The promise of cross-subsidy: Why estate demolition cannot solve London's housing emergency

Dr Joe Penny
UCL Urban Laboratory

Public Interest Law Centre

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About the author

Dr Joe Penny is associate professor in global urbanism at the UCL Urban Laboratory. His research focuses on the local state, public land, and council housing as key sites of struggle for building more socially and ecologically just urban futures.

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Glossary of Terms & Tenures

Truly Affordable Housing

In this report, 'truly affordable' is defined as housing that costs no more than 30% of a household's net monthly income. This definition is consistent with UN-Habitat which 'calculates unaffordability as a net monthly expenditure on housing costs that exceeds 30 per cent of the total monthly income of the household. Together with security of tenure, affordability is central for preventing the risk of evictions as it reflects the capacity of people to sustain rent and mortgage payments'.

Genuinely Affordable Housing

The term 'genuinely affordable housing' was introduced by Mayor of London Sadiq Khan in the draft London Plan as an alternative to the contested definition of 'affordable rent' at 80% of market rents.[1] The term 'genuinely affordable housing' encompasses a wide range of different housing 'products' – social rent; London Affordable Rent; London Living Rent; and Shared Ownership – many of which do not meet the criteria for truly affordable rent/housing used in this report.

Council Housing & Rent

Council housing is housing that is owned and managed by a local authority, or local council. Council rents are typically the lowest cost housing available in London, with rents ranging between 20 to 50% of market rents. Average London council rents in 2021/22 were £110 per week. Council rents have increased faster in the past 20 years than social rents in a government attempt to bring the two into alignment. Since the 2000s, council rents have also been set in relation to the marketable value of the properties, allowing higher rents to be charged for new build homes in well-located areas.

Social Housing & Rent

Social rented homes are provided by Registered Social Landlords (RSLs) – such as housing associations – for households on low incomes and are let to households on a council's waiting list for social housing. Social rents are based on formulas in the *Social Housing Regulator's Rent Standard Guidance*. Across London, in 2020, the average social rent plus service charge was approximately £140 per week. However, because social rents are calculated in part based on the marketable value of the property, social rents can vary significantly.

London Affordable Rent (LAR)

LAR is an affordable housing 'product' created by the Mayor of London Sadiq Khan to circumvent nationally imposed restrictions on funding social rent homes. LAR homes are intended for households on the council waiting list for social housing. Rent levels for LAR homes are capped at benchmark levels set by the GLA c. £150 to £200 per week. LAR rents are higher than Social and Council rents.

Affordable Rent

Affordable rents are capped at up to 80% of market rents. They are available to households on a council's waiting list for social housing, however they are widely recognised as a misnomer since they are not affordable to low-income households.

London Living Rent (LLR)

LLR is an affordable or intermediate housing product set at up to 67% of market rents to households with a combined income of up to £60,000. Whilst recognised in planning documents as an affordable housing product, they are targeted to those who earn above median incomes in London. According to GLA statistics, the average median annual pay across the 33 boroughs is £33k, with a high of £59k in the City of London and a low of £24.8k in Redbridge.

Shared Ownership (SO)

Shared Ownership is described in planning documents as an affordable and intermediate ownership product for households who would struggle to buy on the open market. SO enables households to purchase a share in a new home and pay a rent on the remaining, unsold, share, plus service charge. Whilst it counts in affordable housing statistics, this tenure is for middle-income earners with a combined income of up to £90,000, almost three times the average median annual pay for all employee jobs across the 33 boroughs.

Housing Revenue Account

Housing Revenue Accounts (HRAs) are ring-fenced landlord accounts that record income and expenditures pertaining to the provision of council rented housing by local authorities. The main sources of income into the HRA are council rents and service charges (including those paid by council tenants and leaseholders in former council homes). The main expenditures relate to routine management and maintenance, major repairs, and interest payments on loans. Local authorities may borrow against rental income in the HRA (in line with the CIPFA Prudential Code) but they may not budget for a deficit.

Secure, Assured, and Assured Shorthold Tenancies

Most council tenants, or those who rent their homes directly from a local authority, have *secure tenancies*. These confer strong statutory rights to the tenants and limit the basis under which the landlord can seek possession 'down to a small number of grounds such as breach of tenancy, rent arrears and so on'.[2] They are considered lifelong tenancies. In some circumstances, a council can give a *flexible tenancy* which is a form of secure tenancy granted for a fixed term of a minimum of two years. Most social tenants who rent from Housing Associations have assured or assured shorthold tenancies (typically for a fixed term of at least for two-years). *Assured tenancies* can be lifetime tenancies or fixed term tenancies, usually lasting 5-years. Assured tenancies offer less protection than secure tenancies and it is easier to be evicted for rent arrears. Increasingly, Housing Associations have been giving tenants 'starter tenancies' or 'fixed term assured shorthold tenancies'. Starter tenancies offer very few statutory rights, and it is very easy for the Housing Association to obtain possession. *Assured Shorthold Tenancies* are usually provided to those in the private sector. These are the least secure kind of tenancy in England and confer fewer rights to the tenant. It is, for example, much easier for a landlord to evict a tenant who has an assured shorthold tenancy than a tenant with a secure or assured tenancy.

Executive Summary

Since the turn of the millennium, hundreds of council and social housing estates across London have been 'earmarked for demolition'[3] and redevelopment by local councils and housing associations. To finance this wave of 'regeneration' in the absence of sufficient grant funding, local councils and housing associations, often working with private developers and investors, seek to unlock latent land values on council and social housing estates, replacing them with denser mixed-tenure developments, wherein the sale and rent of market housing cross-subsidises the provision of 'affordable' and social dwellings. In the context of a deepening housing emergency for low-income, working-class Londoners, this report develops an evidence base to evaluate the effectiveness of this mode of estate regeneration to provide truly affordable, secure, and sustainable housing for those who are most in need.

The report is the outcome of research commissioned by the *Public Interest Law Centre* in response to an influx of queries for advice and support from Londoners experiencing homelessness, including families living in long-term temporary accommodation, and tenants and housing groups who are fighting against the comprehensive redevelopment of their homes and communities. Housing, planning, and consultation issues are at the heart of queries the *Public Interest Law Centre* receives, including *inter alia:* concerns about the loss and replacement of secure council housing with 'affordable' housing; the managed decline of estates; the demolition of structurally sound buildings; the loss of social and green infrastructures; and issues around consultation and estate ballot processes.

The research aims were: 1) To use publicly available data to identify and critically evaluate the main approaches to affordable housing delivery on public land involving the demolition and redevelopment ('regeneration') of council/social housing estates in London; 2) to provide the *Public Interest Law Centre* with an evidence base on the consequences of council/social housing estate regeneration, including especially the reduction of council-rent homes in the capital and the extent to which this is resulting in the displacement of low-income, working-class tenants; and, 3) to contribute towards broader political, policy, and public discussions and debates about the nature of the housing emergency in London, particularly for those who approach the *Public Interest Law Centre.*

Through the research, three prominent approaches to estate regeneration-as-redevelopment in London were identified, evaluated, and compared: the developer-led approach; the local housing company approach; and the council-led approach. Although distinguishable in important ways, including in how they are financed, governed, and executed, these approaches all entail the monetisation of rising land and property values through the demolition and redevelopment of existing council and social housing estates. To balance depth with breadth, each approach is represented in this report by two case studies across the London Boroughs of Southwark, Barking and Dagenham, Lambeth, Hackney and Camden. The evaluation of the cases consists of an explanation of their political and economic context and dynamics; a narrative account of the process of regeneration in its unfolding; and an analysis of data collected and produced on the outcomes of the regeneration, focused specifically on questions of affordability and security.

The case studies were chosen because they represent 'typical' cases of the three approaches. Some are of singular large-scale council estate redevelopments; others are of wider estate regeneration programmes. They include those that are regarded by progressive politicians, policymakers, and practitioners as 'good case' or 'best case' examples, as well as those that are recognised as cautionary tales. The aim here is not to adjudicate on the specifics of any case, but to draw out a set of repeating patterns, themes and dynamics that emerge from a common set of political economic conditions shaping contemporary council estate regeneration. Taken together, they provide a robust, impartial, and varied evidence base to assess the political economy, governance, delivery, and outcomes of estate regeneration in London.

A wealth of academic, policy and community research, across various media, shows that estate demolition and redevelopment is a socially and ecologically harmful process.[4] For tenants and leaseholders, it is disorienting and disruptive; it negatively impacts people's, and especially more vulnerable people's, mental and physical health, undermining their ontological security and their place-based social and livelihood relations.[5] It is also environmentally wasteful. When taking a whole lifecycle of buildings approach, the demolition and redevelopment of council estates significantly increases embodied carbon emissions when compared to alternatives such as refurbishment.[6]

Yet a striking feature of estate demolitions in London is that they often proceed in the face of this knowledge and in the absence of clear and consistent, readily available and easily accessible, data and information on exactly what is being demolished, what is being developed in its place, and to what extent and for whom it is affordable. Even very basic information needed as a precondition for informed consent – including on tenant relocation and displacement, gross and net completions, and rent levels and their affordability for different groups of tenants – can be frustratingly hard, and indeed not always possible, to find. With sometimes quite vague promises and few guarantees, tenants and leaseholders are subjected to the lifechanging process of being 'un-homed'.[7]

To help address this data and information deficit, the report builds an evidence base from a close analysis of hundreds of relevant documents and artefacts – including Council Cabinet Reports, Planning Applications, Viability Assessments, Financial Revues, Scrutiny Reports, Equality Impact Assessments, Freedom of Information responses, and Council/Social Housing advertisements. Whilst this evidence base references the personal, social, and ecological costs of demolition, its focus is more narrowly on housing outputs, security of tenure, housing costs, and levels of affordability for those on low-incomes.

In hopes of providing some much-needed clarity on the question of affordability, especially in the English context, the term 'truly affordable' is used throughout the report. True affordability is defined in two ways. First, 'truly affordable' housing is defined as housing that costs no more than 30% of a household's net monthly income. This definition is consistent with UN-Habitat which 'calculates unaffordability as a net monthly expenditure on housing costs that exceeds 30 per cent of the total monthly income of the household'.[8] Other organisations have adopted the same or a similar threshold.[9] Second, the report takes into consideration residual incomes and minimum income standards. Residual income is the money left available to a household after rent has been paid. The Minimum Income Standard[10] is a calculation of the amount of money a household needs to secure a socially acceptable minimum standard of living. Based on these definitions, the report evaluates the extent to which estate regeneration through demolition and cross-subsidy is an effective mechanism to address the housing affordability emergency in London.

While the Mayor of London has celebrated a 'golden era' of council house building, the analysis of data collected and produced in this report shows that the urban political economy, governance and delivery of council and social housing estate regeneration in London is failing to deliver for those most in need of truly affordable and secure homes. Across the three approaches and six cases considered in this report, comprehensive council estate redevelopment consistently overproduces the type of housing London has the least need for – market sale and rent – and, despite significantly increasing estate densities, underdelivers (and in all but one case reduces), the tenure of housing Londoners are in most need of – council and social housing. In total, 23,551 new homes have been, or are expected to be, delivered by the programmes analysed in this report by 2035. Of that, the majority, 11,961 (51%), are for market rent or sale. Just over a fifth, 5,112 (22%), are for intermediate ownership and rent, including shared ownership, Affordable Rent and London Living Rent. And just over quarter, 6,478 (27%), are *replacement* social rented homes. There will be a net loss of 2,151 truly affordable homes, with 8,629 council rented homes demolished across the six cases.

The redevelopment of council estates also increases the costs of council and social housing, making it less affordable and less secure for those on low-incomes, and especially those affected by the benefit cap. On average, estate regeneration increases council and social rents by over £80 per week. For those who are not receipt of Universal Credit or Housing Benefit, or for those impacted by the benefit cap, these increased costs make the replacement council and social housing on new estates unaffordable. Those whose housing costs are covered by Universal Credit or Housing Benefit are somewhat protected from the housing cost increases associated with contemporary estate regeneration. However, when comparing the residual incomes of these households with the London minimum income standard, the new council and social housing being built is still unaffordable. This is especially significant where council tenancies are replaced with assured or assured shorthold tenancies, which are less secure and give greater grounds for evictions due to rent arrears. Furthermore, in instances where Universal Credit or Housing Benefit does cover any increases in housing costs, depending on the approach, significant amounts in welfare spending are captured by private developers and investors.

The following summaries disaggregate the findings from the three approaches:

The **developer-led approach** to estate regeneration is represented in this report by the cases of the Heygate and Aylesbury Estate Regeneration programmes in the London Borough of Southwark. In both cases, council estates on public land have or are being demolished to make way for denser, mixed-tenure estates delivered by corporate and not-for-profit developers. On these two estates, 3,971 homes, including 3,435 council homes, will have been demolished by 2035. In their place, a total of 6,979 homes (1.76x density) have been built or planned: 1,897 (27%) will be social homes, 1,017 (15%) will be intermediate homes, and 4,065 (58%) will be market homes. This represents a net loss of 1,538 truly affordable homes. Additionally, the replacement social rented homes are being provided with less secure Assured Tenancies and with £107.51 higher average per week social housing costs.

The **Local Housing Company (LHC) approach** is represented in this report by the London Boroughs of Barking & Dagenham and Lambeth. In this approach a local council creates a wholly-owned housing company to redevelop, acquire and manage housing outside of the Council's Housing Revenue Account. Across the council estates that have been, or are being redeveloped by LHCs in these boroughs, more than 3,559 homes, including an estimated 3,096 council homes, will have been demolished by 2030. They have been, or are expected to be, replaced by 9,242 homes (2.5x density), including: 2,126 (23%) social homes, 2,941 (32%) intermediate homes, and 4,175 (45%) market homes. This represents a net loss of 970 truly affordable homes. Furthermore, on average, the rents that tenants will pay in the new social homes delivered by these LHCs is £103 per week higher than the average council rent homes they have replaced. Tenants will also lose their Secure Tenancies for either Assured Tenancies or Assured Shorthold Tenancies, both of which are less secure.

The **Council-led approach** is represented in this report by the London Boroughs of Hackney and Camden. In this model the local council directly leads on the (re)development of council estates on public land. Across several council estates that have been, or are being, redeveloped directly by Hackney and Camden Borough Councils, more than 2,103 homes, including 1,919 council homes, have been, or will be, demolished. In their place, 7,404 homes (3.5x density) will be built by 2030, of which 2,767 (37%) will be social homes, 1,149 (16%) will be intermediate homes, and 3,488 (47%) will be market homes. As such, in contrast to the Developer-led and Local Housing Company models, there will be a net addition of 848 social rented homes (11% of the total homes built). Most of this increase is attributable to the London Borough of Camden's development programme, which has been part subsidised by the sale of a significant amount of public land to private developers. Although the tenancies of these homes will be the same as before redevelopment, the rent levels will be higher affecting especially those hit by the benefit cap. On average, the rents that tenants pay in the new council homes delivered is £54 per week higher than the average council rent in the two boroughs.

The evidenced costs of council estate redevelopment for tenants and leaseholders are high. They are asked to bear these costs in the name of more and better-quality housing for themselves and others who are in need. But the evidence presented in this report shows that, from the perspective of true affordability, estate demolition fails to deliver. In the best cases examined in this report, estate redevelopment is an insufficient and inefficient means of replacing existing council housing – often condemned as obsolete based on little substantive evidence – with costlier social housing that is cross-subsidised by an increase in the density of expensive market housing, and often with the loss of social and green infrastructure. In the worst cases reported on below, estate regeneration is a byword for the massive loss of truly affordable housing and the displacement of low-income, working-class communities. In any case, the personal, social and environmental costs are far too high for a model that has not and cannot deliver the quantity and quality of truly affordable, secure and

1 Introduction

Like many cities globally, London is 'experiencing an acute, pervasive and socially explosive housing crisis…'.[11] In recent decades, and especially since the 2008 Global Financial Crisis (GFC), the value of residential assets has been inflated far beyond growth in wages or productivity across urban contexts internationally, as investors – encouraged for a time by low interest rates and quantitative easing – have competed to acquire real estate. Research by property consultant Savills showed that in 2020 the value of global residential real estate reached an all-time high of $US258.5 trillion.[12] This rush of capital into housing, especially in 'gateway cities' for global investment like London,[13] has played havoc with ordinary urban life; deepening uneven geographical development at all scales, driving crises of unaffordability and displacement, and encouraging more wildly speculative cycles of boom and bust.[14]

Market housing costs, in terms of house prices and rents, far outstrip the wages of low-income working-class – and now many higher-paid middle-class – Londoners.[15] In 2023, the average market rent for a one-bedroom home was 46% of the *gross*-median pay in London,[16] well above the UN-Habitat's housing affordability threshold of 30% of net household income spent on rent. For low-income, working-class Londoners, this affordability crisis is nothing new. But conditions are worsening. Over the past three decades – as investment in, and the supply of, council and social housing has fallen, and as greater numbers are housed in the precarious private rented sector – tenants have experienced a profound lack of control over their dwelling conditions, enduring what housing scholars call 'residential alienation'.[17] For low-income tenants unable to access a 'decent, stable, and suitable home' the housing *crisis* is a housing *emergency*.[18]

The housing emergency has become a major driver of poverty. When housing costs are accounted for, poverty rates in London almost double.[19] In the underfunded council and social rented sector, tenants are too often exposed to overcrowded, unhealthy, and potentially deadly dwellings. The London Tenants Federation[20] estimates that in 2020 as many as 118,000 families were living in overcrowded social rented homes, whilst reports of mould and damp in social housing suggest a growing quality problem.[21]

Conditions in the private rented sector, a tenure now larger than social housing in London, are commonly worse. In 2016, Shelter reported that 60% of London renters live 'with unacceptable conditions, including vermin-infested, damp or dangerous homes',[22] whilst also being at risk of eviction and displacement. For the hundreds of thousands of families on London's housing waiting lists and in temporary accommodation,[23] the prospect of being housed by councils in private rented housing outside of, and so effectively banished from, London is ever-present. In December 2022, London Councils reported that 162,000 Londoners, a disproportionate number of whom are in households of single women with dependent children, were homeless and living in temporary accommodation.[24] Between March 2022 and February 2023, an estimated 7.8% of all temporary accommodation placements in London were outside of the capital.[25]

As London's housing emergency deepens and extends, secure, truly affordable, and decently-maintained social housing is again being recognised – albeit more in word than in deed – as an essential socio-economic infrastructure, sheltering London's socially and ethnically diverse low-income population from market vicissitudes. In the words of the current Mayor of London, Sadiq Khan, social housing is 'the foundation of our mixed city… [ensuring that] Londoners of different means and backgrounds can live alongside each other across the capital'.[26] Hailing a 'golden era' of council housing in the capital, the Mayor has taken some positive, if tentative and insufficient, steps with regards to council and social housing. He has helped secure more grant funding through the Affordable Homes Programme, funded the acquisition by local authorities of homes from the private market through the Council Homes Acquisition Programme (CHAP), and introduced estate ballots. Notwithstanding these gains, Greater London Authority (GLA) evidence shows that politicians and policymakers need to massively expand the capital's stock of social housing to meet the needs of current and future Londoners. Indeed, the GLA's 2017 *Strategic Housing Market Assessment* showed that 65,000 homes are needed per year until 2041 to clear the backlog of existing housing need and meet newly arising need.[27] Of that, just under half, or 31,000, need to be social rented homes.

Yet in recent years London's existing stock of council and social housing has been increasingly 'earmarked for demolition'[28] as part of a city-wide trend towards 'regeneration' through demolition and redevelopment. Council and social housing estate regeneration is, of course, not new; it has been a prominent feature of urban policy in London for forty years. But in the last 20-years, especially since the onset of austerity and viability-led planning,[29] the dynamics, rationales, and forms of estate regeneration have changed. Increasingly, council and social housing estate 'regeneration' projects are defined by three distinctive features: first, the comprehensive *demolition* of existing council and social housing, including where robust evidence for its necessity is lacking;[30] second, the *densification* of existing estates, often at the expense of community amenities and green infrastructure; and third, the *privatisation and marketisation* of council and social housing estates, both in terms of how and by whom estate regeneration is financed and delivered, and in terms of the type of housing that predominates on redeveloped estates – market housing for sale and rent.

The human, social and environmental costs of estate regeneration involving demolition have been well documented across academic, policy and community research, even if they are rarely fully accounted for in decision-making. Estate redevelopment takes years, if not decades, and it is made even more uncertain when market conditions dictate the pace of construction and what is built. During this process, tenants and leaseholders are subject to stressful and enervating conditions that take a physical and mental toll.[31] Everyday life for those living on estates that are being demolished can be profoundly disorienting as their ontological security, sense of place and social relations are shattered. After redevelopment is complete, returning and displaced residents may experience 'root shock', or trauma, associated with ruptured connection to people, communities and place.[32]

Environmentally, estate redevelopment wastes a significant amount of embodied carbon in structurally sound, if disinvested, built environments. Embodied carbon refers to 'all the Co2 emitted in producing materials… which can include all the emissions from the construction materials, the building process, all the fixtures and fittings inside as well as from deconstructing and disposing of it at the end of its lifetime'.[33] Intensive redevelopment can also reduce green infrastructures, including open green space and mature tree cover. At a time when more councils are declaring a climate emergency, such costs should be at the heart of decision-making.

Considering these costs, this report examines the effectiveness of contemporary forms of council and social housing estate regeneration to provide truly affordable, secure, and sustainable housing for those who are most in need. Drawing on publicly available data, six case studies of council and social housing regeneration are presented across the London Boroughs of Southwark, Barking and Dagenham, Lambeth, Hackney and Camden. These case studies have been chosen because they are representative of the main ways in which council and social housing estate regeneration is being executed in London, including: the developer-led; local housing company; and council-led approaches. Together, the case studies provide a robust, impartial, and varied evidence base of estate regeneration entailing the demolition, densification, and privatisation and marketisation of council and social housing on public land.

Looking beyond celebratory press releases, glossy developer brochures, and political sloganeering, this report demonstrates that contemporary council and social housing estate demolitions routinely fail to deliver the type of truly affordable housing that low-income, working-class Londoners most desperately need. In the best cases analysed here, estate regeneration is shown to be a slow, disruptive, wasteful and inefficient means of replacing existing council housing with costlier social housing, cross-subsidised by a significant increase in high-cost market housing for sale and rent. In the worse cases, estate regeneration leads to the displacement of council tenants and leaseholders by more affluent residents and the loss of public goods for private profit. In all but exceptional cases, estate regeneration results in a net loss of truly affordable housing in London. These outcomes cannot be fully explained as the result of poor practice, incompetence or callousness. They are the inevitable consequence of the political economy of estate regeneration under conditions of austerity and financialisation.

The political economy of council and social housing regeneration in London

Council and social housing estate regeneration has been an important, albeit shifting, feature of London's urban policy since the mid-1970s. In the 1980s and 1990s, which was for the most part a period of disinvestment in council housing, estate regeneration became evermore commonplace across London's varied types of council housing estates,[34] most of which were built between the 1930s and 1970s. Rising levels of urban poverty and inequality, underinvestment in the physical maintenance and refurbishment of ageing buildings, and negative portrayals of the design and social life of municipal housing converged in the construction of council estates as a pressing political and policy 'problem' – as 'obsolete' infrastructures.

