



All-Party Parliamentary Group
on Building Communities

Productive Placemaking



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The views expressed in this report are those of the APPG on Building Communities.

Foreword

In April 2019, we made a call for evidence around the relationship between placemaking and productivity. Within the UK, there is a 44% difference between the most and least productive cities, with poorly planned and designed urban areas leading to congestion, pollution, health impacts, and a myriad of other issues.

This report, produced during the midst of the worldwide COVID-19 pandemic, is based on the evidence received after our public consultation. It shows that this lack of productivity in many areas in the UK is directly related to the indifference with which residential areas are often constructed.



While the APPG on Building Communities welcomes all new constructions of residential areas, we fear that still too many are being built with little thought for how occupants will engage with each other and nearby public spaces. Coming out of lockdown into a “new normal” will test community and residential facilities and relations. If care is not taken to incorporate the residency into its surrounding area and to encourage a community to grow, many otherwise avoidable problems will spring up. Poor transport links or insufficient green space can have knock-on effects for mental health, opportunity, and prosperity.

When infrastructure and public spaces are designed with the community firmly in mind, we all benefit, not just those living in the area. Residents are happier and more productive at work which strengthens the economy; healthier, which helps our NHS; and more engaged in their communities, resulting in everything from a drop in crime to decreasing loneliness.

This isn't difficult to bring about, but it requires a new way of thinking about development. However, these issues will only be intensified in a post COVID-19 economy. Careful research and discussion with many important stakeholders in these areas have allowed this report to produce six main helpful and achievable recommendations.

As Chair of the APPG, it is my hope that this report will inspire and influence many within these related industries, including policy makers, to move beyond merely building the residences, and to build the communities as well. After all, it's not enough simply to build a house; we must also build a home.

A handwritten signature in black ink, appearing to read 'Bob Blackman'.

Bob Blackman

MP for Harrow East

Chair of All-Party Parliamentary Group on Building Communities

Executive summary

The **All-Party Parliamentary Group on Building Communities** (APPG on Building Communities) exists to promote the importance of infrastructure in building and connecting our communities.

The APPG focuses on the human dimension to infrastructure investment and provides an important addition to the public debate by showing how infrastructure facilitates our ability to interact in public spaces. The APPG seek to raise awareness on the social benefits of well-designed infrastructure and public spaces through engagement with infrastructure clients, industry and political stakeholders.

As part of its remit, the APPG conducts research to build an evidence base that can be used by policy makers when engaging with the built and natural environment.

For example, in April 2019 the APPG called for contributions from all organisations with an interest in the built and natural environment to highlight the link between placemaking and productivity. Focused on addressing the increasing problem of low productivity in the UK, the APPG also conducted research on the concept of placemaking and investigated the design practices that maximise the social value of infrastructure.

Recent examples from London – such as Stratford, Croydon or Greenwich – have led many to consider this concept. The issues found with linking both concepts starts first with what is the simple definition of productivity and what are its variable measurements that can be associated with placemaking.

This paper aims to build an evidence base that can be used by policy makers when addressing the built and natural environment. Evidence from key stakeholders has been contextualised and from this a list of recommendations and next steps have been highlighted.

Our recommendations are:

1. MHCLG should incorporate placemaking at the heart of the text of the National Planning Policy Framework (NPPF).
2. Local industrial strategies should incentives developers to share best practice in terms of community engagement on major projects, as a driver of productivity.
3. Financial and policy structures need to be in place to secure a productive development strategy and to ensure long-term management of a place.
4. ONS must recognise and develop a measurement of placemaking and its link to productivity of a community and/or contribution to GDP.
5. The UK Government should aim to reduce the cost of land for the creation of affordable housing.
6. Replace the Community Infrastructure Levy (CIL) with a new Property Sales Levy.

Productive Placemaking and COVID-19

The research for this report started before the emergence of coronavirus which has fundamentally disrupted our entire way of life.

Spending large amounts of time at home will have changed many people's expectations of their houses and surroundings, and has reinforced the importance in developing new approaches to delivering good design and building communities.

The COVID-19 lockdown saw the emergence of a new normal for many – working from home and no longer commuting to work, it has demonstrated that businesses can fully function remotely and many will have welcomed the time they have personally gained from no longer having to travel on a daily basis.

However, spending more time rooted in one place is likely to have increased overall levels of depression, anxiety and stress, with those in the poorest living conditions – cramped or overcrowded homes, poor natural light, lack of access to an outside space – among the most negatively affected.

Furthermore, feelings of isolation have significantly increased as our once normal human interactions, gained from travelling to a place of work or socialising with friends and family, have been put on hold. According to the Mental Health Foundation, around one in four (24%) had feelings of loneliness when asked in April 2020, compared to just one in ten (10%) before lockdown²⁷.

To combat these feelings of loneliness and isolation, we will need to work harder to make normal activities pleasurable, safe and healthy and, where possible, re-think our development models to ensure that people are able to go shopping, spend time in nature or to see a doctor within a 10-15 minute walk from home. We will need see developers and planners push for a better use for space – we can no longer just fill in unused spaces with car parks – we need bike racks, children's playgrounds, nature trails, outdoor gyms, community allotments, and more

This report has a number of great examples of good design and stewardship which promotes good mental and physical health and produces positive and productive places. We must not forget that these are also fundamentally important to delivering community, which will be the best way to ensure our villages, towns and cities are resilient to the effects of the exceptional times we are living through and that they will flourish in the years and decades to come.



Introduction

In April 2019, the APPG on Building Communities initiated its inquiry into the effect of placemaking on productivity in the built environment in the UK. The APPG aimed to demonstrate the link between place, planning and productivity and to determine the degree to which it can be measured.

The APPG on Building Communities exists to promote the importance that infrastructure plays in connecting communities and in facilitating social interactions. The APPG recognised there was a need to raise awareness of the social benefits of well-designed infrastructure and public spaces.

Launched on 12 April 2019, with a call for written evidence by the 12 July, responses were sought from architects, charities, designers, developers, local councils, property groups and suppliers. As well as a launch event, there was a call for evidence which was promoted throughout the industry.

