



Centre for Local
Economic Strategies

rapid research

The challenges facing growth areas

Rapid Research 12

Authors: Sarah Longlands, Director of Policy; Matthew Jackson, Senior Policy Researcher; Jessica Smith, Policy Researcher; Victoria Bradford, Policy Consultant

(0161) 236 7036

*sarahlonglands@cles.org.uk, matthewjackson@cles.org.uk,
victoriabradford@cles.org.uk and jessicasmith@cles.org.uk*

1. Introduction and about this Rapid Research

CLES has watched with interest as the Government, through its Sustainable Communities Plan of 2003, has sought to meet and address the variety of challenges facing the housing market in the long term through the flagship programmes of Housing Growth Areas, Housing Market Renewal, New Growth Points and Eco Towns. This policy heralds a massive growth in housing supply with upwards of 3 million new homes with many existing areas seeing a large increase in the volume of housing in their areas. This long-term commitment has been supported over the next Comprehensive Spending Review period with the sum of £1.7billion of public investment. The current focus on the development of new growth areas to accommodate rising populations in the South harks back to the New Towns Act of 1946 which was the last major housing growth scheme to take place in Britain. Like then, the new programmes face a number of significant challenges when it comes to delivery for the places they will impact upon, and the regeneration, local economic development and planning practitioners charged with managing this new period of housing growth in their areas. These challenges are likely to intensify further as we move into a period of housing market stagnation.

At CLES we are interested in the shaping of fairer places for the future and thus, used the CLES Rapid Research Service to examine the types of challenges emerging from this programme for places and practitioners. We did this by undertaking desk research into the current growth programme and by speaking to a selection of practitioners involved in managing the delivery of the growth programme in different parts of England. This Rapid Research therefore looks at:

- The general challenges facing housing growth;
- The policy driving the Government's housing growth agenda;
- The comparison with historical housing programmes, namely the New Towns Act;
- The key challenges facing places as a result of the growth agenda; and
- The key challenges facing practitioners as a result of the growth agenda.

The Rapid Research will conclude with a series of considerations and recommendations as to how Government and practitioners can meet these challenges and more effectively shape local places undergoing a transition of growth and change and deliver sustainable economic growth.

2. The Housing Policy Challenge

The UK faces a number of traditional and new policy challenges when it comes to the housing sector and the housing market, which this section will go on to explore. These key challenges include:

Balancing housing reinvestment with local population change

There are areas in the UK and neighbourhoods within cities and authorities where the housing market has historically experienced decline in terms of both the quality of the stock and the demand for it. This is particularly evident in the North of England in cities such as Manchester and in areas such as East Lancashire. In these places low demand has been shaped by the economic decline of traditional industry, years of poor investment, and anti new development planning policies. Policy in these areas has required a renewal of the housing market in these areas through a balancing of housing renewal investment, local economic development and supported employment opportunities in a bid to sustain and grow stable local communities with a stable population.

Matching economic growth trends with housing and supporting infrastructure

The South East and London in particular has seen a period of sustained economic growth. This economic growth has been underlined by the ability of the region to attract both inward investment and a highly skilled workforce. This growth has placed considerable pressure upon the housing market, and housing demand has not always kept pace with supply, which has led to issues around affordability, particularly for low income families. Affordability has been a key concern for all first time buyers but has been extremely pronounced in the South East. However, it is not simply a question of supplying more housing, it is important that future investment in housing supply recognises the need for adequate supporting infrastructure to work alongside new housing including transport, services and local business investment. However, without sufficient supply, continued economic growth may be limited, therefore, investment in the South East housing market needs to balance housing investment with infrastructure investment to ensure economic sustainability. In future, policy makers will also need to consider the potential for a slow down in economic growth and what this may mean for the housing market.

Responding to climate change through physical housing developments

As well as underlying economic growth, housing policy is also increasingly linked with the challenges of climate change, with policy makers keen to ensure that future housing developments respond in some way to the debates around resource efficiency, travel to work patterns and carbon footprint reduction. The emergence of eco-towns was a key Government response to this issue, trying to bring together the challenges of supplying new housing growth with the need to respond to climate change.

