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LAND POLICIES AND THEIR OUTCOMES

Edited by Gregory K. Ingram and Yu-Hung Hong

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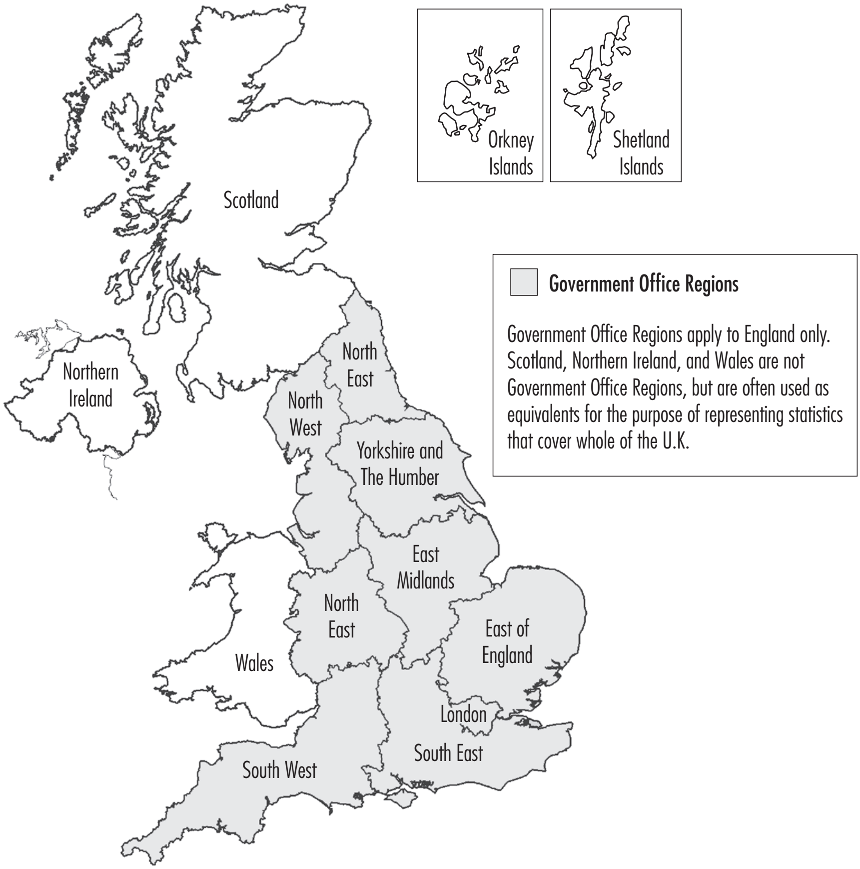
Peter Hall

A New Geography of Britain: 1977–2006

Urban revitalization policy in the U.K. essentially dates from 1977–1978, with a major shift away from regionally based development toward a more specific urban focus. This account proceeds chronologically from that point, through a series of policy shifts—in large part politically determined—to the present day, where it ends by posing some of the key questions now facing U.K. urban regenerators. The essential background of this account is a fundamental shift in British economic geography (see the U.K. region map in figure 11.1): from a regional distinction, north-south, toward an urban distinction, cities-suburbs-countryside. Regional policy, pursued enthusiastically from 1945 onward, proved progressively less effective from the late 1960s. The new reality everywhere was the loss of manufacturing jobs—more than 3.1 million (40 percent) from 1966 to 1983—and the growth of service jobs. This shift was bound to affect the north of England (plus Scotland and Wales) disproportionately, because it had more manufacturing jobs to start with, whereas the services industry had always been highly concentrated in London and the South East. During 1979–1987, the south increased its share of service jobs from 47.5 percent to 48.7 percent, while the North West and Wales recorded absolute losses in services. Two service groups—distribution, hotels, and catering, and business and financial services—are particularly strong in the South East. But there was a corresponding urban effect: the top 20 fastest-growing towns in Britain, except Aberdeen, were in the South East, the South West, and East Anglia (Balchin 1989, 12).

Thus, during the 1970s and 1980s deindustrialization, "tertiarization," and technological innovation produced a new and more complex economic geography: job losses were most serious in the big industrial conurbations, including London,

Figure 11.1
Regional Map of the United Kingdom



Source: National Statistics Web site: www.statistics.gov.uk. Crown copyright material is reproduced with the permission of the Controller of HMSO.

the West Midlands, Greater Manchester, and Merseyside, which suffered massive deindustrialization and failed to compensate fully through services, while dispersal continued to the semirural areas of the outer South East, East Anglia, the South West, and parts of the East Midlands, assisted by better communications. By the end of the 1980s, then, some parts of the north were prosperous—the so-called "northern lights"—and some parts of the south were nonprosperous. The old north–south dividing line now ran from the Severn to the Wash, leaving only three prosperous regions south of the line; the "north" had spread south, and parts of London had effectively become part of the north (Law 1980, 225–231; Damesick 1987, 23; Martin 1988, 29–34; Balchin 1989, 101).

Some regional differences remained in place, however. Overseas inward investment was strongly concentrated in the South East, and command and control—the center of gravity of firms—were focused there as well, including the key decisions about whether to open or close branch plants in the peripheral areas (Law 1980, 149; Fothergill and Guy 1990, 170). The south benefits from access to the wealthiest markets, from skilled labor, and suitable premises (Law 1980, 203).

London was (and is) a special case. It lost manufacturing jobs faster and gained service jobs more slowly than the U.K. as a whole. Between 1960 and 1985, its manufacturing workforce halved, and most kinds of service employment contracted as well, except financial and business services. By the late 1980s, London had the highest concentration of unemployment in the advanced industrialized world, heavily concentrated in a few boroughs and including a substantial proportion—41.6 percent in 1987—of long-term unemployed. The jobless included not only older workers, but large numbers in the 15–24 age group, who appeared to lack the necessary qualifications to enter London's highly sophisticated services economy (Balchin 1989, 110–111, 120–122).

White Paper to Canary Wharf: 1977–1990

Against these key shifts, which were becoming evident by the beginning of the 1970s, the story of urban regeneration in the U.K. essentially begins at the end of that decade. The 1977 White Paper on Inner Cities and the 1978 Inner Urban Areas Act represented a fundamental shift in U.K. policy: from regional to urban aid, in particular aid to the deprived inner cities. This shift, it must be stressed, was bipartisan in nature: between 1975–1976 and 1979–1980, under a Labour government, regional expenditure declined by 60 percent in real terms; the Conservatives under Prime Minister Margaret Thatcher continued this trend (Regional Studies Association 1983, 8–9; Martin 1988, 42; Balchin 1989, 67; Larsson 1989, 32–33). In parallel, expenditure on the urban program was dramatically increased, from £30 million to £165 million a year, and a total of 7 partnership authorities, 15 program areas, and 14 "other" districts were designated for more funds, plus 5 "other" areas in Wales. Each had the power to provide 90 percent loans for land acquisition and site preparation, to make loans or award grants to cooperative or common ownership enterprises, and to declare industrial improvement areas, within which grants could be awarded for improvement or conversion of old industrial or commercial property. In Scotland, the arrangements were different, with the Scottish Development Agency financing the Glasgow Eastern Area Renewal (GEAR) project.

In England, out of 41 designated urban areas, only eight were in the south, all in London. It was evident that regional policy was being increasingly transmitted to the north via inner-city rather than traditional regional support, and through Department of the Environment (DOE) rather than Department for Trade and Industry (DTI) spending (Balchin 1989, 85–87). But a difficult issue remained: the continuing divided responsibility between the DTI, which retained responsibility for the industrial aspects of regional and urban policy, including industrial development certificates (IDCs) and grants, and the DOE, which was in charge of infrastructure and planning machinery, plus housing, transport, and local government, and which had secured a hold on the new program expenditure. The two departments seemed to be competing rather than complementing one another (Randall 1973, 50; Regional Studies Association 1983, 11).

