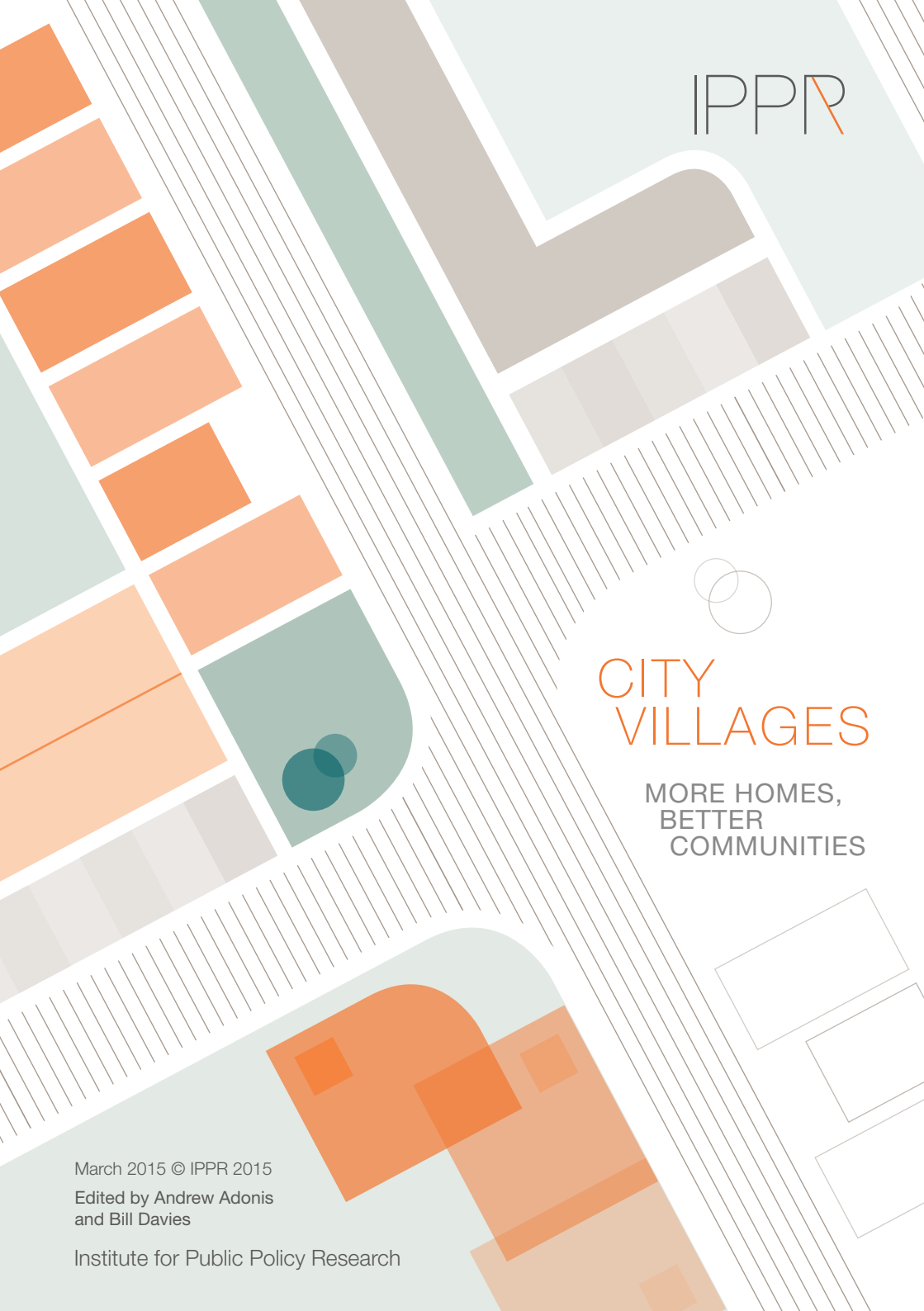




IPPR

CITY
VILLAGES

MORE HOMES,
BETTER
COMMUNITIES

March 2015 © IPPR 2015

Edited by Andrew Adonis
and Bill Davies

Institute for Public Policy Research

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CITY VILLAGES

More homes, better communities

Edited by
Andrew Adonis
and Bill Davies
March 2015

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FOREWORD

'In the next year or so we will be judged by the number of houses we have put up. But in ten years we will be judged by the quality of those homes.'

Aneurin Bevan, 1946

These essays, and the concept of 'city villages' as a new urban movement to help solve the housing crisis and build better communities, grew out of extensive and highly stimulating conversations with the contributors during the summer and autumn of 2014, culminating in a seminar kindly hosted by Richard Rogers. I am hugely grateful to them all.

Peter Hall, who had been an inspirational advisor to me when I was at the Department for Transport, also hosted a seminar, at the Bartlett School at UCL. Sadly, Peter died before this collection could be published. His essay in this book was his last work and is a fitting tribute to his passions and his career.

Housing is arguably the biggest public policy challenge of the next decade. There is no single way forward, but city villages have a major part to play.

Andrew Adonis

March 2015

1.1

CITY VILLAGES: MORE HOMES, BETTER COMMUNITIES

ANDREW ADONIS

Chair of trustees, IPPR, and former Labour cabinet minister

'Only in the dry world of public policy is housing a "sector", a "domain" or, at best, an instrument of economic policy. Only in the arid statistics of housing targets are people's homes reduced to units of measurement – to be "completed" or "delivered". In the real world, a home is a source of personal attachment and belonging – to a locality, to a place.'

Steve Bullock and Barry Quirk

Britain faces its greatest housing crisis since the aftermath of the second world war. After the war, millions of new homes were desperately needed (UWE 2011). Then, the private sector, proactive local authorities and central government combined to meet this demand. A surge in council estate building and the designation of nearly 30 new towns and major urban extensions – from Stevenage in 1946 to Milton Keynes in 1967 – were the distinctive contributions of the public sector. Today, as Britain faces another housing crisis, we need a powerful new reforming zeal, promoting new and better models of home building, urban regeneration and partnership between public and private sectors and local and national government.

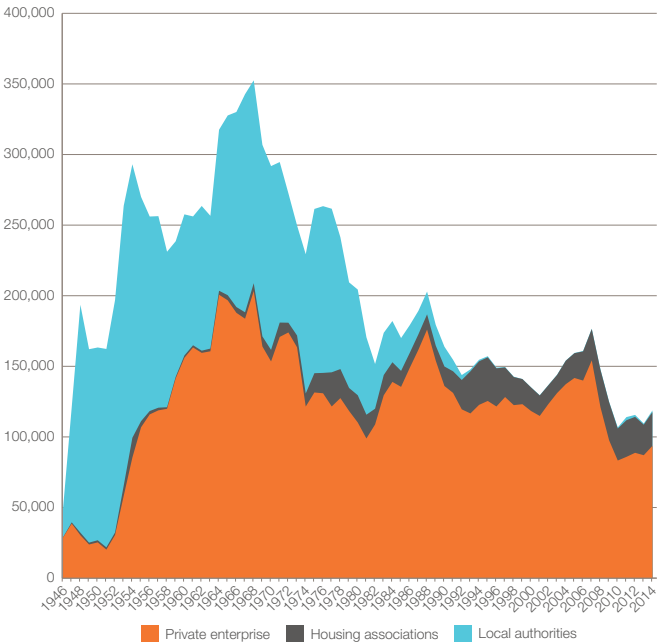
In 2012 new home completions were less than half the rate achieved under Harold Macmillan as housing minister in the 1950s. The housing crisis is especially acute in London. Housing completions in London – 18,000 last year – were only a third of the 52,000 estimated by property consultants Knight Frank as required simply to keep pace with the growth in households and well below the current mayor of London's new target of 42,000 homes a year.

In response to this shortage of supply, house prices in the capital rose by over 25 per cent between the second quarter of 2013 and the second quarter of 2014, a rise unequalled since 1987. At the end of 2014 the average price of a home in the capital was £465,000

(DCLG 2014). Homelessness is on the rise, home ownership is an increasingly impossible aspiration with average London house prices now 14 times the average income (Shelter 2015), and the cost to the Exchequer in the housing benefit bill alone is expected to reach £25 billion by 2017 (HMT 2014). In more than half of London’s 32 boroughs, average weekly rents are now more than 50 per cent of average local wages (Cecil 2014).

The challenge is to at least double the rate of homebuilding, and to do so rapidly. This will simply not happen without creative, concerted action by the public, private and not-for-profit sectors, and by national and local government. Figure 1.1.1 makes this point starkly. Since the second world war, in periods where annual home completion rates have been consistently above 200,000, this has been because of substantial building by local authorities, supported by central government. Local authorities accounted for half of all new home completions between 1960 and 1980. The public sector has a key contribution to make, in partnership with the private and voluntary sectors, if home building is to increase substantially.

Figure 1.1.1
Housebuilding by tenure, England, 1946–2014



Source: DCLG 2015a

The essays in this volume set out a vision for new ‘city villages’ to help meet today’s housing shortage. City villages are areas of redevelopment and regeneration within the cities, including significantly more and better housing at a broad range of price and rent levels, facilitated by local authorities leveraging their land ownership, particularly their ownership of existing council estates.

City villages comprise socially mixed, multi-tenure housing, planned not just as housing developments but as entire communities with integral and modern commercial, retail, and transport facilities. These city villages require a new generation of public master planners, radical innovation in design, a wholly new approach to land development, and new forms of partnership between the public, private and voluntary sectors. It is one of the most exciting tasks of the next generation.

London first

London is a prime location for new city villages, given the pressure of housing demand in the capital. London is a city of villages – including 600 high streets. The challenge is to make them better and to create many hundreds of new city villages, providing significantly more and better housing, and more and better amenities. Other cities subject to high housing demand can do the same.

In chapter 1.2 Steve Bullock, the mayor of Lewisham, and Barry Quirk, chief executive of Lewisham Council, describe London’s housing crisis from a local and demographic perspective. It is not just that the capital’s population has risen by nearly 2 million in the last 20 years, while the rate of housebuilding has fallen. Pressure on housing supply is set to become still stronger in the next decade, as London’s population grows from 8.6 million towards 10 million. The age/locality distribution of the population is exacerbating this pressure. Across inner London there are now nearly three times as many 29-year-olds as 12-year-olds, such is the scale of in-migration among young people starting careers and families. There are also more than one and a half times as many 1-year-olds as 12-year-olds in inner London, and these baby boomers will in due course also require extra housing. As they put it starkly: ‘The problem we face is that there is a generation of development missing between 1980 and 2014, and developers and public authorities are both engaged in a rapid “catch-up” exercise.’

In his essay, Richard Rogers, commissioned by the Blair government in 1998 to lead the Urban Task Force, urges the use of brownfield land for new housing. ‘We don’t need to overflow into new towns on green field sites to meet our housing needs, until we have made the most of brownfield sites and intensification

opportunities.’ He estimates that England has 31,000 hectares of usable brownfield land, allowing for 1.3 million dwellings to be built. In London, he suggests there is sufficient brownfield land for 360,000 new homes, which excludes 100,000 small sites of less than 0.25 hectares. This is backed up by the Greater London Authority’s own research (the *Strategic Housing Land Assessment*) that shows that there is enough brownfield land available to double recent housing output in the city.

In the late 1990s, Rogers argues, ‘policymakers and professionals were rediscovering dense cities, streets for people, and the richness of urban life as things to be celebrated rather than rejected. Rather than seeking to empty our cities into suburbs and new towns, policy was refocused on urban recovery and compact urban development.’ This is an international trend, as evident in Hamburg, Stockholm and Dallas as in London, Manchester and Edinburgh. But, he adds, ‘we still have some way to go to achieve our urban potential’.

There is an open debate as to whether brownfield development alone will be sufficient to provide for the scale of new housing required. The urban planner Peter Hall, in an essay completed shortly before his untimely death, sums up his lifetime work and writing in making the case for both brownfield development and well-planned new towns and urban extensions, learning in particular from the best of England’s postwar new towns and more recent Dutch experience in establishing new towns. Milton Keynes alone now has a population of 260,000.

The passionate arguments by Peter Hall and Richard Rogers ‘for’ and ‘against’ the creation of more new towns frame a key national debate about housing settlements and supply. They are in agreement, however, that brownfield land needs to be mobilised for housing far more ambitiously. Peter Hall emphasises the tragic mistake of much postwar London planning. It was obviously essential to tackle slum conditions in inner London, partly by relocation to new towns around the capital. The mistake was to seek to relocate jobs from London to other areas in a crude top-down quest to ‘rebalance’ the size of the London economy relative to other regions. This had the effect of severely depressing inner London for decades to come, contrary to the intention of the planners. Postwar planners were, he notes, ‘obsessed by manufacturing industry ... [and] failed to appreciate that many of the new jobs were not in manufacturing but in services’. Even as London’s population and economy revived in the 1980s, ‘there was an accumulating failure to deliver enough new housing’.

The word ‘brownfield’ conjures up images of ex-industrial land, slow and expensive to develop. Much of the commentary on ‘brownfield’

also highlights redundant public sector land, including ex-military, transport and NHS sites, which is easier to develop but often still highly challenging and expensive, especially in London, given the high value/price of the land. However, by far the largest source of publicly owned land suitable for new housing features far less in the 'brownfield' discussion, although it is already owned by local authorities, and has existing residential use and infrastructure – namely, existing council housing estates.

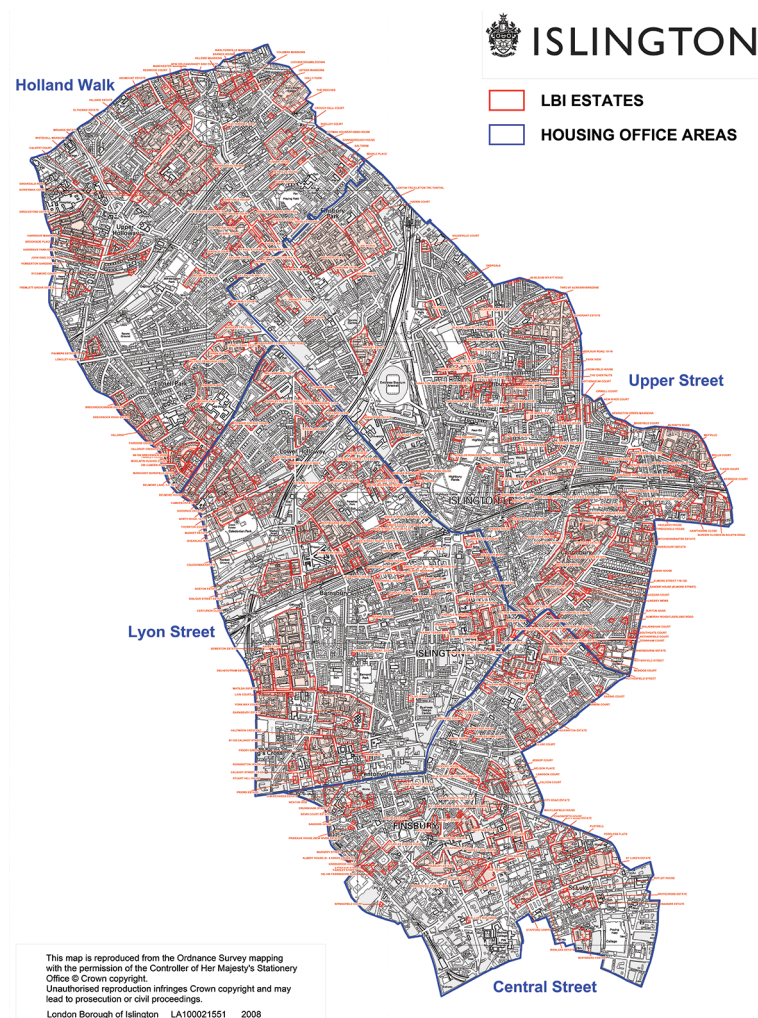
The sheer number and size of council estates in London, particularly inner London, is far larger than commonly appreciated, including by many local authority leaders. Southwark council owns 43 per cent of the land in its borough, mostly council estates. This includes 10,000 garages. Across inner London, councils commonly own 25–30 per cent of the land in their borough. These municipal landholdings translate into a huge number of individual estates. Islington council alone owns about 150 council estates of 50 homes or more (see figure 1.1.2) on some of the most expensive land in the world. Other inner London boroughs report similar figures and outer London boroughs lower but still substantial numbers, so I estimate that there are perhaps 3,500 council estates across Greater London, the majority in inner London – although, tellingly, there is no official London-wide data. Only a tiny fraction of these estates (50 according to a recent report by the London Assembly (2015)) have been substantially redeveloped in the last decade, and the GLA has identified only about 100 schemes under way (and some of these are ongoing projects included in the previous 50).

Most council estates have remained largely undeveloped since they were built a generation or more ago, beyond the partial modernisation of existing homes through initiatives such as the Decent Homes Programme. It is important to understand that local authority development rights are unaffected by 30 years of 'right to buy', which has transferred leaseholds but not freeholds. They do not therefore undermine the power of local authorities – or housing associations, where stock transfers have taken place – to redevelop estates, although leaseholders need to be fairly treated.

By systematically mobilising their vast ownership of land already designated and used for housing, local authorities could pioneer the creation of many hundreds of new city villages London-wide. Where housing estates are put together with adjoining brownfield or public sites, the development potential is larger still, and local authorities are in a unique position to promote this land assembly.

Figure 1.1.2

Local authority housing estates, London Borough of Islington



Source: London Borough of Islington, freedom of information response, ref 340742

Note: For a large, high-resolution version of this map, see:

<http://bit.ly/cityvillages-islingtonmap>

Redevelopment of estates is sometimes assumed to mean that existing tenants and residents will be displaced by wealthier incomers. This need not, nor should it be, the case, since redevelopment will usually mean a much better use of land with typically around twice the density of the existing estate. This should offer ample opportunities for engaging residents in the design and redevelopment plans with an option to remain in new homes once completed. Where adjoining public and other brownfield land is also mobilised, four- or fivefold increases in the number of homes has been achieved.

More homes, better homes

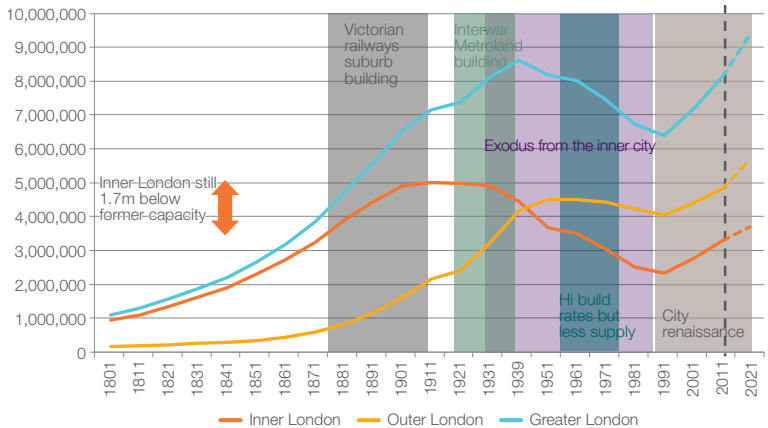
In her essay on renewing social housing estates Yolande Barnes makes a compelling argument that estate renewal is central, not peripheral, to meeting the housing challenge: 'Some of the least optimised pieces of land are largely in the ownership of local authorities or housing associations. These areas have the potential to be regenerated and redeveloped in their entirety, while retaining and extending existing communities.' She emphasises the low density of most postwar council estates, which were deliberately designed for low density as part of the postwar managed decline of London's population proposed by the Abercrombie Plan of 1944. This includes many postwar estates with a tower block or blocks, typically set in open spaces, not streetscapes, giving low overall densities (as well as isolating them from their local communities and amenities). 'Contrary to popular belief, high rise does not equal high density. Tower blocks on estates do not make for high density neighbourhoods,' she writes.

Low densities largely explain why inner London's population is still 1.7 million below its peak in 1939, despite the 2015 population of Greater London as a whole surpassing its previous 1939 peak of 8.6 million (see figure 1.1.3). Rediscovering just half of this former housing capacity in inner London would supply the whole of London's projected housing needs for the next 17 years. And vast numbers of Londoners would prefer to live more centrally if they could afford to do so.

The creation of new city villages emphatically does not mean a return to overcrowding. Density and desirability are not contradictory, in the context of London's existing low densities. The expensive terraces of Kensington and Holland Park boast among the highest residential densities in London, thanks to 19th-century estate planning. Desirable places to live internationally also have significantly higher density housing. In central London the average density of new projects is 78 dwellings per hectare, whereas typical densities are 300 homes per hectare in Paris, 500 in Barcelona and 1,700 in the Kowloon district in Hong Kong.

Figure 1.1.3

Population rise, decline and rise in inner and outer London, 1801–2021



Source: DCLG 2015b and GLA 2014

Yolande Barnes estimates that 360,000 dwellings in London are in postwar council estates. Recent estate regeneration schemes have typically doubled residential densities while improving housing quality and amenities.

However, new city villages are not just about *more* homes. They are an opportunity to build *better* homes and mixed communities, learning from the mistakes of council house building in the 1960s and '70s. As Yolande Barnes writes: 'The failures of the isolated, disconnected and dysfunctional social housing estates have been particularly well documented and well publicised.' City villages provide mixed-tenure developments, including social housing and housing for private rental and sale, together with new and better amenities and streetscapes.

Creating – or, often in many cases, restoring – streetscapes is an important aspect of city villages. As Steve Bullock and Barry Quirk put it in their essay, 'far too many inner London housing developments serve to trap people through poor design and poor linkages to adjacent and neighbouring areas'. It is telling that many of the higher density wards in London – including in Kensington and Chelsea – retain a large proportion of traditional grid street patterns regardless of social, economic or value status. 'What we do know is that there is a built form called a street in a city which is capable of accommodating changing human activity – with human beings at its heart,' writes Yolande Barnes. 'It is in these urban villages that human beings and

enterprises thrive and in which people make their homes. They are enduring but adaptable; universal yet distinctive; both global and local; a destination and a home.’ People want to live in streetscapes; when prompted, 89 per cent of Britons said that they want to live in a house – and not a single person polled said they wanted to live in a tower block (Boys Smith and Morton 2013).

