

Call for fresh consensus on new towns

Megan McFarlane and Jen Pearce explain why the Building and Social Housing Foundation is calling for a political consensus on the need for new settlements

If London's population continues to grow at present levels, housing need will far exceed current pressures. It has been argued that Boris Johnson's target for new homes underestimates need by nearly 20,000 homes.¹ So how could London best tackle its housing requirements in the coming years? Clearly a range of interventions is necessary, including targeting empty properties and making appropriate use of brown-field sites. However, another option is rising up the political agenda. New settlements have had a growing profile in recent years. This large-scale planned approach to development has the potential to not only deliver much-needed housing and infrastructure, but also create desirable new places and communities.

The coalition government identified "locally planned large-scale development" as a means to supply new homes in its 2011 housing strategy for England, and the National Planning Policy Framework also includes a reference to new settlements that "follow the principles of Garden Cities". David Cameron and Nick Clegg are among the adherents to Ebenezer Howard's powerful vision of suburban development.

More recently the Wolfson Economics Prize asks entrants how to "deliver a new Garden City which is visionary, economically viable, and popular". Similarly the Labour party has committed to building five New Towns by 2020. The majority of these are expected to be within easy reach of London. To kick-start this process Sir Michael Lyons is undertaking a housing review, which will consider the various barriers and solutions to the effective delivery of a new generation of New Towns and Garden Cities.

The Building and Social Housing Foundation (BSHF) has been researching new settlements for the past year. In May 2013 BSHF held a consultation at St George's House, Windsor Castle to assess the potential for delivering new settlements in the UK. A group of individuals representing government, academia, industry, landowners, developers and local communities sought practical solutions to this issue. Our recent publication *Creating the Conditions for New Settlements in England*² explores the key issues and identifies policy solutions to current barriers.

Although an abundance of space is notably absent from the Greater London area there remain opportunities to put the idea of new settlements into practice. It has been suggested that "more suburban development and urban extensions are needed to provide the family homes Londoners need".³ Equally, new settlements have been built within existing urban areas, such as Merchant City in Glasgow. The current development at King's Cross shows the scale of development possible even within a densely populated city. For a more radical solution to the housing crisis in the city, Boris Johnson's desire for a new town on the Heathrow site certainly doesn't lack ambi-



Letchworth Garden City courtesy www.letchworth.com

tion.⁴ Equally, new settlements around London, such as those built in the 1950s, can alleviate some of the pressure on the capital.

In the past, Britain has used new settlements to respond to a number of different challenges. In the late 19th and early 20th centuries some wealthy and philanthropic industrialists sought to provide decent housing and local facilities for their workers, which became known as Model Villages: examples include Bournville in the West Midlands, built by George Cadbury and New Earswick in North Yorkshire, built by Joseph Rowntree. Many were inspired by the plight of workers living in inner cities in slum conditions.

In 1898, Ebenezer Howard published *To-Morrow: A Peaceful Path to Real Reform*, which contained the blueprint for a new type of settlement called the Garden City, which was designed to combine "the advantages of the most energetic and active town life, with all the beauty and delight of the country". Two of these Garden Cities were subsequently founded, Letchworth Garden City in 1903 and Welwyn Garden City in 1920.

Howard saw the Garden City as the solution to the social and environmental problems created by industrialisation. The Garden Cities have a number of distinctive features such as their low density and large amounts of green space for recreation and the growing of food. The defining feature of Garden Cities, however, is that the land was to be held in trust for the benefit of the community, enabling the provision of additional local services. It is these aspects which have contributed to the enduring popularity of the Garden Cities. It is also a model which has been successfully exported and has achieved recognition around the world.

The largest programme of new settlements in the UK was the New Towns. Implemented by central government through

powerful Development Corporations, the New Towns delivered on an unprecedented scale, providing homes for more than 700,000 residents in just over two decades. They were built in two waves: the first was intended to alleviate the housing shortages following the Second World War. They were built primarily around London and followed Abercrombie's County of London Plan, which called for, among other things, greater green space within London and reduced suburban sprawl, enforced through the creation of the green belt. The second wave – built between 1961 and 1970 – had a wider geographic scope and aimed to improve the economic health of the regions.

