

**A MORE NORMAL HOUSING MARKET?  
THE HOUSING ROLE OF THE  
LONDON DOCKLANDS DEVELOPMENT  
CORPORATION 1981-1998**

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**LSE LONDON Discussion Paper No. 3**

**May 1999**

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## **Introduction**

This paper draws on work carried out as part of the final evaluation of the activities of the London Docklands Development Corporation which was commissioned by the Department of the Environment, Transport and the Regions (DETR). This evaluation was carried out by Cambridge Policy Consultants Ltd., in association with the London School of Economics, Colliers Erdman Lewis and Gillespies, and followed an earlier baseline report undertaken by Price Waterhouse. The evaluation was carried out between 1997 and 1998, which included the final year in the life of the Corporation, which was wound up in March 1998. The full technical report is available from the Department of the Environment, Transport and the Regions. The summary evaluation report is published as Department of the Environment, Transport and the Regions (1995).

The activities of the LDDC, particularly in housing were controversial throughout its 17-year existence. Much of the literature written about the LDDC, particularly by academic researchers, takes a profoundly critical line of the approach of the LDDC, and the other urban development corporations, to urban regeneration. (See for example Brownill 1990, Coupland 1992; for a more balanced view of development in London and New York, see Fainstein 1994). On the other side, there has been a considerable amount of uncritical 'booster-ish' celebration of the interventions of the LDDC, as measured solely by land values, physical transformation and prestige developments.

The aim of this paper is to assess, as dispassionately as possible, the actual impact of the LDDC on housing output, conditions and accessibility over the LDDC's lifetime of almost two decades. The LDDC was by far the largest of the Conservatives' urban development corporations, and its period of operation spanned five governments (although only one change of power), and a revolution in the role, activities and ethos of the London boroughs. When the LDDC began in 1981, no one was seriously contemplating the abolition of the GLC; when the LDDC was finally wound up in 1998, the GLC had been abolished for some 12 years, and plans were well under way for the creation of a London Mayor and a new Assembly.

The main argument of this paper is that both the urban boosters and the professional pessimists got it wrong. Nevertheless, the housing system and the social reality of Docklands were changed profoundly over this period.

## 1. The housing role of the London Docklands Development Corporation

Housing is a key component of the physical, social and economic regeneration of Docklands, which was the main objective of the LDDC under the terms of the Local Government Planning and Land Act 1980. Furthermore, LDDC was specifically charged with a duty to “ensure that housing and social facilities are available to encourage people to live and work in the area”. It can therefore be argued that LDDC’s activities in relation to housing should be evaluated solely in terms of their effectiveness as a tool towards the wider regeneration of the area, and not against broader housing or social criteria.

However, over the 17 years that the LDDC existed, it was drawn into a broader consideration of its housing role. This has come about for two main reasons. First, from the fact that, as a major landowner and funder in the area, the LDDC was a key player in partnership activities of various kinds with local authorities, housing associations, housebuilders, and other agents. Secondly, housing issues have great political and community sensitivity. The location of new housing, its physical form, tenure and price largely determine the character of the resident population. Of particular concern here, of course, is the balance between the quality and price of new Docklands housing and the condition of the existing stock.

For these reasons, the LDDC has been drawn into a wider debate about its appropriate role in housing, a debate that ranges wider than simply a concern with regeneration issues alone. This wider role has never been precisely defined, and in practice has arisen from a continuing process of negotiation and networking between the LDDC, the three Docklands boroughs, housing associations and central government. There is, inevitably, some tension between these roles. The LDDC’s Social Housing Strategy of 1989 summed up the problem, stating that “the LDDC wishes not only to promote a balanced community within the UDA but also to assist the three London Boroughs within their statutory duty to meet housing need throughout their areas.” Furthermore,

“it is not possible to satisfy potential housing demand and need within the UDA. This has been an area of major concern for the Boroughs who feel that the whole of the LDDC’s housing effort should therefore be directed towards assisting those who are in the greatest need, while the LDDC has maintained that it must promote housing provision for a range of householders.”

(LDDC, Social Housing Strategy, 1989, para.11.4)

Two other contextual factors are highly relevant to an evaluation of the LDDC’s housing activities. Both follow from the basic fact that the LDDC was in existence for some 17 years – a long period of time in public policy terms, in which there have been major changes in housing policy, housing provision and social housing management. First, over these 17 years there were changes of policy and of policy emphasis by central government. While a Conservative government was in office for the entire 1981-1997 period, there were distinct shifts in the direction of policy over this time. Secondly, the attitudes of the three Docklands boroughs changed considerably during this time. In addition, there have been profound changes in the whole nature of local *governance* over this period, with a shift towards a partnership approach and network-based models of urban governance. LDDC has both played a part in, and reacted to, these key developments in the policy and governmental system.

Hence, in looking at LDDC's housing activities since 1981, it is clear that there have been a number of different phases of activity. These have come about for a complicated series of reasons, relating to LDDC's own internal priorities; the effects of the economic and property cycles; changes in central government priorities; and changes in the form and content of local governance. In this paper, I aim to arrive at an overall assessment of LDDC's impact over the whole period. I have therefore tried to strike a balance between overall evaluation and consideration of specific phases of activity.

