

East London communities betrayed: the LLDC's Planning Committee 2017-2022

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Abstract

This paper is based on the author's direct participation in the London Legacy Development Corporation-led development of the 2012 Olympic sites and their surrounding area. As one of the Councillors for Hackney Wick, the area of Hackney most affected by the development, the author was the Hackney Council representative on the LLDC's Planning Decisions Committee from 2017 to 2022. This proved to be an important point from which to observe the development's progress, since the planning frameworks for the area and all significant projects are considered by the Committee whose quasi-judicial role puts it at a distance to the LLDC's policy-making Board. The paper suggests that a combination of a development strategy over-dependent on the benefits of the private land market, a weak planning system and limited local democratic accountability made it impossible to achieve the original ambitious 'levelling-up' objectives of the Olympic legacy promise for the area. Instead, the strategy has given a strong boost to the process of gentrification already strongly affecting the Borough and much of inner London. To illustrate and support these conclusions, the paper looks at the operations of the Committee under three headings: the LLDC's overall approach to development; democracy and the role of local people; and a range of the planning and housing issues thrown up by the process.

General approach to development

In July 2005, London's Mayor, supported by the Government, made a promise to the world that made a crucial contribution to the success of the country's bid to stage the 2012 Olympic Games. He pledged its legacy would be to re-balance the investment bias that has historically favoured west over east London. Moreover, this commitment would be publicly demonstrated by regularly reporting the degree of convergence between the area and the rest of London. This promise, now popularly known as 'levelling-up', fitted into the long history of Government-led, area-based policies over the past century. These policies, designed to compensate areas for the impact of market-led economic changes on various types of community, have ranged from the regional policies of the 1930s (northern versus southern regions) and the Inner-City policies of the 1970s (inner cities versus suburbs) to the nation-wide regional development policies of the 2000s and the 'levelling-up' promise to so-called 'Red Wall' constituencies in the Midlands and North of England. In the case of the 2012 Olympic Games, the political commitment by the London Mayor and central government was matched by enormous sums of public money, some £9 billion in all. Credibility was enhanced by the establishment of an index of social and economic indicators to show progress towards this redistribution objective over the life of the project.

However, the change in political control, first of the London Mayoralty in 2008, and then of the Government in 2010, led to a very different development philosophy and set of priorities. The measures of 'levelling-up' convergence were abandoned and the objectives of the development became focused on maximising land values and the financial returns on investment. The London Legacy Development Corporation, set up in 2012, became responsible for preparing the area's planning framework and overseeing its development. The key decision was made to put the initiative for developing the area in the hands of the private sector. The LLDC's role was to plan and organise the sites for disposal, seek infrastructure investment where necessary and to market the

opportunities to the property development industry. This intermediate role was in direct contrast to the approach of previous 'new town' corporations which had been based on a leadership role for the public sector in acquiring land and commissioning various construction partners to achieve a socially and economically balanced development.

In 2016, there was another change of course when the Mayoralty returned to Labour control, though the private market-led approach to the area's development remained firmly in place. The main change was to give greater priority to affordable housing, designed to widen the accessibility of the new homes for Londoners on average and below average incomes. This was done by separating the so-called 'affordable' housing category into two. One was as defined by the previous Mayor where rents and sales prices were at 80% of market levels. In practice these prices are unaffordable to most Londoners. Meanwhile, a second category was established based on income criteria (rather than housing cost) to ensure the new housing was genuinely accessible to those on low incomes. This housing sub-category was labelled variously 'social' and more recently, 'London Affordable Rent'. Rents were set at levels that council and housing association typically charged in the area, typically around £500 a month. The new Mayor also made some modest changes in his appointees to the Board and the Planning Decisions Committee, although in nearly all cases the new appointees continued to have strong connections with the property industry. Disappointingly, there was no attempt by either the new Board or Planning Committee to review the results of the market-led strategy on development outcomes, notably the rapidly emerging gap between the promise of a balanced development and the actual delivery on the ground.