3. Historical Context

Whilst the concept of Local Growth Areas is a contemporary one, to add depth to our understanding of Local Growth Areas, it is useful to consider the previous housing growth policies that have shaped places in the twentieth century. As such, this section will explore briefly the New Towns programme, which is undoubtedly the most significant housing growth policy to date. The New Towns programme emerged in the context of post war Britain. In 1946 Britain was faced with damaged homes and cities and a lack of workers to help restore war-torn architecture. Even before the end of the war, the state of housing stock in Britain's towns and cities had been a concern for Government, and as English Partnerships¹ note, "The restoration of the nation's war-torn cities provided an opportunity for improving urban

¹ <http://www.englishpartnerships.co.uk/newtowns.htm>

conditions on a grand scale". New Towns were an important element to this strategy, in that "they aimed to improve living and working conditions both in damaged areas and in wholly new settlements".²

Lord Reith was appointed chairman of the New Towns Committee in 1945, and the Committee went on to recommend that New Towns were best created by government-sponsored corporations financed by the exchequer. These became known as 'development corporations'. In 1946 the New Towns Act was developed, following the findings of the committee. The New Towns Act was "immediately put into use with the designation of Stevenage, the first New Town".³ In the post-war period, as today, the South-East was the focus of the housing growth strategy, with eight out of the eleven New Towns being London satellite towns. The earliest New Towns came to the end of their main development phase by the late 1950s. However, by the early 1960s, the birth rate was rising and there were predictions of "an increase in population of some 18 million by 2000".⁴ This led to a resurgence of the New Towns programme, with the development of towns such as Peterborough, Northampton, Warrington, and the 'new city' of Milton Keynes.

According to Jim Bennett, author of *From New Towns to Growth Areas*,⁵ there are a number of interesting similarities between the New Towns programme and contemporary Growth Areas. He suggests that both programmes shared the common aim of increasing housing supply and relieving housing pressures, with Growth Areas having a particular emphasis on accommodating economic growth. Another common theme is that both programmes were part of a national strategy, however it is important to note that the Growth Areas programme has distinct regional objectives.

Despite these key similarities, there are notable differences between the two programmes:

New Towns	Growth Areas
<input type="checkbox"/> Developed on greenfield sites	<input type="checkbox"/> Developed on brownfield development
<input type="checkbox"/> Low density	<input type="checkbox"/> Medium to high density
<input type="checkbox"/> Intended to be self-contained communities	<input type="checkbox"/> Integrated with existing communities
<input type="checkbox"/> Initial focus on decentralisation of people and jobs away from London	<input type="checkbox"/> Accommodating household and economic growth across three regions, alongside significant growth within London
<input type="checkbox"/> Public sector led development	<input type="checkbox"/> Public/Private partnership approach to development
<input type="checkbox"/> The total target population increase for the English New Towns was over 1,500,000	<input type="checkbox"/> Target increase in the number of homes in the Growth Areas is for over 200,000 homes by 2016

(Taken from Bennett, 2005, *From New Towns to Growth Areas*, p.6)

4. Policy Overview

Having outlined both the housing policy challenges and considered briefly how the Growth Area programme compares to the New Towns programme; this section will explore contemporary policy from which the Growth Areas programme has emerged.

² <http://www.englishpartnerships.co.uk/newtowns.htm>

³ <http://www.englishpartnerships.co.uk/newtowns.htm>

⁴ Bennett, J (2005) *From New Towns to Growth Areas*, ippr:London

⁵ Bennett, J (2005) *From New Towns to Growth Areas*, ippr:London

Sustainable Communities: building for the future⁶

Published in 2003, the *Sustainable Communities Plan* is perhaps the most significant policy document with regards to the Growth Areas programme. The concept of Growth Areas was set out in the Plan, alongside the Housing Market Renewal programme and the Decent Homes Standard. *Sustainable Communities* set out a number of key challenges, which form the backdrop to the Growth Areas programme. These challenges are:

- ❑ Accommodating the economic success of London and the wider South East, ensuring the economic competitiveness of the region is sustained, for the benefit of the region and the whole country;
- ❑ To alleviate pressures on services and housing caused by economic success where these pressures cannot readily be dealt with within existing towns; and
- ❑ To ensure that new communities are sustainable, well-designed, high quality and attractive places in which people will positively choose to live and work.