Of course, new settlements have not been without controversy or shortcomings. In addition to many positive features, some new settlements have experienced a range of negative outcomes due to the way in which they were planned or delivered. For example, the Garden Cities movement was hampered by the lack of private investment required and never achieved its proposed scale. The layouts of some New Towns have contributed to more car-dependent living or created areas where anti-social behaviour is more prevalent. Neither have some issues of long-term management and investment been adequately resolved.

However, the legacy of these building programmes means that today two million people live in New Towns and a further 80,000 in Garden Cities. Not only delivering in terms of quantity, new settlements offer the opportunity to create places where people want to live. A planned, long-term approach can ensure that the necessary infrastructure is provided, layouts maximise accessibility of local amenities for households, long-term environmental needs are considered and assets are held for community benefit in perpetuity.

New settlements have the potential to address many of the problems the UK is facing today, including a malfunctioning housing market, demographic change (especially the ageing

population), weak economic growth and the need to respond to climate change.

Given the potential of new settlements, the apparent political support for them and recent changes to planning policy aimed at making appropriate development more straightforward, why have we yet to see large-scale new settlements being proposed and developed? The main issue is that the political support and policy changes have not yet been translated into the practical actions necessary to progress developments of this scale.

For successful new settlements to be developed, the conditions must be right. BSHF's report contains twelve recommendations aimed at government and other stakeholders which, if implemented, would do much to create those conditions.

The report calls on the government and political parties to build a consensus around the need for new settlements. In particular, we would like the government to publish its long-awaited prospectus on new settlements, promised in the 2011 housing strategy, and for all parties to advance practical policy proposals on the delivery of successful new settlements. This would help build the cross-party support needed for such a major infrastructure project. The current uncertainty surrounding HS2 highlights the importance of political consensus.

We also call for the development of a national strategic spatial plan that incorporates housing. This would provide an overarching spatial framework to allow local authorities and other stakeholders to more efficiently coordinate their responses to a variety of housing and infrastructure challenges.

Participants in our consultation discussions at Windsor also felt that community representation from the outset is fundamental to any new settlement. We have therefore developed New Settlement Partnerships as a delivery model. The basic premise is that organisations and groups can work together to develop the best proposals and solutions to meet the needs of a particular area and to consider ongoing management needs.

OPPOSITE: Town Sculptures and Fountains, Colonnade Square, Letchworth Garden City courtesy www.letchworth.com

BELOW: Goods Yard & Granary Square, King's Cross Central in the new King's Cross Development

The Building and Social Housing Foundation (BSHF) is an independent research organisation that promotes sustainable development and innovation in housing through collaborative research and knowledge transfer. Megan McFarlane and Jen Pearce are both Researchers at BSHF and lead authors of the report *Creating the Conditions for New Settlements in England*. The views expressed are personal.





The model would allow partners to work in a collaborative manner, securing consent, resources and commitment from all members. This would allow all interests to be represented and the required processes – such as the provision of planning consent – to take place more quickly than under a more typical model of engagement, where key stakeholders’ interests can be easily overlooked, leading to opposition and delays.

We have seen the possibilities for new settlements in London with the Olympic site. The Olympic Delivery Authority – and subsequently the Olympic Park Legacy Company – was enabled, through strong political will and development corporation powers, to deliver nearly 3,000 residential units along with

sporting and recreational facilities. However, it also provides a cautionary example of the potential for damage to communities, businesses and the environment through Compulsory Purchase Orders. New Settlement Partnerships offer an alternative approach, involving communities from the outset and delivering at scale through consensus rather than confrontation.

Creating the Conditions for New Settlements in England is part of a body of work which BSHF is developing, based on discussions at our Windsor consultation. Resources relating to the role of communities in large-scale developments will be released in the coming months. ■