This 'problematisation' of London's council and social housing estates has been underpinned by a persistent combination of assertions, or what Paul Watt calls 'place myths'.[35] First, council housing estates have been portrayed across various media as socially marginal places, marked by concentrated deprivation, worklessness, cultures of low aspiration, and a lack of care for domestic and communal space. Second, council estates have been represented by politicians, officials and policy-makers as lacking in the necessary social and tenurial 'mix', specifically too few owner-occupied homes, to promote vibrant and successful urban communities.[36] And third, council estates have been depicted by some architects as poorly designed, facilitating (and even encouraging) criminality and anti-social behaviour.[37] More recently, council and social housing estates have also been rendered 'obsolete' in official policy discourses based on their structural integrity, energy inefficiency, and lack of density (the latter claim linked to the growing housing emergency).[38] These claims are contested by tenants and residents, as well as many other experts.[39]

Notwithstanding these representational continuities, over time the political and economic conditions under which estate regeneration has unfolded have changed, shaping both the reasons for, and the means and consequences of, its execution. Early council and social housing estate regeneration projects in the 1980s and 1990s took place when national political priorities were to shrink the council rented sector by selling and transferring stock, and reducing investment in the maintenance of existing, and development of new, council homes. New social and affordable housing, in so far as it was delivered, was provided overwhelmingly via the planning system, with private developers expected to provide a negotiated proportion of affordable homes through Section 106 contributions. Housing Associations, given freedoms to borrow from capital markets, were also expected to pick up where local councils had been forced by central government to leave off.[40]

In this period, estate regeneration projects in London were mostly publicly funded and spatially targeted attempts to resolve physical and social issues on council estates. Initiatives such as Estate Action, Housing Action Trusts (HATs), Single Regeneration Budgets (SRBs) and the later New Deal for Communities (NDC) entailed often significant levels of targeted central government investment for refurbishment and redevelopment.[41] The SRB programme, for example, initiated in 1994, drew together funding from across central government departments for which local councils competed to demolish and replace council estates with mixed-tenure developments.[42] Earlier estate regeneration projects from this time tended to reduce the number of homes on existing estates, demolishing lower-quality flats, and replacing them with less dense mixed tenure housing.[43] Investment in the renewal of the physical condition of estates was also accompanied by funding for programmes to address social and economic concerns, including community projects around participatory decision-making and management, education, youth work, unemployment and workfare-style programmes, and the like. A core principle throughout was an emphasis on 'demunicipalisation' through stock transfers of estates from local councils to Housing Association ownership and management.[44]

In the 2000s, targeted estate regeneration projects were often articulated through wider ambitions for an 'urban renaissance' in British cities.[45] Core to this agenda was the notion that better designed urban space could attract private capital and middle-class residents back to inner-city areas to arrest apparent decline and decay. Council estates became important nodes in wider spatial strategies oriented to the replacement of 'low value' housing and businesses with 'higher value' residential and commercial real estate. As several scholars have noted, the normative emphasis on 'social mix', put forward as justification for this transformation of urban space, only ever worked one way; low-income areas were to be remade for higher-income residents, not vice versa.[46] Towards the end of the 2000s, the political and economic conditions in which estate regeneration had until then been pursued began to change. Some of the social investment projects continued, especially through the New Deal for Communities (NDCs), and the commitment to stock transfers was unwavering. But increasingly public investment in maintenance, refurbishment and redevelopment was replaced by debt-financing and private capital, and partial demolitions and lower-density redevelopment gave way more and more to comprehensive estate demolition and major densification projects, focused especially on the delivery of private market housing as a means of monetising rising land values and adding to housing supply.

These trends were deepened following the 2008 Global Financial Crisis (GFC) by the Coalition Government's decision to initiate a transformative project of austerity across the public sector, affecting housing policy and practice in a number of ways. Between 2010 and 2020, central government cut revenue support grant funding to local government in London by 63% at a time of rising need for social infrastructure and local welfare. Targeted estate regeneration funding schemes were terminated and government funding for the delivery of new social housing, including to Housing Associations, was all but completely scrapped: the budget for social and affordable housing was cut by 60% and the definition of 'affordable' was changed from 50% of market rents to 80% of market rents. As such, the provision and maintenance of non-market housing was made more dependent on debt finance, higher rents (shifting costs onto tenants and the welfare state),[47] and mechanisms of 'self-financing' based on cross-subsidy models. The delivery of council and social housing fell precipitously in London over the 2010s.

With public funding to refurbish and develop new social housing dwindling, local councils and Housing Associations in London have turned to the rapid increase in land values and house prices as an alternative source of finance. Reflecting a global 'real estate turn' in urban politics,[48] politicians and policymakers across London, of all political persuasions, have embraced strategies of self-financing through cross-subsidisation. This entails developing private market real estate, for sale or rent, to finance the provision of social infrastructure, including the statutory obligations for affordable and social housing.[49] In this way, Housing Associations and local councils have come to act more like private developers, borrowing greater amounts to speculatively build private and costlier forms of 'affordable' housing with the promise that developer returns – typically between 18-25% – may be used to maximise social outputs for the public in the form of more social housing, higher design standards, and new streams of revenue for wider local public services.

The current political-economic and policy context of austerity and cross-subsidisation has intensified the financialised and speculative nature of 'regeneration'.[50] Lacking developable public land, and with private land values prohibitively expensive, local councils and Housing Associations have increasingly targeted council and social housing estates for comprehensive redevelopment. In 2023, Estates Watch, presenting research coproduced between academics, tenants and housing campaigners as part of a major *Economic & Social Research Council* funded project,[51] estimated that over 100 council estates in London were slated for demolition.[52] The decision to demolish hundreds, sometimes thousands, of homes is officially justified, if rarely evidenced,[53] because of 'financial viability' and 'obsolesence'. Decision-makers point to a lack of funding to refurbish existing stock, or else argue that the costs of renovation are so high that redevelopment is the most economically (if not environmentally) viable option for 'obsolete' estates. VAT exemptions on new builds, which are not applied to retrofitting, further incentivise demolition. With projects reliant on the successful realisation of land values through private sales and rents, important questions around density, bedroom size mix, tenure split, and social and green infrastructure provision are subordinated to financial viability pressures. These pressures have worsened in recent years due to a 'perfect storm' of rising inflation (increasing the costs of material, labor, and finance) and housing market uncertainty. Future house prices, development costs, interest rates, and construction delays are hard to predict and potentially very costly.

The risks inherent to this model of 'regeneration' are born first and foremost by existing council tenants facing demolition. In the report *Knock it Down or Do it Up,* the London Assembly estimates that in the ten years up to 2015 'there has been a net loss of some 8,000 social rented homes'[53] due to demolitions. Research by London Assembly member Sian Berry has documented that, 'if currently approved schemes go ahead', more than 13,539 social and council homes will have been demolished since 2003.[54] As this report shows, even in the better cases, where tenants are able to exercise a right to return, they still bear the brunt of redevelopment's well documented costs, including: years of uncertainty, anxiety, and stress; the slow decline of estates in the lead up to major works; the breaking up of place-based communities and social relationships that support tenants in their everyday lives; the loss of council homes, at council rents with secure tenure; increased costs of rents and service charges on new build social housing; and, the displacement of families and individuals who won't be able, or willing, to exercise their right to return.[55]

Driven by these conditions and experiences, estate-based campaigns protesting 'estate regeneration' have proliferated across London over the past ten years.[56] Acutely aware of the need for investment in their homes and estates, and sharply cognisant of the need for new council and social rented housing, tenants and resident campaigns against estate regeneration emerge out of a frustration with poor communication and broken promises, in opposition to the loss of council tenancies and community amenities, against rent and service charge increases, and in fear of the dissolution of place-based, and socially diverse, connections and relationships. They question the wisdom and justice of morphing estate regeneration into a crude supply-side housing policy premised on the logic that building more market homes will solve the housing affordability emergency.

As noted, under Mayor Khan, tentative steps towards a promised 'council housing renaissance' have been made. In 2018, responding to the wave of discontent from tenants and leaseholders on affected estates, the Mayor of London published *Better homes for local people: The Mayor's good practice guide to estate regeneration* in which he acknowledged that 'estate regeneration can result in disagreement, which can leave residents feeling they have not been properly consulted, social housing being lost, and displaced tenants and leaseholders getting a bad deal'.[57] In this guide, Mayor Khan set out his vision for estate regeneration stating that: 'He believes plans must be developed through full and transparent consultation and resident involvement'; he 'wishes to see the level of affordable housing – particularly homes where rents are based on social rent levels – maintained and, wherever possible, increased through estate regeneration schemes'; and that 'proposals should include the right to return or remain for social tenants, and a fair deal for leaseholders and freeholders'. These are laudable aims and the guide has been called 'a welcome shift in the direction of tenants' and leaseholders' rights'.[58] However, as Estates Watch note in their *Alternative Good Practice Guide to Estate Regeneration,* the Mayor's guide lacks 'effective mechanisms' to realise these ambitions and those mentioned leave 'many important issues open to interpretation and a number of loopholes to be exploited'.[59]

Most significantly, while the Mayor secured £4.8bn in government funding for social and affordable housing through the *Homes for London: Affordable Homes Programme 2016-2023,* the Mayor has not substantively challenged the underpinnings of contemporary estate regeneration: demolition, densification, privatisation and marketisation. Bad practice is alluded to in the 2018 good practice guide, but concrete examples are not provided, and the report does not link such practices to the political economy and governance of estate regeneration: the reliance on the financial and speculative logics, mechanisms, and dynamics of cross-subsidy. This report provides detailed evidence from six case studies to show that a fundamentally different approach to estate regeneration is required to provide the truly affordable, secure and decent homes that low-income, working-class Londoners need.

Aims & Scope of the Research

The *Public Interest Law Centre* commissioned this report to provide an evidence base into the loss of council rent homes and to examine the consequences of council and social housing estate regeneration for London's diverse low-income tenants facing the prospect of demolition, displacement, and dispossession.

Since its founding in 2016, the *Public Interest Law Centre* has represented Londoners at the sharp end of the city's housing emergency, including those facing eviction and homelessness, and those in temporary accommodation. In recent years, the *Public Interest Law Centre* has received a growing number of queries from tenants and housing groups across London who are facing the comprehensive redevelopment of their homes and communities as dense market-led developments. Consultation, planning, and housing rights issues are often at the heart of these queries, including:

- The replacement of secure council housing and tenancies with 'affordable' housing (including shared ownership and little to no provision of secure and low-cost council and social housing for working-class communities);
- The managed decline of estates in the run up to major works and the 'decanting' of secure tenants who are replaced with temporary accommodation tenants who are often given no rights of return to the redeveloped estates;
- The incidence of void properties on estates slated for demolition and redevelopment, many of which remain empty and wasted for years;
- The calculation of re-provided social housing on the basis of social housing floorspace rather than by the number of social housing units;
- The environmentally wasteful and carbon-intensive demolition of structurally sound buildings during a climate emergency;
- The loss of social and green infrastructure, including community centres and space to rest and play on estates due to infill;
- The lack of genuine consultation and issues of bias in estate ballots, including uncapped public spending for 'yes to demolition' campaigns and the lack of alternative options presented besides demolition or decline.

To help the *Public Interest Law Centre* better support those experiencing homelessness, and council and social housing tenants, the aims of the research project reported on herein were three-fold:

- To use official data to identify and critically examine the main models of affordable housing delivery on public land involving the demolition, densification, and privatisation/marketisation ('regeneration') of council and social housing estates in London;
- To provide the *Public Interest Law Centre* with an expert evidence base on the consequences of council and social housing estate regeneration and the extent to which it is resulting in the loss of council and social rented homes, and consequently working-class displacement and dispossession;
- To contribute towards broader political, policy, and public discussions and debates about the nature of, and potential solutions to, the housing emergency in London, especially from the perspective of those the law centre seeks to support.

Methodology

The aims of the research were met through a series of in-depth case studies of council and social housing redevelopment in London. The case studies were selected as 'critical cases'[60] that have strategic importance in relation to the general problem – council estate demolition, densification, and privatisation and marketisation. The choice of case studies reflects an attempt to capture the range of governance and delivery approaches to estate regeneration-as-redevelopment. Whilst not exhaustive, the following three approaches represent the main ways in which the cross-subsidy model of 'estate regeneration' is executed in London.

1. the *Developer-led approach,* wherein council estates (on Housing Revenue Account (HRA) land) are transferred to a private developer or Housing Association to redevelop through a development agreement with the Local Authority;
2. the *Local Housing Company approach,* wherein a local council creates a wholly-owned housing company to redevelop, acquire and manage housing outside of the HRA and General Fund (GF). This model has been created as an alternative to the developer-led model, in part to ensure greater local authority control, avoid Right To Buy, and retain developer profits (15-20%) for improved public outcomes;
3. the *Council-led approach,* wherein a local council directly leads on (re)development on public land, including through council estate redevelopment, and then holds the housing in the HRA.

These three approaches are distinctive in terms of their financing, governance, and ownership structures. However, they all have one important feature in common: They involve the redevelopment and densification of public land and council estates through mixed-tenure developments where new and replacement 'affordable' housing is cross-subsidised through the lease and/or rent of private market homes. It is this process that the report interrogates from the perspective of tenant rights and outcomes.

To provide as robust an evidence base as practical, the cases were selected to avoid 'cherry picking' only the worst-case examples of 'estate regeneration' in London. Instead, this report engages with a wide range of practices, including those that are regarded by politicians, policymakers, and practitioners as 'good case' or 'best case' examples. Each case study consists of three elements: first, an explanation of the political and economic context and dynamics of the case, including why the estate regeneration was initiated, what it aimed to achieve, how it was financed, and who was involved; second, a narrative account of the process, governance and execution of the regeneration in its unfolding, including how and why things have changed over time; and finally a presentation and analysis of data collected and produced on the outcomes of regeneration. The aim of the research was not to dwell, or adjudicate, on the specifics of any case. Rather, it was to discern repeating patterns, themes and dynamics that emerge from a common set of political economic conditions shaping, and delimiting, contemporary council estate regeneration.

The case studies were produced from publicly available data. Across the different case studies data has been sourced from Council Cabinet Reports, Planning Applications, Viability Assessments, Financial Revues, Scrutiny Reports, Equality Impact Assessments, Freedom of Information responses, and Council/Social Housing advertisements. As far as possible the data presented has been cross-referenced from more than one source. In each case study, where available, housing outcome data is presented on the following:

Number of Homes	The gross and net numbers of homes (re)developed across different tenures (market and affordable (including Discount Market Rent, London Living Rent, Shared Ownership, London Affordable Rent, Social Rent)
Number of Habitable Rooms	The gross and net numbers of habitable room across different tenures (as above).
Rent & Service Charge Levels	The rent and service charge levels across tenures before and after redevelopment, including comparing against borough council rent averages and pre-demolition rents where available.
Level of Affordability	The extent to which new affordable and social homes are 'truly affordable' to those on low-incomes based on the percentage of their incomes spent and the gap between residual incomes and minimum income standards.
Tenancy Rights	The types of tenancies (re)provided and the associated rights they guarantee for tenants.

Summary of the case studies

The Developer-led approach

The Heygate Redevelopment (London Borough of Southwark) took place under a development agreement between the local council and the global real estate developer Lendlease. The Heygate redevelopment arguably represents one of the worst-case examples of council and social housing estate regenerations in London due to the dramatic loss of council/social rental homes (over 90%) and large-scale uplift in market homes (nearly 80%). This case is included because, whilst it has been defended in public by London Borough of Southwark executive councillors and officers, it has become something of a cautionary tale in London housing policy circles.

The Aylesbury Estate redevelopment (London Borough of Southwark) is a large-scale regeneration project led by Housing Association Notting Hill Genesis and involving the demolition and rebuilding of one of Europe's largest public housing estates. This has been a controversial scheme due to the loss of social housing. The process of regeneration has also been drawn out over decades, showing how changing market conditions can determine what is delivered. This example has been included in this report because the redevelopment of the Aylesbury Estate followed in the wake of the Heygate Estate redevelopment and provides an insightful comparison of lessons learned.

Local Housing Company approach

Reside and Be First (London Borough of Barking & Dagenham) are housing and regeneration companies, wholly-owned by the local council, that develop, acquire and manage real estate. They are regarded by many in local government policy circles as being at the leading edge of progressive housing policy and practice in London, with an ambitious programme of (re)development and acquisitions, and over 5,000 homes completed or in the pipeline. The model is complex and involves a range of delivery vehicles, including new build, infill, turn-key acquisitions, income-strip financing, and comprehensive estate regeneration. This report examines in detail Reside's first council estate redevelopment projects; the William Street Quarter and Thames View East redevelopments. Financed through an innovative income-strip model with a private equity investor, these award-winning redevelopments have been celebrated as the first examples of zero-grant funded social housing in England and a potential blueprint for how institutional investment can meet social need.

Homes for Lambeth (The London Borough of Lambeth) was the local council's wholly-owned local housing company. HfL was organised into three sub-companies: a master developer, a private lettings company, and a Registered Provider. Alongside some small in-fill developments, HfL was responsible for Lambeth Council's Estate Regeneration Programme. This Programme included several high-profile and highly contentious redevelopment proposals, such as Central Hill and Cressingham Gardens estates, as well as Fenwick, South Lambeth, Westbury, and Knights Walk estates. This report focuses on the estates that have progressed furthest through planning and towards completion: South Lambeth Estate, Westbury Estate, and Fenwick Estate. HfL provides an example of a poorly performing local housing company. It was recently subject to a critical review by Sir Bob Kerslake and has since been wound up.

The Council-led approach

The Hackney Estate Regeneration Programme and Housing Supply Programme (London Borough of Hackney) are in-house council estate redevelopment and in-fill programmes. Devised in response to a political swing away from the Developer-led approach of Joint Ventures and land sales, these programmes aim to intensify council-owned HRA estates and land, such as garages and car parks. The programmes entail the development of mixed tenure estates, including through comprehensive and partial demolition. Both programmes build housing across a range of tenures, including market sale and rent, intermediate products like the Hackney Living Rent, and council housing with secure tenancies. The Hackney ERP and HSP have been lauded as 'innovative', with estates in the programmes being held up in several prominent reports as good practice cases.

The Community Investment Programme (London Borough of Camden) is the local council's approach to land, housing, and social infrastructure development. Operational since 2012, the CIP aims to deliver 4,850 homes including 1,800 council homes across c.20 development projects. The programme entails the development of mixed-tenure estates, including through comprehensive and partial estate demolition, as well as small infill projects, to cross-subsidise 'affordable' housing and schools. The programme is council-led and operates on HRA and GF land. The CIP builds a range of tenures, including market sale and rent, intermediate products like the Camden Living Rent, and council housing. This report draws on evidence from across several estates in the programme. The CIP has been subject to some internal council scrutiny in recent years, but is still recognised in local government circles as an example of good practice.

A Note on the State of Public Data

As noted above, this report has been compiled from a range of public data presented in different formats and across a variety of websites. Through the research, it became clear that the availability and accessibility of public data critical to producing impartial evidence-based assessments of important public policy decisions affecting the lives of thousands of Londoners is very poor. The following case studies have been carefully constructed and cross-referenced with data that is very often hard to find, difficult to access, and that often contradicts other sources of official information. Only one of the estates mentioned in the cases below – the Aylesbury Estate – has a dedicated website with clear links to important planning applications. Yet even this website is out of date and full of inconsistent figures.

A lot of important information presented below has only been made public through freedom of information requests and as such is often patchy and incomplete. Some data are withheld from the public on the basis of commercial confidentiality, even where the commercial entity is wholly-owned by a local council. Tenants, residents, and the councillors who are supposed to represent them, are faced with significant, unnecessary, and unacceptable barriers to accessing the kinds of information necessary to make independent and informed decisions. As Adam Greenfield put it, 'it's a matter of basic respect, as well as a bedrock principle of informed consent, that each of us be furnished with an account of our situation and the options available to us that is as complete and accurate as possible'.[61] On this count, developers and local councils are badly failing.

2 The Developer-led Approach

The developer-led approach to council estate redevelopment entails the transfer, by a local council, of land and property from the Housing Revenue Account (HRA) to a private developer or Housing Association to redevelop. This process is initiated by the local council which procures and contracts a development partner to lead on the design and delivery of the redevelopment. The redevelopment is then governed in part contractually through a negotiated and legally binding development partnership, or regeneration, agreement. Such an agreement is likely to include an outline masterplan indicating the direction of travel in terms of density, height, layout, tenure mix, and landscaping. But many important details are left as 'reserved matters' to be determined in a phased manner overtime. Given the length of large-scale projects, sometimes more than 25 years, the likelihood of material changes being made, justified on the basis of changing economic conditions, is reasonably high.

When signed, development agreements are represented by the council and developer as mutually beneficial and in the interests of 'the public' and 'local communities' – terms that are rarely specified. The council provides public land, for which it is paid a capital sum, and the developer brings finance and expertise. However, numerous cases across London have demonstrated that such agreements are rarely mutual, equal, or harmonious; they are the outcome of negotiations between actors with quite different levels of power and room for manoeuvre. Assuming that they are acting in the best interests of tenants and leaseholders, local councils – with reduced officer capacity, smaller legal budgets, and political pressures to deliver for local constituents – are not in a strong position to negotiate as equals with developers on the drafting of contracts and their ongoing governance, especially on reserved matters. Although the local council has decision making power in its role as the Planning Authority, the viability-led planning system within which councillors make their decisions is favourable to development and developers. The developer – be they a multinational corporation or Housing Association – is likely to have significant financial resources, access to greater legal firepower, and the trump card of being able to pull out of deals and find opportunities for profit elsewhere. Local councils also have fiscal and political interests in facilitating the redevelopment's completion with as little friction as possible. In addition to the sum they receive for the land, local councils will expect to get a share of profits made from the sale and/or rent from market and intermediate housing. This in turn can be used to invest in social infrastructure across the borough. Furthermore, on multi-phase projects, the social and political costs of delayed construction are high for tenants and the council, adding pressure on decision-makers to 'get things done'.

In this section, we explore the outcomes of these dynamics as they have unfolded across two major council estate redevelopments in the London Borough of Southwark, one led by a global corporate developer and the other a corporatized not-for-profit Housing Association. The first case is the Heygate Estate. In recent years the Heygate Estate 'regeneration' has gained notoriety for what housing campaigners call 'social cleansing' and which many others recognise as a cautionary tale of 'municipal gentrification on a grand scale'.[62] Lendlease, the multinational developer chosen to lead the redevelopment, paid less than market value for a prime site in central London and has delivered a dense scheme of expensive market flats with very few social rented homes. The second case is less stark in its outcomes, but nonetheless illuminates similar trends. Led by the Housing Association Notting Hill Genesis (NHG), the comprehensive redevelopment of the Aylesbury Estate is on course to re-provide more social housing and infrastructure than Lendlease have on the Heygate. However, truly affordable housing will still be lost, tenants rents and service charges will increase, and low-income working-class communities are being disrupted and displaced.

From an affordability perspective, the case studies in this section evidence the poor performance of the developer-led approach, be the developer a global corporation or a not-for-profit. Across the Heygate and Aylesbury estates, a total of 6,979 homes has been planned (and much of it built) on 38.5 hectares of formerly public land, for which the council received an estimated £101m. Of this housing, by far the most significant tenure is market housing for sale and rent: 4,065, or 58%. The number of social rented homes projected is 1,897, or 27% of the total. This, however, is not net new social housing. Across both estates 3,435 council rented dwellings will be demolished to make way for the new developments. As such, despite there being a 1.76x increase in the density of the two estates, there will be a net decrease of 1,538 council/social homes. Additionally, almost all the replacement social rented homes are being delivered outside of the HRA, with less secure Assured Tenancies and with higher per week rents and service charges. In fact, none of the new social homes built or planned are truly affordable to those on low incomes, especially those affected by the Benefit Cap.

2.1 The Heygate Estate

The Heygate Estate was a 1,212-home council estate designed by Tim Tinker and built by the London Borough of Southwark in Elephant & Castle between 1970 and 1974. Like with many of the post-War London housing estates, the Heygate replaced slum tenements with modern and spacious housing, security of tenure, and better household and communal amenities for local working-class communities.

In 1998, on the eve of the 'regeneration' process that would result in the estate's complete demolition and redevelopment, the Heygate consisted of 1,033 secure tenancies and 179 leasehold tenancies.[63] By the Autumn of 2007, almost ten years into a drawn-out process of masterplanning and broken promises, the estate was much changed with 650 council tenants, 400 non-secure tenants (who were being housed temporarily in 'decanted' homes), and some remaining leaseholders. In 2013 the last resident of the estate, a leaseholder, was evicted following a Compulsory Purchase Order (CPO). A year later, the estate was demolished.

In its place, the global real estate developer Lendlease has erected a new set of residential developments at almost three times the density, the vast majority of which is expensive market real estate sold to investors 'off plan', including thousands of miles away. The number of replacement social homes on the footprint of the Heygate estate, which have higher per week rents and service charges than before, is projected to be 114.

The 'long, tortuous and contentious'[64] regeneration process

In 1998, twenty-four years after its completion, the Heygate estate was showing the signs of decades of disinvestment through the 1980s and 1990s. That year, as part of the Southwark Estates Initiative, the Liberal Democrat-led London Borough of Southwark began to consider options to address the need for maintenance on the estate. Engineering consultants Allott and Lomax reported that the buildings and walkways on the estate were 'structurally sound but in need of complete refurbishment' to 'make good years of neglect'.[65] Amongst the options considered, refurbishment 'had the lowest capital cost', but was disregarded because of wider ambitions to address the 'social viability' of the estate – a euphemism for imputed issues of criminality and anti-social behaviour, which have since been disproven with police data.[66] Councils officers recommended partial demolition and refurbishment as the best solution. However, the local council determined that 'changing land values could make the complete demolition and redevelopment by the private sector a better option',[67] at least from the council's perspective. What began with a targeted need for estate maintenance soon morphed into a wider strategic ambition for 'place (re)making' through comprehensive redevelopment.