London’s few dozen estate regeneration schemes of recent years have focused particularly on notorious ‘sink estates’, where living conditions were chronically – often scandalously – bad, such as the Heygate and Aylesbury estates at Elephant and Castle, the Packington estate in Islington, the Ferrier estate in Kidbrooke and the South Acton estate. The challenge is to extend the creation of new city villages well beyond such doomed estates. Borough by borough, a city village programme, centred on systematic estate regeneration, is required. Yet few boroughs have a city village strategy; many have barely engaged at all.

The essays in this volume include case studies of path-breaking developments. Jules Pipe, the mayor of Hackney, describes the transformation of the Woodberry Down estate near Finsbury Park. The former estate’s grim tenement blocks provided part of the film set for the Warsaw ghetto in *Schindler’s List*. It is now being demolished and rebuilt as a mid-rise, mixed-tenure community at nearly three times the previous density (5,550 new homes replacing the 1,981 former council flats), in partnership with Berkeley Homes and Genesis Housing Association. As well as the demolition of the estate and its replacement with entirely new and better housing, there will be three new public parks, shops, business premises, a new children’s centre, an expanded primary school and a new secondary school academy – an entire new village. Of the first 862 homes completed, 421 are for social rent, 135 for shared ownership and 306 for sale: a true social transformation. Hackney has similar city village plans for the Colville estate near Shoreditch, which will be transformed from a council estate of 338 properties to a mixed-tenure community of 935 homes, including a gateway of two brick-clad hexagonal towers designed by architects David Chipperfield and Karakusevic Carson (Dezeen 2014).

Peter John’s case study explains how Southwark council is working with Lend Lease to regenerate Elephant and Castle and deliver 2,500 new homes to replace the notorious Heygate estate, a quarter of them for rent and shared ownership. ‘Putting people at the heart of the design’ of the new housing estate and shopping centre addresses the fundamental flaw of mono-tenure in the previous redevelopment of the Elephant in the 1950s and ’60s, providing a wide mix of housing tenures for people of all incomes. Crucial to the regeneration is a new village concept for Elephant and Castle, in place of its two vast traffic roundabouts and dilapidated shopping centre. A new public square and leisure centre, significant pedestrianisation, a renovated shopping

centre and major improvements to the tube stations and cycle routes are all under way.

Steve Bullock and Barry Quirk, describing schemes in Lewisham, emphasise that ‘liveability’ can be enhanced by redevelopment with higher residential density, provided there is an equal focus on creating or improving the other key elements of successful new city villages. In Lewisham town centre, a net increase of around 800 homes over a 10-year period has been achieved, alongside an award-winning new urban park and extended local cycle network. The rebuilding of Deptford town centre ‘could provide over half of the homes that Lewisham needs by 2026’, they estimate, with significant new cultural, civic, leisure and commercial amenities.

Craig McWilliam, executive director of Grosvenor Estates, offers an insight into the renewal of one of London’s great estates – in effect, a collection of city villages in central London. It is striking how systematic, extensive and constant is the regeneration of the great estates, including the provision of new and better housing (including social housing), although they are only a fraction of the size of the estate holdings of any London borough. ‘Under the estate model, an estate developer seeks to create value in the whole neighbourhood, rather than a particular building or project’, he writes. Furthermore, their owners ‘appreciated that the best places had a mix of users ... Grosvenor built squares and gardens, streets of shops, mews houses, schools and affordable housing, which are still evident today.’ Every element in this mix has been subject to regular renewal and painstaking redevelopment, despite big changes in the status of leaseholders over recent decades. ‘It is no coincidence that Mayfair, Belgravia, Marylebone, and Chelsea and Knightsbridge are still some of the most popular places to live.’

As for larger, current city village developments, Gary Yardley, investment director of one of London’s biggest developers Capco, explains his vision for Earls Court, one of the largest development sites in inner London (nearly 80 acres to provide some 7,500 new homes). In many ways Earls Court is London’s next ‘great estate’, reinventing their legacy and approach for the 21st century. The site assembly at Earls Court is itself a remarkable feat: partly existing White City council estates, partly large redundant Transport for London (TfL) train storage and repair facilities, and partly the site of the decommissioned Earls Court Exhibition Centre. TfL will retain a stake in the development company for Earls Court. The masterplan combines higher density with significant new public amenity, creating new streetscapes and retail/business centres, a site for a new London museum or gallery, new schools, a large new public park, and a car club which every resident will be invited to join.

Stephen Howlett, chief executive of Peabody, sets out his vision for Peabody's huge Thamesmead estate on the river Thames east of Greenwich. Thamesmead's regeneration depends upon another key factor in successful estate renewal: good transport links. The eastern Crossrail terminus at Abbey Wood, due to open in 2018, will serve the Thamesmead estate and transform its development potential. The vast, bleak 1960s concrete Thamesmead estate formed the backdrop for Stanley Kubrick's chilling film *A Clockwork Orange*; it has changed all too little since the film was made in the early 1970s. Peabody plans an extra 10,000 homes on 100 acres of developable land, alongside regeneration of the existing housing stock and the enhancement of the large green spaces, waterways and lakes within Thamesmead. 'A key component of increasing density is the need to create public spaces around the buildings that are of the highest quality,' he writes.

Big challenges, big rewards

The vision behind these schemes is exciting. But the creation of new city villages, based largely on existing council estates, is a highly challenging task, which is partly why so few have been created to date.

While the boom in land and house prices has greatly strengthened their viability, village by village a host of practical challenges need to be overcome beyond the obvious issues of planning and design.

The case studies referred to above highlight the issues of land assembly, transport and financing. Early – often controversial – decisions need to be taken on the mix of demolition, rebuilding and refurbishment. As Bill Davies emphasises in chapter 5.1, it is essential to minimise and properly manage disruption to existing tenants, and to secure community engagement and support. Ideally, projects should be phased, so that tenants can make one move within their 'village' rather than be 'decanted' (an ugly term denoting an often ugly experience) to more distant accommodation, even if they are able to return thereafter. The Heygate demolition in Elephant and Castle, for example, was bedevilled by controversy about the treatment of tenants. Leaseholders (under the right to buy) can be compulsorily purchased; but, particularly for those who are resident rather than buy-to-let landlords, the right course may be to make an attractive offer to relocate within the new city village, which can require imaginative part equity schemes, given that the value of new properties will generally be far higher than of the old properties.

Determining the level of 'densification', and setting an appropriate balance between social, intermediate and for-sale units is highly challenging, as councils and masterplanners seek to balance issues of social mix, financial viability (with the need to cross-subsidise social homes with for-sale homes), the imperative for more social housing, and the requirements of the 'intermediate' market, for

which developers need to pioneer new private rental and shared ownership models of tenure. The proportion of social housing has been a highly vexed issue in the Elephant and Castle and Earls Court developments already cited, and political desire and determination to improve the proportion of social rent homes can be as important as technical viability assessments in ensuring affordable homes are sufficiently financed. 'Gap funding' is usually needed to provide up-front investment and defray infrastructure costs; existing GLA/ government funding for estate regeneration and housing zones – both loans and grants – is sufficient for only a small number of schemes. The discounts available under the right to buy are a particular issue, causing buy-back costs to escalate. The right to buy is not itself an obstacle to redevelopment: leaseholders' properties are compulsorily purchased as part of redevelopments. But discounts per property of up to £103,000 available since 2010 in London are a challenge to the viability of schemes where the number of leaseholders is high.

There is also the vital issue of unit size. A very high proportion of new build in London has been one- and two-bedroom flats. However, there is a strong and growing demand for three- and four-bedroom properties and this requires effective planning. Steve Bullock and Barry Quirk identify a future crisis if this demand is not met, arguing that as the London demographic ages, demand for family housing will outstrip supply of larger properties, while there will be an oversupply of smaller unit flats which could result in a collapse in their value.

Local authority capacity is a key overarching issue. Since they stopped building housing estates in the 1970s, local authorities have been largely denuded of serious planners and masterplanners and architects. Richard Rogers started his career with Middlesex county council. Today's local authorities are little more than development control departments, arbitrating between developers and local residents, and, for larger developments, doing their best to negotiate agreements to extract funding for social housing and infrastructure. To create city villages, local authorities need a new generation of ambitious masterplanners, and the capacity to manage relationships with tenants, leaseholders, developers, housing associations and builders which are essential to the success of projects. Yet severe cuts in local authority budgets are making it even harder for many councils to recruit and retain the necessary professional staff, while council leaders are generally preoccupied with the management of cuts not the generation of growth. Transfers of stock to housing associations with outline agreements on redevelopment potential, is one way forward, provided the housing associations themselves have the necessary development and management capacity. Joint ventures without transferring ownership may be preferable, affording councils a greater stake in development and an ongoing ability to shape neighbourhoods, while giving them greater planning and management capacity.

A good case study is the redevelopment of the Packington estate in Islington, a formerly notorious council estate between the Regent's Canal and the Essex Road. Faced with imminent structural collapse and riddled with asbestos, Islington council transferred ownership of the estate seven years ago to the Hyde Group housing association, for them to undertake redevelopment including new homes for sale to pay for most of the redevelopment – although in the event £33 million in 'gap funding' was required to make the project viable. The new development comprises 791 homes, an increase of a third on the previous estate. Of these, 463 are for social rent, 300 for outright sale and 28 for shared ownership. This is creating a strong, balanced 'village', reinforced by the design which restores streetscapes and opens the development to its affluent neighbourhood. All social renters who wished to be housed in the new development have been as of right, although there is a small net loss of social units overall. An extensive process of engagement with the tenants and the 40 right-to-buy leaseholders helped shape the redevelopment and build community support. Partly as a result, the development includes 135 three-, four-, five- and six-bedroom homes – all for social rent – as well as 650 one- and two-bedroom homes. A senior team from Hyde has been onsite throughout.

Seven years later the development is still ongoing, and will take another three years to complete. It has been a slow and immensely complex process. A resource-starved local authority would have found it difficult if not impossible to undertake it on its own. Islington council could not conceivably have done so. There is an important future role here for the mayor and Greater London Authority in supporting the boroughs.

However, the financial and practical challenges can be overstated and are too often a mental obstacle to bold action. Strong political leadership at the local authority level, and effective project management (including business planning) for each city village, are the key essentials. Hackney council, under mayor Jules Pipe, is engaged in 18 major estate development schemes with a wide range of partners and financial models, leveraging its vast estate holdings. One of its key partners is L&Q, England's largest housing association, which is in the process of doubling in size with 65,000 new homes planned or in the pipeline. This includes nine council estate regeneration schemes, mostly in London. Taken together, they are roughly doubling the number of homes, including more social housing overall. Yet this is being achieved with no state subsidy, nor even any requirement for gap funding or bridging loans. Cross-subsidy from for-sale property is more than paying for the entirety of the redevelopment projects and L&Q's strong balance sheet and credit rating is sufficient for it to borrow to finance the upfront cost of investment. L&Q alone is confident that it could take on dozens of new projects, if it had willing local authority partners.

Radical innovation

The mayor of London should recruit a strong team of masterplanners, public consultation and engagement experts, corporate and housing finance experts and development deal makers, who are able to work intensively with the boroughs and developers on city village schemes. This could be part of a revamped 'Homes for London' team within the GLA, which also manages the mayor's own extensive landholdings, acts as a single point of contact with other major public landowners, and promotes London-wide financial vehicles to facilitate developments and provide greater resilience in the face of fluctuating property prices. This could be an invaluable London-wide resource, helping individual boroughs to think strategically, providing essential support and giving a massive impetus to the creation of city villages.

The development of city villages is an opportunity for radical improvement in housing design. Pocket Homes is an example of a highly innovative developer. Its chief executive, Marc Vlessing, explains his business model in the case study in chapter 4.3. Pocket seeks to develop smaller infill sites in London on brownfield land at intermediate price levels, where a market developer would not normally provide much, if any, such housing. 'The intermediate market is growing and now demands a housing solution of its own,' he writes. The Pocket model is partly about using space-intensive, high-quality design to reduce the price of one- and two-bedroom flats; and partly about setting eligibility criteria to ensure that sales are to buyers with average income of around £40,000, with legal covenants that require onward sales only to buyers of low and intermediate incomes. The bigger obstacle that Pocket faces is in the timely release of suitable public land. The systematic renewal of council estates could provide a steady supply of such land, and a welcome opportunity to engage with small-scale developers like Pocket included as part of medium- and large-scale developments. Pocket's emphasis on energy-efficient, car-free developments, with secure cycle storage and provision for on-street car club vehicles, is another pointer to the future of city villages.

Critical to the development of city villages as mixed communities is the reinvention of the private rented sector (PRS). PRS now accounts for some 3.6 million households in London. The number of social renters has more than doubled in the last decade and there are now more private renters in London than owner-occupiers with mortgages. However, private renting is generally seen as the poor relation to home ownership – less good accommodation, and no security of tenure or even decent-length tenancies. Partly this is the result of decades of tax advantages and other incentives – such as the right to buy – for home ownership, and the overwhelming emphasis on building homes for sale. Partly, however, it is the result of the highly fragmented and often low quality state of the private rented sector, with few large-scale developers and managers of PRS, committed to PRS as a

quality long-term investment asset. The supply of intermediate-priced housing has particularly suffered as a result.

Diversity of tenure promotes diversity of residents and helps build successful, socially mixed communities. It also makes it possible to build large developments faster. As Richard Rogers puts it:

'We should be creating a mixed economy of delivery, rather than relying on the steady drip-feed of homes for sale that forms the basis of the standard business model. This could include local authorities themselves, as well as commercial developers, small builders, self- and custom-builders, housing associations and community groups. Balancing different housing types and tenures we can build more and faster, without flooding local markets with one type of housing – which, house builders argue, hampers sales and undermines viability.'

This view is supported by Gary Yardley, who notes that the 'biggest opportunity' in the large Earls Court development 'is to create a new model of social renting at scale'.

Sir Adrian Montague, in his essay, sets out an ambitious plan for reform of PRS. At present, only one per cent of private-rented landlords own more than 10 properties, and the growth of the sector has come almost entirely from recycling existing homes into 'buy-to-let' properties rather than new construction. He argues for transformation in the supply of private-rented housing, going hand-in-hand with a transformation in the model of ownership and management, with major institutional investors being attracted to pioneer large-scale PRS developments as long-term investments, as in Canada, the United States and much of Europe. This fits ideally with the city village concepts described above. In particular, it offers the potential for a large, intermediate-priced rental market for long-term renters in search of good quality, well-managed accommodation, which London and other cities desperately need.

'Many institutions are coming to see the private rented sector as a promising new asset class,' writes Adrian Montague. This includes institutions entirely new to the property world. The Wellcome Trust, the charitable foundation supporting health research, is likely to be a major PRS investor in the new Earls Court city village. However, the local authority planning regime has got to adapt properly to the potential for PRS developments. It still generally takes a binary view of developments in terms of for-sale or social accommodation.

The ambition of city villages should not end at the boundaries of the capital. As Bill Davies concludes, the mismatch between housing demand and supply outside London is extensive, not least in high pressure housing markets across the south east but also urban

centres in the north, such as Manchester and York. England's growing population will continue to stretch ever thinner the existing supply of affordable homes to rent or to buy, which, without urgent action, will contribute further to homelessness, longer housing waiting lists and unrelenting pressure on the housing benefit bill.

City villages offer a modern answer to the housing crisis. Through public, private, and third-sector collaboration, using innovative development models to improve city estates, we can build more homes and better communities where people want to live and work.

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1.2

BUILDING BELONGING

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Only in the dry world of public policy is housing a 'sector', a 'domain' or, at best, an instrument of economic policy. Only in the arid statistics of housing targets are people's homes reduced to units of measurement – to be 'completed' or 'delivered'.

In the real world, a home is a source of personal attachment and belonging – to a locality, to a place. Our home is our anchor in the swirl of a fast-paced world. Each of us wants a good-quality home for ourselves and our family; we want a home that adds to our wellbeing not one that detracts from our welfare. And at the most personal level, we know that our experience of the place where we live mingles with our streams of memory to help us create not just a sense of where we are but also a coherent sense of who we are. Where we live does not define us but it does stamp its imprint on our life and our life-chances. But these attachments – to our home and the place where we live – are not static. Very few of us will spend all of our lives in one home. Most of us will move home at some point as our personal circumstances change and develop. That is why we need homes that offer the potential for emotional connection and a sense of belonging, and not just housing to meet our requirements for practical shelter.

London's growth

London is an international city where, for centuries, people have settled from across the nation and from across the world. After several decades of relatively minor changes in London's population, the past 10 years have witnessed considerable population growth. Looking forward to 2030, London's population is forecast to continue to grow to well over 10 million (GLA Intelligence 2014a). The most recent phase of growth stemmed from migration; the next phase of growth will arise from natural increase. At present, the capital is growing at double the rate of the rest of the country – mainly through having a much higher birth rate because London's overall population is significantly younger than elsewhere in the country.

London provides work to over 4 million people – over 3 million of whom also live in London (GLA Intelligence 2014b). The 14 inner London boroughs are a key economic hub for the UK. Over 200,000 businesses are based in these boroughs, together employing over 2 million people (Sivaeu 2013). But these 14 boroughs are almost as diverse as their individual populations. The six central London boroughs (City, Westminster, Kensington and Chelsea, Hammersmith and Fulham, Camden, and Islington) have a combined population of some 1 million people. The five south London boroughs (Wandsworth, Lambeth, Southwark, Lewisham and Greenwich) have a combined population of almost 1.5 million people; while the three east London boroughs (Hackney, Tower Hamlets and Newham) have a combined population of 0.8 million (GLA 2014a). Significantly the age of the population in these different parts of London varies considerably.

Table 1.2.1 shows, for illustration, the number of 1-year-olds, 12-year-olds and 29-year-olds there are in each of these three subregions of inner London. In stable populations the numbers would not vary as much as is shown, across the whole of inner London there are almost three times more 29-year-olds than there are 12-year-olds. But of course London has very many in-migrants in their mid-twenties: these are not all young London residents who have simply gotten older! It can clearly be seen that each inner London subregion also has more 1-year-olds than 12-year-olds. This skewed distribution is what lies beneath the pressure for homes and schools in inner London.

Table 1.2.1
Population pressure points in inner London

	29-year-olds	12-year-olds	1-year-olds
Central London	26,000	8,000	13,000
South London	36,000	14,000	23,000
East London	22,000	9,000	14,000
Inner London total	84,000	31,000	50,000

Source: Adapted from GLA 2015

These figures clearly show the need to plan housing for sustainable communities, not just for today’s demographics. People’s housing needs change when their circumstances change. The last 15 years of population growth in inner London was largely characterised by in-migration – mainly of graduates from the rest of the UK – and of migrants more generally. The next 15 years of growth will principally be driven by a growing birth rate among the thirty-somethings who are already here now.

Housing supply

The stunted supply of housebuilding generally, the economic pressure on land values, the growth of population and particular capital city pressures on London's housing stock are combining to create a significant housing crisis in London. Finding a suitable and genuinely affordable home has become the most pressing issue for so many Londoners in this second decade of the 21st century. The shortfall of supply to demand is palpable everywhere.

Of course, the problem of housing shortage is also a national one. In 1973, over 330,000 new homes were built in the UK; 40 years later this had reduced by almost two-thirds to just 135,000 in 2013. In London, more homes were being built in the 1970s when the capital's population was falling. More recently, the decline in homebuilding has continued, despite a return to substantial population growth. The *London Strategic Housing Market Needs Assessment* evidenced a need for an additional 49,000 homes per year (Mayor of London 2013), but in the year to September 2014, there were only 19,700 housing completions (DCLG 2015).

Recent efforts by the mayor of London and the capital's councils to build 50,000 new homes in new housing zones across London are both imaginative and important. But the stark realities of this overall shortfall of supply are felt in the vast majority of London's localities and neighbourhoods. There are increasing numbers of homeless households, more people living in grossly overcrowded and unsatisfactory conditions, a rapid rise in houses in multiple occupation and a grossly distorted home ownership market. London's average house price of £504,000 is £164,000 more expensive than England's next most expensive region, the South East (GLA 2014b). The scale of price recovery in the capital is extraordinary, now 33 per cent higher than the pre-crisis peak (see Cox and Raikes 2014), while most of the other regions in England have yet to recover the post-crisis losses.

These pressures have led to a decade-long shift in London's overall tenure pattern. The nature of owner-occupation in London has changed markedly. With rocketing value, overseas investment has come into London and many London homeowners have chosen to rent out their properties. Of London's 1.6 million owner-occupiers in 2011, those owning on a mortgage (0.89 million) fell by 13.5 per cent from 2001; while those owning their homes outright (0.69 million) increased by 3.5 per cent. By contrast the overall numbers of households that were socially renting stayed virtually the same at 0.76 million; while those who were renting from private landlords rose by a staggering 80 per cent to over 0.8 million (ONS 2015a) and (O'Brien and Singleton 2015).

An urban palimpsest

'New towns' have been somewhat rediscovered recently as an urban policy instrument. But they have well-known problems which affect both their physical and social fabric, not least the challenge of creating a community where one did not already exist coupled with the massive infrastructure investment necessary to connect them to economic hubs. Other arguments for building homes on a mass scale call for building on the periphery of London, either on or external to the green belt. This is understandable given that the scale of demand for new homes requires a commensurate response at scale; and it is difficult to see this all being realised by small-scale infill developments in existing brownfield sites within cities. Doubtless some 'new towns' or 'garden cities' may help to alleviate the pressure for housing in England. But first, as Richard Rogers's chapter evidences, there are real opportunities for building new urban villages within existing cities.

Creating new layers of development on existing brownfield sites in inner London offers opportunities to enrich the quality of places that already exist. It is also an opportunity to create a better social mix of residents in what have all too often become isolated communities. Far too many inner London housing developments serve to trap people through poor design and poor linkages to adjacent and neighbouring areas. And freshly designed, human-scale developments can link people to their neighbours as well as to the wider locality.

