

Case #1

The Docklands

Redevelopment of an Obsolete and Delapidated Area

London

by

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The London Docklands Redevelopment of an Obsolete and Delapidated Area

1. Introduction

It was in London that the link between planning of the capital city and national economic planning was first perceived. The decades following the establishment of the machinery of modern town planning in 1945 saw plans which without exception dealt with expansion and growth. By 1970 a new reality was becoming apparent for the first time. London was in decline, the economic mainspring behind the city's activities appeared broken. The issue was no longer one of containing or ordering change; for the first time a major European nation was faced with problems more familiar to the developing world: how to encourage economic revival.

The London Docklands experience is unique in that it incorporates significant innovations in the use of the planning process to generate economic and physical redevelopment. Formulated for inner urban area regeneration, the project relies on an active partnership between the public and private sector. It is above all a flexible initiative that has succeeded in mobilising the private sector and raising private sector funds.

This paper attempts to describe a mechanism for an innovative means of development with a view to examining its potential as well as the constraint on its use. It also seeks to identify those areas where further refinement is necessary or desirable. In the eight years that London Docklands Corporation has been going, it has proved itself to be of considerable importance as a viable strategy of urban land development, and of the management and funding of such work.

2. Background

London's Docklands stretches some 12 km eastward from London Bridge. The docks had been built-up in the eighteenth century, and by the nineteenth century the area had attracted a wide variety of local industry. World economic development meant London emerged as a key focus of national and international trade and communications. The docks established London as an international emporium.

The prosperity of the docks lasted until the 1930's. Following a period of intense use during the Second World War, they had, by the 1960's, began to close. The change was largely brought about by the decline of traditional technology, containerisation, and outdated labour relations.

By 1981 18,000 workers had lost their jobs, and nearly half the residents had left the area. At least 40% of the land was derelict and it suffered from pollution and physical blight. The transport infrastructure was out of date and there was little or no private investment coming into the area. Local unemployment grew to 24%.

Urban Growth Trends

Traditionally most people living in Docklands worked in either the docks or in related industries. By the time the docks closed, 18,000 dock-related jobs were lost, with unemployment reaching 24% by 1981.

This loss of jobs was echoed in other manufacturing industries and was one of the main reasons for the decline in the population of London as a whole. The population of Docklands was ageing, declining and becoming less skilled.

Table 1. Population Change 1961-86

	1961 - 71 (%)	1971 - 81 (%)	1981 - 86 (%)
Greater London	- 540,097 (- 6.8)	- 739,181 (- 9.9)	- 30,500 (- 0.9)
Inner London	- 460,944 (-13.2)	- 533,957 (-17.6)	- 38,500 (-13.2)
Outer London	- 79,153 (- 1.8)	- 205,224 (- 4.6)	- 8,000 (0.4)

Between 1951 and 1981 the numbers living in Newham declined by 25%, the numbers in Southwark by 35%, and the population in Tower Hamlets dropped by 36%.

By the 1970's a new reality of declining cities became apparent. Central government was appointing consultants and in May 1971 a firm of consulting engineers were asked to prepare alternative plans for the redevelopment of Docklands. Their study, presented in January 1973, covered an area of 22 square kilometers, and effectively established the boundary of the later Urban Development Corporation. Five alternative plans were produced, and all five depended on large (£75 m per year - 1973 figures) public subsidy. All the plans assumed a comprehensive approach to redevelopment. The proposals were politically unwelcome. No action was taken.

A second attempt was made to deal with the problem, this time by a Labour government. In 1976 the Docklands Joint Committee, composed of representatives of the five neighboring local councils published the London Docklands Strategic Plan. The plan was based on increasing the amount of jobs in manufacturing, industry, and increasing the amount of social housing.

Table 2. Jobs in Docklands

	1981	1984	1985	1986	1987	2000
Jobs created	--	5,360	5,700	8,000	10,000	
Total Jobs in Docklands	27,000	N/A	N/A	N/A	42,000	150,000
Employment Establishment	1,014			1,581		

3. The Challenge

- When the Corporation was set up in 1981 it faced a number of challenges:
- large areas of derelict land that were considered worthless.
 - absence of new private investment with nothing to trigger growth.
 - a need to create a partnership with the private sector rather than depend on traditional public sector funded programs for house-building and job creation.
 - previous attempts at revival had raised expectations which were not capable of being fulfilled, breeding cynicism and despair.
 - 95% of the housing was rented, was in poor condition and considered undesirable.
 - outdated infrastructure required major public investment.