In 1999, Southwark Council's director of regeneration and planning, Fred Manson, included the Heygate estate within a 'blank canvas' plan to transform 69-hectares of the Elephant & Castle into a 'beacon of regeneration'.[68] As a major landowner in the area (controlling 40ha of the site), Southwark Council was instrumental in driving this agenda forward. In 2000, the Heygate Estate was taken out of the Southwark Estates Initiative and included in the Elephant & Castle redevelopment plan. Soon after, in Southwark Council's 2002 draft Southwark Plan and draft Spatial Development Plan, the area was formally designated as an Opportunity Area, a new territorial designation from the Greater London Authority (GLA) allowing for increased development densities.

Despite it having been denigrated and stigmatised by local politicians, policy makers, and the media,[69] most council tenants enjoyed living on the Heygate estate and wanted to return after any redevelopment. A 1999 MORI poll conducted at the start of the regeneration process showed that '70% of Heygate residents [some 850 households] expressed a wish to move to a new home *on the site* of the Heygate estate'.[70] Only 29 residents surveyed said they were dissatisfied with their homes and the estate.

The first Masterplan for the area was presented in July 2000 by Southwark Land Regeneration (SLR), the council's chosen development partner. In a presentation to the Heygate Tenants and Residents Association (TRA), SLR promised to re-provide 100% of 'all the Council homes currently on the Heygate Estate', a claim written into SLR's 2002 Masterplan along with mention of the prospect of a 'New Community Land Trust fully funded to own, maintain and run the new and refurbished Social housing'.[71] The commitment to re-provide the council homes was also stated, albeit in slightly altered language, in the 2003 Special Planning Guidance

Table 2.1.1: The Heygate Early Housing Relocation Sites

Project	Completed	Total	Private	Affordable	Social
Arch Street*	2011	52	0	34	18
Bolton Crescent**	c.2011	103	0	15	88
Brandon Street	2012	18	0	0	18
Comus Place	c.2012	37	0	0	37
Library Street	2012	40	0	19	21
Royal Road	2013	96	0	20	76
St George's Road	2010	15	0	0	15
Stead Street***	2015	140	56	0	84
Symington House**	2012	72	0	22	50
Wansey Street	2006	31	12	7	12
Total		604	68	117	419

* Arch street has been empty for over 4 years due to dangerous cladding
** Bolton Crescent & Symington House are located outside of the Elephant & Castle Opportunity Area
*** Stead Street was funded through a £150m off-site S106 contribution from the Elephant 1 development, a 2016 Oakmayne/Delancy development of 373 private market flats.

(SPG). Of the 4,200 new homes that were promised in the Elephant & Castle redevelopment area, a minimum of 28.5%, or 1,200, homes were proposed as 'social rented housing' with a further 10% planned at intermediate tenures.

Decanting and Displacement

In anticipation of the comprehensive redevelopment of the Heygate, Southwark Council stopped issuing secure tenancies on the estate in January 2001. As a result, the number of insecure temporary tenants grew to a third of the total dwellings; by June 2007 there were an estimated 442 properties let on a temporary non-secure basis, up from 159 just three years earlier.[72] Unlike the estate's secure council tenants, those who were housed on the estate as temporary insecure tenants were not given a 'right to return' to the area.

In 2004, to rehouse the estate's secure council tenants, Southwark Council promised the construction of 'replacement properties on [15] early housing sites in the area and the direct re-housing of residents'.[73] This was a change in the original promise made by SLR that everyone would be rehoused on the Heygate's original footprint. By this time, however, the council and SLR had parted ways, reportedly due to disagreements on the terms of future shares in expected profits from the redevelopment. In June 2004, Make Architects produced a development framework for the Elephant & Castle, 'to prepare the regeneration opportunity for the commercial sector'.[74] That year, Southwark Council also prepared supplementary planning guidance for the Elephant & Castle Opportunity Area.[75] This included plans to provide 15 early affordable housing sites with Registered Social Landlord partners around the Elephant & Castle site. Some council tenants participated in 'choosing the architects and specifying the layouts and decoration of their new homes'.[76] However, by the end of 2007, with the 'decant' process already underway, none of these early sites had been granted planning permission (see table 2.1.1).

The process of 'decanting' the Heygate estate began in the summer of 2007. Secure council tenants were given band 1 priority for relocation and a 'right to return' (to the area not the footprint) that had to be exercised within seven years. Of the 1,033 council tenanted households in 1998, 250 registered for this right of return. The hundreds of secure tenants moved off the estate from 2007 were given 6-months to find a new home through the council's homesearch website where an average 35 homes per week were available on which to bid.[77] Council tenants who 'failed to successfully bid on a property within 6 months or who rejected three offers of a replacement home could be subjected to repossession proceedings under the 1985 Landlord & Tenant Act'.[78] Most secure council tenants were rehoused within Southwark.[79] However, 1 in 3 secure tenants left under eviction proceedings[80] (198 households were issued with 'Notices to Seek Possession'.[81]

By the end of 2015, seven years after the decant process began, the promised 15 early housing sites had been reduced to 10. Together these provided 419 homes for social rent, or 40% of the Heygate's council homes at the start of the regeneration process. As with all social housing provided by Housing Associa-

Table 2.1.2: The Elephant & Castle Opportunity Area housing developments

Project	Completed	Total	Private	Affordable	Social
Vantage Tower	c. 2011	68	48	20	0
Printworks	2010	164	97	43	24
0-Central	2008	182	138	26	18
Strata Tower	2010	408	310	98	0
South Central	2005	113	88	12	13
7 Munton Road	c.2008	29	0	4	25
The Signal Building	2014	38	27	11	0
134 New Kent Road	c.2017	21	0	11	10
360 Tower	2018	457	278	135	44
237 Walworth Road	2018	54	37	8	9
Eileen House	2017	335	270	65	0
18 Meadow Road	2014	19	12	4	3
St George's Circus	2018	336	257	23	56
1 the Elephant	2016	284	284	0	0
Elephant 1	2016	373	373	0	0
The Levers	2018	55	35	10	10
Manor Place	2018	262	136	82	44
The Ceramic Building	2020	48	48	0	0
136-142 New Kent Road	2023	81	59	10	12
Total		3327	2515	562	268

tions, these were provided at higher rent levels and with less secure Assured Tenancies. Only 45 Heygate residents were living in these developments by 2015.[82] Although the majority were rehoused in existing council housing across the borough, just 1 in 5 secure tenants have remained in the SE17 postcode. It is not known what happened to the 442 non-secure tenanted households who were living on the Heygate estate as 'no central record was kept'.[83]

The Elephant & Castle Opportunity Area

In addition to the early housing relocation sites, the Elephant & Castle Opportunity area has been the locus of intensive private sector-led redevelopment since 2008 (table 2.1.2). Southwark Council has stated that these housing developments are also available to former Heygate residents, but there is no data on how many have been rehoused across these sites, most of which were completed over 10 years after the decanting of the Heygate. Across the 19 developments and over 3,000 homes that have been completed to date, 8% are for social rent. The social housing is provided by Housing Associations at higher-than-average council rents and with less secure Assured Tenancies.

Lendlease's Elephant Park

In 2005, Southwark Council began the procurement process for a new development partner to redevelop the Heygate, which Lendlease Europe won in July 2007. The 2008 global financial crisis delayed contract negotiations, 'so it was not until 2010 that a Regeneration Agreement ("RA") was signed'.[84] This agreement was not initially made public, however after being leaked it was found that Southwark Council had sold the estate for £50m, having valued the land at £150m three years earlier,[85] and after having spent £44m emptying the Heygate. It has also been reported that the outgoing Liberal Democrat-led administration did not formalise an agreement with Lend Lease on the amount of social and affordable housing they would be expected to deliver.[86]

In 2012, Lendlease submitted a planning application for Elephant Park on the footprint of the Heygate estate, proposing to build over 2,400 homes, including 600 affordable homes, or 25% (less than Southwark Local Plan's Policy of 35%). In 2015, after a three-year legal battle, a redacted version of the financial viability assessments justifying this level of affordable housing was released. The document, produced by real estate services company Savills, set the acceptable profit level at 25% (higher than the industry standard of 18-20% and higher than the 15-18%

Table 2.1.3: Elephant Park Housing Outputs

Project	Completed	Total	Private	Shared Ownership	Affordable	Social
Trafalgar Place	2015	235	181	28	–	26
South Gardens	2017	360	284	55	4	17
West Grove	2019	593	470	61	39	23
Park Central West	2021	445	354	48	26	17
Park Central East	2021	384	309	35	32	8
East Grove	2022	481	377	50	46	8
MP5 (H7)	–	424	352	37	20	15
Total		2922	2327	314	167	114

that the District Valuer Services suggested as a reasonable benchmark). The viability assessment undervalued the proposed scheme upon completion, using comparable developments to estimate per square foot values that included an ex-council property in Camberwell. The £598 per sq. ft. valuation used in the viability assessment was far less than the average £1,000 achieved on the nearby, and more comparable, One The Elephant development.[87]

The viability assessment also showed that all the 1- and 2-bed 'affordable' homes would be let at 50% of market rents. As reported in the Guardian in 2015: "In Southwark's Affordable Rent Study… the average social rent for one- and two-beds in the area was £97pw and £111pw respectively. Under Lend Lease's "affordable" regime, managed by housing association London & Quadrant (L&Q), 50% of the market rate equates to £150pw and £184pw respectively. Across the board, that means the affordable units will be, on average, 37% higher than social rents would have been".[88]

The final amount of social and affordable housing on Elephant Park was subject to 'reserved matters', meaning it would be confirmed through planning in a phased manner. Now that most of the developments on the Heygate's footprint have been completed or granted planning permission, the final figures for the redevelopment can be stated with some certainty (see table 2.1.3). Across the Elephant Park a total of 2,922 homes will be delivered. Of these the vast majority (80%) will be for private rent or sale, with the rest made up of intermediate (16.5%) and social (4%) housing. As such, on the Heygate footprint there has been a net loss of 919 council/social rented homes.

Detailed information on rent levels for the 'affordable' 1- and 2-bedroom flats and social rented 3- and 4-bedroom flats is hard to come by. Freedom of Information requests show that in 2022 London & Quadrant (L&Q), the Housing Association managing the social housing, charged between £158.27 and £163.11 per week for the 3-bed social rent homes, which is higher than the equivalent average council house rents in Southwark. However, service charges on these homes are high, taking the estimated weekly charges up to between £213.43, £244.03, and £281.20 per week,[89] which is much costlier than average council house rents in the borough. Whilst there is no publicly available data on the affordable rents, it is known that they have been set at 50% of market rents. Private market rents on two of the Elephant Park Build-to-Rent developments are publicly available and are as follows: £2,410pm for a 1-bed flat on Park Central East and £2,753pm for a 2-bed flat in Park Central West (table 2.1.4).

Table 2.1.4: Rent levels per week on the Elephant Park

No of Bedrooms	Average Southwark Council Rents 2024/5[90]*	Social Rents on Elephant & Park[91]**	Estimated 'affordable rent' on Elephant Park***	Private Market Rent on Elephant Park
1	£113.20	–	£259.96	£519.92
2	£125.32	–	£317.65	£635.31
3	£137.32	£186.62	–	–
4	£148.89	–	–	–
5	£164.15	–	–	–

* Southwark Council service charge in 2024/5 was £13.14 p/w
** Service charge estimated at £72p/w. *** Service charge estimated at £40p/w

The Affordability of Elephant Park

The social and 'affordable' rents on Elephant Park are significantly higher than average council rents across the London Borough of Southwark, suggesting that non-market housing is becoming less affordable to those most in need. Table 2.1.5 compares the affordability of average council rented housing with the social and affordable rented housing on the Elephant Park development. The table shows data on the percentage of net incomes spent on rents (PR), the residual income of tenants after rents have been paid (RI), and the 2022 inner-London Minimum Income Standard (MIS). This data is presented across six household types.

When considering the percentage of incomes spent on rent, the table shows that average council rents in Southwark take up less than 30% of net incomes across all household groups shown, except for a single working-age adult affected by the benefit cap. The percentage of incomes spent on rent in the Elephant Park social and affordable homes is higher than the 30% threshold, with the most affordable being the three-bed social housing at 36%.

These percentages should not, however, be looked at in isolation. There are two reasons for this. First, the percentage of net income spent on rent (PR) measure does not account for the way that the housing element of Universal Credit works. For many on low-incomes who are in work, and not affected by the bedroom tax, rents will be covered in part or fully by the housing element of Universal Credit or by Housing Benefit. Across England, in 2022-3, 79% of households in a new social letting received housing-related benefits. For these tenants, most increases in rents will be covered by this income support, meaning that as rents increase, although the proportion of their income spent on rent as a percentage increases, their residual income (the amount they have left over after paying rent) remains the same. In the table below, this is true for the single working parents with one or two

Table 2.1.5: Rent Affordability on the Elephant Park

	Council Rent & Service Charge	Social Rent Elephant Park	Affordable Rent Elephant Park
Single working-age adult, benefit cap (one-bed)	PR: 39% RI: £199.95 MIS: £357.13	N/A	PR: 92% RI: £26.33 MIS: £357.13
Working-age couple, benefit cap (one-bed)	PR: 26% RI: £360.64 MIS: £429.18	N/A	PR: 62% RI: £187.02 MIS: 429.18
Single parent with children, benefit cap (two-bed)	PR: 28% RI: £348.52 MIS: 460.62	N/A	PR: 73% RI: £129.33 MIS: 460.62
Single adult London Living Wage[i] (one-bed)	PR: 28% RI: £320.08 MIS: £357.13	N/A	PR: 51% RI: £291.66 MIS: £357.13
Single Parent with one child[ii] (two-bed)	PR: 27% RI: £371.25 MIS: £429.18	N/A	PR: 49% RI: £371.25 MIS: £429.18
Single parent with two children (boy & girl)[iii] (three-bed)	PR: 25% RI: £454.64 MIS: £460.62	PR: 36% RI: £454.64 MIS: £460.62	N/A

PR: Percentage of income spent on rent
RI: Residual income, the income left over after rent
MIS: minimum income standard, the 2022 inner-London minimum income standard (excluding rent and childcare).[92]

i A single adult working 40-hours per week on the London Living Wage earns approximately £446.42 after tax. According to the Turn2Us benefit calculator, they would receive £0 in Universal Credit if paying £126.34 in rent and £145.20 if paying £299.96 in rent.

ii A single parent with one 10-year old child working 21-hours per week on the London Living Wage earns approximately £273.27 after tax. According to the Turn2Us benefit calculator, they would receive £236.44 in Universal Credit and Child Benefit if paying £138.46 in rent and £455.63 if paying £357.65 in rent.

iii A single parent with two children (6 year-old boy and 10 year-old girl) working 21-hours per week on the London Living Wage earns approximately £273.27 after tax. According to the Turn2Us benefit calculator, they would receive £331.83 in Universal Credit and Child Benefit if paying £150.46 in rent and £439.99 if paying £258.62 in rent.

children. For these groups, Universal Credit covers the gap between council and 'affordable' rents on the Elephant Park development, representing a state subsidy for the developer and Housing Association.

Second, when taking into consideration the gap between residual incomes and minimum income standards, all the housing presented above is unaffordable; the rents across all tenancies prevent all groups from realising a socially acceptable minimum decent income standard. The housing element of Universal Credit somewhat supports single working parents with two children, though not by enough. For all other groups, rents (including council rents) are too high, but regeneration makes this worse for the least well off. It also provides tenants with less secure tenancies, making it easier for the landlord to evict people for rent arrears.

Conclusion

The Heygate estate has become a cautionary tale of regeneration 'gone wrong' in London. A council housing estate that was home to 1,033 households benefiting from council level rents and security of tenure was demolished to make way for more dense market developments with just 114 social rent homes. In the process, council tenants have been subjected to a two-decades long process through which their estate and community was stigmatised, in which key promises were broken, and because of which the vast majority have been displaced from the place they wanted to return to, the area they called home, and the support networks they relied upon. The local council facilitated and secured the extraction of private profit for a multinational developer over the wellbeing of the people it is supposed to represent and serve.

There is much that can be, and in some cases has been, learned from the Heygate estate about how not to manage large-scale regeneration projects. Estate redevelopments can be phased more sensitively to allow tenants to make just one move to new homes, facilitating their right to return; viability appraisals are becoming somewhat more transparent and open to public scrutiny; and there are mechanisms available to claw back for public gain windfall profits through overage clauses. Notwithstanding these improvements in process, the low levels of social housing, high levels of unaffordability, and displacement of working-class tenants that are the defining features of the redevelopment of the Heygate are not the isolated consequence of council incompetence or callousness; nor are they solely attributable to an unusual mismatch between a local council and multinational developer. The following cases demonstrate that they are, in fact, features of the political economy of cross-subsidy.

2.2 The Aylesbury Estate

The Aylesbury estate, situated a short walk from the Heygate, was designed by Hans Peter Trenton and built between 1963 and 1977.[93] When completed, with 2,759 council homes for over 10,000 people across 28.5 hectares, it was one of the largest public housing estates in Europe.[94] Like the Heygate estate, the Aylesbury replaced 'slum' tenements with spacious housing, security of tenure, and modern amenities for local working-class communities.

Not long after the estate was finished, due to disinvestment throughout the 1980s and into the 1990s, the estate 'fell into disrepair… and gained a reputation for poverty, crime and anti-social behaviour'.[95] Scarcely 20-years after its completion, the estate was made notorious as the backdrop to police and gangster media, which Southwark Council facilitated to generate revenue. As Romyn notes: 'It was used between 15 and 20 times per year to depict stories of violence, drugs and gang culture—most notably in police procedurals such as *The Bill,* in the gang drama, *Top Boy,* and in the 2009 vigilante thriller, *Harry Brown*'.[96]

Such depictions, however, sat uncomfortably with people's everyday lived experiences on the estate. A 'mutual aid' survey, commissioned by Southwark council from consultants Lemos & Crane, found that 'Ninety per cent of residents knew and helped their neighbours; 81 per cent had received help or support from a neighbour… and 75 per cent were in 'some sort of regular, routine, informal helping relationship''.[97] As Loretta Lees notes: 'Although there was undoubtedly tenant dissatisfaction with the appearance of the estate, its maintenance, cleanliness, lighting, security and crime, most of the tenants interviewed… were satisfied with their accommodation and with the estate as a place to live'.[98]

A new deal for Aylesbury's communities?

In 1999, the Aylesbury estate was chosen as one of seventeen 'pathfinder' areas for the New Deal for Communities (NDC) programme and granted funding of £56.2m (the 4th largest sum under the scheme)[99] over a ten-year period. Approximately £20m of this funding was earmarked for 'social interventions', including activities around education and youth work. As a result, some improvements were made in student attainment, and perceptions about anti-social behaviour and crime on the estate, which were not high compared with other places in the NDC programme before the initiative, improved. The remaining £36m was allocated for 'physical renewal',[100] 'with an expectation that [this]… would lever in a further £400m as part of a stock transfer to a community-based Housing Association and a comprehensive demolition/redevelopment programme for all the system built blocks'.[101] The only blocks that would have been spared demolition were Faraday, Arklow and Gaitskell houses, all of which were built from brick.

In 2001, residents were asked to vote in a stock transfer ballot. Stock transfers were legislated for in the 1985 Housing Act and started to take effect in a significant way three years later, albeit not initially in Labour-run urban councils. In London the process sped up remarkably after 1997, with '52 large-scale stock transfers until 2007'.[102] The Aylesbury was expected to be one amongst these. The ballot gave residents of the estate a binary choice: either remain secure tenants of the council, with no guarantees of investment; or, become assured tenants of a Housing Association that would initiate some form of (undefined) redevelopment entailing higher density blocks, smaller homes, and higher rents and service charges. The ballot received a turnout of 76% of residents and – due in large part to organising on the estate by resident group Working Against Tenant Transfer (WATT) – 73% voted against the stock transfer.

In 2005, despite the ballot result, the Liberal Democrat-led Council chose to demolish and redevelop the Aylesbury. Denigrating the socio-materiality of the estate – casting it as a failed 'sink estate' that was poorly designed, badly built, and social 'imbalanced' – the council rejected refurbishment. The justification for this decision was feasibility and value for money: refurbishment would, the council claimed, cost between £315-350m (between £116 and £129k per home). However, the need for and cost of refurbishment have been contested. A structural survey of the Aylesbury Estate, which reported in 2005, concluded that 'the only action required is minor repairs to the 5-story blocks'.[103] Ten years later, Catherine Bates, the council's in-house architect, said the 'condition of the buildings does not itself present a case for demolition and redevelopment.'[104] Furthermore, Professor Jane Rendell of the Bartlett School of Architecture, estimated that a full refurbishment of the estate would cost a little over £190m[105] (about £71k per home). At a 2015 public inquiry, Rendell also noted that 'Estates in other London Boroughs, built using the same construction system, such as Six Acres in Islington, have been refurbished rather than demolished'.[106]

Southwark Council's 2005 proposal promised to replace the Aylesbury Estate with 'a new mixed tenure development' with up to 4,900 homes.[107] Significantly, the council also stated that: 'on present land values [the redevelopment] will be able to accommodate the present level of social housing units (2,288) on the Aylesbury footprint'.[108]

The Area Action Plan and Development Agreement

In 2010, following two years of preparatory work with design and planning consultancy Urban Initiatives, the Aylesbury Area Action Plan (AAAP) was adopted by Southwark Council. This was the 'sixth such scheme of regeneration in under ten years'.[109] The AAAP proposed to reduce the planned number of homes to 4,200. Half of these would be for private sale and half affordable. The AAAP stated that 'Ensuring that 50% of new housing in the action area core is affordable will ensure that about 2,100 affordable homes are re-provided. There will be a small loss of about 150 affordable units'.[110] However, 25% of the affordable homes were to be for shared ownership and/or affordable rent, which are not truly affordable. The amount of social rented homes proposed by the AAAP was 1,575, some 827 less than the 2008 baseline figure. In contrast to what was claimed five years earlier, the AAAP claimed (without publicly available evidence) that 'Financial modelling has shown that the replacement of all the existing social rented housing would not be possible economically'.[111]

In April 2014, the council entered into a Development Partnership Agreement with Notting Hill Housing Trust (NHHT),[112] now Notting Hill Genesis (NHG), to redevelop the Aylesbury. The development agreement, which continues to govern the redevelopment, stipulates minimum requirements for the Aylesbury footprint, including that at least 3,500 homes will be built with a 50/50 tenure mix between market and affordable housing (calculated by habitable room). Of the affordable residential units, it was agreed that 75% must be 'Target Rent Units'. Civil society groups, including Southwark Notes and the 35% campaign, warned that this language was ambiguous, drawing attention to NTTH's history in Southwark of tenure swapping after planning decisions in section 106 negotiations. But to date, target rent has meant social rents as defined in this report (see Glossary). The agreement also commits NHG to letting the social housing at target rents for the duration of the plot lease – 250 years.

All 31 pages pertaining to 'financial provisions' were redacted from the 2014 development agreement. In 2018, however, Guardian Cities obtained an unredacted copy, revealing that NHHT had secured a protected 21% profit from the private sales and carparking income across the site. Although less than that secured by Lendlease on the Heygate estate, this is above the industry standard. The total revenue from the redevelopment was estimated to be £1,052,741,308 and the total cost £888,924,880.[113] NHHT was expected to make about £164m in profit from the redevelopment of the Aylesbury, enough to fund over 900 additional council homes.[114]

Table 2.2.1: The Aylesbury Estate baseline, February 2008[116]

	Council Rent	Lease / Freehold	Total
Studio/One-bedroom	928	56	984
Two-bedrooms	660	91	751
Three-bedrooms	558	146	704
Four-bedrooms	218	52	270
Five-bedrooms	38	11	49
Total	2,402	356	2,758

As part of the agreement, Southwark Council committed to covering £150m of the cost of refurbishment, site clearance, tenant rehousing, and leaseholder buybacks[115] from its HRA. In return, NHHT agreed to pay the council an estimated £51m for the site, the same amount Lendlease paid for a site almost a third of the size. Consequently, when signing the development agreement, the council expected to be left in deficit, despite selling 28.5-hectares of central London land adjacent to a large public park. Depending on the 'financial success' of the scheme – that is to say, how effectively it raises land values and housing costs in the area – the council may be able to recoup its costs based on its agreement to receive 50% of any super profits and overage payments.

Completed and Projected Housing Outcomes

The redevelopment of the Aylesbury Estate from a 2,700+ home estate to one of up to 3,500+ homes is a massive multi-phase undertaking. Starting in earnest in 2007, it is not expected to be finished until 2036, by which time some residents will have lived with the spectre and reality of regeneration for over four decades. Due to its multi-phase character, it is not yet possible to say with certainty how the housing tenure composition of the redeveloped Aylesbury will compare to the original baseline before demolition commenced (see table 2.2.1).

