



BUILDING FOR RENEWAL SERIES

CULTIVATING NEW GARDEN CITIES

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Policy Webinar Summary
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TUESDAY 26TH JANUARY 2021



Grant Thornton

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1. Overview

Context

The purpose of the Building for Renewal webinar series is to explore some of the key issues facing housing and planning at the moment. Garden cities, from their inception, have had a sheen of utopia around them and could provide a path for our country's housing recovery. The 'Cultivating New Garden Cities' policy webinar assembled a top panellist to debate how garden cities and communities might fit within the current housing and planning context. Particularly in light of the desire to Build Back Better from the COVID-19 pandemic, how fit for purpose is the agenda for the present day? And what are the overall challenges facing it?

Webinar questions

With this context in mind, the webinar explored a number of issues including:

- *How well does the garden towns concept stand up to the pressures of economic recovery and the direction of the 'Planning for the Future' agenda?*
- *Does the 'stewardship' model of local development corporations for master-planning still hold up and will private capital be available in sufficient quantities to fund infrastructure investment?*
 - *Would a public/private Alternative Delivery Model provide a more equitable way of sharing value?*
- *What action and strategic interventions should Homes England take to safeguard and support garden communities?*
- *How and to what extent can garden communities build back better – delivering more affordable homes, better space standards and environmental sustainability?*

Overall, the main guiding question of the session that panellists considered was “**How do we meet the challenges – financial, political and regulatory, of today's Garden Communities agenda?**”

Panellists

A range of national and local experts were invited to the panel to lend their thoughts on the challenges facing the garden communities agenda, and how it can contribute to the national Build Back Better efforts. In the order that they spoke, experts included:

- **Toby Lloyd**, former Number 10 housing advisor
- **Sir Paul Carter**, former chairman, County Councils Network, and former leader, Kent County Council
- **Ian Tasker**, director, Grant Thornton
- **Steven Howell**, head of investments, Ministry of Housing, Communities and Local Government

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2. Webinar discussion

Each panellist took it in turn to explore the different issues and questions and below is a summary of their arguments:

Toby Lloyd

There are a few fundamental reasons for Garden Cities. The first includes design. Specifically, making better quality places as an answer to the poor quality that many neighbourhoods, towns, and places find themselves in across the country. Issues arising from this could be fixed through addressing the design of these settlements. At the same time, it is worth considering whether the right solution is to build new ones from scratch, or rather, work with the many communities that already exist across the country? England has a vast number of great quality cities that are too small. Perhaps it would be better to expand these cities.

The second reason is economics. It is too difficult and costly to build, expand and improve existing cities effectively. This is why building new Garden Cities is an appealing solution. Not only do new garden cities improve housing supply and quality, but they also offer a way to overcome a fundamental problem of housing supply related to land value. Places in existing cities that are prime locations for redevelopment usually already have been spotted by the land market, resulting in its value being taken out before the redevelopment has a chance to occur. The nature of the land market means that however much public money is given will be depleted before projects can get underway. This is a problem that has always existed and one which the planning system is aimed to address.

It is in this context that garden cities are so appealing – in the way that they give a blank page on which to design something of high quality. They also allow for a shared understanding to be developed, underpinned by an awareness that the value created in the process of developing a new garden settlement should go towards supporting the public good. This thought should be the guiding force behind the creation of new settlements, as the value created should go toward funding the sites themselves in order to see their continued success. Currently, most housing developments suffer from problem caused by the fact that this does not happen, with value taken out through the land market and the largest portion going to the landowner. This leads to unsustainable development, inadequate housing supply, and numerous additional problems related to the social fabric of the settlement that makes it an attractive area to live. Garden cities offer a solution to this flaw in the way we organise the economics of the housing supply. Unfortunately, continued challenges result in the agenda often failing to do this to the best standard. Despite this, it remains the best option in overcoming the land value problem.

Overall, there are two factors that make garden communities work. These include 1] the need to be led by an institution that has the long-term public interest at heart, and 2] the need to get land cheaply, which will entail changing the compulsory purchase rules. This will help shift the balance of incentives so that whoever the landowner is will know that the site will deliver on quality, affordability, and environmental sustainability in the long term.

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Sir Paul Carter

In Kent, many of the townships have been expanded to their capacity with infrastructure in these areas beginning to strain. There is still room for growth in those areas not facing strain at the moment. However, there is a tendency to superimpose more growth on communities that have already experienced their fair share of growth which is resulting in a diminished quality of life. Therefore, new garden towns and settlements offer a good solution and should be supported. And the opportunity to find appropriate land close to the rail and road network should be explored.

There will be difficulties getting this underway which should not be underestimated. These are to do with a] the land assembly through the planning process and b] the extraordinary amount of infrastructure that is needed to support the community. In Kent's experience, the county council were a 50% shareholder in the garden village of Kings Hill. Without Government support to build the necessary infrastructure, it would have only just broken even. Another challenge to consider is land value. The Land Compensation Act of 1973 should be reformed. This should account for public need to acquire suitable land for new garden communities and towns and the necessary changes to compulsory purchase order rules to facilitate this. Additionally, public agencies should lead on the development of housing on new land. And the land assembly should be a role of the public sector, ensuring to deliver at a sensible price that gives a good return to the original landowner above agricultural land. The public sector's role is vital in all of this.