This is the challenge of urban housing renewal in London: to develop homes at scale, and in a sustainable way that offers links and attachments for residents. Building new homes at scale is essential, but the focus should be on developing quality homes in quality places. London is characterised by radically increasing social diversity. It needs the requisite diversity in its urban realm so as to enable the ever-changing kaleidoscope of London's communities to enliven the life of the city. In most of the city, mass development projects will not be appropriate or feasible, but the problem we face is that there is a generation of development missing between 1980 and 2014, and developers and public authorities are both engaged in a rapid 'catch-up' exercise.

Strategic approaches

One important feature of developing homes in London is how local authorities are able to use their existing asset base and land ownership so as to leverage better value in development. Given rising land values in London, local authorities have a major advantage over authorities in other parts of the country. But to leverage value from existing land holdings requires the combined creative imagination of politicians and planners as much as the disciplined creativity of architects and developers.

Councils need to consider their asset bases afresh and take a view of the opportunity cost of holding fixed assets on sites that if used differently could unlock quality housing developments and provide housing for the capital's growing population. They will have regard to how best to advance a variety of social and community purposes by using these assets in one way; but they will also have regard to how other objectives are advanced by alternative uses. Community gain, community sentiment and varied community preferences will each play their part in political considerations. But preserving existing uses may undermine wider regeneration objectives and instead it may be necessary to reconfigure land and asset holdings so as to make developments viable. Even on the most developable sites it remains crucial to strike a balance between preserving the best while improving the rest.

Strategic plans may create the framework, but intuition and leadership will be essential to driving development. It is no good having a plan if there is no will and commitment to get things moving. Creativity in the founding economics and finances of development schemes is just the starting point. The 'volume' of development may describe the outer parameters of what can be built – in terms of bed spaces per hectare as well as building heights and massing. But what matters is how the development links into the locality and to neighbouring developments. Transport nodes, connections and networks are really important but so too is an accessible retail offer and community life. The fabric of urban life is as social as it is physical.

Case studies in south-east London

In south-east London local authorities have worked creatively and collaboratively with developers in the private, public and social sectors to regenerate our borough in a coherent manner. In many cases it has been necessary to use our land holdings to increase density on existing estates by achieving wholesale redevelopment and reprovizion: in this way we are able with our development partners to build more homes at higher standards of quality and at higher levels of density. The following two examples explain the particular approach in Lewisham.

Lewisham town centre

In Lewisham town centre, the multiphase regeneration of land previously occupied by a council depot and housing estate will deliver a net increase of around 800 homes over a 10-year period.

The first phase of the River Mill Park development, comprising 96 homes, was completed in 2005, with the second phase and another 108 homes following. In place of the previous 1960s-built Sundermead estate's forbidding architecture, the new neighbourhood made a key feature of short streets and mews, with houses arranged in terraces, punctuated by gateway medium-rise apartment blocks.

As well as the new homes, the scheme also delivered an extension to the local cycle network, and a new urban park, Cornmill Gardens, with direct access to the Ravensbourne River, which was released, for the first time in two generations, from its concrete walls.

The development of River Mill Park also provided the council with a sizeable area of surplus land, for which a development brief – including homes, commercial spaces and cultural facilities including a new flagship swimming pool for the borough – was drawn up. This will be completed in 2016, providing 788 new homes (including 30 per cent affordable), the new Glass Mill leisure centre, commercial units and community facilities (LBL 2012: 6).

Deptford town centre

The north Deptford area of Lewisham includes four areas which together could provide over half of the homes that Lewisham needs by 2026 as well as significant amounts of new cultural, civic and commercial space. Major investment in the town centre has included relocating Tidemill Academy primary school, extending the Wavelengths leisure centre and establishing the award-winning Deptford Lounge for community activities.

This masterplan was developed in conjunction with partners including the Department for Communities and Local Government, Network Rail and L&Q housing association. A key part of this masterplan is two housing-led schemes. These two schemes will deliver over 300 new homes in the town centre. The restoration of an historic Victorian carriage ramp and an adjacent eight-storey building containing 121 apartments and seven commercial units are two of the key elements of the Deptford Project, a scheme being delivered by a private developer but devised in close conjunction with the council and Network Rail. Meanwhile, the council has been developing its own plans to replace an existing estate on Reginald Road, as well as converting the old Tidemill School buildings into residential properties. This latter scheme will provide in excess of 200 additional properties, as well as meeting housing needs of existing residents by improving accessibility and easing overcrowding.

Summary

Essential to estate regeneration is a mixed approach to housing, with different uses, tenures and linkages key to rebuilding modern neighbourhoods. Housing units may be delivered, but it is homes that become lived in. And residents in their homes want connections that enable ties of attachment to develop in local areas between neighbours; connections to local quality spaces and places for enjoyment and quality of life; and connections to transport links to opportunities that exist across London.

London is an enormous and growing city. Nearly 10 million people are here every day with some 8.5 million resident here each night. But London is also a successful city: in 2013 London's GVA per head was 72 per cent above the UK average (ONS 2015b). Intensifying its potential is central to improving its productivity and enriching its cultural life. Developing more urban villages within London over the next 10 years will not only give people more places in which to live, it will give them more homes in which they can build belonging.

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2.1

BUILDING TOMORROW'S CITIES: THE URBAN TASK FORCE 15 YEARS ON

RICHARD ROGERS

Rogers, Stirk, Harbour and Partners

Cities are places for the meeting of people and the exchange of ideas; they are the driving force in our economy and the heart of our culture. In 1997, deputy prime minister John Prescott asked me to advise him on how England could accommodate almost 4 million new households. My first response was that building more houses could not be looked at in isolation, but only in the context of repairing the damage done to our cities over previous decades. John agreed, and I established the Urban Task Force, bringing together some of England's best architects, planners, urbanists and developers to consider how we could improve our towns and cities, while providing homes for a growing population and a changing society.

Our report, *Towards an Urban Renaissance*, was based on extensive research in the UK and abroad, and demonstrated that the only sustainable way to do this was by using brownfield sites and intensification in well-designed compact towns and cities – abandoning suburban sprawl in favour of urban regeneration (Rogers et al 1999).

This was a significant change in direction: for the first time, policymakers and professionals were rediscovering dense cities, streets for people and the richness of urban life as things to be celebrated rather than rejected; rather than seeking to empty out cities into suburbs and new towns, policy was refocused on urban recovery and compact sustainable urban development.

England's cities had industrialised before their counterparts in other countries, and were the first to confront the pollution and slums that accompany industrialisation. The garden city movement was a natural response to the horrific living conditions that most city-dwellers endured in the 19th century. But, by the latter half of the 20th century, urban depopulation, new towns and car-based

suburban sprawl had brought their own problems. They created a toxic legacy of hollowed-out cities, scarred with derelict and brownfield sites, abandoned by those middle-class families able to make that choice, and with communities deserted by failing local services from schools to shops. These threatening urban voids were not just a terrible waste of land, but also of human potential.

Sixteen years ago, the Task Force argued that we needed to create an urban renaissance – based on design excellence, social wellbeing and environmental responsibility – to remove this blight of dereliction from our urban areas and accommodate more housing (ibid). Continuing to build on greenfield land, while there are still brownfield sites available, would destroy urban vitality as well as creating environmentally damaging suburban sprawl.

We argued that compact urban development, carefully designed to be densest around public transport hubs, supported by excellent public spaces (from a street tree, to a pocket park, to a grand piazza) and connected by streets designed for walking and cycling, rather than the exclusive use of cars, was the key to successful urban development, and to meeting the challenges of technological change, global climate change and social transformation. Led by strong civic government, and employing careful architecture, planning and urban design, the compact city offers a better quality of life, with the mix of life, work and leisure that has made cities such powerful and enjoyable places for more than 2,000 years.

Cities, 15 years on

Since our report there have been huge leaps forward in the revitalisation of our towns and cities. City centres– from Sheffield to Manchester to Birmingham – have been transformed with new public spaces and civic buildings, and their populations have begun to bounce back after decades of decline. Manchester, which lost 40 per cent of its population between 1951 and 2001, grew by 20 per cent between 2001 and 2011 – three times faster than the national average (MCC 2015).

Our capital has also experienced a rebirth. When we were drafting the Urban Task Force report, Frankfurt seemed to be establishing itself as Europe's business centre; London compared unfavourably. Now, after 15 years of directly elected mayoral government (one of the Task Force's recommendations), London is one of the few genuine global capitals, with a population forecast to regain its prewar peak imminently, and to reach nearly 10 million by 2031 (ONS 2014). The 2012 Olympics and Paralympics brought the world to throng London's streets, squares and parks, and accelerated the transformation of its public transport infrastructure. London's schools are now also some of the best performing in the country.

People are thinking differently about our cities too, realising that they are the foundation stone of civilised life and the dynamo of our economy – an asset to be optimised, not a problem to be tackled. The better planners and developers talk the language of urbanism, about building places with public space, buildings and public services, not simply about constructing houses and offices. Cities across the world proved relatively resilient during the financial crisis of 2007–09; today they are creating jobs and leading economies out of recession. With more than half the world's population now living in towns and cities, this is an increasingly urban age. England, one of the five densest-populated nations in the world, is at the forefront of urbanisation, with more than 80 per cent of the UK population in urban areas (World Bank 2010).

But we still have some way to go to achieve our urban potential, or to compete with the best in Europe. London's elected mayorality has given the capital strategic leadership during a period of unprecedented change, and while other mayors and city leaders have scored some successes, they don't yet have the authority to make a real difference. The city deals recently announced by government represent a step forward, but more power needs to be devolved to cities and regions across the country, including financial and fiscal freedoms, so that cities can make the most of their assets, and become masters of their own destiny.

Design excellence is still the exception rather than the rule. England has some excellent architects and urban designers, but they rarely have the clients they deserve. Public sector procurement is often purely cost-driven, with little attention to design quality. Private sector competitions, when they take place, are treated as a cheap way of generating ideas. And in both cases, processes are opaque, with vague briefs, selection criteria and unknown jury composition.

A commitment to design excellence needs to be led from the top. The Commission for Architecture and the Built Environment was a powerful advocate for world-beating architecture and urban design, and for the public spaces that make our cities humane, liveable and competitive, but it has been allowed to wither away. The regional networks of architecture centres and centres of excellence, which would have provided focal points for public engagement and professional education, have also been stillborn. Even the regional development agencies, which paid more attention to economic development than to urban regeneration, were wound up after 2010.

Following the financial crisis, we have actually gone backwards on some measures, with potentially serious consequences for the urban fabric. The Task Force recommended a minimum of 70 per cent of new development on brownfield land (Rogers et al 1999) and we are slipping back towards the 60 per cent that was being achieved in

the 1990s, having peaked at over 80 per cent in 2008 (DCLG 2013). Minimum density standards, a critical Task Force recommendation, were also abandoned in 2010. For all the promises of localism, we appear to have lost control of town planning, in which we were once seen as world leaders, with no national or regional spatial planning framework worth the name.

Most urgently, we are still failing to provide enough decent places to live for a population that is growing even faster than the Urban Task Force predicted in 1999. The latest government forecasts suggest that we need around 250,000 new homes every year in England. We haven't built anywhere near that number since 1975, and the trend for the past 20 years, as the construction of council housing has ground to a halt, has been to build around 150,000 a year. The recession caused a further slowdown: last year we built fewer than 110,000 houses, the lowest annual total since 1922 (DCLG 2015).

The situation is clearly critical, blighting the hopes of a generation. According to the homeless charity Shelter, less than 10 per cent of homes in southern England (less than 0.5 per cent in London) are affordable for first-time buyers (Carlyon 2014). This is also threatening our economic success by pricing young creative people out of city centres.

Garden cities versus urban renaissance

It is not surprising that some voices are suggesting a retreat from the fundamental principles of the Urban Task Force – brownfield sites and inner city intensification first – and proposing a return to suburban sprawl and new towns. The government has called for a new generation of 'garden cities', and recent reports from Sir Michael Lyons' housing review – and articles by the shadow chancellor – suggest that the Labour party is considering 'urban extensions' modelled on the postwar new towns.

These policy responses look like the easy answer to a complex and pressing problem, but they are profoundly wrong: they ignore the fragility of the urban renaissance, overlook the damage that premature relaxation of planning controls could do to our cities and countryside, and underestimate the potential that our cities still offer.

The original generation of garden cities pioneered by Ebenezer Howard deliberately turned their back on the grim industrial cities of their day, seeking healthier happier lives for their residents in a green setting. This was quite understandable given the appalling conditions that most city-dwellers lived in 100 years ago. But it set in train a process of urban depopulation from which our cities are only just recovering. Middle-class people moved out by choice, and working-class communities were carelessly and disruptively transplanted to the new towns that emerged after the second world war.

If the postwar new towns are now flourishing, it has taken generations for them to do so. We used to talk of the ‘new town blues’ – the monotony of living in a town that had all been built at one time, rather than over centuries –and they took a good time to shake this image off. Furthermore, new towns often flourished at the expense of neighbouring established towns and cities. If we open up the green belt for new housing estates – which is essentially what this new generation of garden cities amounts to – we will only create commuter dormitories, without the critical mass to sustain local shops or services. What is more, we will divert investment away from complex urban brownfield sites, and will deprive existing urban and suburban centres of the vitality they need. Why develop Ebbsfleet as a new commuter dormitory of 15,000 homes – a small fraction of what we need – when east London needs investment and offers brownfield land to accommodate more than twice that number in the Lower Lea valley alone?

We do not need to repeat these mistakes. Land may be a finite resource, but continuing industrial decline means that the supply of brownfield land is constantly replenished. The government’s last estimates, published in 2009, identified 60,000 hectares of brownfield land in England. Half of this was considered suitable for housing, which could provide nearly 1.5 million new homes, based on fairly conservative current assumptions on housing density. You can debate the suitability of particular sites, but there is clearly no urgent need to abandon the principle of ‘brownfield first’.

London’s potential

London is where the housing shortages are most acute, but also where we can see most clearly the potential that remains. London, which is estimated to need 42,000 homes a year (Mayor of London 2014) is already accommodating around 98 per cent of new development on brownfield land (GLA 2014), reflecting the policies set out in the London Plan. The capital still had 3,700 hectares of brownfield land in 2009 – more than it had in 2002 – of which the vast majority was considered by local authorities to be suitable for housing, providing capacity for nearly 500,000 homes (HCA 2009).

These figures are from 2009, but the recent survey of land availability prepared by the mayor to underpin his recent update to the London Plan estimated that land to build 420,000 homes could be made available in the next 10 years, without encroaching on green belt or other protected open space. Improving transport or pushing densities up, or assuming that all potential sites come forward, could each raise this number by a further 40–50,000 (Mayor of London 2014).

The 38 large ‘opportunity areas’ alone have capacity for 300,000 (ibid). Large sites like Barking Reach in the east and Old Oak Common in the

west offer the opportunity to create new communities within London on the scale of the government's proposed garden cities. Peabody are planning to build 7,000 homes around Thamesmead, taking advantage of Crossrail's arrival in south-east London.

The biggest opportunity, however, may not be in large sites but in adapting existing buildings and creating intensified infill development, with demolition only as a last resort. By working out from high streets and neighbourhood centres, we can repair tears in the urban fabric, and make the best use of public transport, schools, shops and other amenities. As an illustration, if London's 600 high streets and town centres took an additional 500 homes apiece, this would deliver more than seven years' supply, as well as shoring up and protecting the prosperity of existing places through enhancements to public spaces and streets. Town centres like Croydon, hollowed out by 1960s town planning, have huge untapped capacity. Why not build a new town in Croydon, building not just new homes, but also the shops, schools, public spaces and workplaces that form the essence of place?

Recent successes

Stratford, King's Cross and the South Bank show what can be done. When we wrote the Urban Task Force report an Olympic bid in east London was something that we had discussed, but was no more than an idea. It then took less than 10 years to transform a complex derelict site at Stratford to accommodate millions of visitors for the Olympic and Paralympic Games, which was subsequently reborn as a beautiful new park for London, with plans in place to build more than 10,000 homes, as well as new schools, museums, studios and universities – a new town in the heart of east London. The project was led by the public sector, working with the best private contractors, and shows what can be done when design, land assembly and regeneration are brought together.

King's Cross is another case in point, though its history is very different and led by a private developer taking a long-term view, rather than a government agency. The former railway lands had been the subject of much-disputed redevelopment proposals since the 1980s, but the patient planning and community negotiation of the development team, led by Argent, has created a new piece of central London, with 10 new public spaces providing nearly 15 acres of public space in an area that was previously blighted by dereliction. The *Guardian* newspaper and University of the Arts have already moved in, and Google will establish its new UK headquarters there.

The South Bank of the Thames has meanwhile seen a comprehensive approach to retrofitting and infill development as it has deindustrialised. Old industrial buildings have been adapted for

reuse at Shad Thames, Coin Street and, most spectacularly, Tate Modern. Infill development, albeit of mixed quality, has reoccupied the gaps between these preserved buildings, and the whole promenade has been brought together as a spectacular riverside walkway – **one of the finest public spaces in Europe.**

We can also look abroad for good examples. In Hamburg, for example, the city authorities led the redevelopment of the old docks area on the River Elbe. The HafenCity masterplan includes mixed-use housing, office, cultural, commercial and university buildings, and a seamless connection between the old city centre and new development. The project is being delivered by a special-purpose company, owned by the municipality and chaired by the first mayor. The project is 18 years into a 20-year programme, and is set to deliver 6,000 homes, with capacity for 12,000 residents, workplaces for 45,000 jobs, as well as a new 10-kilometre dockside promenade and 28 hectares of public squares and parks (HafenCity 2014).

Likewise, Stockholm's Hammarby district is a high-density redevelopment of a lakeside industrial area. The scheme will deliver 11,000 residential apartments, along with comprehensive provision of new public transport links, leisure facilities and green public spaces. To date 6,600 homes have been built, and the area has been transformed from a polluted ex-industrial site to a popular neighbourhood for young families. (Stockholm 2009)

What's holding us back?

So, not only do we have the space, we are also starting to develop the skills to intensify and retrofit existing centres as well as making best use of brownfield sites. Why are we not able to build faster, in the face of such overwhelming demand? Briefly put, our housing market is dysfunctional. **Over the past 20 years, local elected councils have lost power, allowing planning and building new houses to become the almost exclusive preserve of a small group of housebuilders.** The system works pretty well for them; they are returning healthy profits for their shareholders, by gradually releasing land as prices rise. But they have no real incentive to accelerate supply, to innovate or to enhance quality.

We need new ways of planning and building more homes. **Housing should be a human right, not a privilege for those with access to capital.** We need local elected councils to take the lead, as they do in most successful European cities, working with urban designers and local communities to set out plans for new housing and better urban districts, through intensification, retrofitting and the use of brownfield land, rather than simply responding to development proposals as they come in.

Local authorities also need the tools to make development happen at an accelerated pace. This may mean enhanced compulsory purchase powers, like those available to mayoral development corporations, the ability to levy taxes on a sliding scale on uncompleted developments, or switching 'from benefits to bricks' by investing in housebuilding rather than spending billions in housing benefit. We need to rediscover pride in our planning system, giving local planners the skills, resources and incentives to help supply to catch up with demand, rather than seeking to regulate a recalcitrant market.

New partnerships and approaches

We should be creating a mixed economy of delivery, rather than relying on the steady drip-feed of homes for sale that forms the basis of the standard business model. This could include local authorities themselves, as well as commercial developers, small builders, self- and custom-builders, housing associations and community groups. Balancing different housing types and tenures (including lots more affordable housing) we can build more and faster, without flooding local markets with one type of housing – which, housebuilders argue, hampers sales and undermines viability.

Finally, we can rethink the technologies we employ, using offsite manufacture to create economies of scale, and a dramatically faster build time. A number of new designs and systems are being developed, including Aecom's Rational House, Sheppard Robson's Lighthouse and the Zed Factory's Zero Bills House. My own architectural practice, Rogers Stirk Harbour and Partners, has worked with the YMCA to design an innovative starter home, the Y:Cube, which can be manufactured offsite and assembled onsite in hours. A pilot home has already been built and 36 more units will be built for Newham council in east London in 2015.

We don't need to overflow into new towns on greenfield sites to meet our housing needs, until we have made the most of brownfield sites and intensification opportunities; doing so would damage the countryside and – more importantly – wreck our cities. We need to use intelligent design and planning to unlock a million development opportunities, and to enable communities, public sector bodies and developers to build new places that will repair the urban fabric of our towns and cities and consolidate their success.

This means creating the mix of uses, tenures and people that brings life to urban streets, with the public spaces, civic buildings and transport infrastructure that form a stage for successful city living, for the meeting of people and for the mixing of ideas. None of this will be achieved through slowly churning out identikit housing estates. Our urban renaissance does need new towns, it's true, but they must be new towns in our existing cities.

Summary

There are seven steps for sustaining an urban renaissance.

1. Use brownfield before green.
2. Develop from centres outwards – infill and intensify around transport hubs and high streets.
3. Discourage new towns, except in cities.
4. Build a strong infrastructure of transport and well-designed public space.
5. Develop small infill and larger sites with a mixed economy of construction – public bodies, developers, housing associations and self-build, as well as traditional housebuilders.
6. Incentivise efficient land use and long-term stewardship – learning from the great estates and abroad – and consider fiscal incentives like land value taxation.
7. Empower cities and regions to plan for their future.

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2.2

LONDON: THE UNIQUE CITY

PETER HALL

Urbanist and town planner (1932–2014)

In 1937 the Danish architect-planner Steen Eiler Rasmussen published in English what is still the most perceptive and sympathetic study of London ever written (Rasmussen 1937). His central point was that London had grown in a way completely unlike the other great cities of Europe. Because of England's early political stability, from medieval times it did not have to be constricted by a city wall. Even then, the ancient City of London, the famous square mile, sprawled out beyond the Roman gates of Aldgate, Bishopsgate, Moorgate, Aldersgate and Ludgate. So did the first Saxon London, discovered only in 1987, along the Roman road that is now the Strand. Then the Saxon kings established their royal palace on an island in the marshes, at what became Westminster. From that time on, London grew as a two-centred city: the commercial city in the east and the political city to the west.