The format of the paper is as follows. In section 2 I present a general quantitative overview of change in the Docklands housing system 1981-1997. This is based mainly on the key housing performance indicators identified by Price Waterhouse in their baseline and methodology reports for the LDDC. However, this is supplemented by additional information on house prices and on housing need. Moreover, throughout, I have contextualized the data as far as possible, by referring to equivalent statistics for the three boroughs and/or Greater London. In section 3 I look at LDDC's role in relation to private housing and in section 4 I look at social housing. These sections draw on interviews with key agents in the housing system, as well as document analysis. In section 5 I consider issues of additionality and displacement. Finally I draw out the key findings.

## **2. The Docklands Housing System 1981-1998**

Housing in the Docklands changed radically between 1981 and 1998. In 1981, as set out in the baseline report, there were fewer than 15,000 households living in the Docklands UDA, compared with 36,000 in 1998. In 1981, more than 80% of households lived in council-owned accommodation, and around 20% of this was in a poor or uninhabitable condition. In the five years 1976 to 1981, there had been relatively little new building and a negligible amount of private construction.

### **2.1 Housing output**

Over the next 17 years from 1982-1998, some 24,000 dwellings were completed in the Docklands UDA, a housebuilding rate of 1,400 per annum. This compares with a rate of 262 p.a. between 1971 and 1981. Housing output in the Docklands thus represented more than 10% of all completions in London over this period. Details of housing completions are given in Table 1.

**Table 1: UDA New build housing by tenure and area, as at 31 March 1997**

| Area                   | Owner-occupied | Housing association | Local authority | Total |
|------------------------|----------------|---------------------|-----------------|-------|
| Wapping                | 2422           | 322                 | 230             | 2974  |
| Limehouse              | 819            | 65                  | 16              | 900   |
| Isle of Dogs           | 3407           | 771                 | 0               | 4178  |
| Royal Docks            | 257            | 183                 | 54              | 494   |
| Beckton                | 3073           | 1820                | 522             | 5415  |
| Surrey Docks Peninsula | 4125           | 1570                | 239             | 5934  |
| Bermondsey Riverside   | 1616           | 40                  | 64              | 1720  |
| Total                  | 15,719         | 4,771               | 1,125           | 21615 |

Source: London Docklands Development Corporation

Just under three-quarters (72.7%) of completions were for owner-occupation, while just over one quarter (27.3%) of completions were social housing. These proportions varied across the UDA: in Wapping 81.4% of completions were for owner-occupation, while in Beckton, the proportion of social housing was 43.3%. Contrary to much received opinion, the tenure split of new construction in Docklands has not been out of line with that in London as a whole. In fact the figures are remarkably consistent. In Greater London, between 1981 and 1995, there were 182,898 completions, of which 133,404, or 72.9%, were for owner-occupation. Again contrary to much received opinion, social housing output in the UDA was some 40% *higher* in the LDDC period compared with the five years prior to the setting up of the LDDC. Social output averaged 369 dwellings per annum between 1981 and 1997, compared with 261 dwellings per annum between 1976 and 1981.

It seems likely that the large majority of private sector housebuilding is genuinely additional in the sense that prior to 1981 the UDA was not seen, either by builders or by consumers as a viable market for owner-occupied housing. This is reflected in the virtual non-existence of private housebuilding in the five years prior to the setting up of the LDDC. The reasons for this relate not only to the structural inadequacies of the area, in terms of infrastructure provision and economic prospects, but also more directly to the policy stance adopted by the three local authorities in the 1970s and early 1980s. All three local authorities were perceived to be anti-development, with a strong preference for municipal rented housing. One major housebuilder, which has been active in Docklands since 1981 commented that the LDDC “broke the mould” and “got things going”. This would not have happened if the local authorities had remained the planning authority and had continued with the same policies. For example, warehouse conversions to residential accommodation would not have been allowed. “There is no way anything would have happened.”

In a wider sense, output in the UDA will have led to displacement of private housebuilding elsewhere in Greater London and to some degree in the Outer Metropolitan area and the rest of the south east. In the absence of a full-scale econometric model of the regional housing market, it is impossible to quantify these effects, but clearly both demand and supply elsewhere in the region would have been higher in the absence of the 16,000 or so owner-occupied

dwellings built in the UDA between 1981 and 1997. It is however important to note that this displacement will have had benefits as well as costs. In the absence of the LDDC, it is very likely that a considerable proportion of the demand for private housing would have shown up not in similar sites in east London, but rather, if purely market-led, in the pressurised housing sub-markets of west London and the metropolitan fringe. This would have added to environmental, congestion and planning pressures in these areas.

The question of the additionality of housing output is dealt with further in section 5 below.

Between 1981 and 1991, according to Census figures, the population in the UDA increased by 54%, and the number of households by 75% to 25,764. Because of the high level of new housebuilding, and the tenure split of that new construction, the tenure composition of the UDA changed radically, as shown in Table 2:

**Table 2: Tenure composition in the UDA, 1981 and 1991 (households); 1997 (dwellings)**

|                       | 1981  |       | 1991  |       | 1997  |       |
|-----------------------|-------|-------|-------|-------|-------|-------|
|                       | N     | %     | N     | %     | N     | %     |
| Owner-occupied        | 783   | 5.3   | 9688  | 37.6  | 15364 | 43.0  |
| Local authority       | 12209 | 82.8  | 10126 | 39.3  | 10312 | 29.0  |
| Housing association   | 741   | 5.0   | 2521  | 9.8   | 5989  | 17.0  |
| Private rented        | 978   | 6.6   | 3429  | 13.3  | 4000  | 11.0  |
| Permanent, total      | 14711 |       | 25764 |       | 35665 |       |
| Other (non-permanent) | 32    |       | 20    |       | 0     |       |
| Total                 | 14743 | 100.0 | 25784 | 100.0 | 35665 | 100.0 |

Source: Census, LDDC

The proportion of UDA residents who were tenants of the local authority fell from more than four out of five in 1981, to less than two out of five in 1991. Owner-occupation rose from one in twenty households to nearly two out of five.

