

[space]

Legacy Now panel discussion

24th Novemeber 2005

At SPACE, 129-131 Mare Street, E8 3RH

On the 24th of November 2005 SPACE at the Triangle hosted an event to address the need to consider the impact of the Olympic Games and redevelopment on the East End. Some local groups are concerned that cultural space is not lost in the regeneration process. Predicting the impact that the Olympic redevelopment might have on local demographics SPACE hosted a Panel Discussion 'Legacy Now' to discuss the issues surrounding redevelopment in the East End. Speakers were invited to the event in order to share their expertise and knowledge and to discuss initiatives which favor a mixture of public, private and voluntary sector involvement in redevelopment initiatives.

This event was held to bring together expertise and to raise awareness at this crucial time. Aware that that the hosting of the Olympics in the East End could present an incredible opportunity for regeneration in what is one of the most deprived and underprivileged areas of London.

SPACE was founded by artists in 1968 and provides affordable studio spaces for artists predominantly in East London and also across London. In light of the London Olympic bid SPACE finds itself threatened by increasing property prices and a shrinking pot of industrial work space. Space's c.450 units which it lets to artists are currently under threat with all its buildings under leasehold with excited landlords waiting to redevelop.

SPACE facilities in East London are vital to Olympic capacity building. Yet financial pressures due to property redevelopment currently threaten their well-being. SPACE wishes to offer expertise to host pre-Olympic and Olympic activity, including training, media resources and facilities. Like other groups they wish to see policy in place to ensure that they can continue to serve East London for and beyond the Olympics.

The event had a number of speakers ranging from the Vice Chair for Transport for London to artists working in SPACE studios, the Director of Communities for Newlon Housing Association, a speaker from the Institute of Education at The University of London and a project manager from Broedplaats Amsterdam.

Issues Raised

Sally Temple Practicing SPACE Artist

Sally Temple noted the Economic contribution that Art makes to the Economic climate in London. She cited the recent Frieze Art fair as an example of this. (At Frieze millions of pounds was spent on art in a four day period.)

She also raised the issue of the popularisation of Art with a shift from art being seen as an elitist activity to much more mainstream participation. She cited the popularity of the Tate Modern as an example of this.

Central to her argument was the need for artists to remain in the East End. She cited the contribution that artists make to local communities, giving their time voluntarily to projects such as local community events, festivals, projects in local schools and mentoring etc. Contributing to the local economy by employing local people as small businesses, and supporting other businesses in the areas in which they work, for example local markets, suppliers, shops and cafes.

Artist's studio space is an important contributing factor to the demographics of the local area. Traditionally there has always been a high percentage of artists living and working in the East End. There are currently hundreds of Artists Studios located in run down areas or in buildings that are no longer used for industry. Increasingly though these spaces are becoming unaffordable and Artists are being pushed out.

Sally noted that studios keep areas alive and contribute to the regeneration of an area. Hoxton in East London can be seen as an example of this. Inevitably though a result of this regeneration is that prices go up and studios get pushed further and further from the centre of London.

Sally asked what would happen if Artists were pushed out of the area and what the impact might be on the city's finances. She noted that London's arts and cultural scene is a major attraction for international investors and one of the reasons that companies choose to locate themselves in London.

Frances Hollis Lecturer in Architecture

Frances addressed issues around work and living spaces and spoke about the large home-based workforce that is particular to East London, having been a characteristic of this part of London for Centuries.

She spoke about the contribution that a live/work and work/live strategic approach could have on redevelopment in the East End. She argued that this approach could transform a potential threat into an opportunity.

The live/work work/live strategy fulfils many of the strategic aims of central government in terms of environmental, social and economic sustainability and is supported by the ODPM in principle. The benefits of the live/work work/live were cited by Frances as the following;

- A reduction in pollution and traffic congestion due to reduced journeys to work¹³;
- The ability for people to integrate their caring responsibilities with productive work, leading to a reduction of personal stress, the

¹³ A senior BT employee interviewed recently has reduced his car-use by 30,000 miles a year through working from home; with 10,000 home-working employees, this suggests that BT alone may be credited with reducing both environmental pollution and pressure on the transport infrastructure by many millions of miles annually.

- reintroduction of a valuable sector of the population into the workforce, and an improvement in the quality of life for those dependents²
- An improvement of safety on the streets; streets that are 'watched' have a lower incidence of crime. Residential areas in which the majority of people 'go out to work' tend to be deserted during the day and conversely pure employment areas tend to be deserted at night, both areas being vulnerable to crime when empty.
- The stimulation of the local economy; people both living and working at home spend their money in the locality of their home
- A flexible labour market resource and a refuge from the effects of downturns and uncertainties in the mainstream economy.
- Encouraging start-up businesses

However Francis states that in practice neither neighbourhoods nor buildings are being planned or designed to accommodate this practice. Live/work and work/live do not get a mention in John Prescott's 'Sustainable Communities Plan'. The reasons for this are cited below.