4. The Establishment of the Corporation

In 1980 Docklands was fortunate in having a Government Minister determined to set up a dedicated regeneration team, and to give it resources and powers. The Corporation formally came into being on July 2, 1981.

The idea of a Development Corporation is not new. In the UK, development corporations have existed as public sector agencies for more than 30 years. The New Town Development Corporations, created by Act of Parliament in 1946, were essentially expansionist, and relied on a growing economy to work. The third generation English New Towns such as Warrington and

Milton Keynes could reasonably be called Urban Development Corporations as they covered existing urban centers.

The Corporation was set up by Act of Parliament and is controlled by the Department of the Environment, which is accountable to Parliament via ministers. The LDDC has planning powers. Although it does listen to local communities, it has the power to override their opinions and those of local authorities. These powers are in most respects similar to those of the New Town Corporations established in 1946, and exist for much the same reasons: to achieve rapid regeneration of the area in the face of extensive local opposition.

The Local Government Planning and Land Act 1980 allows the Secretary of State to:

- designate any area of land as an Urban Development Area (UDA).
- establish an Urban Development Corporation (UDC) to regenerate an Urban Development Area.

The LDDC was given powers of Development Control, that is to say it decides on planning applications following consultation with the local authorities and others affected by the schemes. However, in the Enterprise Zone, planning restrictions are virtually lifted.

Apart from the Department of the Environment the important agencies dealing with urban planning and development works are the local authorities and statutory authorities. Parts of Docklands fall geographically within the three boroughs of Tower Hamlets, Newham and Southward. All these councils retain all of their responsibilities, except that, as has been noted above, within the Urban Development Area the LDDC is the Development Control Authority.

This means that within Docklands, the councils retain responsibility for housing, highways and education and levy rates. They retain the full range of local government services within the area, including social and community services. Apart from planning control and the ability to sell the land in its ownership, the LDDC can only play a supportive role in the provision of housing, health, education, community and social services.

The Department of Transport has strategic roads and public transport responsibilities. Education is currently the responsibility of the Inner London Education Authority but will be passed to the boroughs in 1990.

5. Accounting For Its Actions

The LDDC accounts for its actions to central government regarding annual expenditure. An annual corporate plan, detailing the work proposed by the Corporation, is submitted to the Secretary of State.

Members of Parliament have the opportunity in Parliament to question ministers about the Corporation's actions in, and policies towards, Docklands. An Environment Select Committee looks into the estimates and expenditures. Their findings are published. The LDDC is audited by independent auditors.

6. Urban Housing Situation and Land Values

The housing situation in the east end of London has been dominated by social housing since 1945. The corporation's overall strategy is to widen housing choice in terms of size, style, price and tenure, and to improve the quality of housing stock. An attractive residential environment is seen as an essential prerequisite to attracting and retaining residents as the first step in bringing about social and economic regeneration.

In 1981, the owner occupation in Tower Hamlets as a whole was only 4.6% compared to 27.3% for Inner London. The owner occupation for the whole of the LDDC area was 5.3%. The Docklands area had only 784 owner occupiers in 1981.

Up to 1981, the main problems in implementation of housing and urban development programs have been the need for large scale public sector investment, limited cooperation between various agencies, difficulties with acquisition and assembly of land, and political limitation of land use.

Between 1981 and 1988, 8,782 homes were built in Docklands; 5,602 on LDDC land and the remaining 3,180 on non-LDDC land. 82% of the homes on LDDC land are owner-occupied.

The land value in London Docklands has increased over the last eight years by about 22 times on average. Some of the more prominent reasons for this increase are improved accessibility, improved quality of housing choice, and improved quality, as well as perception, of the environment.

7. Land Assembly

The ownership of development land is critical to the work of LDDC. Land assembly is important in any development process. It is particularly important when trying to change the perception of 22,000 Ha of derelict inner urban area. The Corporation is a major landowner within its own area. The powers of a landowner, specifically that ability to influence the type and quality of development which takes place, are an important supplement to the powers of development control. In Docklands in 1980, landowners were doing nothing with their land, and half of the derelict land was owned by various public bodies.