This trend continued in the 1990s (although note that the 1997 figure is for dwellings, and hence not strictly comparable with the 1981 and 1991 households figure). By 1997, on dwellings basis, the largest tenure was owner-occupation (43%), with less than 30% of dwellings owned by the local authority. The proportion of housing association dwellings had more than tripled from 1981, to 17%.

If we look at the social housing sector as a whole, that is local authorities and housing associations together, in proportional terms this sector declined from 87.8% of households to 46.0% of dwellings between 1981 and 1997. But if we look at the *absolute* size of the social housing sector, we find it *increased* by 25% over this period, from 12,950 households in 1981 to 16,301 dwellings in 1997. This is in marked contrast with the decline in the size of the social housing sector in London as a whole of 20 per cent over this period.

A comparison of the rate of growth of owner-occupation in the UDA with the rest of London is shown in Table 3:

**Table 3: Owner-occupation levels (percentages)**

|                | 1981 | 1991 | 1995               |
|----------------|------|------|--------------------|
| UDA            | 5.0  | 38.0 | 43.0 (1997 figure) |
| Newham         | 41.6 | 49.8 | 62.4               |
| Southwark      | 15.8 | 27.2 | 40.4               |
| Tower Hamlets  | 4.6  | 23.2 | 36.4               |
| Greater London | 48.6 | 57.2 | 71.4               |

N.B. data for 1981,1991 are for households; data for 1995 and 1997 are for dwellings

Sources: Census, London Research Centre, LDDC

In 1981, owner-occupation in the UDA was not only very low, but also considerably below the levels in Newham and in Southwark as a whole. By 1997, owner-occupation in the UDA was above that in Southwark and in Tower Hamlets, although still below the Newham figure and considerably below the London figure.

## 2.2 LDDC's financial contribution

Up until Spring 1997 LDDC had spent some £187.3 million on its social housing programme. Over a quarter of this total was spent on grant aid to 2,029 new social housing units (a mixture of rented and shared ownership dwellings), and LDDC also contributed towards the improvement of a further 7,963 social housing units. This latter figure comprises 4,823 homes where major refurbishment took place, and another 3,113 where there were environmental improvements, such as landscaping, new play areas, lighting and car parking. In addition, some £93.5 million was spent on replacement housing for properties demolished as part of the road building and road improvement programme. Further details are given in Table 4 below:

**Table 4: LDDC contribution to social housing programme (to Spring 1997)**

|  | Number of units | Contribution (£M) |
|--|-----------------|-------------------|
| <b>New Build Grant</b>   |                 |                   |
| LB Tower Hamlets   | 509             | £13.9m.           |
| LB Newham  | 981             | £30.2m.           |
| LB Southwark   | 531             | £7.1m.            |
| <b>TOTAL NEW BUILD</b>   | <b>2029</b>     | <b>£51.2m.</b>    |
|  |                 |                   |
| <b>Housing improvement (major refurbishment + environmental)</b> |                 |                   |
| LB Tower Hamlets   | 3591            | £23.1m            |
| LB Newham  | 2015            | £5.4m.            |
| LB Southwark   | 2357            | £14.1m.           |
| <b>TOTAL IMPROVEMENT</b>   | <b>7963</b>     | <b>£42.6m.</b>    |
| REPLACEMENT HOUSING /NET   | MISSING FIGURE  | £93.5m.           |
| <b>TOTAL HOUSING INVESTMENT</b>                                  |                 | <b>£187.3m.</b>   |



The largest single grants for new schemes were over £20m. to the 403-unit development at Winsor Park in Newham, and almost £7.5million to the Masthouse Terrace scheme of 187 units on the Isle of Dogs. A grant of nearly £6.0million was made to the refurbishment of the 184-dwelling Barley Mow estate in Tower Hamlets. However most contributions by LDDC were considerably smaller than these amounts.

More detail on the development of the social housing programme is given in section 4.

### **2.3 Housing condition**

The baseline study provides data for the condition of the local authority stock in 1981-83; for overcrowding levels in the UDA in 1981; and for sharing/lacking amenities.

Comparable data on local authority stock data for 1997 is not readily available. Moreover, whereas in 1981, the local authority stock comprised 83% of all dwellings in the UDA, by 1991 this had fallen to only 39%, and by 1998, it would have fallen still further. It would not therefore be relevant to provide data that referred only to the condition of the local authority stock in 1998. Nevertheless, excluding environmental improvements, LDDC improved over 4,800 units of the council stock (48% of the estimated 1997 stock).

While in 1981, 2.7% of households in the UDA either lacked or shared a bath, in 1991, only 0.7% lacked or shared a bath or inside WC. In Wapping/Limehouse/Isle of Dogs the figure fell from 2.4% to less than 1.0%, in Surrey Docks from 1.4% to 0.4%, and in the Royal Docks from 5.2% to 0.6%.