While the most important negative impact of finance-led investment has been on the share of affordable housing in the development (see third section), the most notorious example of favouring investment returns over local has been its approval of the MSG Entertainment Sphere. This vast structure, to be located on a very tight site next to Stratford station, depends for its commercial viability on showing huge advertisements on its external skin and will have devastating impact on the local community. Despite fierce opposition by the local community and all the political representatives on the Committee, and despite being a totally untested business, a majority on the Committee gave the project approval to operate for the next 25 years.

Balancing the interests of Londoners and local residents

Large-scale urban development planning always faces a political problem in how best to resolve inevitable conflicts between city-wide and local interests. Crucial to success is ensuring that both interests are represented at a forum which is able to discuss and resolve problems. In 1979, the London Docklands Development Corporation (the agency created by government to take responsibility for development of a wide swathe of the old docks in the Thames riverside) resolved this dilemma by avoiding any form of direct political representation at either London or local level. Instead, national government made appointments (mostly of sympathetic technocratic development experts) to an independent Board, which was accountable only at national level. The result was chronic political tension at London and local level as the LDDC forced through a range of city centre office and housing developments against both London-wide and local opposition.

Faced with the same dilemma thirty years later, the LLDC's solution was to recognise local interests by appointing the leaders of the four Councils to the Board. However, a majority of the London Mayor's appointees were again technocratic experts, sympathetic to the property development industry. A similar formula was applied to the Planning Committee – a minority of seats went to local Councillors from the four Boroughs while the majority came from various branches of the

development industry. The result has been a chronic tension between local politicians pressing for development aims and outcomes which would reflect local interests (most notably for a greater emphasis on social housing) and a planning system whose priorities and operations mean they cannot be met.

The LLDC's argument has been that the wider interests of Londoners need to be balanced against local Borough interests and that, where these clash, it is the wider interests that should prevail. There are several problems with this approach. First, the original promise suggested it was the aim of the Olympic legacy to prioritise the needs of East Londoners. Second, the wider interests of Londoners were represented not by London politicians with a wider mandate, but by non-elected, technocratic property professionals. Third, the planning system strongly favours development so any resistance to a proposal faces enormous (and expensive) obstacles. By surrendering development initiative to the private sector (rather than enabling public authorities to commission development to meet needs), the LLDC is in a weak position to refuse unsuitable proposals. Moreover, limited resources restrict its capacity to resist legal challenges to its planning decisions.

Planning issues

Development proposals are dominated by proposals for housing provision, reflecting the priorities of the approved planning frameworks for the area. Unsurprisingly, given the desperate housing shortage in the area, the planning issues related to housing have proved to be the most politically contentious throughout the LLDC's existence. The central issue has been the share of housing for social rent (i.e., affordable for people on average and below average incomes) in development applications. Given that each additional social housing unit leads directly to a reduction of developers' profit margin, this becomes the principal area of conflict in the planning decision-making process (although the provision of intermediate tenures such as equity-shared and so-called 'market affordable' rented homes also undermines developer returns, the impact is much less). As a result, there has been intense negotiation over the social housing numbers at each stage of most development proposals.¹

This conflict highlights a more general problem, namely that social housing is never the *objective*, it is always the *residual* benefit of housing schemes that came to the Committee, even for those proposals led by housing associations. Private housing therefore occupies the primary place in the development, and this is clearly shown in the LLDC's annual monitoring report published in July 2022.² It reports that since 2012, 11,380 homes have been delivered. Of these 984 are genuinely affordable (defined as social rent or London Affordable Rent, that is, broadly comparable with council and housing association rents). Of these 984, some two thirds, 675, were inherited from Olympic authority's development of the Athletics Village. *In 10 years therefore, the LLDC itself has only delivered 309 social rent homes, a negligible share of 3%.* Its claim to have delivered 3288 affordable homes (29% of the total) can only be sustained by accepting that the overwhelming majority of these so-called 'affordable houses' are accessible only to those with incomes between two and three times the London average. The promise is that the number of social rent homes will

¹ Even at the apparently 'final', planning committee stage, decisions are provisional given the continual threat of appeal to a central government sympathetic to developer interests. As noted, the LLDC has very limited financial and people resources available to argue its case for upholding refusals in court. The pragmatic guidance to the Planning Committee has been that it can manage no more than two or three appeals at one time.

