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## **After the Aylesbury – Estate regeneration, but not as we know it?**

By [George Turner](#)



*Last week the Secretary of State for Communities and Local Government refused to allow the compulsory purchase of flats on the latest phase of the Aylesbury Estate's redevelopment, citing concerns about the way that Southwark council was dealing with leaseholders.*

*This article explains why this decision was important, and why Southwark Council are wrong to challenge it.*

## Estate Regeneration

Local authorities see housing estates as an opportunity to solve the housing crisis. By knocking them down and increasing their density, councils think they can provide new housing and use profits gained in the process to reinvest in more affordable housing. The quid pro quo is that the land is sold to the private sector. Either a private developer or a housing association.

The Aylesbury Estate, in Southwark, is one estate going through such an experiment. The council has entered into an agreement with Notting Hill Housing Trust to redevelop the estate over 16 year period. The number of units on the estate will increase from 2,700 to 3,600. But in order to achieve that the council needs to knock down the existing buildings.

The policy makes little sense in terms of housing delivery. Council housing is actually some of the most efficient forms of housing in terms of its land use. Places like the Aylesbury managed to combine large, well lit homes with open spaces onto a relatively small footprint. As the residents of the Aylesbury found when the regeneration plans were studied, increasing density even further would lead to dark and dingy overshadowed buildings. If increasing housing density to build new homes was the overriding priority then planning authorities would do far better to look to the suburbs.

Despite this local authorities have ploughed on. The Heygate in Southwark, West Hendon in Barnet, the Earls Court regeneration scheme in West London are just three regeneration areas which have been given the go-ahead.

The attraction of estate regeneration developers is clear. Property developers need land, and councils have lots of it. The legacy of the utopian dreams of 1960s planners is that London councils are huge land owners. On average inner London boroughs own between 25-30% of the land in their area. In Southwark it is 43%.

It is also land owned by a single owner. Rather than deal with streets of individual property owners the developer only needs to deal with one, the council. That land owner is also the planning authority, which should make planning permission easier to obtain too.

For local authorities, they see an opportunity to provide new housing at no cost. They can sell the land to a developer, and gain a capital receipt. Often there is a deal to share in any excess profits from the scheme as well. Through the planning system the council can also ensure that the developer ploughs some of their profits back into affordable housing, replacing the units which have been knocked down.

That is how it is supposed to work in theory, and many councillors up and down the country really believe that this is a realistic outcome, despite lots of evidence to the contrary.

The Heygate was one of the first major schemes to go through this process. The estate next door to the Aylesbury was sold to Australian property developer Lend Lease and 1,200 homes have been bulldozed. Despite promises from Southwark Council that the development would lead to new affordable housing and the regeneration of the area it is difficult not to come to the conclusion that London has been ripped off. Over 1000 social tenants left the Heygate before demolition. Despite over 2000 new homes being built, only 82 will be at social rent. At the time Southwark argued that despite

the poor return on social housing the council would receive large amounts of money in the form of a profit sharing agreement with Lend lease. Now it seems that that the profit share is non existent.

The leaseholders on the estate, those who owned their homes outright, were forced to sell and were paid a pittance. The vast majority had to leave the area as a result.

The reality is that for developers there is a clear incentive to maximise profits by paying as little for the land as possible, to load as much of the cost onto the local authority as possible and to get away with as much as they can in terms of reducing planning obligations like affordable housing.

The problem for the local authority is that once they have signed up to the principle of redevelopment they find themselves in an incredibly weak negotiating position, and many councillors are very poor negotiators.

The people caught in the middle are the residents of the estates facing demolition, who have been treated wickedly. The issue in the Aylesbury CPO inquiry was the treatment of leaseholders.

## **The values of councils**

In August 2013 the national media [reported](#) on what was alleged to be Central London's last home on the market for less than £100,000. A ground floor studio flat in Brixton was being sold for £99,500. It was in such a shocking state that even the estate agent described it as 'horrendous'. It had just 56 years left on the lease but buyers were lining up to snap up this bargain with lots of potential.

What was going unreported was that just a mile down the road, Southwark council had been picking up even bigger bargains by the hundred.

Details of the amounts paid by Southwark for homes on the Aylesbury Estate were obtained by campaigners under FOI. [They show](#) incredibly low offers being made and accepted under the threat of compulsory purchase. In September 2012 for example, Southwark council paid one leaseholder on the Aylesbury Estate just £75,000 for their large, 47m<sup>2</sup>, one-bedroom flat. In 2014 the council paid £147,500 for a 4-bedroom, 97m<sup>2</sup> maisonette. To put this in context, by January 2013, average house prices in London had already hit £400,000

On the neighbouring Heygate Estate Southwark Council paid on average £107,000 for a two-bedroom flat. Purchases on that estate by the council started in 2004, but FOIs [show](#) that as late as 2011 the council was paying just £115,000 for a two-bed flat on the estate.

