Why We Need a New Politics of Sustainable Communities

Talk given by Bob Colenutt and Paul Quinn at a University of Westminster seminar on sustainable communities, 2010

Introduction

The concept of "sustainable communities" has been around for some years, but it's only really come to be part of the lexicon of public policy and "development speak" since 2003 and the £38bn "Sustainable Communities: Building for the Future" initiative. Although ostensibly a national plan for economic, social and environmental development, the emphasis throughout the initiative was on housing market failure in the North and Midlands and the need to take the heat out of the south-east of England housing market and to tackle the housing supply deficit, particularly in affordable housing. This was to be achieved within the framework of sustainable development and in doing so, improve the physical quality of urban and rural neighbourhoods and the quality of life of those who live there. It was also to be achieved, implicitly, without any new regional policies to re-balance economic growth, and thus housing demand, between regions.

Whilst much of the thinking contained within the original Sustainable Communities Plan has been swamped by that very over heated housing market it was designed to cool down - housing market failure in the North and Midlands, for example, became increasingly restricted to a few geographical areas as housing demand for even the most disadvantaged areas of the U.K. grew exponentially throughout the decade - the Sustainable Communities Plan still has significant resonance today.

It was the publication of the Egan Review in 2004 that really defined what we mean by sustainable communities and includes a definition many of us will recognise:
"Sustainable communities meet the diverse needs of existing and future residents, their children and other users, contribute to a high quality of life and provide opportunity and choice. They achieve this in ways that make effective use of natural resources, enhance the environment, promote social cohesion and inclusion and strengthen economic prosperity."

In short - decent, affordable homes, a diverse and inclusive community, access to jobs and services, the chance to get engaged in and make a difference to a community in which people want to live and work, now and tomorrow. The objective then, is to build communities and not just houses and apartments.

So have we been delivering against that objective for the past few years? Well, yes and no is the answer. We're all increasingly comfortable with the terminology - to the point that the term "sustainable communities" is at risk of becoming a bit like "eco", "green" or "ultra" - useful to stick on the front of something you want to sell but reduced in its impact and meaning every time you do so. In addition, the term became politicised, associated in many people’s mind with New Labour and in particular John Prescott who, as Deputy Prime Minister introduced the Sustainable Communities Plan. This is particularly the case where the term “sustainable communities” was attached to housing growth plans, the focus of much local opposition across the U.K.

A few first class examples aside (and here we might be thinking of Newhall in Harlow, Accordia in Cambridge or Cross Street in Wolverhampton) it's debatable whether we are actually delivering sustainable communities. For every Building for Life Gold Award scheme there are many more that don’t make the grade. In CABE’s review of design quality in the East Midlands, for example, from a sample of 33 sites only one was rated as “very good” and none as “good”. Design quality does not equate to sustainability, of course, but it is an important consideration and many of the criteria CABE were accessing schemes against would form part of any wider sustainability assessment.
Additionally, design quality tended to be restricted to larger schemes (i.e. over 200 homes). Given most housing in the U.K. is delivered not via large urban extensions but via the small and medium sized developments which form the backbone of our construction and house building industry, this is particularly worrying. (The University of Northampton is currently working with the East Midlands Development Agency and West Northamptonshire Development Corporation on developing sustainability best practice for sites of under 200 homes, specifically targeting construction SMEs).

At the heart of the Sustainable Communities Plan is an assumption and expectation that the approach would become de rigueur within volume housing growth and large scale development - not restricted to exemplars and a few forward thinking developers and architectural practices. That "sustainable development" would become the "new black" - seen everywhere but still looking good for all that.

What this paper shows is that there is a fundamental mismatch between the desire to create sustainable communities and the mechanisms in the U.K. to achieve that desire. In particular, within this whole debate there is an unspoken truth - namely that the U.K. housing market as it is currently arranged and financed, dependent upon a few major house builders to achieve volume and financed via financial products closely linked to short term interest rates, can never deliver sustainable communities on any significant scale.