Overall, developing new communities is the way forward. However, there is still a need for growing existing communities. A balance between the two is important. In order to deliver the housing growth needs of England, new garden communities that are appropriately placed will be key. The future success of the garden communities agenda will rely on starting early and looking at the lessons to be learnt from other examples, both successful and ones that had a difficult birth. A lot of the challenges are related to the land assembly, the control of land, the timescale to success, and the need for government funding backed equally with private sector investment. Addressing these will give the confidence needed to start developments at pace. Ultimately, new garden communities have a lot of potential for solving the housing problems of this country.

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Ian Tasker

From a financial perspective, since the beginning of the garden community agenda, the market has responded positively to the Government's ask of developers, funders, and local authorities to tackle the issue of delivering affordable and quality place to live. However, the agenda will experience a number of financial challenges along the way. Grant Thornton acts as an advisor to a number of garden community projects. In this role it has seen the stewardship model on locally led development corporation, as well as alternative delivery models including the public private partnerships being tested. In all cases, the choice of delivery model is underpinned by the question of financial viability, which is determined by land value and upfront infrastructure investment.

With the latter requiring significant long-term commitment and private capital, which at times may not be sufficient on its own. However, there are significant innovations coming out of these financial challenges. The market is responding with innovation to structure the financial needs and share the risk and reward all with the common aim of delivering quality places to live. Ultimately, the financial viability of a scheme will be one of the core determining factors in its success. For this reason, early engagement with the finance community is essential because they will give a firm and external view on the viability of projects and new settlements.

Steven Howell

The garden communities agenda has been in its current guise for approximately six years. In this time, the Government has supported a range of projects across England with £40mn of capacity funding over the years. Now there are 50 garden communities with the potential for 350,000 homes. For Government, it is not only about the numbers, but the quality and principles underpinning these locally led developments. Numerous examples including the pioneering self-build practices at Bicester, and the net zero push seen in Chelmsford, should give inspiration to other developments across the country. Recognising the challenges facing the development of new garden communities, the Government will continue to provide a supporting role for local authorities.

From a government perspective there are a few things needed for the overall success of the agenda. Regarding planning, the reforms proposed are significant. With this in mind, the Government need the opportunity to review any implications of recent examinations on the life cycle of garden communities. In relation to funding, the Government is clear that garden communities are an essential part of meeting housing need and country growth objectives relating to the Build Back Better agenda.

To this end, Government has invested in a number of garden community projects through the Housing Infrastructure Fund. It has reconfirmed £7.1 bn at the Spending Review for the national Home Building Fund. The Government is committed to putting in the public sector investment while looking to maximise private sector investment alongside this. There will also be continued need for expertise, especially looking at the role local authorities and Homes England can play in supporting existing projects as centres of excellence in bringing them forward. Overall, the Government is encouraging of new garden community projects being brought forward. And its role, in many ways, is to provide confidence and support. They want to work with places and see initiatives coming forward.

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3. Question and answer session

After each panellist gave their thoughts on how to meet the challenges facing the garden communities agenda the debate was opened to the floor with a number of questions from the audience. Below is a list of the questions asked and a summary of the answers given.

Forging a strong sense of identity in developing garden communities

“What are the panellists thoughts on how best to forge a strong sense of community and place identity, in a way that involves bringing existing residents into the fold of what is being built?”

There will always be difficulties faced when attempting to make a new settlement acceptable to people that are going to be directly affected by it. There has to be a recognition that people’s lives are going to be disrupted for the foreseeable future when developing new settlements. It is important to engage with the local community, on a hyper local level, but also more widely. By listening to what local people want and prioritising these asks first, and provide the necessary infrastructure upfront, a real difference to local people’s lives can be made. This will also help make the case for a new settlement more easily.

In Kent, lessons from Otterpool Park have taught the importance of this, and the need to set out the case for new settlements to existing communities through conveying the advantages. For example, the opportunities that will be brought to Folkestone’s local economy through the development of Otterpool Park will be enormous. Through having a robust master plan and strong land assembly, these benefits can be effectively conveyed. The benefits of new settlements that will illicit the support of existing communities is bespoke and particular to local circumstance. This is why government support should continue to back local decision making.

The importance of addressing local infrastructure needs first can be greatly bolstered by locally led development corporations, which have an element of local democracy in them. Local authorities are able to influence them with regard to meeting upfront infrastructure requirements. These corporations can also act as vehicles to attract private capital. Development corporations need to work with the private sector to undertake the development and utilise the skills of the latter in doing so.

Equally, it is important to avoid pitting the private and public sector against each other in this regard, as skills ultimately sit in people who work in and across these sectors. Therefore, cross sector working needs to be emphasised as collaborative, rather than one side lacking what the other has. Ultimately, the key to developing successful places is having the public interest as the primary motivation for undertaking the initiative.