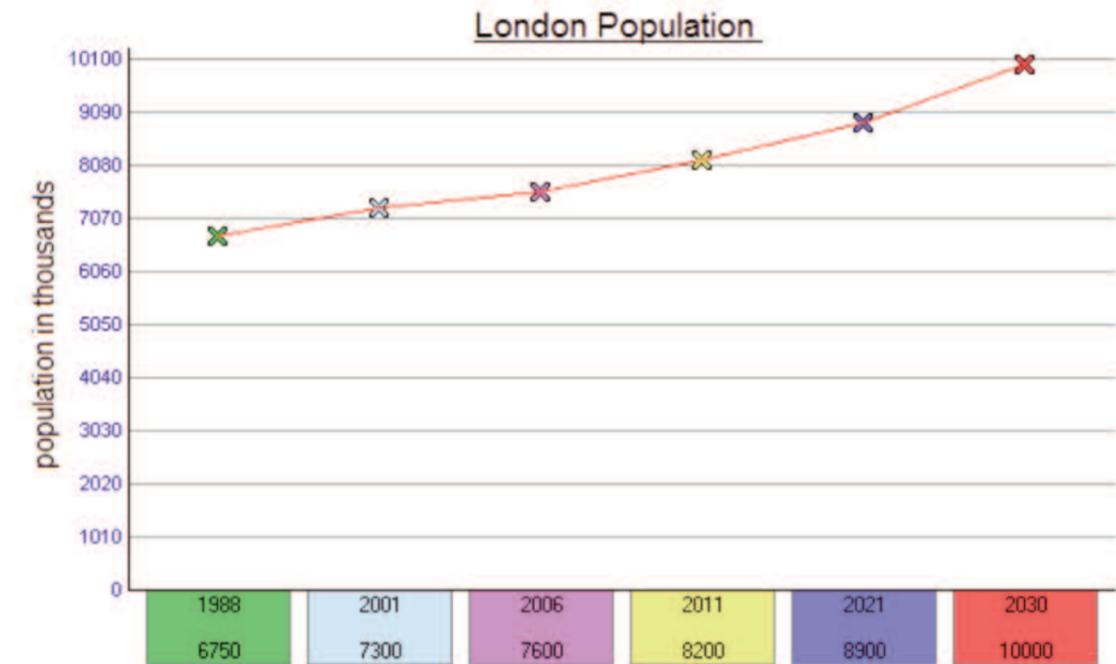
¹Mallett, L. (2013) *London's housing crisis deepens, Planning in London Issue 84*
²McFarlane, M., Pearce, J., Ciaglia, A., Czuschke, D. and Pattison, B. (2013) *Creating the Conditions for New Settlements in England. Building and Social Housing Foundation, www.bshf.org/published-information/publication.cfm?lang=00&thePubID=DA168208-D4AE-52C7-70495EE78A4F3D3C*
³Mallett, L. (2013) *London's housing crisis deepens, Planning in London, Issue 84*
⁴Wild, J. and Parker, A. (2013) *Johnson Proposes Closing Heathrow and Building New Town on Site. Financial Times, 15 July, www.ft.com/cms/s/0/bc5abaf4-ed71-11e2-8d7c-00144feabdc0.html#axzz2djCzyvr9*

Full list of report recommendations

- Recommendation 1. The Department for Communities and Local Government should commission a full audit of previous new settlements in the UK.
- Recommendation 2. The Department for Communities and Local Government should publish a prospectus on the development of new settlements.
- Recommendation 3. All political parties in England should advance practical policy proposals on the delivery of successful new settlements.
- Recommendation 4. The Government should oversee a national strategic spatial plan for England that incorporates housing.
- Recommendation 5. The Department for Communities and Local Government should strengthen mechanisms supporting the Duty to Cooperate. Improved guidance should be issued that clarifies the requirements and incentivises closer working.
- Recommendation 6. A regulating body with appropriate authority and powers to sanction should be appointed to manage disagreements between local authorities.

- Recommendation 7. HM Treasury should ensure that sufficient finance is available for upfront development of infrastructure through loan guarantees or revolving funds.
- Recommendation 8. HM Treasury should investigate proposals for tax deferral to encourage the release of large areas of land for development.
- Recommendation 9. The Department for Communities and Local Government should endorse and actively promote New Settlement Partnerships as a means to achieve locally planned new settlements. Resources should be made available for the training and support of communities to contribute to this process.
- Recommendation 10. The Department for Communities and Local Government should work with local authorities to develop mechanisms and statutory guidelines for involving communities in planning beyond the local level.
- Recommendation 11. The Department for Communities and Local Government should set the terms of the debate on housing need at a national level through clear and consistent communication of key messages.
- Recommendation 12. Organisations with an interest in housing provision should coordinate information and resources to effectively communicate the scale of the housing supply problem in England to the wider public.

