“Sustainable urban neighbourhoods – building communities that last”

Joseph Rowntree Foundation

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Summary

− The Joseph Rowntree Foundation has published a report on what does and doesn’t work in building new communities and more homes.

− While neighbourhoods can do a lot for themselves, particularly where local authorities are proactive. There is also a need for government to offer more support and there is a huge potential for something better than the current market offer.

− This briefing will be of interest to: executive members/portfolio holders and senior officials with responsibilities for housing, planning and regeneration.

Overview

The Joseph Rowntree Foundation (JRF) has published a report ("Sustainable urban neighbourhoods – building communities that last") which, based on learning in 13 new communities in England examining what does and doesn’t work in building new communities and shows how to build more homes, better neighbourhoods and stronger communities. A shorter, solutions paper ("How can Local Government Build Sustainable Urban Neighbourhoods?") sits alongside the full report whose key findings are:

− Sustainable neighbourhoods can cater for a balance of incomes and ages, are near jobs and services and have managed parking, safer cycling and walking routes and well-maintained communal spaces.

− Civic leadership is essential. Development agreements and design codes maintain design standards. Easy-to-develop serviced sites should be offered to smaller builders.

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House builders should be offered proven options for energy efficiency, and a market opened up for ‘green homes’ that cut energy costs.

Joint venture companies can use public land as equity to get development moving providing sufficient infrastructure is in place. While Community councils or trusts can help ensure good neighbourhood management, with councillors acting as local champions.

Waste can be cut by pre-testing new technologies, such as modular/off-site construction, and assessing locations objectively.

Local Letting Plans and wider forms of tenure, such as co-housing, self-build, and market rental speed up occupation and help viability.

The report also makes a series of recommendations for Government, the local government and the housing sectors in order to support local partners and the housing market to develop new communities.

**Briefing in full**

**Background**

The report is the final product of the Sustainable Urban Neighbourhoods Network a two-year project commissioned by JRF. It is based on an exchange of learning and experience between 13 new communities in the front line of house building ranging from historic cities, new towns and metropolitan cities creating urban extensions, mainly on brownfield sites, but some also involve estate renewal.

**Designing sustainable urban neighbourhoods**

The report defines a sustainable urban neighbourhood as one that has value as a place to live over many generations with the following characteristics:

- it has a wide enough choice of housing and facilities to ensure long-term value and create a balanced community over time;
- is well connected to jobs and services by foot, bike and public transport;
- has places of different character that stand the test of time and appeal to different markets; and
- is designed to conserve resources; and
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- it benefits from hands-on management and long-term stewardship by responsible local organisations, both during development and after residents have moved in.

**Healthier and stronger communities**

The report points out that, surveys have highlighted dissatisfaction with how we live, particularly in relation to wellbeing on housing estates. Most new housing is not affordable to those on average earnings. While some of the problems are due to inequalities in both wealth and earnings but they also stem from not building enough houses as well as from poor neighbourhood design. Careful estate management pays off for all, and needs to be properly funded through appropriate mechanisms for stewardship help build social capital at relatively low cost.

How far will the new neighbourhood offer its residents a better quality of life and strengthen both the community and the surrounding area?

- Balanced neighbourhoods are needed that cater for a range of incomes, ages and not just a mix of tenures with facilities that will encourage people to stay when their circumstances change, and build up long-term economic value and social capital.
- New communities designed and managed to improve quality of life through stewardship.
- A “total cost assessment” of neighbourhood building would take on board the social benefits of living close to schools and services and value community development and facilities.

**Safer streets and living places**

A general criticism people have of new housing estates is the way public or communal space is laid out. Streets designed to foster traffic flow reduces the pleasure of walking, which helps explain why too few people in the UK walk or cycle. Public open spaces, including children’s play areas, often look arid and uncared for. This is partly because highway or utility engineers are not so interested in the way things look, and over-rule designers, and partly because of poor urban design.

How far will the layout result in lower use of the private car?

