

## The re-use of 'brownfield' land for housing

Vacant and derelict land can make a significant contribution to urban housing capacity, an initial study in the Strathclyde Region indicates. However, changes are needed to both the funding regimes and to the policies and practices of local authorities, development and housing agencies if this potential is to be unlocked. The study, by planning consultants Llewelyn-Davies, found that:

- f** Between 1980 and 1994 brownfield sites accommodated more than half of new private sector housing in the Clydebank Conurbation, but during this time almost as much land became newly derelict as was developed.
- f** A shortfall in the value of completed schemes over the costs of development is the main factor constraining the re-use of brownfield sites, but development is also influenced by uncertainty over the costs of reclaiming the land, the quality of the surrounding environment, ownership constraints and the lack of a track record of private sector development in an area.
- f** Public sector funding support has been important in securing the re-use of brownfield sites in Strathclyde. Of 66 sites reviewed, 38 had been developed for housing between 1985 and 1995 and, of these, 22 had benefited from public sector funding support.
- f** Indirect support through a partnership with a housing association can be important. This can reduce the risk for the commercial developer, improve their cashflow and increase the attractiveness of a site for private housing.
- f** The researchers conclude:  
There is scope to sharpen the mechanisms whereby the public sector encourages development on brownfield sites. Improvements could be made to the co-ordination of policies and objectives between agencies and departments, to the way the public sector disposes of land and to the site planning and development control processes.

Although many of the factors constraining brownfield sites are well-known to practitioners, further guidance highlighting examples of good practice in unlocking brownfield sites is needed.

## Background

Re-using brownfield land for housing is a key objective of planning and environmental policy. In recent years, traditional concerns about physical dereliction and urban decline have been underscored by wider concerns about making the most efficient use of scarce resources and reducing the need to travel. The need to accommodate substantial increases in the number of households in the years ahead has brought the brownfield land issue into ever sharper focus.

This research was prompted by two key concerns: first, that the potential contribution of brownfield land to urban housing capacity was not being fully realised and second, that despite considerable research interest we do not have a sufficiently detailed understanding of the factors constraining the re-use of brownfield sites to consider what changes are needed to policy and practice.

## Constraints on developing brownfield sites

Re-using brownfield sites has been a key policy objective in Strathclyde since the early 1980s and significant progress has been made. Between 1980 and 1994 a total of 5,200 ha of derelict and vacant land was reclaimed for housing use and this accommodated almost half of new housing in the Clydebank Conurbation. However, this level of take-up has barely exceeded the amount of land continuing to become newly derelict and today there remains 4,820 ha of derelict and vacant land.

In 1985, 66 vacant sites in Monklands, Clydebank and the northern part of Glasgow District had the potential to be developed for housing; of these 28 remain undeveloped today. Analysis of the 66 sites suggests that development of brownfield land depends primarily on the relationship between the costs of development and the likely value of the completed scheme.

The scale and cost of the remediation work required before the land can be developed seems to be a crucial factor. Of the 28 undeveloped sites more than 20 were considered to require either significant or very significant work before they were fit for development. Of the 38 developed sites 22 were located in areas considered to have a strong market for private housing.

Uncertainty over costs and values seems to make matters worse. It is well recognised that it is difficult to be certain about remediation costs until development is underway, but for many brownfield

sites there is also real uncertainty about the market for private housing in the area and the resulting land and sale values. There is a danger that a stalemate can arise, where developers are reluctant to progress investigations beyond initial site surveys without a guarantee that their expenditure will be recouped, but without such investigations it will remain unclear how much remediation work is required.

While the relationships between costs and values and the uncertainty over these appeared to be the main determinants of whether sites are developed, they were not the only factors at work. The quality of the surrounding environment, the size of the site and the attitudes of land owners and their expectation of the value of their land can all work to discourage or encourage development. In general, these factors appear to exert a secondary influence, but in certain circumstances they can be decisive.

## The importance of public sector funding support

The availability of 'gap' funding (which serves to cover the difference between the costs of development and the value of completed schemes) has been critical in securing the re-use of brownfield land in Strathclyde. Of the 38 developed sites, 25 had received at least one form of deficit funding.

The importance of gap funding was also reflected strongly in the case studies. It would seem most improbable that either of the two schemes which are now progressing towards development would have been brought forward without public sector funding support. In one case, the introduction of the Grants for Renting and Ownership (GRO-grant) scheme closed a funding gap which had made earlier schemes unviable. In the other an agreement in principle from Scottish Homes on the availability of GRO-grant was a crucial first step in the developer's decision on whether or not to consider the site for development. When remediation costs exceeded expectation, the availability of further support from the Glasgow Development Agency (GDA) has helped keep the scheme alive.