### **2.4 Take-up of housing by new and 'original' residents**

Although this was identified in the Price Waterhouse methodology report as a key indicator for evaluating LDDC activity, in practice, it is extremely hard to measure this, and even if it were possible, even harder to interpret. The UDA is part of the housing stock and housing system of the three Docklands boroughs, and indeed part of the London housing system more generally.

The question of 'take-up' – i.e. who was moving into new completions in Docklands – was a contentious issue in the mid-1980s when LDDC sought to ensure a mix of housing through the problematic mechanisms of price ceilings on a proportion of new units, and 'local buyer' clauses. This issue became far less salient as the LDDC moved towards a policy of supporting housing association activity in providing rented and shared ownership housing.

Rather than focus on the intermediate output of housing take-up, in our view it is more relevant to an assessment of the social effects of LDDC housing activity to look more directly at what has happened to housing need, to house prices and to affordability. This is done in the next subsection (2.5). The broader question of LDDC's involvement with social housing is dealt with in section 4 below.

## 2.5 Affordability, prices and housing need

Both housing needs and housing affordability are concepts that are notoriously difficult to define. In the context of Docklands, they can refer to a number of issues centred round both housing *tenure* and housing *prices*. That is, they relate to questions about the availability of different types of housing in Docklands and the prices and rents paid for that housing.

The Docklands housing system as it existed in 1981 was not a ‘normal’ housing system. Its tenure structure was very different not only from the national picture, but also from London, or even inner London. More than 80% of households in the UDA lived in council-owned accommodation, compared with 43% in inner London, 31% in Greater London and 27% in the south-east region (Source: Price Waterhouse baseline study). Part of the remit of LDDC in “ensuring that housing and social facilities are available to encourage people to live and work in the area” must necessarily mean changing the tenure mix, and providing more middle- and upper- income housing. At the same time, over the 1980s, problems of homelessness and poor housing worsened in London, as part of a widespread trend towards greater social inequality, social exclusion and poverty. The tension between these two aspects of LDDC’s role, referred to in section 1 above, underlies a lot of the controversies around Docklands housing over the last 16 years.

In the early years, the policy of the LDDC was to try to ensure a proportion of new build for owner-occupation was below a price ceiling (£40,000) and was made available first to local people. There was some controversy both about the proportion of new stock available at this price, and about policing the priority application system. Later, LDDC moved to a more effective policy of supporting housing association provision of affordable housing, both for rent and for shared ownership.

Data on house prices are given in Table 5. No data are available for the UDA, and so we must use borough level information.

**Table 5: House prices in the Docklands boroughs and London, 1986, 1995**

|                | 1986<br>median price | As % of<br>London<br>median | 1995<br>median<br>price | As % of<br>London<br>median | 1995<br>lower<br>quartile | As % of<br>London<br>lower<br>quartile |
|----------------|----------------------|-----------------------------|-------------------------|-----------------------------|---------------------------|--|
| Newham         | £40,000              | 75.5%                       | £51,000                 | 72.9%                       | £43,000                   | 79.6%                                  |
| Southwark      | £46,000              | 86.8%                       | £64,500                 | 92.1%                       | £48,500                   | 89.8%                                  |
| Tower Hamlets  | £57,000              | 107.5%                      | £69,000                 | 98.6%                       | £54,000                   | 100.0%                                 |
| Greater London | £53,000              | 100.0%                      | £70,000                 | 100.0%                      | £54,000                   | 100.0%                                 |

Source: London Research Centre; Halifax Building Society

Between 1986 and 1995, the median house price rose by 27.5% in Newham, 21.1% in Tower Hamlets, and by 40.2% in Southwark. This compares with a rise in the median house price in Greater London of 32.1% over this period. Relativities hence changed little over this period: the median house price in Newham remained around a quarter cheaper than the figure for London; median values in Tower Hamlets were by 1995 slightly below rather than slightly

above the London average; while prices in Southwark increased compared with London as a whole. Relativities for the lower quartile properties (that is, the cheapest quarter of properties on the market) in 1995 were similar to the pattern for median values.

Interpreting changes in house price relativities is difficult. If prices rise faster than the average in a particular area, is this a sign of policy success, the increased property value reflecting economic confidence; or a sign of policy failure, leading to greater problems of housing access and hence social exclusion? But in fact, over the period 1981-1995, prices in Docklands (or at least in the three Docklands boroughs) seem to have moved broadly in line with those for London as a whole.

Between 1981 and 1997, some 5,896 new social housing dwellings were built in the UDA (Table 1), of which more than 2,000 were grant aided by LDDC (Table 4). As mentioned above, this building programme, together with the refurbishment programme funded by local authorities and by LDDC, has meant that numerically, the social housing sector in Docklands has expanded by 25% at a time when in London the sector has been reduced by about 20%.

One cannot infer from this whether or not the boroughs were able to meet housing need in their area adequately over this period. However, one can say that their ability to do so, in terms of the stock of housing allocated on social principles, was not impaired as greatly as in most other areas of the country.

Data on homeless acceptances over the LDDC period shows a complex picture (Table 6). Homelessness rose sharply between 1984 and 1990/91, but then fell from 1990/91 to 1994/95. Over the ten years from 1984 to 1994/95, homeless acceptances rose by 15% in Greater London as a whole. In Newham, they rose by almost 28% and in Tower Hamlets by 8.5%, while in Southwark they fell by 9%.