London's rising population



London's housing requirements cannot be met within London alone says Ian Trehearne

Last year the Greater London Authority published its latest population projections as part of its continuing updating series. These are based both on linear projections of past trends and on these projections seen in the light of strategic housing land availability. In 2011 London's population was 14 per cent higher at some 8.2 million people, than it had been in 2001, when it stood at about 7.3 million.

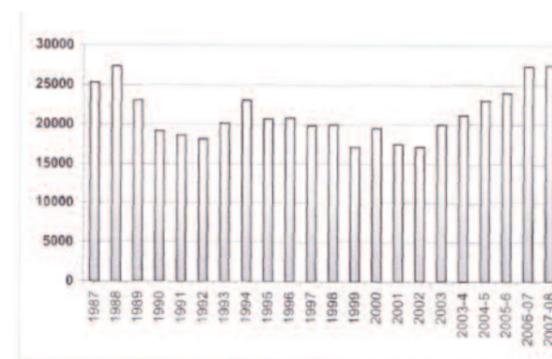
Projected forward to 2021 this gives expected figures of between 8.99 million and 9.1 million in 2021. If this were to happen it would mean that London's population would have increased by 24 per cent in the first two decades of the century and be at its highest ever level. The population of London is expected by Savills to hit 9 million before that of New York and to approach 10 million by 2030.

The number of households has increased as well but less fast, and average household size has risen.

New Housing Provision

Set against this, the number of homes in London has not risen anywhere near fast enough and continues not to rise fast enough. Mayor Boris Johnson has just published his draft Housing Strategy. It says we need to build 400,000 new homes (420,000 in the new Strategy) by the end of the decade. Savills Research in its recent report believes we will need 50,000 new homes each year in London, which it highlights as the annual equivalent of 18 new Olympic Villages. The Mayor says 42,000 new homes per year need to be built. The truth is that London has not built more than 35,000 new homes in any year in the

last three decades. Currently GLA figures show about 45,000 new units permitted each year, and more being built than previously, but Savills say the annual shortfall remains at 21,500. London Councils say we need 80,000 new homes a year. New Housing is relatively more popular in Inner London than in Outer London.



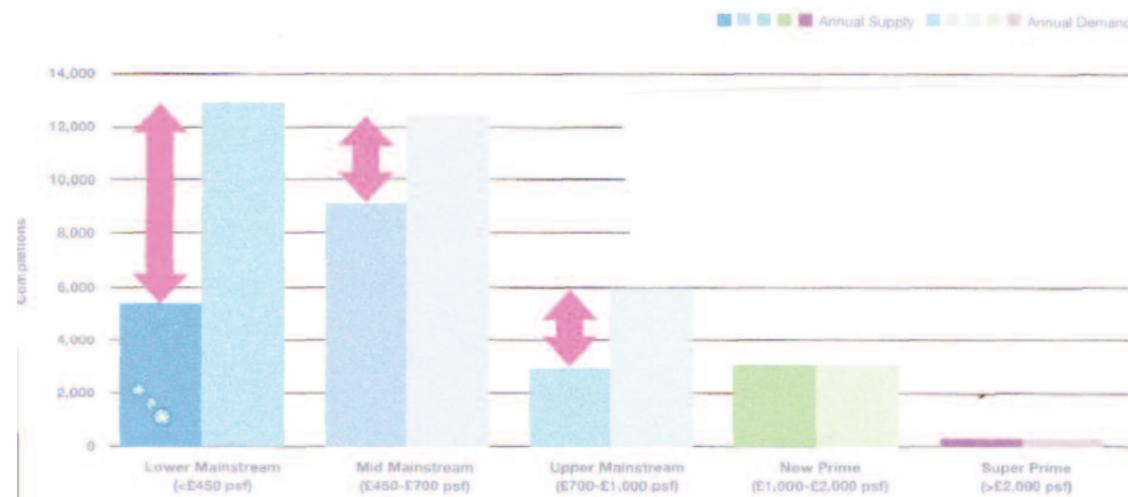
Net conventional housing completions 1987-2007

Moreover Savills say that the wrong sort of housing is being built because developers are concentrating on the massive influx of overseas funding coming into London. So in Savills' estimate, the 70 per cent of households where income is below £50,000 face an annual shortfall of some 15,000 units.

The human results of this are visible in the rising average household size, as more people are being forced to live together for longer periods in circumstances they do not choose.