But for many centuries, London did not need to exploit its freedom to grow. It did so only as a result of its growth as a world trade centre, doubling its population in the 17th century, to 550,000 in 1700; doubling again to 1 million at the first census in 1801; doubling again in the first half of the 19th century to nearly 2 million; and then reaching 4.5 million by 1881 and 6.5 million by 1911 (GLA 2014).

But, until around 1861 – the time can be fairly precisely dated – London did not expand much physically; people packed themselves in, and densities actually increased. The reason was the lack of transport. London's 2 million people were crowded within three miles, or one hour's walk. After 1861, London's growth underwent rapid and major change. Some railway companies discovered season tickets; others were forced to offer workmen's fares. The world's first underground railway, a shallow steam-hauled subway, opened in 1863; 21 years later it had been extended to form a continuous circle linking the more affluent inner suburbs with the City. Horse buses and horse trams allowed London to spread, creating new villa suburbs. While continental cities grew through high-density apartments, London could grow through single-family homes for rich and poor alike.

Between 1890 and 1910, electric traction was introduced and deep-level tube railway construction through the London clay. The London County Council developed a dense network in south and north-east London, with cheap workmen's fares, creating new working-class suburbs; **here the trams were truly the gondolas of the people, in Richard Hoggart's graphic phrase.** Cheap land, cheap labour and cheap mortgages made it easy to build. The growth of white-collar employment in London provided a huge market with stable incomes, even in the depths of the Depression. And the planning legislation of the time – the Acts of 1909, 1924 and 1932 – if anything, facilitated suburban growth: local authorities could do nothing to stop the march of the builders.

But, by the late 1930s, a powerful coalition was building up to halt the process. Geographers like Dudley Stamp recorded the loss of top-quality agricultural land. Architects and conservationists, who founded the Council for the Preservation (later Protection) of Rural England, deplored the loss of traditional countryside. Frederic Osborn and his fellow-campaigners argued for garden cities in the countryside. Others pointed to the depressed poverty of North East England and South Wales, where up to 40 or 50 per cent of the workforce were unemployed. Many others simply deplored the taste of the builders and their lower-middle-class clients: they did not like the look of semi-detached London.

Barlow, Abercrombie and their legacy, 1940–59

This coalition, uniting left and right of the political spectrum, garden city enthusiasts and rural squirearchy, proved irresistible. Early in 1937, as one of his first acts on becoming prime minister, Neville Chamberlain appointed a royal commission on the geographical distribution of the industrial population, chaired by Sir Anderson Montague Barlow. Reporting in January 1940, an unfortunate time coming four months after the outbreak of war, it nevertheless proved to be the most important single influence in the creation of the modern British planning system.

On London, the Barlow commission concluded:

'The concentration in one area of such a large proportion of the national population as is contained in Greater London, and the attraction to the Metropolis of the best industrial, financial, commercial, and general ability constitute a serious drain on the rest of the country.'

Barlow 1940

The commission was obsessed by the manufacturing industry, and this obsession passed over into postwar planning policy. It failed to appreciate, perhaps because the data was deficient, that many

of the new London jobs were not in manufacturing but in services, particularly in offices. So it proposed regulation of new factory jobs and the Distribution of Industry Act 1945 established national control over factory industry, new and extended, through a system of industrial development certificates from the then Board of Trade. Remarkably, the system survived for 35 years, until swept away by Thatcher in the early 1980s. But, because offices were totally outside the system until an act of 1965 (which proved ineffectual), most employment growth escaped the controls altogether.

However, Barlow went further, calling for physical limits on London's growth. After the second world war the Attlee government grasped this nettle through the 1947 Town and Country Planning Act, which effectively nationalised development rights and then transferred them to new county planning authorities.

They used these new powers enthusiastically to implement the main lines of Abercrombie's Greater London Plan of 1944, which called for the establishment of a green belt to halt London's further growth and the planned decentralisation 'overspill' of 1,033,000 people and their jobs from the capital to new and expanded towns beyond it.

With very minor exceptions, London's growth was halted; the new towns and then the expanded towns came into being, through the New Towns Act of 1946 and the Town Development Act of 1952. Almost unbelievably, the dreams of the utopians seemed to have come to pass.

The administrative boundaries of Greater London, established in 1963–65, therefore correspond to a remarkable degree with the physical bounds of its continuously built-up area. The green belt firmly stopped further planned tube extensions; the earthworks can sometimes still be seen in the fields. Beyond it, eight new towns, started in 1946–50 and completed some 20 years later, lay 20–35 miles from London; three successors, started in the 1960s, were located 50–80 miles distant. Over a score of town expansions were located among and beyond them. And, to judge by subsequent research (Thomas 1969, Hall et al 1973), this increasing distance contributed to a higher degree of self-containment in these planned developments than in other places of similar size and at similar distances from London.

From metropolis to mega-city-region

Two unforeseen elements intervened. First, there was no way of stopping further economic growth in London and the surrounding area. This prosperity attracted in-migrants, something Barlow and Abercrombie had assumed must not and would not happen. Second, from 1955 to 1964 the birth rate unpredictably rose. Nationally, by the mid-1960s the national population was increasing by about

700,000 annually – or by a ‘Bristol year’ as it was known at the time (ONS 2014). And almost half the net growth – 1.1 out of 2.4 million between 1951 and 1961 – was in the south east. During that decade, it formed a solid ring of growth around London, roughly 15 to 35 miles from the centre, and spilling down the Brighton line to the south coast. By the 1960s, growth had slackened to about 36 per cent of the England and Wales total – largely due to accelerating population loss from London, which lost some 165,000 people in the 1950s but half a million in the 1960s – but growth now concentrated in the ring around (the outer metropolitan area), which gained 1 million in the 1950s and 800,000 in the ‘60s, forming a wide but discontinuous ring some 25–70 miles from the centre. Paradoxically, the new and expanded towns took only a small part of the growth. The result was widespread suburban growth around towns on the other side of the belt, over 25 miles from London, served by faster commuter mainline railways, most of which were progressively electrified in the 1950s and ‘60s. Much went into suburban accretions to the existing towns in the form of speculative housing, much of it innocent of much plan or design.

As a result the green belt did not actually stop London growing. Instead it produced a discontinuous form of growth, leapfrogging the belt and stretching into areas which retain their own independent governments. Functionally, these new growth areas ‘belong’ with London, *both* on the basis that they are linked to the core city and each other by strong commuting flows, *and* in terms of shared agglomeration economies. Though most tube lines and bus routes stop at the London border, mainline commuter routes and motorways do not. The 1991 census showed that many towns within the ring immediately surrounding London – places like Slough, Watford or Guildford – exported half or more of their resident employed populations each day, most of them to London.

London thereby evolved from a classic public transport metropolis into a new urban form, the ‘polycentric mega-city region’. By the year 2000 it had covered more than one-fifth of England, containing nearly two-fifths (38.6 per cent) of its population. Stretching northwards for some 80 miles from London and south-westwards as far as 110 miles from the capital, it was dominated by the huge built-up mass – about 15 miles in radius – of Greater London, bounded by the green belt and the M25 orbital motorway, which was also part of the Abercrombie plan but completed only in 1986. Outside this were no less than 50 other **functional urban regions (FURs)**, ranging in population from 79,000 to 600,000, which had shown consistent and strong growth in the previous half century (Hall and Pain 2006). **The original eight London new towns, started in 1946–1950 and completed some 20 years later, are 20–35 miles from London; their three successors, started in the 1960s, are 50–80 miles distant.** The overwhelming trend, for both people and jobs, was outward.

None of this had been foreseen by the planners of the 1940s, who had fondly imagined that the whole process of movement to the new and expanded towns would be a one-for-all process. And it was accompanied by an explosion of car ownership – which rose three times between 1961 and 2008 – and car use. The result, inevitably, was increasing congestion on Europe's most intensively used road network. There was one crumb of comfort: despite this high degree of interconnectivity, within the entire region in 2001 no less than 70 per cent of all workers lived and worked within the same FUR, representing a high degree of self-containment, and rising as high as 75–85 per cent for some FURs near the edges of the mega-city-region (ibid: ch 2).

Five decades of policy crisis

The 1960s: a familiar situation

By the early 1960s there was a crisis of policy, strangely similar to the one we are living through today. Governments – Conservative before 1964 and Labour afterwards – produced a cascade of major reports on housing. This led to an independently determined *Strategic Plan for the South East* being published in 1970, which was the definitive successor to the 1944 Abercrombie plan. The plan forecast an increase in population from 17 million to 21.6 million, between 1966 and 2001. Since Greater London would continue to suffer marginal losses before stabilising in the 1990s, all must be housed outside it. It argued that the best way to do this would be to develop large planned urban regions, which would function as effective countermagnets to London. There would be five of them, at distances between 40 and 80 miles: **Reading-Wokingham-Aldershot-Basingstoke**, South Hampshire, Milton Keynes-Northampton, South Essex and Crawley-Burgess Hill. They would take a majority of the projected regional growth, 2.5 out of 4.6 million. As a result the character of the south east would profoundly change: from being a monocentric region based on London, with a ring of relatively small satellites, it would become a polycentric city-region rather like the Netherlands' Randstad Holland.

The government accepted the broad principles of the 1970 plan. But then the birth rate began to come down almost as fast as it had earlier gone up, and with it down came the future projections. A major review in 1976, made by the same government-local authority team, remarkably concluded that between 1975 and 1991 the population increase for the entire region, earlier put at 2.8 million, would be only 174,000. By then London was haemorrhaging people: the review predicted that its 1991 population, earlier set at 7 million, could be as low as 5.7 million. **The five major growth zones would still be needed, though not on the earlier scale. The government's response, in 1978, accepted this – but by then, government and local authorities were obsessed with the problem of pumping resources back into regenerating inner London.**

The 1970s: policy shifts to the inner cities

Three major consultants' reports, which were published in 1977 on Liverpool, Birmingham and Lambeth, heralded the largest shift of government policy during the post-second world war era (DoE 1977a, 1977b and 1977c). Governments now recognised that there was a structural problem with inner cities, driven by the accelerating deindustrialisation of the great British cities and the increasing concentration of major economic, social and physical problems in these urban areas. They also found a powerful political constituency in support: left-wing councillors from east and south London boroughs were happy to make cause with right-wing politicians from the shires, since the new policies promised more resources for the first which might help relieve embarrassing pressures on the second. So resources were diverted; but the outward movement of people, and the steady erosion of urban jobs, continued.

The 1980s and 1990s: minimalist planning

Under Margaret Thatcher the urban riots of 1981 brought a renewed emphasis on inner city regeneration. Only the means were radically different: enterprise zones offered a holiday from local rates and a minimalist planning regime, and urban development corporations – ironically modelled on the 1945 Attlee government's model for building new towns – made the necessary public investments which would bring private capital in behind. London Docklands represented the most spectacular example, now home to Canary Wharf.

Thatcher's government was also committed to minimalist planning more broadly. In the first major governmental statement, the main planning report and five supplementary study volumes were replaced with three typewritten A4 pages. While this actually reiterated the 1970 policy – with a clear distinction between growth areas where development would be concentrated, and areas of conservation where restraint would be the rule – this was a profound change of policy. **The attempt to steer growth out of the prosperous south east and into the north was abandoned.**

Strategic planning, a discredited notion of the 1960s, was out and the 1970 plan was forgotten. In 1987, county structure plans were abolished, effectively reducing county planning departments – the mainstay of the 1947 planning system – to a cipher. By the late 1980s new factories and warehouses and superstores were mushrooming at the urban peripheries, close to the interchanges of the motorways and trunk roads. And all the while, regardless of the vagaries of policy, **the people continued to move out of London, increasingly concentrated in a few favoured city-regions: notably in the designated growth areas of the 1970 plan, such as Reading-Wokingham-Aldershot-Basingstoke, Crawley-Gatwick; Milton Keynes-Northampton and Peterborough-Huntingdon, plus some farther out, such as Bournemouth-Poole, Swindon and Ipswich.**

Yet, with the exception of the new and expanded towns of the 1960s, such as Swindon, Milton Keynes, Northampton and Peterborough, there was an accumulating failure to deliver enough new housing. In 1983 nine of the largest volume builders formed consortium developments, with the objective of developing new residential communities in the south east. Virtually without exception, they failed. One after another – in the Essex green belt at Tillingham Hall north of Tilbury, at Foxley Wood south of Reading, at Stone Bassett east of Oxford – their efforts failed: faced with local opposition, a succession of planning ministers turned them down.

A major study by Tony Champion and David Brown, covering the three decades from 1980 to 2008, found that rural areas continued to grow faster than urban ones (see table 2.2.1). The pace of rural growth did fall in the 1980s and '90s, although it remained above the national average, but it then accelerated again. The urban growth rate increased somewhat – a new trend, driven by the rise of the knowledge economy, rising immigration from abroad and urban regeneration policy. By 2008 the gap between the two was at its narrowest since before the height of counter-urbanisation in the 1970s.

Table 2.2.1

Population change 1981–2008, Great Britain, by urban/rural district classification

	Annualised change rate (%)			% point difference from GB rate		
	'81–'91	'91–'01	'01–'08	'81–'91	'91–'01	'01–'08
Great Britain (GB)	0.18	0.26	0.53	0.00	0.00	0.00
Urban	0.10	0.21	0.50	−0.08	−0.05	−0.03
Rural	0.67	0.54	0.73	0.48	0.29	0.19
<i>of which:</i>						
<i>Urban fringe</i>	0.66	0.65	0.81	0.48	0.40	0.28
<i>Agricultural</i>	0.72	0.56	0.71	0.54	0.30	0.18
<i>Rural extremes</i>	0.55	0.28	0.57	0.37	0.02	0.04

Source: Champion and Brown 2012, calculated from ONS data

London: The return to growth

To almost everyone’s surprise, in 1983 London’s population began to grow again after 40 years of decline. Exceptionally strong growth in the 1990s saw London increase by nearly 15 per cent and ensured that every one of the 51 constituent urban areas in the south east mega-city region grew to some degree, though the percentage

growth ranged from under 6 per cent in Southend to over 22 per cent in Milton Keynes. Employment shrank in the 1980s, with an especially sharp decline in London, but rebounded in the 1990s, growing by 2,237,000 (33 per cent) across the wider south east region and by 860,000 in London.

Over the 40-year period from 1960 to 2000, employment in the London region grew by 10 per cent, closely in line with national trends, adding some 0.6 million jobs overall. But this conceals major structural and spatial shifts: Greater London lost some 0.5 million jobs (12 per cent) while the 15–35-mile ring around it (the outer metropolitan area) added 1.2 million (76 per cent); manufacturing lost 1.6 million jobs (73 per cent) while services added 2.3 million (61 per cent). In 1960 Greater London had three-quarters of the region's manufacturing jobs; by 2000 this was down to a half (Buck et al 2002).

But a major shift occurred after 1980. Greater London employment stopped contracting at the rates experienced in the 1960s and '70s. Contrary to some preconceptions, this employment growth did not come from financial services, but rather from a wide range of other professional and producer services. Growth was heavily concentrated in the western and southern parts of the outer metropolitan area, with some net increase in Greater London's own western sectors, and substantial decline in east London (both inner and outer). The central area showed a modest expansion, but faster growth occurred all round its fringes, producing an extended central business district, running some 10 miles west–east, from Hammersmith to Canary Wharf in Docklands.

Limits to growth: Repopulating London?

In 1997, Llewelyn-Davies Planning (LDP) was officially commissioned to find how to maximise the number of homes on London land. Its report suggested that we should try to concentrate additional housing within a 10-minute walking radius around train stations, what it called the 'pedshed', so that – as far as ever possible – people would not be car-dependent. LDP found spaces in these zones, especially in the run-down 'shatter zones' at the edge of the commercial centres. The official projections at the time suggested that 629,000 new homes should be found over a 25-year period between 1991 and 2016. LDP found that brownfield land around train stations might provide for between 52,000 and 106,000 new homes: between 8 and 17 per cent of the projected need.

But much of this would be what LDP called backland development: crudely, building on people's back gardens. And it concluded, in italics, '*The potential for backland development is significantly constrained by practical issues of land ownership and assembly*' (Llewelyn-Davies Planning 1997: 44).

The report found that anything between 10 and 150 separate ownerships might be involved.

Llewelyn-Davies Planning also looked at the potential from urban greenfield: urban land that had never been built on. This divided into two: land that was pure wasteland and land that had been reserved for parks, playing fields, golf courses or landscape areas. As to the former, LDP concluded in the Thames Gateway the housing yield might be 30,600 units. There were, and are, undoubtedly other such sites in London, though not on that scale. As to the latter, Michael Breheny had pointed out that in the early 1990s around 61 per cent of new housing nationally was within the urban envelope, but 12 per cent of this was on such urban greenfield land (Breheny 1997: 212, Breheny and Hall 1996: 46). Ironically, in 2012, Michael Gove's attempt to sell playing fields in London failed after it stimulated a petition with 70,000 signatures.

Colin Ward and I argued in 1998 that we should place a moratorium on further urban greenfield development, with maybe one small exception: some very large green areas in London which are used almost exclusively for recreation, and then only at weekends for the most part. Wormwood Scrubs in west London is one such; the Lee Valley Regional Park in north-east London is another (Hall and Ward 1998). One heretical suggestion is that there might be a case for really high-density developments next to, or around, such sites, perhaps taking a strip off some of the green space in return for an equivalent rededication nearby. That would especially be the case if we could use such sites as transport interchanges. It would be worth considering – but it would need to be kept under very strict control.

We, and the Town and Country Planning Association, thought in 1998 that true brownfield sites, of which Docklands was the model, might yield 60,000 units: a modest contribution, we wrote, but worth having. In 2006 I concluded:

'Where does this long exercise in bean-counting get us? To this conclusion: that there is no realistic possibility that we will ever shoehorn more than about 300,000 extra dwellings into London. That is 158,000 (34 per cent) less than the target set by the mayor's London Plan for achievement by 2016. Even with 300,000, we would be shoehorning with a vengeance: building houses on all sorts of inappropriate sites, which are bad for the people who live in them, bad above all for their children if they have them – for example in terms of the levels of noise and pollution implied by densified designs with housing directly abutting busy roads.'

Hall 2006: 88

In 2012 the long-delayed first results of the 2011 census were published. They revealed that over the decade since 2001 London's resident population had risen by 14 per cent – 1 million people – to 8.17 million, a level last reached in 1939 before wartime bombing and postwar slum clearance. This was fully 400,000 higher than the Office for National Statistics mid-2010 estimate – ironically, published after the census was taken – on which the mayor's 2011 London Plan is based. (At borough level, some of the results were sensational. Tower Hamlets recorded a 26.6 per cent increase; Newham, 23.5 per cent.) In February 2013, the Greater London Authority responded with its revised forward population projections for the capital. It gave a 2031 Greater London population of 9.66 million, compared with 9 million in its 2011 projection. Another variant gave an even higher estimate with a 2031 London population of 9.95 million (GLA Intelligence 2013: 1). Needless to say, the media seized upon the latter figure: the capital was going to hit the 10 million mark in less than 20 years, to become the biggest city in Europe.

Why the experts have repeatedly got it wrong

The Office for National Statistics (ONS) has been suffering from a longstanding problem in counting London's population. The top management in east London boroughs such as Newham had been telling them that about their estimates for several years. They did not accord with what they knew was happening down on the ground, in their housing and schools departments. In fact it did not accord with what anyone in London could observe.

The sole organisation that has consistently highlighted this phenomenon, MigrationWatch, is highly politically contentious. But perforce it is the chief source of information on the phenomenon. Its website highlights the facts that net immigration quadrupled under Labour between 1997 and 2010, with 3 million immigrants coming to Britain while 1 million British citizens emigrated – a matter of record – and suggested there could be as many as 1 million illegal immigrants.

MigrationWatch has used earlier UN data suggesting that the percentage of the UK population born outside the country increased modestly from 4.5 per cent in 1961 to 5.8 per cent in 1991 and then doubled to 11 per cent in 2008, with a sharp rise after 1997. The central issue, they say, is that, over the past 10 years, non-EU migrants have been arriving at the rate of some 300,000 a year but have only been leaving at the rate of about 100,000 a year. Some will have stayed on legally, others illegally. We do not, of course, know how many of these people are in London. But, given that the capital has always been overwhelmingly the point of arrival and of preference for the vast majority of immigrants into the UK, it would be surprising if a large majority were not in the capital.¹

1 For up to date migration statistics, see <http://www.migrationobservatory.ox.ac.uk/data-and-resources/charts/create/migration-to-and-from-uk>

Where and how are they all living? Clearly, they range all the way from international oligarchs in new luxury apartments in Knightsbridge and Kensington, to desperate new arrivals occupying illegal backyard sheds in Newham, highlighted in a *Guardian* inquiry in May 2012.

Newham's mayor, Sir Robin Wales, told the paper's Amelia Gentleman:

'It's big money. You get a few breeze blocks, sling up some crappy old shed in your back garden, and now you're making hundreds and hundreds of pounds a week. It doesn't take long for you to make a lot of money out of it, provided you are prepared to trade in human misery ... We found a walk-in freezer where people have been living, paying rent to live there ... The record was one house with 38 people, of whom 16 were children.'

Gentleman 2012

So we did indeed shoehorn with a vengeance, on a scale that in 1998 we could not have imagined. And we can see the results in Newham, and in other London boroughs. We need to ask: how, in a city that in 2000 acquired a mayor with a strong strategic planning responsibility as well as 33 boroughs with their own well-developed professional planning departments, could such a nightmare have happened? The answer, as Sir Robin Wales and other leading local politicians would undoubtedly say, goes far beyond the competence (or otherwise) of the planners. It goes deeper, to the underlying economic and social forces that in the last decade have allowed London to grow apparently without control into the archetype of a metropolis of global capital, with staggering contrasts of wealth and poverty that recall the city Ebenezer Howard observed a century ago, and for which he generated his 'unique combination of proposals' (Howard 1898: chapter 10).

Where to now?

In January 2014 the mayor of London published *Draft Further Alterations to the London Plan*, with a bombshell: responding to the new census figures and population projections, showing that London was experiencing an 'unprecedented population boom', he raised his 10-year housing target to 424,000, fully 100,000 above the 2011 version of the Plan (Mayor of London 2014). There were increased annual housing targets for every London borough, apart from Newham.

