speed Up Transparency of Foreign Property Ownership, Says Mayor'. Press Release, Mayor of London, 27 February.

JLL. 2018a. *Global Real Estate Transparency Index 2018*. London: JLL. Accessed 25 April 2019. http://greti.jll.com/greti.

JLL. 2018b. *Global Capital Flows: JLL Research Report, Q4 2018*. London: JLL. Accessed 25 April 2019. https://www.theinvestor.jll/gcf.

Madden, David and Marcuse, Peter. 2017. *In Defense of Housing.* London: Verso Books.

Mayor of London. 2017a. 'Mayor Rips Up Old Planning Rules to Get London Building'. Press Release, 29 November.

Mayor of London. 2017b. *Special Planning Guidance: Homes for Londoners*. London: Greater London Authority.

Mayor of London. 2018a. 'Mayor Announces £140million Investment to Boost London Economy'. Press Release, 15 February.

Mayor of London. 2018b. 'Mayor Reveals Landmark Step to Offer Londoners First Dibs on New Homes'. Press Release, 5 February.

Mayor of London. 2018c. 'Mayor Launches Small Home Builders Programme with TFL Pilot Sites'. Press Release, 9 February.

Minton, Anna. 2017. *Big Capital: Who Is London For?* London: Penguin Random House.

ONS (Office for National Statistics). 2018. *House Price to Residence-based Earnings Ratio*. London: Office for National Statistics.

TfL (Transport for London). 2016. 'TfL Selects 13 Property Partners to Help it Deliver Thousands of Homes for London'. Press Release, 3 February.

Theurillat, Thierry, Rerat, Patrick and Crevoisier, Olivier. 2015. 'The Real Estate Market: Players, Institutions and Territories'. *Urban Studies* 52(8):1414–33. https://doi.org/10.1177/0042098014536238.

Vanberg, Viktor. 1986. 'Spontaneous Market Order and Social Rules'. *Economics and Philosophy* 2:5–100.

Weber, Rachel. 2015. *From Boom to Bubble: How Finance Built the New Chicago*. Chicago: University of Chicago Press.

Weber, Rachel. 2016. 'Performing Property Cycles'. *Journal of Cultural Economy* 9(6):587–603. https://doi.org/10.1080/17530350.2016.1212085.

Whitehead, Christine and Williams, Peter. 2011. 'Causes and Consequences? Exploring the Shape and Direction of the Housing System in the UK Post the Financial Crisis'. *Housing Studies* 2(7–8):1157–69. https://doi.org/10.1080/02673037.2011.618974.