The inquiry was targeted to answer the following questions:

- Are well-designed places that take note of placemaking principles more productive places?
- How can we better demonstrate and advance the idea that place matter to people and economies?
- How does the design of our urban environment maximise the desire of people to interact with each other?
- What role does or should the public realm play economically in local planning policy?
- Is there a role for greater use of strategic planning to promote productivity?
- What do you consider the key drivers of productivity to be?
- Do local authorities currently understand the real implications of non-resilient infrastructure on social cohesion and local economic activity?
- What financial and policy structures are in place to secure a productive development strategy and to ensure long-term management of a place?
- What commitments are in place to establish meaningful engagement, such as publishing engagement performance results for each development?
- How can local planning policy support community ownership of development?

The aim was to understand how we can close the productivity gap between London and other parts of the country – so all places are able to benefit from vital infrastructure and better living standards helping people get better access to opportunities and jobs.

This report will contextualise a summary of the responses and put forward a series of recommendations.



The importance of productivity in placemaking and modern planning

The concept of placemaking is not new. For several years, Government has endeavoured to make placemaking one of its key priorities.

In Scotland, groups such as **Green Space Scotland** have partnered with heritage societies to introduce the concept of placemaking to both the private and public sectors in order to implement several projects that aim to transform urban areas into productive community spaces for the public. The concept has been further taken-up by local and national governments, with placemaking now forming a key part of the national and local planning regimes.¹ Northern Ireland has also taken a similar approach by devising an urban stewardship and design guide which aims to establish the key principles of placemaking and raise community standards.²

Results from our consultation suggest that the relationship between productivity and placemaking is fruitful when the focus on increasing the UK's productivity levels are at the centre of community planning and design processes. Suppliers explained how places designed and delivered with key amenities in mind, such as health, space and accessibility, are more productive when compared to projects built solely as a result of demand.

This is called the “productivity-based approach” and it puts into practice the concept of “agglomeration economies” whereby people become more productive when they work in densely populated areas with human capital spilling over and with concentrations of educated people increasing productivity.³

However, the measure of productivity most suppliers use is the output per worker. This is also referred to nationally as GDP, although it has been criticised and many industry experts question whether it is the correct measurement for productivity in relation to placemaking it remains the standard basis for assessing value. Our findings, however, show that the use of the GDP metric is flawed as it fails to recognise that productivity and placemaking have a positive relationship, which in turn can bridge the productivity differences between UK cities.

This failure explains why most of the current solutions in tackling low levels of productivity have struggled to achieve results. The recognition the importance of “place” to productivity will allow us to combat the issues of economic disparity by creating a mechanism that allows for the more equitable distribution of a larger percentage of high skilled labour across a greater proportion of the country which in turn will increase and distribute wealth more effectively.

The responses to our consultation proves that development of the built environment can support economic and social opportunity. Building on several decades of good practice, companies who responded suggested that this needs coordination beyond the scale of most development sites in order to maximise impact.

For example, the recent King's Cross development in London put systems in place to ensure ambitious targets for local investment were met. Camden Council, the lead developers and their supply chains opened a **Construction Skills Centre (CSC)** which offered advice and information on finding work in the construction industry around King's Cross. The Centre linked residents of Camden and Islington who were looking to start or further a career in construction to training and apprenticeship opportunities, including a variety of courses offered free to unemployed local residents. These ranged from general pre-employment preparation

to employer-led seminars on industry-specific skills. Following on from this, **KX Recruit** was established with a broader remit to help local residents find work in the area and local employers fill vacancies. This is a positive example of placemaking supporting community needs and wants.⁴

Arcadis has shown that places impact on the quality of people's lives and affect happiness. In our view, whilst place is primarily a physical attribute, it also has important economic and social dimensions. Whatever the scale: a garden, a park, a building, a city; we recognise that people and communities thrive when the space in which they live, work, learn and play is designed, delivered, managed and evolves to meet their needs and inspire their everyday activity. This is outlined in figure one below which provides an effective tool for understanding the interconnectedness of physical, social and economic needs of a place.