In the 2010 AAAP and the 2014 Development Agreement, plans for a 3,500 to 4,200 home estate were made. In February 2015, Deloitte LLP submitted a planning statement on behalf of NHHT 'in support of… the comprehensive regeneration of the Aylesbury Estate'.[117] This statement provided the following planned tenure mix for the estate (table 2.2.2). The aim was to increase the total density of the estate 1.4x, increasing the number of market and intermediate homes by 2,156 whilst reducing the amount of social rented housing by 931.[118]

Since these plans were approved in 2015, there have been important changes to the GLA London Plan which are of relevance to the Aylesbury Estate regeneration and the remaining phases of development. Specifically, Policy H8 stipulates that the demolition of existing affordable housing should be replaced with an equivalent amount of affordable housing floorspace and that existing affordable housing should be replaced on a like for like basis. Additional grant funding has been released through the Mayor of London' Affordable Homes Programme (AHP 2016-23) in support of this policy. Reflecting these shifts, the 2019 amendments to the New Southwark Plan propose 'moving towards replacing all the existing social rented homes in and *in reasonable proximity* to the original footprint of the estate'.[119] In 2024 Southwark Council promised 1600 homes for social rent on the estate, 581 of which would be new council rent homes.

Table 2.2.2: The 2015 Planning Statement Housing Tenure mix

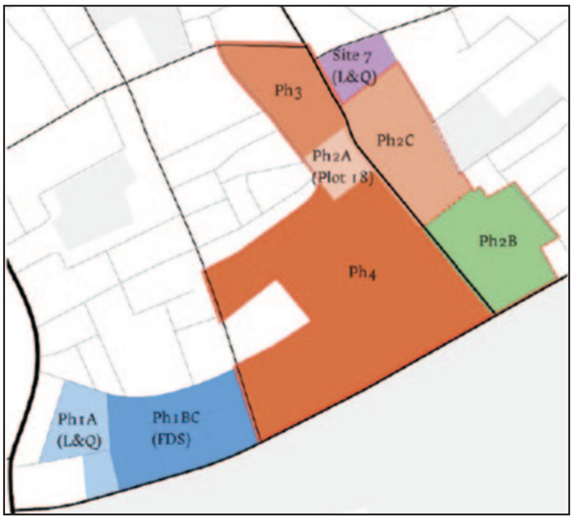
	Target Rent	Intermediate	Market	Total
Estate Baseline	2,402	–	356	2,758
Early Phases (L&Q)	148	62	198	408
Proposed Masterplan	1,323	479	1,773	3,575
Total	1,471	541	1,971	3,983
Net Change	-931	+541	+1,615	+1,225

To clarify the current situation, the following presents the best available data on what has been built, approved, and started on the Aylesbury Estate footprint. In total there are five phases of redevelopment: the early development sites, Phase 1a and Site 7; the First Development Site (FDS); and phases 2, 3 and 4 (see figure 2.2.3). To date, the early development site is the only fully complete phase. The FDS and Plot 18 have full planning permission, are under construction, and nearing completion. Phases 2, 3 and 4 have outline planning permission, but have stalled due a successful legal challenge to the most recent planning application (discussed further below).

The early development sites were delivered between 2008 and 2016 by L&Q (the same Housing Association that manages the social housing on Elephant Park). To kick start the redevelopment in 2008, Southwark Council agreed to sell land at Site 1A for 'less than the open market value,'[120] with 261 new homes completed there by 2013. Three years later, L&Q completed the new 147-home 'Hanover Square' development on the opposite side of the Aylesbury. Together, the early development sites consist of 408 homes, of which 199 are private, 45 shared ownership, 15 intermediate rent, and 149 social rent (Table 2.2.4). Across both sites, most of the new homes are one and two-bedroom flats (338), with some three and four-beds (65), and a small number of five-beds (5) (table 2.2.5).

The next phase of redevelopment is the First Development Site (FDS), which is being delivered by NHG. Originally, this 4.4 hectare site contained 566 homes; 511 secure council rented homes and 55

Figure 2.2.3: The Aylesbury Estate Redevelopment Phases[121]



leasehold. The plans for the FDS were subject to strong resistance from tenants and leaseholders, who contested the council's attempts to seize their homes through Compulsory Purchase Order (CPO). Following a three-month occupation of emptied buildings on the site, two public inquiries into the matter, and an intervention from the Secretary of State, CPOs for the FDS were confirmed in November 2018 and the site was vacated in Spring 2019.[126] Demolition began soon after and new development started in March 2019.

Detailed plans for the FDS were approved in August 2015 for 830 new homes,[127] 50 less than anticipated

Table 2.2.4: Site 1A and 7 Housing Completions

	Total	Market	SO	Affordable Rent	Social
Site 1A[122, 123]	261	127	18	15	101
Site 7[124]	147	72	27	–	48
Total	408	199 (48%)	45 (11%)	15 (4%)	149 (37%)

Table 2.2.5: Bedroom sizes across Site 1A and 7[125]

	Market	Intermediate	Social	Total
One-bedroom	69	18	43	130 (32%)
Two-bedrooms	107	44	57	208 (51%)
Three-bedrooms	11	–	19	30 (7%)
Four-bedrooms	10	–	25	35 (9%)
Five-bedrooms	1	–	4	5 (1%)

Note: the numbers of homes stated across tables 2.2.4 and 2.2.5 do not correlate perfectly. Data across numerous reports is inconsistent and should be read as broadly indicative rather than definitive.

in the AAAP. Of these, more than half (424) were to be for private sale, with the rest made up of shared ownership (102), affordable rent (27), and social rent (277) homes. This would have meant a significant reduction in council/social rented homes on this site. However, since detailed planning permission was first granted, this phase has gone through several changes.

On the 14th February 2019, revised planning permission was granted to alter the tenure composition of the FDS and Plot 18 (the first site in Phase 2). On the FDS the number of market units was reduced to 283 whilst the amounts of intermediate and social housing were increased to 211 and 348 respectively.[128] Under these plans the numbers of social rented housing would still have been 163 less than on the original estate. However, in 2020, the Council agreed new terms with NHG on the FDS. The agreement was for NHG to construct homes in the first two packages of the FDS (packages A and B) for the Council as council rented homes with secure tenancies, along with 22 intermediate shared ownership homes. Together these packages will deliver 559 council rented homes with 'secure lifetime tenancies'.[129, 130] This represents an additional 258 social rented homes than would otherwise have been delivered. Finally, on the 19th December 2022, the Council's planning committee agreed to approve an application to increase the FDS provision of housing from 842 to 902.[131, 132] This uplift pertained specifically to FDS package C, the NHG mixed tenure element of FDS, which was increased from 261 to 321 homes, with 33 more market, 18 more shared ownership, and 9 more social rented homes. Together, these changes result in the following tenure composition for the FDS (see table 2.2.6).

Compared to the original part of the estate it replaced,[133] the change in bedroom size across the FDS is as follows: the number of one-bedrooms has increased from 293 to 371; two-bedrooms from 149 to 362; three-bedrooms from 88 to 124; four-bedrooms from 30 to 32; and five-bedrooms from 7 to 13.

The increase in the amount of council and social rented homes on the FDS represents a rare increase (of 511) in the amount of social rented homes through comprehensive redevelopment. However, it must be stressed that the per unit cost of these new council rented homes is high. As part of the deal with NHG, Southwark Council agreed to pay £195.5m[134] for the 559 council rent and 22 shared ownership homes. The council also agreed to forgo at least £17.8m of income as part of the deal (£11.7m in lost land receipt payment for the plot, and £6m in infrastructure payments). This amounts to £213.3m for 581 homes, or £367k per home. Considering NHG had already committed in 2018 to deliver 301 social rented units across these two parts of the FDS, this effectively means that Southwark Council have paid NHG £213.3m for an additional 280 social rented homes, which amounts to £762k per unit. To subsidise the purchase of these homes, the council has sought £51.1m in GLA grant funding. Much of this, however, was already secured by NHG for their original plans to deliver social rented homes across the FDS.

In 2015, when the FDS was granted detailed planning permission, phases 2, 3 and 4 were granted Outline Planning Permission (OPP), with detailed proposals for the phases to come forward over time as 'reserved matters'. The OPP for these phases anticipated a further of 2,745 homes: 1,349 market, 377 intermediate, and 1,019 social rented.[135] This would be delivered across the remaining phases as follows: Phase 2 (2016-2025), a total of 1,047 homes; Phase 3 (2021-2027), a total of 178 homes; and, Phase 4 (2023-2035), a total of 1,520 homes.

To date, the only part of the Phases 2, 3 and 4 with planning permission is Phase 2A (or Plot 18), which is now under construction. NHG secured planning permission for Plot 18 in 2016, which was subsequently amended, alongside the FDS, in 2019. The total number of homes agreed for this plot is 122. The tenure mix is 99 private, 6 intermediate, and 17 social rented. Most homes across these tenures are one and two-bedroom flats (table 2.2.7).

Table 2.2.6: The FDS Tenure Composition

	Market	Shared Ownership	Council/Social	Total
FDS part A	–	22	207	229
FDS part B	–	–	352	352
FDS part C	190	75	56	321
FDS Total	190 (21%)	99 (11%)	615 (68%)	902

Table 2.2.7: Phase 2A/Plot 18 bedroom size mix

	Market	Intermediate	Social	Total
One-bedroom	63	5	–	68
Two-bedrooms	34	1	17	52
Three-bedrooms	3	–	–	2

Table 2.2.8: Housing tenures on Phase 2B

	Market	Intermediate	Social	Total
Existing	46	–	327	373
OPP[136]	240	67	183	490
Proposed[137]	369	82	163	614

The next phase slated for redevelopment is Phase 2B, which has been the cause of controversy and a successful legal challenge. Phase 2B currently comprises 373 homes, 327 of which are council rented homes and 46 leasehold. In May 2022, NHG published plans for Phase 2B, which were submitted for approval as a standalone application outside of – and severable from – the OPP. Southwark Council approved this application in February 2023. The plans proposed a greater density of development than allowed by the OPP. NHG also sought to decrease the amount of social rented housing on the site from the existing estate and the OPP (see Table 2.2.8). Whilst the amount of social rented habitable rooms would have increased slightly under the new plans, the amount of socially rented floor space was set to decrease suggesting that the social rented homes would have been less spacious. Across tenures, the plans also proposed to deliver significantly more one and two-bedroom flats than three to five-bedroom flats (table 2.2.9).

In January 2024, however, a Judicial Review of Southwark Council's decision to allow NHG to 'sever' Phase 2B from the OPP, brought by Aylesbury estate resident Aysen Dennis and the Public Interest Law Centre, ruled against the Council and their development partner.[138] This phase has now been paused and no further works will take place until a new planning proposal is approved.

In summary, between 2007 and 2024, a total of 1,435 homes have been completed, approved or are under construction as part of the redevelopment of the Aylesbury Estate. Of this, there will be 488 market, 165 intermediate ownership and rent, and 781 council and social rent homes. Most of the homes (83%) in these early phases are one-bedroom and two-bedroom flats. If, as the 2015 OPP projects, a further 1,019 social rented units are delivered across phases 2, 3 and 4, a total of 1,800 social rented units will be delivered on the redeveloped Aylesbury Estate. This would represent a 602 reduction from the 2008 baseline.

Decanting and Rehousing

Unlike at the Heygate Estate, the demolition of the Aylesbury estate is taking place in phases. The early development sites, the FDS, and plot 18 have been demolished, whilst the buildings in the rest of phases 2, 3 and 4 are still standing and are partially occupied

Table 2.2.9: Phase 2B proposed bedroom size mix

	Market	Intermediate	Social	Total
One-bedroom	161	31	26	218
Two-bedrooms	199	46	47	292
Three-bedrooms	9	5	37	51
Four-bedrooms	–	–	50	50
Five-bedrooms	–	–	3	3

by leaseholders, secure tenants and those in temporary accommodation. Also in contrast to the Heygate redevelopment, Southwark Council seems to have committed to ensuring that temporary tenants in the remaining parts of the estate can exercise a right to return to the footprint of the Aylesbury.

The first Aylesbury tenants were decanted from the estate in 2010. Between 2010 and 2020, 110 tenants were 'decanted' from the early development sites, with a further 566 households (511 tenants) moved from the First Development Site. Most of these tenants moved into council or social rented properties elsewhere in the borough, with 78 households from the FDS moving to L&Q's site 1A.[139] These tenants have the right to move onto a new home in the FDS when they are completed. However, this will mean moving twice. In any case, the first phases of demolition and decant have reduced the available stock of council and social housing elsewhere in the borough by approximately 1,000 homes for at least five years.

Data on the numbers decanted from phases 2, 3 and 4 is a little less clear and consistent. Between April 2013 and March 2017, according to the Council's numbers, 410 tenants were decanted from Phase 2 of the estate.[140] Local campaigner and former Heygate estate resident Jerry Flynn, however, notes that 632 households have been decanted from Phase 2, citing an agenda report of the Aylesbury Area Housing Report on Tuesday 19th September 2017,[141] which is not available online. Data provided by consultancy Social Life (table 2.2.10), suggests that by September 2020, 582 properties were void/vacant with a further 412 occupied by temporary tenants, suggesting that as many as 994 households (tenants and leaseholders) have been decanted from these phases.

Most of those who have moved from Phase 2 will have been rehoused in council and social housing elsewhere in Southwark, reducing the stock of available housing for others on the housing waiting list across the borough until the FDS is complete. The Council will offer secure tenants in Phase 3 the chance to move to the new council homes in the FDS, but officers expect the majority to move to new social rent homes being built off the estate before the FDS has been completed.

Tenants living on Phase 4 may be able to make one move onto a new home on the footprint of the Aylesbury Estate. Across this phase there are 966 homes, with 864 households remaining; 734 council rent and 130 leasehold. In 2019, the council announced plans for these families to be 'decanted' in three stages, with enough homes for all secure tenants in stage 4a (299 tenant households) to move onto FDS and plot 18 from 2021/2.[144] The second group of tenants (stage 4b, or 232 secure council tenants) will be given opportunities to move to remaining social rent homes in the FDS and plot 18, and then Phase 2 between 2027 and 2030. The final Phase 4 tenants, 223 in stage 4c, will move to any remaining FDS homes, phase 2 homes, or phase 3 homes (in 2031). With delays across the programme of works, however, it is unclear how many of these tenants will be able to make a single move return to the estate.

Over time the number of insecure temporary tenants on the Aylesbury has grown. Unlike on the Heygate Estate, the council has suggested that 'temporary tenants' will be eligible to move onto available FDS council homes.[145] However, these are also being promised to those secure tenants who have already moved off the estate and to secure tenants who remain on the estate, who will have priority.

Affordability on the Aylesbury Estate

Clear and up to date data on rents across the newly built phases of the Aylesbury Estate by L&Q and NHG are not publicly available. Nor are the council rent levels for the acquired housing on the FDS. However, two pieces of information can be used to gain some insight into rent levels.

First, in 2015 the London Assembly noted that rent levels submitted by NHG for the Aylesbury Estate varied from £151.66 for a one bed flat up to £239.00 for a two bed Extra Care flat, including service charges.[146] Second, in the FAQs section of the Ayles-

Table 2.2.10: Tenure distribution on remaining Aylesbury Estate[142]

	Number of homes	Vacant / Void	Secure tenants	Lease / Freeholder	Temporary Tenants
Phase 2	811	501	53	44	213
Phase 3	289	63	93	18	115
Phase 4	966	18	734	130	84
Total	2066	582	880	192	412*

* In 2021, a further 80 temporary accommodation flats on the estate were announced, taking the number to just under 500.[143]

Table 2.2.11: Southwark Council Rents compared with estimated NHG Rents

No of Bedrooms	Average Southwark Council Rents 2024/5	Estimated NHG Rents
1	£113.20	£180.58
2	£125.32	£212.90
3	£137.32	£251.01
4	£148.89	£295.95
5	£164.15	£348.92

* to calculate the increase from the one-bed to two-bed an increase of 1.179 is used based on the Camberwell Field's scheme data
** service charges are £13.14 for council housing

bury Now website, the example of 'new homes at Notting Hill Genesis Camberwell Fields scheme, just a short walk away from the Aylesbury regeneration across Burgess Park' completed in 2017, gives weekly figures, inclusive of service charge, of £122.97 (one-bedroom), £144.92 (two-bedroom), and £171.09 (three-bedroom).[147] Based on this information, the following estimates are given adjusting for inflation (table 2.2.11)

The social and 'affordable' rents on the redeveloped Aylesbury Estate are higher than average council rents across the London Borough of Southwark, meaning that non-market housing is becoming less affordable to those most in need. Table 2.2.12 compares the affordability of average council rented housing with the estimated social housing rents on the Aylesbury redevelopment. The table shows data on the percentage of net incomes spent on rents (PR), the residual income of tenants after rents have been paid (RI), and the 2022 inner-London Minimum Income Standard (MIS). This data are presented across six household types.

When considering the percentage of incomes spent on rent, the table shows that average council rents in Southwark take up less than 30% of net incomes across all household groups shown, except for a single working-age adult affected by the benefit cap. The percentage of incomes spent on rent in the NHG Aylesbury social rented homes is higher than the 30% threshold, with the most affordable being the three-bed social housing at 39%.

These percentages should not, however, be looked at in isolation. As noted above, there are two reasons for this. First, the percentage of net income spent on rent (PR) measure does not account for the way that the housing element of Universal Credit works. For tenants who are in work and in receipt of Universal Credit or Housing Benefit, and not affected by the bedroom tax, most increases in rents will be covered by this support, meaning that as rents increase, although the proportion of their income spent on rent as a percentage rises, their residual income (the amount they have left over after paying rent) remains the roughly same. In the table below, this is true for the single working parents with one or two children, who lose out by a few pounds per week. For these groups, universal credit covers the gap between council and social rents, representing a state subsidy for housing association.

Second, when taking into consideration the gap between residual incomes and minimum income standards, all the housing presented above is unaffordable. The rents across all the tenancies prevent any of the groups from realising a socially acceptable minimum decent income standard. The housing element of Universal Credit somewhat supports single working parents with two children, though not by enough. For all other groups, rents (including council rents) are too high. This is especially acute for those affected by the benefit cap in the newly developed social housing. The social homes reprovided on the Aylesbury are also provided with less secure tenancies, making it easier for the landlord to evict people for rent arrears.

Conclusion

The redevelopment of the Aylesbury Estate follows in the wake of the infamous 'social cleansing' of the Heygate Estate, where over 1,000 council rent homes were lost. Although planned contemporaneously to the Heygate, the redevelopment of the Aylesbury started after and will finish a decade later. This has meant that Southwark Council has had the opportunity to implement some lessons learned from the Heygate to improve outcomes of the Aylesbury.

Based on existing and avaliable data, the redevelopment of the Aylesbury Estate will be an improvement on the Heygate Estate. Positive aspects include the phased demolition, the single move return of some council tenants to council and/or social rented homes on the footprint of the estate, and the

Table 2.2.12: Rent Affordability on the redeveloped Aylesbury Estate

	Council Rent & Service Charge	Social Rent Aylesbury Redevelopment
Single working-age adult, benefit cap (one-bed)	PR: 39% RI: £199.95 MIS: £357.13	PR: 55% RI: 145.71 MIS: £357.13
Working-age couple, benefit cap (one-bed)	PR: 26% RI: £360.64 MIS: £429.18	PR: 37% RI: £306.40 MIS: £429.18
Single parent with children, benefit cap (two-bed)	PR: 28% RI: £348.52 MIS: £460.62	PR: 44% RI: 274.08 MIS: £460.62
Single adult London Living Wage[i] (one-bed)	PR: 28% RI: £320.08 MIS: £357.13	PR: 38% RI: £291.66 MIS: £357.13
Single Parent with one child[ii] (two-bed)	PR: 27% RI: £371.25 MIS: £429.18	PR: 36% RI: £371.25 MIS: £429.18
Single parent with two children (boy & girl)[iii] (three-bed)	PR: 25% RI: £454.64 MIS: £460.62	PR: 36% RI: £454.64 MIS: £460.62

PR: Percentage of income spent on rent
RI: Residual income, the income left over after rent
MIS: minimum income standard, the 2022 inner-London minimum income standard (excluding rent and childcare).

i A single adult working 40-hours per week on the London Living Wage earns approximately £446.42 after tax. According to the Turn2Us benefit calculator, they would receive £0 in Universal Credit if paying £126.34 in rent and £25.82 if paying £180.58 in rent.

ii A single parent with one 10 year-old child working 21-hours per week on the London Living Wage earns approximately £273.27 after tax. According to the Turn2Us benefit calculator, they would receive £236.44 in Universal Credit and Child Benefit if paying £138.46 in rent and £310.88 if paying £212.90 in rent.

iii A single parent with two children (10 year-old boy and 6 year-old girl) working 21-hours per week on the London Living Wage earns approximately £273.27 after tax. According to the Turn2Us benefit calculator, they would receive £331.83 in Universal Credit and Child Benefit if paying £150.46 in rent and £433.32 if paying £251.95 in rent.

increased amount of council/social housing delivered over time. There is evidence that policy shifts at regional and local levels in favour of retaining social housing, and of retaining council housing as a specific tenure, are having a modest effect.

However, the comprehensive redevelopment of the Aylesbury Estate nonetheless exemplifies the negative consequences of the developer-led approach, whether executed by a multinational corporation or a not-for-profit Housing Association. Despite increasing the density of the estate 1.4x and increasing the amount of unaffordable housing six-fold, there will be a net loss of council and social rented housing on the Aylesbury. The exact extent of this loss can only be estimated at this stage in the redevelopment. However, based on current data it is likely that over 600 truly affordable homes will be lost. Furthermore, due to the redevelopment, the weekly cost of social rented housing is estimated to be higher than the average council rents, making social rents increasingly unaffordable to those on lower-incomes.

As the case studies that follow show, these outcomes are not unique to the developer-led model of council estate regeneration involving demolition. Rather, they are the consistent result of a market and viability-led urban political economy.

3 The Local Housing Company Model

Local housing companies (LHCs) are real estate companies set up and wholly-owned by local councils with the purpose of acquiring, developing and managing housing of different tenures, including for private sale and rent, intermediate, and social housing. LHCs are a local innovation created by local councils with no support from Central Government and little help from the GLA. They are also a product of 'austerity localism' – or the confluence of budget cuts downloaded onto local councils and the creation of new powers under the 2011 Localism Act, including importantly the General Power of Competence. This has allowed local councils to build housing for market sale and opens new financing opportunities.

Since 2011, the LHC model has spread across London, such that 27 London Borough Councils have set up an LHC, although not all are active. The exact configuration and purpose of these LHCs varies by borough, but the main model entails the development on public land of mixed-tenure estates where the sale and/or rent of private housing cross-subsidises other tenures, including intermediate and social housing. Local councils give several reasons for setting up LHCs: they circumvent borrowing restrictions, avoid the Right to Buy legislation, and can develop and hold market and intermediate housing, including shared ownership. They also ensure that any development profits are retained by the local council, to be invested in housing, social infrastructure, and wider service provision. Due to a lack of readily available developable land, many local councils have turned to their existing land and property assets. Through LHCs, they have sought to redevelop and increase the density of existing council housing estates, transferring them out of the HRA into Special Purpose Vehicles (SPVs) with consequences for the amount, quality and cost of truly affordable housing, as the following case studies evidence.

This section examines the outcomes of LHCs in the London Boroughs of Barking & Dagenham and Lambeth. Barking & Dagenham's LHCs, Reside and BeFirst, have received praise in industry press and the media, with some of their schemes winning awards for innovation and design. The local council has a reputation for being one of the most ambitious borough builders, leading the way in what the Mayor of London has called a 'council housing renaissance'.[148] The case of Lambeth's LHC, Homes for Lambeth, on the other hand, is one of recognised failure; recently Homes for Lambeth received a scathing review in a public scrutiny report written by a senior civil servant and was subsequently terminated by the local council. Despite these opposing trajectories, the outcomes projected across both cases are similar: they are both reducing the net amount of truly affordable and secure housing on the council estates they are redeveloping.

Across the two boroughs, a total of 9,242 homes has been planned, with development programmes extending almost twenty-years from 2012 until 2030. Of this, the most significant tenure delivered or planned is market housing for sale and rent (4,175, or 45%). The 2,126 social homes projected makes up less than 25% of the total planned. These, however, are not net new social homes. Nor are they of the same type as the council homes they are replacing. Across both programmes an estimated 3,096 truly affordable council homes will be demolished. As such, despite there being a 2.5-fold increase in the density of council estates across both boroughs there will be a net decrease in council/social housing of 970 dwellings.

Additionally, the replacement social rented homes are being delivered with rents set at the London Affordable Rent (LAR) level, which is higher than the average council rent level in both boroughs. On average, the rents that tenants will pay in the new social homes is approximately £103 per week higher than the average council rent home. This means that none of the new social housing being provided is truly affordable to low-income Londoners, even with Universal Credit and Housing Benefit. Furthermore, because the homes are being delivered outside of the HRAs, tenants will lose their Secure Tenancies for either Assured Tenancies or Assured Shorthold Tenancies, both of which are less secure.