Beginning in 1979, the Thatcher governments continued this trend, effectively ending regional policy and substituting urban regeneration. Regional aid was further cut from £842 million in 1979 to £540 million in 1983, at 1980 prices, with further cuts from then to 1987. Thus, the expenditure on regional policy plummeted from

0.05 percent to 0.0125 percent of the gross domestic product (GDP) between 1970 and 1984 (Balchin 1989, 74). In parallel, Thatcher continued the previous policy of diverting funds from regional to urban aid, recognizing that economic decline was concentrated in the inner cities—and also, doubtless, that in any event regional aid was by then flowing from Brussels. The general policy thrust therefore remained the same. But Thatcher radically changed the means to achieve it through two institutional innovations: urban development corporations and then enterprise zones.

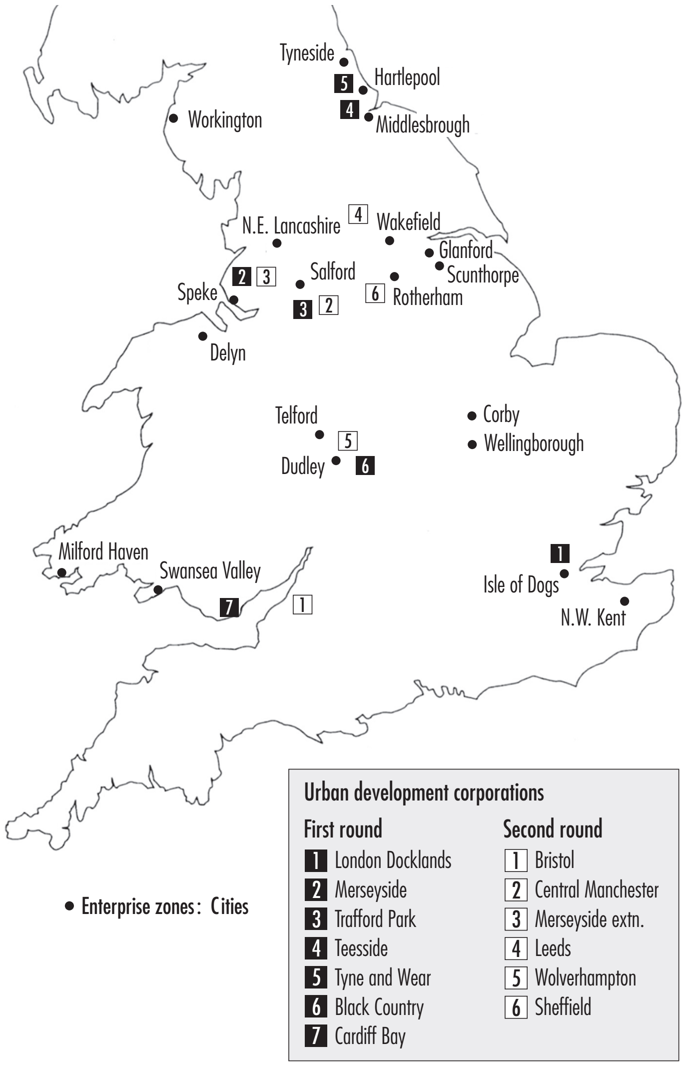
URBAN DEVELOPMENT CORPORATIONS

The first urban development corporations (UDCs) were created in 1981 in the London and Merseyside Docklands. Others were then established in 1987 in Trafford Park, Sandwell, Teesside, Tyneside, and Cardiff Bay, and then in 1988 in Bristol, Leeds, and Central Manchester (see figure 11.2). This innovation, curiously, was borrowed from the device used by Clement Attlee's Labour government of 1945–1950 to build the British New Towns: a public development corporation financed by the Treasury and able to exercise powers of land development (including compulsory purchase) in its own right. The UDCs assembled sites, reclaimed and serviced derelict land, and provided land for development. They could also provide the necessary infrastructure for development, especially roads, and could improve the local environment.

In effect, the UDCs represented a change not in policy but in agency. Between 1977 and 1979, Labour had turned the direction of policy around, away from decentralization into new towns toward urban regeneration. But these were merely good intentions. The government incessantly preached partnership: between central and local governments, between the public and private sectors. But virtually nothing happened. As Michael Heseltine, secretary of state for the environment under Thatcher, said in a speech describing the day he flew over London Docklands in the early 1970s: "There were all kinds of committees, reports, discussions, but beneath me stretched this appalling proof that no one was doing anything effective. . . . Everyone was involved. No one was in charge" (Heseltine 1987, 133). He then rapidly ended all the bureaucratic fumbling, and said he was not at all worried about the charge that he was riding roughshod over local democracy: "We took their powers away from them because they were making such a mess of it. They are the people who have got it all wrong. They had advisory committees, planning committees, inter-relating committees and even discussion committees—but nothing happened. . . . UDCs do things. More to the point they can be seen to do things and they are free from the inevitable delays of the democratic process" (Thornley 1991, 181; Heseltine 1982, 11–14). Certainly, the London Docklands Development Corporation (LDDC) "did things." As Sir Christopher Wren's tomb in London's St. Paul's Cathedral says, *Si monumentum requiris, circumspice* (If you seek a monument, look around you). And while the first UDCs, especially the LDDC, found themselves in a bitter confrontation with the London local authorities, who resisted the loss of their plan-making and development control powers, later UDCs—in Central Manchester, for example—worked more closely with local authorities in the pursuit of common ends. According to Gwyn Williams (2003), Manchester's remarkable urban renaissance was kick-started in the late 1980s and early 1990s by the Central Manchester UDC.

The idea behind UDCs was to use public money as a way of *leveraging* (an American term) private investment. But the effect proved variable and highly de-

Figure 11.2
The Urban Development Corporations



Source: Hall (2002).

pendent on location. The LDDC, with derelict land only a few miles from the Bank of England, has enjoyed huge success, using £385 million of public money to leverage some £3 billion in investment commitments. By 1990 it had largely completed the redevelopment of two key areas, the Isle of Dogs (including one of the more successful enterprise zones) and the Surrey Docks on the opposite side of the Thames. Its most conspicuous showpiece was the enormous Canary Wharf development for some 46,000 office workers, which included London's highest office tower. The development was located in the center of the Isle of Dogs enterprise zone, developed by the Canadian developers Olympia and York. Canary Wharf is interesting for the way in which private and public money were combined to build the necessary transport infrastructure: an extension of the Docklands Light Railway and a much more ambitious extension of the Jubilee tube line. In the great property recession of 1992, Olympia and York collapsed financially, and Canary Wharf was taken into administration by a consortium of banks. But it emerged successfully, to be completed and massively extended a decade later. Indeed, with its almost 100,000 workers, it now seriously challenges the traditional City of London as a center for London's financial services. By contrast, by 1987 the Merseyside UDC had spent £140 million of public money to attract only £20 million in private investment.

The second wave of UDCs, in 1987–1988, was located in English provincial cities—in the Black Country, Teesside, Tyne and Wear, Bristol, Leeds, Manchester, and Sheffield. A major exercise was undertaken as well in Cardiff Bay. All were time-limited, and so by the end of the 1990s they had effectively been wound up. Like the enterprise zones (EZs) described in the next section, the UDCs concerned themselves largely with areas of derelict industrial or transport land, generally close to city centers.