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The biggest supply gap is in the lowest markets

Slum conditions are not immediately and visibly created, but more young people are forced to remain with their parents in the early parts of their careers, or to share houses. Notwithstanding this however, the 'beds in sheds' phenomenon indicates an uncharted unofficial housing growth. Overcrowding is significantly concentrated in the social rented sector. Business has to pay the costs in the higher wages demanded to support either longer costlier commuter journeys or higher housing costs in the city, and business that cannot pay must move out.

What is clear is that in London prices are so high that owner occupation can only contribute to a small part of the solution. A lot more houses are needed, not just more money.

The 2009 Housing Capacity Study undertaken by the Mayor concluded that there was capacity for some 360,000 additional units in London – with Tower Hamlets, Greenwich, Newham and Barnet as the main contributors. At the time the annual housing target for London was 33,000 units, which seemed comfortable, but at 50,000 units per year or 80,000 units per year, the available land seems to be running out. Boris Johnson obviously understands this as he calls for 400,000 new homes by 2020.

The available land in London, which is located in East London and elsewhere in the Outer Boroughs, is not being brought forward by the traditional means of owner-occupation driven development anywhere near fast enough. Moreover the traditional historic alternative of large scale public funded social housing which could secure very rapid development of the East London sites cannot be afforded and does not produce the stable balanced forms of development which are regarded as essential.

In 2012 the report of Sir Adrian Montague focussed on construction of more rented housing with five recommendations – (1) use the planning system to help deliver more rented housing – conditions can keep new housing in rental for up to 20 years – s106 requirements for social housing should be more flexible; (2) release public sector land – much of this won't be in London itself, but it will help; (3) standardisation to create an investment that the investment industry wants, perhaps with recyclable public investment; (4) a dedicated task force to link the HCA to the investment industry, and (5) rais-

ing quality and standards in construction sustainability maintenance and management of rental property.

Much of the demand cannot be met by owner-occupation because it is buyers with equity who are effective in the London market, notwithstanding the Help to buy programme and the re-emergence of the 95 per cent LTV mortgage. So demand will significantly have to be met through new rental property.

If things stay the same there will be no real focus on how to tackle the problem. But the changes that have happened or are possible could make big differences – provided the planning system can respond. First the Mayor now has, under the Localism Act 2011, the full range of powers previously vested in the Homes and Communities Agency and second, the potential of the range of powers sought for devolution to him through the London Finance Commission.

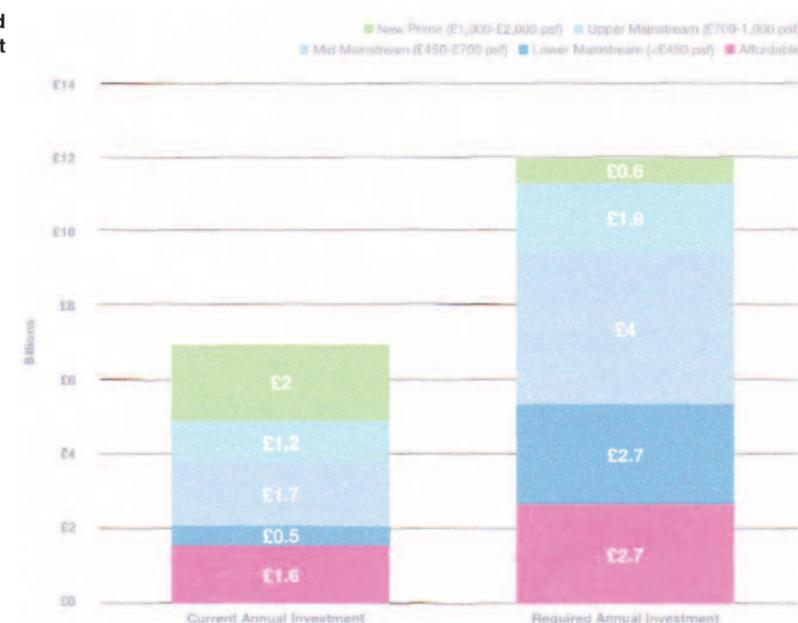
Applying HCA Powers and the Mayor's Housing Strategy

Prior to the powers transfer the HCA and GLA worked on framework contracts for delivering affordable housing. The Affordable Rent scheme makes property available to renters at up to 80 per cent of market rent, and thus releases revenue streams and value. Providers raising equity and debt capacity will be encouraged to invest in now affordable supply in London. There is renewed stress on bringing forward publicly owned land. The GLA now administers the capital investment programme for London, and has added a sub-regional dimension through working with the affordable housing providers. The Mayor has conducted a campaign against land banking and signed compacts with most of the big providers to bring forward land for development in a timely manner. In doing these things the Mayor has moved in the same direction as the Montague agenda.