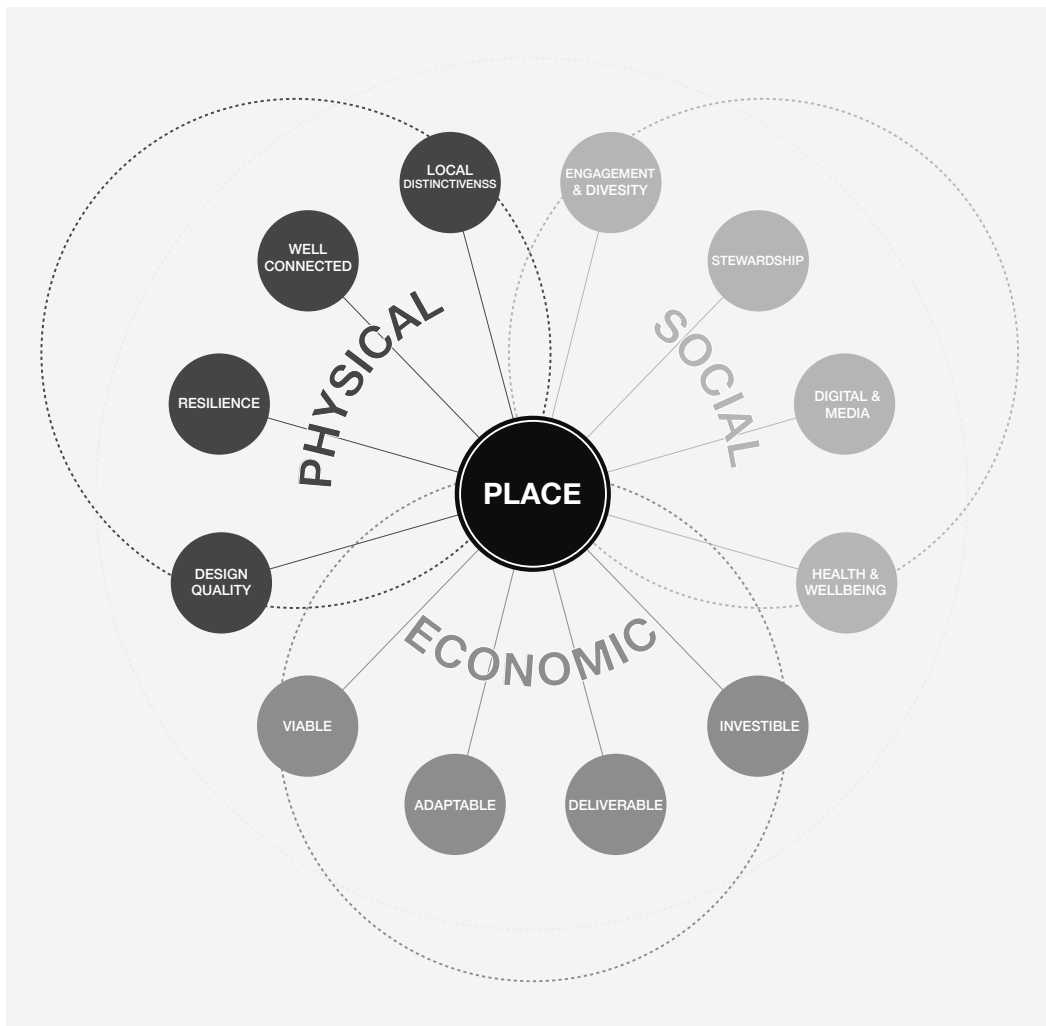


Figure one: Outline of placemaking sector priorities⁵



Consultation responses

Summary

Respondents to the consultation overwhelmingly indicated that well designed places that consider concepts of placemaking are more productive than those that do not. This insight has forced us to recognise that large and complex infrastructure are not developed and should not be developed to resolve a single issue but instead form part of a wider economic and social ecosystem that underpins the United Kingdom. For example, HS2 and Northern Powerhouse Rail are not only about reducing journey times, and should be viewed more holistically as linking people to opportunities.

Placemaking is not a purely aesthetic issue but a technique to enable greater interaction between people, fostering social cohesiveness. To **AECOM**, this greater cohesion positively correlates to increased productivity.⁶

Atkins argues that if all cities in the UK were as productive as those in the South East, the economy could be boosted by £203bn. In densely populated, high-usage urban environments, benefits and adverse effects of placemaking will be felt by all using the space. For example, poor air quality can hinder cognitive function, a bad commute can harm mental health, and a poorly designed built environment can intensify isolation.

Developments that consider the impact of design decisions can have a positive productivity spill-over and health impact assessments within planning proposals are increasingly common. Improving specific aspects of development, such as, air quality, green spaces and accessibility, can support economic productivity and relieve pressure from other sectors.

As illustrated by figures two and three, mental health and wellbeing issues are on the rise in the UK. Poor employee health and absenteeism due to poor building design is estimated to cost businesses £8.5bn per year.⁷ The Chief Medical Officer's report in 2013 estimated that the wider costs of mental health problems to the UK economy is roughly £70-100bn a year.⁸

WSP highlighted that social isolation can have as negative effect for health as smoking 15 cigarettes a day, with chronic loneliness raising chances of mortality by more than a quarter (26%).⁹

As a planning and design principle, placemaking envisages user-centred public spaces which are green, safe, resilient and ultimately attractive. They are places which will foster social cohesion, drive wellbeing, enhance connectivity and enable interaction.

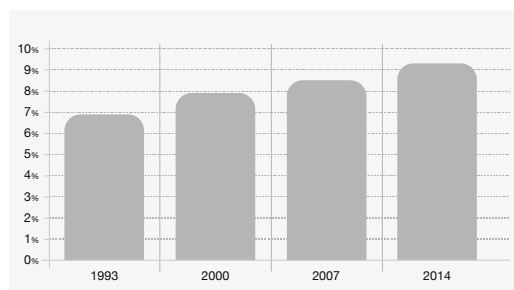


Figure two: Percentage with neurotic symptoms
NHS Digital, Mental Health & Wellbeing in England, Adult Psychiatric Morbidity Survey 2014
*Percentages scored in the highest category for overall neurotic symptoms

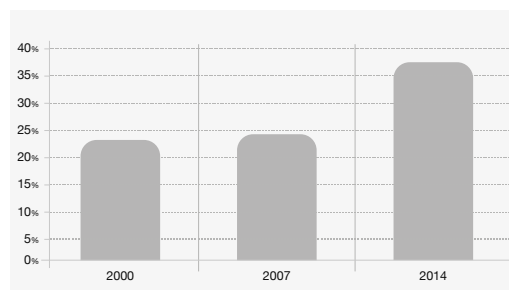


Figure three: Percentage of people with common mental health problems receiving treatment¹⁰
<https://www.mentalhealth.org.uk/statistics/mental-health-statistics-people-seeking-help>

This paper aims to build an evidence base that can be used by policy makers when addressing the built and natural environment. Evidence from key stakeholders has been contextualised and from this a list of recommendations and next steps have been highlighted.

Design for Life, **British Land** commissioned research on the economics of alleviating poor mental health through role of the built environment, showed that small changes could cumulatively improve the mental health of those using the environment. The research indicated that such changes could boost the economy by £15bn by 2050, with £6.3bn through improved productivity gains.¹¹

The research found the following factors to improving mental health:

- Introduction of more communal seating and recreational areas, to encourage social interactions and relationships
- Planting greenery
- Improving walkways and cycle facilities, empowering a more active lifestyle
- Providing a sense of safety and security through design of roads, walkways, street lighting, landmarks and wayfinding, minimising low level threats

Given the importance of urban environments and the role they play in supporting social cohesion, it is important to understand the impact public spaces and urban realms could have in supporting productivity.