**Table 6: Homeless Acceptances**

|                  | 1984  | 1990/91 | 1994/95 |
|------------------|-------|---------|---------|
| LB Newham        | 941   | 1467    | 1206    |
| LB Southwark     | 1527  | 2025    | 1393    |
| LB Tower Hamlets | 716   | 950     | 777     |
| Greater London   | 24820 | 38127   | 28478   |

Source: London Housing Statistics: London boroughs HIPs submissions

Homeless acceptances per thousand households are given in Table 7:

**Table 7: Homeless acceptances per thousand households**

|                  | 1987/88 | 1994/95 |
|------------------|---------|---------|
| LB Newham        | 14.2    | N/A     |
| LB Southwark     | 28.1    | 14.4    |
| LB Tower Hamlets | 18.6    | 11.6    |
| All boroughs     | 10.9    | 9.5     |

From Table 7 it can be seen that while in 1987/88, homeless acceptances weighted by population were 157% higher in Southwark and 71% higher in Tower Hamlets compared with the London average, by 1994/95 this differential had fallen to 52% for Southwark, and 22% for Tower Hamlets. This change results not only from the fall in homeless acceptances, but also to some extent from the large increase in the number of resident households, and the changed social mix of households in the Docklands area of the three boroughs.

### **3. LDDC and private housing**

Except as a marketing tool, there is not a single 'Docklands market'. Wapping and Limehouse in the west of Docklands differ from Beckton in the east in terms of price, property type, size and image. Effectively, the western part of Docklands has become an extension of the high income central London housing market, while in the Royals and elsewhere more affordable owner-occupation has been created.

In the 1980s certainly, and to some extent in the 1990s too, LDDC's housing focus has been on increasing owner-occupation, and not on rented housing. Few issues have proved as contentious as this one in the Docklands, and at the heart of the issue lie alternative views of what the LDDC's housing role should be. In 1981, as we have seen, housing in the UDA was dominated by the council sector, to a degree which made the area 'abnormal' not just by reference to Britain as a whole, but in the context of London also. This fact suggests that LDDC's focus should indeed have been expanding owner-occupation and reducing the proportion of social housing. On the other hand, over the 1980s, social inequality grew, and so in particular did homelessness, putting local authority housing departments under increased pressure. In addition to this, there is no doubt that the juxtaposition of expensive new housing next to very run down council estates contributed to a feeling of social polarisation and exacerbated social tension.

The private housing market in Docklands has largely mirrored the cycle of the housing market nationally although to an exaggerated degree. From a low base in the early 1980s, the market expanded rapidly until the late 1980s. The recession hit Docklands hard. One housebuilder described it at this time as a 'wilderness', with large numbers of half-built and unsold properties, and people walking away from properties and handing in the keys. This lasted several years, but in the latter half of the 1990s, the market recovered.

It is highly unlikely that a private housing market anything like the current one in Docklands would have existed in the absence of the LDDC. In 1981, the attitudes of the three Docklands boroughs were strongly anti-development. In particular they were opposed to private sector housebuilding and the conversion of warehouse and other industrial buildings to residential accommodation. Priorities were for council rented housing, and the retention of vacant industrial buildings for industrial and manufacturing uses. Development might possibly have happened eventually in Wapping, but areas such as Beckton required a "huge leap of faith". The key change was the shift in political and planning control from the Docklands boroughs to the LDDC. Specific improvements in transport and other infrastructure were important, but secondary to this key shift to a pro-development regime.

The Docklands housing market has certainly matured, but this is a patchy process. In the view of one major housebuilder with a long history of involvement in Docklands, Wapping is now a

very stable housing market, and Limehouse moving that way. Beckton will continue to sell on the basis of price. Some of the areas in between, such as the Isle of Dogs, are possibly more problematic.

#### **4. LDDC and social housing**

Although the LDDC has given some support to housing associations and to, for example, self-builders, from its beginnings in 1981, in the first few years LDDC approached the issue of affordability mainly through trying to secure access to owner-occupation for lower-income local households. In the early days, LDDC provided interest-free loans and granted its own mortgages. It introduced 'local buyer' schemes with a price limit of £40,000 per unit and claw-backs on resale. More recently, LDDC moved to a policy of supporting housing associations in providing affordable housing, both rented and shared ownership, and in providing funding to local authorities for the refurbishment and for environmental works on estates. The LDDC's approach has been pragmatic. It has not sought to evaluate its housing activities or (in general) to identify benefits and targeting.

Despite its extensive involvement in housing in the Docklands, LDDC is not a housing authority, and hence has no statutory responsibilities beyond its regeneration brief. LDDC provides a wide range of housing for sale, and acts as agent for creating that market. It subsidises shared ownership, new social rented housing and the improvement of the existing rented stock. But it does not take a strategic or enabling view of the Docklands housing system; its involvement is usually on a site by site basis. The relationship between LDDC and the local authorities is primarily founded on specific sites and schemes, essentially on making deals. Neither the local authorities nor the LDDC have sought for LDDC to be brought into the detail of strategic planning. The LDDC's priority is physical and economic regeneration. The only partial exception to this is the Memorandum of Agreement with LB Newham under which LDDC agreed to a quantitative target of 1500 additional social housing units.

LDDC has become involved with social housing in four main ways:

- i) provision of sites;
- ii) subsidising housing association development for rent or shared ownership;
- iii) refurbishment and environmental works to local authority estates;
- iv) providing replacement housing for homes demolished as part of the transport programme.