Because of their location and because the UDCs had generous grants to start the redevelopment process, they did achieve very substantial regeneration in a short time, as any visit to a British city will testify. But in some cities, local authorities achieved spectacular regeneration results without UDC aid—notably in Salford Quays, where the city itself developed the old Ship Canal docks in competition with a UDC in the neighboring borough of Trafford on the other side of the water. The city crowned its efforts with the opening in 2000–2001 of two great cultural artifacts: the Lowry and the Imperial War Museum North. And in the late 1990s, as such city center fringe sites became immensely attractive, city after city successfully emulated the Salford example.

ENTERPRISE ZONES

In her first budget after taking office in 1979, Prime Minister Margaret Thatcher introduced the principle of EZs—that is, areas that enjoyed a much simplified planning procedure; an exemption from all rates (property taxes) on commercial and industrial buildings for 10 years from declaration; a 100 percent first-year depreciation allowance on commercial and industrial buildings; far fewer government requests for statistical information; and exemption from the requirement to obtain an industrial development certificate (IDC), a bureaucratic survivor from the 1940s, which, however, became irrelevant beginning in 1982 when IDCs were abolished. During 1980–1981, 11 EZs were designated: Clydebank, Belfast, Swansea, Corby, Dudley, Speke, Salford/Trafford, Wakefield, Hartlepool, Tyneside, and the Isle of Dogs (see the location of selected EZs in figure 11.2). They ranged in character from inner cities (Isle of Dogs, Belfast, Salford), to peripheral conurbation areas (Speke, Clydebank) and areas of industrial dereliction (Dudley, Salford, Swansea), to planned industrial areas with services in place (Team Valley in Gateshead, Tyneside). Most were blighted urban areas with substantial areas of derelict or abandoned land. Another 13 zones were designated in 1983–1984: Allerdale, Glanford, Middlesbrough, North East Lancashire, North West

Kent, Rotherham, Scunthorpe, Telford, Wellingborough, Delyn, Milford Haven, Invergordon, and Tayside. They were more varied in character.

All the UDCs were attacked for being ineffective. To counter this charge (and doubtless to satisfy the Treasury, which was concerned about loss of tax revenues), the government introduced elaborate provisions to monitor the success of the zones, culminating in a major independent consultant's review in 1987. It found that from 1981/1982 to 1985/1986 the zones had cost the public some £297 million net of infrastructure costs, which probably would have been incurred anyway. Of these, 51 percent represented capital allowances, 28 percent rate relief, and 21 percent infrastructure and land acquisition. The result by 1986 was the location of just over 2,800 firms in all the zones, about 70 percent of which were in the 10 original first-round zones (excluding Belfast). Most were small and were local transfers; only a quarter were new start-ups.

The firms employed some 63,300 people, but only about half of these jobs could be ascribed directly to the existence of the zone. Taking into account all of the direct and indirect effects, the consultants hired to conduct a study for the government in 1987 concluded that total net job creation in the zone and the surrounding area totaled only 13,000 (G. B. Department of the Environment 1987). The cost to the public purse of each additional job created in the EZs themselves was some £8,500; in the local area it was between £23,000 (including construction but excluding multiplier effects) and £30,000 (excluding construction but including multiplier effects). (Against this cost should be counted the cost of unemployment and other benefits to those who found employment, but it was not factored in.)

Firms judged exemption from rates as by far the most important incentive; capital allowances and the relaxed planning regime were also cited. Overall, then, the enterprise zone experiment produced relatively small numbers of really new jobs and at appreciable—but perhaps acceptable—costs. It may have been for this reason that the third Thatcher government did not extend the experiment; after 1987 it placed far greater weight on the urban development corporation as a mechanism for the rapid assembly, development, and disposal of urban land and on the simplified planning regime as a general tool of development throughout the country. Nevertheless, Thatcher pressed on with a related reform. In 1984 six freeports—enclosed zones, outside the U.K. customs area—were designated at various airport and dockland sites in the U.K. Customs duties would be paid only when goods left the freeport for the U.K. or European Community.

The Thatcher government adopted other policies as well. For example, the urban development grant and the urban regeneration grant were latterly combined after 1988 in the city grant. In addition, inner-city local authorities continued to enjoy a program that represents rare political continuity: the Urban Programme, set up by the Labour Party in 1978 and continued under the Conservatives, was by the late 1980s being mainly used for projects seeking to strengthen the local economy. By that time, the program was supporting some 90,000 such jobs or training places. Although Urban Programme spending rose dramatically—from £165 million in 1979–1980 to £302 million in 1987–1988—there were corresponding cuts in grants to local authorities. The main emphasis was on programs that bypassed local authorities altogether (Balchin 1989, 92).

Meanwhile, a major shift in housing policies was under way. The Thatcher government shrank the new construction program for local authority public housing to virtually nothing, so that it could release sites to private developers. For that reason, during the 1980s successive Thatcher governments carefully monitored the release of publicly—especially, local authority–owned—land. Helped massively by the existence of the London Docklands Development Corporation, the government was able to achieve its target of ensuring that up to one-third of all new housing starts in the South East were within the boundaries of London itself. This achievement presumably had the desired political effect of creating huge enclaves of owner-occupied housing within what had been safe Labour boroughs. But because the program used land that was otherwise being wasted, it was difficult to dispute, particularly because the right to buy had already begun to shrink the public housing sector even, to a small degree, under the previous Labour government. It did have the effect of reversing London's long-term population loss. At the same time, a series of megadevelopments arising through new forms of cooperation between public authorities and private developers—especially in London Docklands and around certain key terminal railway stations—resulted in a net increase in jobs in London. But this effect would not continue long; the land supply needed was finite. Beyond some point, as long as household formation continued, it seemed certain that the outward decentralization pressures would continue to assert themselves.

Heseltine's Return: Docklands to Thames Gateway, 1991–1995

Early in 1991, after he was ousted in the contest to succeed Margaret Thatcher as prime minister, Michael Heseltine returned to his old job in the Department of the Environment, famously greeting the officials who had worked with him earlier with "It would be ridiculous to say that this was the summit of my ambition." But in true Heseltinian fashion, he irrepressibly bounced back. On a March morning, he announced his East Thames Corridor initiative: a typically bold strategy to complete the job his London Docklands Development Corporation had started. The new initiative extended the LDDC into a 30-mile (50-kilometer) corridor downstream of London, thereby reversing the direction of London's historic growth.

That autumn, after a huge political battle, the government announced a crucial decision that would serve as key to the entire strategy: the upcoming Channel Tunnel Rail Link (CTRL) would be rerouted through the corridor. Four years later, in 1995, a clear, bold, and imaginative regional planning strategy was announced for what by then had been renamed Thames Gateway (G. B. Thames Gateway Task Force 1995). This plan showed two strong concentrations of economic activity, based on stations on the planned Channel Tunnel Rail Link. One strong concentration was in the area marked by the proposed Stratford station, Canary Wharf, North Greenwich, and the Royal Docks, and another was around the CTRL Ebbsfleet station. There was a third concentration in the redeveloped Medway dockyards at Chatham (Chatham Maritime), with mainly housing-based developments elsewhere. Eleven years later, this strategy remains the definitive one, although an update is promised.

Thames Gateway was (and is) a corridor more than 30 miles long, stretching through East London and the neighboring parts of Essex and Kent, following the line of the planned high-speed rail link from London to the Channel Tunnel and with major urban regeneration sites around the stations and in intermediate locations. Since announcement of the 1995 strategy, Thames Gateway has been slow to come to reality because of a variety of factors, not least a delay in starting construction of the new rail link. Only after late 2007, when the link is planned to open fully, can its success be judged.