3.1 Barking & Dagenham's Reside and Be First

In its 2023-2028 Business Plan, Reside is described as *'an exemplar of a social purpose local housing company'*,[149] wholly-owned by the London Borough of Barking & Dagenham (LBBD). The first Reside company structure was set up in November 2012 as an SPV to redevelop two council estates, Lintons (now William Street Quarter) and Thames View East, through an innovative 'income strip' model with a private equity investor (see below). Together these schemes saw the development of 477 'affordable' homes, 'primarily for economically active people'. Since 2019, Reside has grown rapidly to encompass six limited liability partnerships and companies managing 1,952 market and affordable homes.

As a 'social purpose' landlord, Reside has two principle objectives: to help increase the number of 'affordable' homes in the borough; and to deliver a fiscal return to the LBBD's Investment & Acquisitions Strategy (IAS) for wider council spend and investment. The IAS was formulated in 2016 'to ensure that the Council, and future generations, benefit by increasing the Council's ownership of long-term income producing assets'.[150] It sets the strategic direction of property investment and management, including by setting financial surplus targets for Reside and Be First. Unlike Homes for Lambeth (see below), Reside is not a direct developer of housing. Instead, Reside manages homes that are developed or acquired by the LBBD's development company, Be First, which was formed in 2017. In a relatively short time, Be First has become a major developer in the borough, leading on large scale council housing regeneration projects, such as at the now demolished Gascoigne Estate, and acquiring several 'turn-key' developments from private developers in the borough, like Beam House. By 2028, Reside expects to manage 4,500 homes, most of which will be developed by Be First and rented at 80% of market rents, with some at 65 and 50%.

The LBBD is notable for the scale of its ambition and for the novel ways in which it has financed the development and acquisition of new homes through Be First and Reside. Historically debt-averse and cautious, by the end of 2021 the council had borrowed close to £1.2bn. By 2025/6 the council's total borrowing will reach nearly £2bn and by the end of the decade this could rise to £3bn.[151] Most of this borrowing is in the form of fixed rate debt-financing over a 20–30-year period through the General Fund. At the end of 2021, £635m had been borrowed from public sources, namely the Public Works Loan Board (PWLB) and £77m from the European Investment Bank (EIB), to which councils no longer have access. However, the council is also willing to finance new affordable housing and estate regeneration through private sources of capital: 'as the scale of development increases funding using institutional funders or bond issuance will be considered to limit the amount of development period exposure to the council… [and] to release capital growth for reinvestment in other projects…'.[152] In doing so, the LBBD risks experimenting with forms of financing that undermine the long-term affordability and security of its housing stock.

William Street Quarter & Thames View East

In 2012 the LBBD agreed 'the first totally privately funded affordable social housing scheme anywhere in the UK' brokered by Explore Investments and Long Harbor. The scheme, comprising 477 'affordable' homes across two sites, was celebrated by the council and industry press as an innovative self-financing approach to council estate regeneration, providing a 'blueprint for the future' of zero-grant affordable housing provision.

In 2008, the LBBD demolished two council estates in anticipation of their mixed-tenure redevelopment: Lintons Estate, a 256 home estate made up of one and three-bed flats, 233 of which were let at council rents with secure tenancies and 23 of which had been purchased by tenants through Right to Buy; and Thames View East, a 280 home council estate spread across four tower blocks and surrounding maisonettes. Original plans for the redevelopment of these estates show that the council aimed to achieve between 40 and 30% social housing across the schemes. However, with only 31 social rented homes built on the Lintons Estate site, redevelopment plans were frozen in 2008, following the GFC, as the council struggled to find funding or partners to take the schemes forward. By 2011, the council was considering various 'disposal options' for the sites. These included selling the land to private developers on the open market, which could have raised an estimated £3m in capital receipts and yielded some 'affordable' housing through S106 agreements.

Instead, the council opted for an innovative and risky financing option, suggested by Explore Investments, an arm of the construction company Laing O'Rourke – the LBBD's Private Finance Initiative (PFI) partner. The approach, known as an 'income strip' (see Figure 3.1.1), entailed entering a 62-year deal with private equity financier, Atlantic, managed through Long Harbor Investment. With £75m in upfront capital provided by Hong Kong based investors through Atlantic, Laing O'Rourke redeveloped both sites – now called William Street Quarter and Thames View East – as mix-tenure fully 'affordable' estates, which were leased back to the LBBD to be held and managed by the newly formed SPV Reside Ltd. In turn, Reside Ltd pays a rent to Atlantic indexed annually at RPI+0.5% for the duration of the six-decades long contract, after which the estates revert to the LBBD for a nominal sum. This locks the LBBD into a legally binding contract to manage the affordable homes as rent yielding assets: 'a detailed suite of legal documents… exist[s] between the Council and the funder in relation to the management and treatment of these properties. Effectively the Reside function in respect to these properties is tightly controlled through [these contracts] and cannot be changed without the agreement of the funders'.[153]

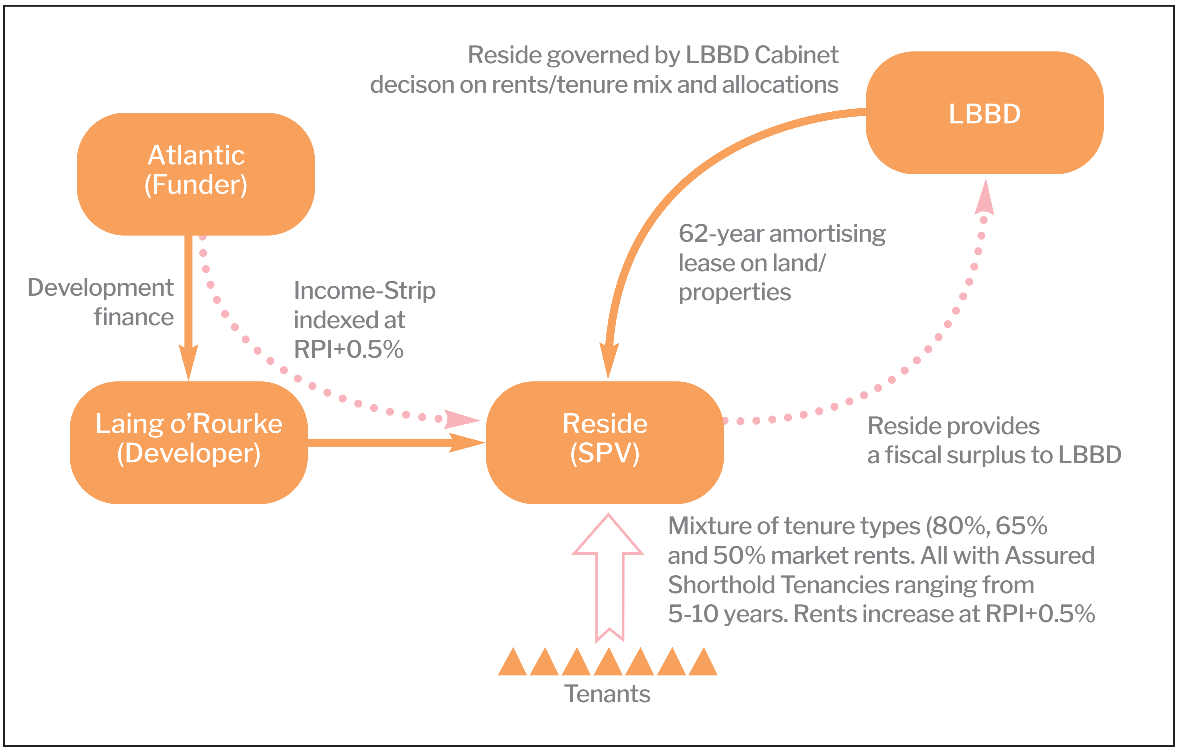
As a Council Officer explained, Reside was designed to be 'entirely self-financing using the rent': 'Of every £100 in rent collected by the Council, between £50 and £70 will go to Long Harbor with a significant proportion held by Reside to cover management, maintenance, and lifecycle costs….'[154] An early example of what the council would come to call its 'social dividend ethos', Reside was intended to generate income for the local council. In 2019, the council anticipated that the 477 homes would deliver a fiscal profit of £392,000 over a 5-year period from 2020 to 2025, with returns increasing year on year.

To ensure the homes function effectively as financial assets for the Council and investor, the tenure mix, tenancy types, and rent levels on the redeveloped estates are different from the council homes they replaced. As noted, the original estates were comprised of 536 homes, the majority of which were let at council rent levels with secure tenancies. Whilst all 477 of the new homes are nominally 'affordable', twenty per cent (96 homes) are let at 50% market rents, with six per cent (29 homes) at 65% market rents, and seventy-four per cent (352 homes) at 80% market rents. As Reside Ltd sits outside of the LBBD's HRA, the tenancies offered are not Secure. Instead, they are Assured Shorthold Tenancies (ASTs) lasting between 5 (for the 65% and 80% homes) and 10 (for the 50% homes) years. The exact rent levels on the Linton and Thames View Estates at the time of their demolition are not publicly available. However, in 2005 the Council expected weekly rent levels by 2011/12 to be £56.13 and £57.08 respectively.[155] At the newly built William Street Quarter and Thames View East, average rents are more than £200 per week and are intended to increase annually at RPI+0.5%.

When the Reside income-strip agreement was made, the council recognised that it was an inherently risky means of financing the developments. As part of the contractual arrangement with the funder, Reside (backed by the LBBD) agreed to assume all of the maintenance and management responsibilities and risks, guaranteeing to make good any shortfall regardless of what should happen to inflation. At the time, there was an expectation that inflation would stay at manageably low levels. For example, in Reside's 2019 Business Plan, forecasts of fiscal surpluses were made based on economic assumptions that included CPI rates remaining at or below 2%, until at least April 2023.

In 2023, following the Covid-19 pandemic and geopolitical unrest in Europe, interest rates spiked rapidly, increasing the rent owed to the funder by 13.1%. To cover this, the board of Reside Ltd faced the prospect of increasing rents by a corresponding amount and deepening a growing cost of living crisis for tenants. They chose to mirror the Government's social rent cap of 7%.[156] Consequently, Reside Ltd is

Figure 3.1.1: The Reside Ltd 'Income Strip' model



now making significant losses. Between 2024 and 2028, the company is expected to cost the Council £3.673m.[157] Similar or greater losses could be sustained over the remaining years of the contract. In a 2023 members briefing on the IAS, councillors are warned that there could be a 'gap between leases to Atlantic and rents… [of] around £1m to £2m for the next 50 years' and that this 'could increase further if rents do no[t] increase by RPI plus 0.5%'.[158]

Due to rising housing costs, some Reside tenants are struggling to keep up with rent payments. According to Reside Ltd's latest financial report, 'Performance for rent collection and minimising the length of void periods…. has been adversely affected by the current economic situation' and by '…tenants [who] have been unable to afford rental payments'.[159] In 2024, rent collection across Reside fell to 96.3% from 99.7% in 2019. This is 'below the average benchmark for Housing Associations which is 99.6%'.[160] The Council also recognised that void rates would remain high in the near future.

Be First and Reside's Development Outcomes

In 2019, Reside was reconfigured as part of the LBBD's wider Investment & Acquisitions Strategy (IAS), which seeks to 'unlock regeneration and economic growth opportunities in the borough and establish a property portfolio to generate long-term revenue and capital growth'. Reside Ltd has been incorporated into an umbrella company, Reside Regeneration, which has been tasked with managing the mixed-tenure homes developed and acquired by the LBBD's development company, Be First.

Be First is one of the most ambitious London Borough developer, with plans to build and acquire over 5,000 properties by 2030. Unlike Homes for Lambeth (see below), Be First has focused its attention on the Build to Rent market due to relatively low sale values in the borough. Be First nonetheless mirrors the cross-subsidy approach, delivering mostly market and 'affordable' rental properties to finance lower-cost housing. Table 3.1.2 collates available data on housing delivered and planned across 22 Be First/Reside projects.

Table 3.1.2: Be First/Reside Completed and Pipline Housing

Project	Status	Total	Market Rent	Affordable 80%	Affordable 65%	SO	LAR*
Will' St Quarter	Completed	201	–	174	–	–	27
Thames View E.	Completed	276	–	138	83	–	55
Kingsbridge	Completed	27	–	–	–	27	–
Abbey Road	Completed	144	–	144	–	–	–
Weavers Quarter	Completed	235	–	189	–	46	–
Sacred Heart	Completed	29	–	–	–	–	29
Beacontree H.	Completed	170	83	–	–	46	41
Oxlow Lane	Pipeline	60	–	39	–	–	21
Rainham Road	Pipeline	64	–	15	–	29	20
Roxwell Road	Pipeline	82	–	48	–	–	34
200 Beacontree	Pipeline	19	–	–	–	19	–
Padnall Lake	Pipeline	300	–	208	–	–	92
Woodward Road	Pipeline	45	–	28	–	–	17
RBL	Pipeline	64	–	41	–	–	23
Gascoigne West	Pipeline	587	237	202	–	–	148
Gascoigne East	Pipeline	1076	474	218	–	79	305
Trocoll House**	Pipeline	198	128	49	21	–	–
Beam House***	Pipeline	936	468	–	–	265	203
12 Thames Road	Pipeline	150	75	–	–	–	75
Sebastian Court	Pipeline	95	–	33	–	33	29
Crown House	Pipeline	395	227	61	51	56	–
Total		5154	1692 (33%)	1587 (31%)	155 (3%)	600 (12%)	1119 (22%)

* An estimated 2,182 council rent homes were demolished across WSQ, TVE, Gascoigne, Sebastian Court and Jervis Court (now RBL)
** Income Strip deal with RailPen. *** Turn Key acquisition from Countryside and L&Q

Across Reside and Be First's completed and pipeline projects, a third of the homes are for market rent. Of the 'affordable' homes, only 1,119 (22% of the total) are at the less costly end of the 'genuinely affordable' tenure: London Affordable Rent (which are still costlier than average council rents in LBBD – see below). Yet the figures for London Affordable Rent shown here are not net new social homes. As a result of council estate redevelopments across the programme, at least 2,182 council rented homes have been demolished, most at the Gascoigne Estate. Taking these into account there is a net loss of 1,063 council/social homes across the 22 Reside and Be First's projects.

The LBBD is recognised as one of, if not the, most successful borough builders in London. The 5000+ homes that they are planning to deliver by 2030 is significant given the lack of Council building over the past forty-years. There are also pockets of innovation, as in the promising (if somewhat limited) social infrastructure co-design on the Gascoigne Estate redevelopment. Yet, whilst Be First is delivering thousands of new homes, it is not delivering enough homes that those who are most in need can afford: it will not come close to clearing the back log, let alone meet future arising, need. According to the 2020 *Strategic Housing Market Assessment and Housing Needs Survey,*[161] the LBBD has an annual need of 3,163 homes. Of that, an estimated 2,067 households per year will be unable to afford to pay the market entry threshold housing cost i.e. the lowest quartile of market rents. As such, they will need affordable housing. An estimated 601 households a year will be unable to afford a rent threshold cost of 50% of the lower quartile of market rents and will require 'social rented housing at around current average [council] rent levels',[162] which are approximately £50 a week below the level of London Affordable Rents (see below). A further 625 households will be able to afford rents at 50-65% of the lower quartile of market rents. This means that they could afford the lowest cost Reside homes, but not the intermediate affordable homes at 65 and 80% of market rents.

The affordability of Reside homes

Reside manages housing across tenures, including market, affordable, intermediate and social (or London Affordable Rent) homes. The 2019/20 Reside Business Plan notes that '… the need for housing is greatest at the lowest income levels'.[163] However, evidencing the tension between social need and financial viability at the heart of the LHC model, the business plan states that '… the need to ensure that the scheme can be developed at all is dependent on a healthy income stream which normally means having a range of pricing points'.[164]

Data on rents across different housing tenures in the borough evidences the consequences for housing costs of ensuring a 'healthy income stream' is maintained. Table 3.1.3 compares 'typical... monthly rents for Reside properties'[165] in 2020 with the latest data on average Council Rents and Market Rents in the Borough. This shows that the least expensive Reside homes are between 45 to 70% costlier per week than average council rents in the borough, with 'affordable' tenures up to 173% more expensive. To be eligible for a Reside home, prospective tenants need to pass credit reference checks, provide three months of wage slips, and pay a cash deposit plus one month's rent in advance. Reside's lettings policy also has an eligibility criterion which stipulates that tenants can spend 'no more than 40% of their gross income on rent'[166] to be considered for Reside homes. This was increased in 2020 from 35% of gross income.

Table 3.1.4 compares the affordability of average council rented housing with the estimated social housing rents on the Reside redevelopments. The table shows data on the percentage of net incomes spent on rents (PR), the residual income of tenants after rents have been paid (RI), and the 2022 inner-London Minimum Income Standard (MIS). This data are presented across six household types.

When considering the percentage of incomes spent on rent, the table shows that average council rents in

Table 3.1.3: 2024/5 Rent levels across Barking & Dagenham tenures

Weekly	LBBD council rents[167]	Reside LAR rents	Reside 65% intermediate	Reside 80% affordable
1-bed	£97.23	£186.63	£203.89	£243.70
2-bed	£116.21	£197.60	£259.60	£310.96
3-bed	£127.32	£208.60	£287.63	£344.27
4-bed	£137.82	£226.72*	£327.44**	£403**
5-bed	£169.55	£238.06*	–	–

* These figures are based on the 2022/3 LAR benchmark rents, inflated accordingly[168]
** These figures are based on the ONS 2022/3 market rent levels

Table 3.1.4: Rent Affordability on Reside's Homes

	Council Rent	Reside LAR	Reside 65%	Reside 80%
Single working-age adult, benefit cap (one-bed)	PR: 30% RI: £229.06 MIS: £333.93	PR: 57% RI: £139.66 MIS: £333.93	PR: 62% RI: £122.40 MIS: £333.93	PR: 75% RI: £82.59 MIS: £333.93
Working-age couple, benefit cap (one-bed)	PR: 20% RI: £389.75 MIS: £419.69	PR: 38% RI: £300.35 MIS: £419.69	PR: 42% RI: £283.09 MIS: £419.69	PR: 50% RI: £243.28 MIS: £419.69
Single parent with children, benefit cap (two-bed)	PR: 24% RI: £370.77 MIS: £471.46	PR: 41% RI: £289.38 MIS: £471.46	PR: 53% RI: £227.38 MIS: £471.46	PR: 64% RI: £176.02 MIS: £471.46
Single adult London Living Wage[i] (one-bed)	PR: 22% RI: £349.19 MIS: £333.93	PR: 39% RI: £291.66 MIS: £333.93	PR: 41% RI: £291.66 MIS: £333.93	PR: 46% RI: £291.66 MIS: £333.93
Single Parent with one child[ii] (two-bed)	PR: 24% RI: £371.25 MIS: £419.69	PR: 35% RI: £371.25 MIS: £419.69	PR: 42% RI: £371.25 MIS: £419.69	PR: 50% RI: £311.88 MIS: £419.69
Single parent with two children (boy & girl)[iii] (three-bed)	PR: 22% RI: £454.64 MIS: £471.46	PR: 31% RI: £454.64 MIS: £471.46	PR: 39% RI: £454.64 MIS: £471.46	PR: 46% RI: £398.04 MIS: £471.46

PR: Percentage of income spent on rent
RI: Residual income, the income left over after rent
MIS: minimum income standard, the 2022 outer-London minimum income standard (excluding rent and childcare)

i A single adult working 40-hours per week on the London Living Wage earns approximately £446.42 after tax. According to the Turn2Us benefit calculator, they would receive £0 in Universal Credit if paying £97.23 in rent, £31.87 if paying £186.63 in rent, £49.13 if paying £203.89 in rent and £88.94 if paying £243.70 in rent.

ii A single parent with one 10 year-old child working 21-hours per week on the London Living Wage earns approximately £273.27 after tax. According to the Turn2Us benefit calculator, they would receive £214.19 in Universal Credit and Child Benefit if paying £116.21 in rent, £295.58 if paying £197.60 in rent, £357.58 if paying £259.60 in rent and £349.57 if paying £310.96 in rent (in the last case the tenant's support would be capped by the LHA rate at £287.67).

iii A single parent with two children (10 year-old boy and 6 year-old girl) working 21-hours per week on the London Living Wage earns approximately £273.27 after tax. According to the Turn2Us benefit calculator, they would receive £308.69 in Universal Credit and Child Benefit if paying £127.32 in rent, £389.97 if paying £208.60 in rent, £469 if paying £287.63 in rent, and £469.04 if paying £344.27 in rent (in the last case the tenant's support would be capped by the LHA rate at £287.67).

Barking & Dagenham take up less than 30% of net incomes across all household groups shown, including those affected by the benefit cap. The percentage of incomes spent on rent in the Reside homes is consistently higher than the 30% threshold. Those affected by the benefit cap are especially hard hit by the difference between council rents and Reside rents, although they would also be excluded from applying to rent these homes due to the stipulation that applicants must be in work.

Again, these percentages should not be looked at in isolation. For working tenants in receipt of Universal Credit or Housing Benefit, who are not affected by the bedroom tax, most increases in rents will be covered by this support, meaning that as rents increase, although the proportion of a household's income spent on rent as a percentage rises, their residual income (the amount they have left over after paying rent) remains the same. In the table above, this is true for the single working parents with one or two children. For most of these groups, universal credit covers the gap between council and social rents, representing a significant state subsidy for the local state and investors. The exception are those single parents with children in the 80% affordable homes who will see their support cut by the Local Housing Allowance rate because they are renting on ASTs and not from a registered social landlord. Reside's stipulation that tenants pay one-months rent in advance is also highly likely to exclude the groups listed above as Universal Credit is paid one-month in arrears, leaving a two-month gap that most will struggle to bridge.

Second, when taking into consideration the gap between residual incomes and minimum income standards, all the housing presented above is unaffordable, except for the council rented housing for a single adult working full time on the London Living Wage. The rents for all other tenancies prevent the rest of the groups from realising a socially acceptable minimum decent income standard. The housing element of Universal Credit somewhat supports single working parents with two children, though not by enough. For all other groups, rents (including council rents) are too high. This is especially acute for those affected by the benefit cap in the newly developed social housing. The social homes reprovided by Reside on its William Street Quarter and Thames View East estates are also provided with the least secure assured shorthold tenancies, making it much easier for the landlord to evict people for rent arrears.

Conclusion

The Reside model of affordable housing has been celebrated as innovative, ambitious, and award winning. On completion, the William Street Quarter and Thames View East developments were heralded as a new dawn for self-financing estate regeneration and affordable housing provision. As a senior council officer said at the time: '… if this method spreads, local authorities will have a real chance to build a bank of affordable properties available for future generations.'

In time, however, the council's appraisal of the 'income strip' model has been more sober. Reflecting on the agreement as interest rates spiked, the council has stated in internal documents that it was a 'very risky deal and not one that should have been agreed'. Reside's first estate regeneration projects exemplify the tensions between attempting to simultaneously deliver housing as a financial asset and as a social good. To transform council housing into an investable asset, the tenure, tenancies, and rent levels have all been changed in ways that erode the security and affordability of the homes, placing them out of reach of those experiencing the housing emergency most acutely. The income-strip agreement also ensures that over time these two estates will become increasingly less affordable, including to those earning above median wages. Above inflation rent increases are baked into the economic model that financed these 'affordable' homes.

Since experimenting with income-strips, the LBBD has debt-financed a significant development programme using less risky forms of public finance and a more commonplace cross-subsidy approach. Yet whilst the LBBD has delivered new 'affordable' housing across the borough in this way, it has failed to deliver in sufficient quantities the type of truly affordable and secure housing that local tenants on median incomes and below need. This is a feature of the LHC model, as the next case study demonstrates.

3.2 Homes for Lambeth

Homes for Lambeth (HFL) was a local housing company wholly-owned by the London Borough of Lambeth. It was created in 2017, after receiving Cabinet approval in 2015. Despite being a novel and largely untested model at the time, executive Lambeth Council officers and councillors had been considering setting up an SPV to refurbish existing and deliver new housing since 2012 as part of its Estates Regeneration Programme (ERP).

HFL was created because it allowed the Council to circumvent (since scrapped) borrowing restrictions in the HRA, avoid Right to Buy (RTB) on any homes developed or acquired by the company, operate in a more commercially minded way (including by developing homes for market sale and rent), and to capture the 15-20% expected developer profits for public benefit. The expectation was that 'HFL's estate renewal programme would enable significant additional affordable housing – including more homes at social rent'.[169]

In July 2022, less than five years after HFL was formed, the new Labour leadership commissioned Sir Bob Kerslake to lead an independent review of affordable housing delivery in Lambeth, focusing on HFL and the ERP. The review was critical of both HFL and the ERP stating that their performance 'can only be described as very poor'.[170] Issues cited to evidence this claim included lengthy development delays, poor consultation and resident engagement, and the small net uplift in social housing expected from the ERP. Following the Kerslake review, in 2023 Lambeth Council's Cabinet chose to bring HFL and the ERP back 'in house' and to pursue future developments through development agreements (as in section 2) and/or by council direct delivery (as in section 4).