Growth Areas are crucial to the Government's ambition to increase levels of housing supply to 240,000 homes a year by 2016. Communities and Local Government state, "Our intention is that everyone should benefit from growth, including existing communities. We want to see development of the highest quality – models of well-designed, vibrant urban living, marrying homes with jobs, quality of public services and infrastructure".⁷

In response to these challenges, *Sustainable Communities* proposes four growth areas:

1. Ashford;
2. London – Stansted – Cambridge – Peterborough;
3. Milton Keynes and South Midlands; and
4. Thames Gateway.

According to Communities and Local Government⁸, these four areas were chosen for a number of reasons. The regeneration of the Thames Gateway has been a priority both regionally and nationally for more than a decade, and alongside the other three Growth Areas it was identified in the last Regional Planning Guidance for the South East. According to CLG, the four Growth Areas were selected:

*"Because of their potential to take further growth more sustainably, including less environmental impact, and to exploit major transport investment, such as that underway for the West Coast mainline and the high speed Channel Tunnel Rail Link, with its domestic and international services"*⁹

The *Sustainable Communities Plan* also set out the proposed funding, with the Government making available £446 million for Thames Gateway, and £164 million to Milton Keynes/South Midlands, Ashford, and London – Stansted – Cambridge – Peterborough.

More recently, the Government has designated £732 million in the 'Growth Fund' in order to support the delivery of infrastructure in the three newer Growth Areas and Growth Points for 2008-09 and 2010-11. This is part of the £1.7 billion Communities and Local Government will be investing across the Growth Areas, the Thames Gateway, Growth Points and Eco-Towns during the current Comprehensive Spending Review period.

⁶ <http://www.communities.gov.uk/documents/communities/pdf/146289>

⁷ <http://www.communities.gov.uk/housing/housingsupply/growthareas/ourpolicies/>

⁸ <http://www.communities.gov.uk/housing/housingsupply/growthareas/faqaboutgrowthareas/>

⁹ <http://www.communities.gov.uk/housing/housingsupply/growthareas/faqaboutgrowthareas/>

Figure 1: Map of Growth Areas¹⁰



New Growth Points

The New Growth Points initiative was announced in December 2005 and is designed to provide support to local communities who wish to pursue large scale and sustainable growth, including new housing, through partnership with Government. Following the invitation for local authorities to submit strategic growth proposals that were sustainable and acceptable environmentally, 29 areas were named as New Growth Points across the East, South West, East Midlands and West Midlands. CLG suggests that "If all of the proposed growth is realised New Growth Points would contribute around 100,000 additional dwellings by 2016, an increase of around 32 per cent on previous plans for housing supply in these areas"¹¹. In terms of funding, New Growth Points will share £40 million in 2007-08 for a first round of infrastructure projects and to support growth-related studies, masterplanning and capacity-building in the New Growth Points. The money will be used to improve local infrastructure, enhance the local environment, and unlock sites for new housing.