Historically, LDDC's involvement with social housing can usefully be divided into four phases.

*Phase 1 1981-1988 (approximately).* LDDC had relatively little involvement in this period, the priority being to increase the level of owner-occupation in the UDA. There were local initiatives, including environmental improvements to housing areas; support to self-build; equity mortgages; and individual deals with housing associations.

*Phase 2 1989-1990.* The construction of the Limehouse Link necessitated the rehousing of around 550 households from the St Vincents and adjoining Estates. 281 households were rehoused in properties provided by LDDC. The remainder was rehoused by the local authority, took right-to-buy transferable discounts, or moved out of the borough (Committee of Public

Accounts, Forty-seventh report, 1994-95, para. 39). LDDC became engaged in a debate with LB Newham over the Docklands District Plan, and the role of Docklands in meeting housing need in the area generally. This led to the memorandum of agreement under which 1500 social housing units were to be provided over 5 years. LDDC engaged consultants to write a Strategy Review and establish a social housing policy.

LDDC was at this stage already involved in estate improvement activity in Tower Hamlets. In the late 1980s, LDDC provided money, mainly for environmental works. In Wapping High Street, for example, this came about partly because of the emerging social polarisation between gentrified private sector properties, and run-down council housing across the street. Environmental works led on to more substantial improvement activity. The first major project was the Roche Estate in Limehouse. This was an old walk-up estate, which has already been subject to unsuccessful and unsympathetic local authority improvement. LDDC architects and planners came up with an imaginative refurbishment scheme. There was full refurbishment, a rolling decant programme, involving both external improvements and internal physical improvement. This became a model for further such schemes.

The LDDC set up a Community Services Division under Elizabeth Filkin, who was recruited from the National Association of Citizens Advice Bureaux .

To some extent, LDDC's financial involvement with social housing, both new build and refurbishment came about as a result of the collapse in the property market. LDDC were supporting several mixed tenure development ideas in which planning gain would lever in subsidy from private developers to allow some social housing on neighbouring sites. However, when the market fell, LDDC were left with no private sector partner, and so agreed to provide direct grant. Initially there was no Housing Corporation money, but later this was changed to 50/50 LDDC/HC support.

The two major new social housing estates were at Winsor Park in Beckton, and at Masthouse Terrace on the Isle of Dogs.

At Winsor Park, the original idea was to have roughly 400 rented, 200 shared ownership and 100 self-build and private housing. The developer then withdrew, and LDDC provided a contribution of £20million to the scheme. Winsor Park is on land that was quite heavily contaminated, on the edge of Beckton Gasworks. Remediation treatment was carried out, involving the removal of the worst contamination and the capping of the site. There was disagreement between the local authority and the LDDC about the nature and quality of the decontamination work. Because of the recession, there was very little interest from the private sector. Between 1991 and 1995/96, there was very little new private building, so Winsor Park ended up being mostly social housing. The tenure figures for Winsor Park were: social rented housing 550 units; sheltered care 130; shared ownership 60; self-build 10; and owner-occupied 80. This was not the intention at the time on the part of either the local authority or the Housing Corporation.

After the estate was completed, there was a level of anxiety about the environmental quality of the site and alleged links to health problems among residents. Winsor Park is a new community – it was described to us as “essentially, a New Town”. Given the way that social housing allocation now works, there is a concentration of deprivation, with large numbers of homeless families and low educational attainment. About 60%-70% of tenants are on benefit. Winsor

Park is not always the first choice of those who are rehoused there. In addition, there has been concern and controversy about contamination issues on the site. Another complaint is the lack of schools in the immediate area, although this is to be remedied.

Masthouse Terrace is a development on the west side of the Isle of Dogs, a riverside site. Originally there was to be cross-subsidy from the developer. When the developer pulled out, LDDC contributed £8million, matching the Housing Corporation's £8million. LB Tower Hamlets made the site available for free. The site was developed as a mix of rented and shared ownership.

This phase lasted only about a year. DoE exerted pressure on LDDC to review the social housing strategy, and in particular to switch from new build to refurbishment (see below). Nevertheless, according to the LDDC, the programme target of 2,000 new build, including 200 self-build, was exceeded over the period 1990-1998.

*Phase 3 1990-1995.* The emphasis in this period was on supporting refurbishment rather than new social housing. This was a period of recession in the private housebuilding industry, and of course in the housing and property markets more generally. Ironically, this coincided with a period when the Housing Corporation had the greatest level of resources available. These were relatively plentiful years for the ADP at the national level, while locally, the Housing Corporation had an extra £10 million over a three-year period. During this period development on some sites, such as West Silvertown was delayed until a private sector partner could be identified, i.e. mono-tenure social housing was ruled out. While this would not have been acceptable to local authorities in the early 1980s, by the mid-1990s, local authorities too were looking for mixed tenure.

*Phase 4 1995-1998.* In its last three years, LDDC seems to have been more in favour of new social housing. This has probably been for several reasons: the recovery in private housebuilding, making mixed tenure viable again; a desire to complete development on unfinished sites; and a perceived need to correct an imbalance between new-build and refurbishment.

The most activist period for the LDDC in social housing was thus Phase 2, around 1989-1990. The approach in this period was set out in the Social Housing Strategy (25.5.89). Just over a year later, the Social Housing Strategy Review (13.9.90) effectively ended this approach. From reading these documents, and from our interviews, it appears that the main impetus for the review was external, i.e. specific ministerial requests to reduce the social housing programme, shift the balance from new-build to refurbishment, and to prioritise factors such as delivering the Transport programme.