Neither is it just in Southwark where councils have been forcing sales at low prices. According to Jasmin Parsons, a leaseholder at the West Hendon Estate in Barnett some leaseholders were offered just £90,000 for a one bed flat and £130,000 for a two-bed maisonette on her estate when the council applied for the first in a series of compulsory purchase orders.

This offer was later [increased](#) after the leaseholders employed a surveyor to act on their behalf, but still fell far short of the amount required to buy an equivalent home.

## The market

How is it that until now that leaseholders living on estates scheduled for regeneration have been given such a raw deal?

In theory people facing compulsory purchase must be given the market value of their homes. But up until now, local authorities, the government and the land tribunal have all backed an approach which has compensated leaseholders based on the average value of homes on the estate to be demolished, not the average value of homes in the wider area. That approach comes with some very obvious problems.

An estate facing demolition is generally the lowest value housing in any given area, partly because councils will have let the buildings deteriorate, seeing little point in maintaining something which is going to be knocked down.

And who wants to buy a home scheduled for demolition anyway? Another issue facing leaseholders is that once the council signals its intent to regenerate an estate, it kills the market in the area. That can happen years in advance of a compulsory purchase order being made. Instead, the 'market value' becomes the price that leaseholders can get from a single purchaser, the council, which is also their landlord, and the body applying for compulsory purchase.

Given the approach adopted by councils, it is obvious that the amount offered to compensate leaseholders for the loss of their homes will rarely, if ever, be enough for them to afford a home in the area. Unless they can raise significantly more cash to buy back into the redeveloped and more expensive estate, or to buy more expensive housing in the local area, they will be compelled to leave. It is pay to stay for leaseholders.

To account for this, councils sometimes offer residents subject to a compulsory purchase order the chance to enter a shared ownership scheme. After having had their property taken from them by compulsion, leaseholders are given the 'opportunity' to buy back part of a home on the new estate with the money they have been given, and the privilege to pay rent on the remaining share.

Leaving aside the obvious inequity in such a scheme, for some residents these offers are simply unrealistic. At West Hendon, 85-year-old Adelaide Adams was [forced to sell](#) her home for £175,000. An equivalent home on the 'regenerated' estate would be £407,000 and service charges would be over £2,000 a year. To her it was obvious that after having spent 30 years on the estate she was no longer welcome.

## A welcome change

However, it appears that the government has had a change of heart. After it allowed Barnet to compulsory purchase homes at West Hendon last year, and Southwark to go ahead with compulsory purchase at the Heygate and on previous phases of the Aylesbury, it has [blocked](#) the latest compulsory purchase order at the Aylesbury.

In making her recommendation to the Secretary of State to refuse the order, the inspector noted that although the housing options offered by the council (the offer of a shared ownership scheme) would allow leaseholders to remain within the area, she went on to say:

“in order to exercise this option they [leaseholders] would need to invest considerable personal resources in addition to any compensation they would receive for their properties.

In this regard the CPO would not only deprive them of their dwelling but also their financial security. If they chose not to pursue this option, they would inevitably need to leave the area and this would have implications for their family life, including the lives of those dependant on them.”

The inspector concluded that this situation would lead to an unjustified breach of the leaseholders human rights, which the council could have avoided by seeking a different agreement with the leaseholders.

Sajid Javid’s decision on the Aylesbury CPO does not end the policy of estate regeneration. The inspector and the Secretary of State both accepted the argument that the scheme would Benefit the area if it were allowed to go ahead, and the government still wants to bring forward plans to regenerate [100 estates](#).

But if allowed to stand it establishes an important point of principle, which is that whilst compulsory purchase can force people out of their homes, it cannot force them out of their communities. At the very least it promises to bring some humanity back to what has become a savage process.

## **What next?**

But Southwark Council, and their leader Peter John, are determined to make sure that the decision won’t stand. Southwark have described the decision as extremely disappointing and just days after it was taken the council [announced](#) they would launch legal action against the government.

We now have the absurd situation of a Labour Council taking a Tory minister to court for preventing them from forcing council estate residents from their homes, and out of their borough.

Southwark claim that the Secretary of State has made a mistake in his decision, in not considering their updated policy on leaseholders. The council updated its guidance after the close of the public inquiry to say that leaseholders would not be forced to put their hands into their own pockets to take part in the shared ownership scheme.

If the Secretary of State has made a genuine mistake then that is a good grounds for challenge, but even if they win their judicial review the most that the judge can do is send the decision back to be taken again. It is of course always possible that then the Secretary of State might change their mind in the light of the courts decision, but one does wonder why Southwark are doing this, and why can’t they simply offer leaseholders a fair deal and be done with it.

Will they win? who knows. Anyone who has been through the courts will tell you that when it comes to judicial review, there is rarely any rhyme or reason to the judges' decisions. The whole game is one hugely expensive roll of the dice, largely dependent on which judge gets drawn on the day.

That Southwark are willing to spend tens of thousands of pounds of taxpayers money on such gamble, particularly given that the consequences could impact residents of council estates across the country, is outrageous.

*A shorter version of this article [originally appeared](#) in the Guardian*