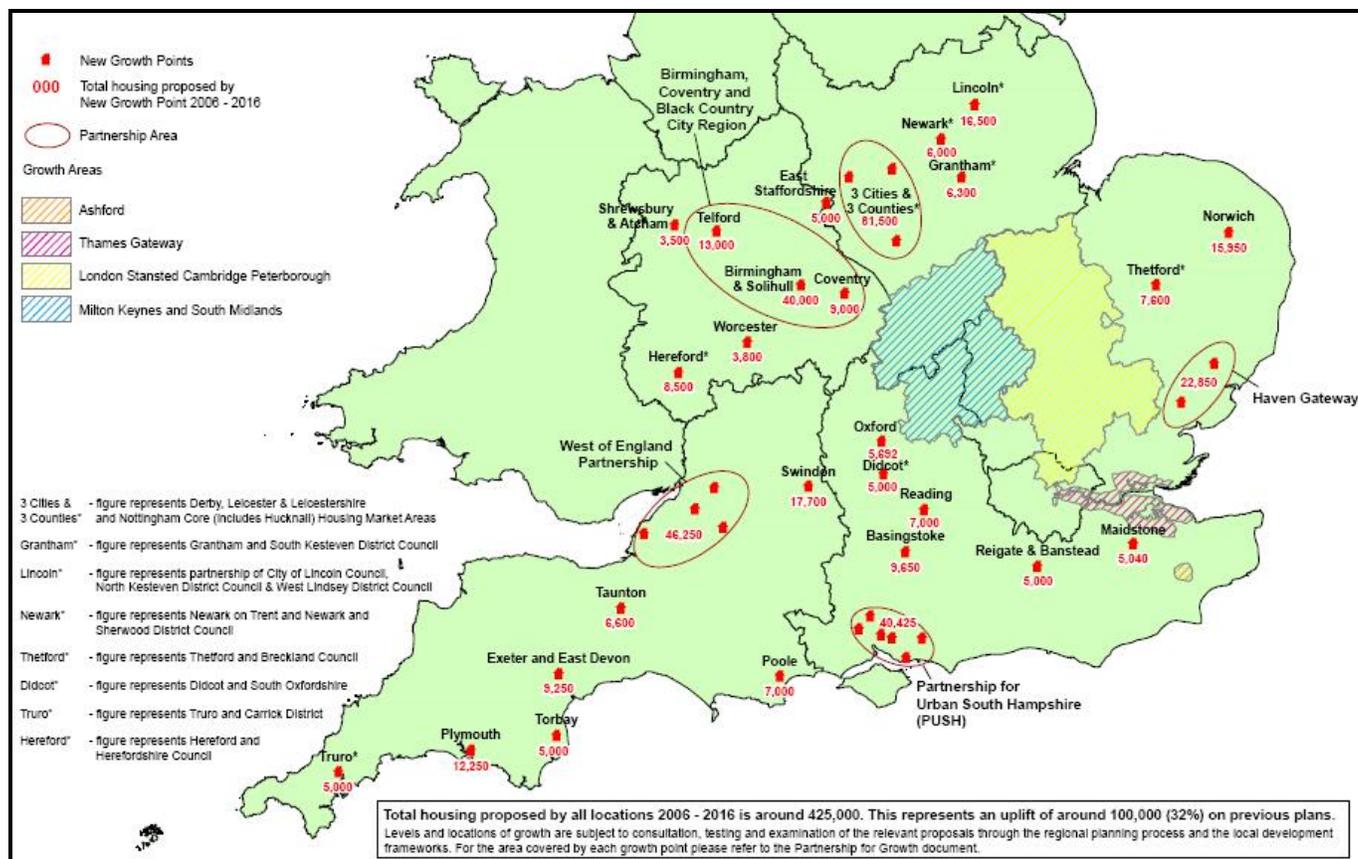
New Growth Points status is not a statutory designation; rather, as CLG highlight¹², it "is about a relationship between central government and local partners". This relationship is built on four principles:

1. Early delivery of housing as part of the growth plans;
2. Supporting local partners to achieve sustainable growth;
3. Working with local partners to ensure that infrastructure and service provision keep pace with growth; and
4. Ensuring effective delivery.

¹⁰ Map created by East of England Development Agency, http://www.eeda.org.uk/25_130.asp

¹¹ <http://www.communities.gov.uk/housing/housingsupply/growthareas/newgrowthpoints/>

¹² <http://www.communities.gov.uk/housing/housingsupply/growthareas/newgrowthpoints/>

Figure 2: Map of Growth Points¹³

Eco-Towns

The concept of eco-towns is one of the most significant facets of the Growth Area programme. According to CLG¹⁴, eco-towns will be new towns that are exemplar green developments of up to 20,000 homes. They will be designed to meet the highest standards of sustainability, including low and zero carbon technologies and good public transport. The Government's aim is to build five eco-towns by 2016 and up to ten by 2020 as part of their wider strategy to build 3 million homes by 2020. Eco-towns are characterised by a number of factors, as set out in the *Eco-towns Prospectus*¹⁵, published in July 2007:

- ❑ Eco-towns must be new settlements, separate and distinct from existing towns but well linked to them;
- ❑ The development as a whole should reach zero carbon standards, and each town should exemplar in at least one area of environmental sustainability;
- ❑ Eco-town proposals should provide for a good range of facilities within the town: a secondary school, a medium scale retail centre, good quality business space, and leisure facilities;
- ❑ Affordable housing should make up between 30 and 50 per cent of the total through a wide range and distribution of tenures in mixed communities, with a particular emphasis on larger family homes; and
- ❑ A management body that will help develop the town, provide support for people moving to the new community, for businesses and to co-ordinate delivery of services and manage facilities.