But this stops short of the sort of public sector programme that has been pursued in the past. It remains to be seen whether it will dent the shortfall numbers. Sir Steve Bullock, Executive Member for Housing, London Councils has said: "London is in the grip of an acute housing crisis and we need to build new homes urgently".

The conclusions of the London Finance Commission are

Current and required levels of investment



more radical. The Mayor should have the responsibility for planning the infrastructure, responsible on a reporting basis to the Government. The Mayor and Boroughs should be responsible for borrowing and expenditure within the prudential code to create growth or reduce taxation. Housing borrowing limits should be removed; housing benefit (or the related share of Universal Credit) should be devolved, and the full suite of property taxation, both domestic and non-domestic, devolved to London, with the potential for an element of devolved income tax and other smaller new taxes. There would be grant reductions to ensure a fiscally neutral position for the Exchequer.

Clearly here there is the ability to begin to make significant changes. The Mayor's draft Housing Strategy acknowledges in a chapter entitled 'Financing housing delivery' that not enough can be done without it, but he cannot devolve powers to himself.

What can we expect?

This problem has causes and effects much wider than London – both geographically and in terms of solutions. Housing pressure is a function of London's role as a world city and of the global economy; it is outside the scope of London in many ways to be able to respond on its own. In the post war era the idea of regional policy included distributing population and economic activity throughout the country, so that London was effectively closed down for new investment by the need for Office Development Permits and Industrial Development Certificates between 1964 and 1979. That policy remedy would not be available now as long as one of London's roles is to continue to be the world's most successful and attractive recipient of overseas equity. But London's success now is hugely important to the country as a whole. All this is acknowledged in the draft Strategy

The problems are twofold. First not enough housing is being constructed in London, and second, notwithstanding this, the availability of land in the city is beginning to become an overall constraint. I would argue that in the new affordable rents regime any housing is good housing, and it doesn't matter whether Londoners who rent do so from affordable housing providers or people from overseas who have paid too much.

As the economy moves into growth it seems likely that prices will continue to rise. At the same time strategic policy will push densities up, and this will create the means to bring the East London sites forward for development. The Mayor's Housing Zones, referred to in the draft Strategy, if they get off the ground, will help. The Compact City of Lord Rogers will be created. Constraints on densities, which might to be sought, at least by the outer boroughs, could hold the numbers down and tend to mean that sites come forward for development slower.

It is far from clear that a real rebalancing of attitudes and investment will take place as the result of moves by Mark Carney, now settled in the Bank of England, to ensure that emergency liquidity aimed at easing the crisis does not just go to fuelling another housing bubble, but the process will be slowed.

The hidden costs of overcrowding and inability to remain in London will continue to be experienced. Necessarily, increasing amounts of new housing will be rented, and it may be difficult to maintain the idea of tenure balance in the new developments and to achieve them. Buy to let has, in any event, significantly undermined the traditional idea of owner-occupation. Unofficial densification of the suburbs will continue with beds in sheds in places like Newham and Hounslow.

The problem of the shortage of land in London will become increasingly pressing. The price of residential will tend to make it the highest and best use everywhere. Defending the office enclave of the City itself will remain relatively straightforward, but in the central mixed use areas of Westminster and Camden and to a lesser extent Lambeth and Southwark, so protecting the stock of smaller offices will be more difficult. Other uses will also tend to give way to residential.

Industrial sites will continue to be redeveloped for residential, as they are now, unless they are given continuing protection in up to date plans. Either way they are finite.

Recycling housing and housing sites as baby boomers die off will help, and if there are no conservation constraints, further redevelopment and intensification may well occur, particularly in suburban areas.

More land needed

But all in all, although the city will continue to look wonderful, it doesn't look as though London can meet its target of 50,000 new units per year, and this in the end cannot but be a drag on future growth. If the various changes afoot succeed in improving supply, the overall shortage of land in London must lead to further development beyond its boundaries sooner rather than later. ■