The Austerical City.

London at the crush test of austerity.

TOMMASO AQUILI
The Austerical City. London at the crush test of austerity

Tommaso Aquili

Abstract

In the UK, the unprecedented cuts to local budgets, implemented by the national governments from 2010 to the present day, have pushed local authorities to reconsider their scope, their role and their action. The ever decreasing budgets have de facto transformed local councils from service providers to territorial entrepreneurs, as the pressing pursuit of revenues has placed the economic profit at the core of the local policy-making. Urban planning plays a central role in this shift in mindset. The British planning system has been remodelled so to facilitate the implementation of development processes, as these grant revenues from planning obligations, uplifts in land values and higher income from taxes. The reform of the planning system has however conceded free rein to developers, especially through the introduction of the Development Viability Appraisal, a document which they use to reduce the provision of affordable housing, in favour of luxury housing tenures. Therefore, in British cities the mechanisms that rule the territorial transformations exacerbate the existing housing crisis and force local communities to face displacement. Austerity has thus initiated a cascade-effect whose negative externalities are tangible at the very local level. The emerged topics find their concretization in the description of the Heygate Estate regeneration.
Index

Preface.
0.1 Introduction
0.2 Reframing austerity as a political measure
  0.2.1 The use and misuse of the term austerity
  0.2.2 Austerity: the global medicine for the financial disease
  0.2.3 The failure of austerity measures: a state is not a family
  0.2.4 The deficit threat: the mantra to justify the resurgence of an ideology
  0.2.5 Austerity as the driving force for the reconfiguration of the institutional balances

Chapter 1. Research Background
1.1 Research questions
1.2 Methodology
  1.2.1 Methods
  1.2.2 Considering sources reliability and potential biases
1.3 Research structure
1.4 Research Framework
  1.5.1 Understanding the cities we live in as a product of the broader political scenario
  1.5.2 Re-establishing local governments at the centre of the governance process
  1.5.3 Reframing the lack of affordable housing as a social sustainability issue.
1.5 Limitations

Chapter 2. The age of austerity
2.1 The UK as a flagship of neoliberalisation
  2.1.1 Introduction
  2.1.2 Downsizing the welfare state, the fil-rouge of British politics
  2.1.3 The Coalition government, between continuity and innovation: the localist agenda
  2.1.4 Local authorities under conservatives: greater autonomy and smaller budgets
2.2 The pace and depth of the cuts
  2.2.1 Managing the financial crisis: transferring the risks to the local scale
  2.2.2 The inauguration of the politics of Austerity
  2.2.3 The uneven distribution of cuts
  2.2.4 Low financial flexibility and the prevention to raise taxes
  2.2.5 The rhetoric of community empowerment and the triumph of individualistic gains
2.3 Austerity urbanism
  2.3.1 Local authorities: from service-providers to territorial entrepreneurs
  2.3.2 The resilience of British local governments

Chapter 3. Viability Assessment and the Housing crisis
3.1 A developer-friendly system to generate revenues
  3.1.1 The strategic role of urban transformations
  3.1.2 Capturing planning obligations to generate revenues
  3.1.3 The concept of viability at the core of British planning system
  3.1.4 The controversial Development Viability Appraisal
  3.1.5 The lack of certainty, transparency and objectivity in the viability assessment
  3.1.6 The competitive return
  3.1.7 The Benchmark Land Value
  3.1.8 DVA as a fast-track to avoid the provision of affordable housing
3.2 The illicit Capital: Growth for whom?
  3.2.1 The extent of the housing crisis
  3.2.2 The booming of the prime properties market
  3.2.3 The ripple effect of the prime properties
  3.2.4 Press pause and rewind

Chapter 4. Taming the Elephant
4.1 Elephant and Castle
  4.1.1 Introduction
4.1.2 Historical background
4.1.2 The Heygate Estate
4.2 The regeneration of the Heygate
  4.2.1 The beginning of the process
  4.2.2 The disastrous decant
  4.2.3 Southwark policy on affordable housing
  4.2.4 The influence of external factors.
  4.2.5 L.A. confidential
4.3 Profitability assessment
  4.3.1 Savills takes the lead
  4.3.2 The Gross Development Value
  4.3.3 The Benchmark Land Value
  4.3.4 Devil is in the details
  4.3.5 The final agreement
  4.3.6 Who should be blamed?

Chapter 5. Results and discussion
5.1 Results
5.2 The interference of the national scale
5.3 Ending the age of austerity
5.4 Planning for communities

Bibliography
Glossary
Preface.

0.1 Introduction

Over the last ten years the British planning system has gone through major changes. During the same period, the national politics has introduced several policies aimed to decrease the public expenditure and the deficit. These economic measures are commonly referred to as Austerity. This work tries to show the correlation between these two apparently unrelated factors. In fact, the research investigates whether the modifications that have occurred to the planning activity, its new procedures and goals, have been influenced and caused by the now reduced economic capacities of public authorities. The research will therefore firstly define how hard have the local budgets been hit by the cuts, then it will describe the new planning framework through the lens of austerity and eventually assess its consequences in practice.

However, before going into details and defining how austerity has been implemented in the UK, seems relevant to describe the concept and delineate the historical context in which this set of policies has been introduced, which in 2008 was characterized by the emergence of the global financial crisis. The preface of this work contributes therefore to portray the interrelated conditions in which austerity has been shaped, the broader framework to understand the rationale that has led to its implementation in the UK.

0.2 Reframing austerity as a political measure

0.2.1 The use and misuse of the term austerity

The last ten years have been dominated by the topic of austerity. This term is used to describe those set of economic measures aimed to decrease the public expenditure, by combining spending cuts or tax rises during a period of adverse economic conditions. Despite the large use and, according to some, abuse of the word (Anderson and Minneman 2014), there is still a lack of consensus about which policies can be referred to austerity (Ibid 2014). In some way this reflects the fact that, although the concept of taxes and government budget have ancient roots and the debate around the correct amount of public expenditure is a centuries-old controversy (Schui 2014), the use of the term austerity in relation to these concepts is rather new (Anderson and Minneman 2014).

Until just a few decades ago, indeed, this word was associated to a moral or esthetical feature characterizing an individual. Even more recently it has started being linked with economics, when, however, austerity programmes were linked to rationing of consumption, rather than fiscal consolidation as it is today, as a consequence of periods, for example wartimes, in which primary goods were not accessible (ibid. 2014).

How did it come about, then, that a term once exclusively known by economists and researchers, is now widespread to the extent that has become part of the common lexicon of the public opinion, stimulating highly divisive debate? (Peck 2012, Anderson and Minneman 2014). The reason behind this is that in the last decade most of the western countries have introduced economic measures
that are in some way referred to austerity (ibid. 2014, Kitson et al. 2011). These have had, whichever opinion you may have on the topic, a deep impact not just on the current political and economic scenarios, but also on people’s daily lives. It comes as no surprise, then, that the American dictionary Merriam-Webster, and the Cambridge Dictionaries Online have selected it as Word of the Year respectively for 2010 and 2015 (Peck 2012, Barber 2015).

0.2.2  Austerity: the global medicine for the financial disease

This concept has started being under the spotlight when, in the aftermath of the financial crisis that began in 2007, a vast majority of countries around the World have seen their GDP plunge. This resulted, on the one hand, in a sharp decrease of income from taxes, while, on the other, in a dramatic increase in public deficit and a contextual rise in needs and demand. The trigger of austerity was therefore the great recession that arose as a consequence of the financial break down. A collapse that had its roots in the banking system and on the global scale soon turned out to be a public matter, with the governments, both central and local, forced to deal with its repercussions.

As a matter of fact, a wide range of governments around the world began to implement a strict fiscal discipline, consisting in cuts to public budgets and rounds of privatization of the welfare state (Peck 2012). Krugman (2012) reminds us that the metaphor that was often used by the supporters of austerity was one that equated the deficit of state with a family struggling with economic problems. As any family that runs into debts would tighten its belt, at the same vein, a state that experiences a financial crisis has to decrease its expenses. According to the main rationale, then, these measures were necessary, not just to restore balance in public accounts and budgetary integrity, but also to revitalise economic dynamism and competitiveness (Schui 2014, Krugman 2012). The imposition of severe cuts to public expenditure was thus seen as a way to secure the investors confidence, “paving the way to growth” (Peck 2012 p.626).

0.2.3  The failure of austerity measures: a state is not a family

However, as scholars claim (Peck 2014, Krugman 2012 Schui 2014), there is overwhelming evidence that austerity measures did not deliver the expected results. Indeed, as Schui (2014) claims, <<instead of making the crisis shorter and less severe, austerity has made it longer and deeper than necessary.>> . Especially in Europe, in the first years, growth has decelerated or not occurred at all, bringing with it, at the same time, mass protests and the rising of populist movements from both sides of the political chessboard (Peck 2012, 2014).

The failure of the desired results is explained by the fact that the metaphor of the family is consistently flawed, in that an economy does not work as an indebted family does. Krugman argues (2012) that <<our debt is mostly money we owe to each other [and] our income mostly comes from selling things to each other. So what happens if everyone simultaneously slashes spending in an attempt to pay down debt? The answer is that everyone’s income falls>>. This is nevertheless not a new discovery. It has been known in economics since 1933 when the American economist Irving Fisher explained it with the apparently counter-intuitive slogan “the more the debtors pay, the more they
owe.” (ibid. 2012). Furthermore, the recent years have shown that the countries that have best contained the damages of the crises are all big-government nations, such as for example Sweden and Austria (ibid. 2012).

0.2.4 The deficit threat: the mantra to justify the resurgence of an ideology

Paradoxically, however, the failure of austerity in producing concrete benefits in the short term has not convinced governments to change policies (Schui 2014). In many cases, austerity measures have been not just confirmed, but also extended in depth and in timing. This situation has led a consistent number of writers (Bailey et al. 2015, Peck 2012, Clarke & Newman 2012) to think that the implementation of austerity, far from being an exceptional reaction to the global downturn, has to be seen as part of a broader political project. In this regard, some agree in claiming that the emphatic reference to the deficit threat has been instrumental, a “justifying mantra” (Levitas 2012 cited in Bailey et al. 2015) for bringing forth a political programme, consisting of dismantling of the welfare state, deregulation and public state curtailment (Krugman 2012, Peck 2012 ecc).

Under this framework, it appears clear how cuts in budget and spending reviews were not, as the narrative proclaimed, an unavoidable adjustment, but rather the first step needed towards the renaissance of a neoliberal conception of the state. In this perspective, indeed, the implementation of austerity measures has been the tool through which national governments have left no choice to local authorities but to decrease their interference, to shrink or privatize public services and shape an agenda of deregulation and liberalization (Peck 2014). In other words, the cut in government funding has forced local councils to bring into life what have been defined as "<the linchpins of the neoliberal policy repertoire>> (Brenner & Theodore 2002)

0.2.5 Austerity as the driving force for the reconfiguration of the institutional balances

In this regard, austerity has not just entailed a drastic reduction of local councils economic powers, but also a decrease in their political ones and their institutional legitimacy. For this reason, austerity can be seen not just as an economic prescription, but mainly as a political measure, in that it has represented the trojan horse through which national governments have put in practice a neoliberal configuration of the state (Peck 2012). This is evident in the UK, the focus of our research, where the severe cuts to public budgets have had not just an economic impact but also and, we argue, mainly a political repercussion, as they have intensified and accelerated an already started institutional re-framing and the establishment of a model which finds its roots in the neoliberal tradition.

In this way austerity measures have largely contributed to reconfigure the way local councils work, to diminish their scope, drastically affecting the overall territorial balances and the relations of power at the local scale. This work will thus show how the reduction in public expenditure, along with the other policies introduced at the national scale by the Coalition government first and then the Conservative ones, have set off a ripple effect, whose consequences are largely visible at the urban scale. As we will see, in fact, the new local authorities modus operandi, caused by the remarkable decrease in budget, has produced a system which challenges the degree of social justice of British cities.
CHAPTER 1

RESEARCH BACKGROUND
Chapter 1. Research Background

1.1 Research questions

In which ways has the British planning system changed over the last decade? Are these changes due to the effects of austerity? What are the implications in practice of the new way of conceiving the planning activity? These are the main questions that the work seeks to answer. In order to answer these macro questions, the work has been divided in three subparts, each of which answers several smaller interrogatives, which lead the narrative and, combined, contribute to set up the results of the research.

The first part of the research analyzes the United Kingdom austerity programme, that has been implemented by the Coalition and the Conservative governments in the last decade, from the aftermath of the crisis to the present day. My initial and general concern was to understand the rationale behind the introduction of these measures, but, most importantly, my goal was to assess the effects of austerity on the local scale. The main question i aimed to answer in this part was therefore in which ways and to what extent have the austerity measures affected local government budgets and their spending power.

Once assessed the impact of these policies on the local economies, the second part of the work focuses on determining austerity indirect effects on local administrations and understanding if there is a consequentiality between the deep cuts to local budgets and the choices that local authorities take today. In other words, the work sought to evaluate whether austerity has changed the way local authorities work in the UK.

After having described in which ways Local authorities’ role, scope and action has changed, the research explores the transformations occurred to the planning system. Indeed, the goal was to understand if also the planning activity has changed as a consequence of austerity. In particular the work tries to evaluate whether the new emphasis placed on urban growth, regeneration, along with the increased reliance on developers and private bodies, could be due to the decreased economic and, consequently, administrative capacities of the local authorities.

Once assessed the centrality of the economic aspects in the configuration of the new planning processes, my focus turned on understanding the implications of this new system in the practice. I wanted to understand what using planning for generating profit ultimately means for the urban socio-economic environments. While analyzing the reforms introduced in planning, i got increasingly aware of the relevance of the Development Viability Appraisal, or Viability Assessment, for this new way of approaching urban transformations. In particular i realized that this document could have been intertwined with the existing housing crisis. So the third and final part has been dedicated to assess in what ways has the Viability Assessment Process changed the possibility of providing affordable public housing in the UK and what are the implications of this mechanism for the overall


housing crisis that affects London and more broadly the UK.

1.2 Methodology

1.2.1 Methods

In order to set up the first part of the work, aimed to define austerity and to describe its direct effects on local economies, i have adopted an analytic approach. First of all indeed, i have collected a large amount of sources, whose nature will be further defined in the next section, while afterwards i have selected the ones that could have helped me answering my research questions, among the vast variety of works on the topic. The challenge here has been to deal not just with material that is more closely related to my studies and my background, as for example sources related to planning or governance theory, but also with data, figures and researches belonging to other fields, such as economics, political sciences and so on. This has been made alongside a study in depth of the recent political history and institutional background of the country, which has been fundamental in order to be able to critically describe a different context to the one i come from.

When the material that i had gathered and analysed seemed to suggest me that austerity was not just producing immediate effects, as the decrease in local budgets, but also secondary effects, defining a new way of working for local authorities, i decided to go deeper and try to assess if the correlation between the implemented economic policies and the new local strategies was concrete. From the analytical point of view, my starting approach has not remarkably differed from the one i had adopted for the first part: i have gathered the sources that i thought could have been useful and i started finding links between the single facts.

While assessing the direct effects of austerity was a matter of describing preeminently quantitative data, the analysis of the indirect effects has required a higher degree of critical reinterpretation of trends, actions and laws. My sources were both primary and secondary, but the ones that i have consulted the most, especially for describing the changes in the planning system, have been official documents, laws and reforms. The description of the Viability Assessment procedure has turned out to be the most problematic, for the inherent confidentiality that is kept on these documents along the development processes. The centrality of this document in the overall planning system is just partially acknowledged, as a consequence the available literature on the topic is still deficient. I have anyway largely benefited from the work of Grayston (2017) and, more in general, of the Shelter association database, Coleman et al. (2013) and McAllister et al. (2016), whose articles have helped me to understand highly technical mechanisms and nomenclatures. Anyway a big part of my understanding on the topic results from the chronicles of the Viability Assessment in practice within existing local regeneration experiences, redacted by associations and committees, often with the purpose of contesting the document’s inequity. I have decided, indeed, to go through past regeneration schemes, fact that allowed me to trace the similar trends when this document is in use. I would like to mention here (others will be mentioned later on) the precious work of the Highbury Group,
an independent group of highly-skilled practitioners from housing, planning and related professions.

In order to give greater concreteness to the description of the Viability Assessment procedure, i have selected as a study case one of the experiences i had been analyzing. The regeneration of the Heygate Estate seemed to be the most interesting and appropriate one to describe the controversies of the Development Viability Appraisal and its effects. There are several reasons to explain the selection of this experience as a study case. First of all, in this case most of the documentation had been made public, thanks to the tireless efforts and requests of local activists, finally approved by a tribunal. This has been a crucial factor as i got the chance to analyze firsthand, among others papers, the viability assessment process. Secondly, the former estate, before its demolition, had been for several years the subject of a large media coverage, becoming a symbol, at least in a superficial narrative, of urban decay and high crime rate associated with poor quality environments. In addition, the regeneration of the Heygate was just the flagship of a broader transformation that started involving the entire area of Elephant and Castle, since the late 90’s, a fact that made this case more interesting than others from the planning perspective.

The available documentations have been the basis for the description of the study case, but this has been accompanied by a work on the ground, a field observation. This has first of all consisted of several visits to the regeneration area and its surroundings. Along with this, i took part to events associated with the regeneration, such as for example meetings and walk-arounds organized by Land Lease, the regeneration partner, showing the achievements of the development process so far and the outline designs for its phases still to be completed. Besides, i have had the chance to attend a public hearing of the Southwark Council and demonstrations organized by the network of local associations. Pivotal in ensuring a better understandings of the local dynamics and the regeneration scheme process has been meeting and interviewing figures from the local context. Along with local residents, i have had the chance to discuss the topic with Jerry Flynn, former resident of the Heygate, local activist and funder of the 35% Campaign for Elephant and Castle, and Peter Barter, member of the Southwark Council. Meeting these two figures has helped me not just for the description of the study case, but also for the theoretical part of my work.

1.2.2 Considering sources reliability and potential biases

In order to write the first part of my work, aimed to describe austerity and assess its effects on local budgets, i have tried to diversify as much as possible the provenience of my references. In this regard, my focus has been placed on both primary and secondary sources. The former ones have been preeminently represented by governmental reports and official documents, which had been publicated in order to define and present the new economic policies for the years to come, or, alternatively, to evaluate the obtained results. While this kind of documents have the plus of having been redacted by the directly interested parties, they also have a drawback in the authors’ tendency to overestimate the success and to silence the potential negative impacts of the policies they are introducing. However, having considered the pros and cons, these sources still seem to be an unavoidable reference when it comes to describe political and economic strategies.
In addition, I have relied on data and figures reported by research groups of various kinds. In this category we count among others membership associations, such as for example the Local Government Association, and independent research groups, as for instance, the Institute for Fiscal Studies, one of the most acknowledged British research centers on microeconomic applied to public policy.