² LLDC, *Annual Planning Authority Monitoring Report and Infrastructure Funding Statement (2021/22)*, 19 July 2022.

be increased over time although projections suggest that of the 30,000 total dwellings to be built by the mid-2030s, no more than 3-4,000 will be social rent dwellings, a marginal contribution to meeting the needs of the 55,000 on the housing waiting lists of the four Olympic Boroughs. Already a clear pattern of population replacement is emerging: far from benefitting long-term East Londoners as had been promised, the development is attracting affluent incomers. Meanwhile, many existing residents have been forced out of the area by rapidly rising housing costs.

A further key issue of conflict has arisen from the fierce competition to maximise returns for developers which has led to a strong compulsion to overdevelop sites. Developers continually press for the lifting of restrictions on building heights and for the intensification (massing) of buildings. As a result, there is acute conflict between planning policy guidelines and developers' ambitions to maximise the number of housing units on each site. The outcome has been housing developments that are sufficiently attractive architecturally to entice affluent purchasers to the area but whose component blocks are often overcrowded with little public (or play) space. In many cases, the heights and scale of blocks are at serious odds with those of the neighbouring communities. Moreover, the competitive pressure to attract affluent buyers has led to a uniformity in design (the so-called New London Vernacular).

Developers' concentration on catering for the needs of affluent private owners has had more subtle social effects and these have also been a chronic source of tensions and conflict within the Planning Committee. Market-led pressures lead developers to build one- and two-bedroom apartments to cater for the two-income professional couples most able to afford the £500-750,000 prices of a typical flat. Indeed, three quarters (73%) of planned homes are one- or two-bedroom dwellings. By contrast, the housing needs of those on the Boroughs' housing list are mainly for three or more-bedroom homes, though these make up only a quarter (27%) of planned homes. The Planning Committee's attempts to achieve a broader mix of bedroom sizes has met with considerable resistance from developers. Even after planning decisions had been made, there have been appeals to the Committee for changes in planning conditions to allow the share of two-bedroom homes to be increased due to the lack of market interest in the three and four-bedroom homes. This heavy bias in favour of affluent, professional singles and couples will have long-term impact on the social make-up of the new communities. In particular, it will mean that a narrow social cohort of young affluent singles and couples will dominate the Olympic legacy communities. Moreover, given the lack of outside space many of these couples are likely to move as they build their families, creating a rapid turnover of residents, making difficult to create stable communities over the long term.

Finally, there have been long-lasting conflicts in the Planning Committee over the issue of tenure segregation. Maximising profits from expensive housing demands the greatest possible social segregation, partly for economic reasons (standards of build and estate management charges are usually set at higher levels) and partly for social reasons (snobbery about living with poorer neighbours). As a result, developers consistently propose that social and intermediate housing are located in separate (often less attractive) parts of the development so that different standards of internal finish and maintenance can be provided. In most cases, the Committee refused to allow the more egregious proposals for separate entrances and play spaces, but it was less successful in ensuring that blocks of social and intermediate housing were mixed in with the private blocks. It was almost wholly unsuccessful in persuading developers to provide genuinely tenure-blind allocation of homes (so-called 'pepper-potting' which means that it is impossible to tell the tenure-type of each home). Developers (including housing associations) fiercely resisted any suggestion that developments should be tenure blind, using spurious arguments that management of scattered tenancies would be impossibly uneconomic. The real reason was a fear that the value of private

housing units would be reduced. There is no power under planning law to compel ‘pepper-potting’ so the outcome will be to physically bake London’s current social divisions into the very structure of the Olympic legacy development.