On the announcement of the new chair of Ebbsfleet Development Corporation

“The Housing Minister has announced Simon Dudley as the new Chair of Ebbsfleet Development Corporation. Does the panel think Simon will help to ensure the full scheme comes to fruition?”

The potential for Ebbsfleet is vast and it has started to accelerate in its pace of delivery. It will continue to be developed at pace over the next fifteen to twenty years and reach its capacity potential. Hopefully, Simon Dudley can be the driving force behind this. However, if you do not have ownership of the land things can become more complicated in terms of reaching its full potential. Ebbsfleet Valley is a fantastic location and is a great project. However, the fact that it has to provide 60,000 parking spaces tarnishes the brand of garden communities. This is closely tied to the fact that the development corporation does not own the land itself and is obligated to provide these spaces. Here it is important to point out when the correct tools and conditions have not been provided to make a success of developments.

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Balancing national housing ambition with local infrastructure needs & using the waterfront garden city concept in Birkenhead, Wirral

“How do we deliver on the Government’s ambition to provide housing at scale and pace, with the need to give the infrastructure and townscape priorities of the local population? How can we make garden cities achieve both these priorities whilst still being viable to deliver at scale and pace?”

and

In Liverpool, a concept is being used of a waterfront garden city as the core of a brownfield first regeneration of Birkenhead, Wirral, with the potential for up to 20,000 new homes in a very well-connected community sited across from the Liverpool waterfront. High quality urban design and creating healthy places are key. Birkenhead has a broken property market. Does the panel have any advice for this particular project, and other areas working on similar challenges at this scale?”

The demand to create healthy places with high quality urban design is there in Birkenhead and across England. Provided it is a place that people want to settle, and the infrastructure is good, the business case is there to attract patient institutional investors and get them excited for the long term. This relates back to the cost of land acquisition and the ownership of these sites by development corporations. The Government can give long term certainty provided that there is a well costed and structured master plan that looks out across the next twenty-year horizon. If it can be shown that the Government can get a safe return on their investment, they will be more willing to write out the checks.

Adding to this, it is important to focus on quality. This is especially true for those areas where economic value will not be as high given the lower demand for economic investment in places like Birkenhead than in places around London and the South East. In these cases, it is especially important to not cut costs and build cheaply. It is the quality of new places that will make them stand out and work socially, environmentally, and economically in the long term. And it is important to recognise the timescale for large scale private investment in places like Birkenhead. There needs to be an institution that can think in the longer term and have access to cheap capital to invest for the benefit of community. Related to this is the need to have financial lines that can allow projects to commence early enough in place. Without this, there will be a lag between developments receiving commission and then starting on site.

On population size in relation to the delivery of community infrastructure

“What critical mass of population size is needed to deliver the services, infrastructure, transport and a decent supermarket and shopping precinct to justify the development cost and to sustain, for example, the shopping precinct for the long term? What is the baseline size assessment?”

An example from Kent is the Kings Hill garden village. Baseline assessments done there fifteen years ago showed that the critical mass was 15,000 homes and above to provide a self-supporting community with supermarkets, schools, pubs and other amenities. It is partially about infrastructure – one way of doing an assessment would be looking at multiples based on the number of schools. These indicators will serve as guides. However, it depends on local circumstances.

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On the financial scale of investment required in making new settlements successful

“Does the government recognise the financial scale of investment required to make a large new settlement succeed (including delivering the infrastructure needs, affordable homes, and green spaces)? Do feasibility studies require millions or billions of pounds?”

Feasibility studies do not require billions of pounds to be put in from the public sector. Already, the Government has supported existing garden community projects with substantial amounts of money. The financial scale of investment depends on the cost of the land. This is why compulsory purchase orders, and the Land Compensation Act of 1973, need to account for whether proposed settlements are sensible locations for new communities to be built. In Kent’s case, when agricultural land is worth £10,000 an acre, and residential land in parts of the county is valued at £2.5mn an acre, viability in new communities will not be affordable. Additionally, it is important to have patient investors, and whatever delivery vehicle is used, it is important to have open book accounting. It is vital to cost the master plan and all needed [social] infrastructure from the offset. Overall, Government does have a role in supporting the continual growth of garden communities, in part, through pump priming in stimulating economic growth. Long term investment is key in all of this.

On meeting local housing need

“How do you ensure that the homes built are purchased by local people in need of housing, and not commuters, or second homeowners, seeking cheaper housing in other areas?”

One way to ensure housing goes to local people is to not put them on the open market. Options include placing the housing stock in the hands of housing associations, community land trusts or the local council – any institution that can hold property in the long term and is motivated by the long-term prosperity of the community. Building new settlements are a perfect opportunity to create affordable housing. And placing housing stock in community land trusts would place controls over who can buy them, which would benefit the local community.

With the right balance, wider benefit can be brought to the surrounding community. Otterpool Park will bring prosperity from London down to the region surrounding it, and existing local communities and profit from this. So long as the balance is right, existing communities can be supported through good planning and bringing in new families.

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4. Webinar recording

The full recording of the 'Cultivating New Garden Cities' policy webinar can be access via the following [YouTube link](#)

Webinar kindly supported by:



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