In relation to the secondary sources, I have tapped into the vast literature which has focused in recent times to evaluate and comment the cuts to local budgets. The topic has been extensively treated by many academic commentators, whose works offer a deep and reliable understanding of the reforms introduced by the last two governments. The studies and researches that I have taken in consideration adopt different points of view on the issue. Among others, Lowndes & Gardner (2016) and Lowndes & Pratchett (2012) describe austerity in relation to the other policies introduced by the last two governments. Some, as for instance Innes & Tetlow (2015), Fitzgerald & Lupton (2015), place their efforts in evaluating the extent of the cuts to local budgets and their distributions across the country, also by including relevant study cases. Others, e.g Asenova et al. (2015), Peck (2012), Raco (2013a) focus instead on understanding the implications that these cuts have had on the services provision and the role that this decrease in funding play in the overall privatization of the welfare state. Some, as for example Lowndes & McCaughie(2013), Bailey et al. (2015), Hastings et al. (2015) describe, alongside the cuts, the responses and the new strategies adopted by local authorities to cope with the cuts.

While these works have helped me to build the theoretical background, almost none of the researchers sought to identify the potential links between the cuts and the reforms to the planning system, between the lower spending power and the increasing reliance on private regenerations, between austerity and the housing crisis. I believe therefore that this is where lies the contribution of my work. Indeed, my study could be considered a bridge between the several works dedicated to describe austerity and the even larger amount of researches aimed to discuss regeneration projects, or the housing issue.

The main quality of the latter ones, indeed, is the ability to dig deep in the mechanisms that lead current urban transformations, providing concrete examples from the practice. They have undoubtedly helped me to build a robust description of the processes. However, as it happened for the literature dedicated to austerity, they often lacked in describing the broader picture, the causes of these processes. What is shared by the academic researches I have consulted, both for the first part and the second one, is therefore the punctuality of the description of the topics they focus on, but this is often brought forward with an excessive sectoral perspective, without that interdisciplinary view that is often required to comprehensively understand the urban processes.

Few more words are needed to discuss the sources that I have used for setting up the study case. A big part of the references that I have considered for this chapter comes from the network of local associations and their meticulous online archives. Here I have been able to find not just studies written by third parties, but also articles that the members of these associations have been redacting by themselves. On the one hand the material that they propose can be seen as the most adherent and detailed chronicle of what has been happening during the regeneration process, also in relation
to the fact that these associations count among their members trustworthy academics and practitioners. On the other hand, however, for a purely scientific matter, their one-sided position, albeit well informed, could have been problematic for my research purposes. In this regard, I have had the chance to overcome any potential bias by directly accessing the official documents, such as the local plans, the regeneration strategies and agreements, the viability assessment documents, but also by interviewing a member of the local council.

1.3 Research structure

In this first chapter the theoretical framework of the research will be set, by defining the methods and the perspective that have been adopted. In the second chapter, the work will focus on the British political background, the description of the austerity measures and the local responses to these policies. Initially, it will be described how neoliberal ideas have been traditionally rooted in Westminster politics, while, later, will be illustrated in depth the policies implemented by the two last governments, which have established the current austerity pattern. In this segment of the research, it will be discussed the extent of the cuts to local budgets and the direct consequences on local economies and local authorities economic power.

Consequently, the work will concentrate on assessing austerity’s indirect effects on local councils. It will be thus described how the scope, the role and the action of local councils has changed in order to respond to this unprecedented decrease in funding and what this means for the urban scenarios. In particular, the emphasis will be placed on the entrepreneurial shift that local councils have put into practice in order to generate those revenues that are not granted anymore by the central government.

In this regard, the research will explore the increasing involvement of local councils in commercial and financial activities and the more and more frequent use of urban development as a bargaining chip to seize the uplifts in land values and various forms of planning gains. Therefore in the third chapter, by describing the policies and the national guidance, as well as using the available data and figures, the work will show how this process has created a development model which privileges the profitability of developers and investors, over the broader common interest.

We will explore the role of the Development Viability Appraisal in this process, a document required within the planning applications, which, for how it has been theoretically conceived and used in practice, seems to help developers to prevent the provision of the much needed affordable housing. As a consequence, the work will show how this development model, far from solving the largely acknowledged housing crisis which is affecting the entire country, is actually exacerbating the issue. We will see how, especially in London, this framework has led property prices to rocket, intensifying the gentrification of an increasing numbers of neighbourhoods and forcing a progressively higher amount of residents to face relocation and displacement.
The topics which emerged in the first chapters will find their concrete exemplifications in the following one, in which will be discussed the case of Elephant and Castle, an area within the inner London Borough of Southwark that since the 90’s has been involved in a large process of regeneration. The analysis of the recent developments will be instrumental in assessing the chronic shortage in the provision of affordable housing and the rise in property prices. Most especially, the work will describe in depth the case of the Heygate, a council housing estate which has been demolished to leave space to a highly controversial redevelopment, now known as the Elephant Park. This regeneration project is paradigmatic of what is wrong in the current development model, in that it provides a concrete example of how the viability assessment is used as a legally acknowledged tool to decrease the amount of affordable housing. The research will thus define how this regeneration agreement, by denying low-income apartments, has forced to relocate 3000 residents of the former, now demolished, Council Estate. The study case shows therefore the inequity of the system, the social damages and the consequent cultural loss for the neighbourhood that the regeneration schemes, as they are put in practice today, provide.

1.4 Research Framework

1.4.1 Understanding the cities we live in as a product of the broader political scenario

The initial reason that led me to undertake this research lies in the necessity to understand the links between the quality of current cities and their broader political and institutional contexts. The work shows the correlation between the austerity measures, the resurgence of a neoliberal ideology, the consequent shift in the way the role of local authorities is perceived and the resulting social injustice of British cities. In this way, it demonstrates the impact that the overarching political background and the wider institutional scenario at the national level have in the construction of just spaces in the urban environment. Besides, the description of the British system leads to a better understanding of how the sustainability-related processes, are deeply embedded in the political game. In this regard, in this work we predominantly assess the social impact of this process.

The research shows indeed how in the last ten years the direct and indirect interference of British national politics has ended up affecting the activity of local governments, ultimately exacerbating, rather than solving, existing issues, such as among others the housing crisis and the increasing gentrification of local neighbourhoods. In particular, what emerges from the analysis of the British context, is that when local authorities are deprived of the necessary economic funding, the economic interest and the pursuit of profit inevitably becomes the first goal of public local policies. This mindset and approach to the policy-making can only lead to a conscious underestimation of the factors that enable the broader common interest to take place, especially in relation to the social goals. Besides, the British case reveals that when local councils are dispossessed of their political legitimacy and normative deregulation processes reduce their bargaining power, the urban dynamics eventually prove to benefit entities unaccounted to the public interest.

1.4.2 Re-establishing local governments at the centre of the governance process

What arises from the British case seems therefore to confirm the centrality of local governments in
the pursuit of a just urban environment, but it also suggests that, in order to achieve this goal, local authorities need to be adequately politically and economically supported. This research thus constitutes an attempt to reaffirm the leading role of the public sphere in the policy making and to evidence how governing structures that undermine the capacity of local governments will hardly produce just outcomes and put in practice societal goals. In fact, the proliferation of evidences in this respect in the practice seems to urge literature to concede more room to discuss the relation between the economic and political conditions of local authorities and its effects on the urban environment. This would help to raise awareness about the centrality of local governments towards a positive policy-making not just among practitioners but also among scholars.

As a matter of fact, in the last decades, the function of the local authorities in steering the policy making has been increasingly questioned, not just by the political narrative but also within the academic discourse. Since at least the 1980’s, for instance, began gaining consensus the idea that the traditional governing pattern, in which the decision making and the governing processes were held by the public sphere, was not suited anymore to deal with the modern cities’ complexity and the new multifaceted urban challenges (Rydin 2010, Evans et al. 2009). In this regard, theories of governance which acknowledged the strategic role not just of the civic society but especially of the private sphere in the decision-making and to some extent its implementation have been often uncritically acclaimed as the solution to past governments’ failure (Rydin 2010, Evans et al. 2009).

The acknowledgement of the crucial importance of the private sector in driving change, also in order to cope with sustainability issues, has pushed a consistent number of scholars to place growing emphasis not just on the need for a larger involvement of non-public entities, but also for the concession of a higher degree of autonomy to these bodies in the management of these processes (Dedeurwaerdere 2005, Borzell 2010, Levi-Faur 2011) In addition, the necessary precondition to persuade these actors to adhere to the policy-making was often considered to be the weakening of the public authorities normative power over the decision-making (While et al. cited in Lawhon & Patel 2013).

In the last decades, this assumption has led many commentators to demand a decrease in the local authorities influence within the decisional process and a consequent larger devolution of choices and responsibilities to autonomous actors (Raco 2013a). At the same time, the growing expectations on the private sphere’s ability to produce the desired outcomes convinced part of the literature to ask to local governments to mobilize in order to “strategically enable” (Healey 1997) private actors to define and put in practice their own agreements (Dedeurwaerdere 2005). In this way, while probably showing excessive confidence in the involved actors commitment to cooperate in the name of the common good, scholars have played a consistent role in inducing the renaissance of a new neoliberal rhetoric, establishing once again the centrality of that aidez-faire logic (Purcell 2009), which has become hegemonic in contemporary urban policy (Penny 2017, Purcell 2009).

By showing pertinent evidences from the British case, therefore, this work represents an attempt to show the drawbacks of a system which delegitimizes the role and the power of the local governments in favour of a multiplicity of non-public bodies. As a matter of fact, the highly negative
impact of the current British governing system casts light on this point and shows the need for the re-establishment of local governments as the driving forces of the policy-making, towards the construction of just environments at the urban scale. In this way, the research constitutes a counter trend argument to the leading academic discourse.

1.4.3 Reframing the lack of affordable housing as a social sustainability issue.

The work shows how local authorities’ focus has moved from providing welfare to creating economic growth and how the planning system has been remodelled in order to put in place this metamorphosis. By analyzing the reform to the planning system, it is hard not to notice the several controversial points that characterize it. The current National Planning Policy Framework places the economic interest at the core of the urban planning, establishing a model that promotes the deliverability of the regenerations schemes over other broader policy goals.

Under this mind-set, local transformations seem to favour the few, especially private companies and developers, at the expenses of local communities, leaving behind the weaker sectors of the society. Without the current approach, local authorities promote urban developments that are contrary to the very ideals that are supposed to be driving regeneration processes. As a matter of fact, despite being explicitly promoted by the NPPF as a way to ensure sustainable development, the current model goes against the very original principle of sustainability, the idea that economic growth goes hand in hand with the social and environmental enhancement.

Therefore, it appears urgent to analyze the side effects that the British model provokes. While the context seems to offer relevant insights for further studies aimed to evaluate the environmental impact of this development pattern, the research evaluates and emphasises how this system affects the social sphere. In fact, the transformation occurred to the planning system are assessed through the lens of social sustainability. In particular, the parameter I select in order to determine the unsustainability of this pattern is the provision of affordable housing. Despite this might look like an unusual and unreliable indicator in order to evaluate the degree of social sustainability, statistics and figures demonstrate the increasing relevance of this factor in the British scenario (Shelter 2012).

The UK is in fact in the middle of a perfect storm, a never-ending housing crisis, caused, on the one hand, by the lack of the necessary amount of flats and, on the other, by the prices the new apartments are sold for. Across London Boroughs, for example, the price for a new flat equals between 9 and 10 times the average working wage. At the same time, however, the current system constantly allows developers to avoid the provision of affordable housing, even if this might be required in local plans. In such a context, evidences from the practice show that the failure in meeting the demand for genuinely affordable housing has direct implications on the social sphere. In London, indeed, the regeneration schemes that have been initiated under the current policy framework can be seen as the primary vehicles of communities uproot and displacement, the gentrification of entire neighbourhoods and the constant increase in the number of homeless people.
In addition, especially as a result of the procedure that has been established, serious concerns arise in relation to the lack of transparency which leads to the decrease in affordable housing provision. This factor evokes another pillar on which lies the concept of sustainable development, which is the idea that governing processes should be open to the public opinion and built in accordance with a territorial vision which is shared with local communities.

For these reasons, in the British context, the provision of affordable housing and sustainable development are intertwined. In this regard, my work reframes the lack of affordable housing as a sustainability issue or as an evidence of social injustice.

1.5 Limitations

The work represents an overview on the current British planning system and its effects in the practice. This research tries not just to go in depth in the mechanisms which nowadays drive for instance the development processes, but also to zoom out, to take a step back and to see the correlation between the dramatic impacts of regeneration schemes that we assess today in London and the economic and political policies that have been promulgated and implemented at various scales since the aftermath of the financial crisis. It is undoubted that some of these mechanisms were already taking place before the Coalition Government came to power, and the background chapter seeks to describe it, but, as a result of this research, it also emerges the impact and the role of the austerity measures in accelerating and intensifying most of these existing processes.

After having described the extent of the cuts to local budgets, the work focuses therefore on assessing their impact on the activity of local authorities and how this shift in the practice has created a planning system that favours developers at the expenses of local communities, ultimately worsening the overall housing crisis. The housing crisis is a massive issue, which can be observed from many different perspectives. The intent of the research is not to provide an holistic and comprehensive analysis of this problem, rather to show how the planning system that has been set up in the last decade as a way to provide a solution to this issue is actually causing even more damages than the problems it solves.

Specifically it is seen from the point of view of London. It is acknowledged that the capital presents unique features, in relation to its size, its global dimension, the way it is administered, the extent of the economic investments, the adaptation to changes and so on. However, it has been well documented, for instance by Grayston (2017), how the increased reliance on developers, the use of the Viability Assessment and the consequent lack in provision of affordable housing are not, or not anymore, a London issue, but rather phenomena that involve most of the urban centres in the UK.

In conclusion, some may arguably claim that i have selected a too broad focus for my research. I acknowledge that this would be a reasonable argument, but let me explain the reason for this choice. First of all i have to say that my interest on the topic has progressively increased in the making, so the size of the observed field has expanded while i was digging into my sources. Indeed, my original
intention was to study the direct impact of austerity on local budgets, while realizing just afterwards that the cuts to budgets were bringing with it several side effects which I believed were worthy treating, for their relevance in the overall evolution of the city.

On the other hand, however, the boundaries of the research are also the result of a precise choice. I believe that in the fast-changing, multi-faceted cities of today, whose issues are the product of overlapping layers of interrelated choices and occurrences, it gets increasingly pivotal to try to look at the bigger picture, to identify the connections between the phenomena rather than simply define them separately. In this regard I think the efforts of researchers should go in this direction, because the relevance of excessively punctual and over specific works will be more and more questioned by the complexity of the issues that affect 21st century’s cities. So the contribution of my thesis should be seen under this framework, as, by linking political, economical, technical and eventually social issues it reproduces my personal attempt to analyze a national and urban model under an interdisciplinary and multiscalar mind set.
CHAPTER 2
THE AGE OF AUSTERITY
2.1 The UK as a flagship of neoliberalisation

2.1.1 Introduction

In relation to the introduction of austerity measures as a way to promote a resurgence of a neoliberal approach, many scholars acknowledge the UK among those countries where this drift is clearly visible and concretely taking place. (Panton & Walters 2018, Lowndes & Pratchett, 2012, Davies & Blanco 2017) The UK is in fact considered by political commentators as <<a symbolic marker of neoliberalisation>> (Newman 2013). In current times, this has become self-evident through the main policies that have been adopted by the recent governments. In particular, the UK is witnessing a critical dismantling of the welfare state, through local budgets cuts, whose pace and depth is unmatched by any of the most industrialized countries (Bailey et al. 2015) and unparalleled in its very own history (Goodman 2018).

However, the United Kingdom is not stranger to the concept of neoliberalism. There are indeed some specific political features which have enabled the UK to be at the vanguard of neoliberalisation long before the current wave of austerity. According to Newman (2013), in the past decades the bond with the United States, the country where neoliberal ideals are rooted and have been more vigorously implemented, has had a big impact in influencing the British policy making towards this direction. In addition, a major role has been traditionally played by the British two-party political system (ibid. 2013). This institutional model allows the winning party to shape stronger and clearer policies avoiding watered-down compromises, as it usually happens in consensus-driven coalition governments. As a consequence, it is easier in the UK than in other countries to trace some specific actions back to an ideal or an ideology.

2.1.2 Downsizing the welfare state, the fil-rouge of British politics

In the last 40 years, the idea of a leaner welfare state has been largely appealing to British politics, a fil-rouge that has crossed different political eras inspiring governments led by even competing parties. Within this framework, the current austerity policies that began to be implemented by the Coalition government in 2010 can be seen as nothing else than a metaphorical passing of the baton. Many have in fact noticed how today’s cuts to welfare and local governments are influenced first of all by the legacy of the 80’s austerity policy of Thatcher governments (ibid.2013) and, secondly, by the Third Way ideology of the late 90’s, that inspired the Labour administrations.

The latter, under the slogan of “what matters is what works to give effect to our values” (Blair, 1998; cited in Jacobs, 2001), brought forth a new campaign to reform and remodel the public state on the shape and the ethos of a private company (Raco 2013a). This was supported by the idea that society was undergoing socio-economic structural changes and hence the public sector had to be reformed and innovated in order to respond to the needs of an evolving world. Third Way supporters, in fact, claimed that the British society did not consist anymore of a homogeneous community or even distinct collective social classes, but rather of a fragmented constellation of single individuals, with different needs and expectations (ibid. 2013a). These think and act more as consumers than citizens, in that their choice is influenced by their personal view and not anymore by a sense of belonging to a group or a class.
As a consequence, the public state as a whole was asked to reform in order to offer a larger variety and a higher quality of services (ibid. 2013). At the same time, however, was also strong the belief that the public state had to acknowledge its inadequacy in providing such a broad delivery. For this reason, their policy-making was aimed to decrease the public sphere degree of influence, while creating the favourable conditions so to allow other agencies to fulfill this multifaceted demand. This approach is part of that aidez-faire logic, which constitutes a pivotal element of the neoliberal repertoire (Purcell 2009).

Borrowing the words of Raco (2013a, p.48), through this rhetoric, <<the hollowing out of state power becomes equated with a rise in individual freedom, the removal of barriers to action, and a greater congruence between the ways in which modern citizens think and act and the organization of the state system>>. At the same way, the withdrawal of the state from the service provision, a reduction in power and regulation becomes equated with a rise in efficiency and dynamicity.

2.1.3 The Coalition government, between continuity and innovation: the localist agenda

The coalition and the current conservative government have embraced this narrative and shaped their policies on most of these assumptions (Raco 2013a). Consequently, the current wave of austerity is ultimately a part of this political storytelling and the product of this vision for a society based on free markets and individual choice (Peck 2012, Purcell 2009). Therefore, the last decade has seen the British governments working in a spirit of continuity with the past. However, as Peck argues (2012 p.626) the current situation can be considered even more critical as the current policy-making is implemented in a context of <<already neoliberalized configurations of (local) state power and (urban) politics>>.

Nevertheless, even though the Coalition and the Conservative governments have proved in practice to follow the path of a traditional ideology, they have at the same time introduced a new element in their political narrative and in their policy making. This is the emphasis they have placed on the
need for decentralization and devolution of powers, a process that has been renamed Localism. This concept has always had supporters not just in British politics, but also among policy-makers, activists and NGOS (Raco 2013 b) and the excessive centralisation of the British system is now overwhelmingly acknowledged (Clarke & Allan Cochrane 2013). Many have in fact recognized in this aspect the main reason behind the historically controversial relationship between the British central governments and the local authorities, the cause that explains why the former ones have constantly failed in creating a virtuous circle with the latter ones (Bailey and Elliott 2009, Newman 2013). According to Bailey and Elliott (2009), indeed, the relationship has traditionally been flawed by an extensive central control and a consequent limitation to local power and autonomy.