One other reason for this tardiness was that, unlike Docklands, no specific agency had been charged with the task of regeneration and primed with government money to achieve it. In part, this problem stemmed from the fact that the responsible minister at the time, again Michael Heseltine, had based his plans on the creation of a super-development corporation spanning all of England and modeled on the successful Scottish Development Agency.

Finally, the problems with Thames Gateway are linked to English Partnerships (EP), a group that was suggested by Michael Heseltine to perform the function of an England-wide Urban Development Corporation (Heseltine 1987, 171–173). Born in 1994, EP then had a somewhat mixed career, in part because of its later association with the controversial Millennium Dome at Greenwich. In 1997, much of its work was effectively subsumed in that of the regional development agencies (RDAs), established as a new means of regional regeneration with major funding by the Labour government of Prime Minister Tony Blair soon after the 1997 election swept it to power. Much stronger variants on an older Labour idea of the 1960s, the regional economic councils and boards (which Thatcher had promptly abolished in 1979), the RDAs had substantial funds and were part of a deliberate strategy of regional devolution, which also included a substantial element of autonomy for Scotland and a more limited degree for Wales. Unfortunately, by a glitch of administrative geography that predated the 1997 election, Thames Gateway was split among three different regions and thus three RDAs, as well as three different strategic regional planning bodies. Furthermore, under these agencies there is a bewildering variety of other agencies with overlapping responsibilities. Attempts have been made to provide higher-level coordination, most recently through the announcement of a chief executive officer (czar) for the entire Gateway, but it is not clear how effective this change might be.

The Quest for Urban Renaissance: 1995–2003

Almost certainly by coincidence rather than design, in 1983—the year in which the LDDC finally began to be effective—London's population recorded an increase after more than 40 years of decline. The great reversal continued throughout the 1980s and 1990s, and London was also joined by other cities that were experiencing population growth after a half-century of decline. But London's recovery was much more marked than that of the provincial cities, which gained population much more slowly and continued to lose jobs as London recorded a modest gain (see table 11.1).

Underlying these overall figures were significant migration movements—continuing out of the cities into the surrounding shire counties, but balanced in London by strong in-migration from abroad and by the natural growth of a young population, which was less evident in the provincial cities. However, maps

Table 11.1
British Cities: Population and Employment Change (%)

Population change, 1951–1999

	1951–1971	1971–1991	1991–1999
London	–9.5	–14.2	+13.9
Birmingham	–1.3	–14.6	+8.0
Liverpool	–22.7	–26.2	+1.8
Manchester	–22.6	–26.5	+7.8

Employment change, 1981–1996

	1981–1991	1991–1996
London	–8.6	+2.9
Birmingham	–8.5	–3.4
Liverpool	–23.2	–12.3
Manchester	–11.4	–9.4

Source: Censuses and population estimates.

produced by the government's Social Exclusion Unit showed that everywhere, including London, cities were still marked by strong geographical concentrations of multiple deprivation, invariably in those sections that had suffered the most serious employment losses through deindustrialization in the 1970s and 1980s. Although the city centers were thriving through new jobs in the producer and consumer services sectors and new apartment construction was in evidence everywhere, only a short distance away were scenes of physical devastation, including, in some instances, housing abandoned and boarded up as the former occupants fled from a mounting spiral of problems—vandalism, crime, drugs, arson—that seemed to be plaguing some areas of some cities.

During the mid-1990s, the favored tool of urban regeneration was the single regeneration budget (SRB). Developed out of an earlier experiment, City Challenge, the SRB represented the strong belief of Conservative ministers in the virtues of competition. Cities and towns were encouraged to submit competitive bids each year for imaginative schemes, which were funded from a single source covering all aspects of regeneration. The scheme generated a great deal of enthusiasm and hard work, but also a great deal of disappointment. Critics argued that the distribution of funds reflected grantsmanship more than the intensity of problems in an area.

Responding to this charge, the second Blair government of 2001 dropped the scheme and transferred the funds to the regional development agencies for distribution as they determined. By this time, however, the stress was even more on "joined-up thinking": under the New Deal for Communities program, different agencies within an area—whether part of the local authority or not—were encouraged to collaborate to produce coordinated answers to problems of deprivation—whether these were in the area of planning or of education or of social services provision.

These broad-based programs did, however, have another thrust. From 1996 onward, the Major and then the Blair governments were compelled to respond to new household projections that proved politically contentious. The projections showed that, against the background of a modestly increasing population, some four million new households were likely to emerge in England over the following quarter-century, four-fifths of them consisting of a single person living alone. The single-person households were the product of complex sociodemographic changes: more young people leaving home for higher education, more divorces and separations, more widows and widowers surviving their partners for longer, and, most intriguing, many more people apparently choosing to live alone.

The projections, which meant a sharp upturn in the forecast needs for new housing, proved most contentious in the south of England, where they met fierce NIMBY (not in my backyard) opposition, locally from electorates and nationally from the Council for the Protection of Rural England (CPRE). The government's reaction was to defuse the opposition by appointing a high-level Urban Task Force, under the chairmanship of the architect Richard Rogers, to look at the entire complex of problems. In its report published in 1999, the task force neatly linked them: urban abandonment and greenfield development, it concluded, were two aspects of the same syndrome. It argued that both could be countered by a campaign to forge an urban renaissance, which would again make British cities attractive places to live. Abandoned urban areas would be reclaimed, thereby reducing the pressures on the surrounding countryside. The task force produced design prescriptions for the kind of development it wanted to see in the cities, and it offered no less than 105 policy recommendations to help achieve this renaissance.

The government's response, 18 months later, took the form of an Urban White Paper. It accepted some but by no means all of the recommendations, some of which would have proved costly to the Treasury. Nevertheless, the fact remained that the problem was rather different in kind in the south and in the north of England. In the south, London was booming, and the problem was to find enough brownfield land on which to build. Around it, the problem was that too much development was taking place at excessively low densities and in places that made it completely car-dependent. In the north, the problem was that too few people—apart from a minority of loft-living pioneers around the centers—wanted to live in the cities; they were fleeing to the surrounding areas, and there local authorities often proved only too willing to plan the housing to accommodate them. True, the two cases did have some features in common: everywhere it proved difficult and expensive to reclaim brownfield land, because it was often contaminated and had other physical problems. Indeed, many of the task force recommendations were directed at removing or reducing that anomaly. And everywhere rural planning authorities were inclined to welcome low-density development, because it would prove more acceptable to existing residents. But there the similarity ended: the figures in table 11.1 demonstrate just how different the situations were in London and the great provincial cities.