Regent's Place at 30 provides evidence of how aspects of successful placemaking can increase productivity. In 1984, British Land purchased the Euston Centre and began working with local communities to redevelop the area. In recent years more than 50,000 sq. ft of green roof space and gardens were created and the planting of 200 mature trees has enhanced biodiversity. Nine out of ten office workers, residents, local people and visitors surveyed at Regent's Place responded positively to the development, while 70% felt that the public art collection enhances the campus experience.

Between 2009 and 2014, property values at Regent's Place increased by almost twice as much as other West End offices and areas adjacent to the project have benefited from a reduction in levels of deprivation.¹²

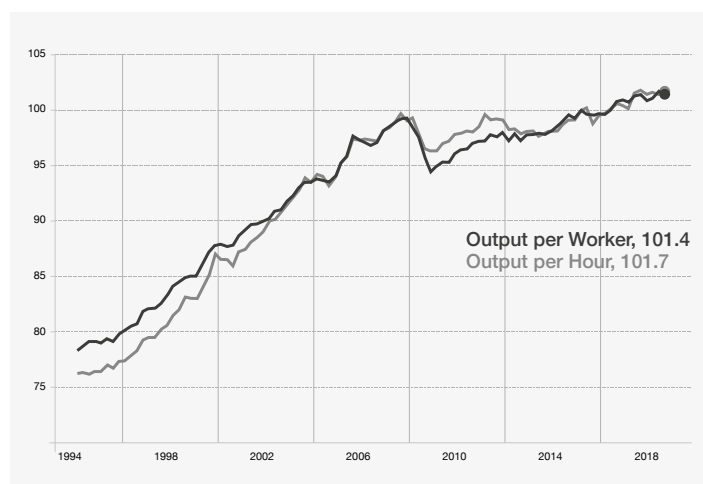


Figure four: UK Productivity

Office for National Statistics

Local connectivity has improved, with more than half of those at Regent's Place experiencing shorter journey times, due to new walking routes created in partnership with Camden Council and Transport for London. The value of active routes and shorter commuter times should be considered as a fundamental part of placemaking and heightening productivity.

Productivity is an important factor when looking at average living standards and is closely linked to the difference in wages across countries.¹³ However, when merging both productivity and the built environment together, countries with higher average wages are generally more productive. Productivity levels in the UK have stalled since the financial crash of 2008, lagging other major economies. Higher productivity is linked to improved public finances. The Office for Budget Responsibility (OBR) in 2014 estimated that a highly productive public sector could cause the net debt to fall to 56.7% by 2019-20, whilst a low productive sector could cause debt to rise to 86.6%.¹⁴

Increasing productivity levels will not only increase average wages but also improve the UK's trade position, enabling UK firms to compete in the global market. Currently 72% of high-skilled productive jobs are hosted by 8% of the land in the country, leading to an imbalance in productivity across the country.

However, one of the challenges faced when trying to increase productivity is the means of measuring it in a modern and technologically advanced economy. Although, digitisation is underway in the UK, the benefits of it are not yet evident in productivity numbers.¹⁵

A digital revolution in cities and metro areas is transforming the demands of jobs, skills and places. However, the digital economy favours some industries, workers and communities over others, increasing the productivity gap. Large global centres that attract innovative companies and highly educated workers are rewarded by the digital economy, whilst small and mid-sized cities and rural areas struggle to keep pace. It is vital to the elevation of the importance of place and placemaking in fostering more economical, social and environmental developments.

Factors that contribute towards productivity are not subjective to purely economic aspects – but rather should consider skilled workforce, labour market mobility, infrastructure, adoption of technology, availability of investment capital and innovation.

Attainment of skills is an important factor in creating potential for greater productivity, however skills possessed by workers need to be utilised efficiently in order to fulfil the potential.¹⁶

The **Design Council** said that the adoption of placemaking must be taken cautiously before stating with certainty that a problem such as productivity could be resolved by a concept which is yet to be fully defined, tested broadly and evaluated by economists.¹⁷ However, respondents of the consultation indicated that well designed places that consider concepts of placemaking are more productive than their counterparts that do not.

Avison Young in their response mentioned the ‘intervention matrix’, which outlines the principle of proportionate placemaking interventions for the nature of failings in the place’s urban fabric. If urban fabric is fundamentally flawed, undertaking a public realm and community activation process will not be the most appropriate solution, at best it will result in a short-term improvement in appearance and not a place which is sustainable or productive in the long term.

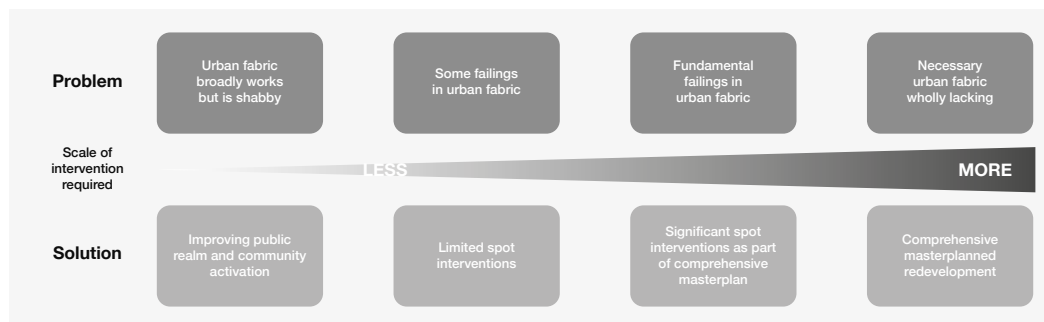


Figure five: Intervention matrix

Avison Young - Response to: All Party Parliamentary Group on Building Communities - July 2019

However, urban environments are built up of a series of morphological layers. Understanding the different degrees of complexity that arise when making alterations to each layer, and the interrelation between them.

As demonstrated below, layers that may be harder to change, such as rivers, topography etc, may also require a more complex scale of intervention.