The size of public subsidy required to make private sector development viable on brownfield land can be significant. For the 13 applications likely to be approved for funding in the first year of the GDA Brownfield Land Scheme the average grant per hectare is approximately £190,000 and the cost per unit around £6,000. This is in addition to any other funding support a scheme may be receiving, for example, from Scottish Homes.

Although grant assistance is undoubtedly important in unlocking many sites, it may also result in landowners receiving more than their land is worth. Where the vendor is a public sector body this can lead to a situation where public sector money is effectively recycled between different public sector bodies.

Indirect support, such as that derived through a partnership with a housing association, can also be important. The attraction to private developers is that it can reduce their risk by decreasing the number of homes that have to be sold on the open market. Further it can aid cash flow where the developer is acting as a design and build contractor to the housing association. The housing association element of a scheme can improve the attractiveness of a site for housing, for example, by providing a buffer with neighbouring uses such as industry or a busy road which might be unpopular with private buyers.

Environmental improvement programmes and area-wide renewal can also help to stimulate private sector development. For one case study site on-going area renewal, led by a housing association, was fundamental in creating the conditions in which private sector developers would consider the area for market housing.

### The role of the public sector

While there is a strong policy commitment to the re-use of brownfield sites in Strathclyde and a considerable track record of securing re-use, the study suggests that there remains scope to strengthen and sharpen the role of the public sector in unlocking difficult brownfield sites. A number of particular issues arose from the case study work:

- Where a site is in local authority ownership there can be an unrealistic or optimistic assessment of its value. In one case, extended negotiations with a number of developers, over a period of more than 10 years, were required before a value could be agreed.
- With very large sites the scale of the problems may be beyond the resources of a local authority and a more focused development agency approach may be needed.
- Development briefing can be overly detailed and the requirements placed on potential bidders for local authority land quite onerous, especially if development viability is marginal.

While such actions are well-intentioned, consideration needs to be given to how the process of redeveloping difficult brownfield sites can be made more efficient and 'developer friendly'. There are a number of measures which could help:

- A corporate commitment to re-using brownfield land and an acceptance that the best consideration need not always mean securing the highest value, could help avoid a situation where a planning strategy promotes brownfield development but an estates strategy frustrates it.
- A two-stage bidding process whereby an authority selects a preferred developer (or a short list of developers) on the basis of an initial bid and then works up and agrees the detailed proposal and financial arrangements with the preferred bidder or short list may well reduce the cost and risk to developers and so encourage a larger number of developers to bid.
- An explicit strategy for brownfield land, drawing together housing land allocations with the spending programmes of the funding agencies, could be one way of building greater certainty into the process.

### The quality of residential development

While the research did not specifically seek to examine the issue of the quality of residential development on brownfield sites, it was very apparent that there are considerable variations in the quality of residential development achieved, with some of the schemes being quite poor. This relates to both the suitability of some sites for housing in the first place, as well as to the urban design and architectural quality of the development itself.

These concerns are by no means confined to brownfield land, but the involvement of the public sector in promoting and funding development provides a good opportunity to secure better quality development and to strengthen its contribution to local area renewal.

### About the study

The research was carried out during the summer and autumn of 1995. Strathclyde was chosen as the study area because the Regional and District Councils have considerable experience of recycling brownfield land, and because databases of vacant and derelict land and housing land supply were readily available. There were two main strands to the methodology - an analysis of general trends in the re-use of brownfield land and a detailed case study analysis of three brownfield sites. The work involved both site visits and interviews with local authorities, developers and development agencies. The study culminated with a research seminar for practitioners from throughout the UK to discuss the issues and to consider the priorities for further work.

### Further information

More information about the study and a full report, *The Re-use of Brownfield Land for Housing*, are available from Patrick Clarke or Graham Tomlinson, Llewelyn-Davies, Brook House, Torrington Place, London WC1E 7HN. Telephone 0171 637 0181 (Price £14).

### Related *Findings*

The following *Findings* look at related issues:

- 110** New arrangements for land release and affordable housing (Mar 94)
- 113** Increasing the housing capacity of urban areas (Jun 94)
- 121** The relationship between land supply and housing production (Aug 94)
- 141** Evaluating rural housing enablers (Apr 95)
- 157** Housing demand and need in England 1991-2011 (Oct 95)

The following *Summaries* are also relevant:

- 3** Inquiry into planning for housing (Jun 94)
- 8** Future influences on housing (Apr 95)

For further information on these and other *Findings*, contact Sally Corrie on 01904 629241.



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