The Homes for Lambeth Model

Homes for Lambeth (HFL) was a development company limited by shares, in which the council was the sole shareholder. The company contracted architects, surveyors, builders and other professionals to build homes on council-owned land. HFL group Ltd was the overarching corporate structure, beneath which sat three subsidiaries: HFL Build, HFL Homes, and HFL Living (Figure 3.2.1).

HFL Build was responsible for development. It borrowed money from Lambeth Council to build mix-tenure developments, selling market homes on the open market and affordable homes to HFL Homes. HFL Homes was constituted as a Registered Provider of Social Housing, much like a Housing Association. Its role was to acquire and manage the affordable homes developed by HFL Build, as well as other S106 homes delivered in the borough. HFL Living was a housing management company responsible for managing private rented sector (PRS) properties. HFL did not focus on Build to Rent (BTR) developments, but it did rent out emptied properties that it acquired on estates that were slated for demolition. In 2022, HFL Living was leasing 125 homes through this company on Assured Shorthold Tenancies (ASTs).

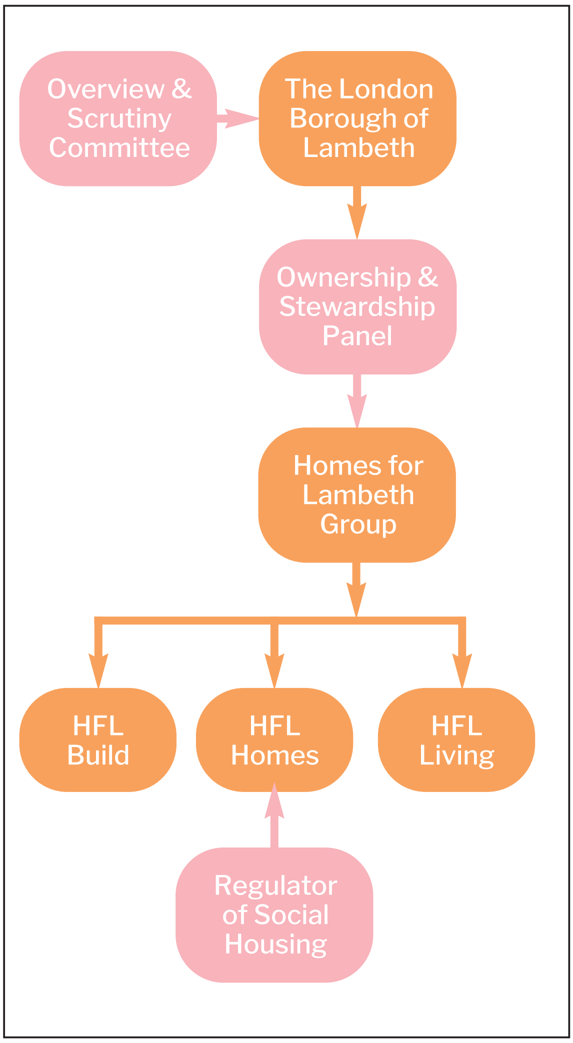
HFL was funded through borrowing, Community Infrastructure Levy (CIL) contributions, and Section 106 contributions. HFL was also allocated £55m from the Mayor of London' Affordable Homes Programme (AHP 2016-23) grant round. However, it failed to spend this allocation. The main source of finance came from Lambeth Council borrowing in its General Fund from the Public Works Loan Board (PWLB) and on-lending to HFL, generating a surplus in the process.[171] The Council also used its capital budget to buy back leaseholder properties across the six HFL estates that were to be demolished as part of its ERP, which was estimated to cost £200m.

The HFL model relied on developing Council owned land due to the costs of acquiring and developing privately owned land. HFL purchased long leases on land from the council at competitive market rates for the proposed developments to comply with subsidy control rules, with land values determined by an independent valuer. Land receipts across the ERP were estimated to be £231m.

The council executive, or Cabinet, nominated HFL board members, set the overall policy direction, and approved key documents. HFL was scrutinised by the council through the Ownership & Stewardship Cabinet Advisory Panel (OSCAP). This panel was made up of 6 Labour Party councillors, with no tenant representation. Meetings of the OSCAP were not held in public. In 2020, Lambeth Council's Overview and Scrutiny Committee commissioned a best practice review of OSCAP which found that it did 'not operate as an effective point of scrutiny for HFL'.[172]

HFL's ability to deliver affordable housing was dependent on cross-subsidy. The total HFL programme aimed to deliver 4,938 homes, of which 3,561 were to be net new homes. Most of these homes (2,863, or 80%) were planned for private sale, of which 2,400 would have been net new after the demolition of 463 existing leasehold homes which were privatised through RTB. Additionally, 710 net new intermediate homes were planned along with 53 net new LAR homes. The programme also planned to deliver 1,312 social rented homes, replacing 914 council rent homes, for a net uplift of 398 social rented homes.

Figure 3.2.1: Homes for Lambeth Structure



The Estates Regeneration Programme

HFL was set up in 2017 as the delivery vehicle for the council's Estates Regeneration Programme (ERP). This programme proposes the comprehensive redevelopment of six council estates across the Borough.[173] The ERP was approved by the council's Cabinet in October 2012 with, Cressingham Gardens estate the first earmarked for redevelopment. Since then, Central Hill, Fenwick, Knight's Walk, South Lambeth, and Westbury estates have been included in the ERP.

The ERP is divided into two phases. The first phase was to include Fenwick, Cressingham Gardens, and Central Hill estates. The second phase was to include South Lambeth, Knight's Walk, and Westbury Estate. Due to active resident resistance on two of the first phase estates the phases were swapped, with masterplanning and development commencing on South Lambeth, Westbury and Knight's Walk. The redevelopment of Knight's Walk, South Lambeth and Westbury began in 2018 and has advanced to the demolition of existing and construction of new homes. In recent years, however, HFL reported major viability issues across the first phase of the ERP. Despite completing the first phases of redevelopment on Westbury and Knights Walk in 2021, and commencing construction of the first phase of South Lambeth, HFL had not proceeded to stage 2 on any of its schemes before it was terminated. Changing market conditions mean that new viability assessments are needed for these estates. There has been little progress on the other three estates, which lack up-to-date options appraisals or masterplans and are likely to require tenant ballots to proceed. As the Kerslake Review put it: 'None have clear, agreed and funded ways forward'.[174]

The stated rationale for pursuing comprehensive and partial redevelopment across the ERP has been the cause of controversy. Initially, when justifying the inclusion of estates in the ERP, the council emphasised the need for refurbishment, citing estate wide structural problems on Cressingham Gardens and Central Hill estates. Part of the reason why the redevelopment of these two estates stalled was that tenants and residents strongly countered such claims, going so far as to commission their own surveyors. The subsequent rationale given for redeveloping South Lambeth, Westbury and Knight's Walk emphasised the potential for increasing housing density, including of affordable and social housing, to address housing need.

HFL and ERP Housing Outputs

The last figures from HFL showed that across the ERP there was a substantial planned net uplift of 2,711 homes on the six council estates, from 1,377 to 4,088 homes. Of these, 61% would be market sale, 16% intermediate rent (including London Affordable Rent, London Living Rent/Affordable Rent, and Shared Ownership), and 23% social rent (Table 3.2.2).

The amount of net new social housing planned across the ERP was just 40. This represents 1% of the total development programme. Out of step with the GLA's London Plan (Policy H8) and Lambeth's Local Plan, which require that any social rented homes that are lost be re-provided, three of the estates (Fenwick, Kight's Walk and South Lambeth) would see a net reduction of social rented homes. Furthermore, 64 of the social homes on Westbury Estate have been provided as part of an off-site S106 contribution. If these figures are removed from the ERP (which can be justified on the grounds that they would have been provided in some form regardless of the ERP), the uplift of 40 net new social homes across the programme becomes a net loss of 14 social homes.

South Lambeth Estate

South Lambeth estate was included in Lambeth's ERP in December 2014 because of 'the considerable potential for increasing the density of housing on the site to provide additional homes'.[175]

The planned redevelopment consists of demolishing and rebuilding five low-rise blocks on the estate, comprising 101 homes (59 social and 42 private), whilst retaining the larger Wimbourne House, a 104-home block. The demolition of the low-rise blocks was not up for discussion or debate with tenants and

Table 3.2.2: Housing Outputs across HFL's ERP

	Existing Estate			Proposed Redevelopment					
	Private	Council	Total	Private	Social	LAR	LLR	SO	Total
Central Hill	144	318	462	725	320	–	–	139	1184
Cressingham Gardens	98	208	306	666	210	–	–	126	1002
Fenwick	144	264	408	618	258	–	–	234	1110
Knights Walk	1	17	18	45	16	11	12	-	84
South Lambeth	42	59*	101	229	51	34	28	20	362
Westbury	34	48	82	200	99**	8	18	21	346***
Total	463	914	1377	2483	954	53	58	540	4088

Source: Kerslake Review 119

* In the Planning Application the figures are stated as 64 social rented homes and 37 private leasehold dwellings (page 38). There is a discrepancy here. Also note that there are not enough SO homes to replace the 42 or 37 private leasehold flats, implying the council assumes some will leave the area.

** this includes 64 S106 council homes for a total of 43 social rented homes developed by HFL, 8 less than what was proposed in original planning documents (see below). This reduction of 5 council rented homes.

*** 64 of the social houses provided here are off-site S106 contributions from a St James Property development. NB: the 346 total number has been increased from 2018 viability report.

Table 3.2.3: Bedroom size allocation for planned redevelopment of South Lambeth Estate[178]

	1 bed	2 bed	3+ bed	Total
Market	81	111	37	229
'Affordable'	24	39	70	133
Total	105	150	107	362

residents. As the 2015 cabinet report recommending redevelopment made clear, "… all capacity studies, from the very beginning, assumed replacement of the low-rise blocks (101 homes)".[176]

The latest plan for the estate is for 362 homes to be delivered in three phases, mixing 'council level rents, Tenancy Strategy rent, intermediate rent, shared ownership and market homes (currently assumed to be private sale)' (2). The original schedule for the phases was to redevelop the estate in three phases, starting in Spring 2019 and completing on Spring 2023. However, Phase 1 was not finished until the end of 2022, nearly 2 years behind schedule, and Phase 2, which was due to start in March 2021, has yet to commence. The council has stated that new viability assessments will need to be conducted to ensure the final phases are financially viable given adverse market conditions.[177]

The redevelopment will more than triple the density of the replaced blocks. The density of the entire estate will more than double, from 93 dwellings per hectare to 203 dwellings per hectare (Summary Planning application, 8). The planned 362 homes will comprise: 103 one bed (28%), 152 two bed (42%), 99 three bed (27%), and 8 four bed (2%) homes (Table 3.2.3).

Most of the new homes on the estate will be market homes, followed by some intermediate and social housing (table 3.2.4). The intermediate housing consists of housing with rents let at 80% of market rent and some shared ownership housing earmarked to replace resident leaseholders whose homes have been demolished. Of the 291 net new homes on the estate: 12% are social housing; 10% are intermediate; and 79% are private market sale.[179]

The planned social housing is divided into two distinctive housing tenures. Existing tenants on the estate, whose homes are being or have been demolished, will be offered 'replacement council rent homes' with rents set at a 'similar' level to those they were previously paying'.[181] The New Tenancy Strategy homes are for households moving off the housing waiting list. They will be let 'at a maximum of LHA rent levels' (for 1-2 bed) and at 'council rent levels' for 3 to 4 beds. Since there are fewer council rent homes than previously on the estate, there is an implication that some will not return.

The rent levels proposed for the different tenures on the estate in the development's viability report, compared with the average rents for council housing across the borough, are shown in table 3.2.5. The data shows that redeveloping the estate is anticipated to significantly increase the cost of social rents and that a two-tiered social rent regime is being created on the estate.

Westbury Estate

The decision to include the Westbury Estate in the ERP was made in December 2014 'due to [the] considerable potential for intensification and provision

Table 3.2.4: Housing Outputs Planned for the Redeveloped South Lambeth Estate[180]

Tenure	Homes	Habitable Rooms
Replacement council rent level homes for existing council tenants	51 (14%)	212
New Tenancy Strategy Rent homes for new tenants (LAR rent levels)	34 (9%)	128
New Intermediate rent homes (LLR in Kerslake table, but could be up to 80% MR)	28 (8%)	91
Replacement shared ownership homes for existing resident leaseholders	20 (6%)	92
New Market Homes (for sale)	229 (63%)	680
Total	362	1,208

Table 3.2.5: 2024/5 rent levels* proposed on the redeveloped South Lambeth Estate

No of Bedrooms	Average Lambeth Council Rents	South Lambeth Council Rent	South Lambeth Strategy Rent	South Lambeth Intermediate Rent
1	£112.24	£151.64	£264.53	£399.17
2	£129.78	£174.97	£343.88	£425.18
3	£150.83	£186.67	£186.67	£492.57
4	£172.32	£204.81	£204.81	£658.51

Council tenant service charges for 2022/23 were £65.48 p/m

* Rent levels on the estate are provided in the viability report for 2017. The figures reported here have been adjusted for inflation.

of additional homes'.[182] The estate is comprised of four low-rise blocks (2-4 stories, 82 homes (48 council rent and 34 leasehold)) and two 22-story tower blocks (160 homes). The council's plans are to demolish 89 existing homes – all 82 low rise homes as well as 7 leasehold flats in the area that are not part of the original council estate.

The Westbury estate redevelopment entails plans for 334 new homes across three phases. In the first phase '64 council level rented homes' have been delivered by St James Property 'as an offsite affordable housing contribution linked to another scheme in the borough'.[183] This scheme was a residential-led mixed-use 30-story development at 22-29 Albert Embankment known as The Dumont, comprised of 186 apartments. The Dumont includes 18 intermediate shared ownership homes, for which 'owners' will pay £113,750 for 25% share of a studio, plus £782.03 a month in rent and £250 service charge. Or £135,000 for 25% share of a one-bed, plus £928.13 a month in rent and £250pcm service charge.

The remaining 270 homes on the Westbury estate were to be delivered by HFL over two phases including 'a mixture of council level rents, tenancy strategy rents, intermediate rent, shared ownership and market homes' (3). The scheme site includes the retention of 160 affordable homes in Durrington and Amesbury Towers (126 council rent and 34 leaseholder), such that the estate will include a total of 494 homes. The density of the estate will increase from 87 to 172 dwellings per hectare, which exceeds the range set by the London Plan. Phase One of the three-phase development has been completed. However, the Kerslake review notes that the scheme is 'experiencing viability challenges' and is 'likely to require additional funding to progress'.[184]

Most of the new homes on the estate will be market homes, followed by some intermediate and social housing (table 3.2.6). The intermediate housing consists of housing with rents let at 80% of market rent and some shared ownership housing earmarked to replace resident leaseholders whose homes have been demolished. Of the 188 net new homes on the estate: just 1% are net new social housing.

The social housing is divided into two distinctive housing tenures. Existing tenants on the estate whose homes are being or have been demolished will be offered 'replacement council rent homes' with rents set at a 'similar' level to those they were previously paying. The New Tenancy Strategy homes are for households moving off the housing waiting list. They will let 'at a maximum of LHA rent levels' for 1-2 bed

Table 3.2.6: Housing Outputs Planned for the Redeveloped Westbury Estate[185]

Tenure	Homes	Habitable Rooms
Replacement council rent level homes for existing council tenants*	38 (14%)	129
New Tenancy Strategy Rent homes for new tenants (LAR rent levels)	13 (5%)	54
New Intermediate rent homes (LLR in Kerslake table, but could be up to 80% MR)	20 (7%)	86
Replacement shared ownership homes for existing resident leaseholders	18 (7%)	75
New Market Homes (for sale)	181 (67%)	565
Total	270	909

* On Westbury estate, excluding the S106 homes, there are only 3 net new social homes. If we take the figures reported in the Kerslake Review, which are likely to be more up to date, the figure is a loss of 5 council rent homes.

Table 3.2.7: 2024/5 rent levels* proposed on the redeveloped Westbury Estate

No of Bedrooms	Average Lambeth Council Rents	Westbury Council Rent	Westbury Strategy Rent	Westbury Intermediate Rent
1	£112.24	£151.64	£264.53	£425.16
2	£129.78	£174.97	£343.88	£518.52
3	£150.83	£186.67	£186.67	£648.14
4	£172.32	£204.81	£204.81	–

Council tenant service charges for 2022/23 were £65.48 p/m
* Rent levels on the estate are provided in the viability report for 2017. The figures reported here have been adjusted for inflation.

and at 'council rent levels' for 3-4 beds. Since there are fewer council rent homes than previously on the estate, there is an implication that some will not return.[186]

The rent levels proposed for the different tenures on the estate in the development's viability report, compared with the average rents for council housing across the borough, are presented in table 3.2.7. The data show that redeveloping the estate will significantly increase the cost of social rents and that a two-tiered social rent regime will be created on the estate.

Knight's Walk

Knight's Walk is a small low-rise part of the Cotton Gardens Estate, built in 1968. The Cotton Gardens Estate comprises 242 homes, the majority of which are in three towers. The Knight's Walk part of the estate comprises 18 homes. Knight's Walk was included in the ERP in December 2014 'due to the considerable potential for increasing the density of housing on the site to provide additional homes'.[187]

The original plan was to develop 84 new and replacement homes over two phases. The proposals include a mixture of council rent homes (replacing those demolished as part of the redevelopment), Tenancy Strategy rent homes, intermediate rent homes (at 80% of market rents), and market homes (currently assumed to be private sale). As part of the redevelopment all 18 existing homes will be demolished, of which 17 are council rent homes (12 1-beds and 5 3-beds) and 1 is a leasehold home (1-bed). Phase 1 consisted of 14 social rented homes to replace the existing council homes and 2 target rent homes. Phase two will include the 45 market, 11 target rent, and 12 intermediate rent homes. To date, phase one of the two-phase development has been completed. However, the Kerslake review notes that the scheme is 'experiencing viability challenges' and is 'likely to require additional funding to progress'.[188]

Most of the new homes on the estate will be market homes, followed by some intermediate and social housing (table 3.2.8). The intermediate housing consists of housing with rents let at 80% of market rent. Of the 67 net new homes on the estate, 16% are net new social housing (based on the original planning documents; if the Kerslake Review's figures are correct this figure is 3%).

The planning statement explains[190] that: 'Existing tenants will be rehoused into the new accommoda-

Table 3.2.8: Housing Outputs Planned for the Redeveloped Knight's Walk Estate[189]

Tenure	Homes	Habitable Rooms
Replacement council rent level homes for existing council tenants	14 (17%)	39
New Tenancy Strategy Rent homes for new tenants (LAR rent levels)	13* (15%)	50
New Intermediate rent homes (LLR in Kerslake table, but could be up to 80% MR)	12 (14%)	43
New Market Homes (for sale)	45 (54%)	131
Total	84	263

* The Kerslake Review (42), drawing on figures provided by LBL officers included in the Council's 2022 Joint Development Plan, suggests that Knight's Walk may only provide 16 social rented homes (those already delivered as part of Phase 1).

Table 3.2.9: 2024/5 rent levels* proposed on the redeveloped Knight's Walk

No of Bedrooms	Average Lambeth Council Rents	Knight's Walk Council Rent(*)	Knight's Walk Strategy Rent	Knight's Walk Intermediate Rent
1	£112.24	£151.64	£264.53	£399.17
2	£129.78	£174.97	£343.88	£414.80
3	£150.83	£186.67	£186.67	£497.76
4	£172.32	£204.81	£204.81	£642.95

Council tenant service charges for 2022/23 were £65.48 p/m
* Rent levels on the estate are provided in the viability report for 2017. The figures reported here have been adjusted for inflation.

tion on the same rental regime, whilst any new social housing tenants will have their rents set at Tenancy Strategy rent levels, which are considered by housing officers to be similarly reduced'. This latter claim is not born out by the council's viability appraisal, which shows that the rents for one and two-bed room properties at Tenancy Strategy rents are significantly higher than the previous rent regime (£87.08 per week higher and £130.29 respectively in 2017).

The rent levels proposed for the different tenures on the estate in the development's viability report, compared with the average rents for council housing across the borough, are shown in table 3.2.9. The data shows that redeveloping the estate will increase the cost of social rents and that, as on South Lambeth and Westbury estates, a two-tiered social rent regime will be created.

HFL and the ERP's Affordability

Table 3.2.10 compares the affordability of average council rented housing in Lambeth with the estimated social housing rents on the Westbury estate redevelopment. The table shows data on the percentage of net incomes spent on rents (PR), the residual income of tenants after rents have been paid (RI), and the 2022 inner-London Minimum Income Standard (MIS). This data is presented across six household types.

The table shows that average council rents in Lambeth take up less than 30% of net incomes in all but one case – that of a single working-age adult affected by the benefit cap. The percentage of incomes spent on the other tenures in the ERP are consistently higher than the 30% threshold. It is those affected by the benefit cap that are most hard hit by the difference between council rents and other rents, with the 'affordable' intermediate rents far out of reach.

Again, these percentages should not be looked at in isolation. For working tenants in receipt of Universal Credit or Housing Benefit, who are not affected by the bedroom tax, most increases in rents will be covered by this support, meaning that as rents increase, although the proportion of a household's income spent on rent as a percentage rises, their residual income (the amount they have left over after paying rent) remains the same. In the table below, this is true for the single working parents with one or two children who earn more than £722 per month. Those that earn less will be affected by the benefit cap. For those earning above this amount, universal credit covers the significant gap between council and social rents. This represents something of a hidden cost of the local housing company and cross-subsidy model.

Second, when taking into consideration the gap between residual incomes and minimum income standards, all the housing presented above is unaffordable, including the average council rents, which speaks to the depth of the affordability crisis for those on low incomes, even when their incomes are supplemented by Universal Credit. The rents for all tenancies prevent the rest of the groups from realising a socially acceptable minimum decent income standard. This is especially acute for those affected by the benefit cap in the newly developed social housing. The housing element of Universal Credit somewhat supports single working parents with two children, though not by enough. The social homes reprovided by HFL are also provided with less secure tenancies, making it easier for the landlord to evict people for rent arrears.

Conclusion

Lambeth's Estate Regeneration Programme and Local Housing Company, Homes for Lambeth have failed to deliver a net increase in truly affordable housing in the Borough. Across the three projects of council estate redevelopment profiled in this report, the delivery of net new social housing has been very low and has been made uncertain due to worsening market conditions affecting viability appraisals. Furthermore, the social housing that is being delivered across the programme is consistently more expensive

Table 3.2.10: Rent Affordability on the Westbury Estate

	Council Rent	Westbury Council Rent	Westbury Strategy Rent	Westbury Intermediate Rent
Single working-age adult, benefit cap (one-bed)	PR: 34% RI: £214.05 MIS: £357.13	PR: 46% RI: £174.65 MIS: £357.13	PR: 81% RI: £61.76 MIS: £357.13	PR: 130% RI: -£98.87 MIS: £357.13
Working-age couple, benefit cap (one-bed)	PR: 23% RI: 374.20 MIS: £429.18	PR: 31% RI: £335.35 MIS: £429.18	PR: 54% RI: £222.45 MIS: £429.18	PR: 87% RI: £61.82 MIS: £429.18
Single parent with children, benefit cap (two-bed)	PR: 27% RI: £357.20 MIS: £460.62	PR: 36% RI: £312.01 MIS: £460.62	PR: 71% RI: £26.36 MIS: £460.62	PR: 106% RI: -£31.54 MIS: £460.62
Single adult London Living Wage[i] (one-bed)	PR: 25% RI: £334.18 MIS: £357.13	PR: 34% RI: £294.78 MIS: £357.13	PR: 48% RI: 291.66 MIS: £357.13	PR: 59% RI: 291.66 MIS: £357.13
Single Parent with one child[ii] (two-bed) LLW 21-hrs	PR: 26% RI: £371.25 MIS: £429.18	PR: 32% RI: £371.25 MIS: £429.18	PR: 48% RI: £371.25 MIS: £429.18	PR: 48% RI: £371.25 MIS: £429.18
Single parent with two children (boy & girl)[iii] (three-bed) LLW 21-hrs	PR: 25% RI: 454.64 MIS: £460.62	PR: 29% RI: 454.64 MIS: £460.62	PR: 29% RI: 454.64 MIS: £460.62	PR: 52% RI: 454.64 MIS: £460.62

PR: Percentage of income spent on rent
RI: Residual income, the income left over after rent
MIS: minimum income standard, the 2022 inner-London minimum income standard (excluding rent and childcare).

i A single adult working 40-hours per week on the London Living Wage earns approximately £446.42 after tax. According to the Turn2Us benefit calculator, they would receive £0 in Universal Credit if paying £112.24 in rent, £0 if paying £151.64 in rent, £109.77 if paying £264.53 in rent and £270.40 if paying £425.16 in rent.

ii A single parent with one 10 year-old child working 21-hours per week on the London Living Wage earns approximately £273.27 after tax. According to the Turn2Us benefit calculator, they would receive £227.76 in Universal Credit and Child Benefit if paying £129.78 in rent, £272.95 if paying £174.97 in rent, £441.86 if paying £343.88 in rent and £616.50 if paying £518.52 in rent.

iii A single parent with two children (10 year-old boy and 6 year-old girl) working 21-hours per week on the London Living Wage earns approximately £273.27 after tax. According to the Turn2Us benefit calculator, they would receive £332.20 in Universal Credit and Child Benefit if paying £150.83 in rent, £368.04 if paying £186.67 in rent, and £673.94 if paying £492.57 in rent.

than that which it has replaced. In recognition of this fact, Lambeth Council has offered secure council tenants on the original estates social rent levels that approximate their old council rent levels. In doing so, Lambeth Council have created a two-tier system of social housing in the ERP, with new social tenants paying significantly higher weekly rents. The ERP has also been beset by lengthy development delays which make it less likely that all of the previous estates tenants will return.