Although housing is the dominant form of development, the planning frameworks for the area called for a balanced approach, to include provision of public services and employment. Most employment has been generated by large-scale office and retail development, especially in the Stratford centre. One key initiative supported by Mayor Johnson (and endorsed by Mayor Khan in 2016) has been the development of branches of prestigious institutions (BBC, V&A, Sadlers Wells, University of Arts, UCL) on the East Bank site, next to Stratford Central. Mayor Khan made a further generous commitment of Mayoral funds and agreed that all socially affordable housing in the surrounding housing blocks could be eliminated to ensure their development maximised the financial contribution to East Bank scheme. Despite strong opposition from local Councillors, this was agreed by the Planning Committee despite it fundamentally undermining the Mayor’s parallel commitment to social housing as part of each development. On a more positive note, the LLDC has had some success in delivering roughly 10,000 square metres of affordable workspace, largely aimed at the important arts and culture sector in Hackney Wick and Fish Island. However, it important to note that this has been achieved at the expense of affordable housing provision. Moreover, the sector is now struggling to survive with the LLDC’s recent annual monitoring report which shows a 20% fall in activity since the pandemic.

The LLDC’s bias to property development rather than direct economic development is also clear from its marginal contribution to the skills agenda. The challenge (and the opportunity) has been to ensure that jobs coming into the area are open to the local population, especially for the young now emerging with high skills from the area’s much improved educational system. However early indications are not promising. For example, in 2018, 80% of the employees at the Olympic park’s employment hub were white compared to 31% in the local area. Moreover, despite the small group of committed LLDC staff working on skills, the outcomes have been marginal. The largest current (excellent) scheme reaches some 30 placements, tiny in the context of the needs and opportunities. Given the number and range of high skill jobs now available in and around the area, this is a very serious missed opportunity, an inevitable result of the corporation’s focus on property development at the expense of wider social and economic objectives.

Conclusions

The original Olympic promise of ‘rebalancing’ East and West London depended on creating houses, jobs and social facilities that would meet the needs of the area’s very mixed and plural community. The LLDC’s approach to development, particularly of housing, means it can only make marginal gestures towards this vision. The predominance of private housing-led development is inevitably leading to the area’s gentrification by encouraging inward migration from more affluent areas. This trend has been reinforced by the priority in the allocation of public spending given to the expansion of national and regional cultural institutions. This in turn has further reduced opportunities for local communities to secure funds for more mundane social and community facilities to meet their needs.

This market-led approach to development was not inevitable but a political choice that remains largely unchallenged by the LLDC. Instead of refereeing a process led by private sector developers, a democratically based and accountable body could have directed a process of broad-based development. There have been a number of models used since World War Two, ranging from the New Town Corporations to Joint Local Authority Committees and Council-led development commissioning of schemes. One model, particularly relevant to management of the Olympic legacy,

was the Docklands Joint Committee which oversaw the development of London's redundant dockland sites in the 1970s. This committee was made up of a majority of London and local Borough representatives alongside a range of employer and local community representatives and was serviced by a powerful group of experts assembled and employed by the Greater London Council. It produced a plan for the area which successfully balanced the demands of London-wide and local interests for jobs, homes and public services. The essential component of these alternative models was to put the public authority in charge of development process and then to commission partners in public and private sectors to put plans into practice.

By contrast, the LLDC's reliance on private sector-led development proposals means that immediate financial returns have become the dominant influence both on the planning process and more widely, on the property values (and profits) of the local land market. This is evident in the operations of the Planning Committee where there are strong pressures to present proposals which emphasise the benefits rather than the costs and negative social impacts of development proposals. It is also evident in the limited measurement, monitoring and reporting on the outcomes of development. The LLDC does not even have in place a process to assess whether planning conditions have been fulfilled in practice.

Enormous amounts of public money were committed to the Olympic legacy with a promise to challenge the historic imbalance between the advantaged and disadvantaged in London. In practice, as in the case the London docklands communities a generation before, the result has been a development that is fundamentally oriented to the already affluent in society.

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