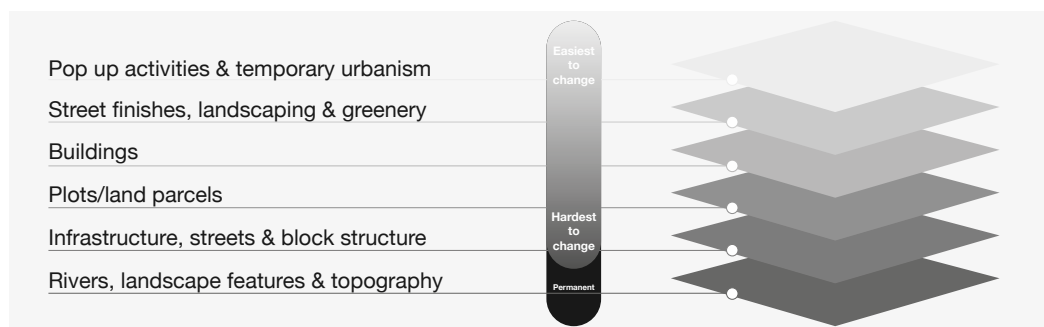


Figure six: Morphological layers of the urban environment

Avison Young - Response to: All Party Parliamentary Group on Building Communities - July 2019

In the late 19th Century the built environment was focused around people, delivering a human scale hierarchy of streets that were well-connected to each other, creating an intuitive and permeable urban structure. However, in the post-war era many places were taken down to make space for the increasing number of vehicles and to deliver modernist buildings. New towns, developments and urban extension had structures which were fundamentally different from pre-car cities.

In recent years, many of these places have become unproductive and unsuccessful. The blame for failed places usually lands on modern architecture however, fundamental failings are usually found in the structure of the urban environment and in an incorrect placemaking approach.

The relationship between place, people and the economy

At the core of the responses to our consultation is the key need for community involvement during the planning and design process. High-profile examples include the residents of Brixton, London who resisted development plans in 2015 arguing that gentrification was having an adverse effect on culture.

Hannah Vickers, chief executive of the **Association for Consultancy and Engineering (ACE)**, explained that the relationship between people, place and economy is important to understand as it will enhance the understanding of the qualities and characteristics that are responsible for creating great places.

The relationships between buildings and community is important in creating the characteristics people enjoy. Modernity in the UK's cities and towns, from the end of World War Two until the 1990's, were often poorly delivered and focused more on buildings than people.

Traditional architecture has generally aged better, thus the blame for poor functioning places is usually put on architecture rather than the place structure.

In his book, *Cities for People*, Jan Gehl explains the principle of splitting a place into differing layers of importance:

1. Life
2. Space
3. Buildings

"It is necessary to understand the space that life needs to thrive then design the space that meets life's needs: that is the space between buildings and the ways the buildings interface with that space."

Life



Space



Buildings



Figure seven: Jan Gehl's layers of importance in cities

Only then should the appearance and finished of buildings around that space be designed. Then we can move on to considering the finishes, management and branding of the space between the buildings”.

The perception of old being better than new is often a reflection of the general lack of understanding of the qualities of successful places. It is often due to this perception that proposals of new developments are met with opposition.

The greater the level of understanding surrounding the factors that create great places, the less opposition to change. In the Netherlands, built environment professionals are trained holistically and work closely together. Placemaking starts by designing the structure of a place around people’s needs, then designing how building must interface with the spaces before finally designing the buildings, finishes and community activation initiatives.

Great places also have great value, thus there is a financial incentive for them to be delivered correctly.

Fundamentally, there needs to be greater understanding and knowledge of factors that underpin successful places to assist in advancing the concept that place matters to people and economies.

Installing transport and social infrastructure at early stages of the scheme can help in the successful development of a new sustainable community. It also makes the development more desirable to prospective buyers, increases values and rate of sales. However, investing more upfront increases the capital employed in the project, representing a risk to developers, local authorities and the community itself, if the delivery of the development is threatened.

The Government’s introduction of new policies within the revised NPPF¹⁸ that encourage greater involvement by communities and other stakeholders in plan making and during pre-application, to reflect local aspirations, represents a positive approach to advancing the idea that place matters to people and economies.

Prior engagement as well as engagement throughout the development scheme assists in increasing community involvement, thus communities feel that their aspirations and views are being accepted. **Taylor Wimpey**, for example, regularly engage with local communities and customers at each site, from early promotion through to the construction phase. Each scheme has a bespoke communications plan tailored to suit the individual circumstance, including meetings, exhibitions, workshops, newsletters, information boards, social media and website. 200 community meetings and events were held in 2018 to better understand customer and communities in which they build.

| | Before renovation | After renovation |
|---|-------------------|------------------|
| This workplace supports productivity | 67% | 88% |
| It supports my physical wellbeing | 64% | 82% |
| It has a positive impact on our culture | 55% | 95% |

Another example of how place, productivity and wellbeing are linked can be seen in the recent refurbishment of **British Land** headquarters.

In their consultation response, British Land mentioned they are advocates of smart buildings driving productivity, reducing carbon emissions and generating data on the usage of space and interaction of people within space. Digital overlay could lead to better placemaking. British Land's own provisional exploration found the following benefits:

- Optimising environment for productivity
- Drives efficiency, as smart tech predicts busy/quiet times, allows landlords to optimise reception, resources, security, etc...
- Potentially reduce CO₂ emissions and energy usage, through better understanding of how, when and where space is used

Places can be designed to attract or alternatively repel people. Pre-car era places were generally designed around people moving on foot, which naturally evolved as places where people interacted with one another.

Avison Young suggest that successful places are usually vibrant places. Vibrancy is linked to the number of people in a place, thus greater density of population is commonly linked to greater vibrancy and prosperity.

Post war era delivery of places essentially sought to de-centralise cities, separate uses and reduce densities, whilst perception of density was unsuccessfully delivered through brutalist architecture. Such places were delivered on a larger scale, offering a less intimate or comfortable environment for people. The structural characteristics of these places are not attractive for people and thus their urban structures fall to the right of the intervention matrix.

Good design is fundamental to enhancing opportunities for interaction. Successful placemaking creates places whereby interaction happens naturally.