Following the Kerslake Review, Lambeth Council's leadership made the decision to bring the ERP 'back in house' and to wind-up HFL. The organisational and managerial issues that the ERP and HFL faced, however, were not solely responsible for the failures noted above. Indeed, the social housing outputs and affordability of rents were agreed long before these issues manifested and were best case scenarios. The problem is therefore structural and speaks to the limitations of the cross-subsidy model and lack of sufficient grant funding, even where the 18-25% profit that would usually be privatised is recycled back into the housing developments. In bringing the ERP back in house, Lambeth Council will take forward its development projects on a case-by-case basis, choosing between a developer-led approach or a direct-delivery approach. The former approach has been reviewed already in this report. The latter approach has been tried and tested by the London Borough's of Hackney and Camden to mixed results, as the next section examines.

4 The Council-led approach

The Council-led approach to estate redevelopment differs from the developer-led and Local Housing Company approaches as the local council directly delivers the redevelopment of council estates and retains the council housing within the Housing Revenue Account (HRA). Since the council housing is retained within the HRA, and not transferred to a Housing Association or SPV, it can be provided with secure council tenancies. This approach also enables the council to finance developments by borrowing within the HRA in addition to the General Fund. One consequence of this is that HRA finances may be diverted away from the management and maintenance of existing stock. Council tenants may also bear some risk for the financial failure of any development financed against the account that invests in the long-term quality of their homes. In most other respects, this approach is like the others in that council estates are demolished to make way for higher density mixed tenure estates where private housing cross-subsidises the provision of some affordable housing, including intermediate and council/social housing.

This section analyses two leading examples of the Council-led approach to estate regeneration: Hackney's Estates Regeneration and Housing Supply Programmes (ERP & HSP) and Camden's Community Investment Programme (CIP). In both cases the local councils have made political commitments to deliver estate regeneration through their HRA without a private sector developer, Housing Association, or SPV. This means they can provide council homes with Secure Tenancies – and with the associated rights accompanying this tenure. Based on these case studies, this approach has the best record of the three in terms of the gross and net numbers of new council/social housing. The per week housing cost increases are also lower, although rents and service charges are still higher than before. Although this approach looks comparatively promising, it is still a disruptive, insufficient and wasteful means of delivering truly affordable housing for low-income Londoners.

Across Hackney and Camden's programmes, over a 15-year development period, 7,404 homes will be built. Of this, the most significant tenure is private sale and/or rent: 3,488, or 47%. The next largest tenure is council rented housing: 2,767, or 37%. However, this is not net new council housing. Across these programmes an estimated 1,919 council homes will be demolished. As such, in contrast to the developer-led and LHC approaches, there will be a net addition of 848 social rented homes (11% of the total homes built). Although the tenancies of these homes will be the same as before redevelopment, the rent levels will be higher. On average, the rents that tenants will pay in the new social homes delivered by these estate regeneration programmes is £54 per week higher than an average council rent home in the boroughs.

Given the scale of need for net new social housing in Hackney and Camden, the delivery of an estimated 57 new social rented homes per year over the duration of the programmes suggests that the council-led delivery model is an inefficient and insufficient means of meeting social need. Rather than a model to meaningfully address the shortage of truly affordable housing, it is better understood as a way of financing the replacement of existing council homes with newer and sometimes larger properties. To achieve this, however, existing council estates have more than doubled in density, whilst green and social infrastructure and amenity have been lost. In the case of Camden, a large amount of HRA and General Fund land has also been sold to private developers, for which the opportunity costs have not been transparently accounted.

4.1 Hackney's Estate Regeneration and Housing Supply Programmes

In July 2011, the London Borough of Hackney embarked on a ten-year Estates Regeneration Programme (ERP) 'to mitigate the impact of the changing national funding environment for the building of new social rented homes, the delivery of mixed communities and the regeneration of existing estates'.[191] This 'innovative, in-house building programme'[192] on HRA land has entailed redeveloping 15 council estates as mixed tenure estates with homes for private market sale, shared ownership and intermediate rent, and social/council rents. The programme is being financed through borrowing in the HRA from the PWLB, market and shared ownership sales, and rents; it is projected to deliver a long-term return to the Council from 2031 (ERP 2015). Grant funding has been received from the Mayor of London's Affordable Homes Programme (£45.5m),[193] and S106 monies worth approximately £10m have also be used.

The ERP approach is a departure from previous estate regeneration schemes in the borough, which – like the Woodberry Down redevelopment (see below) – relied on site-by-site Joint Ventures or land disposals. Instead, the ERP takes a portfolio approach to redeveloping council estates, with surplus generating schemes cross-subsidising those that run deficits. In February 2016, Hackney Council agreed a parallel suite of developments under its Housing Supply Programme (HSP). This programme takes a similar financing and portfolio approach to the ERP. However, with large-scale, comprehensive development opportunities exhausted by the ERP, the HSP focuses on smaller in-fill sites on HRA land targeting estate garages and car parks. The 'Hackney Approach' has been commended as a 'leading example' of 'a London local authority making effective use of its land to build new affordable homes for those that need them most…'.[194] It is also included in the Mayor's Good Practice Guide to Estate Regeneration.[195]

The Case of Woodbury Down Estate

The Woodbury Down estate was once the largest council estate in Hackney. Built as a model council estate by the London County Council in stages between the 1940s and 1970s, the estate was made up of 2,013 homes across 57 blocks on 64-acres.[196] When regeneration of the estate began in 1999, one third of the homes were owned by leaseholders and 1,438 were social rented homes.[197] With £25m of SRB funding secured in 2001, the council initiated regeneration as a means of addressing a long process of 'managed decline'.[198] As 31 of 57 blocks were deemed 'beyond economic repair' by the council, the estate was slated for comprehensive redevelopment[199] Critics have argued that over 20 years, the regeneration has 'morphed from a housing needs/community development regeneration scheme into a state-led gentrification project…'.[200]

When regeneration was first mooted, some private housing was planned, but only 'a small element'.[201] Yet without sufficient grant funding to realise its plans, especially when Government money from the Homes & Communities Agency was withdrawn after the GFC, the council began to increase the proposed density on the site, as well as the amount of market housing for sale. In 2010, without a ballot of tenants and residents,[202] a Development Agreement worth £1bn over 20-years was signed by Hackney Council and the private developer Berkeley Homes in partnership with the Housing Association Genesis Housing (now Notting Hill Genesis),[203] to redevelop Woodberry Down.

Following masterplans agreed in 2005 and reconfirmed in 2014, Berkeley Homes is redeveloping the estate in 8-phases to be completed by 2040 – four decades after the regeneration begun. In each phase, Hackney Council sells the developer a 299-year lease. The aim is to deliver over 5,700 homes across the 64-acre site, increasing the density of the original estate 2.75x. Berkely Homes has 'employed a strategy of regularly re-designing schemes to increase density and profitability'.[204] Overtime, the amount of social housing promised has decreased from 31% to 20% in the original Berkeley masterplan. Consequently, despite the 3,571 new homes, Woodberry Down will have 275 fewer social rented homes than in 1999 (see table 4.1.1). The social homes are also not as favourably located as the private homes; they are situated near to the busy arterial road, whereas 'the homes for sale are located in prime positions overlooking the reservoir and the new park'.[205]

Thanks in large part to the organising and advocacy efforts of the Woodberry Down Community Organisation (WDCO), a residents' organisation within the development partnership, tangible gains have been made for social renters. These include a right to return for council tenants who have remained on the estate, an improved phasing plan to ensure tenants can make a single move to a new home on the estate, and the split-housing policy, which states that 'if there are adult children over 18 who have lived continuously in the home for 10 years or longer, in any phase of the regeneration scheme, they will be offered the opportunity to move to a home of their own that suits their housing needs on the estate, *subject to the availability of suitable homes for letting on*

Table 4.1.1: Woodberry Down Redevelopment Housing Outputs, Completed and Planned[206]

	Total	Private/Market	Shared Ownership	Social Rented
Completed	2,042	1,234 (61%)	278 (14%)	530 (25%)
Planned	3,542	2,109 (60%)	837 (23%)	596 (17%)
Total	5,584	3,343 (60%)	1,115 (20%)	1,126 (20%)

the estate…'[207] Social infrastructure, in the form of a new community centre and youth club, have also been secured by the community and council.[208]

Berkeley Homes markets the private homes on the redeveloped estate to buy-to-let landlords, promising gross yields of up to 5.7%, with 9.2% annual price growth in homes on the estate in the past ten years. Average private rents on Woodberry Down have increased by over £1,000 per month for a one-bed and almost £2,000 per month for a three-bed in the past four years (Table 4.1.2). Promotional material also emphasises that 'the benefits of regeneration are already being reaped in terms of capital growth, increased rents and improved yields' adding that 'as the master plan progresses towards completion, these benefits are likely to continue.'[209] As much as 55% of the market homes sold on Phase 1 of the estate redevelopment have been purchased by overseas investors.[210] Many of these buy-to-let flats are being rented to 'young professionals on limited incomes who are struggling to stay because it [is] too expensive.'[211]

The social rented housing is let and managed by Notting Hill Genesis on Assured Tenancies. Available data[212] suggests that rent and service charge levels are similar to average council rents in Hackney: they are a little higher for one and two-bed flats but lower for three to five-bed flats (table 4.1.3).

One of the stated aims behind the Woodbury Down redevelopment was to create an integrated, mixed community – which in many respects the estate was already. However, in-depth research with tenants suggests that private and social residents and tenants rarely mix in practice, and that the design of the estate discourages genuine social interaction: there is 'a lack of sociability *within* the new affluent and securitised enclaves…' with 'little cross-tenure social mixing across the estate as a whole, and none at all between the occupants of the private blocks and the council and temporary tenants who live… in the remaining dilapidated council blocks.'[213] Indeed, the regeneration has 'created a new geographical divide between the South Side, which is the largely redeveloped area of the estate facing the reservoirs, and the 'old blocks' on the North Side, where the majority of extant council tenants are still living.'[214] In time, as the development is completed, this schism may soften, and there is some evidence to suggest that more mixing across social divides is occurring.[215]

The Woodbury Down regeneration is an important case study because it influenced the decision to start a direct-delivery approach to estate regeneration and in-fill through the ERP and HSP. Publicly the redevelopment of Woodbury Down estate in Hackney has been celebrated as 'a blueprint for regeneration and all the new development Britain needs to beat the housing crisis.'[216] It has also been called a 'blueprint for urban happiness.'[217] Privately, amongst some politicians and officers, there is a recognition that the council handed too much control on the Woodbury Down estate to the private sector and that the council has been a passenger on the redevelopment. In response, from 2011, Hackney Council has 'pioneered' an in-house approach, eschewing joint ventures and land sales.

Table 4.1.2: Average Monthly Private Rents on Woodberry Down

	2021	2022	2023	2024
One-bed	£1,546	£1,775	£2,350	£2,600
Two-bed	£1,960	£2,374	£3,200	£3,400
Three-bed	£2,320	£3,035	£4,000	£4,000

Table 4.1.3: Weekly social rent level on Woodberry Down

Tenure	Average Council Rent*	Woodberry Down Social Rent**
One-bed	£125.38	£130.55
Two-bed	£136.89	£145
Three-bed	£153.93	£151.33
Four-bed	£178.51	£173.46
Five-bed	£203.85	£187.01

* Inclusive of service charge
** Adjusted for inflation from 2021 levels

The ERP and HSP Housing Outputs

The Estates Regeneration and Housing Supply Programmes have been promoted by Hackney Council as the only viable means to 'fund and build much needed new Council homes for social rent' (2) in the absence of sufficient grant funding. By December 2022,[218] the ERP and HSP had delivered 1,391 new homes: 789 (57%) for private market sale and rent; and 602 (43%) 'genuinely affordable homes', which Hackney Council defines as shared ownership, intermediate, and social rent. Additionally, 120 homes had been refurbished as part of the ERP and HSP: 26 (22%) for private sale, 16 (13%) for an intermediate rent, and 78 (65%) for social rent[219] (see table 4.1.3b).

Of the 696 new and refurbished 'genuinely affordable' homes, the majority – 518 (or 75%) – are council houses let at Hackney's target social rent levels with secure tenancies. Across the two programmes social rented housing comprises 34% of all new and refurbished homes delivered by 2022.

Due to economic uncertainties, the ERP and HSP have been extended beyond their original completion dates. By 2026, the Council plan to deliver a further 1,129 homes across the ERP and HSP. In the ERP there will be a further of 848 homes: 341 market; 169 shared ownership and 338 social rent. In the HSP there will be a further 281 new homes: 108 market; 60 shared ownership; and 113 social.

Of the two programmes, the ERP is the largest, delivering more than four times as many homes as the HSP by December 2022.[221] As noted, the ERP is a programme of comprehensive estate redevelopment. Within the programme, several large estates are being rebuilt, including the Colville, Marion Court and Kings Crescent estates. As table 4.2.3 shows, the Hackney ERP has delivered 1,204 new homes: 521(43%) for private market sale and rent; 141 (12%) for Shared Ownership; 8 (1%) for an intermediate rent; and 430 (36%) for social rent. However, the ERP has also entailed the demolition of a significant number of council rented homes which Hackney Council claims were uneconomical to refurbish to a Decent Homes Standard. By the end of 2022, the council had demolished at least 773 homes, an estimated 589 (76%) of which were council houses (see table 4.1.4). This means that by the end of 2022, the ERP has almost doubled the density of housing estates across the programme whilst reducing the amount of social housing by a quarter (156 homes). By the end of the ERP, the Council estimates it will have demolished 853 tenanted homes,[222] 21% of which are bedsits. If this happens, the ERP will have increased the density of its council estates by 2.4x whilst the amount of new social housing will have fallen by 85 (10% reduction).

The HSP is smaller in scale than the ERP and does not entail the comprehensive redevelopment and demolition of council housing. The HSP is instead made up of more modest in-fill developments on HRA land, including garages, car parks and some community spaces. By the end of 2022, the HSP had delivered 293 new homes, 268 (91%) for market sale, 13 for shared ownership (4%), and 12 for social rent (4%). The HSP also refurbished 18 homes, 16 for Hackney Living Rent and 2 for social rent.

The London Borough of Hackney has an acute need for net additional social rented housing. In 2021, the number of households in temporary accommodation reached its highest point at 3,200. Of that number, 1,200 have been housed outside of the borough.[231] The 2015 'Hackney Strategic Market Needs Assess-

Table 4.1.3b: Hackney's ERP and HSP outputs

		New Housing				Refurbished Housing		
	Total	Market	SO	HLR	Social	Market	HLR	Social
ERP Completed	1204	521	141	8	430	26	–	75
HSP Completed	311	268	13	–	12	–	16	2
Completed Total	1515	789	154	8	442	26	16	77
ERP Projected	848	341	169	–	338	–	–	–
HSP Projected	281	108	60	–	113	–	–	–
Projected Total	1129	449	229	–	451	–	–	–
Total	2644	1238	383	8	893*	26	16	77

* S106 funding from private developments was used to help increase the numbers of social rented housing on the ERP and HSP schemes. There is an argument to be made that these should not be seen as genuinely additional. 100 homes on six ERP projects (71 homes) and three HSP projects (29 homes) were converted to social rent at the cost of £19.05m using £10m in s106 monies. This amounts to £274,300 per unit, or 36 social rented homes funded through s106.[220]

Table 4.1.4: Homes demolished under the ERP

Council estate	Total demolished	Council Rented	Leasehold
Colville Estate[223]	438	338	100
Kings Crescent Estate*[224]	57	43	14
Marion Court Estate	75	47	28
Bridge House[225]	60	38	22
Tower Court[226, 227]	67	63	4
St Leonard's[228]	64	50	14
Aikin Court[229]	6	5	1
Lyttelton House[230]	6	5	1
Total	773	589	184

* The original Kings Crescent Estate had 631 homes. Between 2002 and 2005, 299 homes were demolished on the Estate in anticipation of redevelopment by a developer and housing association that didn't materialise. Deciding to lead the redevelopment itself, between 2011 and 2012, the Council demolished 57 flats. This left 275 homes on the estate in 2013, 195 council homes and 80 leasehold. The Council has refurbished 75 of the social rented and 26 of the leasehold homes, and plans to refurbish the remaining 120 social rented and 54 leasehold homes in the coming years. Data is not available on the tenure split of the 57 homes demolished between 2011 and 2012. Estimates have been made based on the ration of council to leasehold across the 7 estates in this table.

ment' estimates that between 2011 and 2035 there is an annual need of 1,758 homes, with 'an overwhelming need for social housing with little projected growth in market housing'.[232] Of the 1,758 homes needed annually, 66% are for social housing (1,158), 6% for intermediate affordable housing (104), and 28% for market housing (492). The need for social housing in Hackney is compounded by the fact that Local Housing Allowance (LHA) rates are insufficient to cover the rents of those in receipt of benefits. As noted in 2019, 'there is no privately rented accommodation available within the borough at the Local Housing Allowance rate'.

Whilst the Hackney ERP and HSP are promoted as vehicles for delivering much needed social rented housing, they are better understood as a market-driven mechanisms for cross-subsidising the upgrading of the Council's existing council housing stock through intensive estate densification. Discounting the 100 homes funded with side monies, the ERP and HSP will lead to a slight loss of social housing in the borough.

The ERP and HSP Housing Rents and Affordability

As noted above, Hackney Council categorise as 'genuinely affordable'[233] all the non-market homes it has developed, including shared ownership, Hackney Living Rent, and social rent housing. When stating this, the Council does not give a clear single definition of how it defines affordability within its housing programmes. At times it states that 'as far as is possible, applicants should not be spending more than one third of their gross income on rent'.[234] Elsewhere the Council use an affordability target of 25% of gross income, similar to the definition used in this report of 30% of net income.

On this basis, it is hard to maintain that the Shared Ownership homes are 'genuinely affordable' to most of Hackney residents. In 2019, the 'average deposit required for purchasers of the Council's own shared ownership homes was £56,000'.[235] This is 1.6x the 2018 gross median earnings in the borough (£34,829.60 per year),[236] and 3.7x the 2022 gross lower quartile household income of £15,000.[237]

Hackney Living Rent (HLR) housing makes up a small amount of the Estate Regeneration and Housing Supply Programmes. HLR is an intermediate rental product for 'people on middle incomes that wouldn't normally qualify for social housing'.[238] They are let on Assured Shorthold Tenancies for a period of three years and managed by a council-owned lettings company which was set up in 2018.[239] HLR levels are set at 'a third of average local incomes' using the London Living Rent formula (see table 4.1.5).

As noted, most of the genuinely affordable homes delivered by Hackney Council are at target social rent levels let on secure tenancies. The Council has prioritised social rents over London Affordable Rents to provide tenants whose homes have been demolished a right to return on a similar tenancy basis. Exact rental data for the newly developed social rent housing in the ERP and HSP is not publicly available. However, in a 2016 planning application to the GLA, it is noted that the 'Hackney Target Rent (equivalent to social rent)' for re-hous-

Table 4.1.5: 2024/5 monthly Hackney Living Rent levels

Size of property	London Living Rent, Hackney[240]	Hackney Living Rent, Homerton
One-bedroom	£1,081	£945
Two-bedroom	£1,194	£1,050
Three-bedroom	£1,297	£1,155
Four-bedroom	£1,352	£1,260
Five-bedroom	£1,386	£1,365

Table 4.1.6: Average Council Rents in Hackney for 2024/5[242] and estimated target rents on newly developed ERP and HSP estates

No of Beds	Average Council Rent	Estimated ERP/HSP Social Rent
1-bed	£110.68	£157.88
2-bed	£122.19	£174.75
3-bed	£139.23	£192.23
4-bed	£163.81	£209.70
5-bed	£189.15	£227.18

Service charges are an additional £14.70 per week.

* The rents for 3, 4 and 5 beds estimated here are based on the percentage increases used to calculate London Living Rents (a 3-bed being 10% more expensive than a 2-bed and a four-bed 20% more expensive than a 2-bed etc).

ing tenants being temporarily 'decanted' from the Colville estate (part of the ERP) would be £132.60 for a one-bed and £146.77 for a two-bed flat.[241] This is likely to be a fairer reflection of target social rents on newly developed housing estates than average council rents across the borough (see table 4.1.6). Adjusted for inflation in 2024 this would be: £157.88 and £174.75.

Table 3.2.10 compares the affordability of average council rented housing in Hackney with the estimated social housing and Hackney Living rents across the ERP and HSP. The table shows data on the percentage of net incomes spent on rents (PR), the residual income of tenants after rents have been paid (RI), and the 2022 inner-London Minimum Income Standard (MIS). This data are presented across six household types.

The table shows that average council rents in Hackney take up less than 30% of net incomes in all but one case – that of a single working-age adult affected by the benefit cap. The percentage of incomes spent on rent across the other tenures in the ERP consistently exceed the 30% threshold. Again, it is those affected by the benefit cap that are most hard hit by the difference between council rents and other rents, with the 'affordable' intermediate rents far out of reach for these groups.

These percentages, as noted in the previous cases, should not be looked at in isolation. For working tenants in receipt of Universal Credit or Housing Benefit, who are not affected by the bedroom tax, most increases in rents are covered by this support, meaning that as rents increase, although the proportion of a household's income spent on rent as a percentage rises, their residual income (the amount they have left over after paying rent) remains the same. In the table below, this is true for the single working parents with one or two children who earn more than £722 per month. For them, universal credit covers the fairly significant gap between council and social rents. Those that earn less will be affected by the benefit cap.

Second, when taking into consideration the gap between residual incomes and minimum income standards, all the housing presented above is unaffordable. This includes the average council rents, which speaks to the depth of the affordability crisis for those on low incomes, even when their incomes are supplemented by Universal Credit. Rents for all tenancies prevent those on low-incomes from realising a socially acceptable minimum decent income standard. This is especially acute for those affected by the benefit cap in the newly developed social and intermediate housing. The housing element of Universal Credit somewhat supports single working parents, though not by enough to ensure they can live free from poverty.

Table 4.1.7: Rent Affordability in Hackney

	Hackney Council Rent Average	ESP & HRP Rents	Hackney Living Rents
Single working-age adult, benefit cap (one-bed)	PR: 38% RI: £200.91 MIS: £357.13	PR: 53% RI: £153.71 MIS: £357.13	PR: 71% RI: £93.52 MIS: £357.13
Working-age couple, benefit cap (one-bed)	PR: 26% RI: £361.60 MIS: £429.18	PR: 35% RI: £314.40 MIS: £429.18	PR: 48% RI: £254.21 MIS: £429.18
Single parent with children, benefit cap (two-bed)	PR: 28% RI: £350.09 MIS: £460.62	PR: 39% RI: £297.53 MIS: £460.62	PR: 53% RI: £229.98 MIS: £460.62
Single adult London Living Wage[i] (one-bed)	PR: 28% RI: £321.04 MIS: £357.13	PR: 37% RI: £291.66 MIS: £357.13	PR: 44% RI: 291.66 MIS: £357.13
Single Parent with one child[ii] (two-bed) LLW 21-hrs	PR: 27% RI: £371.25 MIS: £429.18	PR: 34% RI: £371.25 MIS: £429.18	PR: 41% RI: £371.25 MIS: £429.18
Single parent with two children (boy & girl)[iii] (three-bed) LLW 21-hrs	PR: 25% RI: £454.64 MIS: £460.62	PR: 31% RI: £454.64 MIS: £460.62	PR: 38% RI: £454.64 MIS: £460.62

PR: Percentage of income spent on rent
RI: Residual income, the income left over after rent
MIS: minimum income standard, the 2022 inner-London minimum income standard (excluding rent and childcare).

i A single adult working 40-hours per week on the London Living Wage earns approximately £446.42 after tax. According to the Turn2Us benefit calculator, they would receive £0 in Universal Credit if paying £125.38 in rent, £17.82 if paying £172.58 in rent, and £78.01 if paying £232.77 in rent.

ii A single parent with one 10 year-old child working 21-hours per week on the London Living Wage earns approximately £273.27 after tax. According to the Turn2Us benefit calculator, they would receive £234.87 in Universal Credit and Child Benefit if paying £136.89 in rent, £287.43 if paying £189.45 in rent, and £354.98 if paying £257 in rent.

iii A single parent with two children (10 year-old boy and 6 year-old girl) working 21-hours per week on the London Living Wage earns approximately £273.27 after tax. According to the Turn2Us benefit calculator, they would receive £335.30 in Universal Credit and Child Benefit if paying £153.93 in rent, £388.30 if paying £206.93 in rent, and £462.61 if paying £281.24 in rent.