And yet, despite the cross-party consensus on the issue, the Coalition government has been the first to give shape to an openly decentralizing political agenda (Wilks-Heeg 2011, Clarke & Allan Cochrane 2013). By decoding the "purposefully vague and imprecise" (ibid. 2013 p. 11) way through which this concept is used in the political discourse, we understand that localism can refer to different strategies: on the one hand, this implies conceding greater autonomy to local governments, in managing their finances and their urban transformations, while, on the other, granting increasing powers even beyond local administrations, for a greater involvement of community and civil society in decisional processes.

Following this idea, local authorities and their communities have been given greater freedom to organise services and greater powers to decide which ones to prioritise (Lowndes & Pratchett 2012). Besides, the planning activity is largely involved in this process; on the one hand in fact has been introduced the Neighbourhood plan, a document through which communities have the power of granting planning permissions and define the neighbourhood vision. On the other, new laws have been enacted in order to dismantle the regional planning framework and some state agencies, such as the Infrastructure Planning Commission (Wilks-Heeg 2011).

2.1.4 Local authorities under conservatives: greater autonomy and smaller budgets

However, these measures aimed to concede greater autonomy to local governments and communities have been introduced, as it will be described in the next paragraph, alongside drastic reductions in local budgets and the “worst financial settlement in living memory” (Hastings et al. 2015). This factor is key, as the decrease in fundings has prevented the local authorities to gain concrete benefits from the opportunities that a greater extent of autonomy may have provided. Besides, as Wilks-Heeg (2011) notices, this set of policies is not “politically neutral” (ibid. 2011). As a matter of fact, while providing an unfulfilled decentralization of powers to local governments, these contribute to expand the deregulation boundaries.

Therein lies the contradiction of this reform, which unveils the political aim of localism, as it concedes greater political freedom but within an unfavourable economic condition. This, far from extending their autonomy, actually forces local authorities to follow a precise policy path, one made of privati-
zation, delegation and deregulation. It comes as no surprise then that, under these circumstances, a reforming process that has been longly demanded, has not been welcomed by local governments.

The paradox of contemporary times is thus that a narrative of localism and community empowerment is built to the detriment of the institutions that would be normally asked to take the role of guarantor and leader of the process of increasing local democracy (Bailey and Elliott 2009). In this regard, the current situation has been described by some as the “devolved axe”, a model that apparently shows signs of bucking the trend by delegating increasing powers to local governments and civil society, but in a context of extreme financial and legislative measures for the local institutions and a great move towards deregulation. (Newman 2013, Panton and Walters 2018).

Within this framework, local governments are deprived of their functions of guaranteeing a symbiotic and virtuous relationship between the communities and the state agencies (Bailey and Elliott 2009), as this reforming process undermines both the capacity of the local state and the potentialities inherent in the public participation. What we are assessing now is the ultimate example of a broader trend in British politics to disempower local authorities, whose economic capacity and political legitimacy have constantly been undermined and eroded not just directly, through the decrease in funding, but also indirectly, through the narrative of localism (Newman 2013).

By putting these concepts into an historical perspective, it seems hard not to notice that a political and ideological rationale behind the current implementation of austerity measures exists (Bailey et al. 2015). At the same time it appears evident that the crisis has not been the main reason for the rolling-out of this local state reframing. On the contrary it has offered a strategic opportunity to give shape to this political project consisting of new rounds of fiscal discipline, local-government downsizing and privatization (Peck 2014). The global financial break-down has been used as a trojan horse to give shape to policies that would have been otherwise largely unpopular. As a result, British cities have become the target of this blame shifting (Clarke & Newman 2012), facing a disproportionately high share of the UK spending cuts (Asenova et al. 2015). British cities are thus the arenas where the above mentioned ideals are getting concrete through unprecedented decrease in public budget (John 2014, Raco 2013a, Raco 2013b).

We turn now to the pace and the extent of the cuts to local budgets. The next paragraph will thus describe the policies put in practice from 2010 until now, firstly by the Coalition government and now confirmed and extended by the Conservative one.
2.2 The pace and depth of the cuts

2.2.1 Managing the financial crisis: transferring the risks to the local scale

The last months of 2007 are usually considered the outbreak of the most severe financial crisis that the World has gone through in the last eighty years (Kitson et al. 2011). The Uk, as many other countries, saw its GDP fall remarkably. In the period between the beginning of 2008 and the third quarter of 2009, indeed, it decreased by over 6% (Joyce & Sibieta 2011). The debt was rising more quickly than the majority of the countries of the OECD, because of a high annual budget deficit (Bailey et al. 2015), but in a not-particularly alarming overarching context. Indeed, the stock of national debt was estimated to be around 50-60% of its GDP, a similar percentage to the one of other similar countries, as Germany and France for instance, and much smaller than the United States one (Taylor-Gooby & Stoker 2011).

Yet, according to the International Monetary Fund, for the pace and depth of the cuts to public budget, the Uk was ranked third out of the 29 richest industrial countries, (Joyce & Sibieta 2011) preceded in this particular ranking just by Ireland and Iceland, <<much smaller countries suffering much more extreme economic and fiscal problems>> (Bailey et al. 2015). In 2010, the eradication of the deficit was a crucial topic during the electoral campaign, with both New Labour and the Liberal Democrats proposing in their manifesto to reduce it in the lifetime of two parliaments (Taylor-Gooby and Stoker 2011). However, the Coalition government that resulted from the elections claimed the need to half the timings and thus to put forward a plan through which the same achievements were to be met in just five years (Bailey et al. 2015).

The neoliberal approach has been evident in the choice not to raise taxes, as the majority of savings were set to come from decrease in expenditure, namely a stunning 89% of the savings (Ibid. 2015, Clarke & Newman 2012). Within this framework, the highest damage was inflicted to British local authorities, which had to face an unbalanced share of the cuts (Panton & Walters 2018), with the pressure falling on local services. This reflects according to some what is referred to in literature as “blame avoidance” (Innes & Tetlow 2015), the ideological reworking of the crisis from a financial problem to a political one: in this regard the issue has shifted from how to restore market stability to how to allocate responsibility for the crisis (Clarke & Newman 2012). The focus on the local context is part of that “strategy displacement” (Peck 2014), through which the risk and costs were transferred from the national level to the local areas.

2.2.2 The inauguration of the politics of Austerity

The budgets of British local authorities consist of two main sources of revenue: locally-collected taxes, especially the Council tax, based on residential property values, and grants from central governments. The income from the council tax constitutes just the 40% of the whole budget (Meegan et al. 2014) and this makes the British context an exception among the industrialized countries, as the proportion of revenues collected locally is by far smaller than the OECD average (Innes & Tet-
low 2015). As a consequence, British local authorities are dependent on central fundings to a much greater extent than their peers in other countries. This relatively low level of autonomy has enabled local councils to survive the first- and probably the worst- years of the recession, as a three-years financial agreement had been set in place in the first months of 2007, just before the crisis broke out (Meegan et al. 2014). The first hit arrived in 2010, with the new economic deals and the consequent spending review implemented by the newly elected Coalition government.

The Comprehensive Spending Review implemented in 2010 is therefore the document that has inaugurated the politics of austerity in the UK. As a result of the new settlement the Department for Communities and Local Government (DCLG), responsible for allocating local government revenue funding, experienced a decrease of £5.6 billion for the following four years, which amounts to a cut of 28%, 40% in real terms (Hastings et al. 2015). This was further complemented by another 10% in 2013 (Penny J. 2016).

The different sectors and spending areas have not been equally cut. To some service departments, such as for example schools, fire and police services, was conceded a certain degree of protection, which however entailed an even greater pressure on the unprotected service areas (Bailey et al. 2015). According to the Institute of Fiscal Studies (2015), the planning and development sector was cut by almost the 60% and the spending for public housing by about 45%. Other departments, instead, as regulation and safety or transport by almost 40%. Curiously, these are the sectors that are more oftenly involved in privatization processes.

2.2.3 The uneven distribution of cuts

As pointed out by Bailey et al. (2015), the fiscal problems are not just due to budget reductions. These are in fact further emphasised by the demand pressure, linked with long term social changes and the specific economic situation, which have a high impact on the overarching scenario. The ageing of the population, for example, demands greater efforts from the adult care system (Clarke & Cochrane 2013), as well as the recession brings with it an increasing need for some services, children’s care for instance. This can be explained by the fact that recession hits harder the poor, the unemployed and more in general the disadvantaged sectors of the society (Bailey et al. 2015).

In this regard, this rising demand for social care has entailed a heavier pressure on those cities that count a larger share of economically deprived people. This pressure is exacerbated by the fact that the very same areas collect in proportion less revenues from local taxes, precisely because of the smaller economic capacity of their population. In fact, the poorest areas of the country rely to a much greater extent on central government funding and every decrease in governmental grant has a major impact on the administration of these areas, as the decline in funding cannot be effectively supplied by taxes. However the central government has not taken into account that, as a consequence of
this rising demand and the significant differences in reliance on central government fundings across local authorities, some of them could have been even more exposed to the effects of the cuts.

The Coalition Government, indeed, has applied the same rate of cuts to all local authorities (Penny 2016), without considering the socio-economic features of the different areas and their consequent different need for central grants. Even though this may be seen in theory as a move towards equity and the end of preferential treatments among local authorities, in the practice this means that the most deprived areas are affected by cuts to a much greater extent than richer areas. As a matter of fact, this decision entails that those areas more reliant on central grants, because of their higher spending needs or their low local taxes raising capacity (we will go back to this later), face in proportion to their budgets, an even sharper decline to their spending power (Innes & Tetlow 2015). This is explained by the fact that in England, there is a straightforward link between the overall wealth of an area, its degree of dependency on central fundings and the consequent decrease of spending power when funding from grants decreases (IFS, 2015).

This situation is further worsened by the abolition of the Area-based Grant, an economic incentive set up by the previous Labour Government that was meant to assist the poorest areas of the country by supporting various activities (Penny 2016, Bailey et al 2015). Cities like Liverpool, for instance, lost £101 million from the removal of the area-based grant (Meegan et al. 2014). The unevenness of the cuts is also visible in the changes that were applied to the formulas that define the central government grants. Although these were not purposely meant to decrease fundings to poorer areas, they resulted in doing so (Bailey et. al 2015).

As a consequence between 2011 and 2015, the British regions that were traditionally characterized by a high level of spending per person, such as the North East England, the North West England and the London Boroughs have been hit harder by austerity. For instance, London boroughs have seen their spending per person dropping on average by 31,4%, the North East England by 26.5% and the North West England by 25.7% (IFS, 2015). In 2010 spending in London Boroughs was averagely 80% higher than that in richer areas, such as for example the South East England, while by 2015 this differential had dropped to 48%, which means that in the London administrations the
decrease in spending cuts has more than doubled the one experienced in South East England (ibid. 2015). The substantially unequal distribution of the spending cuts is reflected by a datum: the ten most grant-reliant councils have experienced spending cuts by 33% on average, while the ten least grant-reliant just by 9% (ibid.2015)

2.2.4 Low financial flexibility and the prevention to raise taxes

To make matters worse, in 2015, after five years of disruptive spending review, the newly-elected Conservative Government announced that a further 56% reduction was to be expected in the next parliamentary term (Lowndes and Gardner 2016, Penny J. 2016). It has been estimated by the Institute of Fiscal Studies (2016) that between 2010 and 2016 the funding from central grant has declined by 70.5% in real terms. A study designed by the Sheffield Hallam University has calculated that by 2020, the reductions already in place will result in cuts to British social welfare programs of over £27 billion a year and almost £700 annually for every working-age citizen (Goodman 2018).

Someone may notice in the decision to extend the cuts, the incongruity between this measure and the rhetoric through which austerity was presented and promoted in the aftermath of the crisis. It was told, indeed, that cuts were an unavoidable consequence of the exceptional post-crisis circumstances, an explanation that obviously cannot be applied almost ten years after the crisis broke out and in a context of much safer global conjuncture. In itself this choice strengthens the belief of those who think that austerity has to be seen as a political decision.

Anyway, when the spending review took hold, the remarkable dependence on central government turned out to be not anymore just a political issue, as it was previously discussed, but also an economic one. The budget cuts thus worsened a situation that was already characterized by a low financial flexibility, which was the result of three decades of politically-led centralization (Meegan et al. 2014)

Local authorities are actually free to modify, for example, the rate of their local council tax. However, their ability to do so is limited by some factors. First of all, the grants provided by the central government is proportional to the amount of funding that local authorities receive from the locally-levied taxes. The principle behind this is that, since the council tax depends on the value of properties, which changes drastically across the country, the grant is calculated in order to compensate those local councils which cannot rely on a substantial income from this tax. On the other hand, though, this entails that any modification in the council tax rate implies a decrease in central grants (Innes & Tetlow 2015).
Moreover, since 2011, the central government has offered an additional grant to those local authorities who decided to freeze the council tax rate in nominal terms. In 2011, the size of the grant equalled in value to a potential 2% council tax growth and all councils agreed the deal, while in 2013 it started being equivalent to 1% and the percentage of local authorities which chose to freeze their rates dropped to 60% (Ibid. 2015, IFS 2016).

2.2.5 The rhetoric of community empowerment and the triumph of individualistic gains

In addition, and arguably more interestingly, if local authorities want to increase the tax rate over the 2% in nominal terms (initially it was set to 3.5%), they are now asked to hold a local referendum (ibid. 2015, Bailey et. al 2015). The local authority which triggers the referendum is asked to provide an alternative calculation which will become effective, should the proposed increase in rate not reach the majority of votes (Sandford 2017). In case a local council applies a higher rate without holding an electoral enquiry, the change will automatically be frozen (ibid 2017). The implementation of local referendums is one of the initiatives that have been introduced by the last two governments, as a way to strengthen local accountability and responsiveness (Lowndes & Pratchett 2012).

However, as Lowndes and Pratchett (ibid. 2012) notice, there is no evidence suggesting that a referendum regarding local finances will lead to a more efficient local council. It appears rather naive to think that in relation to budgetary issues the common interest will prevail over individualistic gains. Indeed they claim: <<The danger of populist referendums is that they often promote short-term self-interest over broader community concerns and can militate against long term investments which are of wider community benefit >>. This is exactly what some of the past experiences of budget-wise referendums show. In 2001 the city of Bristol proposed an increase in the council tax in exchange of an improvement in the education system: the majority voted for the smaller budget option, rejecting the proposal. In 2008, a referendum in Manchester in which the imposition of a congestion charge would have led to £2.8bn fundings in public transport infrastructure did not pass, as the interests of the cardrivers prevailed over the longer-term whole community benefit (ibid. 2012).

It seems relevant to emphasise this point, as the introduction of referendums for tax increase reflects the underlying ideology which is driving the reform of the local governments in the Uk. This experience is paradigmatic of how the policies implemented by the Coalition government, under the banner of local accountability and social responsibility, promote, in the practice, the emergence of the individual interest over the collectivity. Within this framework, local authorities are the ultimate intended victims of this process: in the name of community control, they get first deprived of fundings and then of legitimacy by being forced of devolving vital decisions. These at the end turn out to reward the single individual rather than that very same community that this process was meant to empower. It is thus emerging a system <<which is distrustful of the state and privileges the actions of individuals as the basis of society.>> (ibid.2012 p.34)

The current situation of British local authorities is the product of this very storytelling, through which this extreme wave of local budget cuts has been sold as something virtuous, first in relation to the crisis and later on as a way to promote a better working of the state. In this framework a misleading
rhetoric and emphasis on communities has helped to shift the blame on local authorities, described as the symbol of the detested bureaucracy and the obstacle to the rising of what they described as the Big Society. According to this narrative, steering away the power from local authorities would have enabled grass-roots organizations, charities and private companies to make society bloom again and deliver more efficient services. However, as Goodman claim (2018), this has been << akin to setting your house on fire and then reveling in the community spirit as neighbors come running to help extinguish the blaze.>>.

In the next paragraphs, we will describe how this system of austerity is changing the way local councils work and how this affects the decisions they take. In this regard we will see how the planning activity is involved in this process and what this means in practice, in terms of spatial consequences. In a framework of extreme budget retrenchment, in fact, local councils are forced to exploit what is in their powers in order to raise revenues, in order to allow their very survival. As it will be largely described, urban transformation and regeneration schemes are more and more entangled in this vortex, increasingly promoted as a way to raise property values and, at the last stage, a higher income for the local governments.

This system is radically transforming the major urban centres in the Uk, with a disruptive effect on the social contexts. For this reason, under this framework, sustainability, understood in its entirety, is dangerously at stake. Borrowing the words of a famous song by Sex Pistols, written under another critical era of austerity by the way, we could say that, as things stand now, << there is no future, for England’s dreaming>>.

### 2.3 Austerity urbanism

#### 2.3.1 Local authorities: from service-providers to territorial entrepreneurs

As it was largely predictable, the previously described drastic reductions in local budgets have had direct implications on the way local authorities work nowadays. The fiscal and political measures that the Coalition and the Conservative governments have been introducing in the last ten years have had such a big impact on cities that local councils are now forced to radically reconfigure their agendas in order to cope with the economic gap created by the ever decreasing public revenues.

In response to austerity measures and politics of localism, in fact, local authorities are today on the cusp of a revolutionary process that entails a modification of the relations of power and a change in the very conception of their role in the political and institutional scenario. We are in fact witnessing the evolution from a local council understood as the final terminal of the welfare state longa manus, whose policies were mainly aimed to provide direct services to the society, to a new one, shaped by the effects of the protraction of austerity, whose activity is primarily purposed to counter-attack the deficit threat and generate revenue (Raco & Moreira de Souza 2018).

This evolution has not started in the immediate day after the new financial settlements, but it is today manifestly taking place. As some studies show, in fact, (Hasting et al 2013, Lowndes & McCaughe
2013, Fitzgerald & Lupton 2015) until 2013 local councils have managed to cope relatively well with the cuts thanks to a set of actions aimed to reduce costs of council services, especially by restructuring and decreasing support functions. In the first years, these measures have enabled them not to compromise the quality of the front-line services. Besides, many local councils have absorbed the first wave of austerity by resorting to their financial savings. However, as cuts began to bite deeper, combined with the rising demand that the recession carried with it, the quality of the public services has inevitably started being affected (Penny J 2017). As a consequence, local councils have started to retrench and to decrease their sphere of influence in terms of service provision (Hasting et al 2013).

In response to this partial withdraw from the services, local authorities have shifted their focus on other strategies, especially those aimed to encourage growth and increase their income (Institute for Fiscal Studies 2015). In this regard, as city councils undertake an increasing amount of commercial activities aimed to generate revenues, their approach has been likened to the one of an entrepreneur who places his effort in developing new markets or influencing the existing ones in order to produce economic returns. (Localism 2015). Within this framework, local authorities take larger responsibilities for leading economic growth in cities (John 2009, Raco & Moreira de Souza 2018), also acknowledging the risks and accepting the potential failures (Cooper 2016).