The link between placemaking, existing and new infrastructure

A socially productive place would build community capacity to benefit from and drive growth, whilst increasing resilience to shocks and the ability to adapt to new circumstances.

As demonstrated through the **RSA's *Connected Communities***' programme of action research,¹⁹ our social networks play an important role in determining our ability to create change and our influence over the decisions that affect us. The networks which link people together into communities operate at several scales, from local to global. New technologies provide new platforms for social and economic exchange at a global scale, connecting people and places at an unprecedented speed.

The link between existing and new infrastructure, is the concept of "public realm". This is demonstrated by the linking of placemaking with existing and new infrastructure of any public space in an environment, it defines the quality of our town, builds feelings of citizenship and creates civic pride. The public realm takes into consideration everything between where we live and work, it is often under stewardship of a variety of different management functions. As such, it can be influenced by many different agencies with differing interest and objectives. To enable public realms to run successfully and meet its many integrated functions, it is important to empower all those involved in managing, maintaining and using the spaces to work collaboratively.

Post Great War infrastructure planning focussed primarily on 'pedestrian safety' by keeping people off roads and behind barriers, easing the life of those driving vehicles. This resulted in many cities turning into thoroughfares, whilst residents or pedestrians were left with little consideration.²⁰ As such, public realms where social interaction could take place became split. Coupled with increased urbanisation, public realms have failed to keep up with the changes in the environment. The shift in working patterns, and need for mobility, has become increasingly important. However, road users are increasingly aware of how they affect, and are affected by, public spaces. Responses to the consultation indicate that public realm has a significant impact on the productivity of local economies.

We found that it is vital to elevate the importance of place and placemaking in fostering more economic, social and environmental developments.

Placemaking is one of a number of factors that can contribute to a more productive place. It should be considered along with the provision of strategic infrastructure, facilities and services that should be delivered to meet the needs of communities today and of future generations. Meeting the needs of communities means the infrastructure should be available, accessible and affordable for all.

WSP's whitepaper *Productive Places* identified three key reasons for why public realm is important for productivity:²¹

1. Encouragement of social interactions. Interactions that occur in public realms are a key driver of a successful service economy, boosting productivity through access to knowledge and networks of people.
2. Flexible city spaces. Which accommodate changing technologies, supporting productive behaviours.
3. Efficient use of space. Generate greater economic returns through better use of buildings throughout the country to reduce empty or derelict sites.

Measuring outcomes and value of placemaking in policymaking

Policymakers might congregate to propose changes to the built environment with social productivity in mind and local authorities will consider the community ownership of asset. However, when faced with the challenge of constructing and maintaining high-quality infrastructure, this will often lead to the privatisation of public space which is against the ethos of placemaking.

Policymakers are now challenged to deliver public goods with private investment that will keep communities' interests at the centre of a development in either new settlements, or urban renewal schemes. Strategies that do so will include local authorities and neighbourhoods drafting, and approving, planning documents. Developers will then seek permission for schemes to match the aspirations of these plans.

Many objections to green belt release are valid concerns about bringing forward infrastructure investment in time for proposed housing growth. Furthermore, while communities may have more desire to shape the plan, these should be focusing on clarifying funding, timescales, responsibilities and the use creative investment vehicles. Even conventional neighbourhood planning requires intensive resourcing which is often unsustainable.

Most communities are much more interested in the immediate challenges they face than in longer term or broader growth pressures. Understandably, their focus is on fine-grain issues such as improving lighting and referencing the authentic local heritage of existing communities. In this example a focus on a high-quality environment and clear routes where people feel safe, is therefore important for public support and business footfall.

Most planning documents are difficult to read thus lose the interest of the community reader. **Atkins** used the example of Birmingham who decided to simplify the message in its plans to expand the strengths of the city centre to wider areas by using the distinct character of individual areas such as the Jewellery Quarter. Getting the support of local politicians meant explaining things by reference to long-term outcomes, not in land-use planning terms. The *Big City Plan* is about setting clear principles and focusing on deliverable projects. The development community wants to see clarity of vision.²²

The value of land and affordable housing when considering new infrastructure

When looking at this issue we have taken note of the two driving forces in urban development in the UK- land value and population density. Our research has led us to believe that far from being forces that will forever impoverish our urban realm and infrastructure networks, these motivators can be harnessed to meet our social needs.

Land value

Savills' *UK Residential Development Land Report, 2019* shows that land for house building in urban areas in the UK has risen by 4.7% year on year, more than the prices of homes, with developer demand for large sites pushing up values. Meanwhile, national and regional housebuilders are expanding and diversifying with some moving into new regions to take advantage of house price growth in areas such as the Midlands and north of England.²³

There is intense competition for land in London which results in some of the highest property prices in the UK and when compared with other global cities. Land values vary significantly in the capital according to location, transport accessibility, planning status and many other factors. There are large differentials in land values between, and within, different land use classes. While it is difficult to obtain consistent data on land values, residential values in London are estimated to be on average 3.2 times higher than industrial land values. Within the residential sector, land values can range between £7.3 million per hectare in East London to £93.3 million per hectare in Westminster.²⁴

The gap in average house prices between London and the rest of the country has grown wider every year since 1995 with the exception of 2009. Average house prices in April 2016 ranged from £1.31 million in Kensington and Chelsea to £272,000 in Barking and Dagenham compared to the England average of £220,000. The relative costs of private renting have also risen sharply in London compared to other English regions.²⁵

Population density

The number of people living (or working) in a given area – is an important factor in considering how to accommodate UK's future growth. In the center of London, there is some evidence to suggest that population density is relatively low compared to other major global cities around the world, despite London being smaller in terms of its geographical size.

