STOREY: THE REAL POTENTIAL FOR ESTATE DENSIFICATION
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ANOTHER STOREY: CONTEXT

What do we know about the existing densities of London’s estates, and what capacity do they have for densification?

What factors affect the public and private sector costs, and what does this mean for the financial viability of estate densification?
ANOTHER STOREY: POLICY CONTEXT

INCREASE HOUSING SUPPLY

1954
Housing Repairs and Rent Act
1956
Housing Subsidies Act

1919
Housing and Town Planning Act: Homes Fit for Heroes Initiative
2015
Life Chances Initiative: Estate Regeneration Fund

IMPROVE QUALITY OF LIFE

1967
Housing Subsidies Act
1979 – 1995
Priority Estates Project (PEP)
1985
Estate Action (EA) Initiative
1988
Housing Action Trusts (HATs)
1994
Single Regeneration Budget
1998
New Deal for Communities
2001
National Strategy for Neighbourhood Renewal: Neighbourhood Renewal Fund
Decent Homes Programme

1974
Housing Finance Act
1985
Housing Act and Right to Buy

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ANOTHER STOREY: POLICY CONTEXT


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1. Identified sample of four London boroughs: Barking and Dagenham, Hounslow, Lewisham, and Waltham Forest.
2. Calculated densities of large estates (comprising at least 200 dwellings).
3. Compared estate densities to their ward densities in order to test scope for densification.
4. Projected the scope for densification beyond the limits of neighbourhood densities using London Plan density matrix.
5. Calculate uplift (in number of homes) on estates in these four boroughs if densified to SRQ ‘urban’ and ‘central’ levels.
Estates are not particularly low density when compared with surrounding wards.
ANOTHER STOREY: FINDINGS
All sample boroughs apart from Waltham Forest could meet up to half of their ten-year additional homes target through estate densification.
Estate densification could add between 4,000 and 8,000 homes to London each year – up to 20 per cent of London’s annual additional homes need.
ANOTHER STOREY: FINANCIAL VIABILITY ASSESSMENT

Base Case
Two-hectare estate.
90 dpha (average London existing estate density).
180 dwellings.

Densification model
Doubled density to 180 dpha (20 per cent more than the London average density of new residential development of 153 dpha).
360 dwellings (including an increase in the number of affordable homes).
30 per cent low-rent/social-rent (55 per cent of the market rent), 30 per cent Affordable Rent (70 per cent), and 40 per cent shared ownership.
No grants or subsidies.
ANOTHER STOREY: BASE CASE

OUTCOMES

Double the number of homes on the estate.

Make better use of scarce land for housing.

Increase the asset value of the estate by between 3 and 4 times.
It is likely that returns will be maximised with higher density increases on Inner London estates in higher value locations.
ANOTHER STOREY: SUBURBAN LOW-DENSITY ESTATES

Initial values were closer to final values.

Density increases of more than double were unlikely to be appropriate or acceptable.

Right-to-Buy sales could represent 70 per cent of the dwellings, far more than the London average.

A subsidy required to make up the difference in local authority recovery costs.
ANOTHER STOREY: SUBSIDY SOURCES

- Sunk costs within the local authority
- Capital allocations
- Stock transfer
- Central government grant to the authority
- Social Housing Assistance
- Government loans
- Cross-subsidy
ANOTHER STOREY: HOME LOSS PAYMENT

Base case
Owners received £25,000 (10% of dwelling value).
Tenant received £5,300 (set amount).

By measuring the impact of decant in social value terms, we estimate a home loss value of between £15,000 and £20,000 per resident.

*There is a case for Homes Loss Payments for tenants to be increase three- or four-fold.*
A full analysis of where London’s existing estates are, and their current densities, should be used to inform the next iteration of the London Plan. The Mayor should use this analysis to identify the potential for estate densification.

Densification should not stop at the edge of housing estates. We recommend an approach that combines densification both of estates and other uses such as privately owned residential land and publicly held land such as car parks. Estate densification also needs to be carried out in a way that integrates the densified site with the surrounding urban fabric, adopting a mixture of block types and increasing in density nearer to urban centers and transport hubs.
Home Loss Payments should be increased to ensure the fair treatment of tenants in the demolition and densification process. There may also be a case for varying the amount depending on the number of years lived in the dwellings; its value; and whether the move is within or outside the estate.

Where suburban, low-density estates are densified, this should be supported by a programme of gap funding if necessary. This could be through a combination of central government grant, housing association cross-subsidy, private finance through stock transfer, and local authority contribution.