The new figures follow a strategic housing market assessment (SHMA) and strategic housing land availability assessment (SHLAA) carried out by the Greater London Authority (GLA).

The Plan states that:

'The central projection in the SHMA indicates that London will require between approximately 49,000 (2015–2036) and 62,000 (2015–2026) more homes a year ... In light of the projected higher need, especially at the start of the plan period, this figure should be regarded as a minimum.'

ibid

In a statement, the GLA said the mayor was exploring ways to expand the target through intensifying town centre and 'opportunity areas'. The mayor announced plans to create five new opportunity areas, where the aim is to drive regeneration and growth: Canada Water, the Old Kent Road corridor in Southwark, Bromley town centre, and Harrow and Wealdstone – which together could potentially deliver more than 11,000 new homes and 8,000 new jobs – plus Old Oak Common, where the future High Speed 2–Crossrail interchange station had the potential to deliver up to 24,000 new homes and 50,000 jobs.

But, as Labour group planning spokeswoman Nicky Gavron was quick to point out, there are two key problems – and they point in opposite directions. The first is that the mayor's target is 10,000 lower than a recent study he commissioned from consultancy CBRE, which said 52,000 homes a year were needed (CBRE 2014). The second problem is that the targets are hugely in excess of the reality: in 2012/2013 only 18,000 new homes were completed.

In 2015, as in 1998, there is a dilemma for policymakers: the figures and the reality will not square up. We are nowhere near building the homes that the projections suggest, we are sinking farther and farther behind, and there is no conceivable way of squaring this circle within London's boundaries. There are lessons to be learned here from historical experience, too easily forgotten; the last time we faced a challenge like this, in the 1960s, government also encouraged the cities to crowd people in so as to avoid pressures on the countryside, resulting in uninhabitable high-rise blocks.

The solution: Back to the 1960s

The answer is that selective intensification in London, in the form of city villages, will need to be accompanied by large-scale developments far enough from London to guarantee, so far as this is ever possible, that they will be reasonably independent of it in terms of everyday movements. In Howard's day, a distance of 35 miles, separating Letchworth from London, was more than enough. Now Letchworth is comfortably within the range of electric suburban trains, soon to be part of the Thameslink regional metro network. More than 5,000 people commute daily from Peterborough, one of the mark two

new towns designated in the late 1960s, because high-speed trains bring it within a mere 40-minute journey of King's Cross. Within a few years, as InterCity 125s give way to high-speed trains, travelling at 200 or perhaps 250 miles an hour, much of England will become potentially a single vast suburb, as HG Wells predicted just three years after Howard .

But that does not mean we have to abandon the task. While some will choose the freedom that the new trains will give them, the majority will settle for working more locally. The farther we place the new developments from London or Birmingham or Manchester, the greater will be this degree of self-containment. This was confirmed by the analysis in the Polynet study (Hall and Pain 2006), which dramatically showed that beyond a critical distance of about 50 miles from London, the degree of self-containment – the percentage living and working within the same local labour market – rose to 80–85 per cent. So, as a rule of thumb, the minimum distance for intensive large-scale development should be roughly the location of the mark two new towns, 50–90 miles from London. In effect, this means a continuation and extension of the approach of the authors of the 1970 *Strategic Plan for the South East*: the development corridors should have limited and selective development within the 50-mile ring, with larger-scale and more intensive development beyond that (South East Joint Planning Team 1970).

However, because some will want, and need, to commute, then it will be right to ensure that they can make their journeys as quickly, as easily, and above all with as little cost and pollution as possible. That clearly means relying on the high-speed train network, which is currently being improved and upgraded, and on the new concept of the London regional metro, which can be combined to produce a network of services serving not merely a London terminus, but a variety of stops within London's business heart. The first three of these services, by 2018, will be the upgraded west coast mainline, connected directly at St Pancras to High Speed One (the Channel tunnel rail link) to East Kent; the Thameslink 2000 service connecting Bedford and Peterborough and Cambridge/King's Lynn with Gatwick and Brighton, Tunbridge Wells, Ashford International, Maidstone East, Sevenoaks and Bellingham; and High Speed One, the Channel tunnel rail link, from St Pancras via Stratford International and Ebbsfleet to Ashford, Canterbury, Ramsgate and Margate. These services in effect extend the potential London commuter ring somewhat further than was feasible in 1970, with an emphasis on places between 60 and 85 miles from central London.

Nothing is clearer, in the recent literature, than the remarkable degree of agreement among researchers and practising planners, both in the UK and in the US, on the most sustainable urban form. Basically, it is a linear version of Howard's social city, with relatively small walking-

scale communities, with populations of 20,000–30,000, clustered along public transport routes, especially rail, light rail or busway. Such communities might be rather more thinly clustered in locations closer to major metropolitan centres than farther-distant locations, where they could cluster more closely to form what would in effect be regional agglomerations: the concept developed in the 1970 *Strategic Plan for the South East*, but there applied to a variety of locations at different distances from London. It also implies a return to the UK government's most recent spatial development strategy, published as long ago as 2003, which aims to concentrate growth in discrete towns along three major development corridors running north-north-west, north-north-east and east from London, and following new or upgraded high-speed train links and motorways.

Within these corridors, the clusters would contain a mixture of different kinds of development. Medium-sized and smaller towns along such corridors can be expanded around good-quality public transport nodes, typically providing interchanges between longer distance rail or light rail stations and local distributor systems. But new towns may also be an appropriate solution; indeed, they may provide the only alternative to a 'pepperpotting' of development which will make no strategic sense and will be maximally unpopular at local level.

Such new communities, however, could be and probably will be very different from either the mark one new towns of 1945–1950 or the mark two new towns of 1961–1970. They are likely to consist of small semi-self-contained, physically separate, mixed-use units of 20–30,000 people, akin to Ebenezer Howard's original formulation of garden cities, but clustered – as again he proposed – into larger units of up to 200,000 or 250,000 people along the transport corridors, which will also contain expansions of existing towns. This is an issue that will demand careful regional (and possibly interregional) consideration. For it is these places, and in this fashion, that London's growing crisis of housing will have to be resolved.

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2.3

A CITY VILLAGE APPROACH TO REGENERATING HOUSING ESTATES

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As befits a global city, this discussion about the future of built form in London starts in a strange place: the old Chinese market in Ho Chi Minh City, Vietnam (formerly Saigon). On a recent visit I saw the life, interaction, bustle and activity of this place illustrating just how important streets are to human life. They have been a fundamental part of human habitation for countless generations and the way that locals were trading with producers from the neighbouring countryside was a pattern of human behaviour seen for millennia across the globe. Now, in Ho Chi Minh City, and many other places across the developing world, this ancient pattern meets simultaneously with extraordinarily advanced technology. A surprisingly high number of people in that Vietnamese marketplace had smart phones in their pockets capable of utilising advanced apps, conducting complex financial transactions and ordering sophisticated goods from virtually anywhere in the world.

In that bustling and vibrant marketplace then, ancient human interactions coexisted with the newest and most novel electronic ones; the local coexisted with the global. People were still meeting with each other face to face, but at the same time able to access much bigger social and commercial global networks.

The relevance for a city like London is that it highlights the way the world has changed since the postwar years of the 20th century and how the built environment that resulted is becoming increasingly obsolete. Perhaps surprisingly, it shows how the global digital era could make built form look much more familiar again.

The 20th-century aberration

Returning to a local farmers' market in the UK, I saw something very similar to what I had seen in the old Chinese quarter in Vietnam (though a lot colder and somewhat more regulated). Local producer

markets are gaining popularity across Europe and the western world but they are perhaps seen as something of a reaction against, and an antithesis to, much more common, established and widespread methods of western retailing. These involve many more intermediaries than the traditional market. The western wholesaler, the chain store and the supermarket have all evolved to be centralised rather than localised, planned rather than spontaneous, and national rather than regional. The interactions of the western marketplace are specialised and segregated and this is reflected in the built form.

Leisure has also been separated from retail, work from play, and recreation from living. Perhaps most importantly, those living in subsidised rented housing, typically the poorest and most vulnerable in society, have been segregated from the generally wealthier population in market rented and owner-occupied accommodation. The postwar planners' vision of an organised and well-ordered city has been enshrined in planning use class orders, ring roads and 'big box' buildings, as opposed to the multiuse buildings, chaotic streets, alleyways and small stalls that I saw in Ho Chi Minh City. In the west, we consider these patterns of existence to be conventional and normal but, in global and historical terms, they look unusual – and even alien.

The suburban built forms that have been created since the second world war in developed countries (and an increasing number of recently emerged ones) are starting to look inadequate to the task of meeting 21st-century needs. Increasing numbers of people are preferring to work, live, visit and play in the streets of old cities rather than the out of town places planned for us over the last six decades or so. As many aspects of life become increasingly global, standard and interrelated, more people seem to value what is local, unique and distinctive. Increasing numbers of us are beginning to question the desirability and relevance – not to mention the adverse environmental impacts – of the car-reliant, out of town leisure park, business park, retail park and housing estate.

Is it possible that we will start to view the way we have organised our cities as a late 20th-century aberration rather than something that will serve us well in the future?

Myths surrounding housing estates

The failures of social housing estates in the UK have been particularly well documented for some time now and solutions to the malaise increasingly sought. Demolitions of notoriously bad and expensive to maintain housing estates make good TV and newspaper headlines but local authority estates are also home to approximately 2 million households in England and Wales. They occupy land that could, theoretically, supply homes for many more

people if they were re-developed to the same densities that exist in surrounding streets that survived postwar demolition. Many of these surrounding streets contain older, low-rise and mid-rise terraced houses and mansion blocks which are considered desirable and valuable by the people who live in them and are often cited as places where inhabitants of the neighbouring local authority estates would ideally like to live. Contrary to popular belief, high rise does not equal high density. Tower blocks on estates do not make for high-density neighbourhoods.

London's housing estates

London's local authority housing estates are particularly important. They represent valuable reservoirs of increasingly scarce land in a global city that faces particularly strong pressures from a growing population. Land for new housing is in particularly high demand in London where the population is expected to grow by 13 per cent in only a decade (ONS 2014).

Greater housing capacity is particularly needed in the inner boroughs. Although record numbers of people will live in the capital by 2021 (ibid), the inner boroughs will still contain 1.7 million fewer people than they did in 1939 (GLA 2014). Just rediscovering half of this former housing capacity would supply the whole of London's projected housing needs for the next 17 years (Savills 2013). Completely rebuilding traditional streetscapes could provide more housing and commercial space while also rehousing existing communities.

Early signs are that there is potential for new, desirable neighbourhoods to be created in place of some of London's most dysfunctional housing estates, but in order to do this, the nature of good urban neighbourhoods needs to be understood and the barriers to the provision of desirable housing and mixed-tenure, mixed-use neighbourhoods overcome.

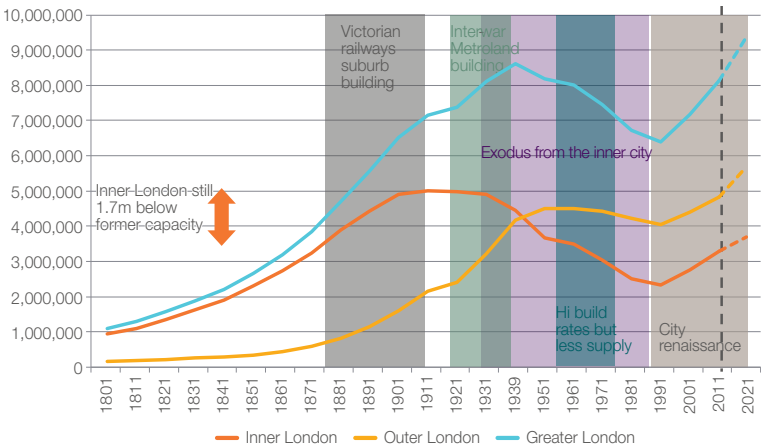
London population and housing capacity

Figure 2.3.1 shows how the population of London has changed over the past two centuries. It is important because it sets in context the conditions under which the large, local authority-owned housing estates of the 1950s, '60s and '70s were built.

The first thing to note is that there was a dramatic decline in London's population, mainly from the inner boroughs, in the postwar era which continued until the late 1980s. This has since been dramatically reversed and is set to continue, according to Greater London Authority projections.

Second, the era of very high housebuilding activity during the 1950s–70s resulted in a managed decline in housing density which both responded to and accelerated the population exodus. Often, due to the scale of demolition at this time, fewer homes were provided on new estates than had been on the streets they replaced. The population of Southwark, for example, fell by two-thirds. Regardless of social, aesthetic or ideological arguments about the housing that was provided in this era, it can be seen as either a rational response to declining inner city populations, or an accentuating factor in declining inner city populations – or perhaps both.

Figure 2.3.1
Population rise, decline and rise in inner and outer London, 1801–2021



Source: GLA 2014 and ONS 2014

The effect was to introduce suburban densities – though not suburban form – into the inner city. However, the sharp reversal in population trends since the 1980s and the extremely high pressure of demand for housing in the inner city since then, not to mention its further projected increase, makes this type of housing topography deeply inappropriate.

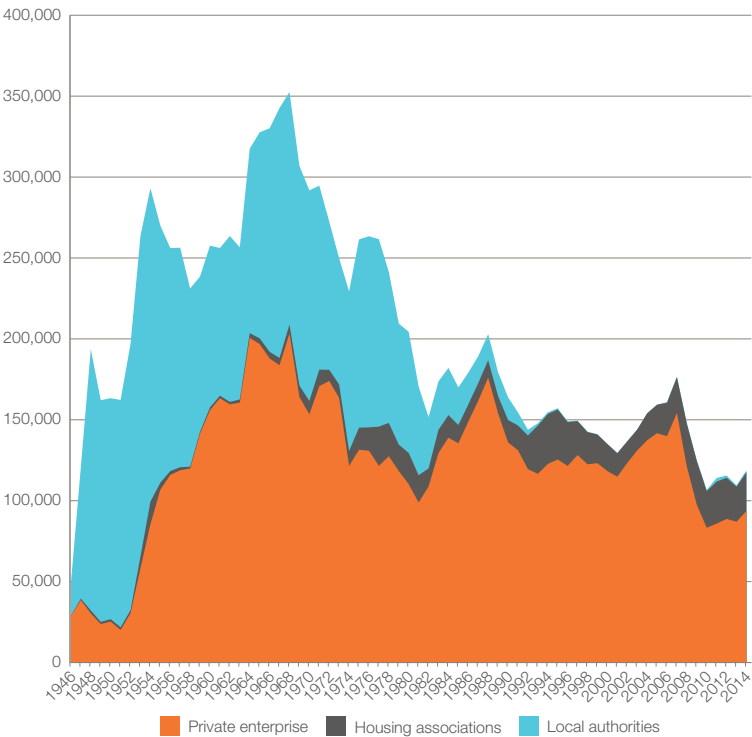
Third, population growth in London is set to return to its 1939 peak imminently and to exceed this figure before 2021 (ONS 2014). But, until recently, all of this excess has been absorbed by the outer boroughs. The population of the outer boroughs grew in the immediate postwar era as a result of emigration from the inner city, and did not decline as significantly during the 1950s, '60s and '70s. The population of outer London boroughs now stands higher than it

did in 1939 but is suffering from de-gentrification as the wealthiest households have returned to the inner city and poorer households are displaced from the centre.

Build rates and housing capacity

The rate of homebuilding in England has changed over the postwar period (see figure 2.3.2). The activity generated by local authority housing construction during the 1960s and '70s significantly augmented the output of the construction sector in this period.

Figure 2.3.2
Housebuilding by tenure, England, 1946–2014

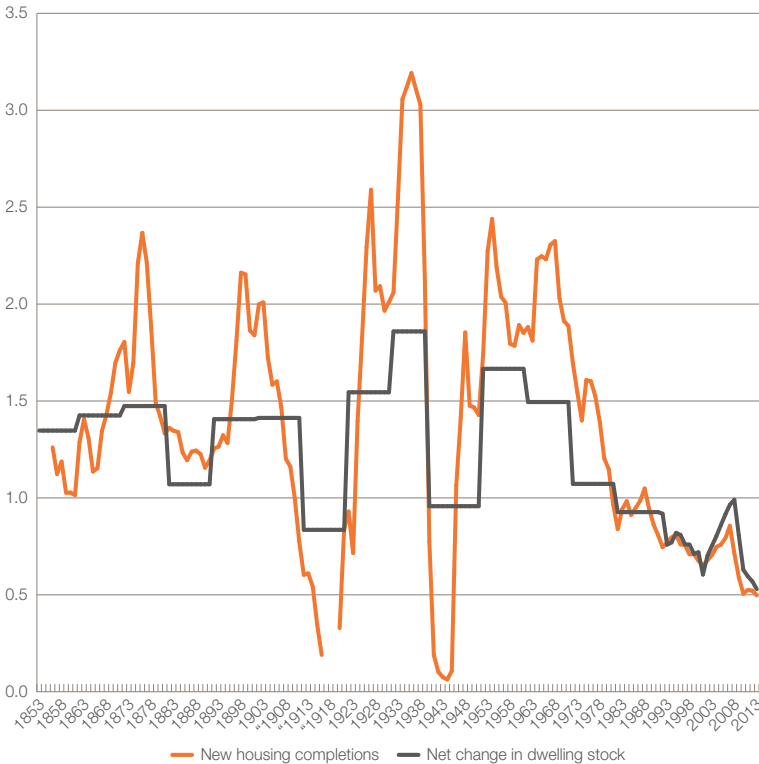


Source: DCLG 2015a

This should mean that the land on which the new housing estates were built during the 1960s and '70s should have capacity for more houses and flats if built to old street patterns or something

like them. More intensive and better quality mid-rise development might be needed in order to avoid the overcrowding of individual low-rise houses that was the experience of some prewar streets, but traditional London street patterns have the advantage of being flexible enough to accommodate this.

Figure 2.3.3
How demolition levels reduced construction impact on overall housing supply
Net change in dwelling stock vs new housing completions



Source: DCLG 2015a, 2015b

The city village hypothesis

The restoration of traditional street patterns and the replacement of slab blocks and point blocks with traditional housing types, including terraced houses and mansion blocks, as well as the appropriate

construction and retention of towers, would significantly increase the housing capacity of land. It would also better provide for the needs of inhabitants while providing more successful, desirable and authentically 'Londonish' neighbourhoods.

It is striking that a recent MORI survey in London found that only 27 per cent of those polled would be 'happy living in a tall building'. In contrast 56 per cent would not be happy (Ipsos MORI 2014). While the creation or retention of towers should not be ruled out in all cases, towers alone cannot be relied on to solve London's housing shortfall.

In the 2004 research by the London School of Economics looking at London wards with particularly high densities, it is striking how many of those wards retain a large proportion of traditional grid street patterns, regardless of social economic or value status (Burdett et al 2004). Savills have also participated in research (Space Syntax et al 2009) which correlates well-connected streets with greater value, and most people prefer to live in houses or flats in buildings with a smaller number of units in them.

Some of the least optimised pieces of land are largely in the ownership of local authorities or housing associations. These areas therefore have the potential to be regenerated and redeveloped in their entirety, while retaining and extending existing communities. This would have to treat both existing social and private leasehold residents fairly, but it does make such regeneration easier to manage.

Government policy

The 2014 budget announced a '£150 million fund to kick start the regeneration of large housing estates through repayable loans' (HM Treasury 2014).

When social housing estates have been regenerated in the past, the number of units is often increased, along with the quality of housing, but in a modestly incremental way. Regeneration schemes often fail to fully optimise the land potential of the site by providing the most desirable, most dense and highest-quality environments possible (Savills 2007, Boys-Smith and Morton 2013).

Land will only become available for regeneration once in a lifetime – or hopefully longer – so space needs to be optimised so that as much housing as possible is provided and the full social, and where appropriate commercial, value is achieved.

We have found that both traditional streetscapes and new 'sustainable urbanism' could provide more housing in mixed tenures

and other, mixed uses on the same amount of land if built as new urban fabric (buildings on streets) rather than as something more like the existing, suburban form (blocks in parkland). This street-based urbanism has been shown to be more highly valued in all sorts of ways by inhabitants than other built forms in London. It can also achieve a higher eventual aggregate value in the real estate market than conventional, building-by-building regeneration. This means that this type of development could provide scope for both popular housing and regeneration that involves minimal, or possibly even no, permanent public subsidy, provided its long-term value can be captured to allow sufficient return on investment for the taxpayer.

Long-term value

When regeneration takes place, it must make optimal use of land and provide the homes and neighbourhoods that people want without wasting scarce land resources for future generations. We cannot afford to repeat the mistakes we made 50 years ago – so both buildings and the urban form have to be flexible enough to accommodate future changes and requirements that we cannot possibly foresee now.

Cities across the world have been built in the same way for millennia. Human beings, and the way they interact, trade and behave at a physical level, have not changed and are unlikely to change significantly in future. However, our economies, countries, cultures, political systems and individual enterprises and companies will no doubt continue to change out of all recognition in ways that we cannot possibly predict over future millennia. What we do know is that there is a built form called a street in a city which is capable of accommodating all this changing human activity – with human beings at its heart.

This means that we are able to enjoy, understand and relate to many diverse and different streets in different cultures and different countries in different corners of the world – from the favelas of Rio de Janeiro, to the town squares of Florence and the street markets of Saigon. It is in these urban villages that human beings and enterprises thrive and in which people make their homes. They are enduring but adaptable; universal yet distinctive; both global and local; a destination and a home.

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3.1

HOUSING ASSOCIATIONS AND CITY VILLAGES

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The housing sector has experienced significant changes since 2009 and there are challenges and difficulties to navigate. How can housing associations do more to ensure London becomes more affordable? How do registered social landlords (RSLs) achieve greater densification without compromising on design quality, size of dwelling, and public realm assets? How do we ensure the social and physical infrastructure in an area supports and enhances more people living there? City villages are an opportunity for housing associations, in partnership with public and private developers, to address these questions.