Most of this land was transferred to the Corporation Vesting Order. Vesting Orders are the mechanism by which Parliament agrees to the transfer of land from one public body to another. Compensation is paid to the original owner, based on the undeveloped value of the land. The price is set by an independent state appointed official, the District Valuer.

The Corporation also has the power to buy land in the market place by negotiation with landowners. In addition it can resort to powers of compulsory purchase. These powers, arising out of the Town and Country Planning Act, enable a planning authority to acquire land for essential development purposes. The mechanism operates via a public inquiry chaired by an independent inspectorate. Compensation is paid at rates set by the District Valuer.

8. Development on Corporation Land

Development is initiated and coordinated by the Corporation. The land is released under license to the developer, the freehold in the case of housing land passing to the eventual house owner. The advantages of this system are that developers cannot "land bank", or hoard land until they want to build; they must develop a timetable that suits the Corporation. This is particularly important when a number of developments need to be developed simultaneously in order to change the perception of a large derelict area.

In the case of commercial and industrial land, different practices operating in the market place require a different system. By and large land is disposed of to developers on a lease-hold basis, typically on a 200 year lease. Constraints as to programming etc. are built into the "building agreement", the legal documents which authorize the sale.

9. The Cost of Development

The Corporation is funded by Central Government. It raises additional income from the sale of land. In addition, there is income from services, land rentals etc.

Money is spent by the Corporation on basic physical facilities, such as roads, sewers, and new dock walls. It is also spent on running the organisation itself, on publicity, and in the provision of various social programs such as job training.

The degree of funding necessary over time has changed as development progresses. At first it was necessary to do extensive work to make sites accessible, to clear away pollution and to improve the surrounding environment by, for instance, rebuilding dock walls. In effect this was a subsidy on land prices.

As development pressure built up and market confidence grew, and as the product of the Corporation's work became visible, land values rose and consequently it was possible to get the developer to build many of the facilities which at first had to be provided by the LDDC. This mechanism is termed "pump priming".

The financial benefits of this approach are that only the necessary minimum of public funds are committed to the development. As time passes more and more of the work is funded by the private sector. In 1989 the ratio of public to private funding was 14:1. The mechanism by which the private sector raises money for development projects means that in effect a great many lending and funding agencies are involved. This in turn ensures competition in the market place for money.

The development costs charged for the project are limited to the provision of infrastructure and management. Some of the money comes from the Central Government Grant, some has been borrowed, some raised by sale of land.

The average land value increase after development has started has been dramatic. The value of the Corporation's land holding has risen and the sale of land is in some areas funding the work. In the Surrey Docks for example it looks as if the development will be carried out eventually at no cost to the public purse.

The mechanism of rising land value is helpful to the original private landowners. Industries are able to realise the redevelopment value of their land and move out to cheaper areas, where they can reinvest in new plant and machinery.

The disadvantages of this mechanism are that it can lead to increased speculative dealings and lucrative investment in urban land, resulting in higher values and difficulties in some instances in acquiring land for public purposes. To date this phenomena has been held in check by the Corporation's power as landowner and to purchase compulsorily.

10. Organisational Structure

The LDDC represents a new type of public authority. Its role is to conceptualise and coordinate. Development itself is largely carried out by private developers. The structure of the organisation reflects its emerging role somewhere between the old public authorities and private agencies. The intention has been to minimize bureaucracy. The management structure reflects this. Overall there are around 200 full-time staff plus additional consultants for special projects.

The LDDC is ultimately responsible to Government. Within the Corporation, decision-making power lies with the Board. It contains a Chairman, Deputy Chairman and up to eleven other members, all appointed by the Secretary of State for the Environment. Apart from the Chief Executive, who is also a board member, they are all part-time and non-executive. The Board is advised by the Chief Executive.

Management is coordinated by an Executive Management Team. This meets weekly and draws together Chief Officers, area team directors and divisional heads. It is chaired by the Chief Executive.

The staff is mostly located in one of four Area Teams. A minority of Senior Staff is located at the "Head Office". The location of the teams in the areas enables them to establish close links with local economic and social communities.

