

£180m cut from regeneration plans for Tony Blair's flagship housing project

Chill wind of new political climate hits urban housing, with Aylesbury estate among 13 axed homes projects



The Aylesbury estate in south-east London was chosen by Tony Blair in 1997 to launch Labour's urban regeneration plans.
Photograph: Stefan Rousseau/PA

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From the moment Tony Blair chose the Aylesbury estate to host his first public speech as prime minister in 1997 the vast, crumbling complex of flats in south-east London became a shorthand for Labour's grand plans on urban regeneration.

Millions were poured into improving security and building new sports and leisure facilities. There followed an ambitious £2.4bn scheme to replace the entire 1960s-designed complex with modern, low-rise homes, mixing private units with social

housing.

Fast forward 13 years and the Aylesbury, in Southwark, reputedly the biggest housing estate in Europe, finds itself in an entirely different political climate.

With the first few dozen residents preparing to leave their flats for new, sustainably-built homes the rest of the redevelopment is suddenly in jeopardy after more than £180m of central government funding was withdrawn without notice.

The government's Homes and Communities Agency (HCA), which finances such schemes in England, announced it was axing 13 projects that had not yet been formally approved, including the Aylesbury, saving £1.9bn in all.

For Southwark council this was a crushing surprise: the paperwork for the redevelopment had just been completed, at a cost of £1m. "The decision came out of the blue. We'd heard a few mutterings in the weeks beforehand, but the first we knew was a letter from the HCA," a spokeswoman said.

The £180m would have directly financed the construction of just 350 of the eventual 4,200 new homes replacing the Aylesbury's brutalist concrete towers and walkways. However, the knock-on effect threatens another 570 properties being financed in part through borrowing raised on increased land values generated by earlier redevelopment.

This in turn means that the entire complex redevelopment plan, taking in four stages over 15 years, faces either being drastically scaled back or abandoned.

Southwark says it is confident of finding the cash elsewhere and remains publicly bullish. Fiona Colley, the Labour councillor responsible for regeneration, said: "We will continue to explore every option available to us and will in no way be defeated by this decision." The local opposition parties have pledged support.

It is nonetheless a huge blow for Aylesbury residents, all the more so after they spent years trying to counter a media stereotype of their home as a crime-ridden ghetto, "hell's waiting room" in a tabloid phrase still recalled with anger.

This image was perpetuated by repeated use of the estate as backdrop for political rhetoric. In 2005, the then Tory leader Michael Howard went to the Aylesbury to complain little had changed in seven years. In 2007, Jacqui Smith made her debut as home secretary at the estate.

"When Tony Blair did his speech, we began to believe that something would happen at last," said Jean Bartlett, chair of the tenants and residents' association, who has lived on the estate since it was built. "Now we've got this far - the first new homes built, and they look wonderful - and they've pulled the rug from under our feet. You would think that the Aylesbury is a high priority for the government but it doesn't seem to be the case."

The cruel paradox is that the Aylesbury's status as one of New Labour's pin-up projects could prove its undoing. The HCA cash was being provided under the private finance initiative (PFI), a Blair-championed form of funding now out of favour with the coalition.

A spokeswoman for the Department for Communities and Local government, which instructs the HCA, said the cut came "particularly in light of ministers' concerns about the value for money from PFI schemes".

The hope for Southwark and the residents is that the estate's notoriety could again prove its salvation. The council has written to David Cameron, asking him to follow in the footsteps of Blair and visit the Aylesbury. It has also contacted the communities secretary, Eric Pickles, and the HCA, urging them to make an exception for the project.

But for Bartlett and others still living on the Aylesbury, it is a disheartening time. A separate cut has already hit special patrols by council wardens, bringing fears of a return to the rampant crime that once blighted the area.

"We've got the support of all the parties on the council, which is a big encouragement, but we still don't know where this money is going to come from. We've just got to lobby central government and find it," she said.

"I've been doing this for 13 years and sometimes it feels endless. Every time you feel like it's all in place then something like this happens. It's six steps forward and 10 back. Some residents can be defeatist, they rub your face in it, saying: 'Well, it was never going to happen, was it?'"

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