- Getting the location right on a transport corridor is vital.
- The ‘heart’ of new communities in terms of shops and facilities may need to be located off a main road, to combine local and ‘passing’ trade.
- Parking provision should be phased from the outset with enough parking provided but rented out through parking permits.
- Cycling has a much greater role to play and needs priority from the start.
- Communal space needs to be well managed and maintained.
Good design and greater choice

In contrast to those on the Continent House buyers in the UK generally go for the old or second-hand product, and many do not even consider buying a new home. There are major concerns about insufficient space inside (with Britain building some of the smallest new homes in Europe), transmitted noise, with higher densities not always suitable for family life. People over the age of 60 rarely move, and often occupy more space than they can afford to run in family homes that would suit those with young children better. The market is stuck.

How well does the design appeal to all potential markets?

- Civic leadership is needed not just for making the case for building a new neighbourhood, but also for higher design and build quality.
- Development frameworks provide a greater degree of flexibility than master plans.
- Design codes should be as clear as possible to ensure that later phases are not ‘dumb down’.
- Within larger developments easy-to-develop serviced sites of say 60 – 80 homes will maximise choice and stimulate higher build quality.

Environmental features

Most homes are not ‘future proofed’ to deal with shortages of energy, water and waste disposal sites. We lag behind countries such as Germany, The Netherlands and Sweden in building places that meet ‘eco-town’ standards. British house builders are either unaware of what is now feasible or are deterred by the complexities and lack of ongoing government support. Where environmental initiatives have been taken the lessons are often not properly shared.

Will the development have a positive impact in environmental as well as economic and social terms?

- Sustainability appraisals should ensure that running costs on new homes will be affordable to those on average incomes. The focus should be on energy savings for an entire planned neighbourhood rather than the individual home.
- Sustainability plans should offer developers a menu of proven options with Energy Performance Certificates used to market the benefits of new homes.
- ‘Green loans’ could help create a market that is currently missing for homes that really cut energy costs.

Working together better

Developers, planners and architects, housing practitioners and councillors need to work together in a less adversarial way. This means changing the way developments
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are procured. The old model for house building is broken. The barriers to sustainable
neighbourhoods can only be overcome progressively through working together to
add value to new housing, control the costs and risks, and responding to long-term
demand not just immediate pressures, reducing development risk, minimising waste
and making housing more affordable.

Respond to long-term demand

The Localism agenda stresses the importance of engaging communities in
neighbourhood planning which, according to the report, depending on how it is
implemented is likely to slow down development at the same time as developers are
finding it hard to make schemes viable. Achieving positive participation is
contentious and difficult, and requires better local leadership and follow-through.

Is there a local management body with the incentives and resources to anticipate and
respond to problems as they arise?

- In neighbourhood design and management natural boundaries should be used which make
  sense to local people.
- Management plans should show how new and surrounding communities are to be integrated.
- Community and Parish councils have real potential to deliver “localism” and offer greater
  permanence and authority than neighbourhood forums.
- Local champions such as council portfolio holders need to spell out the benefits of new
  communities and stand up for them.
- Neighbourhood planning needs to resolve the relationship between participatory and
  representative democratic processes without being hijacked by a single issue or interested
  party.

Reduce development risks

The report says that one of the best ways of getting building going again is to ‘de-
risk’ developments. With private confidence at a low, and mortgages hard to obtain a
new business model for housing is needed. House-builders now want even higher
returns to generate profit against a backdrop of reduced turnover to compensate for
the risks, which have substantially increased. However, there are insufficient
incentives to bring suitable sites forward where land owners and developers wait for
prices to rise. Problems arise around ‘book values’ and land banking. Developers
often feel frustrated by all the ‘red tape’ that the Government has promised to
reduce.

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Are the risks and returns shared, and is the public sector doing all it can to reduce uncertainties and join up infrastructure investment?

- Growth should be focused where it is viable and where there is sufficient infrastructure already or planned.
- Land should be regarded as equity, with public land provision forcing higher quality standards.
- Joint venture companies or public-private partnership should pre-install infrastructure to enable sites to be parcelled out.
- Development finance could be rethought, with local authorities raising finance for infrastructure at lower costs than the private sector.

Improve the supply chain and cut construction waste

The report believes that not only is the house-building process slow, but it is also wasteful and has changed very slowly over recent decades. And yet materials needed are increasingly complex. As a result, components needed to meet higher standards are increasingly imported. Yet properly planned, the housing supply chain could get the economy moving again, and create jobs.