The resulting organisation is very project-oriented. The Area Team structure encourages autonomy, initiative and imagination. Goals are set by the center, and financial performance is closely monitored. The small size of the area teams encourages cooperation within the team structure. The federal nature of the organisation creates a competitive environment. The center team provides professional direction and monitors performance. Corporate goals are mutually worked out and formally agreed upon by the DoE.

11. Administrative Aspects

LDDC staff is comprised of direct staff, staff on fixed term contract, and staff on loan from other agencies. There is an extensive use of consultants. Staff is paid for out of the Corporation's budget. Substantial numbers, however, are funded directly out of project costs. (4% of project costs are set aside to pay for staff costs).

The creation of a new small, short life organisation has many advantages. Decisions can be taken quickly. Problems can be analysed from first principles. The difference between the speed of operation of the Development Corporation and, for instance, local authorities working in the same area, is marked.

The success and achievements can be attributed directly to the problem-solving ability of a new organisation, of a (relatively) youthful staff full of vigour, and the benefits and personal involvement of Chief Executives and Chairmen. In the case of LDDC then, posts have had relatively short-term tenure, and this has also helped the impetus. It has also been effective in quickly modifying the direction the organisation has taken.

The disadvantages of a short-term organisation are that in periods of stagnation employees perceive limited career opportunities. LDDC output could be reduced substantially if it were unable to hold on to sufficient staff who have developed the few skills required of such an organisation.

It is necessary to maintain manpower and offer market place salaries. This is not always easy since public bodies are subject to Government policy on pay and wage restraint. It might in the future be necessary to offer specific incentives. The success of LDDC greatly depends on acquiring and retaining staff with sufficient skills. It is a feature of small high-powered organisations that those working in them must be particularly skilled and highly trained. The pace of development makes it difficult to carry out in-depth training on the job. Rapid response requires a particularly flexible approach to professional roles and an ability to adapt working methods to the changing and flexible nature of the organisation.

12. Development Record

The cumulative total of private investment completed and committed since the creation of the LDDC is £4.4 billion. Within four years it is predicted that this investment figure will have risen to £9 billion.

By March 31, 1988, 5.2 million square feet (0.48 million square meters) of commercial and industrial floor space had been completed and a further 5.9 million feet (0.55 million square meters) were under construction.

The most significant single scheme will be Canary Wharf, with an 800 foot central tower. It will eventually create some 1.1 million square meters of floor space and provide for some 50,000 jobs.

Some £77 million pounds has been invested in the Docklands Light Railway and a new City Airport has been completed in the Royal Docks. A major road building program is underway.

Work has begun on more than 15,000 homes, of which more than 9,000 have been completed. It is estimated that the total will exceed 30,000 by the 1990's.

Of the 4,600 properties built to date on Corporation-owned sites for owner occupation more than 2,000 have been bought by people previously living in the three Docklands boroughs. To date some 42% of these homes have been sold for under £40,000.