- Knowledge about the phenomenon is limited and fragmented. Social research on home-based work tends to focus either on the exploitative practices of "home-working", or the benefits to society of home-based entrepreneurs, but never on the entire home-based workforce. The buildings are little documented, both historically, and in terms of an analysis of contemporary practice. Without a holistic social and architectural understanding of the phenomenon it is difficult to make effective policy. Planners often take the view that the 'spare bedroom' or 'kitchen table' approach is an acceptable blueprint for the future; this suggests profound ignorance of contemporary practice.
- There are separate departmental 'silos' for 'housing and 'employment', right up to ministerial level, resulting in the perpetuation of rigid 'residential' and 'employment' zones by planners. Hybrid building types and flexible working practices are difficult to fit into this, and as a result tend to be ignored.
- There have been problems regarding planning permission for live/work units, especially in Hackney, where planning legislation was put in place without a full understanding of the phenomenon. This has, in the planners' view, resulted in a developer scam that converted employment land into residential and avoided building affordable housing. While it is clear that some developers were involved in such a scam, there is also evidence that a large proportion of live/work units in Hackney are inhabited as was originally intended, albeit covertly.
- Covert occupation is often a result of anxiety about working from home openly, due to grey areas around the governance of home-based work, ie the increased cost of combined business rates and council tax, insurance, business rated utilities, need for planning permission etc. The governance

²⁴ He is also able to care for his four year old son in a way that was previously inconceivable, has strengthened his community ties as a result of working from home, and finds it economically advantageous. He is less tired as he is able to integrate rest and relaxation into an extremely irregular working day (caused by partnerships across time-zones) which previously led to excessive hours in his office, forty-five miles away from home. It is simultaneously beneficial to his employers: British Telecom is reputed to save thousands of pounds annually on overheads for every home-based employee.

of live/work and work/live, however, is a shambles nationwide, and requires a holistic review based on an understanding of this important, fast growing, workforce.

As already stated, the massive redevelopment of East London, including the Olympics, the Lower Lea Valley and the Thames Gateway offers both an amazing opportunity and a potential threat. The potential threat is highlighted in the following concerns;

- That rising property prices will wipe out the lower end of the property market, and with it the affordable workplace. This would particularly hit people working in the creative arts, as studio space has, by definition, to be cheap. Potentially this could lead to the destruction of the existing large and thriving community of people working in the creative industries in the East End, as well people working in a range of other occupations in affordable workplaces. This would be ironic, as the rich cultural context of the East End was one of the elements that won London the Olympics.
- That dormitory settlements will be built with the expectation that their inhabitants will commute to work, creating 'day-time wastelands'. Housing will be designed to minimum space standards, around the basic functions of eating, sleeping, bathing and watching TV, with no provision for other functions.

The potential for positive effect is cited as;

- The creation of mixed-use neighbourhoods and individual buildings, 'long life, loose-fit, low energy'³, designed to support and encourage a diverse mixture of residential and employment uses, including frameworks to support live/work and work/live occupations.
- The conversion of existing affordable workplaces into live/workplaces, enabling artists and other low-income workers to remain in the East London despite rising prices, as a result of only have to pay the running costs of one building. As a spin-off, this would encourage the retention of a range of existing buildings, resulting in the mix of old and new that is known to characterise successful regeneration.

Frances argues that the Live/work work/live strategy should be seriously considered in the context of the major redevelopment of the East End. She states that the governance difficulties that surround this strategy can be overcome in the context of policies that recognise the enormous social, economic and environmental advantages of this social and architectural form.

Dave Wetzel Vice-Chair of Transport for London

Dave Wetzel spoke to the panel about the risk of inflated land prices caused by re-development. He demonstrated his argument by drawing on the personal observations of London Property Developer Don Riley. Don Riley is the author of "Taken for a Ride" a book which looks at the impact of the Jubilee Line Extension (JLE) of the underground.

³?? As propounded by the Urban Task Force in 'Towards an Urban Renaissance'

Dave Wetzel states that, in the words of the author, the property developer was able to make money while he slept, while the men working on the tube line were sweating hard and risking their lives to develop the line. Don Riley calculated the total land value increases that arose within a 1,000 yard radius of each of the JLE stations. His startling conclusion is that these land values alone have increased by a staggering £13 billion when the construction cost of the line itself was only £3.5 billion.

Riley suggests that some of this wealth should have been collected by the Government in order to fund the project.

An independent study carried out for Transport for London, has also estimated that between 1992 and 2002 the JLE caused land values to rise by £2.8bn close to just 2 of the 11 new stations (Southwark and Canary Wharf). This means that the UK Government could have built the JLE at no cost to the public purse if they had just chosen to collect less than a third of the increased land values arising from the scheme!

In Wetzel's opinion it is not the fault of the transport industry that Governments choose to ignore windfall gains that transport creates. It can also be said that the findings of Don Riley and others in North America mean that transport planners should no longer go "cap in hand" to governments for subsidies if they wish to fund new projects or to renew existing lines. He argues that as long as people are flocking to use the trains, then we know that as well as fares revenue the railway will generate its own finance in the form of increased land values.

