

Executive summary

The Growth Areas¹ are a crucial element of the Government's response to the very pressing problem of housing shortage in England. They represent a spatially strategic approach to the particularly acute housing pressures in the Greater South East, which undermine the achievement of social justice and the stability of growth in the economy.

The previous model of planning for the country's housing needs, which delivered dispersed housing growth through the 1980s and 1990s, was neither popular nor effective. It has not delivered enough housing of the right type in the right places. At the same time, housing growth plans inflame vocal local opposition. The dispersed pattern of growth has tended to be land hungry and has failed to meet the needs of the communities. The old model also failed because it provided no incentives at the local level for communities to accept growth.

As housing supply has failed to match household formation rates and house prices have grown relative to incomes, the number of households in need of housing has increased. The supply of social housing has been unable to meet newly arising housing need and rising prices have increased the numbers of households unable to access decent housing in the market. The result is a backlog of unmet housing need at record high levels. There are nearly 100,000 homeless households living in temporary accommodation and 1.5 million people on council housing waiting lists in England.

The Growth Areas have the potential to be a much better model for delivering growth, in social, economic and environmental terms. They can deliver more homes while taking less undeveloped land. They allow for a strategic approach to meeting transport and community needs alongside those for new homes, and for housing growth and economic development strategy to be aligned.

This report focuses on the social and economic challenges that the Growth Areas face in becoming communities of choice. For the Growth Areas to be successful in delivering places where people want to live and work there needs to be a greater commitment from across government to this approach.

Our research: background and scope

In 2005, ippr's Commission on Sustainable Development in the South East reported on the range of social and environmental pressures that the South East region faced (ippr 2005). The Commission identified some tough challenges to balancing the delivery of enough housing with maintaining quality of life and protection of the environment. In relation to housing need, it concluded that there was a case for higher rates of affordable housing provision in the region than current plans allowed for, but it rejected the argument that the rate of market housing provision should be increased to improve affordability.

The analysis in this report is based on new projections of household growth, which show that there is a strong demographic case for increasing housing output in the South East, London and the East of England. Current plans for house building in these regions will fall short of the projected number of new households by more than 200,000 homes as at 2016.

The public debate about how we respond to the housing pressures faced by the Greater South East has increasingly focused on the environmental impacts of growth. Addressing the challenges of water supply, flood risk and energy efficiency are absolutely critical issues, but there is a risk that they are obscuring wider social and economic challenges to delivering sustainable growth. This report does not address environmental questions; it focuses instead on the social and economic challenges and looks at how growth can achieve inclusive and cohesive communities with viable local economies to create places where people want to live and work, and that meet the needs of different households in different circumstances.

Our analysis highlights a number of social and economic risks that the Growth Areas and government policy for managing growth face. We have also set out the policies and actions necessary to address those risks.

Housing supply

The Growth Areas will make a significant contribution to housing supply in the Greater South East. However, even if the Growth Area's housing targets

1. The four Growth Areas are: the Thames Gateway; Milton Keynes-South Midlands; Ashford; London-Stansted-Cambridge-Peterborough corridor

are met, in London, the South East and the East of England there will still be a significant discrepancy between rates of new housing supply and new household formation. Over the period 2001-16 the shortfall amounts to more than 200,000 homes. This is the same amount of additional housing that the original Growth Area plans set out to deliver, in addition to the housing in previous plans. While some of this demand could be met in the Government's 'new' Growth Points, in order to address this shortfall in a way that is socially, economically and, arguably, more environmentally sustainable, the housing targets for the Growth Areas need to increase.

Established trends in migration indicate that, although household growth is primarily driven by the growth of single-person households, the profile of households migrating to the Growth Areas will include a higher proportion of families. The housing, community facilities and neighbourhood design of the Growth Areas therefore need to be family friendly.