¹³ <http://www.communities.gov.uk/documents/housing/pdf/153193.pdf>

¹⁴ <http://www.communities.gov.uk/housing/housingsupply/growthareas/ecotowns/>

¹⁵ <http://www.communities.gov.uk/documents/housing/pdf/ecotowns>

The eco-towns programme is not, however, without its critics. Some argue that the eco-towns initiative has ‘mushroomed’ into a developer-led scheme which risks pitting local communities against private consortiums¹⁶, whilst others have voiced concerns that the proposed locations are unsuitable for development.

On the 3rd April 2008, Housing Minister Caroline Flint announced 15 potential locations that have gone forward for consultation:

1. Pennbury, Leicestershire
2. Manby and Strubby, Lincolnshire
3. Curborough, Staffordshire
4. Middle Quinton, Warwickshire
5. Bordon-Whitehill, Hampshire
6. Weston Otmoor, Oxfordshire
7. Ford, West Sussex
8. Imerys China Clay Community, Cornwall
9. Rossington, South Yorkshire
10. Coltishall, Norfolk
11. Hanley Grange, Cambridgeshire
12. Marston Vale and New Marston, Bedfordshire
13. Elsenham, Essex
14. Rushcliffe, Nottinghamshire
15. Leeds City Region, Yorkshire

In policy terms, these three programmes are ambitious and in many areas, constitute massive delivery projects, which will require sustained and long term investment and consideration if they are to provide the basis for equitable and economically viable communities for the future.

CLES have identified two main challenges emerging from this programme, which are challenges for place, and for practitioners. We spoke to a range of practitioners including opinion formers and managers of growth programmes in England to find out from them what they consider to be the main challenges. Their responses are presented below:

5. Challenges for places

Focus on extending existing communities, rather than creating entirely new places

One of the key challenges of the new policy is the pressure to increase the volume of new housing in the context of existing places. This has meant that there has been a temptation to develop entirely new places, new towns, new villages. However, practitioners are keen that the housing growth agenda should focus on extending the housing, infrastructure and offer of existing places rather than on creating something completely new. The creation of entirely new places is extremely complex and if it is not done right, can potentially lead to a fragmentation of place; the isolation of communities; and polarisation between places. Extending existing places provides the opportunity for new communities to integrate with existing communities and to boost local economies. A failure to link new towns with existing settlements was one of the recognised failures of the new town developments of the 1940s and 1950s and the mass inner city building programmes of the 1960s as detailed in Bennett, 2005.

“Mixed development” is the fulcrum

Mixed development, providing a variety of housing tenures and supporting services and infrastructure should be the fulcrum of housing growth in communities but now, as in the 1940s and ‘50s, practitioners recognise that this is hard to achieve through new development. Like the Growth Areas initiative of today, the New Towns Programme also had the objective

¹⁶ See the article ‘Prepare for battle over eco-towns’ in Local Government Chronicle 01/05/08, Page 10

of creating balanced communities. As Bennett (2005) notes, the Reith's Committee recommended that the balanced communities in the New Towns should include all social classes. In the 1940s and '50s, it was hoped that with the "right mix of housing, tenures and community facilities, a 'social homogeneous community' would be created". There was a belief that attracting the middle classes to an area would 'raise' the working class residents socially and culturally. Whilst this view appears highly patronising today, it is perhaps fair to say that Growth Areas also rely on the processes of gentrification in order to 'raise' areas. Furthermore, as Bennett notes "the challenge for Growth Areas will be whether enough affordable housing can be delivered in mixed developments to achieve balanced communities and maximise their contribution to housing needs in the wider south east".

Whilst some growth areas have used housing or retail as a basis of their growth plans, this core development area has been matched with other forms of land use relating to community facilities and mixed housing tenure and type. It is hoped that by encouraging a variety of different types of development in an area this will integrate new housing development with employment and learning opportunities as well as economic and social spaces in residential areas.