Unlike on the Continental, British homes are frequently built on site in bad conditions by building teams who may never work together again. Large amounts of material are thrown away, and work frequently has to be redone, with a premium charged for any departure from established ways of building, however out-dated. The issue however is not just how to prefabricate elements, but rather how to set up projects so the economies of scale can be achieved all the way down the supply chain, without depending excessively on imports.

Is waste of all kinds being minimised?

- New building technology should be pre-tested at the national level, and in the field, to reduce risk and deliver intended benefits.
- Modular construction approaches and a more sophisticated domestic supply chain should be supported.
- Both the location of new developments and the application of building regulations should reduce energy consumption and carbon emissions when evaluated in a holistic manner.
- Experience of innovation in the building process should be widely shared. Substantial savings can be made without any loss of value through greater collaboration.

Make housing more affordable

The final issue address in the report is how to enable people to get on the ‘housing ladder’. In its housing strategy, the Government makes clear its desire to get the UK
building again, for example, with a “New Build Indemnity Scheme” while, earlier policy statements had stressed the need to boost output. The Local Growth White Paper concluded by calling for “House building-enabling infrastructure. It is no accident that investment in housing output in the UK is among the lowest in the developed world”. However, the problem is not just the high cost of providing infrastructure in the UK, but also the increasing number of requirements for new housing which meets sustainability standards.

There are huge differences in affordability and provision up and down the country depending on the state of the housing market. In some areas, housing associations have been driving renewal, but can no longer carry the burden now that central government grants have been withdrawn. In other places buy-to-let investors have taken over housing intended for owner occupiers, creating the danger of over concentration of transient tenants.

Locally, new forms of delivery partnerships are emerging with consideration also being given to new forms of financial partnerships. However, even where land is publicly owned by public agencies there is often pressure to maximise receipts rather than quality.

How accessible is the housing ladder?

- Local letting plans agreed when Registered Providers are appointed can enable the local housing market to function better.
- Sites for new forms of tenures such as co-housing and self build will foster innovation, community building and make homes affordable.
- Market rental has a greater role to play in speeding up occupation of new communities.

Leading the way

The report makes a series of recommendations for restoring confidence in the housing market and getting developments moving towards sustainable communities. In summary:

- **Agree the spatial framework.** Agreed spatial and transport investment plans are essential to give confidence to developers. Government and Local Enterprise Partnerships should agree priority areas for growth and regeneration that can be reinforced in concordats (or City Deals) extending over a number of years.

- **Facilitate public–private development partnerships** which bring together the best skills of the private sector in finance and development with the commitment of the public and voluntary sectors to long-term community development and sustainability. The report calls on the Homes and Communities Agency to issue guidance on setting up public–private development partnerships for agreed priority areas that will simplify the process and avoid unnecessary legal costs.
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- **Mobilise public undesignated land.** The cost of land is a key constraint and in appropriate places the easiest way to encourage house building is to use publicly owned land. Sustainable urban neighbourhoods can create value out of neglected land which can be kick-started by putting more land into joint ventures on a ‘build now, pay later’ basis. The report recommends that better and more rigorous approaches to land valuation and disposal to get larger sites moving should be promoted.

- **Attract private funding for infrastructure.** To support community building and private investment, advance infrastructure is needed in terms of public transport provision, energy, waste, water and green space. The report recommends that the Government should ensure enough funding is available for local infrastructure.

- **Open up housing markets.** The process of seeking planning permission and procurement needs to be streamlined. Strong advance planning is required, with local leadership taking responsibility for approving housing sites and then empowering builders and providers and self-builders to move on site. This means. The report concludes that for the optimum sites there should be a presumption in favour of sustainable development.

- **Endow community stewardship.** To ensure community development is not neglected and to build up social capital, development agreements need to cover the way the new community is managed. Social infrastructure is in practice as important as physical infrastructure.

- **Learn from what works.** To ensure the necessary skills and attitudes are in place, investment must be made in training and education. The housing sector should support local networks in sharing experience.

**Comment**

The report provides a comprehensive perspective from the front-line about the challenges and opportunities in creating new communities. As has been shown in the report, neighbourhoods can do a lot for themselves, particularly, where local authorities are proactive in fulfilling, as Sir Michael Lyons would describe it, their “place-shaping” role. Also, it the correctly points out the need for strong leadership, which is emphasised as evolving around Councillors and in particular cabinet portfolio holders; though let’s not forget the role of local MPs. All too often where leadership is shown by local authorities they are undermined by their parliamentary representative seeking short-term political gains.