Planning for housing needs in the Growth Areas needs to reflect the fact that the Growth Areas are an inter-regional response to the problems of housing shortage across the Greater South East. This means that local plans cannot solely be informed by local housing need assessments. Local and regional planning policies and decisions need to be informed by the new National Housing and Planning Advice Unit. The unit's advice should be based on an analysis of demographic change and migration at the inter-regional level, including the types of households as well as overall growth. It should strike a balance between achieving a socially and economically viable mix of housing types, while at the same time maximising the opportunity to increase social housing provision across the Growth Areas.

Inclusive and cohesive communities

Our qualitative research with prospective and existing residents of the Thames Gateway has highlighted the potential for tensions in the Growth Areas between new and existing communities. To date, the need for community development in the Growth Areas has not been given sufficient priority. Community infrastructure and development will be essential to supporting the development of social networks within the new communities in the Growth Areas and for ensuring good community relations between new and existing residents.

The Growth Areas communities will need to be supported by community development to engage existing residents in the delivery of growth, and

enable the development of positive social relations between communities. The Growth Area strategies need to identify the resources to do this and who will be responsible for delivering it. The planning of developments needs to ensure that market and affordable housing are fully integrated and that neighbourhoods have appropriate community facilities, open spaces and play and sports facilities, as these are essential for supporting networks. If the Planning Gain Supplement (PGS) is implemented, it is essential that some of the resources from this are set aside for community facilities.

Strong local economies

To create economically sustainable new communities, the Growth Areas' strategies need to be more explicit about economic development, and how to spread economic growth across a wider area of the Greater South East. Economic development and skills objectives need to be aligned with housing objectives in the Growth Areas.

Some parts of the Growth Areas will need to diversify their economies to achieve a balance between economic and housing growth. They will need to raise their income and skills profile and improve their connectivity. This will require a housing offer that can attract higher earners as well as co-ordinated and timely delivery of infrastructure.

Policies for supporting economic and housing growth in the Growth Areas need to be reconciled with national policy for reducing economic disparities between regions. Government needs to strengthen its commitment to reducing regional economic disparities through measures to empower city-regions to improve their economic performance and through extending its regional economic performance Public Service Agreement (PSA) target.

Delivering sustainable growth

If achieving sustainable communities is about more than just housing, then the strategies for the Growth Areas need to reflect this. Government is committed to delivering a strategic framework for the Thames Gateway that will combine economic, social and environmental objectives. Strategic frameworks, as opposed to just spatial plans, should be developed for the other Growth Areas. Delivery arrangements should also be strengthened at the local level through increasing the number of areas that have Urban Development Corporations (UDCs).

Commitment across government for achieving its objectives for the Growth Areas should be supported by a revised version of the PSA target for

housing supply. The new PSA target should set the objective of achieving housing growth and regeneration through the delivery of sustainable communities across all regions. The PSA target should be supported by a clear, ambitious government-wide vision for what a sustainable community should look like on the ground, and for the public sector's role in delivering it.

Housing growth cannot be delivered on the cheap. Without adequate funding for infrastructure from the public sector and private finance, the communities in the Growth Areas will not be sustainable. The local economies will be weak and the communities will be deprived and socially divided. There is a real risk that they will become the regeneration needs of the future.

The Government is aware of this risk and has acknowledged the crucial role that public investment in infrastructure plays in supporting sustainable housing growth. In the Comprehensive Spending Review 2007, the Government needs to review the funding formulae of the mainstream departments, particularly health, transport and education, to ensure that they are more responsive to increases in demand associated with housing growth. It will also need to add an estimated £300

million per year to the Community Infrastructure Fund to support higher housing targets in the Greater South East, which will be necessary if it is to meet its long-term objective of providing 200,000 homes a year in England. Some of this can be partially funded through the proposed PGS. It may also be possible to allocate further funding for transport infrastructure from the Transport Innovation Fund.

Conclusion

Government has rightly committed itself to increasing housing supply in England to 200,000 homes a year by 2016. The Growth Areas provide an opportunity to meet that objective, but more than that, to change people's expectations of housing and communities. The new communities in the Growth Areas should provide homes to new standards of design and environmental sustainability, and high-quality local community facilities, and deliver inclusive and cohesive communities where people from different backgrounds get to share in the benefits of living in 21st century communities of choice.