THE GREAT BROWNFIELD-GREENFIELD DEBATES

Meanwhile, a separate but related debate had opened up over the geography of development. In 1999 the just-described Urban Task Force unanimously recommended that the government seek to raise the target for new residential development on

Table 11.2
Housing Completions: Brownfield (BF) and Greenfield (GF), 1999 and 2004

Region	1999			2004			1999–2004		
	Total	BF	GF	Total	BF	GF	Total % Change	BF % Change	GF % Change
NE (%)	100	40	60	100	60	40	–8.3	+37.9	–39.5
(thousands)	7.2	2.9	4.3	6.6	4.0	2.6			
NW (%)	100	60	40	100	77	23	0.0	+27.5	–43.1
(thousands)	18.1	10.9	7.2	18.1	13.9	4.1			
YH (%)	100	50	50	100	72	28	+5.9	+52.9	–41.2
(thousands)	13.6	6.8	6.8	14.4	10.4	4.0			
EM (%)	100	37	63	100	52	48	–6.8	+31.7	–28.4
(thousands)	16.2	6.0	10.2	15.1	7.9	7.3			
WM (%)	100	54	46	100	71	29	–9.3	+18.3	–42.0
(thousands)	15.1	8.2	6.9	13.7	9.7	4.0			
EE (%)	100	58	42	100	60	40	+5.4	+8.4	+1.3
(thousands)	18.4	10.7	7.7	19.4	11.6	7.8			
London (%)	100	89	11	100	94	6	+92.8	+104.5	0.0
(thousands)	12.5	11.1	1.4	24.1	22.7	1.4			
SE (%)	100	62	38	100	71	29	+10.0	+25.9	–16.1
(thousands)	23.0	14.3	8.7	25.3	18.0	7.3			
SW (%)	100	39	61	100	57	43	+1.9	+50.0	–28.6
(thousands)	16.0	6.2	9.8	16.3	9.3	7.0			
England (%)	100	56	44	100	68	32	+9.2	+32.7	–20.6
(thousands)	140.0	78.4	61.6	152.9	104.0	48.9			

NE = North East; NW = North West; YH = Yorkshire and the Humber; EM = East Midlands; WM = West Midlands; EE = East of England; SE = South East; SW = South West.

Source: Annual returns, Office of the Deputy Prime Minister.

brownfield land,[1] then standing at 56 percent, to 60 percent, and that the government seek to raise minimum densities to about 30 persons per hectare.

Table 11.2, based on annual returns from the Office of the Deputy Prime Minister (ODPM),[2] compares the figures for 1999, the year of the Urban Task Force report, with those for 2004, the last year for which annual totals are available. The table shows some rather startling shifts—some, doubtless, expected and desirable and some almost certainly neither. Nationally, within England, the percentage of new homes on brownfield land has risen in only five years from 56 percent

1. In the U.K., *brownfield* is defined as any previously developed land.

2. ODPM is the government department responsible for housing and planning. Formerly the Department of the Environment, it received this name when John Prescott, deputy prime minister, took charge after 1997. When he left the office in 2006 it was renamed the Department for Communities and Local Government (DCLG).

to 68 percent—well above the national target of 60 percent. And in some regions the shift was even more striking: in the South West from 39 percent to 57 percent; in Yorkshire-Humberside from 50 percent to 72 percent; in the North West from 60 percent to 77 percent; in the North East from 40 percent to 60 percent.

These last figures are interesting, because they show that a principal argument of the task force report—that huge vacant areas in the northern cities could and should be developed before incursion into greenfield land—has been taken to heart. But the absolute numbers begin to raise doubts. Nationally, total housing completions rose by just over 9 percent—a modest increase, but a start. However, this figure resulted from a 33 percent increase in brownfield completions nationally, coupled with a 20 percent decrease in greenfield completions. And in all five regions in the Midlands and the north, there was an actual decline in total completions (or zero in the North West), which resulted from impressive increases on brownfield land coupled with huge contractions on greenfield land: over 40 percent in the North West, Yorkshire and Humber, and the West Midlands; nearly 40 percent in the North East; and nearly 30 percent in the East Midlands. It is true, as is evident from reports every day, that demand is weaker in these regions, but declines of this order are astonishing. They suggest that large parts of the homebuilding industry have decided that if they are not allowed to develop traditional greenfield land, they will stop building (Hall 2005, 288–289).

In the south, too, there have been declines in greenfield completions, which may suggest that the same thing is happening, albeit on a more muted scale. The sole exception is the east of England, which recorded a marginal greenfield increase, plus London, which recorded no change, admittedly on a negligible base. But London also provides one of the biggest surprises: in only five years it has experienced a 93 percent increase in total completions and an amazing 105 percent increase in brownfield completions. In fact, by 2004 London accounted for one in six of all completions in England, and nearly one in four of all brownfield completions. It has played no small role by itself in the sharp national rise in brownfield completions, and it is a trend driven by unusual sociodemographic trends—unusual not only in Britain, but also on a European scale. (A few other European cities, such as Paris and Amsterdam, are beginning to exhibit the same pattern of renaissance, driven largely by international immigration and the resulting high rates of natural increase.)

Elsewhere, unhappily, the signs of urban renaissance are few and far between. The populations of the provincial core cities, with rare exceptions, fell between 1991 and 2001, though there have been signs of recovery since. Very significant here is the research of John Allinson, who finds that in these cities virtually all wards lost population because of net migration in the 1990s (Allinson 2005). The sole exceptions were wards that were becoming "studentified" because they were close to universities. In other words, Britain is dealing with a special situation, albeit an important one in terms of numbers.

This situation puts into sharp focus another important set of ODPM numbers: the makeup of the new housing completions in terms of houses versus flats (apartments). In only five years from 1998/1999 to 2003/2004, the proportion of flats more than doubled nationally (in England), from 16 percent to 34 percent. The shifts in individual regions were sometimes even sharper: from 7 percent to 29 percent in

Yorkshire and the Humber, from 13 percent to 29 percent in the West Midlands, from 17 percent to 38 percent in the South East, and from 10 percent to 26 percent in the South West. Not only are the new homes being crowded onto brownfield land, but increasingly and predictably these homes are flats rather than houses (Hall 2005, 289–290). This finding, almost without doubt, stems from the rising cost of building land, which in turn is a result of the restrictions on its availability.

The justification for this shift is always said to be the remarkable growth in small households—above all, one-person households, which nationally will make up no less than 71 percent of the new households over the 25-year span to 2021. By then, average household size is predicted to be only 2.15 people, with a huge growth in people living on their own. But this equation is a false one. One-person households actually need more space per person, because they all need a kitchen, a bathroom, and storage space to put all the things they can increasingly afford. And, apart from the fact that surveys show many one-person households express a preference for a house (and a substantial minority would not even consider a flat), the new housing market does not cater solely or even mainly to newly forming households; it has to meet the needs and demands of the population as a whole. And for the entire population (as distinct from newly forming households) the picture is very different: in 2001, the base year, only 30 percent of all households consisted of one person, a proportion that varied little from region to region, even London (Hall 2005, 290).

Overall, then, it appears that the shift in policy has given local authorities carte blanche, and they have been only too happy to put the brakes on greenfield development, whether or not brownfield development can take up the slack. What *should* have been observed was a static or slowly rising trend in greenfield development and a sharp increase in brownfield development. But that has not happened, and any attempt to further increase the brownfield quotient would be nothing less than a disaster in terms of housing ordinary people, and so should be resisted at all cost.

An official report commissioned by the Treasury from Bank of England economist Kate Barker shows the extent of the shortfall in housing (Barker 2004). Demand for housing in the U.K. is increasing, driven by demography and rising incomes, but Barker finds that after 1980 local authority home building fell from 150,000 a year to nothing. Private home builders expanded their output somewhat in the later 1980s, partially filling the gap, but failed to increase their output anymore. Over the 1990s, housing prices moved from a decline to growth of about 10 percent a year, and yet home building remained flat. Over 10 years, to 2002, 12.5 percent fewer homes were built than in the previous 10 years, and by 2001 construction was at its lowest peacetime level since 1924. Over the last 30 years, housing prices have grown by an average of 2.4 percent a year, more than double the European average, and the increase is accelerating.