City villages are about unlocking land and intensifying estates to help tackle London's housing crisis, structuring new developments around shared amenities – open space, education, cultural and commercial facilities – and creating homes and neighbourhoods where aspiration and opportunity thrive. This requires the provision of a variety of tenures **to ensure mixed communities**, with higher earners being just as active in the community as those on lower incomes. They are also about utilising the transport networks of the capital, making the most of connectivity and infrastructure to create new destinations where people want to live, in inner and outer London. And most importantly, the realisation and the success of the city village model will be about partnership working between a range of agencies – public and private.

Context

Non-profit registered social landlords, unconstrained by the caps on local authority housing revenue accounts have the potential to deliver major redevelopments of housing estates for social purposes. There are also advantages for public sector investment in the social sector over the private sector. The private sector model typically requires more than 20 per cent profit on these sales. Housing associations take the 20 per cent profit and reinvest it, using 10 per cent to fund more affordable homes and other

facilities, and the other 10 per cent to cover risk (this money will be reinvested once the project is realised).

As an example: if an inner London council aimed to deliver 2,500 homes via private sector partners, gross development value of each of these homes could be around £350,000, which would represent an £875 million investment including a £175 million profit for the developing partner. If a non-profit provider such as a local authority or registered social landlord was the developing partner, £87.5 million of the surplus could be reinvested back into affordable homes, allowing the housing association to deliver an additional 312 new homes at £280,000 each (without the 20 per cent surplus). The remaining £87.5 million would also be kept aside to cover risk and for future investment.

With a social purpose, and the capacity to support social objectives such as the reduction in housing waiting lists and the support of vulnerable tenants, investment is not lost to shareholders. For instance, in Kensington and Chelsea, the local authority has provided land for free to secure social rents and to develop 112 new homes on the western edge of the Silchester estate, which were previously underutilised garages close to the railway. Of these properties 45 will be for social renting, and priority will be given to current residents on the estate (RBK&C 2015). The wider work is planned to take place in two phases and will provide new homes to rent and buy. There will also be a new shop, community facilities and landscaped gardens. Profits generated from the sale of the private homes are recycled to maximise the affordable homes in the development. This kind of cross-subsidy model works well in a buoyant housing market, but it is not without risks. Bringing in other partners, as is the case with the GLA and local authorities in housing zones, is essential to risk management.

Sensitive densification

Key to the success of city villages will be achieving sensitive densification for London's additional 1.1 million people in 2030 (ONS 2014), so that there are more homes in accessible locations with good access to public transport and other amenities. There is a choice about how London accommodates this growth. One way is to accept low-density suburban housing that will increase the pressure on the green belt. Another is to pursue the approach, typified by the Urban Task Force (an approach that still resonates 15 years on), which advocated the need for greater urban densification for the purposes of reinventing out cities and boosting the overall supply of housing (Rogers et al 1999). This was complemented by the Greater London Authority's former Architecture and Urbanism Unit, which published a book in 2003 called *Housing for a Compact City* (GLA 2003). Within it there were many exemplars of good quality medium- to high-density

homes, including many that are from housing associations that have stood for over 100 years. Critical to the case was how density did not mean high rise.

Indeed, delivering the city village concept, through sensitive densification, needs to avoid past mistakes which have increased the population in remote areas where there is a dearth of services and public transport. Equally, it should not be approached without consideration of the community effects of redeveloping land. Rather, a key component of increasing density is the need to create public spaces around the buildings that are of the highest quality. Too often in the past has there been a disproportionate focus on increased density that has ignored the spaces around the buildings. These are critical to get right and deserve as much attention as the buildings themselves. Two schemes in Wandsworth and Thamesmead provide potential models for how this can be delivered.

Case studies: city village concepts in action

St John's Hill – Wandsworth

The £120 million regeneration of the St John's Hill estate in Clapham Junction will see the redevelopment of the original estate, built in 1936. The site will see 353 largely non-decent homes demolished, to be replaced by 528 new homes. The 538 new dwellings will comprise a mix of one-, two-, three- and four-bedroom apartments, of which 279 will be affordable homes (either social rent and intermediate market rent), cross-subsidised by 249 for private sale.

In recognition of the issues of mono-tenure estates of the past, the objective is not only to blend the range of families of different incomes living in the area, but also to increase the amount of public space and amenities. Doing so has been based on extensive consultation with the current residents, local people and the planning authority. To be successful, city villages must involve not just existing communities but also new communities in decision-making and placemaking to encourage social cohesion. As the London Assembly report on urban regeneration made clear, this is not straightforward – and may well require innovative methods beyond simply open meetings and public ballots (London Assembly 2015).

Thamesmead

Thamesmead is one of London's major opportunity areas for new jobs and homes, and represents a radical scaling up of the city village concept. The cumulative effect could mean that Thamesmead becomes London's garden city and one of the biggest city villages in the capital, with the potential for around

10,000 additional homes and jobs. Thamesmead is also a designated housing zone providing the site more access to capital investment from the Greater London Authority (GLA) in the form of loans, and a more relaxed planning framework (Mayor of London 2014). Housing zones demand a strong partnership between the GLA, local authority and the developer, and, critically, accelerate the pace of housing delivery in the area. More direct investment, such as through housing zones, will be critical to ensuring a strong element of affordable housing for city villages.

The scale of the Thamesmead site is even larger than the Earls Court site set out here in chapter 4.4 – covering 150 hectares of green space, it is the size of eight Green Parks. It has 7km of waterways, 3 major lakes, 30,000 trees and 19 play areas. It is home to around 40,000 people, with over 100 acres of developable land. Peabody now owns much of the land in the area, and its partnership approach with the London Borough of Bexley, the Royal Borough of Greenwich, and the GLA provides a clear opportunity to make the most of this enormous resource.

Infrastructure investment also renders challenging development plots more viable. With Crossrail coming to nearby Abbey Wood from 2018, opportunities will open up to travel to and from Thamesmead to central London in around 20 minutes. The capital uplift on property values from infrastructure investments can have a major impact on the potential for cross-subsidy by increasing capital values and thereby rendering the provision of additional social housing viable. Analysis by eMoov has estimated that Crossrail alone is expected to increase values in some parts of the capital by up to 60 per cent (eMoov 2014). With a comprehensive transport plan for south-east London, including bringing the Docklands Light Railway into Thamesmead, alongside waterfront transit, local buses and a package of river crossings east of Tower Bridge, Transport for London can work with registered social landlords to unlock the potential for major new developments and urban regeneration projects, boosting jobs and growth, as well as new cultural and leisure opportunities.

A vision for city villages

London's supply problem is acute, but positive things are already happening to boost the development of new homes – in particular the GLA's rolling out of housing zones across London as well as providing other support to developers. From central government the affordable rent-to-buy product will provide opportunities for people to rent and hopefully save for a deposit if they want to get on the housing ladder, and local authorities are working constructively with us.

For many people on ordinary incomes buying is out of immediate reach and they may have to rent for the foreseeable future – and may be happy to do so. To increase affordability in London, a new, more flexible rent model that is based on a combination of the market rent and the tenant's ability to pay, including the ability to move to shared ownership and/or outright ownership when appropriate, might offer an affordable solution for Londoners.

The real game changer would be for public investment in housing associations to radically increase. We have shown we deliver; we build more homes, create jobs and have a much wider social impact than typically given credit for. **We take the view that capital investment by government, to supplement and scale up our own, would radically increase quality affordable housing supply in London. In turn this would reduce public expenditure on housing benefit – shifting benefits to bricks (see Cooke and Davies 2014) – and provide a whole host of other positive social and economic benefits.**

More immediately, the GLA and local councils should release public land on non-commercial terms. Through a strategic review of the use of brownfield land, public land should be released, using a broad definition of 'best value' which considers the wider social and economic value generated by housing association developments. Political leadership will be needed, and should involve London's local authorities – building their local plans around making land available, and redesignating brownfield land for residential uses where possible. There may also be scope for facilitating the approach through the planning process.

Ultimately it is clear that in partnership with local authorities, the GLA and others, housing associations can be the key delivery agent of city villages. RSLs are already doing it, and have the capacity to do more going forward. This can help tackle the housing crisis on a scale not considered before.

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3.2

REINVENTING THE PRIVATE RENTED SECTOR

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Given the concerns about the social viability of **mono-tenure estates**, thriving new estates will need a range of tenure options catering across the income and tenure spectrum. The private rented sector (PRS), offering more flexible tenancies to younger families, will be an essential part of the mixture necessary for vibrant city villages. This chapter will set out the nature of the modern PRS, and show how by working with local authorities, PRS developers can play a central part in the transformation of failed local authority sites into modern city villages.

The modern private sector

The private rented sector is growing strongly. It now accounts for some 4.3 million households, well up from some 2 million in the early 1980s (DCLG 2015). It is a very diverse sector, including students, young professionals and families with dependent children. A majority of the sector is accounted for by individual landlords with small portfolios; there are relatively few larger landlords (only 1 per cent own more than 10 properties) (Ball 2010). And, crucially, growth in the rented sector has generally come from a recycling of existing homes into 'buy-to-rent' properties, rather than new construction.

So an increase in housing supply generally is required to meet people's housing aspirations for both prospective owners and renters. In the owner-occupied sector, the ratio of house prices to average earnings is increasing significantly: it varies by region, from 5x for the North East to 8x for the South East and 13x for inner London, leaving many families priced out of the market (GLA 2015). The rental sector is, perforce, being required to take the strain, with a consequential impact upon rents, which are growing steadily and, in areas of strong demand such as London, more strongly than wages.

Little by little, new private rented schemes are coming forward to augment capacity in the PRS. The best of them offer tenants a much improved rental proposition. New, purpose-built schemes

offer accommodation to a high standard of construction. Building for the multi-occupation rental market needs bigger bedrooms, more bathrooms and storage and a different approach to utilities, and the new wave of landlords, conscious of their brand exposure to tenant complaints, monitor the developers' standards of construction to ensure the building will remain fit for purpose for many years. The new schemes focus on providing a better all-round service for tenants. At one level this would include dedicated repair services or a concierge, and perhaps media and wi-fi packages, and furniture rental and insurance schemes, but other schemes may also focus on creating a quality living environment with more green open space, renewable energy systems and crèches and children's outdoor facilities. Finally, there may be a more flexible approach to tenant management, offering more flexible or longer tenancy terms and possibly longer-term indexed rents.

The key insight shared by promoters of these new developments is that they need to provide more than just the bare walls of an unfurnished home. This new breed of developer understands they need to offer a community, not just accommodation, and it's the excellence of the customer proposition that will identify the leader in the field. The more attractive the scheme, developers reason, the longer the tenants will stay, the better their behaviour, the steadier the rent roll and the less the incidence of voids and the cost of reinstatement as tenants come and go. And this is an approach that mirrors the desires of the new generation of tenants, who are tending to stay longer in rented accommodation.

Changing demographics

One of the biggest shifts in the pattern of the UK demographic is that we have an increasingly ageing population. And this may also open up new markets for the PRS. Just as the age at which people become first-time buyers increases, so does the need to accommodate the increasing number of last-time movers. Increasingly retirees are looking to 'rightsize'; that is, to streamline their lives and possessions and move back into city centres to be near to amenities, possibly co-located with friends and loved ones. They can sell up their family homes in order to release some equity for their children and avoid the worry and expense of maintaining and caring for a home that has become too big for their needs. The advantages of a development that is not an obvious retirement community are not difficult to predict in an era when there will be more reliance on self-help needed, with less forthcoming from the state. Communities which are mutually supportive – for instance multigenerational communities in Germany (see McNeil and Hunter 2014) – and where further external support could be brought in if necessary, could prove very attractive.

Momentum is building, albeit slowly, in creating a flow of new developments that meet these needs. Some of the challenges are financial. Booming prices in the owner-occupied sector of the market naturally cause developers to prioritise opportunities to build for sale rather than for rent, and the higher returns available in the owner-occupied sector mean that developments for rent struggle to compete on even terms in a straight fight for development sites. From a financial investor's standpoint, the gross-to-net impact of management costs is a significant bite into their returns, and there is still a lingering concern about political risk. Institutions have long memories and recall that many of them had large residential portfolios in the past, but rent controls and enhanced security of tenure drove them out of the market. Confidence has progressively been rebuilt but is still vulnerable to the threat of public policy changes.

Despite this, many institutions are coming to see the private rented sector as a promising new investment. For developments of quality, operated by experienced property managers of good repute, the sector offers steady long-term returns. Although not, or not often, formally indexed, rents in the private rented sector have tended to rise roughly in line with real average earnings and from time to time ahead of them in areas of particularly strong demand like London. And, unlike the commercial property sector where many buildings require replacement at the end of the typical 21-year institutional lease, good-quality residential stock should enjoy a significantly longer useful life and, even after refurbishment, demonstrate a substantial terminal value. So the sector has strong synergies with the investment needs of financial institutions, especially insurance companies and pension funds seeking to secure assets to match the liability arising in annuity funds. Sovereign wealth funds, too, are showing interest in the sector: a recent example is the foundation of the Manchester Life Partnership between Manchester city council and an Abu Dhabi investment group to regenerate two neighbourhoods in east Manchester by building private rented homes as a first step in an ambitious city-wide programme to build 55,000 new units by 2027.

Moreover, central government has begun to offer more direct support for the sector, by putting in place a build-to-rent fund. Initially set at £200 million and, after a strong response from the sector, later increased to £1 billion (Inside Housing 2013). The fund provides investment on commercial terms for the government to share risk or bridge finance the building of new schemes, and both the first and second rounds of the fund have been oversubscribed. The fund is providing a valuable boost to a wide range of new PRS developments but its evaluation criteria militate against the smaller or newly established developers who therefore need to seek funding from conventional institutional sources. The appetite of the institutions is, however, maturing fast, stimulated by low interest rates and the search for yield and underpinned by the robustness of the housing market.

The role for the private rented sector in city villages

The changing demographic of the UK population will militate in favour of a stronger PRS. There will always be an essentially itinerant population of young professionals for whom the dynamics of an early-stage career make it inevitable that they will change accommodation frequently, and for them the traditional pattern of 6- or 12-month rental agreement makes good sense.

But, as the age at which people buy their first home increases, continual moves mitigate against the stability that young families need to build in their lives, and longer-term occupation of rented accommodation becomes more commonplace. But it's not only those who aspire eventually to enter the housing market by buying a place of their own that seek rented accommodation, as there are other occupants of rented accommodation as well – including, for example, those on fixed-term assignments to work in a specific locality, and families and retired couples who simply don't want the responsibility of caring for their own property. Longer, but still flexible tenancies will be essential for this group and with the correct blend of tenures there is no reason why a vibrant private sector offer cannot provide both the social and financial investment necessary to make regenerated city villages thrive. Indeed, in order to finance both the regeneration and secure a mixed community, a core private sector element will be integral.

The reality and potential of the modern private rented sector

Even in this climate, private rented developments find it hard going. There are some powerful headwinds to overcome before a new development achieves full funding. Securing planning approval on acceptable return requires a patient and careful dialogue with planners. The traditional planning template for owner-occupied sites requires councils to secure valuable affordable housing commitments from the developer, where the cost of the affordable housing component can be sheltered by the strength of return available from the owner-occupied portion of a site. Schemes built for rent offer less strong valuation fundamentals and, in setting affordable housing requirements, councils and developers have to find a different equilibrium appropriate to the long-term returns available from the private rented sector.

There are therefore two options for city villages, which on former social housing sites will need to maximise their affordable housing provision. The first, and inevitably most common response, will be to balance the quick returns of market sale dwellings, with a smaller element of PRS or intermediate rents to collectively finance social housebuilding. The second option is to have a PRS element playing

a pivotal role. This could be to an advantage for the city villages model, where local authorities could exchange a lease on the section of a redeveloped publicly owned asset for a longer-term revenue stream rather than an instant capital gain from a site sale. Doing so must be done with considerable care. Planning authorities have the power to condition approvals against commitments by the developer to maintain the new units in rental tenure for minimum, sometimes quite lengthy, periods, but the resulting negotiation can be time-consuming, uncertain in its outcome and expensive.

Yet councils, in their dual capacities as planning authorities and, often, owners of regeneration sites, are key stakeholders in the burgeoning PRS. The larger metropolitan authorities are showing themselves to be committed sponsors of PRS schemes. Many of them see private rented homes as an integral part of their housing strategies. Sometimes it's simply an opportunity to increase the quality of the housing stock in their area, but often PRS serves a broader public interest agenda. It may be to create a catalyst for the regeneration of an old industrial area; it may simply be a way of enhancing the social mix, for example by providing a magnet to retain young professionals in the heart of a city rather than see them move to the suburbs; or it may form part of a policy to attract inward investment into their area by providing key-worker accommodation to skilled labour or engineers who wouldn't naturally be ready to purchase their own accommodation because of the short-term nature of their assignments.

PRS can be a valuable building block for the councils in schemes of this type. Sometimes a scheme will be entirely focused on PRS, but more often, PRS will be a component, perhaps the dominant component, of a broader scheme, also containing affordable housing and homes for sale into the owner-occupation market. This is where the PRS will fit in with the city villages. For developers, PRS can have the advantage of accelerating build-out of the larger site and bringing vibrancy into a new community without the concern that an over-rapid build-out may swamp the market, but councils will want to make their own assessments of the overall economics of a scheme before determining the right balance between its affordable housing, PRS and owner-occupied components. With the right leadership and support of experienced advisers, councils can use their ownership of land to drive real improvements in their housing stock, not just by stimulating mixed-tenure new build but by doing so in a way that contributes to a better living environment.

This only stands to build momentum against the backdrop of the new cross-party consensus for greater devolution of power and resources away from Whitehall and into cities and towns up and down the country. Under the government's local growth fund, 'can-do' local authorities will be rewarded with central government

funds for promoting economic growth through their local enterprise partnership (LEP). This policy of decentralisation is also supported by the Labour party, through its policy of retaining the LEPs, so the direction of travel seems secure whatever happens at the next general election. The two most obvious elements to local growth are the provision of homes and jobs. Both can be supported by a burgeoning PRS, facilitated by an enlightened local authority, whether on their own land or by bringing another public sector landowner into play. This all suggests that PRS will gain real traction in our great cities, not just London but also the core cities (Birmingham, Manchester, Leeds, Liverpool, Nottingham, Newcastle, Sheffield and Bristol) and some of the next tier of conurbations with a strong local employer base, such as Derby or Coventry. Indeed this will apply to any area where there is a shifting demographic and large employers to attract and retain. Increasingly, a quality PRS will be part of the natural armoury of all those cities seeking inward investment in global markets. Any incoming employer needs quality accommodation in which to house their employees – a decent bedrock of quality PRS stock will become an important feature for city leaders seeking to secure further investment and employment for their locality.

Conclusion

With the structure of the economy, together with the shifts in UK demographics and a favourable policy environment, the private rented sector is on the cusp of a major breakthrough. In the past, many schemes failed to overcome the difficulties (planning, site assembly, development money, management costs, long-term funding) and simply ran out of steam. But now things are looking much more promising: impelled by the national housing shortage, the government has shown a clear way ahead generally through the local growth deals and, particularly for the PRS, making available the build-to-rent fund.

Councils are rising to the challenge and taking a more proactive position in stimulating dialogue with the private sector, and this interaction with major PRS developers will be essential for unlocking the financial viability of local authority sites to provide a range of tenures from private ownership and rent, to shared ownership and social rent homes. Without the private rented sector, the desire to create mixed age, income and tenure communities will fall short.

The PRS is not a panacea for the crisis in the UK housing market, but it has the potential to be a significant part of the solution to house large numbers of people, particularly if delivered at scale. In recent years we have seen student accommodation become an institutional commodity because investors can achieve scale in one building driven off net operating income. There is no reason why

broader residential could not operate off the same model, in so long as council land is used with care, and the financial model for funding city villages is a patient one, not one based on quick wins.

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3.3

THE REGENERATION OF GREAT ESTATES

CRAIG MCWILLIAM

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Active management is an essential component of estate regeneration. While the city villages model rightly recognises the considerable potential for regenerating sites that have become dilapidated, any new major developments must be actively managed over their lifetime to ensure they do not fall into disrepair, or once again become segregated and often impoverished communities.

Estates such as Mayfair and Belgravia were primarily designed as vehicles for development and long-term investment in housing. These locations now have a global reputation, reflecting their position for centuries as being among the most desirable residential quarters of London. Management of these areas has focused on constantly improving neighbourhoods for the long term, actively refreshing buildings and nurturing the public realm to create a sense of place.

Lessons can be learnt from the original development of Mayfair and Belgravia on how to accommodate future residential development in London, which could inspire the creation of new 21st-century 'estates'.

Historical context

When these estates were first developed, London was growing very quickly, as it is now, and there was great demand for housing. The model used for development was that of land promotion. An estate was laid out and the owner invested in expensive infrastructure and amenities to encourage housebuilders to take sites. Properties were built in a joint venture structure using ground rents, whereby the owner granted a long lease of the land to a builder, who undertook the development.

This worked well for both landowners and developers. The owners of the land had limited capital to risk in building and recognised that speculative development of housing would be high risk and not in keeping with their long-term rental income model. Housebuilders were

typically smaller businesses, with limited capital and poor covenants. The grant of a ground lease from an estate provided a business opportunity to a builder with limited capital upfront. The model promoted alignment between the parties: land profit for the landowner and development profit for the developer. It also allowed a longer-term alignment between the owner as landlord and the future tenant, both of whom would be interested in the maintenance of their investment. The land owner/manager was incentivised to invest in the design and stewardship of the neighbourhood by bearing the residual risk, and so retained a long-term approach to promoting value.

The masterplan for the estate therefore reflected one consistent long-term vision, but the capital invested was from a wide variety of sources. The design of individual buildings and blocks reflects this diversity of interests, while conforming to the overall vision and to the strict standards of quality agreed with the estate owner/manager. On these great estates today, the equity in a building is still very often shared between an estate as owner-manager, and a tenant as owner-occupier with a long lease of the property.

Promoting development with an estate model

Under the estate model, an estate developer seeks to create value in the whole neighbourhood, rather than a particular building or project. Empty sites or properties in disrepair detract from the value of the estate as a whole, so that there is not only the 'carrot' of the investment opportunity afforded by the site itself, but there is also the 'stick' of the impact on the surroundings. Historically, most estates have pursued income rather than capital receipts, and this has meant that they have favoured building products to rent rather than to sell. On this model, there is no benefit in holding land back to speculate – get it built, get the rental income and in due course, you get the benefit in reversionary value.