2.3.2 The resilience of British local governments

This process is a natural and probably unavoidable consequence of political choices which were explicitly designed to put an end to the traditional economic dependency of localities on central governments, as well as to open up the field to other-than-public entities in the service provision (Peck 2012). However, these changes can also be seen as the inherent dynamicity of local governments, a feature which enables them to constantly reinvent themselves, their status-quo and their scope of action (John 2014). Once acknowledged that the budget cuts represented a point of no return to the steady-state that existed before this radical shake-up took place, local authorities have tried to "bounce forward" (Raco and Sweet 2009, Shaw 2012). In other words, British local governments are struggling to put in practice what Shaw (2012) terms “resilience in transformation”, the ability of reacting to disturbances not by merely trying to reconstitute the original scenario, but rather by innovating range and raison d’etre.

In the last years, indeed, we have witnessed cities resorting to different actions in order to generate revenues. According to a report released by Localis, a British think tank (2015), in 2015 more than
half of councils (58%) owned a trading company and this percentage is expected to increase until 2020, when the totality of the local councils will do the same. Besides, three years ago already the 38% had invested money in private sector enterprises and the 58% had started joint venture with a private company (ibid. 2015). Moreover, they have now turned into property traders, buying shopping malls, business parks, offices, leisure centres, hotels and so forth (Wilby 2017). It has been estimated that in 2016 British local councils spent over £1bn on real estate (ibid. 2017) and this within a context in which, on the other hand, the government urges local authorities to sell public assets, including historic town halls, parks, libraries, theatres and social centres (The Economist 2016, Bawden 2018).

As Wilby (2017) notices, local councils are not new to entrepreneurialism, it is since the Victorian age that they take part in trading or commercial activities. However, until few years ago, these commercial opportunities were strictly regulated and limited by law. The almost total deregulation has been introduced in 2011 by the Localism Act, through which the Coalition government allowed and, to a certain extent, encouraged local councils to get involved in any kind of commercial enterprise unless specifically prohibited by law.

As the author claims (2017 ibid.) with a certain degree of bitter humour: << Now councils, having been forced to relinquish their roles as landlords of inexpensive housing for local people, re-emerge as landlords of multinational stores>>. The reference to public housing is no coincidence, it is needed to question whether all this gambling with public money can be even considered ethical for a public government, especially in an era of unprecedented cuts to the social care and, in certain cities, of largely acknowledged housing crisis (Raco & Moreira de Souza 2018).

Moreover, there is a clear sword of Damocles hanging above this process, as these commercial activities deal with the inherent volatility of markets and are managed by councilors that have not the skills nor the experience for such activities (Wilby 2017, McAllister et al. 2016). It is legitimate to wonder what will become of the millionaire investments that councils have made in the unfortunate event that property market collapses. As local councils agree in claiming that financial constraints and austerity have been the driving force of entrepreneurialism (Cooper 2016), we can see how the budget cuts have had the side-effect of creating the premises for an unsustainable economic scenario to take place.
Aerial view on South-East London: in the foreground, the Greenwich peninsula and the O2 Arena, while behind Canary Wharf.
CHAPTER 3
VIABILITY ASSESSMENT AND THE HOUSING CRISIS
3.1 A developer-friendly system to generate revenues

3.1.1 The strategic role of urban transformation

When it comes to describe the radical metamorphosis of local councils into entrepreneurial players, the role of urban development in this process should not be underestimated. Urban transformation and more in general the whole planning system play in fact a key role in this shift (Raco & Moreira de Souza 2018). As a matter of fact, in a context in which local authorities increasingly focus on generating revenues, the implementation of regeneration projects have been recognized as one of the most strategic and effective ways to promote economic growth (Bouton et. al 2013).

One of the reasons why urban development is more and more encouraged by public governments is that in the last decades has emerged an overwhelming consensus in the political discourse, according to which regeneration has the ability to foster economic competitiveness by inaugurating new spaces for companies, as well as to encourage social cohesion by providing job opportunities and a variety of socio-economic benefits to the most deprived areas of a city (Raco & Henderson 2009, Barter 2018). Besides, residential regeneration projects and new housing development schemes are deemed an urgent priority to tackle the pressing issue represented by the housing crisis. In this regard, opening up new opportunities for private investors and developers is considered instrumental in order to build more housing units (Raco & Moreira de Souza 2018). The increasing centrality of the role of private companies in the housing market is due to the recent years' cut to local budgets, to the consequent disappearance of public subsidies for affordable housing, as well as to the fact that the central government does not allow anymore LPAs to borrow money (Flynn 2018, Warren 2014). All these factors have entailed a drastic reduction in the capacity of public authorities to provide themselves housing.

Moreover, and most especially, in recent years a global trend has led private firms to allocate huge capitals to real estates as a form of investment (Coleman et al.2012, Crosby & Wyatt 2013). As a result, regeneration schemes have become a source of income for the public finances, in that these investments represent a strategic opportunity for local councils to capture uplifts in land values and different forms of planning gains provided by the developers (McAlllister et al.2016, Raco & Moreira de Souza 2018).
3.1.2 Capturing Planning obligations to generate revenues

Developers contribution has long been an essential constituent of planning policy in England (Ministry of Housing, Communities and Local Government 2018). It was in fact introduced in 1947 by the Town and Country Planning Act’s Development Charge, which has been gradually supplemented along the years by new regulatory acts, such as the Land Commission Act, in 1967, the Community Land Act in 1975 and, in the following year, by the Development Land Tax Act. The environment that currently prevails has been defined by the 1990 Town and Country Planning Act and especially its Section 106, which provides the Local authorities the right to negotiate obligatory contributions - hence ‘planning obligations’ (MHCLG 2018). These were conceived as a way to compensate and mitigate the environmental and social impacts of new developments on communities.

There are different ways through which the contribution that private companies are required to offer in exchange for the building permission can be issued. It can be a simple economic payment, but it can also consist in the provision of local infrastructures, social housing, or any other facility that may bring benefits to the community (McAllister et al. 2016). It has been estimated, for example, that in England the planning gain worth £3.7 billion during 2011-2012 (DCLG, 2014), sum that reached £6.0 billion in 2016-2017 (MHCLG 2018).

It is not surprising, therefore, that, in a context of fiscal uncertainty, urban policy makers use urban transformations as bargaining chip, not just to provide to the cities the benefits that development is (in theory) said to bring with it, but especially to seize the global investments and their consequent planning obligations through which they will be able to cope with the gaps in fundings. Therefore, after decades in which planning has been blamed of dampening economic growth (Haughton & Hincks 2015, Wenban Smith 2011), it becomes now seen as a strategic policy field and a primary vehicle to generate revenues (Raco & Moreira de Souza 2018).
Over the last years, it has started raising increasing consensus the belief that, in order to bring the expected benefits, the delivery of regeneration projects had to be supported by a more suited policy framework, which relieved the new developments of the bureaucratic burden and the strategic planning control. This remarkable boost to growth was, at least in the political narrative, initiated as a way to quench the thirst for affordable housing and to give birth to a virtuous circle for the most deprived areas of the country. Urban planners were thus asked to join this political call to arms for creating the premises to provide England the necessary amount of houses (ibid. 2018).

For this reason the planning process has been gradually reformed and remodelled so to facilitate the implementation of the development projects (ibid. 2018). As a result, comprehensive plans and overarching territorial strategies paled into insignificance, or became a mere support to urban growth (ibid. 2018), as urban planning got increasingly opportunity-driven, with local councils ready to exploit the potential site-specific circumstances that offered the condition for a redevelopment to take place (McAlllister et al. 2016).

In this respect, the conformity to broader public-policy goals stopped to carry weight, as urban planning started being predominantly driven by economic interests. As a matter of fact, the pivotal importance of the regeneration processes for the sustenance of local economies led local councils to redefine “the public interest as one based on growth” (Raco & Moreira de Souza 2018 p.147), while the rise in market values became perceived as a positive sign, an indicator of quality in the assessment of a development project.

As a result of this new mindset, a successful planning process started being identified in the one able to bring regenerations project into life, while the requirement of an appropriate gain for communities, from being a central argument to promote development schemes, soon turned out to be perceived as an obstacle to action. This has been explicitly demonstrated in 2012, when this trend has received an official ministerial endorsement, through the definition of the National Planning Policy Framework (NPPF), the document that “sets out the Government’s planning policies for England and how these are expected to be applied” (MHCLG 2012 page 1).

At paragraph 173, indeed, the paper discourages local authorities and planning departments to demand obligations and to set policy-burdens, that may threaten the ability of the project to create a competitive return to landowners and developers(Ibid. 2012). In order to stress with even greater clarity the policy, the document adds: “To ensure viability, the costs of any requirements likely to be applied to development should, when taking account of the normal costs of the development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable”.

Even though the concept of viability has been part of the national planning guidance discourse since, at least, 2006 (Colenutt 2015), this statement pushes the narrative one step forward, as it unequivocally fixes this notion at the core of the entire British planning system (Coleman et al. 2013),
officially establishing a development pattern that privileges the profitability of investors and developers over the broader interest (Flynn 2016, Raco & Moreira de Souza 2018).

3.1.4 The controversial Development Viability Appraisal

The Government’s guidance was consequently elaborated in a report (LHDG, 2012) which, as claimed by the Highbury Group for Housing Delivery (Colenutt 2015), was written specifically as a support to growth, with the aim of overcoming the policy obstacles towards the delivery of new houses. This report has introduced the so-called Development Viability Appraisal (DVA), or Viability Assessment, a document contained within the Planning Application, which developers are entitled to submit in order to negotiate down the provision of community gains, whenever they deem the existing scheme not able to deliver the ‘competitive returns’, legally acknowledged by the NPPF (Flynn 2016).

At the beginning, when a development is granted the building permission, the first factor to consider is what price will be paid by developers to the landowners to purchase the land. In order to do so, developers estimate the so-called Gross Development Value, the sale value of the scheme once the development is finished. This takes in consideration the price the new apartments will be sold for and the amount of money they will be able to gain from any other facility included in the scheme. Once defined the GDV, then developers subtract to this amount the estimated development costs (the resources needed to build the homes and the predefined planning obligations, including affordable housing) and their competitive return, namely the margin of profit that they consider adequate to make the development “viable” (RICS 2012).

The difference of this subtraction represents the amount that developers can afford to pay to the landowner. This amount is called Residual Land Value and has to be greater than the Benchmark Land Value, namely the fixed minimum amount needed to incentivise the release of landowners sites for development. The greater the surplus to the benchmark provided by the Residual Land Value, the higher the chances that the landowners are motivated to sell the land (Grayston 2017).

When the Residual Land Value does not exceed the Benchmark, in the event that, for example, the Development Costs are too high, the scheme is unviable for the landowner, as the price that the developer is able to pay for the land is not sufficient to encourage the sale. In this case, the development is simply halted, since the landowner will not agree the terms, waiting for a more favourable offer from a different developer or a change in the assigned use of the area in a future local plan which may lead to a more fruitful deal (Ibid. 2017) .
The developer has therefore to ensure that excessive development costs do not prevent him to offer an appropriate remuneration which a landowner would accept. Therefore developers try to lower the amount of planning obligations through the viability assessment not just to increase their return, but also to have more resources for purchasing the land. Under this framework, developers use Viability assessments on the one hand to guarantee their profits, while, on the other, to remain competitive and have more resources to outbid their competitors in the purchase of the land (ibid. 2017).

When developers feel that their ability to save up a profit, in relation to the planning obligations or the Benchmark Land Value, is threatened, they are free to submit the DVA, which constitutes the reference on which to base the negotiation with the local authority. The role of the viability assessments is thus to demonstrate that the existing scheme is unviable and to offer alternative scenarios in order to provide so-far-unexplored options that meet both developers’ and landowners’ requirements. As previously described, the element that, once decreased, allows to make the viability calculations work and make the scheme profitable for both landowners and developers is the development cost. Therefore, when developers deem the scheme unviable, they present a new scheme scenario characterized by poorer quality and more limited community benefits (Flynn 2018).

As a matter of fact, in the attempt to decrease the development costs, developers often tend to reconfigure the design standards and the features of the new apartments, as for example the sizes (Grayston 2017). When it comes to the community gains, instead, the element that is most commonly sacrificed is affordable housing, which gets replaced by more expensive tenures (Ibid. 2016, Flynn 2016, 2018). Indeed, even though developers may be required to provide much more expensive facilities and infrastructures, these are rarely denied, as they may have a strategic role in the overall investment, while affordable homes are perceived as nothing else than a burden. As Grayston points out (2017, p.16), in fact: «from the developer’s point of view, investing in a new school or better transport is likely to increase the sales value of the private homes on a scheme, while affordable homes just take up space on a development that could be used for more profitable private housing>>.
Affordable housing is thus the designed casualty of this process (Colenutt 2015, 35% Campaign 2017) and the recent figures prove it. In fact, since the DVA was introduced, the amount of affordable housing provided in new developments has been drastically reduced (Grayston 2017). This means that, since this process, as we will see, exacerbates the housing crisis, the concrete benefits of new developments are taken away from the local communities.

3.1.5 The lack of certainty, transparency and objectivity in the viability assessment

This document has been introduced because, by translating the different stakeholders interests in quantitative measures and by estimating developments costs, is supposed to define an impartial evidence-based support to the negotiation. However, as McAllister et al. claim (2016), its <<apparent objectivity is largely illusory; the choices behind many of the assumptions used in modelling are not neutral. Rather, they are subject to interpretation, and ultimately affect distributional outcomes>>.

Indeed, as Crosby & Wyatt state (2013 p.33), <<Development viability appraisal modelling is saturated with uncertainty>>, not just because this deals with the volubility of property markets, but especially because it has not been provided of <<any specific definition of an agreed methodology, model or standard database>> (Colenutt 2015). As a matter of fact, the National Planning Policy Framework has not contributed in any way to clarify what to consider a competitive return to developers, nor has it defined any benchmark for the provision of planning obligations, a threshold for the delivery of social housing or a standardized method to set the Benchmark Land Value. In this way, these parameters are negotiated on a site-by-site basis between landowners, developers and local planning authority (Crosby & Wyatt 2013), often in a context of low transparency, in which the steps and the details of the negotiations are taken away from the control of the public opinion (McAlllister et al.2016, 35% Campaign 2014, Flynn 2016).

In this regard, a report produced by the Royal Institution of Chartered Surveyors (RICS 2012), aimed to complement the National Planning Policy Framework and set the ‘best practice’ for viability assessments, strongly stresses the importance of keeping these processes strictly confidential. Indeed, in a point that sounds oxymoronic, they claim: (2012 Ibid. p.24) << In order to encourage openness and transparency in the viability process both at pre- and post application, it is also often the case that the viability reports submitted to a local planning authority are required to be classified as confidential in part or as a whole. This is to encourage the applicant to disclose the maximum
amount of information, which can then be reviewed and reported upon. LPAs should therefore be asked to treat and hold this information on a similarly reciprocal basis and respect that disclosure of confidential information could be prejudicial to the developer if it were to enter the public domain.

According to the NPPF, it is for the developer to set the expected return and to steer the entire assessment process and not for the public body (Bowie 2012). In most of the cases, local authorities do not even take part to the negotiations, but appoints another body, be it public or private, to do it on their behalves (Flynn 2018, Barter 2018). In this respect, by saying “encouraging the applicant to disclose the maximum amount of informations”, the report implies that developers are not legally required to reveal to the local authority the assumptions used to define their profit and to explore the possibility to provide affordable housing. This means that Viability assessments are not just kept secret from the public opinion, they can also be hidden to the very local councils and planning departments which are entitled to give a green light to a development (Flynn 2018, Grayston 2017). The NPPF has thus created a state-backed process led by developers for developers, where they define the benchmarks, they set the inputs to the calculations, they decide if the results are sound to their gain. On the other side, local authorities are most of the time blinded from the process, they have no standardized rules to hold on to nor probably the capacity to challenge developers at their own game.

3.1.6 The competitive return

The blurred definition of what to consider a competitive return and the lack of transparency of the process that leads to quantify it makes this document highly controversial, as this factor is in most of the cases inversely proportional to the amount of planning obligations required to developers (McAllister et al. 2016). For this reason, especially in projects where the delivery of services and goods is concerned (Ibid. 2016), the formulation of the appropriate return to developers represents the discriminant criterion that determines whether the implementation of a regeneration project is able to bring positive externalities to local communities or it is instead exclusively profitable for those who invest in it (Flynn 2016). As Flynn claims (ibid. 2016), indeed: <<the higher the profit, the higher the benchmark, the less likely the scheme will prove to be viable, creating more scope to diminish the affordable housing.>>

Although not officially certified, the current practice sets the gain for developers to a 20% margin of the Gross development value, a completely arbitrary percentage, as no evidence has been provided to justify it (Colenutt 2015). After the housing market crisis in 2008, indeed, the returns to developers have averagely increased from 14% to 20%, in relation to a higher risk inherent in undertaking developments under those fragile economic circumstances. Later on however, even though the housing market has returned to safer conditions, by leaving developers to define their level of returns, the NPPF has allowed them to settle this higher percentage as a new market standard (Grayston 2017).

Many commentators have pointed out that this “new market norm” is now largely excessive in re-
lation to a booming market, less risky development scenarios along with a chronic need for social housing (Ibid. 2017, Colenutt 2015, Flynn 2018). The decision to fix this percentage as a stable input to the calculations is highly problematic and concretely undermines the chances that policy-defined community gains get implemented. Indeed, as 20% becomes accepted as a market standard, disregarding the specific feature of the development, the market condition or the rate of risk, the viability assessments never provide alternative options that encompass lower profit for the developers, even in risk-free and largely favourable contexts. This ultimately means that planning obligations will always turn to be the axed parameter, as it remains the only variable of the computation.

Besides, as viability appraisal takes into account the costs associated with development implementation, developers are in the habit of inflating costs assessments. In addition they underestimate their potential revenues (35% Campaign 2014). This happens, for instance, when developers are to define the price the houses will be sold for. The price is of course linked to the current features of the market and even more with the development costs. In this regard, the viability assessment method requires developers to provide a preliminary estimation of the future prices, in order to set the Gross Development Value. This estimation can be however subject to change when development gets built. So developers will set the houses price at a lower amount, adjusting it once the project is finished and ready to be sold (Flynn 2018). In this way, they provide altered measures to the calculations, which give shape to “artificially pessimistic viability assessments” (35% Campaign 2014), so to witness the unviability of the development should the planning obligations stand as they are. Through this method developers get the deal they expect, while afterward improving the revenues by raising the houses prices.

So it emerges how in the practice developers have at their disposal various ways to justify a decrease in the amount of social housing. Under this framework, it is understandable why a document that was supposed to be used by developers just in case they deemed their rights were not respected has instead become a routine of the development processes, a tool used under any circumstances (Grayston 2017). The loose boundaries entail that viability assessments are not used anymore by developers as a way to appeal against an unviable scheme, but rather to always get more and to give free rein to their voracity. The emphasis is however not on the fact that private companies try to secure more and more favourable deals, this is afterall their raison d’être, rather on the system and the methods that allow them to do it unchallenged.