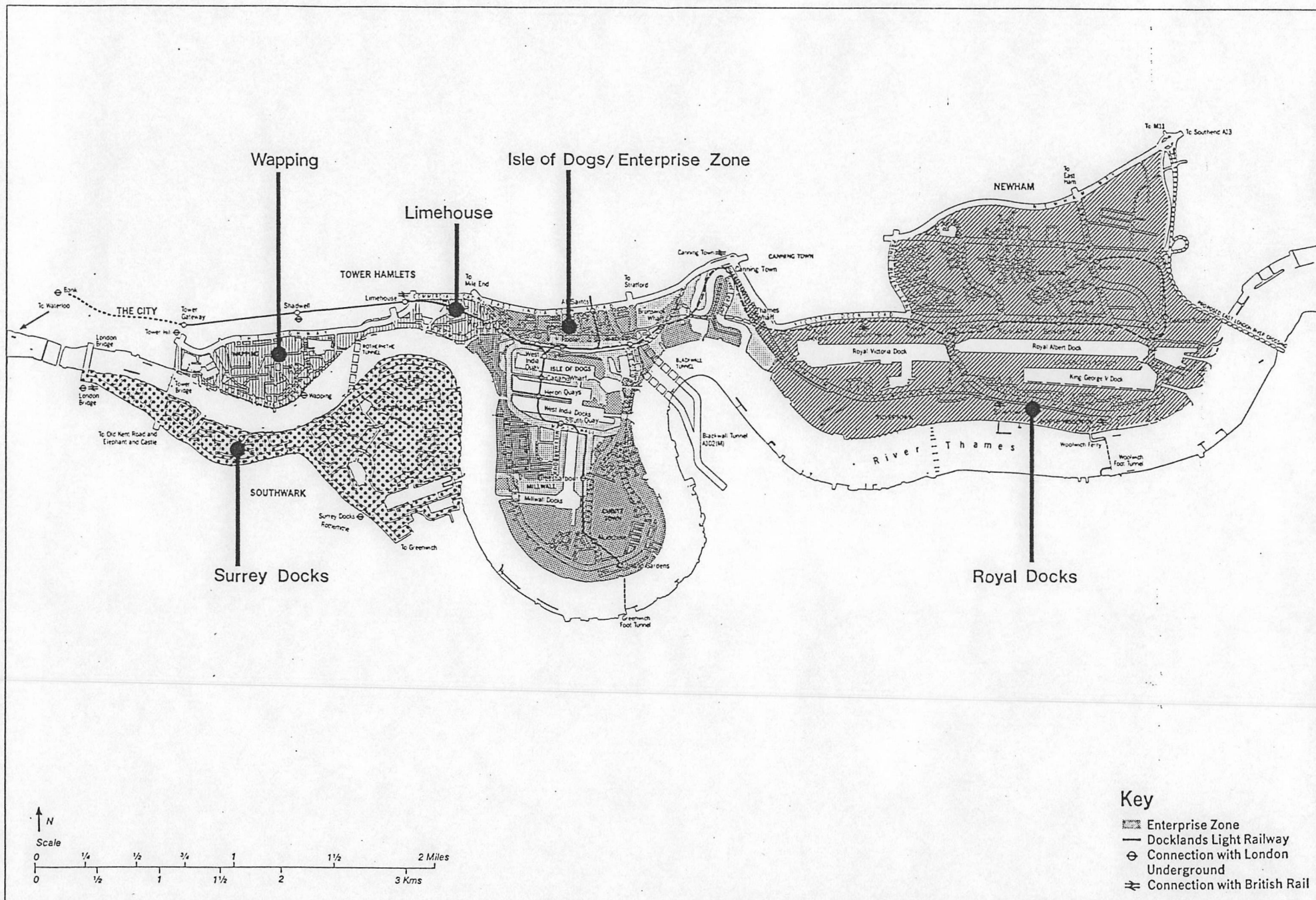
A further 632 homes were built for rent on Corporation land, with an additional 359 built for shared ownership.