The Example of Milton Keynes South Midlands

Our case history is the experience of the Milton Keynes South Midlands Growth Area (MKSM), where some 200,000 new homes, jobs and related infrastructure are planned – making it the largest growth area in the U.K. - to demonstrate that point. Planning applications for tens of thousands of new homes, employment locations, schools, roads and green infrastructure are being processed right now
in Local Authorities and exotic Local Delivery Vehicles (LDVs) across the sub-region.

Those Delivery Vehicles have been set up to smooth the way for housing and economic growth, with a sub plot based on driving up design and sustainability standards as they go and to “…achieve this in ways that make effective use of natural resources, enhance the environment, promote social cohesion and inclusion and strengthen economic prosperity” as Egan put it.

That Egan definition encompasses all three tenets of sustainability, namely social, economic and environmental improvement. And the Growth plans for MKSM are very clearly the product of the original Sustainable Communities plan, delivering more affordable homes, and increasing housing supply in the South East. Indeed, the North Northamptonshire Development Corporation has run a campaign promoting the new homes and communities around Corby, Kettering and Wellingborough on the London Underground and its current promotion is tag lined “North Londonshire” (though this has been the target of much local derision). So the growth underway in the South Midlands should be at the forefront of sustainable development. So can we see that commitment to sustainability in all those growth plans currently under consideration? Is the policy reflected in the planning submissions?

Well, partially at best. Applicants, including volume house builders, are at least acknowledging the need to raise their game, even if they have yet to fully embrace it. And it is the public sector’s growing confidence in talking confidently about sustainability – and actually understanding what it means – that is driving much of that quality change. But for all these caveats, most of the planning applications for large growth area sites and urban extensions so far fall well short of what is aspired to.

The recession and the near collapse of the annual housing completion targets have been cited as reasons why affordable housing targets of 35% of
completions are no longer achievable, at least not without significant public subsidy. Or that section 106 contributions to pay for schools, green space, play areas, etc., make schemes unviable and consequently can only be a fraction of the £20,000 per home sought by some of the Delivery Vehicles (and that £20,000 figure is in reality only a proportion of the real infrastructure cost). But in truth, those expectations and contributions, which cut right to the heart of the deliverability of sustainable communities, have been under challenge since the start and long before the recession of the past two years.

There’s no question that generally speaking the proposals currently on the table for, say, the doubling of Daventry’s or Towcester’s population or growing Northampton to become the size of Leicester are much, much better than the standard volume house builder product. But the lesson of MKSM is that, even where all the ingredients to drive forward growth and housing delivery have been carefully assembled (i.e. specialist Delivery Vehicles, formalised design code expectations, sub regional Infrastructure Delivery Plans, etc.) the gap between what the champions of sustainable development expect to see (including financial contributions and higher design standards) and what the private sector feels it needs to offer or, increasingly, can afford is huge.

**The Development Industry Business Model**

At the heart of the matter is that the conventional business model applied by developers, landowners and house builders is based upon short term horizons, “churning sites” and a very strict definition of their product. Their product is not places or communities, but housing units, commercial floor space or parcels of land with planning permission which are sold on quickly to repay short term debt and make a profit from rising property prices. This model is in direct contradiction to concepts of long term sustainability and place making.
The question we need to ask ourselves is can this gap can ever be closed using the tools – available to the U.K.’s planning, financial and housing industry – in front of us? The experience in MKSM, with some notable exceptions, is that we can’t.

The public sector might seek to set the bar high with our commitment to sustainable communities but in reality, at the coal face of negotiation on specific planning applications, its role has been reduced to cajoling and forcing the applicant to up his/her game. The starting point – the original application – is in many cases so distant from what is required that the gap can never be closed and the end product is a grudging acceptance from all parties of a compromised scheme.

There is common ground, including the desire to close the widening gap in housing supply via a successful planning application – but there is not enough common ground to ensure both sides are fully signed up to the delivery of sustainable communities. There are too many perceived disincentives for the private sector - cost, added complexity, a variation on the house style/marketing arrangements which have served them very well for many decades – for them to fully embrace the concept. Critically, they do not accept there is a return to be made on this added layer.