This is, however, a complicated issue as there is also evidence of both overcrowding and under-occupation of the housing stock in different parts of London, Inner East and South London has the highest population density of all London's sub-regions, 11,200 people per square km. The London average is 5,590 people per square km and the lowest density sub-region is Outer South with 3,600 people per square km. London's overall population density average is higher than the UK's next two largest cities. Birmingham has an average of 4,110 people per square km, and Manchester has 4,485 people per square km. On the other hand, London compares well to other European cities on the density scale. Inner London, for instance, has a density of only 108 people per hectare, compared to 212 people in Paris and 163 people in Barcelona – cities which certainly don't feel overcrowded.

As a result of this, there is scope for greater densification within UK city boundaries, a topic that the GLA has been taking seriously through a number of research projects. It runs as a core theme throughout the new London Plan. Within commercial property, cost drivers and employee demands are also encouraging occupiers to adopt flexible space layouts that reduce space requirements per worker.

A people-centred approach

All of our research points to the fact that improved community support is the key to unlocking the development that is needed to solve the housing crisis. This support will only be forthcoming if the community feels they are engaged in the decision-making process, have some control over the design of the development and that the necessary infrastructure investment is made. The current development process does not encourage this engagement as developers' commercial models understandably seek to maximise returns through greater densification of developments as a way to drive profits.

The tools to enable this engagement, however, already exist and are encapsulated in the idea of **placemaking**. Sadly, we are not using this approach as well or as much as we should with the result that poor planning decisions are leading to negative social outcomes.

Placemaking is a **people-centered approach** to the planning, design and management of public spaces. Put simply, it involves looking at, listening to, and asking questions of the people who live, work and play in a particular space, to **discover needs and aspirations**. This information is then used to create a common vision for that place. The vision can evolve quickly into an implementation strategy, beginning with small-scale, do-able improvements that can immediately bring benefits to public spaces and the people who use them.

Too often placemaking principles lose out to maximising shareholder value but this does not have to continue to be the case. Land value capture can be an important tool for public sector bodies to generate revenues from this commercial process that can be used for the improvement of our national communal space.

Discussions on 'land value uplift' largely focus on the need to find new opportunities and innovations to harness some of the extra value delivered from developments to fund additional infrastructure needs. However, we believe there is already a prime opportunity to collect revenue from 'land value uplift' at the point a house is sold and to ringfence this funding for the delivery of civic improvements.

We believe that revenue from a property sales levy could be equitably collected by HMRC and distributed in replacement of the Community Infrastructure Levy – for example based on population, area and/or the 'relativity' of an area – or by local authorities with a proportion redistributed based on similar factors.

The latter method would provide an ongoing revenue source for local authorities to borrow against, which ACE recently estimated could yield up to £62 billion in long-term bonds in England

alone²⁶. This new Property Sales Levy over the medium-long term would not replace Section 106 agreements under the Town and County Planning Act 1990, which are vital in areas where there is a major and immediate impact from a development. ACE also highlighted that the levy would need to include protections for circumstances where properties have declined in value compared to the purchase price.



Recommendations

1. MHCLG should incorporate placemaking at the heart of the text of the National Planning Policy Framework (NPPF)

The aim and priorities of the public realm can have a significant impact on local economies, and this should be reflected on local planning policies. Only 50% of the UK population live within 300 metres of open public space. Planning policy should deliver more public space as a means of reducing long-term costs of ill health. In successful places public realm is the infrastructure around which the place is built. Planning policy should consider the public realm from a structural perspective. Greater weight should be placed in planning policy on the feel and character of the zone than the appearance of its finishes, form or style. Planning decisions concerning public realm should be guided by the intervention matrix.

To maximise social interaction and cohesion, a detailed understanding of the existing community and their relations to the environment will be required. In order to create an environment that people identify with, encouraging sense of belonging and promoting interaction within the community. This will require early engagement and ongoing community consultations throughout planning, development and delivering process. Reviews at regular intervals will aid in understanding what is working well or not and obtaining vital feedback from the community.

2. Local industrial strategies should incentivise developers to share best practice in terms of community engagement on major projects, as a driver of productivity

It is recommended that the local authorities and councils take an approach that allows investors to increase community involvement. Examples such as the local industrial strategies of Leeds City Council applied new approaches when opening its South Bank neighbourhood. There specific design was aimed to ensure that public finances can realise a return on investment in high quality public realm, infrastructure and community facilities – something that can be a struggle within current accounting frameworks. The development being at the heart of a large city-region which spans West Yorkshire, Leeds has seen significant redevelopment in its historic centre in recent decades, including new retail premises and residential accommodation.

While there is a deficit of quality green space in Leeds City Centre, the South Bank is home to significant brownfield industrial land and the planned high-speed rail station. The design will ensure that it is an accessible, safe and secure space that will improve pedestrian and cycling connections to surrounding communities, linking the north and south banks of the River Aire. A wealth of opportunities for public art and cultural attractions will also be generated from the green infrastructure, including a civic event space. This expansion of green space is designed to attract new commercial and residential development. In economic terms, the Council recognises this must generate additional development rather than displace it from elsewhere.

The challenge is to create financial vehicles which support the viability of public realm investment by capturing the value it brings to nearby sites. Conventional accounting models (such as the Treasury's Green Book) do not adequately appraise schemes which have less direct and longer-term economic benefits. Such schemes are – by definition – transformational rather than incremental, and more sophisticated appraisal techniques are needed. Leeds is considering using tax increment financing, which it has secured permission from central Government to pilot.

3. Financial and policy structures need to be in place to secure a productive development strategy and to ensure long-term management of a place

Productivity is seen as an economic measure of efficiency, usually measured by gross domestic product (GDP). The application of an economic metaphor into the built environment could be challenging, as planning offers an intrinsically holistic interpretation of value and policy objectives, embracing the social and environmental dimensions, as well as the economic.

Productivity, in the concept of 'place', would require an appropriate indicator of measure. The idea of doing more for less does not promote connectivity within the area, missing the social dimension. Good design and planning thus is about creating the best possible platform to increase the measures of productivity.