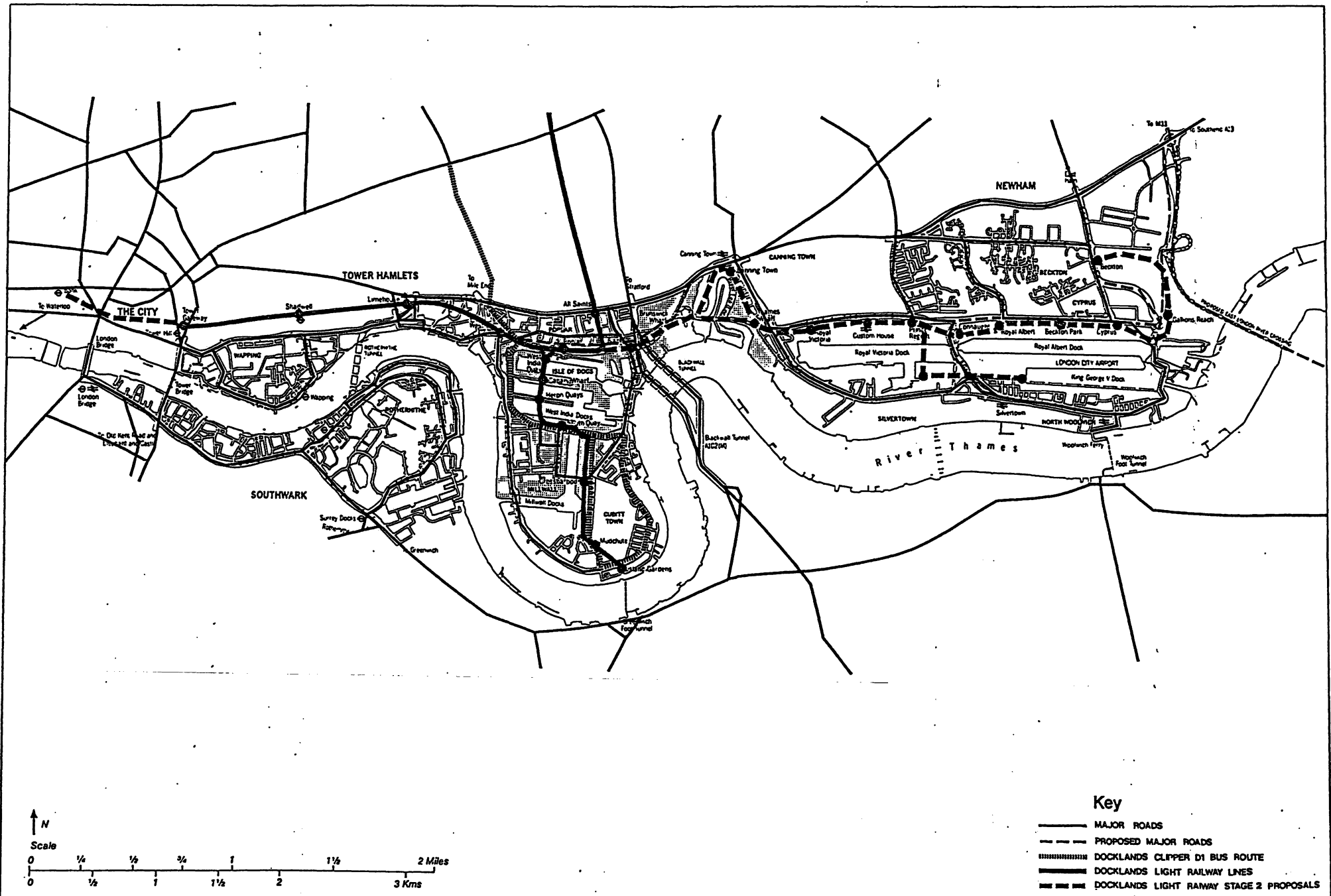
In 1981 there were just 27,200 jobs within Docklands. There are now 36,300, a rise of 34 per cent. It is estimated that the number of jobs will rise to over 70,000 by mid-1992, and to well over 150,000 by the end of the century.