At the time the London estates were developed, landowners appreciated that the best places had a mix of uses. By investing in the public spaces that do not directly make money, they could add to the value of the areas which were for rent or for sale. Grosvenor built squares and gardens, streets of shops, mews houses, schools and affordable housing, which are still evident today. The mix supported a variety of occupiers, which created a vibrant, secure and accessible community. This is the antithesis of the large, uniform developments of the 1960s, during which a great volume of necessary housing was built, but this largely consisted of homogeneous blocks which did not adequately represent the diversity of London. For a local community to be successful it must support a mix of people with varied ages, backgrounds, incomes and household sizes. This original model of the development and management of the London great estates has proven very successful over several centuries, and it is no coincidence

that Mayfair, Belgravia, Marylebone, and Chelsea and Knightsbridge are still some of the most popular places to live. The model of land promotion described above can work again for modern London. New communities can be created using capital from local authorities, developers, housebuilders and affordable housing providers.

Building communities

The process of creating urban communities is interchangeable with – not distinct from – the process of creating value, not only for those developing the location, but for residents, workers and visitors. Grosvenor can continue to use its expertise in placemaking and long-term relationships to step into the masterplanner role, connecting the community, stakeholders and investors. The so-called ‘soft’ skills of nurturing a network of local relationships in order to understand the needs of a community are just as important as the ‘hard’ skills of constructing buildings. Amenity and beauty are sought after by tenants and customers – more popular areas will have greater demand for their properties hence greater value. An investor who will benefit from the value growth in the future can afford to invest more in the present.

Creating urban communities

Grosvenor has recently reused this model for the creation of mixed-use estates and communities in Liverpool and Cambridge, among other places. In particular, Trumpington Meadows in Cambridge is a joint venture between Grosvenor and the Universities Superannuation Scheme, with homes delivered by Barratt. The arrangement has recently won the *Evening Standard's* New Homes Award 2014 for ‘Best Large Development’. In London, the principles used in developing Mayfair and Belgravia are to be adapted to a site in Southwark as a response to London’s housing crisis.

The overriding theme essential in city villages is long-term stewardship, not quick capital growth. Local authorities and major landholders should be looking to manage new urban neighbourhoods by directly renting many of the units, as in Mayfair and Belgravia, rather than selling the development after construction. At an early stage of the process landholders should be thinking hard about who will live in a community, what their needs are, and how the design and management of a neighbourhood can respond to these needs. A feature of historic estates is how the adaptability of buildings and places has helped maintain value as we allow changing demand to drive use, ensuring the continuing relevance of an area. The estates

have not been static but have changed their purpose over time to fulfil the requirements of London, redeveloping obsolete or low-density buildings and areas to meet demand.

The fundamental vision for creating urban neighbourhoods is therefore to be the developer, long-term co-investor and manager of high-quality, enduring mixed-use neighbourhoods, with a vibrant community where people choose to live well in London.

The deployment of patient capital can and must be a force for good in the creation of resilient new urban neighbourhoods. Historically, building houses to sell was not the kind of investment that institutions wanted. It is higher risk, shorter term and it is difficult to capture the long-term capital growth or to justify the required investment in placemaking.

The estate model allows for long term value growth, scalable capital exposure and is a model for holistic investment in places, not just buildings. The long investment horizon allows design, stewardship and management principles to be applied over time. This permits management of the physical environment through periods of change and supports the development of the community from creation to maturity. This leads to a long-term investment capable of delivering income and capital growth to investors, and providing a high-quality environment for occupiers. Not only has the estate model been a great investment model for landlords, it has been – and can continue to be – good for London, creating carefully managed neighbourhoods that are among the greatest places in any city.

4.1

HACKNEY CITY VILLAGES

JULES PIPE AND PHILIP GLANVILLE

Mayor, London Borough of Hackney

Cabinet member for housing, London Borough of Hackney

Local authorities are going to be essential to bringing forward the city village model. As often both the largest landholders and landlords in the capital's boroughs, their role is pivotal in ensuring that developments are socially and economically viable.

The current climate for urban regeneration is challenging. While house prices in London have recovered since the crash in credit markets and risen substantially beyond pre-crisis peaks (GLA 2014), significant reductions in capital budgets, coupled with a stronger emphasis on using rents to finance development, has meant that local authorities have had to think more creatively about getting estate redevelopment off the ground.

The council as developer

In Hackney, the council is a major landowner and is regenerating 87 hectares of housing estates and brownfield sites across the borough, equivalent to more than half the size of Hyde Park in central London.

Housing quality and space are acute challenges to tackle locally. In particular, there is a high number of bedsit properties, which are increasingly inappropriate for the profile of tenant who needs social homes. Social housing in future developments will inevitably have to be different – more spacious and of better quality, and to be a part of a mixed blend of housing options rather than the socially segregated and crumbling mono-tenure estates.

Across the borough, Hackney is regenerating sites with new social renting, shared ownership and private sale homes, built to spacious, modern, lifetime standards and, in most cases, offering private outside space to existing tenants for the first time. Many blocks are simply too expensive to maintain and to refurbish, and so regeneration is the only way to ensure residents can live in homes that meet the Decent Homes standard, and with improved public realm and community facilities. These mixed tenures are not only

needed to rebuild estates that are inclusive of families across the income and demographic spectrum, but are essential to finance the much-needed redevelopment. Given the squeeze on capital budgets, local authorities in London cannot build homes for social renting without cross-subsidising them by also building private sale properties. In Hackney, delivering shared ownership pays for itself, but to finance a social rent home demands the construction and sale of one and a half private homes.

Together with its partners, the borough has delivered 1,125 new homes since 2011: 622 for social rent, 155 for shared ownership/equity, and 348 for private sale. But this is not sufficient to meet the borough's rapidly increasing population, projected to rise by 10 per cent, or an additional 25,000 households, in the coming years – in an area already struggling to meet housing demand (ONS 2014) let alone secure housing that is affordable for its resident population. Major redevelopments will play a central role in delivery supply, not least in the redeveloped estates of Woodberry Down and Colville.

Woodberry Down

When the London County Council began building Woodberry Down after the second world war, it was rightly regarded as a fine example of municipal housing and an estate of the future. It was also home to one of the country's first comprehensive schools and the first purpose-built NHS health centre in London. The decades went by, but underinvestment by national and local government led to a situation where residents were living in homes that weren't fit for purpose. Crucially, a structural assessment in 2002 identified that repair would be economically challenging – the homes on the site have simply become more expensive to maintain and bring up to a modern standard than to redevelop.

The first priority for Woodberry Down is to deliver modern, high-quality homes for existing residents. The second priority is to provide new community facilities including three new public parks, employment opportunities, a new children's centre, a new academy school, an expanded primary school, as well as new shops. At Woodberry Down and on other regeneration estates we're not only rebuilding higher-quality homes for social renting but also providing shared ownership and private sale properties, which in turn help pay for the redevelopment and meet wider housing demand.

Woodberry Down is a large-scale housing estate regeneration project, with a 20-year-plus delivery schedule worth more than £1 billion of investment. It involves demolishing 1,981 homes on the original site – now deteriorating properties – and replacing them with more than 5,550 new ones. Four out of 10 of these new homes will be for social renting and shared ownership.

Since construction began in 2009, financed in partnership with the Homes and Communities Agency and latterly the Greater London Authority (GLA), Woodberry Down has seen 441 properties demolished and 862 new homes completed, made up of 421 social rented, 135 shared ownership and 306 homes for sale. Indeed, partnership has been essential to seeing the project into its delivery stage. This includes working closely with developers, but also retaining the support of the current residents – represented by the Woodberry Down Community Organisation (WDCO).

WDCO has worked closely with the council as a critical friend, broadly supportive of the regeneration while ensuring the voice and aspirations of the community are heard. The listing of a local primary school and health centre, coupled with changing economic circumstances, necessitated a rephrasing of the programme. As a result, the estate's 2007/08 masterplan was recently updated in consultation with residents during an 18-month period, including commitments to increase the amount of public space by almost a third and to deliver 17 per cent more homes.

Regenerating the Colville estate

The Colville estate is another example of a major, local authority-led development scheme, a proposal which will double the density of existing homes on the site. The masterplan for the estate will see the replacement of 432 residential properties, 337 of which are council social rent, and 95 of which are leaseholder-owned. The proposed redevelopment will provide 925 homes, and this will directly replace the 337 social rented ones, as well as 111 units for additional intermediate housing, including shared equity and shared ownership. The remaining 476 homes on the site will be used as private market housing to cross-subsidise the social homes. Indeed, the entire scheme is largely paid for by two towers of up to 16 and 20 storeys of homes for private sale, overlooking Shoreditch Park.

Critically, the scheme has the support of the current residents: a petition featuring the names of 291 Colville residents in support of the estate's regeneration masterplan was handed in to the borough's planning committee, recommending approval (Hackney 2014). Facilities such as a new community centre, a new public square, space for shops and businesses, a new community garden, and the potential for local apprenticeships onsite for young people from the estate are all part of our vision for the regeneration of Colville.

As with all such schemes in Hackney we have a resident steering group, the Colville Estate Tenants and Residents Association. Every element of the 10-year-plus scheme is discussed with the elected representatives of the steering group; while the design of the new homes and the broader project are consulted on with the local community through events, drop-in surgeries and surveys. This

process is not always easy, with issues such as the delivery timetable, local lettings, density and viability at the fore, but it is vital if these new city villages are to be successful for existing and new residents.

Fundamental to Hackney's approach, as recommended by the London Assembly review of estate regeneration (London Assembly 2015) is that tenants have the 'right to return', with leaseholders offered a package of shared equity, rent free and shared ownership options to help them stay on their estate.

The council pays market rates for leaseholders' properties, as assessed by an accredited surveyor and based on similar sales in the area. We also offer an equity swap for a newly built home for those that live on the estate and want to remain in the local area.

As residents are gradually decanted or temporarily moved out of the development, those vacant flats that are of sufficient quality are now being used to support local authority temporary accommodation for homeless households, until the demolition work begins.

The future for city villages

Both the Woodberry Down and Colville estates are examples of a local authority leading on estate regeneration and, in the latter case, delivering and funding estate regeneration through its own resources. Hackney now has a five-year record of development, investing in a strong in-house team, which for the first time in a generation is directly building new homes. No single model works in every location or local authority. Yet the two examples cited here are both new city villages, with the local authority taking the lead on delivering new homes, maintaining and renewing affordable and social housing in the heart of Hackney, and improving facilities for communities, now and into the future. If we as a country are to fully respond to the housing crisis in London and beyond, local authorities, like Hackney, will need to have the freedom to innovate and directly deliver these homes.

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4.2

REGENERATING ELEPHANT AND CASTLE

PETER JOHN

Labour leader, London Borough of Southwark

The Elephant and Castle is further north geographically than Victoria and lies just over a mile from the Palace of Westminster. In the first half of the 20th century it was known as the 'Piccadilly of south London', boasting variety theatres, department stores, a major cinema with the world's largest Wurlitzer organ, homes and jobs which made it one of the centres of life south of the Thames. It is also home to the magnificent Metropolitan Tabernacle built by Charles Haddon in 1861.

Following massive wartime bomb damage, the area was rebuilt. Based on plans originally conceived by Sir Patrick Abercrombie in 1944, the London County Council (LCC) envisaged a redeveloped Elephant as London's southern gateway. A vast shopping centre overlooking major traffic roundabouts where the car would take precedence became reality in 1965 with the opening of Britain's first covered shopping centre. Next to the shopping centre emerged housing which emulated Le Corbusier's concept of urbanism – brutalist concrete architecture which moved people from ground level onto high-level concrete walkways, which even allowed milk floats to travel with ease around the estate without ever having to negotiate a normal road. The Heygate estate, like other developments mentioned throughout this collection, was supposed to provide the kind of modern homes and living conditions which its 3,000 residents had long hoped for – and for a short while after its completion in 1974 those hopes were realised.

But the area never flourished and came nowhere near regaining the pre-eminence it had enjoyed in prewar years. The estimated 1 million shoppers from south and central London did not eschew the West End in favour of the Elephant Shopping Centre – after opening, just 29 of a possible 120 shops were trading. The difficulty that pedestrians experienced just getting into the centre seemed to underline the fundamental flaw – that it was a product of design theory rather than human practicality.

A housing estate, which comprised purely social housing, did nothing to contribute to the economic success of either the shopping centre or the area. The recession of the 1980s simply accelerated the decline of the 1,200 homes on the Heygate estate, as the local authority struggled to maintain basic heating and repairs for residents. Rather than being recognised as a shining example of modern urban living, the estate developed a reputation for antisocial behaviour, poverty, and poor health and educational outcomes.

Redevelopment

By the 1990s the failure of the ambitious but poorly conceived and executed plans of the 1960s required a truly radical solution. The masterplanning process went through various models for the Heygate estate before settling on the current scheme, with various tenure combinations. In 2010 the current plan was signed by the council and our partners Lend Lease to regenerate the Heygate estate. While Southwark council is a major landowner in the area, major redevelopment required the cooperation of many others including Network Rail, Transport for London, and the owners of the shopping centre. The agreement with Lend Lease provided for 2,469 new homes to replace the previous 1,023 social homes. The negotiations concluded at the nadir of the banking crisis and after severe government cuts to the affordable housing grant. Tough negotiations with Lend Lease ensured the delivery of at least 25 per cent affordable housing on the Heygate site – 587 homes on current estimates. Across the wider Elephant and Castle opportunity area there will be 1,715 affordable homes delivered, 874 of these homes will be shared ownership; 629 will be let at rates up to 40 per cent of market rents and 212 at up to 50 per cent of market rent rates.

At the heart of the council's contractual negotiations with Lend Lease was a recognition that we needed to separate our role as the statutory planning authority from our interest as a landowner and as a progressive council to deliver the best community mix of housing, business and leisure space for existing and future residents. While the planning process viability assessment threatened to deliver just 15–20 per cent affordable housing on the Heygate site, the contractual requirement with Lend Lease for at least 25 per cent placed a clearer and more absolute obligation upon them. So we used our role as landowner and partner to mould the shape of the Elephant in a way which would simply not have been possible through the planning process alone.

The masterplan for the new homes on the Heygate site was agreed in January 2013. A month later, planning consent was given for the first new homes to be built as part of the project and for the council's new leisure centre to replace a tired and dilapidated pool and sports hall from the 1970s. Demolition of the Heygate is now complete.

A crucial element of the Elephant and Castle regeneration has always been the remodelling of the two massive roundabouts to the north and south of the shopping centre, and introducing escalator access to the Northern Line. After long negotiations agreement was reached in 2012 with Transport for London for the funding and implementation of plans which will give space back to pedestrians with a new public square, major improvements to the tube station, and a much safer cycling environment at one of London's most dangerous junctions. And with a change of ownership of the shopping centre in late 2013 the final pieces of the jigsaw began to fall into place. A compromise which would have seen the shopping centre simply refurbished was put aside as the new owners unveiled ambitious plans to create a high-street shopping destination, with hundreds more new homes to be built and let on a longer-term private rented basis – hopefully addressing one of the current issues facing those who earn well but not enough to afford to buy in London's rising housing market.

One of the first new buildings to be completed at the Elephant was the Strata Tower, with its distinctive three wind turbines. It has already helped to redefine the skyline of London and fundamentally altered most people's understanding of where exactly the Elephant and Castle sits in London's geography. Over the next 10 years a cluster of tall buildings will further reshape the skyline of this part of Southwark.

The regeneration of the Elephant and Castle has not been undertaken without an element of controversy. Any major project of this duration and complexity is bound to attract voices of opposition. But as the local election campaign and results in 2014 demonstrated, with wards all around the Elephant and Castle returning Labour councillors (some for the first time in 30 years), the overwhelming majority of local residents have also wanted to see progress and they are always more frustrated by dither and delay than action and momentum on the project. This does not mean that criticisms have not been addressed or the views of local residents with genuine concerns ignored. The fact that so many mature trees across the Heygate site have been saved and will form part of the new park that will lie at the centre of 'Elephant Park' is a direct consequence of consultation and dialogue between the community, the developers and the council. That consultation continues.

Hundreds of new energy efficient homes are already being built at the Elephant, which will be homes for Southwark and London residents from 2015. The Castle – a brand new leisure centre is also due to open its doors in the summer of 2015. And the 1965 shopping centre with its pink elephant perched over the entrance – for most Londoners the iconic symbol of a place to be avoided or passed through – will also see the beginning of its demolition and rebuild from 2015/16.

But with essentially the same aspirations and ambitions as the LCC and Southwark planners of the 1950s and '60s, what guarantee can there be that the Southwark council of 2050 will not be seeking to negotiate the demolition of another flawed example of urban design at the Elephant? Significantly the current design and plans address most, if not all, of the significant flaws of the last scheme. The ground level becomes animated both in the new shopping centre and within the new housing, putting people at the heart of the design. The previous mono-tenure nature of the Heygate estate is addressed through a genuine mix of private owned, private rented, shared ownership and social rented homes for people of all incomes. The construction phase of the building work will generate hundreds of jobs for Southwark residents, with hundreds more created by the shops, restaurants and businesses that will move into this vibrant new area of London.

While the success of any project can never be guaranteed, the regeneration of Elephant is more assured. New uses and proposals continue to be brought forward which will help to secure the area as a genuine destination for Londoners.

4.3

USING SMALL SITES

MARC VLESSING

Chief executive, Pocket Homes

Land supply is a central challenge to resolving the housing crisis in the UK (Dolphin and Griffith 2011). With the recent announcement of a raft of new opportunity areas for development, it is also clear that both central government and the Greater London Authority (GLA) are renewing their emphasis that a healthy supply of land will be essential to developing the scale of development (49,000 new homes per year) required by the London strategic housing market assessment (SHMA) (Mayor of London 2013).

There remains a substantial amount of land in the capital to support meeting the challenging targets set in the SHMA, with sufficient brownfield land for 360,000 new homes (ibid). However, while a number of the case studies in this collection illustrate the potential of creating regenerated city villages on large sites such as Woodberry Down, the scale of these projects is so vast that planning and negotiations will take years, if not decades to come into fruition (London Assembly 2015), and more urgent action is needed to boost housing supply immediately.

This means that local authorities must focus their attention on developing small sites too. By building on what is already there – via infilling on existing larger developments – developers and councils can increase the density of provision and introduce mixed uses for these spaces. Indeed some have little choice: as the strategic land assessment recorded, some boroughs are heavily reliant on small sites for achieving development. For Islington, Bromley, Merton and Richmond, small sites account for over 50 per cent of their total capacity, whereas for Greenwich, Barking and Dagenham and the London Legacy Development Corporation it accounts for less than 10 per cent. This is explained by a combination of the availability of larger sites in boroughs and also the buoyancy of the submarkets in each borough (Mayor of London 2014).

There are plenty of sites that could be put to use – estimates suggest some 100,000 small sites of less than 0.25 hectares are available (ibid). Small sites are therefore both plentiful and essential

for addressing London's supply problem, and though they might lack the political headline grabbing appeal, unless we create a more streamlined system that is better equipped to push small sites through more efficiently, we will not tackle the scale of problem we have today within the urgent timeframe required.

The Pocket model is based on a truly innovative partnership between the public and private sectors. It builds affordable, specially designed compact homes, without public subsidy that are sold outright to buyers at a 20 per cent discount to the local market. Pocket works closely with local councils to develop smaller infill sites on brownfield land where a market developer would normally not provide much, if any, affordable housing. Pocket buyers are singles (80 per cent) and couples (20 per cent), and their current average household income is around £40,000. To ensure these homes reach the people they're intended for, the mayor sets the maximum household income for eligible buyers each year and the average price of a Pocket flat currently is £230,000. Buy-to-let investors are excluded, and solicitors and lenders ensure that homes remain affordable, as they can only be resold to eligible buyers. Critically, because Pocket homes are on small sites, they can be delivered in less than two years rather than extended programmes that the larger sites have to follow. The GLA has seen the benefit in this and has provided a £21.7 million loan to further speed up the delivery programme.

Small-site development in action

Pocket's first scheme in Camden, Geoff Marsh Court, replaced a taxi repair workshop, owned by the London Borough of Camden that had become surplus to requirement. This 504 square metre site was competitively tendered and in its place Pocket delivered a car-free development comprising 18 one-bed and four studio units built around a central courtyard, together with commercial space. Pocket was responsible for finding eligible buyers, all of whom either lived or worked in Camden at the point of purchase and earned less than the London Plan maximum threshold for affordable housing. The average household income on the scheme was £36,000 and the average deposit was £38,000.

Delivering on small sites has several benefits: it provides developers with unique opportunities to make innovative use of space; it can efficiently provide infill for existing developments; and it can deliver the right kind of housing that communities need in a less disruptive manner. So while national and local government are right to focus their attention on major development projects, 100,000 small plots of land could make a significant contribution, and do so very quickly.

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4.4

MAJOR SITES: REGENERATING EARLS COURT

GARY YARDLEY

Investment director, Capco

Today, most people hurry past Earls Court on their way in and out of town. Dominated by a (now decommissioned) exhibition centre which is showing its age and an office block, the Empress State Building, which sticks out in its isolation, this is where a great new London estate will be born.

The scale of redevelopment at Earls Court is massive. The site covers some 77 acres, much assembled through public-private partnerships. Capco has a binding legal contract to acquire estates land from the London Borough of Hammersmith and Fulham; a joint venture has been launched with Transport for London (TfL) on the majority of the remainder of the land; and TfL also owns a depot and Capco the Empress State Building. A site of this magnitude is a valuable opportunity and combined with these innovative partnerships between public bodies and developers, it can deliver a major response to spiralling housing demand. The multiple phases of the project will be looking to provide a minimum of 7,500 new homes, itself a substantial contribution to London's growing housing need of 40,000+ new homes per year.