3.1.7 The Benchmark Land Value

The Benchmark Land Value represents another critical element of the viability assessment, as the price that the developer pays to purchase the land plays a significant role in the definition of the overall development appraisal. As many other elements of the viability assessment process, also the definition of the Benchmark Land Value has been subject of debate, since the National Planning Policy Framework has provided conflicting guidances (Colenutt 2015, Grayston 2017). The controversy lies therefore in the fact that, as for the definition of the Developers competitive return, also in this case the lack of an agreed methodology forces the stakeholders to deal with it on a site-by-site
When a land is given the planning permission for a residential development, its value rockets, exceeding by hundreds of times the price of the very same area under the previous use. For this reason, the outcome of the development viability appraisal will drastically change depending on whether the Benchmark Land Value is set on the previous use or on the new one, defined by the planning department in the local plan. This is due to the fact that the higher the benchmark, the higher will have to be the Residual Land Value. As a consequence, to any increase in the former will correspond a smaller likelihood that the planning obligations will be delivered.

RICS (2012) suggests to consider the market value and to take in consideration the change in land use defined by the planning documents. Even though this method strongly incentives the landowner to release the land for development, it however constantly results in a decrease in the provision of affordable housing (Grayston 2017). This is what has been called the “circularity” of the Benchmark Land Value (RICS 2012), as an excessive payment for the land circularly ends up pushing the planning obligations beyond the viability boundary. In particular, it has been shown how developers purposely agree in setting the benchmark at the market value, hence overpaying the land, because in this way they will have an argument to justify the reduction of planning obligations (Grayston.2017). This means that with this method the “unviability” of the scheme is already artificially defined at the land purchase stage and the planning obligations are never really negotiated, as, by fixing the land value at a disproportionately high level, the process has certified right from the outset that the community benefit costs will not be sustained.

In order to fix this gap in the system, alternative methods have been introduced in order to explore calculations that do not automatically prevent the provision of planning obligations and affordable housing. In March 2016, for instance, the previous Mayor of London, Boris Johnson, has defined in the Housing Supplementary Guidance (Greater London Authority 2016) the “Existing Use Value Plus” approach (EUV+) as the most appropriate to grant both the local plans requirements and the legally acknowledged competitive return to developers and landowners. This method consists in setting the Benchmark to an amount that represents the existing Land Value plus a premium. In this way, the method enables <<a clear comparison between the value of the site without planning permission and the Residual Land Value>> (Grayson 2017), while at the same time, by granting an extra amount, it acknowledges the benefits deriving from the change in the land use.
However, given the fact that developers are free to define the site-specific rules of the game, along with the fact that, whichever is the local guidance, the NPPF demands to be followed (Barter 2018), the market prices remain the most used references for the Benchmark Land Value. Therefore, even when local authorities manage to set strict constraints in the local plans, developers and landowners adjust the land price for the benefit of both. In this way, indeed, landowners will earn more from selling the land, while developers are provided with an excuse to squeeze the planning obligation, at the expense of the local communities.

3.1.8 DVA as a fast-track to avoid the provision of affordable housing

For all the previously described reasons, the viability assessment provides developers and investors a powerful tool to constantly avoid or reduce the amount of low-income housing. As it increasingly emerges in the practice, developers do not actually need to fiddle the process in any way, they just have to play the game as it has been set by the National Guidance. In other words, developers are not required to do anything wrong, or anything illegal, to manage to reach their most preferred conclusion, because it is the very same method that clearly favours them (Flynn 2018). As a consequence, is for the local councils to have the will to challenge the outcomes of the viability assessments, but on the one hand they are most of the time unaware of the negotiations, as these are handled on their behalf by other bodies, while on the other they have enough political and economic reasons not to interfere with the conclusion (ibid. 2018).

While some local plans have tried to set up schemes in order to fix developers responsibilities and increase the societal benefit of redevelopment projects, the Growth and Infrastructure Act has confirmed the national policy and the existing viability assessment method, by defining legitimate for developers to reduce the level of low-income housing whenever they deem the plan unviable (McAlister et al. 2016). Through this method, developers have a legally-acknowledged fast-track to overcome the “obstacles” even in those cities that have tried to set a threshold for affordable housing and a correct definition of Benchmark Land Value. The London plan, for example, suggests the use of the EUV+ approach and requires a provision of 35% of social housing out of the total amount, but at the borough level this percentage, as it will be described in the following paragraphs, constantly turns out to be unfulfilled in the site-by-site negotiations.

It seems rather naive to believe that, given the previously described national policy line, the overall local authorities economic situation and the lack of regulatory tools, the impartiality and inequity of the assumptions contained in the viability assessment may be questioned during the following negotiations. After all, the entire British planning system, whose explicitly-defined purpose is to let development happen, regardless of the specific context, is based on an evident unbalance in the treatment of different interests. Besides, it is emerging the fact that, even in those cases when local authorities get to see the documents, they generally do not have the required skills to negotiate in
these terms and to fully understand their content (McAllister et al. 2016, Flynn 2018). On the other side, developers are increasingly supported by third-party consulence agencies, which have more means and greater expertise and purposely assist them to find a loophole to avoid to pay the planning obligations (35% Campaign 2013a, Flynn 2018).

For all these reasons, the bargaining power of the private sector clearly exceeds all the other ones, making deceptive the idea that, within an uncoercive context, in which conflicts are solved on a site-by-site basis through negotiation and by granting mutual concessions (Borzell & Risse 2010), local communities interests can prevail. One could argue that, in a context of dramatic housing crisis, the provision of houses can be seen *per se* as beneficial for the whole community and that this deregulation of the planning processes towards development are done in exchange of what people want and need.

However, as we will see in the next paragraph, this *modus operandi* is actually far from solving the housing crisis and the result of this unequal system has a real effect in the practice and on people lives, it is not just the latest of the “usual ideological manias raised by academics”. This modern gold rush which has been set up by local authorities in order to capture investments, taxes and land values uplift has ultimately resulted in the establishment of a development pattern which privileges speculation and concedes complete control to landowners and developers (Raco & Moreira de Souza 2018, Flynn 2016, Flynn 2018). This leads an increasing number of residents to see rejected their access to affordable housing and to be forced to face a relocation (Flynn 2016, Penny 2017).

This model drastically questions the social sustainability of British cities and shows to a large extent the inequity inherent in this process. In the next paragraph we will therefore describe what this developers-friendly system means in practice, by highlighting its direct consequences and its side-effects.

### 3.2 The illicit Capital: Growth for whom?

#### 3.2.1 The extent of the housing crisis

The common storytelling which tries to sell the establishment of the current developers-friendly pattern as a way to solve the largely acknowledged British housing crisis is clearly disproved by the figures and the statistics which get unfolded year after year (Elmer & Dening 2016). These show in fact that not enough houses are built and those that are being built do not meet the needs of ordinary British people (Connolly 2016, Transparency International UK 2017). This paragraph shows indeed how the complete control to developers has actually led to intensify the housing crisis and exacerbating the social injustice rather than solving it, as there is an increasingly marked mismatch between what the city requires and what it is provided (Glucksberg 2016).
It has been estimated that in England the number of homeless households rises by 50,000 every year (Shelter 2018). In London in 2016, 130,000 people were homeless and 54170 families were in temporary accommodations, where they are often forced to remain for years, waiting for a solution that local authorities do not seem to provide. Indeed, in the same years in the capital, 227549 families were on local authorities waiting list (ibid.2018). These numbers are explained by the disparity between the houses prices and the wages that British people earn.

In England, the amount of money needed to buy a house have risen by 76 per cent since 1995, greatly outpacing inflation (Baxter & Murphy 2017). In London, the average house price in inner boroughs is ten times what a person with an ordinary salary can afford, while in the outer ones homes exceed by nine times the average salary of people living there (Transparency International UK 2017). For this reason, British people and, to even a greater extent, Londoners increasingly rely on the provision of affordable housing, as << no matter how hard they work, it’s becoming more and more difficult for people to save up and buy a home of their own. >> (Shelter 2018)

However, the supply of affordable housing is by far lower than what would be needed to respond to these figures. Numbers show that the 92% of British local authorities are falling short of affordable housing (Baxter & Murphy 2017). The model that has been established to support growth does not address this problem and London represents an evident example for this. As a matter of fact, even though the capital is witnessing new developments and regenerations schemes sprouting everywhere, this has not led to a larger provision of social housing. Indeed, it has been shown by the mayor Sadiq Khan that in 2015 just the three per cent of homes given planning permission were meant to be affordable housing (Transparency International UK 2017), making the 4,880. homes built that year the lowest amount of social housing in the previous 25 years, when records began (ibid. 2017).
On the other hand, in the last years a rising amount of already existing affordable homes have been lost. A study conducted by the Chartered Institute of Housing has revealed that since 2012, in England more than 150,000 low-income homes have been replaced by private developments and a further 80,000 are expected to disappear by 2020, for an overall loss of 230,000 homes in just eight years (cited in Kentish 2018). This is due to the more and more common habit that sees local authorities demolish their council estates in order to concede valuable public land to developers (Elmer & Dening 2016). This process has been called the state-led gentrification (Watt 2009, LTF et al. 2014), as in turn developers build new apartments for much wealthier targets, without re-establishing the amount of affordable homes which were there before the demolition, given the fact that the viability-driven planning approach does not bind them to do it.

3.2.2 The booming of the prime properties market

While council estates leave room to new developments and the provision of social housing falls at the lowest level in decades, luxury new build market has produced in these years an astonishing number of prime properties, in most of which not having affordable housing is promoted as a sign of exclusivity (Transparency International UK 2017). In the first months of 2016, a research (Smyth 2016) revealed that just across London 54,000 luxury homes, whose price was £1 million or more, were planned or under construction. Some months later, 10,829 out of the total were said to be without a buyer (ibid. 2016), a fact that, according to Transparency International (2017), shows that the supply of these kind of properties largely exceeds the demand.

In most of the cases, these luxury houses are targeted to foreign buyers, who make investments in prime or super-prime apartments because they consider London a stable and attractive market. In 2012, the overall percentage of foreign investors out of the total buyers of prime London properties reached the 73%, while recent developments have sold every flat to overseas buyers (Jones 2017). This is due to the common habit which sees developers try to sell the apartments when these are yet to be built, what is known as the off-the-plan purchases, because it allows them to get money straight away, to get the scheme up running (Flynn 2018). In this regard, the market for the off-plan houses is overseas since, as Flynn points out (2018), «people living in the far east would not see the houses anyway>>, so it does not make a big difference to buy them without having seen them. From the developers point of view, he claims, this makes perfectly sense. However, this mechanism is basically contrary to the ideals that are supposed to be driving regenerations (ibid. 2018).

When it comes to describe the reasons that lead foreign buyers to purchase a flat in a regenerations
scheme in London, it has to be said that there is a wide spectrum of motivations (ibid. 2018). Nevertheless, a major part of these purchases are made exclusively as a form of investment, in order to park assets, perhaps waiting for the property values rising and then sell the apartments again. Consequently, the apartments remain empty or underused. A report commissioned by the Office for National Statistics (Gask & Williams 2015), for example, has used the consumption of electricity as an indicator to assess the number of empty houses. This claims that in most of London boroughs and especially the central and western areas, the ones favoured by overseas investors, the number of houses with extremely low consumption exceeds 5%. (ibid. 2015, Transparency International 2017).

Moreover, there is an increasing awareness and concern on the fact that these investments are often made by individuals or companies <<seeking shelter from corruption in their home country and looking to launder corrupt wealth>> (ibid. 2017 p.36). London is therefore becoming a safe harbour for an increasing amount of illicit capital flows. In 14 landmark developments in the capital, for instance, almost 40 per cent of the apartments were purchased by individuals or funds identified in the high corruption risk jurisdiction (ibid. 2017). These dirty funds of investments are ready to pay astronomical amounts of money, as, in most of the cases, the more they pay for an apartment, the more the money they are able to launder with a single investment.

3.2.3 The ripple effect of the prime properties market

Along with urging national and local governments to make ethical considerations, the increasing trend of introducing overseas capitals distorts the market prices of the city. For instance, a study conducted by the University of Oxford (Badarinza & Ramadora 2016) has demonstrated how specific increases in certain areas of London have happened concurrently with times of political risks, conflicts and uncertainty in the countries from which these illicit flows come the most. According to the research, indeed, when these countries experienced periods of political crisis or uncertainty, such as the Arab Spring or during the China’s fight against corruption, the areas of London hosting communities from those countries have witnessed a remarkable increase in prices. The authors claim that this is due to people in those countries deciding to move capitals into London, a safe refuge, raising competition and leading to higher prices. The impact of overseas flows is estimated to have altered the prices by 7.9% upwards in those areas (ibid. 2016, Transparency International UK 2017)

This trend represents an earthquake for the entire real estate market, as its repercussions are visible not just on the areas that host these luxury developments, but also on the rest of the city. As a matter of fact, the sharp increase in luxury homes corresponds to a rise in average houses prices in outer boroughs. This is due to the ripple effect which is produced when prices growth in one area boosts the rise of property values in another one, as a consequence of the fact that even relatively
wealthy families are progressively forced to move to less qualitative, hence cheaper, areas (Transparency International UK 2017, Glucksberg 2016, Hamnett 2009).

As highlighted by Glucksberg (2016), therefore, the processes of gentrification and spatial displacement begin at the very top of the properties pyramid. Her research shows, indeed, that what was considered until few years ago the “british elite” is being gradually replaced by a new category of super-riches, mostly represented by these foreign investors as they progressively move to further areas. Matthew Engel (2016) in an article for The Guardian points out <<It cannot just be said that the top 1% are gaining at the expense of the 99%, which was never the whole truth. Now the 1% are themselves finding themselves overmatched by the 0.1% or the 0.01% or the 0.001%.>>. As a result, Glucksberg claims (ibid. p. 251) that <<the cumulative consequences of these individuals’ actions are clearly further property price increases, gentrification and ultimately displacement in areas of London that are not ‘elite’ or ‘prime’ at all>>.

Therefore, allowing developers not to provide low-income units in the new developments projects in favour of prime-properties has not just the direct effect of not contributing to raise the supply of social housing, but also the indirect effect of raising the prices in those few areas of London where properties were relatively more affordable. Within this framework, estate regeneration and the Development Viability Assessment are the mechanisms through which Local councils are allowing what Elmer & Dening (2016) named the “London clearances”. It is not surprising then that in London the number of people forced to face a displacement and move out of the city reached a record pick of 63,000 individuals in 2015 alone (Transparency International UK 2017). Most of these are people with average incomes, young and families with dependent children who are priced out of a market, that offers plenty of options for millionaires and almost none for those who seek an affordable house. For instance, in 2015 a report by the charity Shelter stated that in the whole Greater London only 43 genuinely affordable homes were available (cited in Elledge 2015), while the average price for a newly-built house in London reaches the sky-high price of £900’000 (Haslett 2017).

By analyzing numbers and figures, it is self-evident that there is something deeply unfair in this distorted system. It emerges even more clearly that the responsibilities of this model are purely political. Private companies, investment funds and developers will always try to secure and privilege their interests, as it is understandable and legitimate, since they are not accountable to the public interests, but the public authorities are and they have therefore to work in the name of the common good and pursue to achieve it with every means is in their power. The current system instead is the result of a deregulation and political choices which are extremely compliant to private and developers requests.
3.2.4 Press pause and rewind

If we now press the pause button and we hit rewind to go back to the origins of this work, we will see how the topics that have emerged are all consequential and are the products of political decisions and policies, both at the national and the local level, which have rewarded many but the common interest. These have indeed concurred to create the unjust and unsustainable environment that we see today in British cities and, even more, in London.

In the first chapter it has been described that national governments have put in practice the largest cuts to local budgets in decades, which have been shaped, although not explicitly, by a precise ideology, by a neoliberal vision of the society. Local authorities have consequently found themselves forced to change their scope and action in order to survive this huge wave of cuts. They have therefore decided to undertake an entrepreneurial strategy to increase revenues and to put the economic gain at the centre of the policy-making. As a consequence they have taken up investing public money in risky commercial activities and creating a planning system which allows them to partially fill the gap in budgets, but also privileges, as a side effect, developers and illicit flows of capitals, at the expenses of original dwellers which are the victims of this social cleansing.

The current environment is thus the result of political decisions. At the same time, the solutions to these issues will be the product of political decisions. The achievement of environmental justice and sustainability will occur therefore only by acknowledging that it is not, or not just, a matter of specific site-by-site design tools, new technological developments, or even of individual choices but rather a political issue.

In the next chapter the research will focus on the neighbourhood of Elephant & Castle, in the borough of Southwark, and more precisely on the Heygate estate regeneration project, an highly controversial redevelopment of a council estate which, as we will see, can be considered paradigmatic, as it exemplifies all that is wrong with the current model.
Residential towers rising in Vauxhall, London
4.1 Elephant and Castle

4.1.1 Introduction

This chapter will describe and discuss the controversial regeneration programme of the Heygate Estate, a council house built in the 1970’s, located in Elephant and Castle, an area in central London on the southern side of the river Thames. Since the late 1990’s the area has been involved in a vast process of regeneration which is still ongoing and is set to terminate in the mid 20’s. Even though the renewal was launched well before the implementation of the policies described in the previous chapters, it will be shown the major role that the Development Viability Appraisal has played in the negotiations of the Heygate redevelopment. We will see, in fact, how this document has been the tool through which the programme has denied the provision of genuinely affordable housing, causing a drastic uproot and the displacement of the existing community of the estate. As viability assessment becomes the key document in the local policy making, the borough constantly falls short of houses that existing residents can actually afford. In this way, developments certainly have a positive impact on councils finances and manage to secure profits for developers, but fail in solving or even exacerbate the chronic housing crisis.

4.1.2 Historical background.

Elephant and Castle is a neighbourhood located in central London, within the borough of Southwark, just south of the Thames. Its specific position, sited within a bend in the river has enabled this area to become an important traffic node for south-west London since Roman times.

Until at least the 18th century, what is now known as the Elephant and Castle, or the Elephant as locals prefer to call it, was divided into two distinct villages, Newington and Walworth, with a life of their own and not so close links to the rest of the city. During the eighteenth century, however, the construction of new bridges on the river Thames led to increased relationships between northern and southern areas of London. Therefore, the neighbourhood soon became a fashionable commuter suburb and by the Victorian age, the establishment of new industries and new transport routes resulted in a fast population growth. The arrival of the railway in 1862 greatly contributed to the growth of the area and to its shift in the nature from traffic junction to leisure and entertainment core for the city.
In 1801, indeed, the population of the Parish of Walworth counted 14,847 inhabitants, while by 1881 it reached 107,850. The coexistence of workers and people from high society gave to the neighbourhood that social mix that is still visible today. Between the last decades of the 19th century and 1940s, Elephant and Castle witnessed a remarkable increase in popularity thanks to the booming of commerces and cultural entertainment. At that time, indeed, the neighbourhood hosted some of the most appreciated theatres in town, such as the Elephant and Castle theatre, the Trocadero and the South London Palace of Variety. The area was often frequented by stars of the show business, such as Dan Leno and a young Charlie Chaplin.

However, as the population kept rising, the neighbourhood started at that time to see the growth of slums developments and an increasing share of inhabitants began therefore to deal with a context of poor living conditions. This situation became even more extreme during the II World War, as the severe bombing raids that hit the capital destroyed much of the neighbourhood. In the aftermath of the war, the area needed a consistent renewal to replace the damages of the war and the bomb-sites. In 1946, therefore, a plan inspired by modernist ideals was inaugurated. This introduced the separation of pedestrians and traffic, and repetitive housing units and slab blocks.
In the following decades, along with the construction of one of the first shopping centres in Europe, the area experienced the rise of a large amount of council estate. The council estates and the shopping centre soon became the defining elements of the area, but while at the beginning they represented a sign of modernity and innovation, as time passed, the quality of the post-war developments quickly deteriorated ending up influencing the reputation and the daily life of the neighborhood.