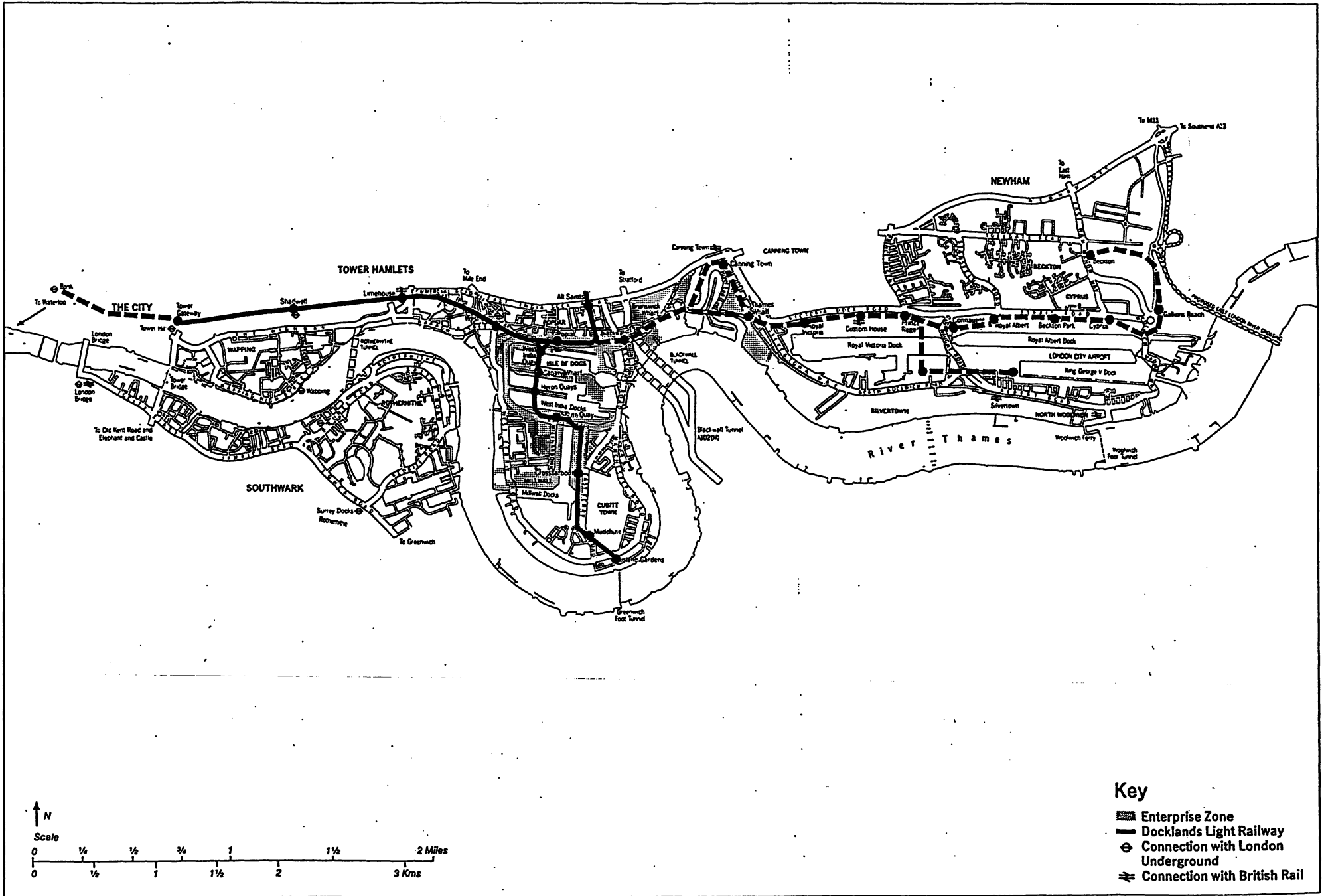
13. Conclusion

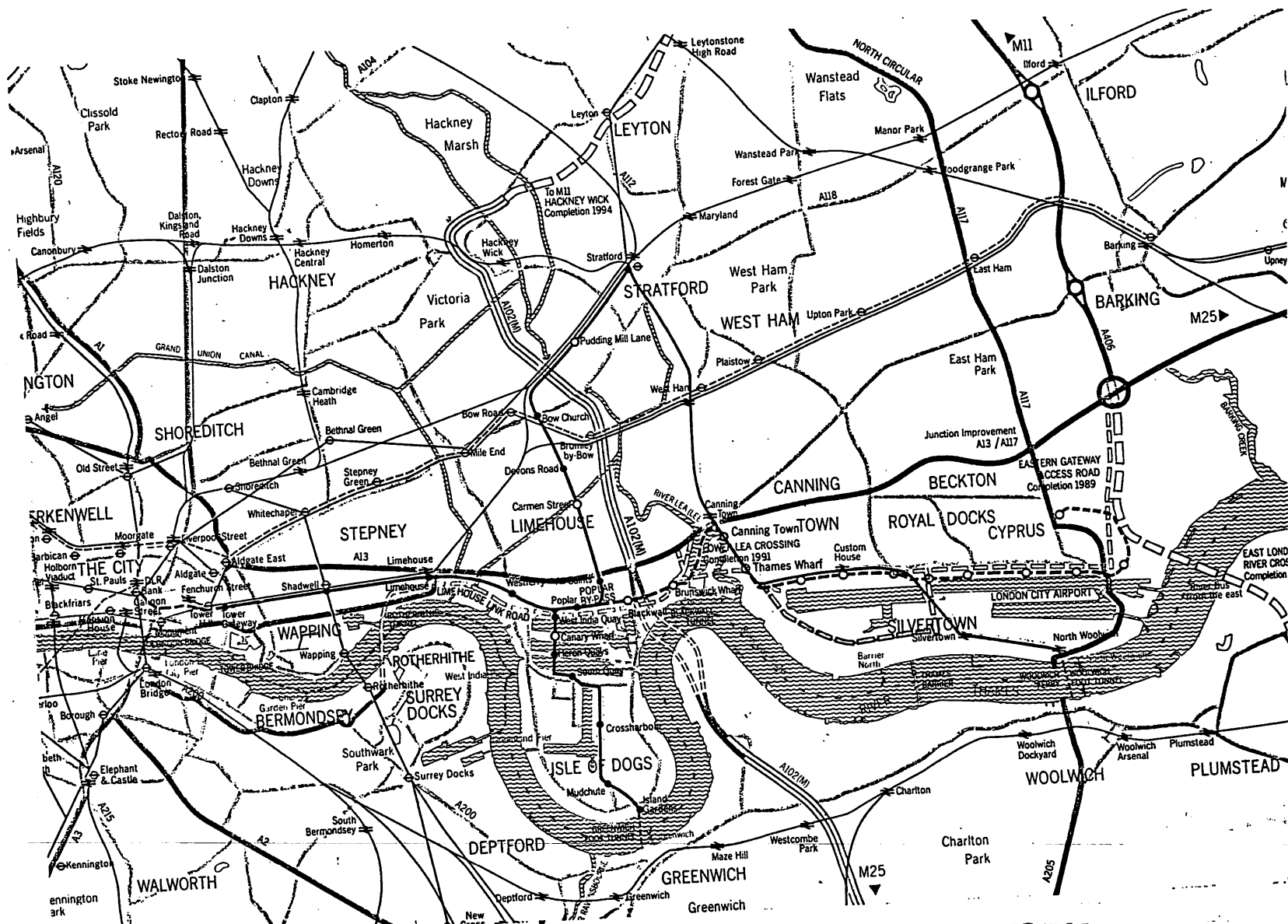
The LDDC experience has great promise in ensuring planned urban development at a low cost and by effective use of skilled staff. It has shown itself to be effective in reviving the economic structure of a capital city and ensuring an adequate supply of serviced land for urban expansion. It also provides a model by which these advantages can be realized through relative land value increases at little or no financial burden to the local authority.