Allies and Morrison Urban Practitioners (AMUP) suggested four drivers for productivity that they find fits into the concept of 'place':²⁸

- **Physical connectivity – driving urban productivity**
 - As people are able to use their time for effectively, connectivity can be seen as progressing productivity.
- **Creating opportunities for interactions**
 - Interaction between people as a measure of productivity
 - High quality streets and spaces will attract and promote interactions, ideas and conversations
- **Mixed-use of places**
 - Mono-use places (housing estates, out of town employment parks) do not maximise the opportunities of interaction between people, as the type of people in these areas are restricted. Lacking inspiration
 - Increasing density by promoting mixed use of areas can increase productivity, by creating critical mass to generate ideas and products
- **Engaged people**
 - Though difficult to measure, AMUP believe productivity is fostered by a sense of engagement in places, whereby local people feel a sense of attachment, belonging or pride
 - If people have this sense of attachment or pride, they are more likely to contribute to improvements or activities in their local area
 - Encouraging innovation consultation, strengthening the connection between people to collectively improve places

4. ONS must recognise, and develop, a measurement of placemaking and its link to productivity of a community and / or contribution to GDP

The Office of National Statistics will need to conduct further research in how a measurement formula can best represent the impact of placemaking on productivity. In particular, that the ingredients of economic success cannot be quantified in conventional economic terms, but instead include “connectivity, opportunity and pleasant environments, underpinned by bold but flexible visions for the future”.²⁹

5. The UK Government should aim to reduce the cost of land for the creation of affordable housing

The UK Government should call for much more land to be brought forward to reduce competition for land in high demand areas. This would impact land values but allow developers to build in volume, at prices the mass market can afford, thus enabling large sites to be built out quickly. However, this would also limit the capacity for sales proceeds to fund infrastructure and affordable housing via section 106 and CIL contributions, so would require policy flexibility.

6. Replace the Community Infrastructure Levy (CIL) with a new Property Sales Levy

We believe there is an opportunity to collect revenue from ‘land value uplift’ at the point a house is sold, and to ringfence this funding for the delivery of supportive infrastructure. This is currently done via the CIL regime where there are a number of issues – primarily the inability to collect sufficient revenue to fund infrastructure needs and its failure to deal with an ‘infrastructure deficits’ in certain areas. We end up in a situation where private property owners benefit the most from infrastructure investments in their local area through increased property value.

We believe there should be a civil obligation for the chief beneficiaries to help pay for these improvements and believe that a levy, modelled along similar lines to the property sales levy in New York state, could be considered here in the UK. In New York, the Real Property Transfer Tax, which is a 1 per cent tax on the sale or transfer of a property if the value is less than \$500,000 and 1.425 per cent if the value is more. A potential Property Sales Levy could vary based on different bandings (by value, location or proximity to important infrastructure).

Endnotes

- ¹ See example: Planning Guidance, Glasgow City Council (June 2018) <https://www.glasgow.gov.uk/CHttpHandler.ashx?id=36870&p=0>.
- ² An Urban Stewardship and Design Guide for Northern Ireland, Living places (2013).
- ³ Glasesar and Gottlieb, (2008).
- ⁴ Developing Socially Productive Places, RSA (2014).
- ⁵ APPG Response, Arcadis (2019).
- ⁶ AECOM, consultation response (2019).
- ⁷ Atkins, consultation response (2019).
- ⁸ Mental Health Foundation (2016).
- ⁹ WSP, consultation response (2019).
- ¹⁰ Mental Health Foundation (2016).
- ¹¹ British Land, Consultation response (2019).
- ¹² British Land, APPG consultation response (2019).
- ¹³ Fixing the foundations, (2015).
- ¹⁴ Fixing the foundations (2015).
- ¹⁵ Solving the United Kingdom's productivity puzzle in a digital age (2018).
- ¹⁶ UK skills and productivity in an international context (2015).
- ¹⁷ Design Council, APPG consultation response (2019).
- ¹⁸ National Planning Policy Framework, Feb 2019.
- ¹⁹ Community Capital - The Value of Connected Communities, RSA (2015).
- ²⁰ In the Public Realm (2008).
- ²¹ Productive Places, WSP (2019).
- ²² APPG response, Atkins (2019).
- ²³ Residential Development Land Report, Savills (2017).
- ²⁴ Economic Evidence Base for London (2016).
- ²⁵ Economic Evidence Base for London (2016).
- ²⁶ Association for Consultancy and Engineering, Unlocking Housing (2018).
- ²⁷ Mental Health Foundation (April 2020) <https://www.mentalhealth.org.uk/coronavirus/coping-with-loneliness>
- ²⁸ AMUP Consultation response (2019).
- ²⁹ Creating Economically Successful Places (2014).



Appendices

Appendix one: Membership of the APPG on Building Communities

The APPG on Building Communities focuses on the human dimension to infrastructure investment and provides an important addition to the public debate.

The cross-party group brings together politicians and the industry to influence and improve practices around building community and placemaking and helps to make the case for the positive economic and social impact of good infrastructure design.

At a meeting on Wednesday 29 January 2020, **Bob Blackman MP** was voted chair, **Liz Twist MP**, **Stephen Timms MP**, **Andrew Lewer MP** and **Alison Thewliss MP** vice-chairs, and **Julie Marson MP** as secretary.

The Association for Consultancy and Engineering (ACE) provides the secretariat to the APPG which is supported by the following ACE members: AECOM, Arcadis, Argent, Mott MacDonald, Stantec, Ramboll, Royal Haskoning DHV, Waterman, WSP and WYG. It is also supported by non-members Atkins, Grosvenor and Heathrow.

More details can be found on ACE's website:
www.acenet.co.uk/policy/appg-building-communities/

The APPG on Building Communities would like to thank ACE and its supporters in helping with the publication of this report.

Appendix two: Terms of reference to the inquiry

The Association for Consultancy and Engineering publicised the APPG inquiry in April 2019, with a deadline of July 2019 for input.

Stakeholders who we consulted or made specific contributions include: AECOM, AMUP, Arcadis, Atkins, Avison Young, British Land, Design Council, ING, RICS, RTPI, Sustrans, Taylor Wimpey, The Bartlett School of Planning, UCL, We are placemaking, and WSP.

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