What is lost in all this is the complexity at the heart of a truly sustainable community. Currently everything gets reduced to the technical discussion – Code for Sustainable Homes levels, tenure mix, proximity to employment, etc. The financing of the housing market, the expectations of land owners in terms of return and the structure of our planning system all help create what is in effect an adversarial system.

What is missing is an understanding of the interdependency of these factors - and the list is a very long one - that go together to create a truly sustainable community, as was highlighted by the Egan review with its emphasis on place
making. If that case can't be made in the MKSM area, which in many respects is ideally placed to deliver growth and sustainable communities, then where can it be made?

There is no escaping the fact that there is a huge gap between the public and private sector's aspirations. Key to this gap is a fundamental mismatch between what is the core rationale and very reason for the existence of the two sectors. It is a case of public is from Venus, private is from Mars. The success of the sector is currently judged on short term financial gain resulting in periods of 'over heating' followed by periods of slump, a system, we believe, that in the long term is not tenable. This has created an inefficient and expensive adversarial system, which is quite different from most European countries where there is an emphasis on long term returns, with much closer partnership between public and private and where the property industry is far less powerful and politicised.

The University of Northampton finds itself right in the middle of one of the largest regeneration and growth areas in Europe. As part of the role of the Northampton Institute of Urban Affairs we are researching and exploring potentially different models.

What would an alternative model be like?

We do not have to go far to find examples of best practice or examples of alternative models of development. The problem is that they cannot be scaled up or replicated up across the UK because of the limits imposed by the development industry business model, and in many cases by the public sector response.

A serious critique of the limitations and distortions created by the current system must be the starting point, alongside identifying the delivery principles that should underpin an alternative system of development.
The first of these principles is to capture much more of land value for public benefit. By retaining significantly more land and property value in the public domain there is a mechanism to recycle growth in values back into communities and into proper stewardship of places. Without it, the financial benefit of development goes elsewhere and sustainable development becomes economically unviable.

Secondly, one of the key lessons from the best in Europe and the UK is that strategic leadership from the public sector is crucial, the more so if it owns development land. By having a clear strategy, taking it forward with conviction and skill and acting as a leader in harnessing development, pooling public service budgets, and paying close attention to community needs, to design and long term stewardship, achieving sustainable development becomes possible. Critically, public subsidy and infrastructure should not be focused exclusively on achieving housing numbers, but on leveraging a long term approach to land and community development.

Thirdly, leadership must make space for and encourage alternative development agencies such as social enterprises, mutual housing trusts and community development trusts because they can often act as more creative and committed community developers than either the public or private sectors on their own.

Fourthly, the planning system should be fully integrated with regeneration, so that the wide compass of regeneration plans is incorporated within planning law and practice. This then enables public authorities to require developers to change their development criteria to include such key sustainability elements as employment objectives, social cohesion and low carbon development.

Conclusion

So where does this all leave us? Well, the headline on the Sunday Express this weekend (25th April 2010) was "House Prices Soar by 10%: latest figures real
good news across U.K.”. Now is that good news? Are soaring house prices not part of the problem? For many in the industry and, ironically, the public sector Nirvana appears to be getting back to where we were three years ago, with rising prices and an expansion of credit.

Yet demonstrably this will not produce the housing supply, the regeneration or sustainable communities that the U.K. needs. It avoids addressing the real problem which is recognising the unequal partnership between the public/community sector and the development industry and the obstacle this creates for achieving sustainable communities.

In spite of the collapse of the development market and many regeneration schemes around the country, where many hoped there would be a necessity to look for alternatives, no such soul searching and examination has taken place. In the recent election debate for example none of the three main political parties appeared to acknowledge what has happened to the development system or call for a rethink of the delivery of housing or sustainable communities.

The debate needs to shift away from a focus on targets and new-build to an emphasis on long term return and more importantly on developing communities; an agenda that will involve residents in the development rather than pitch planners against residents and developers. There is a lot of work to be done.