This situation is bad for everyone, but especially for the most vulnerable—the young, the poor—who get shut out. In 2002 only 37 percent of new households could afford to buy, against 46 percent in the late 1980s. And the situation is direst for the poorest households; construction of social housing has halved, even though expenditure has doubled. Moreover, demographic projections suggest that conditions could get worse. To bring the price trend down to the European average, Barker estimates that the U.K. would have to build 120,000 more private sector homes every year.

A right-of-center think tank, Policy Exchange, has produced an interesting comparison on this topic. *Unaffordable Housing: Fables and Myths* by Alan W. Evans and Oliver Marc Hartwich of the University of Reading shows that Britain has the unenviable distinction of having the oldest housing stock in Europe, but providing the pokiest accommodation (Evans and Hartwich 2005). The average home in Britain has just 85 square meters (915 square feet) of dwelling space, as opposed to 88.3 in Ireland, 86.7 in Germany, 90.3 in Italy, and a staggering 108.9 in Denmark. Apart from Ireland, these are all countries in which traditionally people were supposed to live in high-density apartments. These numbers thus suggest, as Evans brilliantly put it in the title of another pamphlet 20 years ago, that Britain has been building rabbit hutches on postage stamps. By 2006 the government had declared that an increase in home building was a major priority.

The Sustainable Communities Strategy: 2003–present

Even by February 2003, in fact, the government had already taken a major initiative: to promote massive urban development in three major development corridors concentrated along strategic road and rail transport corridors leading out from London to the northwest, north, and east, as far as 70 miles (130 kilometers) from the capital (G.B. Office of the Deputy Prime Minister 2003a). One of these was the existing Thames Gateway with the addition of a discrete expansion of the town of Ashford, 100 kilometers from London and the third intermediate station on the Channel Tunnel Rail Link, close to the tunnel portal. The others would be new development corridors, leading out from London deep into South East England and elsewhere: north to Milton Keynes and Northamptonshire, and northeast to Cambridge. The total scale of the planned development, over a period of nearly 30 years, is daunting: hundreds of thousands of new homes to be built, with a parallel provision for new jobs to ensure that these areas do not simply become unsustainable long-distance commuter dormitories.

Any planner would have to applaud this goal; it marked an amazing return to big, bold strategic planning after years in which the government seemed unwilling to make a commitment to anything. But the question again is how is it going to be delivered? To its credit, the ODPM produced another report, in July 2003, specifying how—and it did so in some degree of detail, going down to individual sites (G. B. Office of the Deputy Prime Minister 2003b). The report says that the three corridors have the potential to deliver 200,000 more homes by 2016 than were envisaged in current plans. Some places already have planning permission. In others, it will have to be sought, and objections are likely to be raised in many places, leading to the prospect of long delays.

The central paradox is that despite the intentions of the plans—the mayor's London Plan of 2002 and the government's Sustainable Communities Plan of 2003 both make Thames Gateway a central priority—the outcome in terms of physical development is very little. The ill-fated Richard Rogers Millennium Dome at Greenwich, rebranded O2, is being developed by an American company, Anschutz, as a major new leisure center for London. The Millennium Village on the nearby

Greenwich Peninsula, designed by the Scots-Swedish architect Ralph Erskine, is more than half-complete; and a master plan for the intervening space has received planning approval from the local Greenwich council and should become reality in the next decade. All this development is serviced by the Jubilee Line extension and associated North Greenwich transport exchange, but it was built to serve Docklands, specifically Canary Wharf, and so can logically be regarded as concluding that previous Heseltine project. Its role in serving the wider Thames Gateway is a fortunate accident. Elsewhere, there are elaborate plans for regeneration at Stratford in East London and at Ebbsfleet in Kent, around the two intermediate stations on the Channel Tunnel Rail Link. Big private developers—Lend Lease at Greenwich, a consortium at Stratford, Land Securities at Ebbsfleet—are backing these developments. The Channel Tunnel Rail Link, the essential basis for the Stratford and Ebbsfleet developments, is on time and on budget for completion in late 2007. And the decision to award the 2012 Olympics to London has massively boosted the commercial prospects of the Stratford site, although there are presently serious differences within the consortium that may result in reversion of the lease to the railway company that owns it.

But elsewhere in the Gateway little actual development is taking place. Barking Riverside is the largest, single planned housing development in Thames Gateway London; it is slated to have 15,000 homes. But there is no progress because development depends on an extension of the Docklands Light Railway for which funds are so far lacking.

Farther out, toward the eastern edge of Greater London, a huge area of land on the Rainham Marshes has been set aside as a nature reserve. Farther out still, development in the adjacent county of Essex side has hardly begun, except for a 1980s shopping center and new housing estate, which have nothing to do at all with the Thames Gateway initiative. More signs of life are evident on the Kent side: a big logistics park next to the M25 Dartford Crossing, new award-winning housing in the old Thames-side village of Greenhithe, and the huge Bluewater shopping mall. But some of these initiatives would have been undertaken anyway and were being planned even before the Gateway initiative was announced.

Thames Gateway is vital to achieving the mayor's housing targets, in which three-quarters of total development is supposed to happen in central and east London. But the Joseph Rowntree Foundation revealed in 2002 that London was achieving less than one-third of its annual housing targets overall, and that conclusion was later reinforced by the prestigious report to the Treasury from the Bank of England economist Kate Barker (Joseph Rowntree Foundation 2002; Barker 2004).

To try to obviate these problems, the government has focused first on the critical question of delivery. It has firmly accepted that for Thames Gateway it will be necessary to revive Michael Heseltine's prescription of the urban development corporation. It has created two new UDCs, one for Thurrock and one for the London part of the Gateway. Northampton, too, has established a UDC for the city of Northampton and the surrounding area, whereas Milton Keynes has designated an urban regeneration area—a curious piece of terminology that is no doubt a sign of the times, because what is mainly at issue here is a major expansion of the town.

These developments provide powerful confirmation that in 1980 Heseltine was right: voluntary collaboration is much less effective than an executive body with clearly defined powers and resources. Thames Gateway London, which has a positive multiplicity of overlapping authorities and organizations, is a classic instance. It is symptomatic that it has taken so long to bring a UDC into being there. A strong and well-resourced local delivery vehicle (LDV), as was achieved in London Docklands, is the key to effective action.

NEW LOCAL DELIVERY VEHICLES

Such local delivery vehicles have a long history that goes back to the New Town Development Corporations of the late 1940s. But their number and variety of forms have increased dramatically since 2000. In addition to the community-based local organizations such as development trusts, the New Deal for Communities, and local strategic partnerships (LSPs), by early 2006 there had been a rapid proliferation of new forms of nonstatutory, area-based partnerships, over 40 in number. They included local partnerships in the Sustainable Communities Growth Areas in the south; local delivery vehicles set up specifically to promote housing market renewal in the partnership areas of low housing demand in the north and Midlands; different types of public-private partnerships; and urban regeneration companies across the country (Hackett 2006, 2–5).

In a major review of LDVs, Paul Hackett (2006), former ODPM adviser, comments:

> There are currently over 40 new LDVs, including a variety of mostly local-authority-led regeneration vehicles. All have strong representation from the public and private sectors, and to varying degrees also from the voluntary sector. Unlike the development corporations of the past, most of the new LDVs (such as the URCs) have no legal powers (over planning, for example). They are mostly business-led, have relatively few staff and are reliant on core funding (and political support) from local authorities and public agencies, such as the RDAs and EP. Other than the UDCs and Housing Market Renewal Pathfinders (HMRPs), few of the new LDVs have direct responsibility for project funding. Most focus on strategic planning, raising investment and creating effective coalitions for delivery. (2–3)

Also according to Hackett, "Different types of LDVs have emerged in different regions, with the majority of the URCs based in the North and Midlands and most of the local-authority-sponsored LDVs in the wider South East. However, the new LDVs have much in common. Most are arm's-length (private legal) bodies with a specific remit, often covering more than one local authority area. Their size, capacity and functions vary, although they operate similar mandates and are generally viewed by the Treasury as quasi-public sector bodies" (Hackett 2006, 3).