4.1.2 The Heygate Estate

In the late 1990s, Elephant & Castle was earmarked for a substantial renewal. The Borough of Southwark, in accordance with the London Plan, aimed to transform this area in a new urban core, a competitive commercial centre and to establish it once again as a vibrant cultural hub, as it was in pre-war times. It was thought that the Borough of Southwark had the potentialities to economically grow within the London scenario and Elephant and Castle was selected because it was supposed to be more appealing to private investors (Southwark council 1998). Its strategic location, indeed, just a bridge away from Westminster, the Uk administrative centre, and few miles distant from the City,
London’s financial centre, made this area highly attractive to new developments and justified such an ambitious and significant renovation programme, consisting of £1.5 bn investments.

The regeneration strategy (ibid. 1998) defined therefore the Elephant as an Opportunity Area and involved the use of existing council assets to lever in investments and achieve the physical renovation of the neighbourhood, which was considered an urgent priority. It was a commonly held belief, in fact, albeit more among practitioners and politicians rather than actual residents (35% Campaign 2011, Flynn 2018), that the Elephant << came to exemplify postwar dreams gone wrong: ill-lit underpasses, poor construction, an urban realm of impermeability and a general sense of alienation>> (Littlefield 2012). Therefore, the renewal of the area should have started from the modernisation or, when deemed necessary, the replacement of the large stock of council house that had been built in the decades after the end of the war, now considered unsuited to a central area of the capital and unfit for matching the new ambitions for the area.

In this regard, the regeneration of the Heygate, a council estate built in the early 70’s in a late-modernism-inspired style, soon became a central part of this wider plan to renew the area. This was a large residential system made of eleven concrete blocks, flats and maisonettes, connected one another by bridges and highways, surrounding a central and communal garden. At the beginning the estate was a popular place to live in, especially in relation to the fact that it had been built in order to relocate former residents of pre-war poor slums developments. When built, the architecture of the estate embodied a new ideal of living and a modern way to conceive communities (Bender 201-).

However, as time passed, the concrete colossus started being depicted as a poverty and crime incubator and began to be part of the collective imagination as a symbol of urban decay. While the estate started featuring as a filming location for splatter movies, which increased its notorious reputation, the Aylesbury estate, the Heygate’s twin, located just one mile south, was selected by Tony Blair in June 1997 to host his first speech as a prime minister. The estate and the area were chosen for their symbolic feature in representing what he termed “no hope-areas” and his will to overcome this development model.
4.2 The regeneration of the Heygate

4.2.1 The beginning of the process

When, in 1998, the Heygate was appointed for regeneration, the 1212 homes estate, of which 1033 council-owned and 179 leasehold, hosted 3000 residents (Lees & Ferreri 2015). At that time, Southwark Council had to decide the strategy for the regeneration. It was required to choose whether to repair and refurbish the existing estate or to proceed with a more radical regeneration that consisted in demolishing the blocks and redesigning the area. In this regard, in January 1998, the Southwark housing department commissioned a firm of surveyors to provide a comprehensive survey of the borough’s housing stock (NBA Consortium Services Ltd 1999). The study estimated the costs for the Heygate maintenance at £21,742 per dwelling over 30 years, a lower amount than what was needed on average for the maintenance of the rest of the stock (Ibid. 1999).

A new study, commissioned to Allot & Lomax Ltd (1999), defined the Heygate buildings in a satisfying structural conditions and proposed to adopt a halfway strategy which entailed maintaining and refurbishing the small blocks, while demolishing the high-rise ones. This would have been cheaper than a total demolition (between 41 and 50 million pounds versus the 53 required by the more drastic option) and it would have minimised the community break-up that a complete regeneration would have put in practice.

Indeed, the surveyors strongly stressed the importance of maintaining at least a part of the estate in order to avoid to move out the long standing residents of the estate. They added as an evidence to support their argument the reluctance of the great majority of the Heygate population, the 80,3%, to be transferred, (Ibid. 1999, Flynn 2018). Besides they also showed that the crime rate was lower.
than the average of the surrounding areas, implying that it should have not therefore been mentioned as a reason to justify the demolition. As a matter of fact, despite the mounting campaign aimed to negatively portray the place, the crime statistics offered by the Metropolitan Police (2012) showed that between 1998 and 2003 the crime rate in the estate was 45% below the average of the area.

One year later was conducted a survey regarding the residents opinions on the development. When they were asked their degree of satisfaction in living in the Heygate, 55% claimed to be happy living in the estate, while the 29% said to be unsatisfied (MORI 1999). When asked about their preference in relation to the regeneration strategy, the 70% expressed the will to have a council home on the site of the estate. The survey showed that people were open to the idea of change, but also that whatever the features of the regeneration, their intention was to keep living in the development area (Flynn 2018).

Originally the council promised to rehouse all the former residents on the redevelopment site. These consisted of leaseholders, ‘secure’ council tenants and ‘non-secure’ tenants. “Non-secure” was the label that was used to define those tenants who had moved to the Heygate since 2001, when the borough started to use the estate as a temporary accomodation and stopped to provide “secure tenancies”. They were people waiting to have the eligibility for other council houses, mainly part of ethnic minorities, counting among them migrants and asylum-seekers (Flynn 2018).

However, in 2004 was designed a programme, according to which the leaseholders would have been relocated after being provided of an economic compensation, while the ‘secure tenants” would have been rehoused in what had been called Early housing sites, built locally but not on the Heygate development area (Lees & Ferreri 2015, Flynn 2018).

4.2.2 The disastrous decant
In September 2007, Southwark Council decided to kick off the process that would have led to the demolition of the estate. This was explained by the need to provide symbolic and tangible evidence to people of Southwark that the Council was driving ahead with the regeneration of the Borough (London Borough of Southwark 2007a, 2007b). This sudden decision came completely unexpected, as the 15 “early housing” developments, which had been promised in order to rehouse the former residents of the estate, had not been built yet nor had received the permission to proceed (Flynn 2018). This choice left the Heygate residents completely disconcerted, as none of them had been warned of what was going to happen (35% Campaign 2008). On the contrary, some of them were still involved in the design process, by giving suggestions on the features of their new homes. The beginning of the demolition process gave therefore a concrete acceleration to the residents’ decant. By late 2007, indeed, half of the apartments were made vacant (Lees & Ferreri 2015) and their former dwellers were told that, given the lack of early housing sites built, they would have been temporarily moved somewhere else, into existing council properties in the Borough.

Nevertheless, the process of finding new homes soon turned out to be far from unproblematic, as the displaced Heygate residents were provided with a council homesearch system, an online bidding for existing properties, which left them choosing among old and poor council houses that no one else wanted (Prendergast 2008a, Lees & Ferreri 2015). In addition, the number of void properties to bid for did not exceed 35 every fortnight (Southwark Council 2008). Besides, the decant process conceded to the residents just six months to find a property on their own on Homesearch; after this period the council would have proposed them a definitive offer, which, if refused, would have entailed council issue eviction notices on the residents (Prendergast 2008b).

In any case, the former tenants were never placed in a priority position in the homesearch system, so in Southwark, given the already high demand for council houses, the bids exceeded the available council stock by almost 100 times (Prendergast 2008a). The poor quality and the low availability in relation to the high demand represented therefore the major obstacles in finding a decent temporary accommodation for the evicted residents of the Heygate (35% Campaign 2009) and this limited range of choice contributed to create an atmosphere of competition among the same decanted tenants, as well as between the Heygate residents and the other long term bidders within the Borough (Prendergast 2008b).

At the same time, the secure tenants were offered the opportunity to sign a document which granted them the “right to return” to the site once the replacement homes had been built. That document, however, contained a clause which stated that the legal assurance to return to the estate would have been guaranteed for just seven years (Southwark Council 2008). In this regard, while the ambitious plan designed by the borough forecast to complete the rehousing process by September 2009 (London Borough of Southwark 2007a), the magnitude of the operation, the special need that the Heygate residents seemed to present in relation to their age and economic conditions, the still lack of agreement between the borough and the developers showed from the very beginning how that prevision would have been largely unattended. As a matter of fact, out of the 1000 secure tenants, 250 signed up the “right to return” document, but only 45 of them have actually moved back in the Heygate area, into a new apartment provided by the development (Lees & Ferreri 2015).
During the rapid decant, 100 leaseholders out of the total 179 were still leaving on the estate. While 72 had already agreed to terminate their leases before 2005, the others did not show the intention to leave the Heygate and became therefore the main part of the remaining community. This was due to the fact that they did not receive any concrete guarantee that they would have come back to the development site, while the compensation to leave the estate was deemed incongruous and unsatisfying. Originally in fact, they were promised <<a ‘retained equity’ option to assist them in buying one of the new-build Heygate homes>>(Lees & Ferreri 2015, Southwark Council, 2004). Later, they were offered an exchange without additional charges for another available apartment among the council stock within the borough. The first option was never really withdrawn but it never got included in the official agreements with Land Lease, so de facto it simply vanished. The second option was instead officially modified into a shared ownership.

The lack of an overall set of principles in relation to the contributions entailed that the negotiations for the prices that the council was to pay to the leaseholders have been discussed on an individual basis (Lees & Ferreri 2015). As figures show, the Council proposed offensively low contributions to the leaseholders. For instance, the average compensation offered for a one bedroom flat was £95,480 (Steadman 2013, Heygate was Home 2017) and someone did not reach more than £80,000 (Jones 2017), at a time when the price for an apartment with an equivalent size in the area would have started at £330,000. Some leaseholders were offered £225,000 for a three bedroom flat, when the regeneration expected to sell similar apartments in the estate between £590,000 and £1 million. In addition, the average compensation given to leaseholder for a four bedroom flat was £177,421 (Steadman 2013).

As Flynn points out (2018), the compensations are set as if a regeneration was not taking place, just as if everything was continuing living. Indeed he claims: <<it is based on what you would get for your house if you were about to sell it. This is quite fantastical because in reality the impact of regeneration rises the prices not just on the development area but on the surroundings>>. As a matter of fact, The compensation was far too low to deal with the property prices in the area and accepting the offer would have meant not just to be forced out from the estate, but also to be forced to leave the borough and in many cases the entire city. The consequent lack of favourable terms contributed to increase the degree of uncertainty in relation to the rehousing process. In this regard, a large part of the leaseholders decided to remain in the estate even in a situation that consisted of high psychological pressure and poor conditions of the estate now completely deprived of maintenance.

By the end of 2008, when half of the tenants had been moved to temporary accommodations, it turned out that one in two residents that were still living inside the Heygate were elderly (Southwark Council 2008). To slow down the process of moving them out, in fact, was not just the low availability of apartments suited to their needs, but also the psychological and psychiatric implications inherent in leaving a house they had been living in for a long term. Most of these elder residents, indeed, showed a great sense of belonging towards the estate and perceived the decant as a forced eviction not just from a place to another, but from their roots and most of their social networks to the unknown
and uncertainty.

A study conducted by Mindy Thompson Fullilove (1996), an American clinical psychiatrist, has explained it in medical terms, by showing the existing correlation between geographical displacements and pathological disorders. The research highlights in fact the disorientation, alienation and sense of nostalgia <<that accompany a massive alteration in a familiar place>> . The author explains, indeed, that <<because a person’s safety and security depend on his larger personal environment, a threat to that environment is best understood as a threat to the self.>> (ibid. 1996, p.1519). As a matter of fact, among the former Heygate residents cases of distress and depression were not isolated, as chronicles of that time show (Prendergast 2008b, Prendergast 2010, Dangerfield 2012, Southwark Notes 2018).

Some months later, in June 2009, when just one of the Early housing sites, where the former residents were supposed to be rehoused, had been actually built and just other four got the planning permission, the decanted tenants were informed by the council executive that six of the fifteen rehousing sites had been removed from the plan, because deemed unviable (35% Campaign 2009). At the same time however, while early housings were blocked due to viability issues and former tenants had been spread out in temporary accommodations across the borough, it has been estimated that Southwark council had spent about half a million pounds to secure the 1,100 empty council houses in order to prevent former residents to occupy them again (Ailes 2011).

In April 2010, when the estate was hosting just a few remaining leaseholders, the council decided to switch off the heating system and the water supply in order to accelerate the decant process. While in the first moments the system break-down was explained as a consequence of a “major burst” (Southwark Council 2010), it later turned out that it had been consciously planned by the council at least some weeks before (Prendergast 2010). As the 35% Campaign website claims, among the residents who were left with no heating system there were << a couple in their 80s, a 76 years old woman recovering from breast cancer, and an amputee>> . It seems relevant to stress that the residents who were still remaining in the estate were legal leaseholders, regularly paying council taxes (Jones 2017) and waiting for a decent deal and compensation before leaving their apartments.

Just a month later, local elections brought to power a new labour administration. This, in order to give a sense of pragmatism and to show the will to overcome the impasse, quickly concluded the negotiations with Land Lease which finally signed the Regeneration Agreement, three years after having being selected as Development Partner. The agreement entailed selling the Heygate site on a 999-year lease to Land Lease (Montgomery 2011). The now opposition members accused the new administration to have renounced to £26m in the rush of signing a deal. Contextually, the eviction process came to an end when the council applied for Compulsory Purchase Order (CPOs) in order to move out the remaining residents. This tool gives councils the power to force residents to leave when an estate has been set for demolition, but the involved and affected parties do not agree on the relocation and the compensation terms. The only condition residents had in order to gain the right to object was to have more than 7 years left on their leases. (LTF et al. 2014)
Only years later, when the Information Commissioner forced Southwark Council to release the full figures of the Heygate regeneration, after these had been denied to the local committees which had requested them, it has been possible to show the results of the decant and the displacement. Among the ‘secure tenants’ only 45 have actually managed to be rehoused in new homes provided by the early housing sites, which however reported serious structural defects, such as water ingress and damp (Burr 2014). Besides, only 216 out of the total 1034 secure tenants, around 1 in 5, has found a new apartment in the SE17 postcode, within or around Elephant & Castle. The others have been forced to move in outer areas of the Borough and beyond. In relation to the leaseholders, instead, the compensation, by far lower than the property market, has proved to be, as it was expected, the trigger of an even greater displacement. The figures show that less than half of them has moved to SE postcodes (which however include areas such as Woolwich, Thamesmead and Welling, located 20 km from Elephant & Castle), while the others have relocated in even further suburbs or outside London (35 % Campaign 2013b).

Moreover, Southwark council have not been able to provide infos about the position where the 438 “insecure tenants” had been relocated. The figures, or, as in this latter case, the lack of figures show the products of the decant process and the extent of the displacement. These provide concrete evidences of the way an existing and thriving community has been uprooted from the areas in which they were legally leading their lives. In most of the cases, it has been possible to overcome the almost total lack of transparency just thanks to the valuable efforts of groups like 35 Percent, Better Elephant, Southwark Notes and Elephant Amenity Network (just to mention some), which have traced every step of this social cleansing process.
In the next paragraphs it will be shown how developers have been able to avoid the rehousing of the former residents in the estate and the provision of affordable housing through the use of the Development Viability Appraisal, while we describe how local politics have allowed them to do it.

4.2.3 Southwark policy on affordable housing.

As any other local authority in the UK, Southwark has seen its local budget plunge as a consequence of austerity. It has been estimated in fact that since 2010, the Council has experienced a decrease of £156m, equivalent to one third of their original budget, and the situation is expected to get worse by 2020 (Southwark Giving 2017). Following an usual trend in the UK, where the most deprived areas have been facing the worst consequences of austerity, due to the mechanisms that have been explained in the previous chapters, Southwark has been hit by some of the deepest cuts in government funding (ibid. 2017).

For this reason, along with other sectors, the public housing branch has experienced increasing reductions, as the capacity of the council to provide social housing was dramatically decreasing. Therefore, as a consequence of the disappearance of many of the subsidies which were granted to the building of affordable homes, the role of private-led regenerations has become more and more central. As a matter of fact, these have started to be recognized as the potential vehicles for supplying those affordable homes that the public authority was not able anymore to provide (Warren 2014). In this regard, Southwark council introduced in its local plan (Southwark Council 2011) the requirement to developers to include in their development projects a share of homes at lower rents. In particular, the local plan set a target of 35% affordable homes in private developments, of which half had to be social rented and half shared ownership (Warren 2014).

Social rented housing, mostly known as council housing, refers to those houses whose price is set at 40% of market value. The Borough of Southwark has been historically characterized by a remarkable presence of council housing, the 44% of the total, nearly three times the national average (Southwark Council 2011). This is due to the fact that the population of Southwark has traditionally been represented by low-income people and social rented housing has been for decades the only category for affordable housing. However, since private-led regenerations have been instructed to include affordable housing in their plans, developers have introduced new categories and new definitions for low-income houses (Warren 2014, Flynn 2016, Flynn 2018). This has expanded the spectrum and made the definition of affordable itself much more blurred.

Indeed since 2011 within regeneration plans started to be a new praxis, agreed by the council, replacing social rented housing with those that were defined “affordable rents”, a broader and more general category comprising houses set between 40% and 80% of market values. It has been basically like attaching the label “affordable” to rents that were very unlike to be so, especially for the Southwark local community (Warren 2014, Flynn 2016). In particular, unlike social rented housing, it is not determined by a formula which takes into account local incomes (Flynn 2016).

The extended concept and the new looser definition of affordability is at the base of a big contro-
versy and is the reason that allows the local council and developers to claim that, even though just in the name, the promise of providing 35% of affordable homes has been kept. However, in the practice, for the kind of design standard that are set in regeneration schemes and for the prices new apartments are sold for in London, 80%, but even 50%, of market values is largely inaccessible to the local community (Flynn 2018). Therein lies the fight between local residents, activists and the actors of regeneration scheme. While the latter ones constantly promote agreements as victories, the former ones know that communities will not get any direct benefits from regenerations until affordability is defined on those who can afford the least (ibid. 2018). Until that moment, regenerations will be nothing less that speculative processes and the trigger of local people displacement.

4.2.4 The influence of external factors.

Before analysing the details of the negotiations and what has been decided through the viability assessment, seems relevant to delineate the climate that was surrounding the process. As a matter of fact, in order to understand the choices that led to the closure of the viability appraisal, it is pivotal to understand the different circumstances that the actors were experiencing and how this broader scenario has inevitably turned out to influence the bargaining power of the involved parties.

The regeneration scheme had been launched in 1998 and fifteen years later, no deal had been signed and the end of the development had been various times postponed. In this decade and a half, all that the Southwark Council had achieved, was the forced removal of a community, which had no intention to leave nor a legal reason to be evicted. Pressure was mounting as well as the media coverage on the case; the Southwark Council was thus required to find a quick solution to the issue.

On the one hand, the authority had to keep the promise made at the beginning of the process, when was said that the former tenants would have found room in the redeveloped area, while on the other, the council had to deal with a more than clear National Planning Framework which had stressed the need to underestimate the policy requirements in order to let developments take place. In the practice, this means that the council was aware that developers could have decided to appeal to a tribunal against the planning obligations with a large probability of success and the risk of delaying even more the closure of the negotiations.