Conclusion

The ERP and HSP are promoted as means of increasing new social rented housing in the borough. However, across both programmes, as estate densities have more than doubled, the amount of council/social rented housing has fallen. Meanwhile, between 2010 and 2023, 9,372 council homes were sold through Right to Buy.[243] The ERP and HSP have modernised Hackney's stock of council housing, which needed investment. But it has done so by significantly increasing the density of council housing estates, increasing the numbers of market and intermediate homes, and shrinking the amount of social housing, and green and social infrastructure. In recognition of the need for new social rented housing, the Council are now moving away from the provision of shared ownership. In future developments, the Council's plan is to deliver 70% of all affordable homes on their developments as social rent.

By the end of 2022, the Council had exhausted large development opportunities on HRA land through its Estates Regeneration and Housing Supply Programmes: 'the larger and more readily developable sites within the HRA portfolio have either already been built on or are included in the current Estate Regeneration and Housing Supply Programmes'.[244] Future development sites are set to include some smaller in-fill sites, including carparks and garages, neighbourhood housing offices that were once used for rent collection, and rooftop developments. But there are diminishing returns to these; on average the 15 new sites being brought forward from 2024 will deliver 30 homes each.

Like Lambeth's HFL and Camden's CIP, the Hackney ERP and HSP face growing viability challenges. These programmes were predicated on a particular set of economic conditions – low borrowing and construction costs, and high sale prices – which no longer hold. Since 2020, 'the cost of building Hackney's projects [has] increase[d] by around 30% due to the impact of Brexit and associated supply chain issues, with the pandemic and the war in Ukraine significantly exacerbating these inflationary pressures'.[245] These cost increases are making the cross-subsidy model unviable in Hackney: 'unlike previous fiscal cycles, these pressures have not been offset by increased house prices, thus stretching the viability of the Council's hitherto successful cross subsidy model' (ibid).

There are signs that Hackney Council are moving away from their in-house only approach to a more mixed model of development. Due to 'rising construction costs and workforce shortages', Hackney Council have also stated they will 'seek out partnerships' with the private sector and Housing Associations 'that can deliver for Hackney and Keep Hackney Building'.[246]

4.2 Camden's Community Investment Programme

The London Borough of Camden's Community Investment Programme (CIP) was set up in 2010 for the purposes of extracting value from the borough's high land and housing prices – their 'North Sea Oil' as local politicians and officers called it[247] – to deliver new housing and social infrastructure, including schools and community facilities, across the borough. To do this, Camden Council opted for a direct delivery approach on its schemes, meaning that the Council has directed the planning, construction and management of the market, intermediate and social rented homes it is building. The CIP is designed to be self-funding with housing and social infrastructure financed through borrowing from the PWLB against the Housing Revenue Account (HRA), public land 'disposals', and the sale of market and intermediate housing for rent and sale. The Council claim that the 'Community Investment Programme is now one of the largest and most successful municipal housebuilding programmes in London and across the country'.[248]

The CIP Housing Outputs

The initial plan for the CIP was to invest £1billion over a 15-year period to build 3,050 new homes of which 650 (21%) were to be replacement council rented homes, 450 (15%) additional council rented homes, 300 (10%) intermediate affordable homes and 1,650 (54%) homes for market sale. Additionally, an aim of the CIP was to invest in the borough's schools as well as children and community centres.

In 2022, the Council's Cabinet agreed to increase the total investment in the CIP to £2.3billion and the housing target to 4,760, with 2,224 (47%) for private sale, 385 (8%) for intermediate rent, 1,066 (22%) for "replacement council rent homes", 731 (15%) for "additional council social rented homes, and 354 (7%) hostel and temporary accommodation homes[249] (see table 4.2.1). The replacement and net new council rented homes have, to date, been retained in the Council's HRA and provided as council housing with secure tenancies (this, however, is set to change (see below)).

The CIP has progressed across more than 20 development schemes which are at varying stages of planning, construction, and completion. Some of these are small in-fill schemes, including the Barrington & Lamble and Kiln Place schemes. Most, such as Maiden Lane, Chester Balmore, Abbey, and Bacton Low Rise estates, have entailed partial or comprehen-

Table 4.2.1: Completed, Approved and Planned CIP housing outputs

No of Bedrooms	Completed	On site	Approved	Pipeline	Total
Replacement Council/Social Rented Homes	243*	41	142	640	1066 (22%)
Net New Council/Social Rented Homes	285	15	23	408	731 (15%)
Hostel & Temporary Accommodation	194	30	130	–	354 (7%)
Intermediate (Shared Ownership & Camden Living Rent)	84	42	–	259	385 (8%)
Private Market Sale	394	187	148	1495	2224 (47%)
Total	1200	315	443	2802	4760

* The CIP Annual Report 2022 includes HS2 replacement homes in its figures. These are homes that were replaced with central government funding in the Euston area to make way for the new rail line and terminus. This includes at least 90 council rent homes (https://www.geplus.co.uk/news/camden-presses-hs2-for-funds-to-move-tenants-away-from-piling-sites-26-10-2020/) and these have been removed here to better reflect the actual numbers delivered through the CIP.

sive council estate demolition and redevelopment. Most of these projects have been completed, but some have faced lengthy delays: construction on Phase 2 of Bacton Low Rise, for example, has yet to commence, despite the properties being emptied over a decade ago and the land being cleared for at least 5 years. Future projects will also entail significant council estate demolition and densification. On the West Kentish Town estate, for example, £565 million will be spent replacing 316 homes, of which 250 are council rent, with 885 homes, of which 531 (60%) will be for private market sale, 78 (9%) for intermediate rent, and 276 (31%) for social rent (a net increase of 26 (3%) social rented homes).[250] On Wendling & St Stephen's estate, 241 homes, of which 188 are council rent, will be replaced by 712 homes, of which 426 (60%) will be for private market sale, 92 (12%) for intermediate rent, and 194 (27%) are for social rent (a net increase of 6 (1%) social rented homes).

Camden's CIP stands out against the other cases in this report as the only one set to increase the amount of social housing through its redevelopment schemes. However, the 731 net new social homes promised have been financed, at least in part, by a significant programme of land sales across the borough to private developers. According to data collated by Camden-based architect Tom Young, 65 public sites have been sold, including playing fields, community, social and sports centres, workshops, car parks and garages. The amount of net new social housing must also be considered in relation to the scale of housing need in the borough.

Housing need in the London Borough of Camden is acute. There is a very high need for council/social rent housing as well as homes with three bedrooms or more. The last Strategic Housing Market Assessment was conducted in 2016 projecting to 2031.[251] The analysis showed that 16,800 new homes are required over the 15 year period, of which 6,600 should be for market housing and 10,200 homes for 'affordable'. Furthermore, the bedroom size of affordable housing need is overwhelmingly for 2+ bedroom homes. The SHMA identifies need for 400 one-bed affordable homes, 3900 two-bed affordable homes, 3,600 three-bed affordable homes and 2,300 4+ bed affordable homes.

The CIP's housing outputs do not reflect the existing need for affordable housing in the borough. This was recognised in the 2022 Report of the Community Investment Programme Scrutiny Panel,[252] which noted that housing targets across the CIP were being set by what was financially viable on schemes and not by strategic assessments of housing need: '[targets] appear to have been derived from an assessment of the potential capacity of a number of development opportunities that had been identified at the time i.e. a "bottom up" approach of deriving a target from the available sites rather than through a strategic "top down" assessment of how many new homes the CIP programme should be delivering, of what type, and where'.

Most of the homes that the CIP is delivering are small (one and two bed) market homes. The next largest tenure is replacement council housing. With less than 1500 net new affordable homes delivered over a twenty year or more period, the CIP is falling some distance short in delivering the housing the borough needs. Whilst it is named here a council-led delivery approach, the programme is instead better understood as a market-driven model whose chief purpose is to use private housing to cross-finance the upgrading of the Council's existing council housing stock.

Camden Living

One of the benefits of the Council-led approach to housing delivery is that the social homes built are held in the HRA, meaning that tenants retain or are given Secure Tenancies, the most secure tenancy available in London. This, however, may soon change in Camden.

In 2016, as part of the CIP, Camden Council created Camden Living Limited. This is a private company wholly-owned by the Council whose original remit was to provide intermediate housing produced through the CIP. The company currently owns 65 intermediate rent homes which it provides on three-year assured shorthold tenancies. Camden Living also leases 48 homes from the council that were originally intended for private sale but which could not be sold. These are being rented at market rents on assured shorthold tenancies (see figure 4.1.2 for intermediate and market rent levels on the Maiden Estate redevelopment). There are a further 300 homes planned at intermediate rent.

Camden Council are now intending to update the structure of Camden Living. They intend to create a Registered Provider (RP) within the company to hold homes for Social Rent and London Affordable Rent outside of the HRA. Under the current plans, the social rents would be set at 'Target Rent' levels as defined in the Rent Policy Statement. However, the Council Cabinet report outlining the changes notes that 'Where there is scope to charge the slightly higher London Affordable Rents (LAR), this would be considered to support the viability of the new RP'.[253] The tenancies would also be assured tenancies, not secure tenancies, thus creating a two-tier regime of social rented housing in the CIP.

CIP Housing Rents and Affordability

As noted, the CIP develops housing at market, intermediate, and council rent levels. Camden Council

Table 4.2.2: Rent levels proposed on the redeveloped Maiden Lane Estate

No of Bedrooms	Average Camden Council Rents 24/25[256]	Formula Target council Rent	Social Rents on Maiden Lane Estate[257]	Intermediate Rents on Maiden Lane
0	£104.35	–	–	–
1	£124.48	£153.48	£188.99	£228.14
2	£141.42	£180.72	£203.97	£424.40
3	£158.64	£190.52	£215.49	£501.50
4	£176.30	–	£229.32	–

* Figures have been adjusted for inflation
Council tenant service charges for 2023/4 were £19.29 p/w.

has described its intermediate and council rent levels as "genuinely affordable."[254] The Council's Planning Guidance states that 'The Council considers housing to be affordable where housing costs (including rent and service charges) take up no more than 40% of net household income (with net income assumed to be 70% of gross income)'.[255] As shown in table 4.2.2, the rents being charged in the CIPs replacement and net new Council Rent homes, and those at the intermediate Camden Living Rent, are higher than the

Table 4.2.3: Rent Affordability across Camden's CIP

	Camden Council Rent Average	Maiden Lane Social Rents	Maiden Lane Intermediate Rents
Single working-age adult, benefit cap (one-bed)	PR: 44% RI: £182.52 MIS: £357.13	PR: 64% RI: £118.01 MIS: £357.13	PR: 76% RI: £78.86 MIS: £357.13
Working-age couple, benefit cap (one-bed)	PR: 30% RI: £343.21 MIS: £429.18	PR: 43% RI: £278.70 MIS: £429.18	PR: 51% RI: £239.55 MIS: £429.18
Single parent with children, benefit cap (two-bed)	PR: 33% RI: £326.27 MIS: £460.62	PR: 46% RI: £263.72 MIS: £460.62	PR: 91% RI: £43.29 MIS: £460.62
Single adult London Living Wage[i] (one-bed)	PR: 32% RI: £302.65 MIS: £357.13	PR: 42% RI: £291.66 MIS: £357.13	PR: 46% RI: £291.66 MIS: £357.13
Single Parent with one child[ii] (two-bed) LLW 21-hrs	PR: 30% RI: £371.25 MIS: £429.18	PR: 38% RI: £371.25 MIS: £429.18	PR: 54% RI: £371.25 MIS: £429.18
Single parent with two children (boy & girl)[iii] (three-bed) LLW 21-hrs	PR: 28% RI: £454.64 MIS: £460.62	PR: 34% RI: £454.64 MIS: £460.62	PR: 53% RI: £466.21 MIS: £460.62

PR: Percentage of income spent on rent
RI: Residual income, the income left over after rent
MIS: minimum income standard, the 2022 inner-London minimum income standard (excluding rent and childcare).

i A single adult working 40-hours per week on the London Living Wage earns approximately £446.42 after tax. According to the Turn2Us benefit calculator, they would receive £0 in Universal Credit if paying £143.77 in rent, £53.52 if paying £208.28 in rent, and £78.01 if paying £92.67 in rent.

ii A single parent with one 10 year-old child working 21-hours per week on the London Living Wage earns approximately £273.27 after tax. According to the Turn2Us benefit calculator, they would receive £258.69 in Universal Credit and Child Benefit if paying £160.71 in rent, £321.24 if paying £223.26 in rent, and £541.67 if paying £443.69 in rent.

iii A single parent with two children (10 year-old boy and 6 year-old girl) working 21-hours per week on the London Living Wage earns approximately £273.27 after tax. According to the Turn2Us benefit calculator, they would receive £359.30 in Universal Credit and Child Benefit if paying £177.93 in rent, £416.15 if paying £234.78 in rent, and £702.16 if paying £520.79 in rent.

average council housing rents and the formula target council rents in the borough. The CIP council rents are slightly less than the London Affordable Rent levels and below the Local Housing Allowance rate in the borough. However, 30% of Camden Council Tenants are not eligible for Universal Credit or Housing Benefit. These charges are exclusive of service charges, which have been uplifted with inflation to £19.29 p/w for all council tenants.

Table 3.2.10 compares the affordability of average council rented housing in Camden with the estimated social housing and intermediate rents across the CIP. The table shows data on the percentage of net incomes spent on rents (PR), the residual income of tenants after rents have been paid (RI), and the 2022 inner-London Minimum Income Standard (MIS). This data are presented across six household types.

The table shows that average council rents in Camden take up around 30% of net incomes in all but one case – that of a single working-age adult affected by the benefit cap. The percentage of incomes spent on rent across the other tenures in the ERP consistently exceed the 30% threshold. Those affected by the benefit cap that are most hard hit by the difference between council rents and other rents, with the 'affordable' intermediate rents far out of reach for these groups.

These percentages, as throughout this report, should not be looked at in isolation. For working tenants in receipt of Universal Credit or Housing Benefit, who are not affected by the bedroom tax, most increases in rents are covered by this support, meaning that as rents increase, although the proportion of a household's income spent on rent as a percentage rises, their residual income (the amount they have left over after paying rent) remains the same. In the table above, this is true for the single working parents with one or two children who earn more than £722 per month. For them, universal credit covers the fairly significant gap between council and social rents. Those that earn less will be affected by the benefit cap.

Second, when taking into consideration the gap between residual incomes and minimum income standards, all the housing presented above is unaffordable. This includes the average council rents, which speaks to the depth of the affordability crisis for those on low incomes, even when their incomes are supplemented by Universal Credit. Rents for all tenancies prevent those on low-incomes from realising a socially acceptable minimum decent income standard. This is especially acute for those affected by the benefit cap in the newly developed social and intermediate housing. The housing element of Universal Credit somewhat supports single working parents, though not by enough to ensure they can live free from poverty.

Conclusion

The CIP is facing the same challenges that all housing developers in London are now struggling with, as costs spiral and returns are shaky. The CIP is supposed to achieve a fiscal surplus for the council that can be reinvested in housing and other services. However, year on year the forecast surpluses have fallen from £97m in 2018, to £58m in 2019, to £44m in 2020, and to £18m in 2021. Projected surpluses are based on the future approved programme and so is speculative: "Based on completed schemes, and those under construction, as of July 2021 the forecast position is a total deficit of £135m".[258]

Borrowing for regeneration through the HRA has placed strain on the financial position of the HRA and this has been exacerbated by rising interest rates, contributing to the decision to raise rents and service charges. HRA tenants are increasingly concerned that the CIP is draining money from repairs and maintenance budgets for existing council housing.

Responding to these unfavourable conditions, the council has decided to move away from the Council-led Delivery approach and instead deliver future CIP projects through a mixed economy of methods, which will include development agreements with private developers and Housing Associations (see Section 2 of this report). This is likely to mean that the planned council/social housing outcomes will worsen in future years, with pressure to increase development densities, maximise one and two-bed market housing, and to move affordable tenures to intermediate and social (rather than council) tenancies and rents.

5 Conclusion

This report has critically examined the effectiveness of contemporary approaches to council estate regeneration to provide truly affordable and secure housing for low-income, working-class Londoners. In the context of a deepening housing emergency and growing fiscal crisis in local government, borough councillors and officers across London have pursued the comprehensive redevelopment of council estates to, they state, provide more better-quality homes, change the social mix of areas, and generate revenue. Consequently, hundreds of council estates and thousands of council homes have been demolished since the turn of the millennium to make way for denser, mixed-tenure, and increasingly privatised new build developments. In the absence of grant funding, these developments are financed by capturing latent land values through the production and sale of private real estate, which is used in part to cross-subsidise the provision of social infrastructure, including new affordable and social housing.

This report has evidenced the outcomes of the cross-subsidy model of council estate regeneration by drawing together data from across hundreds of relevant documents and artefacts, many of which are obscured from public scrutiny, on: housing and habitable room numbers; tenure splits; rent and service charge levels; affordability; and tenancy rights. This data has been collected on three contemporary approaches to council estate regeneration in London: the developer-led approach; the local housing company approach; and the council-led approach. Although distinguishable in how they finance, govern, own and manage the redeveloped estates, these approaches exemplify the broader cross-subsidy model of estate regeneration. Specifically, they all entail the comprehensive or partial demolition of existing council estates, a significant increase in the density of new developments, and the privatisation and marketisation of council estate regeneration in terms of the actors involved, the business models pursued, and the primary tenure of housing produced.

For each of the three approaches, the report presented and compared two evaluative case studies to balance breadth of coverage and depth of analysis. These case studies included: large scale, multi-phase single estate redevelopments in the London Borough of Southwark; novel uses of Special Purpose Vehicles in the London Boroughs of Barking & Dagenham and Lambeth; and multi estate regeneration and in-fill programmes in the London Boroughs of Camden and Hackney. To provide an impartial and rigorous evidence base, the selected cases encompassed a range of regeneration practices, including some that are known for their poor outcomes, and others that are celebrated by politicians, policymakers, and practitioners as 'good case' or 'best case' examples. The aim was not to dwell, or adjudicate, on the specifics of any case, but to draw out a set of repeating patterns, themes and dynamics that emerge from a common set of political economic conditions shaping contemporary council estate regeneration. This is important because although there has doubtless been avoidably poor practice in the cases presented, from which lessons can and should be learned, the report's evidence points clearly to a set of inherent limits, tensions, and contradictions in the cross-subsidy model itself.

The report's central message is that the cross-subsidy model of comprehensive council estate redevelopment has not and cannot meet the housing needs of low-income, working-class Londoners. This form of council estate regeneration routinely overproduces the kinds of housing that London has the least pressing need for – market homes for sale and rent – and underproduces, indeed in all but one case reduces, the kind of housing that London has the greatest evidenced need for – truly affordable council and social housing. The GLA's 2017 Strategic Housing Market Assessment shows that London needs to build 31,000 social rented homes per year until 2041 to clear the backlog of existing housing need and meet newly arising need. Across the six case studies examined in this report, estate regeneration will result in over 23,000 homes by 2035. Of this, most will be market and intermediate housing, with just over a quarter for social rent. Furthermore, more than 8,500 council rented homes will be demolished, resulting in a net reduction of over 2,000 truly affordable homes. The most predictable outcome of council estate regeneration in London today is that it will lead to the net loss of truly affordable housing. This was true in all but one of the cases reported on here. Where it was not the case, in the London Borough of Camden, a significant amount of public land was sold to private developers as part of the wider programme financing estate regeneration.

A second consistent feature of council estate redevelopment in London is that it makes council and social housing less affordable and less secure for low-income, working-class Londoners. Across the six case studies documented in this report, the cost of council and social housing on redeveloped estates was on average £80 more expensive than the average cost of council housing in the boroughs where the redevelopment took place. The developer and local housing company approaches increased social housing costs the most, by over £100 per week, whilst offering tenancies that make it easier for landlords to evict tenants for rent arrears. But even the new council homes, with secure tenancies, that are being developed through the council-led approaches in Camden and Hackney are over £50 per week more expensive than the average cost of council housing. This is an inevitable consequence of redeveloping council estates as mixed tenure developments; the formula for setting social rents includes elements that track with local property values. However, the practice of replacing council housing with less affordable tenures, such as London Affordable Rent or rents that increase steadily above inflation, makes matters worse. This report shows that social housing – the most affordable tenure provided through estate regeneration – is not always truly affordable to those on low-incomes, including those paid the London Living Wage. The consequences of this, especially during a broader cost of living crisis, is higher rates of rent arrears and most likely a hidden set of trade-offs made by council and social tenants between everyday necessities. Those who are affected by the benefit cap will be especially hard hit; they are effectively excluded from the social housing provided through the cross-subsidy model of estate regeneration.

Finally, the cross-subsidy model approach to estate regeneration is contingent on market dynamics and as such can be speculative and risky. To make good on promised social infrastructure, councillors, officers, and partners bet on future real estate markets and interest rates that look increasingly uncertain. The only true certainties of this model are that it relies on the disruption of local lives and communities, the wasteful demolition of structurally sound built environments, and the inflation of land values and housing costs that make places less affordable to low-income, diverse working-class communities. Within the confines of the current political economy, some improvements can and have been made to estate regeneration practice. Consultations can be made more transparent and participatory; they should as a minimum include a fair ballot process with genuine alternatives from which to choose. The phasing of demolition and redevelopment can be better managed to ensure that tenants make a single move onto a new home on the footprint of their old estate, minimising the use of much needed council housing elsewhere in the borough. Contracts with developers can be made more transparent and can ensure that windfall profits are more equitably distributed between private and public actors, which in turn should be re-invested to improve the lives of low-income tenants on the estates in question. Promising (if somewhat limited) forms of social infrastructure co-design have also been initiated, for example, on the Gascoigne Estate redevelopment in the London Borough of Barking & Dagenham. However, notwithstanding these necessary improvements, there are limits to what can be promised and achieved through the cross-subsidy model and these are becoming more apparent as financing and construction costs increase, causing delays and reappraisals of what can be 'viably' achieved.

In the best cases, the cross-subsidy model of comprehensive estate regeneration is a slow, disruptive, insufficient, and inefficient means of replacing existing council housing – which may need investment and refurbishment – with less affordable social housing, financed by a significant increase in high-cost market housing for sale and rent. In the worse cases, comprehensive estate regeneration leads to a reduction in truly affordable council housing and the displacement of low-income tenants and leaseholders by more affluent residents and investors. In any case, the cross-subsidy model of estate regeneration is a life changingly disruptive process for those whose homes are demolished. From inception to completion, comprehensive estate regeneration takes years, if not decades. During that time, tenants are robbed of their peace of mind and dispossessed of their homes and communities. Even when tenants can exercise a right to return, they often experience a kind of phenomenological displacement and alienation; their new homes are more expensive and less secure; their social connections are scattered; and local amenities, including shops, cafes and eateries, are tailored to those who are much more affluent. This is far too high a cost to pay for a model that has not and cannot deliver the truly affordable, secure and sustainable homes that low-income, working-class Londoners need and deserve.

After decades of stigmatising discourse about, and material disinvestment from, council and social housing, the Mayor of London's recognition of the importance of these tenures is welcome. Promising, if tentative and insufficient, steps have also been made in securing more grant funding through the Affordable Homes Programme, in funding the acquisition by local authorities of homes from the private market through the Council Homes Acquisition Programme (CHAP), and the introduction of estate ballots. However, if we are truly to enter a new 'golden era' of council housing, we must rethink the current orthodoxy on council estate regeneration. As invaluable social infrastructure for low-income, working-class Londoners, and indeed the city as a whole, sufficient and sustained public funding must be provided to protect, refurbish and properly maintain existing truly affordable and secure council homes.

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