The European Association of Development Agencies (EURADA) claims that the specific mandates of the LDVs include:

- *economic*: seeking to overcome policy and investment failures by building markets within their territories and acting within them, using risk- and cost-sharing entrepreneurial approaches, especially to create investor confidence and lever in private finance;
- *land value capture*: using powers (often shared with the local authority or national and regional partners) to assemble land and capture development values;

- *leadership*: fostering a long-term plan and vision for the territory, galvanizing local stakeholders, and setting out a new future around which resource mobilization can coalesce;
- *governance and coordination*: helping to facilitate practical coordination in the pursuit of the development strategy, overcoming the limitations of fragmented multiple jurisdictions and responsibilities in the public sector, and providing a means for practical engagement with the private and civic sectors; and
- *implementation*: assembling dedicated and capable teams to focus solely on pursuing the development strategy, using complex project management and finance skills, business/investor financing services, and the ability to design and use new tools quickly (Hackett 2006, 3; EURADA 1996, 1999).

In the growth areas of southern England (Ashford, London-Stansted-Cambridge-Peterborough, Milton Keynes, and South Midlands, Thames Gateway), most new LDVs are closely aligned with local government and are primarily concerned with delivering long-term funding for infrastructure and growth. Some authorities see them as alternatives to the more prescriptive UDCs sponsored by the central government. They generally take the form of limited-liability partnerships, with boards that include representatives from elected council members, the business community, the voluntary sector, English Partnerships, the RDA(s), the Regional Government Office, and possibly other organizations and public agencies, such as the Environment Agency, the local Primary Care Trust, and the Housing Corporation. And LDVs often bring together the local councils as members of a LDV joint planning committee. Most are fairly small organizations with limited budgets (partly funded by the central government) and no formal powers (Hackett 2006, 3–4).

In the low-demand housing areas of northern England, nine Housing Market Renewal Pathfinders (HMRPs) have been established under the Sustainable Communities Plan. They are partnerships of local authorities and other key regional and local stakeholders, including the RDA; local strategic partnerships; police, education, and health interests; the Housing Corporation; housing associations; EP; and representatives of the private sector. The local authority is usually the accountable body, although one HMRP (Elevate East Lancashire) has formed itself into a company limited by guarantee. Even though the government sets output targets and administers core funding (some £500 million over the three years to 2007–2008), the Pathfinders are relatively free to design and implement distinctive local solutions (Hackett 2006, 4).

In both the south and the north, urban regeneration companies (URCs), first advocated by the Urban Task Force in 1999 and implemented by the government soon after, are partnership bodies led by local authorities, RDAs, English Partnerships (in most but not all cases), and the private sector. Their aim is primarily to further urban regeneration through master planning, site assembly, and investment facilitation. Some URCs operate across several local authority areas, and most work with a range of private and public sector partners. According to EP, about £900 million in public sector funding—matched equally by the private sector—has been invested across all the URCs.

Most URCs are established as limited companies (with private sector representatives making up at least half the boards), so they can develop a wider role in investment facilitation, asset management, and financial intermediation. As such, they are outside of certain public finance rules (that is, their borrowing is not public borrowing). However, to date URCs have not been afforded major asset management or investment management roles. In general, most of their activity has been associated with publicly funded projects, with the risk borne largely by the public sector. They have focused on the core tasks of setting out a vision for regeneration of their areas, coordinating the actions of key public sector partners, building a master planning approach, undertaking feasibility assessments of land redevelopment, identifying the need for public sector financial contributions, and soliciting private sector development partners. URCs are also a means of "pooling" the powers of their founding shareholders (local authorities, RDAs, and EP). So, for example, through the local authority partner, planning applications can be fast-tracked to deliver RDA-funded programs (as some already are) and to marshal the assets of their owners (Hackett 2006, 5).

As already noted, the urban development corporations are nondepartmental public bodies that report to a secretary of state (currently the deputy prime minister). In contrast to the URCs, they have strong investment, land use planning (development control), and compulsory purchase powers. The original UDCs, established under the Local Government, Planning and Land Act 1980, were wound up in the mid-1990s, with the new Labour government committed to pursuing more consensual approaches. But the government's 2000 Urban White Paper, *Our Towns and Cities: The Future,* recognized that they might offer an important additional tool for pursuing regeneration and growth in locations that did not have an established regeneration capability (G.B. Department of the Environment, Transport and the Regions 2000). As a consequence, the so-called benign UDCs have been designated in the growth areas of London Thames Gateway, Thurrock Thames Gateway, and West Northamptonshire. The government argues that these new UDCs do not supersede local governments—and indeed the UDCs have been set up with their full agreement—but are intended to act as a means of speeding up the progress of reinvestment in partnership with local government, primarily to assist with the delivery of extra housing and growth. The UDCs are larger organizations with much bigger grant-based budgets than the URCs (Hackett 2006, 6).

Hackett concludes that

> most of the LDVs in the growth areas have only just been established, and it is perhaps still too early to judge whether they are successful. It will nevertheless be difficult to evaluate their performance in terms of specific outputs such as new housing, which depends partly on obtaining planning permission and on securing Housing Corporation funding. A first major question concerns the relation between the new LDVs and other bodies, including other LDVs, is that they are not tasked as housing delivery bodies. Their success as "agents of change" will depend on a number of variables, including the actions of other local and regional agencies, such as the RDAs and EP. (2006, 7)

But he quotes both the Urban Task Force and the House of Commons Public Accounts Committee, which have condemned the proliferation of overlapping LDVs in an area such as Thames Gateway. Perhaps to avoid such a charge, early in 2006 the Catalyst Corby URC and North Northants Together LDV merged in order to coordinate delivery of the Sustainable Communities program across North Northamptonshire, in parallel with the UDC on the other (west) side of the county (Hackett 2006, 7).

A second major question is whether the LDVs should have local planning powers similar to those awarded to the UDCs and also, uniquely, to the Milton Keynes Partnership Committee (MKPC). Hackett points out, however, that such a move could prove politically contentious and could destroy the good relationships that have been built up between the LDVs and their local authorities (Hackett 2006, 7).

THE DEBATE OVER LAND VALUE CAPTURE

A third and critical question is whether LDVs should have greater powers to capture increases in land value arising from their activities, and whether indeed they are making the fullest possible use of existing powers. Even an effective agency like a UDC needs resources. And, although many of these resources will come from the planning department—in the English case, the Department of Communities and Local Governments (DCLGs), formerly the Office of the Deputy Prime Minister—others will not; they will have to come from other pots, from other departmental budgets.

Transport, in particular, will have to seek other funds for extensions of the Docklands Light Railway to Woolwich (now under construction) and to Barking Riverside (not yet funded), two new busway systems, the new east–west Crossrail line, and a new Thames Bridge between Beckton and Thamesmead in the London part of the Gateway alone. Further out, the huge Thurrock development depends on resignaling the Tilbury and Southend rail line, which is currently at capacity. But currently no Department of Transport funds are available for these and other projects.