In some way, it can be seen as an evidence of the role that the overarching context and external factors have had in influencing the choices of the public authority. In this process, indeed, not just the broader policy guidance, but also haste and pressure have played a major part in defining the Council attitude during the negotiations. In this regard, it is interesting to notice the different time perspectives that characterized the two major actors in the process: the Southwark Council need to come to an end and quickly agree a deal was in contrast to the longer term approach of the developers. Intuitively, we would be led to think that a public body action is based on a longer perspective, while a private one seeks an immediate profit. In the practice, however, this is not the case (Flynn 2018).
In fact, while the public body is pushed by external factors to accelerate the negotiations, the private counterpart has no interest in speeding up the process. After all, even in contexts that do not present this specific case’ problematics, local councils represent a political force, which as such has to respond every four years to the electorate. On the contrary, despite developers might have to respond to shareholders and banks, they look over decades. Feeding the market is part of their job, patiently waiting for the moment that best suits their plans, aware that the councils’ need to reach an agreement will ensure that the local authorities will stop fighting and agree a compromise, which will be more beneficial to them (Ibid. 2018).

As a matter of fact, the negotiation of the planning obligation and more in general the Viability Assessment procedure is an exhausting process made of several stages, consisting of endless meetings, argumentations bouncing back and forward, conflicting calculations, in which small differences lead to great consequences in the practice (Barter 2018). For this reason, it is almost inevitable that, considering all the elements that define the broader scenario, at a certain point, local councils prefer a pragmatic decision over the quality of the agreement itself (Flynn 2018).

We see therefore that in the practice there are several intertwined factors, which contribute to trace a direct pathway towards a result that does not reward the community. These factors are not just related to the National policy framework and the Viability assessment method itself, or the lack of skills and resources available to the local councils, but also to the considerations of political convenience that a regeneration brings with it. The Heygate regeneration experience clearly shows how these, so to say, immaterial aspects ultimately become central in urban transformations of this extent.

4.2.5 L.A. confidential

As it has been described in the previous chapter, one of the reasons why the Viability Assessment procedure is so controversial is the confidentiality that is kept on the entire negotiation. In this regard, the process that has led to the ratification of an agreement for the Heygate Estate can be seen as paradigmatic.

The negotiation of the viability appraisal has seen five main actors involved, despite the different roles and the different degree of involvement that each of these bodies were having. LandLease, the regeneration partner, appointed Savills, a colossus in the real estate and consultancy market, while District Valuer Service (DVS) was the group in charge of dealing with the negotiations on behalf of Southwark. DVS is a public office, an arm of the Valuation Office Agency specialized in providing property advice across the UK. The viability assessment process was therefore carried on by these two external entities, while LandLease and the Southwark Council attended the negotiations from the outside, without actually taking part to it. Especially the latter was completely unaware of the specific details of the documents, which were available exclusively to the private actors and the
DVS (Flynn 2018). The District Valuer Service had undoubtedly greater expertise and more resources than the local council, but was however remarkably outskilled by Savills, whose team has a great experience in explicitly helping developers to level down the provision of affordable housing (35% Campaign 2013a).

I include among the involved actors the network of local associations and activists that were of course excluded by the viability assessment, but as we will see, played a central part in this story. As a matter of fact, they ultimately turned out to be the losers in this civic battle, but thanks to their efforts they have been able to create a breakthrough in the pursuit of transparency within the viability assessment for new regenerations to come.

Even before the negotiation started, the former residents of the estate and activists were already conscious that LandLease was not going to provide 35% affordable housing, as it was required by the Southwark plan, because so was defined in the Regeneration Agreement (Flynn 2018). They also knew that the percentage of affordable housing would have most likely been around 24% and within this 24%, it was not going to be provided half social rented. From their point of view, they could not understand how developers and the local authority could claim that a new development, which was doubling the number of flats and was going to be twice the dence would have not sustain with even a much lower amount of affordable units, when in the very same place a council estate with 400 affordable homes had lasted thirty years, proving, one way or another, to be viable (Flynn 2018).

Local campaigners were aware that this consideration would have not been enough, as these processes are not based on common sense. As a consequence, they needed an argument that the viability assessment could have accepted (ibid. 2018). To do so, the first thing they needed to do was to get to see the documents. For this reason, in May 2012 Adrian Glasspool, a former resident and local activist, submitted a Freedom Of Information request to the Southwark Council. However, the release of the documents was denied by the Council since, as the note stated, “the disclosure would have adversely affect[ed] or be very likely to prejudice the commercial interests of the council and / or any third party” (Southwark Council 2012).

To the order executed by the Information Commissioner to reveal the viability assessment followed an appeal by the Southwark Council, which led to a long dispute through the tribunal system. In February 2014, the case was examined in a 6 days hearing where the two counterparts battled out to defend their positions. On one side, the Southwark Council, supported, also economically, by LandLease, while on the other was Adrian Glasspool, who had submitted the request, supported by the Information Officer.

The first side argued that the reveal of the viability assessment would have meant denying Land Lease’s human rights and copyright of its intellectual property, along with advantaging its competitors by showing the methods that the company was using (35% Campaign 2015). Glasspool, instead, claimed that the sale of a public land had to be considered of significant public interest and that the decrease in the affordable housing, in relation to that 35% required by the local policy frame-
work, justified by itself the need to show how that figure had been underestimated.

Standing among the witnesses was councillor Adele Morris, member of Southwark’s planning committee, who, as reported by the 35% Campaign blog (ibid. 2015), claimed: «<Much has been made of the harm to Lend Lease if this ‘commercially sensitive’ information is made public, however I pointed out that much reputational harm has already been done to the council by keeping this information covered up. The more the council fights to keep it secret, the more suspicious people become.>>.

Eventually, three years after the first Freedom Of Information request, the tribunal ordered Southwark, DVS and LandLease to disclose to the public the Viability Assessment. However, some specific numbers and figures were kept hidden to the public eye, in order to preserve those that LandLease had deemed commercially sensitive informations. This order did not result in a change in the agreed scheme terms, but nevertheless it can be seen as a landmark decision. In fact, it has been the first time that a major plan application was forced to reveal the Viability Assessment. This allowed first of all to cast light on this document and to understand its centrality in the broader planning system, but also it served as a legal precedent for following regeneration schemes (Flynn 2018). The disclosure of the Heygate Viability assessment opened the way, for example, to the publication of the documents of the Greenwich Peninsula development. Besides, it pushed Mayor Sadiq Khan to ask for a greater transparency in the regeneration processes.

However, the publication of the Viability Assessments has not been defined by law. This means that it is still up to the commitment of local communities and activists to challenge their councils and the developers in charge, endeavouring efforts to a cause, that might take years to be achieved, as it has been in this case. As the Tribunal has claimed in the decision notice which has accorded the release of the Heygate VA, «it all depends upon the facts of the individual case>> (Warren 2014). Therefore, the decision of the Tribunal is not the trigger of a knock-on effect, rather a glimmer of hope in a scenario that keeps being largely opaque and inaccessible.

4.3 Profitability Assessment

4.3.1 Savills takes the lead

The Viability Assessment prepared by Savills, on behalf of LandLease, consists of a detailed 62 pages report (Savills 2012). It was submitted in May 2012, three years before it was made public in response to the First-Tier Tribunal order to disclose the documents. The report defines the methods in use, provides a comprehensive assessment of the area and, above all, the economic estimation of the different elements that constitute the viability assessment.

As it was described in the previous chapter, indeed, the way this document works is quite easy: the applicant defines the Gross Development Value and to this amount subtracts the development costs, inclusive of the planning obligations, and the expected revenue; What remains, represents the price that the developer is able to provide to the landowner in order to purchase the land. In case
this amount is lower than the minimum price that the landowner is willing to accept, in accordance to the existing value of the land, or alternatively if the development does not guarantee enough profit to the applicant, than the scheme is “unviable”.

What is not easy, instead, is to come to an agreement on the value of these different elements and it represents the major bone of contention. However, before going deep in the description of how these elements have been quantified, the first thing to stand out is that it was always up to Savills, as Flynn notice (2016), to <<make the assumptions and decide on the values used in the VA, including the measure of a viable scheme, the benchmark.>>. As a matter of fact, even though, as we will see, the District Valuer Service has tried to respond to some of the points, its attitude has invariably been reactive to Savills assumptions rather than proactive. This alone says much about the weight of the different actors in the Viability Assessment negotiations.

4.3.2 The Gross Development Value

The first controversial point was represented by the estimation of the Gross Development Value. this was defined through the quantification of the prices the apartments could have potentially been sold for. In particular, Savills took in considerations the residential value of what they defined “comparable ex-local authority stock in the area” (Savills 2012).

This approach led to an estimation of £598 per sq.ft Residential Value, which entailed a total Gross Development Value of £115,560,000 (ibid. 2012, Flynn 2016). Despite Savills was defining as comparable the housing sales it took as a reference, it was hard to believe that a development which was set to Luxury-high design standards, would have been sold for the same price of the council estate flats that the VA was using for comparison. DVS confined itself to claim that the residential value was too conservative and not representative of what the development may have achieved (DVS 2012, Flynn 2016).

Certainly it is in developers’ interest to underestimate the Development Value as this provides a smaller total amount to the following subtraction, leading to a probable “unviability” of the scheme. The method does not bind developers to maintain the prices as stated in the VA when the regeneration is completed, so the residential value is simply increased when the negotiation is over. In fact, the sale price for the first phase of the regeneration has been sold for £1012 per sq.ft, showing how the viability assessment procedure is easily by-passed by what has become an ordinary praxis for regenerations.

4.3.3 The Benchmark Land Value

The first element that is evaluated after the Gross Development Value is the price that the developer should pay to the landowner in order to purchase the land, as it will consequently indicate if the remaining amount is enough to guarantee the developer return and, especially, the predefined planning obligations. In the previous chapter had been described the existing debate around the
approach that should be taken to assess the land value, whether should be used the Existing Use Value, the Existing Use Value plus a premium for the landowner or instead the Market Value. In this respect, the report submitted by Savills proposed different evaluations of the land value, according to the three different methods.

First of all, the report identified the Existing Use Value in £37.3 millions. Later, in order to estimate the purchase price with the EUV+ approach, it defined the premium that the Landowner would expect to obtain. In this regard, Savills claimed that, in consideration to planning appeal precedents, they understood an acceptable level of landowner premium to be at least 15-30% of the Existing Land Value (Savills 2012 p.18). The precedents they referred to were not furtherly described or contextualized and appear therefore to be a quite loose evidence, especially in relation to the fact that the difference between 15% and 30% is remarkable on the overall calculation.

Not surprisingly, however, when it came to define the Landowner premium, they selected the upper end of the range, adding a 30% to the Existing Land Value. Thus, the Land Value they proposed as reasonable was worth £48.5 millions. Moreover, they provided a new calculation and a fourth figure, following the Market Value approach. This was calculated considering recent transactions occurred in the Borough and throughout London, appling a rate of £3m per acre, for an overall value of £72 millions.

The District Valuer Service considered excessive the figures defined by Savills, especially in relation to the Existing Use Value (DVS 2012). The DVS thought, in fact, that this parameter had to be estimated around £26.4m, £11m lower than the 37 defined by their counterpart. However, eventually the two sides came to an agreement, setting the Land Value to an amount that was much closer to the Savills estimation, namely £48m.

The way this process developed and this final decision perfectly show the intention of developers and who work on their behalf to fix the land value to a higher price than what they could have actually achieved to pay. Despite this might look counterintuitive, overpaying the land is in the practice beneficial for developers. As a matter of fact, this happens as in this way, having already fixed an underestimated Gross Development Value, the room for affordable housing gets narrower and narrower.

4.3.4 Devil is in the details

The report written by Savills then focused on defining the competitive return, the share of profit that the developers expect to get so to consider the scheme viable. In this regard, they provided two different percentages, in case the development did or not get the planning permission (Savills 2012). According to them, a scheme with planning permission needed a profit on costs between 20-25%, equivalent to 15-18% Internal Rate of Return (IRR), while a scheme without permission required a return between 25-30%, or 20-25% IRR. Savills did not do much to justify these choices, as they simply claimed that they were basing their assumptions on their development experience. In addition, in their opinion, the latter estimation was explained by the higher development risk that a scheme without planning permission carries (ibid. 2012).
Once described what return a general development scheme was asked to demonstrate, they selected a 25% profit on cost as the most appropriate for this specific regeneration. In fact, they claimed (Ibid. 2012, p.28): «Given the status of the site within adopted planning policies, as well as the long term Council involvement in the case we would consider that the acceptable level of developer’s return would sit at the lower end of the range for sites without planning permission».

It is interesting to notice that, well aware that the site would have been granted the planning consent, Savills smartly refer to the 25% profit as “the lower end of the range for sites without planning permission”, while of course implying “the upper end of the range for sites with planning permission”. This is just an *en passant* observation to show how this kind of negotiations are not just a matter of numbers, but also of words choice.

Anyway, 25% represented a 5% increase in that 20% profit that had already been defined in the Regeneration Agreement. However, the selection of this percentage has not been further evidenced, but simply added to the 48m fixed Land Value as the appropriate benchmark that the developers applied in the calculations in order to assess the overall viability of the scheme.

### 4.3.5 The final agreement

Once defined the Benchmark Land Value and the expected return, the report had to assess if the policy requirements, including the provision of affordable housing, would have fit in the calculations or exceeded the total Gross Development Value. According to Savills, under this framework, the development as defined in the Regeneration Agreement was unviable, since putting in practice the expected planning obligations would have not allowed the development to provide the profit that Savills had deemed sufficient to bring the regeneration forward (Savills 2012). They consequently proposed to enhance the value of the previously agreed affordable housing. In particular Savills suggested to convert all the social rented units to Affordable rents at 80% of market value (ibid. 2012).

Despite agreeing on the overall unviability of the scheme, DVS, for its part, argued that the profit benchmark selected in the Viability assessment was inaccurate and that, according to their understanding, a more appropriate return had to be identified between 15-18%, equivalent to 16% IRR (DVS 2012, Flynn 2016). They also claimed that this decrease in direct profit could have been remarkably leveled out by increasing the sale values, that Savills had arguably underestimated, and by paying a lower price for the land purchase (ibid. 2012). In any case, DVS suggested to focus on shortening the distances on these points of the agreement, before potentially discuss any decrease in the affordable housing provision.

In this regard, the first report redacted by DVS (ibid. 2012), along with all the mentioned considerations, provided 28 alternative scenarios, which were aimed to propose different potential scheme agreements, by modifying the inputs values of the Viability calculation. Even though the outputs of 14 out of 28 scenarios have been kept confidential and hidden from the publication, the remaining 14 show us how, by changing the fixed inputs, the viability assessment could have produced a dif-

For instance, in three of the scenarios, DVS fixed the amount of affordable housing at 35%. One of them, by reducing the land value to £26 millions, increasing the sale values, and slightly decreasing the social rented units, was still able to provide a developer return of 18%, namely £227,275 millions (ibid. 2012), without proposing any development change from the scheme originally promoted by LandLease (Flynn 2016).

However, despite the first DVS report proved the possibility to at least rediscuss the input values towards the provision of the amount of affordable housing required by London and Southwark planning policies, the reconsideration of the different variables never actually became part of the agenda. After a series of meetings, indeed, the final deal was ratified on the base of LandLease expectations. The propose to increase the sale values was excluded by the following negotiations, the land value was set to £48 millions, while affordable housing was dropped to a meagre 9.4%, for a final 82 social rented units.

4.3.6 Who should be blamed?

What clearly emerges from the analysis of the Viability assessment process is that, had the involved actors showed commitment to pursue the goal, there could have been a way to provide the 25% affordable housing agreed in the Regeneration Agreement and probably also the 35% required by local plan policies. As a matter of fact, this may have been achieved by modifying the inputs values in the calculation, without compromising the chances of providing a profit for developers.

In this regard, a fundamental point that needs to be emphasised is that the affordable housing provision would have not led to a scheme loss, but simply to a lower, but still relevant, return to developers. Indeed, what we understand from the Heygate experience is that in developers’ lexicon unviable does not mean unprofitable. (Flynn 2018)

Therefore, it seems clear that the developers’ aim in this kind of negotiation was not to test the viability of the scheme for how it had been defined in the Regeneration Agreement, but actually to artificially re-fix the inputs so to grant themselves the expected revenue. Under this framework, it could be claimed that this document has not been used as a viability appraisal, but rather as a profitability assessment, in that Savills has set their demands as an unmodifiable input and consequently calculated all the other variables. With this approach, affordable housing was inevitably axed, as developers did not even try to explore what could have happened if the required amount of affordable housing was built. This point is proved by the fact that the 35% affordable housing required by law is totally ignored in Savills
report, while just briefly mentioned in one of the scenarios in DVS appraisal.

One could reasonably argue that has been the very method to allow Savills to lead the negotiation, to test on their own their assumptions, to impose the details of the negotiations without bringing forth objective evidences and to avoid to explore alternative options. Some could point out in this regard that until the moment the rules of the game are modified at a larger scale by a new National Planning Policy Framework, little is left to do by Local authorities to concretely question the developers expectations (Barter 2018). All these arguments are undoubtedly consistent, but on the other hand it cannot be silenced the weakness and the unwillingness shown by the Southwark Council in doing whatever may have been in its power to challenge the patent inequities included in the Viability Assessment, which would have ultimately meant protecting its own local community. (Flynn 2018). The Viability assessment has represented a straightforward path, which allowed Landlease to get away unchallenged with everything they expected. The developers have thus received from the Local Authority a red-carpet treatment, through which they have been able to obtain even more favourable terms than those already defined in the Regeneration Agreement. As a matter of fact, the local authority has not done much, to say the least, to prevent that the 25% affordable housing agreed in the previous deal, already lower than the 35% required by the local plan, became, as it did, an insufficient 9.4%. Therefore, even acknowledging the inadequacy of the viability assessment method itself, the incapability demonstrated by Southwark Council in questioning Savills assumptions has directly affected the final result.

The Heygate experience shows how the system defined by the National Planning Policy Framework, combined to local councils’ compliant attitude, produces urban transformations which ultimately force local communities to face displacement. However, the troubled process that has driven this regeneration project is not an isolated case. As a matter of fact, if we take a look to the other regenerations that have characterized the Elephant & Castle Opportunity Area, we can see that the use of viability assessment as a way to justify the denial of affordable housing has become the norm. Indeed, in the seven major private developments at the Elephant, only 82 social rented apartments have been provided out of over 6200 dwellings, representing less than 2% of the total (35% Campaign 2017).

These 82 social rented housing have all been provided in the Heygate Estate regeneration, out of a total 2704 flats. Other schemes in the Elephant, such as the Strata Tower (408 total homes), One The Elephant (284), Tribeca Square (640), Eileen House (335), London 360 Tower (457), Skipton House (421), Shopping Centre (979), have all missed in providing not even a single social rented home (35% Campaign 2016). Therefore, Viability Assessments have become the real matrix of the Elephant and Castle urban transformations, the mould that concretely shaped the way entire local neighbourhoods developed, with a progressive extension of the negative externalities that this procedure carries with it.
5.1 Results

Austerity has to be seen as a political measure, rather than an economic one, as in the UK this has been used as a tool to accelerate the reframing of the institutional balances and the privatization of the welfare state. As a consequence of austerity, local budgets have been drastically reduced. The Comprehensive Spending Review implemented in 2010 has introduced cuts of 40% in real terms to the Department for Communities and Local Government, the body responsible for allocating local governments funding. This amount has been complemented by another 10% decrease in 2013. In 2015, the Conservative Government announced a further 56% reduction for the next parliamentary term. Comprehensively, it has been estimated that between 2010 and 2017 the funding from grants has decline by 70.5% in real terms and this percentage is expected to rise by 2020.