The achievement is the result of active cooperation between the public and private sector, and strong motivation and negotiation by the authorities. Enormous positive benefits also ensue from a short life, time-bound program to implement scheme proposals. The Urban Development Corporation could be a powerful tool for tackling urban expansion within the realm of the socio-economic situation found in developing countries.









LONDON DOCKLAND'S TRANSPORTATION NETWORK

1 Harvard University Graduate School of Design

15/7/91

UNIT FOR HOUSING AND URBANIZATION

Module IV DEVELOPMENT STRATEGIES FOR URBAN REGENERATION

BACKGROUND PAPER UPDATE

EMPLOYMENT ESTIMATES FOR THE LONDON DOCKLANDS AREA

reference LDDC key facts and figures to 31st March 1990

AREA	1981	1987	1990	1996	2001	end state
TOTAL UDA	27,200	42,000	53,474	149,774	228,511	255,644

12. Development Record

The cumulative total of private investment, completed and committed since the creation of the LDDC is £8420 million.

By July 1991, just 10 years after the creation of the Corporation, 27 million square feet of commercial and industrial floor space had been completed.

The most significant single scheme is Canary Wharf, with an 800 foot central tower. It will eventually create some 1.1 million square meters of floor space and provide for some 50.00 jobs. The first phase opens Summer 1991.

Some £502 million has been invested in the Docklands Light Railway, new City Airport, new and improved roads. Some 55 miles of new or improved roads have been created.

600 hectares of derelict land have been reclaimed at a cost of £113 million. £142 million has been spent on public utility services: gas, electricity, water and drainage.

15,200 homes have been completed and a further 2000 have been started. There is potential for a further 20,000 units to be built on all sites throughout London Docklands.

Of the property built to date on Corporation owned sites for owner occupation more than 58% of the occupiers have moved in from the three Docklands Boroughs. Of the 17,239 units started and completed 82% (14,203 units) are owner occupied, 14% (2,440 units) are rented and 4% (596 units) are shared ownership.

In 1981 there were 27,200 jobs within Docklands. There are now 53,000. The number of businesses have more than doubled from 1,100 in 1981 to 2,300 in 1991. Of these 52% have been start ups and 48% relocations. It is estimated that jobs will rise to nearly 150,000 by mid 1996, and to well over 220,000 by the end of the century. (These figures do not include jobs on temporary sites)