Practitioners recognised the importance of cohesive communities which do not polarise people on the basis of housing tenure, status or income but concerns remain about how this can be achieved in practice. Practitioners also emphasised that the issue of affordability would be key to fairer communities, and for the wider housing needs of the pan-region to be met that 'enough' affordable housing would need to be delivered. A key challenge for place is therefore attracting developers but also developers which are keen to contribute to wider affordability concerns.

Get the wider services and infrastructure right

The development of supporting infrastructure has long been cited as one of the key challenges of the housing growth agenda. Whilst strong supporting infrastructure development requires capital funding, practitioners recognised the importance of it to the development of growth areas and growth points and their future sustainability. They recognised in particular the importance of transport but also the incorporation of shops, health facilities, schools and recreation areas. Infrastructure development alongside other development is crucial to wider economic development considerations and the shaping of local place. Again, linking the new developments with existing places and services as mentioned above will help to both add value to existing places as well as providing linkage to new communities. A further challenge for practitioners and for communities is to ensure that support for social infrastructure is properly integrated with the physical and economic dimension of place shaping.

The need to consider the environmental impact of growth

The consideration of the local and global environment is a key consideration in any physical development activity at any scale. However, the scale of the growth agenda in terms of the sheer volume of decontamination, the 'clean up' of brownfield land, and the housing and infrastructure being built makes the environment a key challenge. Practitioners particularly recognised the vulnerability of some growth areas to climate change, especially to flooding. Government also need to ensure that if they have programmes of this scale involving building, the impact must contribute in some way to the wider sustainability agenda, through for example energy efficiency and also take account of the future impacts of climate change.

It's the local economy, stupid!

Linking the housing growth agenda to wider local economic development is a key challenge. Areas need to recognise the impact growth development has on both existing business and also support the development of new business to provide employment opportunities for new populations and enable the local economy to flourish and be sustainable in the longer term. Economic development is taking on added significance especially with the consultation on the Sub-National Review of Economic Development and Regeneration proffering enhanced economic development powers for local authorities. A key concern among practitioners in relation to local economies was the linkage between new housing development, new

residents and local employment opportunities. Growth strategy needs to therefore be based around not only housing but also have policy in place with regard to inward investment and enterprise. Some areas have used retail development as the basis of providing wider investment in the locality and as the staple of new employment opportunities. The extent to which this is high value employment is however questionable, and sustainability of locality will require wider local economic investment, particularly with regard to the emerging knowledge economy and in the skills of local people.

A new generation of dormitory towns or sustainable local places?

A key concern was that, without appropriate supporting infrastructure, growth areas and growth points will simply become a new generation of commuter or dormitory towns feeding the main centres of economic growth in the South East. Practitioners recognised that whilst supporting infrastructure in the form of transport was a key requisite of growth strategy and key to the sub-regional economy; that this should not come at the expense of growth areas and growth points becoming dormitory or commuter towns. At the heart of the growth agenda is the notion of sustainable local place and it is crucial that the areas do not become places where people live and do not work, shop or socialise. This is also important for environmental considerations, particularly with regard to carbon emissions.

In order to meet these place challenges, growth areas and growth points therefore need to:

- Consider connectivity in infrastructure development but avoid your area becoming a dormitory to someone else's economy;
- Consider local money flows and supply chains in delivery;
- Derive benefits from existing places rather than create something new;
- Remember that balance and sustainability is key to local economic sustainability;
- Ensure employment is a key driver of growth and not an afterthought;

6. Challenges for Practitioners

CLES asked practitioners what they felt were the key challenges for managing the housing growth agenda. The following issues were highlighted as being most important.

Ensuring private sector buy-in and capital funding

One of the key differences between the New Towns Programme of the 1940s and '50s is that public-private funding is driving the current housing growth programme rather than simply publicly backed funding support. The current housing growth agenda, whilst supported by £1.7billion of public investment, requires match funding at a local level, private sector monies and partnership working between not only local authorities but also other public, private and third sector partners. A key challenge for local practitioners is therefore ensuring the engagement of private sector developers and house builders and also other inward investors. This requires a careful management of the power relationships that will undoubtedly exist between these partners. Some local growth point areas indicated that a large retail organisation was an integral part of their growth strategy in terms of funding and the contribution it will make to the local economy. Private sector investment does however come with conditions and there is a challenge for practitioners to ensure that they can broker the best possible deal for their locality.