In the Social Housing Strategy, the LDDC committed itself to promoting new social housing, and referred to the need to maintain the existing community. The document confirms the discontinuance of the previous Low Cost Home Ownership Scheme and the switch to a policy of supporting housing associations as the vehicle for delivering rented and shared ownership housing. The strategy is justified by reference to social cohesion, to housing for workers in key public services, and in terms of the UDA being "socially compatible" with neighbouring areas. The document refers to the DoE Urban Development Corporation guidebook: LDDC should not substitute for local authorities, but can get involved directly or indirectly in housing in order to further regeneration objectives. Refurbishment of local authority estates can be justified not

only because of the impact on living conditions, but also as part of a general brief for physical regeneration, as well as its effects on the general marketability of new commercial and residential property. The document proposes that subsidy to new social housing construction be shared between LDDC and the Housing Corporation.

In the Social Housing Strategy Review, the Minister requested LDDC to review the Strategy in order to:

- prioritise projects crucial to the transport programme;
- increase the proportion of spend on refurbishment projects;
- assist tenure diversification;
- increase the contribution of private finance;
  
- defer social housing schemes on Royal Victoria South and North, pending private sector investment;
- consider substituting refurbishment for new build in the commitments agreed in the Newham Memorandum.

In response, LDDC agreed to:

- increase the refurbishment proportion from 28% to 80%;
- prioritise schemes which related to Memorandum, Accord or Transport programme;
- defer social housing schemes in Royal Victoria;
- try to substitute refurbishment for new in Newham (Note: the borough refused);
- provide incentives for diversification of tenure relating to refurbishment projects and future estate management.

The DoE suggested to LDDC it redefine its commitments to LBTH and LBN – this was not acceptable to either local authority.

Clearly, then, the LDDC had certain political priorities imposed on it in regard to the social housing programme. It should be noted that this change of policy, imposed by DoE meant that LDDC was not able to capitalise fully on the potential synergy arising from the fact that the early 1990s was the period in which the ADP funding programme for housing associations peaked.

The relationship of the LDDC with the local authorities changed substantially over the period of the LDDC's existence, from an adversarial stance to a far more co-operative and positive partnership. In Newham, at the beginning the local authority did not want the LDDC. It took until 1986/87 and the Memorandum of Agreement before there was a better relationship. From then on, there was a good working relationship. After 1990, the situation changed again, somewhat. The impact of the property recession changed attitudes. Social housing began to be seen as a problem. This was driven by two specific local factors. First, there were large numbers of households in negative equity in Beckton. This was blamed to some degree on the presence of social housing nearby. Secondly, with the increase in homelessness, many owners in negative equity leased their properties to homeless families via the council's PSL (private



sector leasing) scheme. Homeless families from several boroughs were then placed in this accommodation. This led to some social tension and conflict in Beckton.

In Tower Hamlets, the relationship with the LDDC was conditioned in part by the nature of how the borough was administered and its political control. In the early days (pre-decentralisation), the relationship was adversarial; there was lots of friction with the Labour group. In 1986 the Liberal Democrats took control, and brought in radical decentralisation, with power being devolved to neighbourhoods. There were two Docklands neighbourhoods, Isle of Dogs and Wapping, both of which were Labour controlled. While there were tensions between the neighbourhoods and the centre, the relationship between the neighbourhoods and the LDDC steadily improved. LDDC represented a source of funding which the neighbourhoods were keen to tap into. The Barley Mow refurbishment was an important project that established good partnership arrangements, which were subsequently built on. Eric Sorenson was thought to be accessible and 'hands-on' where he was interested in a project.

In Southwark, too the relationship steadily improved from adversarial relations in the early 1980s to a partnership approach in the 1990s.

In assessing the involvement of the LDDC in social housing, it is important to bear in mind that in the different parts of Docklands, the nature of that involvement was different, and also that the character of the local housing system varied greatly.

In Surrey Docks, the LDDC's activities were mainly related to external works and environmental improvements.

In Newham, the tenure mix is 50% owner-occupiers, 10-12% private tenants, 8% housing associations and 30% council tenants. The proportion of council housing in Newham is not high by East London standards. Moreover, homeowners in Newham are often marginal; it is a relatively cheap area for property. A cross-section of owner-occupiers would show that they are not all that different from social housing tenants. Newham is a fairly homogeneous working-class borough. The council's official position is that it wishes to change Newham's position in the London housing market, i.e. to move Newham off the bottom of the house price table. This is part of a broader regeneration strategy to change the way people think about the borough, and to encourage more economically successful and skilled residents to stay in the borough rather than move on. The strategy is to seek to obtain these goals by taking advantage of the physical regeneration undertaken by the LDDC and also by the CTRL and Jubilee line stations at Stratford.

In LB Newham, there is a concern about concentration of the poor, and the knock-on effects that this has on, for example, schools. The predominance of the market has meant that the poor areas have got poorer, relatively, and the rich areas richer. Changing the tenure balance towards more owner-occupation and less social housing is not leading towards a more balanced population in Newham, because, regardless of tenure, most residents are poor, or at least not rich.

The key issues are different in Tower Hamlets. This is a borough where in 1981, more than 80% of households were council tenants. Refurbishment of run-down council housing estates, environmental improvements and a general increase in the quality of life on estates are the important issues. LDDC was a catalyst towards both improving the condition of council estates

and also reducing the number of estates and providing a more balanced mix of housing. While this was controversial at the time (and to some extent still is), the need for a more mixed community is now more generally accepted.