Although transport is the essential infrastructure base for these developments, there are softer kinds of infrastructure, too—above all in health and education—and historically the responsible departments and agencies have waited for demand rather than providing for it in advance. The basic problem is that these other government departments are not signed up to the planning process; they have different agendas. A mysterious Thames Gateway committee, MISC 22, chaired by no less than Prime Minister Tony Blair, was supposed to deal with this problem, but it never got very far. A study by consultants suggests that the total shortfall in the whole of the South East England, outside London, may be as much as £8 billion (see table 11.3).

Here, the URCs have only limited scope, depending on the ownership of assets by the lead partners such as EP and the local authorities. UDCs with compulsory purchasing powers are much better placed, and local authority LDVs can also use Section 106 of the 1991 Planning Act to deliver infrastructure, housing, and other community facilities. So there is a serious problem.

In her final report, Barker (2004) proposes drastic solutions. NIMBY-stricken local authorities, disinclined to give planning permissions for new development because local voters dislike the permissions, should be given sweeteners to encourage

Table 11.3
South East England: Infrastructure Funding Gap (£ billions)

Total infrastructure costs [a]	
Transport	£21.74
Social housing	24.00
Community and sports centers	1.23
Open space	0.63
Education	3.44
Emergency services	0.22
Health	1.13
Flood defense	2.00
Other	0.24
Total	£55.20
Estimated funding gaps [b]	
Transport	£10.97
Community and sports	1.23
Open space	0.40
Other	0.15
Total	£12.75
Available planning contributions	
Total number of new homes	778,000
Less those that are social housing and other nonpayers of planning contributions	350,100
Total planning contribution at £20,000 per home	£7.00
Less social housing subsidy and developer contributions to open spaces	£4.77
Total infrastructure gap (£12.75 billion) minus remaining available planning contributions	£8.00

[a] Figures cover the South East for 2006–2026 and East of England for 2006–2021.
[b] Housing is assumed to be met by developer contributions.

Source: Roger Tym and Partners (2005).

them to give more. For example, they should be allowed to keep council tax proceeds on these homes for a period of years. A new Community Infrastructure Fund should fund the up-front costs of infrastructure needs that are blocking development. Meanwhile, urban development corporations and New Town mechanisms should be used more widely. Most contentious of all, a new charge—Planning Gain Supplement—should be levied on the grant of planning permission to claw back development gains for the local community. This charge is essentially the mechanism that Labour governments introduced three times after World War II—in 1947, 1967, and 1975—only to have it rescinded by their Conservative successors.

The Office of the Deputy Prime Minister—the department responsible for planning and urban development—commissioned a separate report from John

Walker, an expert with a long history of professional achievement in the Milton Keynes New Town Development Corporation and in urban regeneration generally. He proposes that in the growth areas in the government's Sustainable Communities Strategy, development be the responsibility of the LDVs, which should have wide powers to assemble land, make plans and control development across local authority boundaries, raise money, and—perhaps most important—capture land values arising from development. According to Walker, "The 'traditional' approach of capturing value through comprehensive public sector land assembly at 'no scheme' values (taken by new towns and some urban development corporations) is not available, or at most only partially available. It needs to be used strategically and sparingly" (Walker 2004, 86). Walker also argues that conventional Section 106 agreements—a method first introduced in legislation in 1971 and used widely since, whereby a local authority voluntarily agrees with a developer to grant planning permission in return for funds for the necessary physical and social infrastructure—are not always best designed for land value capture, mainly because they are often clumsy and constrained in law to focus on the "proportionate" impacts of the development.

The answer would be what Walker calls SLICs: Strategic Land and Infrastructure Contracts or Strategic Section 106 Agreements. Essentially, these tools would provide a linkage between the provision of infrastructure to underpin development and contributions from landowners or developers. They would supplement, not replace, existing government funds, thereby increasing the critical supply of infrastructure. The LDV would play a central role in negotiating these contracts, sometimes as broker, sometimes as active partner, sometimes as banker. His argument, which is difficult to counter, is that such contracts would be ethically justifiable but also commercially sensible. Existing mechanisms, such as the capture of betterment once used to finance the New Towns program 40–50 years ago, are now semimoribund, and traditional Section 106 agreements have proved inadequate for the job.

Walker's central idea therefore is a voluntary scheme brokered by the new LPVs, which would bring landowners and developers together in contracts that would be beneficial to all, with only the threat of compulsory purchase left in the background to deal with the odd obdurate player. These contracts could provide a way of extracting development value in a less painful way, perhaps, than Barker's threatened compulsory Planning Gain Supplement.

However, Walker and others (such as EP's former chief executive David Higgins) highlight the potential that LDVs have for strategic land value capture. The LDV can act as the ringmaster (and banker if it can draw on the public sector as financer—through EP, for example), bringing together private developers and public agencies to agree on a planning framework. The Milton Keynes Partnership Committee has successfully pioneered the use of Strategic Section 106 Agreements, often referred to as the "Milton Keynes roof tax," but the scheme is still in its infancy and may not be applicable in all areas. As David Higgins acknowledges, there are problems stemming from the lumpy nature and timing of infrastructure investment and difficulties related to the financial structure of the home-building industry. Too strong a push on value capture could reduce the amount of land coming forward—an argument used by critics of the proposed Planning Gain Supplement (Higgins 2005, 21).

Conclusions and Unanswered Questions

The main conclusions of this chapter can be summarized as follows:

- Because Britain has a highly centralized system of government and because its policy has experienced sharp political shifts, it is impossible to reach conclusions about policy effectiveness on the basis of a substantial evidence base.
- The system of real estate–led regeneration by means of urban development corporations, employed by the Thatcher governments in the 1980s, produced some spectacular outcomes in certain locations, notably London Docklands, but not in others.
- The enterprise zone experiment had a modest effect in terms of net job creation at a fairly modest cost per job.
- Since 2000, there has been a proliferation of new local delivery vehicles, including a revival of urban development corporations as well as the new urban regeneration companies, which have somewhat weaker powers. When these vehicles are given clear responsibility, they can be effective. Elsewhere, especially in Thames Gateway, there is considerable overlap and confusion.
- There is a home-building crisis, because by 1999 completions had declined to a historically low level and have risen only slightly since. No less than 70 percent of new housing is now built on previously developed (brownfield) land, and an increasing proportion takes the form of flats, which does not appear fully justified by the nature of the market.
- Capture of land value uplift remains a major issue even after three failed attempts since 1947. A choice must be made soon between two solutions—one based on the existing Section 106 agreements with developers and the other more radical.

Despite these conclusions, some questions remain unanswered:

- *Agency*. Is the existing mosaic of local planning authorities, supplemented by new-style LDVs, adequate to deliver the housing targets the government wants to achieve? In the growth corridors of the south, are there too many overlapping and ineffectual agencies? What combination of greenfield and brownfield development will prove optimal, and is it achievable?
- *Money*. Can new ways be found to capture a share of land value uplift in order to help fund the necessary infrastructure? Will the proposed Planning Gain Supplement really prove superior to existing mechanisms such as the Section 106 agreements, or will they cause market failure while landowners and developers bank on a policy reversal, as has happened before in U.K. history?
- *Geography*. The new urban-suburban-rural geography superimposes itself on the older regional geography, whose broad lines survive. As the March 2006 *State of the English Cities* report demonstrates, the problematic places are still strongly concentrated in the north (G. B. Office of the Deputy Prime Minister 2006). Can anything fundamental be done to change this situation, as the May 2006 report issued by the Town and Country Planning Association (2006), Commission on the Future of England, suggests it can? This perhaps is the abiding dilemma for U.K. urban revitalization.

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