Given the deepening recession Government support in the macro-economic arena is vital; though, the Housing Minister still seems to like to intervene in micro terms. The
key question posed by the report is does the Government's housing strategy published last November match the complexity of the problems being faced locally?

That strategy was a belated recognition that it was a mistake to target housing for some of the deepest of 2010 CSR spending cuts; though the injection of £400 million new funding is modest compensation. On the positive side the Government has recognised that all the problems in housing cannot be pinned down to the planning regime and that access to development and mortgage finance are major barriers too.

In recent weeks we have had two further developments. First there is the boost to the “right to buy” with greater levels of discounts for tenants together with the pledge that every home sold under Right to Buy will be replaced, a claim which is called into doubt when you scrutinise the details.

The Government are only guaranteeing to replace any “additional” homes sold as a result of the increase in the discount. More significantly, of course not all the revenue will go to local authorities to ensure even this. Once they are compensated for allowable costs and repayment for associated housing debt, local authorities will be restricted to using the remaining receipts to 30% of the cost of the replacement homes, with the bulk of the receipts going to the Treasury. The remainder of the replacement cost will be funded by borrowing supported by a higher “Affordable Rent” (up to 80 per cent of market rents) with the landlord/local authority expected to make up the rest. This could further exacerbate housing problems in areas of high demand as even DCLG has acknowledged that receipts would not be enough to deliver replacement homes in some areas but said that the one-for-one target was a national one.

The second development is launch of a new Government backed mortgage indemnity scheme (“NewBuy”), first revealed in the housing strategy, to facilitate the 95% mortgages that are currently virtually unobtainable. Similar local schemes are already in operation led by the private investment market in partnership with individual local authorities. The Government’s scheme is restricted to new build which, as the JRF report says is seen as second best with buyer’s preferring, older homes with new build representing a small proportion of the market. Though, key for the government is the claimed support for 50,000 construction jobs and comes on top of the launch at the end of last year of the £400m “kick start” fund to build 16,000 homes on sites that have planning permission, but not currently economically viable to keep the construction wheels turning. While the Government points to figures to show demand from first time buyers, its critics argue it will do nothing to address affordability, which is more than finding a deposit.

Turning to regeneration, the coalition government has completely jettisoned the previous government’s programmes leaving many deprived communities high and dry as result with. A report from the Communities and Local Government Select Committee on the government’s regeneration strategy concluded that it lacked
“strategic coherence” and inadequate, criticising its implicit assumption that wider economic growth will “trickle down” to the most deprived areas thereby ignoring areas where the market has failed.

Ministers would say that local authorities now have more freedom to respond to community priorities, and Local Enterprise Partnerships have been set up to revive local economies. But they do not provide the resources and it is in housing and regeneration that the local budget cuts have often fallen hardest as local authorities come under pressure to protect funding for personal adult and children social care services. Consequently, the kind of sustainability which this report calls for will be out of reach for large areas of the country storing up social, economic and environmental problems for the future.

This falls short of shaping a new housing market which, addresses both the price and quality of the product in line with demand and which lever in wider regeneration. Though we are unlikely to see Government interventions in macro terms which might move us in that direction, such as cuts in stamp duty for first time buyers and deprived areas to overcome negative land values, equalising VAT to create a level playing field for development and refurbishment to kick start low-level schemes and a charge and time limits on land with planning permission for housing to reduce “land hoarding”.

Significantly, we currently await developments on the National Planning Policy Framework (NPPF) and, in particular how the draft framework’s overarching principle of a presumption in favour of sustainable development comes out of the consultation following its controversial reception. It is expected that the NPPF will be published alongside or just after the Budget. The JRF report, unlike the draft NPPF, has provided a definition of “sustainable development” (though for the urban environment) which is outlined above. JRF advises that more focus and investment should be targeted on suitable sites that offer the greater prospects of sustainability, warning that the pursuit of “expedient sites” where there is little opposition can waste resources in trying to develop unsustainable locations. Consequently, it recommends that for the optimum sites, there should be a presumption in favour of sustainable development. We will have to wait and see how this stacks up against the final NPPF when published.

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