Finally, geography matters: the housing stock in Tower Hamlets is built to a much higher density than the 'suburban' or 'New Town' housing estates of Beckton.

## 5. Additionality and displacement

It is clear from the data presented in section 2 above that there have been massive changes to the housing stock and the housing system in Docklands over the last 17 years. Furthermore, the LDDC has clearly been involved to a great extent in this activity. The next question that arises is the extent to which the new building and refurbishment that has occurred as a result of the LDDC's input is genuinely additional. Alternatively, would the investment have occurred in the Docklands area anyway and/or has it displaced activity from elsewhere in East London or the region more generally?

First, as far as private housing is concerned, it seems clear that the activity, and indeed the existence, of the LDDC gave a massive boost to owner-occupation in the UDA. From our interviews with stakeholders and other housing agencies, there was a consensus that the private housebuilding which has occurred in the UDA would not have happened without the LDDC, or would not have happened as early nor as quickly as it did. In the absence of the LDDC, and with the continuance of the municipalist approach demonstrated by the local authorities in the early 1980s, most if not all the housing that would have been developed would have been council housing.

In terms of social housing, the LDDC represented an alternative source of funds for new build and refurbishment to the mainstream Housing Investment Programme (HIP) for local authorities, and the Approved Development Programme (ADP) for housing associations. In addition, the Housing Corporation made an extra £10 million available over a 3-year period in the 1990s.

Of course, at a broader level, such resources are not genuinely additional: the Housing Corporation resources were top-sliced from the regional allocation, and the LDDC's own funds come ultimately from the DoE. Nevertheless, there were important aspects of genuine additionality to the Docklands boroughs:

- i) *Specificity*: the funds were earmarked for Docklands. As one local authority respondent said: "LDDC represented a chunk of money the borough did not have to fight for".
- ii) *Synergy*: LDDC resources helped to unlock resources from other government programmes, e.g. Estate Action.
- iii) *Quality*: refurbishment and environmental improvement of estates funded by LDDC were of a higher standard than the local authorities would otherwise have undertaken. To some extent these then provided

a benchmark for local authority refurbishment elsewhere in the borough.

- iv) *Credibility*: it was suggested to us by respondents that central government would not have made equivalent sums available to the Docklands boroughs, particularly on their 1980s policies and general approach.

Furthermore, the existence of the LDDC changed the frame of reference in Docklands in a number of ways. The cross-boundary approach of the LDDC forced local authorities to drop their previously parochial attitudes. LDDC could “make it happen” 10 years before the SRB and integrated Regional Offices by involving a range of local players, and through its marketing and development roles. There was a “rippling out” effect on redevelopment and regeneration opportunities in marginal areas: City Fringe, Bermondsey, Bankside.

On the other side, there were some distorting effects of LDDC funding, but these were not felt to be any worse than other forms of match funding such as SRB or Estate Action. Moreover, concentrating resources in this way can also be beneficial, as otherwise political factors often mean funds being spread too thinly across many areas, frustrating any attempt at concentrated regeneration activity.

## **6. Conclusions**

The Docklands housing system has changed radically since 1981:-

1. It has become more like a ‘normal’ housing market, more in line with rest of London, in terms of housing tenure and housing mix.
2. Changes have been generally in the same direction as in London and in the country generally. But the speed, timing and extent have been different in Docklands. LDDC needed to ‘break the mould’ in order to create the framework for a self-sustaining housing market.
3. There is not one ‘Docklands housing market’. There are great differences across the UDA, both in the way the private market works, and in the role and nature of social housing.
4. New private housing output can almost entirely be considered to be additional by reference to the counterfactual of what was likely to have occurred if previous planning policies had continued. The degree to which such housing was additional to the London or regional housing market cannot be determined in the absence of detailed econometric modelling. It seems likely that a considerable proportion of housing demand that has been met in the UDA would otherwise have been met by new private housebuilding elsewhere in London and the south-east. However, such additional output would have most probably been on greenfield sites and in already pressured sub-markets with attendant economic and environmental costs.

5. Early attempts to provide affordable housing through the use of price ceilings, local buyer clauses and provision of mortgages appear to have been poorly targeted and somewhat naïve. The partnership approach, working with local authorities and housing associations appears to have been more effective, and more in line with current thinking about regeneration strategies.
6. Since LDDC resources are essentially top-sliced from the DoE budget, these cannot be considered to be additional in a quantitative sense at the national level, nor probably at the regional level. However, LDDC support for social housing, both new build and improvement was considered to be additional by social housing agencies by reference to mainstream funding (HIP and ADP). Moreover, considerations of specificity, synergy, quality and credibility imply that LDDC funding provided additionality in a broader sense.
7. The size of the social housing sector in the UDA has increased by 25% since 1981, in contrast to the continuing shrinkage of the sector nationally. The annual rate of social housebuilding during 1981-1997 was greater than in the five years before LDDC was set up.
8. The quality of estate refurbishment supported by LDDC was high, and this may have served a benchmarking function.
9. There was some synergy between LDDC and other funding sources. However, the decision to scale down the social housing programme at the time when the Housing Corporation's ADP was at its largest was unfortunate, to say the least. This decision seems to have resulted mainly from external political pressures.

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