The services have not been cut to the same extent by local councils, but it has been estimated that funding to planning and development sector has dropped by nearly 60%, while the budget for public housing by about 45%. The severe cuts to local budget have had a direct impact in shaping the way local governments work today, as austerity has pushed local authorities to explore new strategies to generate revenues, so to cope with the ever increasing gap in funding. Austerity has therefore contributed to speed up and to make unavoidable the process, which was partially already taking place before the crisis, that has transformed local authorities from service providers to territorial entrepreneurs.

The pressing pursuit of revenues has placed the economic profit at the core of the local policy making, with local authorities getting increasingly involved in risky commercial and financial activities and resorting to urban regeneration as a way to capture uplifts in land values and planning gains. In relation to urban transformation and to its strategic role to generate revenues, the national planning guidance has established a viability-led system that facilitates development to happen. In this way, however, especially through the introduction of the Development Viability Appraisal (DVA), a document contained in the planning application, they allow developers to avoid the requirements that
any regeneration process would be supposed to provide in order to mitigate the environmental and social impacts of new developments on communities.

In particular from the research it clearly emerges that the DVA is constantly used by developers, with the help of private consultancies, not to test the viability of a regeneration scheme, but rather to artificially prove its unviability, so to reduce the provision of affordable housing. These mechanisms exacerbate the existing housing crisis, as the houses that are built are not affordable and hence do not meet the actual demand, and enhance processes of gentrification and displacement, as they contribute to raise property prices in all the surroundings.

5.2. The interference of the national scale

The very introductive point of the research was to define whether austerity has been an unavoidable reaction to the contingent emergence of the financial crisis or has instead to be seen as part of a broader political project. The protraction of the cuts to budget well beyond the strict aftermath of the crisis, the extent of the decrease in public budgets, much deeper than what the national deficit required, and the unproportionately high share of these cuts inflicted to the local scale are all signs of the political intent behind this strategy.

While at first glance, the focus on the austerity's rationale may look like a pointless interest, without any direct impact in what has been happening in the practice, it actually allows to define the initiator of the ripple-effect that has been then described throughout the research. In addition by answering this first question, it has been possible to identify who is, in fact, responsible for the extreme economic situation that has been imposed to British cities.

Most especially, however, the fact that austerity has been caused by domestic choices and not by external global dynamics, such as the financial crisis, enables us to reflect on an important factor which this work aims to emphasise: the impact that the national government’s policies have had in shaping the action of the British local administrations. Indeed, a red thread that is visible all along this research is the remarkable interference of the national governments on the urban scale and the role this has had in influencing local choices and strategies.

Many of the processes that have characterized the transformation of British cities over the last decade were part of the purposes of this larger political project. The privatisation of the welfare state, the rising focus of local councils on economic growth rather than the service provision, the larger involvement of private bodies and local communities in the policy-making and its implementation. The austerity measures have been therefore the tool through which the national governments have forced local councils to give shape to this political and institutional rebalance.

The privatisation of the welfare state has been promoted by national governments as a progress in efficiency, the need to open up the field to privates in the decisional processes has been explained through references to network governance theories, the localist shift with a claim of larger account-
ability, the local councils’ focus on urban growth by acknowledging the importance that cities have today in creating economic development. These may all be reasonable points, with which we may agree or not, but, in any case, what is not reasonable is the idea that a national government uses a drastic economic programme to bind other public authorities, basically leaving them no choice but to put in practice this agenda. This is not reasonable because it infringes the principle according to which democratically-elected institutions are free to shape their policies on the base of the vision they have been voted for, whereas with austerity they have been forced to follow the vision imposed by the central governments.

From a strict urban planning perspective, instead, the interference can be summarized in two separated implementations: the first is represented by the cuts to planning departments, including the decrease in grants dedicated to social housing provision, while the second by the introduction of the National Planning Policy Framework. The drastic decrease in budgets has pushed local councils to use urban transformations as a bargaining chip to collect revenue through the planning obligations, but also to rely more on private regenerations for the delivery of affordable housing. The second instead has defined a state-backed system which facilitates developments to happen, strengthening the developers’ bargaining power, over local councils and local communities.

These two implementations have played a central role in the establishment of a new way of conceiving the planning activity at the local scale, leading to the consolidation of practices that have proved to affect the outcomes of the urban transformations. In this regard, there is a widespread consensus among practitioners on the idea that the decision-making capacity of the local councils has been strongly limited by the national guidances’ impositions, which ultimately led to the negative externalities that have been described in the research.

By going through all these points, what emerges is the relevance that decisions taken at a larger scale have on the urban scenarios and the influence of national politics in shaping the activity of local administrators and planners. On the bright side, it could be said that at a time characterized by a mounting scepticism among people around the world about the actual impact that central governments can have in changing things, the British case can be the example of how political decisions can still make the difference. Anyway, this work argues that the difference it made has been for the worse and that the coalition government first and then the conservative one have gone well beyond the limits of their roles and competences.

5.3 Ending the age of austerity

The work has examined the strategies that Local Authorities have put in practice in order to respond to the unprecedented round of cuts. These responses have so far enabled British cities to avoid the bankruptcy and to ensure their very survival, but this achievement risks to come at a high price, should the trend be extended for many years to come.

The research has tried, indeed, to cast light on the danger and the potential consequences, some of which already taking place, that can result from an entrepreneurial approach pushed to the limit, as
the one adopted by British local councils in order to rebalance their budgets. On the one hand, the research showed how local councils have become increasingly familiar with approaching the risk of undertaking financial and commercial activities, challenging the volatility of the markets. On the other, instead, the study has evaluated in depth the repercussion on local neighbourhoods’ social sustainability, that occur when regeneration projects are run under the current planning framework, specifically moulded with the purpose of creating an economic revenue.

In the light of the findings of the analysis, which have recognized the extreme economic settlement as the direct and indirect cause of this new approach to local policy-making, it seems clear that, in order to break the vicious circle, the national governments have to restore a system of funding which does not consequently lead local councils to adopt risky financial strategies and profit-led planning. It is therefore crucial that central governments put an end to the austerity programme so to remove the basis and the reasons for a local policy-making centred on profit. Even though is here acknowledged as sound the original underlying principle, according to which cities should be encouraged to take responsibilities for leading economic growth, this should happen autonomously and not in reaction to a deficit threat.

5.4 Planning for communities

Over the last years, the British planning activity has gone through a reformative process which has transformed its methods and scope. We have witnessed a change in the very way this field was considered, from being deemed an obstacle to progress, to become a central vehicle for economic growth. Under this new light, the planning activity has been remodelled so to facilitate the delivery of the regeneration projects.

Indeed, the strategic role that private developments had come to play in the austerity-led local dynamics, in relation to their ability to bring resources through the planning obligations and their new capacity as social housing providers, pushed planners to change the focus of their activity. The centrality of regenerations seemed to suggest that overarching territorial strategies had to be discarded in favour of a new site-specific approach, aimed to create the conditions to take advantage of the potentialities inherent in the single urban transformations.

In particular, the research has shown how the new policy framework has centre-staged the role of developers in the process, as they represent the professional figures which more than others enable regeneration to come to life. The document has in fact explicitly promoted a softer approach towards this category and asked the single local councils to avoid to set policy-burdens that may threaten the deliverability of the regeneration schemes. In this way, however, the national framework has created an evidently unbalanced relation of powers within the regeneration processes. The features of the single projects are in fact defined site-by-site through negotiations and, by backing developers not just in words, but also by introducing new procedures, they have de facto consistently influenced the bargaining power of the different actors involved in these negotiations.

Therefore, this National Planning Policy Framework has concretely contributed to undermine the
The role of local councils, the influence of their requests and ultimately the benefits that local communities gain from the regeneration projects. The study has for instance demonstrated the role that the Viability Assessment procedure plays in this regard. A small paper contained in the planning permission that works for developers as a master key to impose their demands on the agreements and reach their expected profit.

This happens as the National Planning Policy Framework, while introducing this tool, has not set a standardized method, nor provided any pre-defined benchmark for the calculations. In this way, developers have free rein to fix the rules of the game, while local councils have not the skills nor the intentions to actively challenge their counterparts’ assumptions. Through the analysis of this document has been also possible to assess how the provision of affordable housing is the intended victim of this process, constantly ending up being the squeezed parameter of the regeneration agreements. This is even worse if we consider the dramatic housing crisis that is affecting the country.

Urban transformations for how the system works today fail in providing benefits to local communities and local contexts, while actually forcing residents to face relocation and displacement. At the same time, they do not contribute to solve the housing crisis, but rather they worsen the overall situation, ultimately proving to go against those ideals that are supposed to be driving regenerations. Within this framework it is evident there is a crack in the system and this should be repaired. It seems therefore urgent to eradicate the viability-logics from practitioners mind-set, to rebalance the relations of powers towards community gains and to reshape the planning activity on the need of localities.
View on the city from Peckham, Borough of Southwark
Ailes E., 2011. Over £1 million spent on smashing up empty council homes to stop squatters. Southwark News. 16 June

Allot & Lomax 1998, Heygate Estate Option Appraisal Study Survey


Badarinza C., Ramadora T., 2016. Home Away From Home? Foreign Demand and London House Prices

Bender, T., 201-. In defence of Elephant & Castle Shopping Centre. Available at: https://www.designcouncil.org.uk/news-opinion/defence-elephant-castle-shopping-centre


Bennett, T., Grossberg, L. & Morris, M. 2018. New Keywords : A Revised Vocabulary of Culture and Society, Williston, Williston: Blackwell Publishing.

Blyth, M, Austerity : The History of a Dangerous Idea, Oxford University Press USA - OSO


Clarke N., Cochrane A. Geographies and politics of localism: The localism of the United Kingdom’s coalition government. Political Geography 34 (2013) 10e23


Cooper, 2016. The councils that mean business, Local Government Chronicle. 7 April. Available at: https://www.lgcplus.com/politics/service-reform/the-councils-that-mean-business/7003819.article [accessed: 24/06/2018]


Dedeurwaerdere, T. The contribution of network governance to sustainable development
Les séminaires de l'Iddri, n° 13


Earthscan, London
Engel M., 2016. The bubble that turned into a tide: how London got hooked on gentrification. The Guardian


Flynn J., 2016. Complete control, City, 20:2, 278-286,

Flynn J. 2018. Personal communication: Interview (September 2018)


Glucksberg L., 2016. A view from the top, City, 20:2, 238-255


Greater London Authority, 2016. HOMES FOR LONDONERS. DRAFTAFFORDABLE HOUSING AND VIABILITY SUPPLEMENTARY PLANNING GUIDANCE 2016

**Littlefield, D., 2012.** *Elephant & Castle Masterplan.* MAKE Architects

**Local Housing Delivery Group (LHDG), 2012.** *Viability Testing Local Plans Advice for planning practitioners.* Edition 1, 20 June

**London Borough of Southwark, 2007a.** *Heygate Action Plan. Strategic Meeting*

**London Borough of Southwark, 2007b.** *Heygate Re-housing Project Version 1, September 2007*

**Localis, 2015.** *Commercial Councils. The rise of entrepreneurialism in local government*


**Lowndes B., Gardner A., 2016.** Local governance under the Conservatives: super-austerity, devolution and the ‘smarter state’, Local Government Studies, 42:3, 357-375,


**Metropolitan Police, 2012.** Offence data for the period 1998 to 2003, for the borough of Southwark and Heygate Estate.


**Ministry of Housing, Communities and Local Government, (MHCLG), 2012.** National Planning Policy Framework.

**Ministry of Housing, Communities and Local Government, (MHCLG) 2018,** The Incidence, Value and Delivery of Planning Obligations and Community Infrastructure Levy in England in 2016-17

**Montgomery W., 2011.** Sounding the Heygate. Estate, City, 15:3-4, 443-455,

**Mori Social Research, 1999.** The Future of the Heygate, postal survey.

**NBA Consortium Services Ltd., 1999.** *Southwark Housing, Stock Condition Survey*

**Newman J., 2013.** Landscapes of antagonism: Local governance, neoliberalism and austerity, Urban Studies, 51(15) 3290–3305, November 2014

**Panton M., Walters G., 2018.** ‘It’s just a Trojan horse for gentrification’: austerity and stadium-led regeneration, International Journal of Sport Policy and Politics, 10:1, 163-183,

**Peck J., 2012.** Austerity Urbanism. City, 16:6, 626-655


**Penny J., 2017.** Between coercion and consent: the politics of “Cooperative Governance” at a time of “Aus-
Prendergast J., 2008a. We’ll fight to stay put until replacements are ready. Southwark news. 6 November.


Raco, M., 2017. Regulatory capitalism, the changing nature of urban planning and the limits of neoliberalism: Lessons from London’s South Bank. In: Raco, M., Street, E.; Trigo, SF, 2017 Debating the Neoliberal City. (pp. 77-95).


35% Campaign, 2016. *Elephant Park- a populist narrative.* Available at: http://35percent.org/2016-11-12-elephant-park-a-populist-narrative/

In order to help the reader follow the research narrative is here provided a definition of some of the key terms which are used throughout the work.

**Affordability**
As defined throughout the research, a major conflicting point in the regeneration dynamics, especially in the Heygate Estate redevelopment, the one selected as study case, is the definition of what affordable means. For decades the only definition of affordability was expressed by the Social rented housing (or council housing), namely the houses whose price is set at 40% of market value. The introduction of policy requirements in private developments have pushed developers to introduce new labels through which refer to affordable housing. So, for example, the “affordable rents” have been introduced, which represent a broader and more general category comprising houses set between 40% and 80% of market values. These new labels, despite being called affordable, they are often just in the name, while in the practice they are out of reach for people with average salaries.

**Austerical**
The adjective that is used in the title is an ironical play on words represented by the *crasis* between the words Austerity and Hysterical. It refers to the deep impact that austerity has had on the British local dynamics and to that sort of hysteria which characterizes the policy-making since the drastic economic measures were introduced.

**Austerity**
As mentioned in the preface, there is still a lack of consensus on what this term means and which policies can be considered part of austerity programmes. This uncertainty often leads media to misuse this word, when it comes to describe any kind of cut to public budgets or increase in taxes. Academics have placed much emphasis on the need to narrow down the definition of the term and to identify which measures can be referred to as austerity. In this regard, Anderson and Minneman (2014) have summarised the different definitions that have been given to austerity into three categories:

- Austerity as Discretionary Fiscal Consolidations *without* Regard to Intent:
- Austerity as Discretionary Fiscal Consolidations *with* Intent of Reducing Deficits
- Austerity as Discretionary Fiscal Consolidations with Intent of Correcting Past Conditions

The first category represents the broader definition, which generally consider austerity <<as increases in taxes or decreases in spending that result from specific policy actions>> (ibid. 2014). In this respect, it is enough that this kind of economic policies is implemented intentionally to fit into the definition.

The second and third ones, instead, take a step further and try to define austerity on the base of the underlying intentions that lead governments to implement it. Under the second definition, therefore, in order to consider an economic programme as austerity, <<the policy changes must be enacted in order to reduce the deficit, rather than to achieve other policy objectives such as to fund other initiatives.>> (ibid. 2014). The third definition instead emphasises the perspective that is adopted when the policies are introduced. The policies should be in fact exclusively aimed to respond to a past circumstance and not intended to set up a prospective economic condition (ibid. 2014).

**Benchmark Land Value**
In development practices, it represents the minimum amount needed to incentivise the release of landowners sites for development.

**Borough**
In Great Britain, the term Borough is used to define a town or district which represents an administrative unit. London is subdivided in 32 Boroughs. Among them, twelve define the Inner London, while the others twenty the Outer London. Each Borough is administered by a council, which has competences on the majority of the public services (education, social care, cultural venues, waste management and so on).
Coalition Government
It is the name which is used to refer to the national government which took the power between 2010 and 2015. It was composed of members of both the Conservative Party and the Liberal Democrats and was led by the Prime Minister David Cameron

Conservative Government
It is the government that followed the 2015 General elections. This time the Conservative Party gained the majority of votes, so the government was composed exclusively by members of the party. It lasted until July 2016, when after the victory of the Leave vote in the June 2016 referendum on British withdrawal from the European Union, Cameron withdrew in favour of the Home Secretary Theresa May, the current Prime Minister

Gross Development Value
In development practices, it represents the total sale value of the redeveloped area once the development is finished. It includes the price the new apartments will be sold for and the amount of money developers will be able to gain from any other facility included in the scheme.

Neoliberalism
Encyclopaedia Britannica defines Neoliberalism as "ideology and policy model that emphasizes the value of free market competition, commonly associated with laissez-faire economics. In particular, neoliberalism is often characterized in terms of its belief in sustained economic growth as the means to achieve human progress, its confidence in free markets as the most-efficient allocation of resources, its emphasis on minimal state intervention in economic and social affairs, and its commitment to the freedom of trade and capital."

Residual Land Value
In development practices, the Residual Land Value is the product of the subtraction of the Gross Development Value, the Development costs and the Return to developer. \((Gdv-Dc-Rd=RLV)\). This represents the amount that developers can afford to pay to the landowner and has to be greater than the Benchmark Land Value, so to incentivize the landowner to sell the land.

Urban regeneration /regeneration project
According to Imrie et al. (2009) urban regeneration "refers to those policies and strategies that have been designed to deal with urban decline, decay and social and economic transformation and implies an integrated perspective on the problems and potentials of cities. ". Robert (2000) defines this term as a "comprehensive and integrated vision and action which leads to the resolution of urban problems and which seeks to bring about a lasting improvement in the economic, physical, social and environmental condition of an area that has been subject to change.\) Regeneration projects are the terminal of the planning processes and take place in areas that have been defined as suitable to physical transformation. The regenerations can be characterized by whether the process is funded and steered by the public or the private sphere: in relation to this they may be defined as private-led or public-led regenerations. Another characterizing feature of regeneration is if these occur in empty areas, as for example previously agricultural lands or urban voids, or in already existing estate that will therefore need to be demolished or refurbished. In accordance to this feature, literature may provide different and more narrow definitions. In this work however no further distinctions have been made, so regeneration is used here as a synonym of urban development.

Welfare state
The Oxford English Dictionary defines welfare state as "a system whereby the state undertakes to protect the health and well-being of its citizens, especially those in financial or social need, by means of grants, pensions, and other benefits. ". According to Bennet et al. (2018) when the welfare states were established in the 40’s, 50’s and 60’s, this term referred to "the perception of purposive, collective intervention in the well-being of the citizens of a country and embodied a belief that social improvement could be planned and implemented across a range of conditions: employment, education, health, housing, and income (re)distribution. Welfare states were constructed in compromises that redrew the boundaries between state, market, and family.\) The policies that were inherent to the concept of welfare state varied drastically across the nations and the countries came to be defined by the degree of state provision. At the highest end of the range stand the Nordic countries while at the lowest the market-driven United States (ibid. 2018)