Gaining flexibility for planning

Practitioners recognised the importance of adhering to planning policy and legislation when developing growth strategy. Whilst areas have been given a degree of freedom to build significant numbers of new homes, it is a challenge to ensure that this freedom is not offset by sloppy planning decisions, particularly around retail, infrastructure and the local environment. Sloppy planning decisions could lead to over-supply of certain tenures and types of housing, have negative implications for other forms of local business and contribute negatively to local environmental issues.

Developing effective local, sub-regional and regional partnership

Partnership working is an increasingly integral part of regeneration and local governance. Local authorities are working with public, private and third sector partners on key delivery decisions and through Local Strategic Partnerships and Local Area Agreements. Partnership is therefore required for the development, strategy and delivery of housing growth with key stakeholders required to be involved including landowners, housing developers and government agencies. Collaborative local governance, particularly with regard to economic development is also an emerging policy agenda and growth areas will increasingly need to work with sub-regional and regional partners. It is important that local authorities work together to use the growth and economic development tools at their disposal.

Integrated and cohesive communities

One of the key threats and concerns of housing growth and indeed housing market renewal has been the issue of integration and cohesion of existing and new residents in the newly developed or redeveloped localities. Practitioners recognised this as a key ongoing challenge particularly where a real mix of people were potentially moving into an area. They also re-highlighted this as important in physical development terms and particularly in terms of not creating new areas, but areas that sit within and are connected to an existing urban fabric. There is the ongoing danger that if we do not get community cohesion right, we risk the creation of new areas of deprivation.

Volume of development

A key emerging challenge for practitioners working in growth and growth point areas will be the economic downturn and managing the sheer volume of housing being potentially delivered. Practitioners recognised that with the current economic downturn that they may need to reconsider the volume of housing to be delivered in their locality. They also may face a more difficult challenge in convincing private sector housing developers to invest, particularly with regard to affordable housing.

Continuing to support new communities with adequate public services

Generally, the 2007 Comprehensive Spending Review indicated a relative stagnation of public investment and public spending. Local government has particularly felt the pinch as has their delivery of public services. Public services are a key factor of the growth agenda and the development of new communities needs to be supported by strong and equitable public services. A challenge for local government is therefore managing increasing numbers of local residents with service provision under current public sector spending restraints.

In order to meet these practitioner challenges, growth areas and growth points therefore need to:

- Get your partnership sorted;
- Engage in a meaningful way with private developers and secure as equitable a deal as possible for a local area;
- Work closely with planning decision makers to shape communities.

7. Conclusion

Having spoken to practitioners involved in delivering the programmes of the growth agenda and to organisations with an opinion on the policy, it is clear that there is widespread support for using the new housing growth programme as a tool to tackle longstanding issues around housing affordability, disinvestment in social housing, housing market failure, and meeting rising demand for housing. Additionally, it provides significant opportunity for partnership development at a local level; the potential for collaboration between local authorities; and the promotion of strong civic leadership. Housing growth and its contribution to the wider Sustainable Communities Plan is however a long term vision and delivery activity. With this long term vision comes a series of challenges which local authority practitioners and their partners must navigate in order to enable true sustainability and to ensure that mistakes of past mass house building programmes are not repeated. Many of these challenges are not new and will require continued investment and commitment in years to come to ensure that

they are adequately addressed and not forgotten in the rush to deliver. For CLES, the key challenges will be around developing and sustaining local economies, which are underpinned by strong and cohesive local communities.

This *Rapid Research* was written by Matthew Jackson, Sarah Longlands, Victoria Bradford and Jessica Smith at the Centre for Local Economic Strategies (CLES). CLES can offer support and advice on other aspects of economic development, regeneration or governance.

To discuss this research further or how CLES can assist you please contact Sarah on 0161 236 7036 or email sarahlonglands@cles.org.uk

Rapid Research is one of a series of regular reports published by the Centre for Local Economic Strategies (CLES). CLES is a not-for-profit think / doing organisation, consultancy and network of subscribing organisations specialising in regeneration, economic development and local governance. CLES also publishes *Bulletin*, *Local Work* and policy publications on a range of issues.