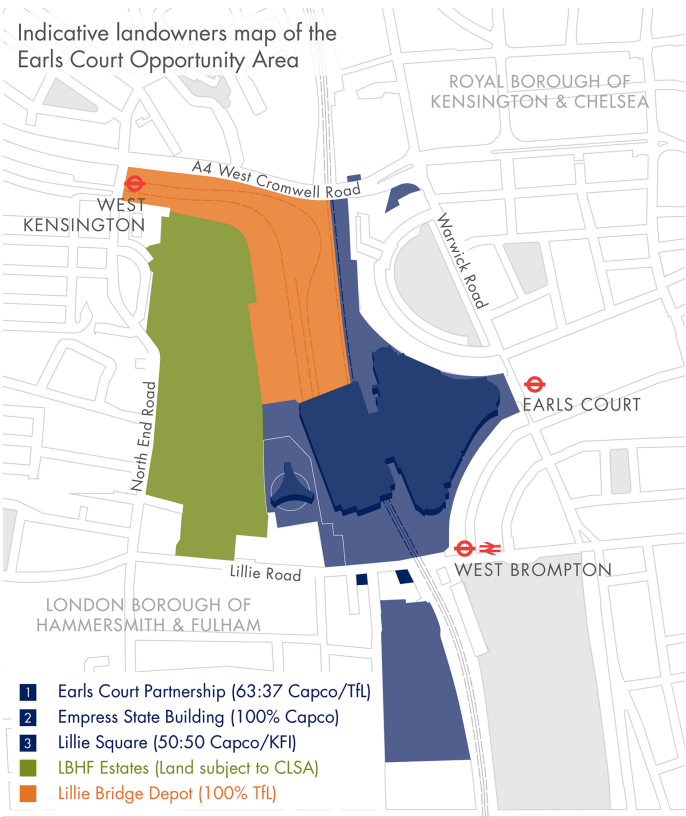
Major opportunities come with significant challenges – specifically that volumes should not compromise the need for good-quality homes, connectivity or the need for community integration, and the recruitment of good architects is integral to providing vision to sites of this scale.

Essential to getting major projects off the ground are strong relationships with local governments and planners, to ensure the masterplan of the site meets the expectations of local residents and Londoners. In the case of Earls Court, this involves two local authorities, in particular working closely with Hammersmith and Fulham council to ensure all existing qualifying residents of the old estates will be offered a new home within the development. Such major regenerations may transform the landscape, but in order to

retain the social fabric and history of places, ensuring the current residents have a place in the new community is critical for building new places around existing social infrastructure.

Connectivity is a significant challenge for all major sites, both in terms of providing strong connectivity to other parts of the capital and country, but also to ensure the economic viability of any major development. The new Earls Court is well placed as a gateway to London from the M4 and M3 high-tech corridors, and is just 20 minutes from Heathrow – and with Imperial College just down the road, there is a direct link to one of the most dynamic high-tech clusters in Europe.

Figure 4.4.1
Project Earls Court land ownership



Source: Capco

However, connectivity cannot be achieved alone. Getting the connectivity answer right demands close cooperation with major infrastructure providers, in particular with TfL. As well as improving underground stations, overground stations and bus links, the site will be criss-crossed with pathways for walkers, runners and cyclists, and play host to car clubs. With TfL a joint venture partner in the development, public transport will remain fundamental as the plans evolve.

Successful regeneration of major sites has many dimensions. Principal among these is a creative collaboration between public, private and community on an unprecedented scale and of great intensity. Second, major sites, with their inevitable financial risks, need serious commitment and courageous leadership, often over decades.

5.1

LONDON AND BEYOND

BILL DAVIES

Research fellow, IPPR North

London urgently needs more homes. The population is growing rapidly, homelessness is rising, housing waiting lists are extensive and house prices in the capital are now a third higher than their pre-crisis peak. The average house in London now costs in excess of £500,000 (Land Registry 2014). The pent up demand is spilling over into the rental market where the average cost of a one-bedroom flat is now £1,200 per month (VOA 2015). With no sharp rise in earnings on the horizon, only an increase in housing supply – particularly social and affordable housing – can relieve some of the pressure.

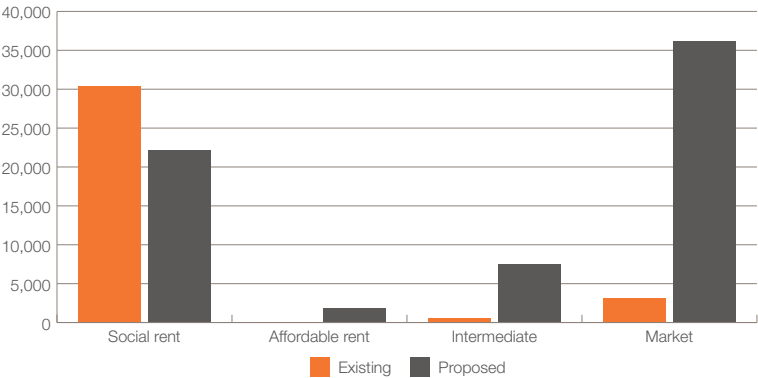
Housing demand in London is not simply a reflection of the desirability of property in the city, an influx of foreign buyers or a period of loose monetary policy. Demand is being driven by the inward migration of a (relatively young) population chasing economic opportunities from places where opportunities are more limited – both from the regions of the United Kingdom and abroad. The congestion costs of London's growth are rising, but rebalancing the UK economy will not reduce the demand for housing in the capital any time soon. As eloquently described in chapter 2.2 by the late Peter Hall, relieving pressure on the London housing market must be supported through the delivery of corridors of economic development around London via expansion of existing commuter towns and the delivery of several more 'new towns'. However, as much as the expansion of capacity in the satellites of London is essential, it will not bear fruit quickly, and therefore there remains a clear need for additional stock in the capital. In particular, there is a need for affordable housing to enable the capital to retain key workers, allow aspiring owner-occupiers the potential to get a foot on the housing ladder, and to bring a degree of control to the capital's rocketing 'in-work' housing benefit bill (see Cooke and Davies 2014).

Land scarcity is a critical part of the housing crisis (see Griffith and Jeffreys 2015 forthcoming). Even on the mayor's estimates, there are not enough developable plots in the capital to fully satisfy growing demand for homes. This therefore means that existing

developments will need to be used to better effect. Through estate regeneration this can be and has been achieved (London Assembly 2015), and the essence of the city villages approach is an extension of this model – creating carefully designed, higher-density urban centres by redeveloping existing sites, providing mixed tenures and mixed communities, and regenerating rundown and failing social housing estates. The challenge will be to ensure site by site that developments work for both existing and future residents, providing sufficient volumes of homes for both.

This has proven difficult in the recent past, where many social housing regeneration projects have been controversial, often for good reason. The most regular challenge to council estate regeneration is one of ‘gentrification’, or simply that lower-income groups are making way for high-income groups. The London Assembly’s analysis of the London database outlined significant changes in the tenure of regenerating council estates, illustrated in figure 5.1.1.

Figure 5.1.1
Tenure change, existing versus proposed development (number of homes)



Source: London Assembly 2015

Despite an overall doubling of the number of homes on the existing sites of estates, the fall in the number of social rented homes by almost 8,000 represents a significant loss of social rent homes on individual sites. Those units are clearly being replaced by large numbers of market housing and intermediate housing – indeed, a number of the case studies discussed in this collection have contributed to these figures, as local authorities have not negotiated a stock of social rent properties (or generally ‘affordable’) equivalent to those being replaced.

Making city villages work for residents

The report by the London Assembly (2015) lists a litany of challenges to getting estate regeneration right, not least for the residents of these estates. Several of the case studies in this collection have highlighted serious issues about whether current inhabitants have a right to return to a social rent property of equivalent size and suitability to the one they previously inhabited. For as long as the capital has a shortage of social homes, all demolitions of social estates should aim to retain or increase the volume of social homes for rent, and offer the existing residents the opportunity to move back in when the project is complete. Clearly, achieving this is challenging on some sites, and several of the case studies in both this report and that of the London Assembly have failed to achieve this.

Government policy is also driving the loss of social rents on redevelopment sites. In particular, cuts to capital grants and the introduction of the Affordable Rent mechanism (rent levels pegged at up to 80 per cent of the market, rather than social rents) has left housing associations and local authorities little choice but to switch social rent to Affordable Rent if the regeneration requires central government funding to get the project off the ground. But these changes push up rents for tenants, and make the reprovizion of social housing more difficult, and potentially unaffordable for existing tenants. If local authorities are to renew large housing estates, the policy of curtailing capital grants and instead pushing for more Affordable Rent, especially in London, needs to be revisited.

Another clear concern is engagement and consultation. As the London Assembly report suggested, there have been many regeneration projects that tenants and wider residents felt were going ahead without either their participation or consent. Transparency about the future tenure mix is essential from the outset, from the number of social homes that will be replaced, to the number of market or intermediate homes that will be needed to finance these. At a minimum, tenants should be balloted on regeneration schemes, and their voices heard throughout what are often very difficult planning and negotiation processes (ibid).

There are further, more practical aspects that will decide the physical and social success of developments, including the following questions: with the minimum disruption, how can tenants of existing sites and social housing estates be offered immediate rehousing, and how can double decanting be avoided? What degree of densification is needed to make schemes financially viable? Does the degree of densification required impact on community cohesion? These are not strictly for public policy to address from the centre; however, the first challenge will demand considerable sensitivity – attempts to rehouse tenants, even for interim periods until the new stock is available, will be controversial, and the local authority must have a good offer in

place to allow people to live nearby, to not disrupt the social networks of the families, or uproot communities. The extent to which this and the other practical questions are surmountable will have to be judged on a site by site basis, by local authorities, tenant organisations and housebuilders involved in the development.

City villages outside the capital

The wider question about the city villages model, relevant for policy discussions, is the extent to which it is applicable outside the capital. The test is whether there are markets beyond the capital that share similar problems, where the concept could feasibly be applied. For this to be the case, the following conditions would need to be met:

- high demand for housing
- concentrated deprivation in ageing urban housing estates.

The presence of both of these factors in other parts of England is addressed in turn.

High demand

It is often assumed that the national housing crisis is largely a London problem. Certainly, the capital is where the constraints on housing supply are generally at their most acute, but in all other regions, population growth is expected to outpace housing supply in the future.

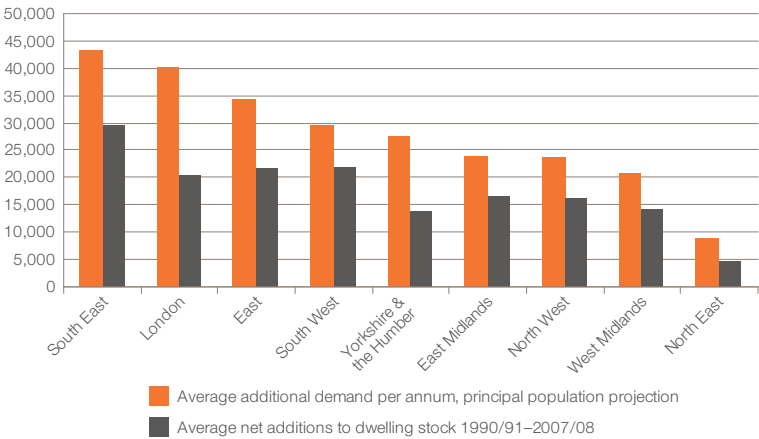
While the mismatch is at its greatest in London, other regions, particularly Yorkshire and Humber, are expected to grow much faster than their housing supply response. Indeed, while some of England's cities have seen their populations decline, others – such as Manchester, Bristol, Derby and Leeds – will see more than a 10 per cent increase in the number of households living in their local authorities over the decade to 2021 (ONS 2015). To ensure that economic growth can be sustained in these places, there will need to be a sufficient housing offer in place.

Despite frequent assertions to the contrary, empty homes around the country are not the answer. At the last estimate, a total of 218,000 long-term empty homes across England were identified (Davies 2014) while projected growth in household numbers is around 220,000 per year for England (ONS 2015) over the next decade.

More new building is therefore in high demand, but attempts to build on the perimeters of cities encased by green belt land often encounter too many barriers to deliver new developments. For instance, York will see a growth of 8 per cent in household numbers by 2021 (above the national average) but is suffering from heavy supply constraints and is struggling to address affordability for

its residents (house price inflation exceeds the English average).² Other historic cities, such as Oxford and Cambridge, face similar problems and now average property prices in both cities are 10 per cent above their pre-recession peak, while average prices across England and Wales have yet to recover losses made since February 2008 (Land Registry 2014). As in London, the supply of land in these cities, constrained by tight green belts, inhibits both the growth of their economies and housing markets (Griffith and Jeffreys 2015 forthcoming). Long-term reforms to land markets will be essential to fixing these problems, but the city villages concept potentially provides an answer to what these cities can achieve in short to medium term.

Figure 5.1.2
Regional housing demand (number of homes)



Source: Schmuecker 2011

Concentrated deprivation in ageing urban housing estates

Outside of London, England has vast estates of social housing, or former social housing, that could potentially provide land for regenerated city villages. Social housing construction levels are currently anaemic, and local authority construction has effectively disappeared from the delivery sector altogether (Hull and Cooke 2012). The failure to replenish council stocks dissipated by right to buy, disrepair and demolition, twinned with diminishing market options

² Forthcoming research by Shelter and IPPR (Griffith and Jeffreys 2015 forthcoming) will detail reforms to local control of land markets and the green belt to overcome development opposition.

for people on low incomes, gradually transformed social housing from being an option for most income groups, into largely the preserve of low-income families.³

Mono-tenure, low-income housing estates are problematic for a range of social reasons, and the advantages of mixed, rather than mono-tenure communities, is summarised by Bailey and Manzi:

'Existing research suggests that well managed, mixed tenure communities have the potential to facilitate social interaction between residents without imposing on residents' privacy. They may help counteract social exclusion and adverse neighbourhood effects associated with mono-tenure estates.'

Bailey and Manzi 2008

While generally, with the help of right to buy, the number of neighbourhoods dominated by social housing has declined over the past decade, there remained 48 lower layer super output areas (LSOAs) where social housing counts for over 80 per cent of the stock, and 311 LSOAs where social housing accounts for over 70 per cent of total stock (ONS 2014), which means around 1 per cent of neighbourhoods in England are predominantly social rented housing. LSOAs with these characteristics appear more common in London than in other parts of England, but concentrated social housing LSOAs were to be found outside the capital, such as in Southampton, Liverpool, Manchester, Birmingham and Leicester. Some will be better places to live than others, and some in need of more care and attention, but many remain pockets of intense deprivation, as reflected in the relationship between the share of social housing accommodation in a neighbourhood and its score on the index of multiple deprivation (IMD),⁴ itself designated on the basis of income, access to employment opportunities, public services and crime rates (see DCLG 2011). The challenge in redeveloping many of these areas is to transform what will often have become a mono-tenure, deprived area, back to an area where people of mixed backgrounds and incomes cohabit.

As stressed throughout this collection, mixing income groups and tenure options is also essential for practical reasons, principally to encourage investment to finance regeneration. This cross-subsidy outside the capital is especially important in the context of the abandonment of the housing market renewal (HMR) pathfinders.

3 A series of housing benefit reforms by successive governments to control PRS spending is further intensifying low-income groups into areas where the housing offer is cheap and often of poor quality (see DWP 2013).

4 It is worth stressing that 'mono-tenure' communities are more common for owner-occupancy; around 8 per cent of all neighbourhoods in England and Wales had owner-occupancy levels of 70 per cent or higher.

HMR's objective was to recondition rundown estates in cities to replace them with new developments. They were introduced in 2002 as a programme to rebuild housing markets and communities in parts of the north and Midlands, where demand for housing is relatively weak; areas which have seen a significant decline in population, dereliction, poor services and poor social conditions. The intention of the strategy was to renew failing housing markets and reconnect them to regional markets, to improve neighbourhoods and to encourage people to live and work in these areas (Wilson 2013).

Largely a northern experiment in urban regeneration, the areas selected were Birmingham/Sandwell, East Lancashire, Hull and East Riding, Manchester/Salford, Merseyside, Newcastle/Gateshead, North Staffordshire, Oldham/Rochdale, and South Yorkshire. While some of these areas have been transformed by the HRMs, others have not. Those areas awaiting redevelopment have seen vast sites in central urban locations left fallow as local authority landowners could no longer afford to do the development work and government quickly cut back on capital expenditure for new developments. For instance, the Wavertree area of Liverpool saw rows of terraces demolished along the Edge Lane route into the centre of the city, but the abandonment of HMR has left vast swathes of empty, once-developed land with boarded-up properties at the perimeter.

Financing regeneration

Unfortunately, a major new programme of public investment looks improbable and therefore development in London, and elsewhere, will need to blend market and social homes so that the properties of higher-income tenants can support redevelopment for those on lower incomes. This idea is not new, having emerged out of the HMR strategy, which evolved to stress a more public–private approach to delivering regeneration projects. As Lupton recalls:

'A new Mixed Communities demonstration scheme was initiated (although with no new money) to show how deprived communities could be transformed by private sector investment into new mixed-tenure housing. Typically such projects involved rebuilding social housing estates at higher densities, with the extra homes being built for sale and profits on these sales generating subsidy for new or refurbished social housing and community facilities (a rather different approach to the poverty 'dispersal' approach often taken in the US, where estates were rebuilt at lower density, with new private housing replacing social housing).'

Lupton et al 2013

The Mixed Communities initiative received a challenging review, which noted that many of these programmes had been delayed and

that their viability had been put at risk by the collapse in the housing market, as falling house prices had undermined the financial models on which developments had been predicated (Lupton 2010). The dramatic fall in house prices in England is now largely stemmed, and in most parts of the country on the path to recovering lost ground, not least in the capital, which has seen prices accelerate to a position 33 per cent higher than their pre-crisis peak (Cox and Raikes 2014). Consequently, the report by the London Assembly has since reflected more positively on the potential for cross-subsidy, especially in the capital where house prices are accelerating and so making cross-subsidy more financially achievable (London Assembly 2015). As the effects of rising prices filter out to the regions where house prices have been recovering more slowly, the viability of regeneration projects will improve, but in the low-demand areas where poverty is often highest, the prospect of self-financed urban regeneration is going to be extremely challenging.

Yet, some attempts at regeneration in more fragile housing markets appear to have made progress. The redevelopment of the infamous Park Hill estate in Sheffield illustrates that reconditioning failed social housing estates can attract private finance and still offer a range of tenure options to different income groups.⁵ Even with private investment, delivering the city villages in lower-demand housing markets will still demand a degree of public funding, together with investment from registered social providers to make developments. The regeneration of Park Hill has demanded cooperation and investment between the private, public and third sector to deliver the development. Sheffield city council, the Homes and Communities Agency and the residual agency of the housing market renewal programme have worked together to provide enabling finance to leverage private investment from developers Urban Splash and housing association Great Places. Phase one of the project is now nearing completion but, as with other case studies in this collection, the number of social rent properties against the site are to be substantially curtailed. With a smaller capital investment budget to go around (see Cooke and Davies 2014), local authorities will have little choice but to exploit different sources of finance for development and regeneration projects, and this inevitably will give developers much more leverage and threaten the provision of social homes.

This challenging fiscal environment is, however, forcing policymakers to think differently about sources of housing investment, including using their own assets to better effect. Local authority housing revenue account (HRA) borrowing headroom remains an underexploited source of finance, where the enormous assets of

5 The shops, GP surgery and public spaces that will emerge with the development should also support a community dynamic that the original architects of the development had intended, but have long since disappeared.

local government HRAs could be used as collateral to underwrite major developments and regeneration projects. At present, Treasury rules of HRA borrowing remain tight by international standards, but prudently lifting these caps would offer significant sums to municipal governments, who continue to hold large housing assets (see Griffith and Jeffreys 2013).

While the caps remain, other long-term financing mechanisms for developments are beginning to emerge. For instance, the Elphicke–House review of local government's role in housing identified and recommended the creation of housing companies to increase supply. Companies have been established by local governments across England, including in Peterborough, Gateshead, and Hammersmith and Fulham. They are established and controlled by local authorities, but can provide low interest loans (from either public or private sources), grants and land for development and regeneration projects outside of the quite rigid constraints of housing revenue accounts (Elphicke and House 2015).

Other investment strategies are also gathering momentum. For instance, the joint venture partnership between the Homes and Communities Agency and the Greater Manchester (GM) pension fund (via Manchester city council) will see pension funds providing patient capital to invest in redeveloping five sites to deliver 240 new homes for private sale and market rent. While the GM pension pot is sizable, other large metropolitan cities with sufficient pension assets may be able to follow suit.

In summary, there are myriad places outside the capital that have both the demand for new stock and ageing mono-tenure housing estates with high levels of deprivation. On this evidence, there is clearly an opportunity to test the city villages model beyond London and into the dilapidated terraces and towers across England. However, the funding environment is changing, and this demands creativity to continue to drive investment in development and regeneration. With central government becoming increasingly withdrawn from the process, local governments will need to lead on identifying sources of finance and partners to get projects off the ground.

Conclusion

The London housing market desperately needs a boost. This collection of essays has demonstrated that the concept of city villages can provide an elegant solution to how new homes can be provided, where the availability of sites is scarce, land is expensive, and the provision of social housing is urgently needed.

For the capital, and other parts of the country where land is in short supply, the model provides an opportunity for more dense

development by making better use of land; in particular, public land. With this comes an additional two-pronged advantage: first, planning sites where previous developments were in poor conditions are less likely to run into organised opposition at the planning stages; and second – as Lord Rogers’s chapter reminds us – they prevent urban sprawl, thereby protecting (as far as possible) our green belt and undeveloped land.

This will not work for all cities outside London and there remain site by site practical hurdles to delivering the concept, such as carefully managing the transition of tenants from current stock to replacement stock – a challenge made more acute by the supply constraints in the London housing market, and the limited availability of affordable temporary accommodation that could be leased in the interim periods.

Such challenges are less acute in other parts of the country, but making the financial viability of developments stack up may be more challenging – where the sale value of the owner-occupancy and market rent properties may struggle to cover the costs of the necessary replacement social stock. However, there are examples of redeveloping crumbling social estates that have successfully attracted private money. They demand coordinated effort between local government, central government, private enterprise and registered social landlords, which – while inevitably more financially challenging – can be both an achievable and worthwhile response to the housing crisis.

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