Dave Wetzel points out that if Governments continue to only tax wages, trade or goods and services to create new transport opportunities then they are choosing to give an unearned bonus to the owners of land.

He argues that if a government refuses permission to build a new transport improvement because of inadequate finances and they do not want to increase existing taxes then they are not only denying the public an improved means of transport but they also deny landowners the opportunity to share in land value gains that would arise if the improvements were financed from a part of these land value gains.

In other words Funding new infrastructure from land value gains creates a virtuous economic cycle that provides a win-win situation for all concerned. Dave Wetzel cites some of the advantages as the following;

The government can provide a new transport improvement, taxpayers are not penalised, detrimental taxes on trade are not increased and the travelling public gain shorter travelling times with more convenient journeys. Car users are able to use the new system with economic and environmental gains for all, businesses near stations see their trade and profit increase and finally, assuming the project requires even 50% of the land value gain, landowners retain 50% of a large increase if the scheme is completed- rather than 100% of no increase if it is not built.

Dave Wetzel points out that the negative effect traditional taxes have on trade and jobs is commonly known. A recent think-tank claimed that UK tax increases over the past few years have raised individual tax payments by £4k per head, but they have also resulted in a further cost to each tax payer of an additional £2k because of the damage these taxes do to the economy.

In Ron Banks book "Double Cross" Ron estimates that if the UK were to raise its' revenues from natural resources rather than from existing taxes, each man woman and

child would be better off by £30k a year. Denmark is already applying this principle by collecting a land tax for local expenditure. All the land is valued each year and a percentage tax applied.

Within the context of Olympic redevelopment the relevance of Dave Wetzel's argument can be appreciated. Of course it's not only transport infrastructure that creates increased land values. Increased population, greater commercial productivity, most good public and private services all add to the value of individual sites.

The introduction of a location Benefit Levy (or land Value Tax) could see the introduction of a tax which would apply to all sites, and could be valued annually from their rental income based on their optimum permitted use, ignoring all improvements. A tax rate could then be applied to this value in order to produce an income for public funds. In this context, as land values rise so does the sum collected. This would mean that an empty building with planning permission in a town or office block would pay tax at the same rate as an identical site that has been developed. Unlike a system of tax which puts tax on buildings, there would be no reduction for dilapidation or for keeping a site empty. Similarly, there would be no increased tax liability for improving a building.

The Location Benefit Levy has numerous benefits. It is a cheap tax to collect and it is impossible to avoid. Importantly, it is also an immediate incentive for land owners to bring their land into better use. The introduction of this tax would see Brownfield sites being used for homes or to create public or open spaces; and homes and businesses premises would become more affordable. All of these changes would result in regeneration and revitalisation. In areas that have lost major industries and which face major reconstruction a lower tax on less valuable land would create a vitality that tax on trade succeeds in destroying.

There are obvious benefits resulting from the creation of more affordable premises in towns and cities. More jobs would be created, unemployment reduced and the economy would shift up a gear with a higher GDP. More affordable housing would also reduce urban sprawl, with less people moving long distances from their work. A reduction in urban sprawl would result in more green spaces being saved and society would be spared the cost of providing new infrastructure.

The Location Benefit Levy is also known as the smart tax because it takes into account the value of an area of land in actual terms. For example land can increase in value in the area around stations but it can also reduce on sites adjacent to railway lines because they suffer from noise and pollution, visual intrusion or vibration. Sites that suffer from devaluation due to environmental factors such as these could see the devaluation of their land reflected by a cut in their tax contribution.

In contrast to his support for the Location Benefit Levy, the vice chair of Transport for London, Dave Wetzel argues strongly against the introduction of the Development Land Tax (DLT). This is because it is a disincentive to redevelopment with landowners reducing development to avoid the tax. This can then also lead to a shortage of land where development can take place, an increase in land and thus an increase in property prices.

Currently, the UK Labour Government is considering Kate Barker's suggestion for a "Planning Gain Supplement" (Yet another DLT).

Jaap Schoufour project manager of Broedplaats Amsterdam

Jaap Schoufour presented on the Broedplaats project which has created 650 affordable working and living spaces for creatives in Amsterdam over the last six years.

'Broedplaatsen' literally means 'breeding place', and is used in this context to describe buildings in which creatives have their studio or even sometimes residence, share a common space for special projects, work out cultural public programming or neighbourhood activities. Broedplaatsen are more or less similar to art factories.

In Schoufour's words, this project was the product of a collaboration with housing corporations, real estate firms, district authorities and last but not least the creatives themselves, comprised of artists of all disciplines and sub-cultural groups.

The Broedplaats project was initiated in 2000 by the City Council of Amsterdam, in response to the petitioning of local squatting groups and artists who were jeopardised by the high capital urban developers in the city centre and on the IJ banks in the end of the '90's.

In response to this the city council allocated 32.5 million Euro to developing working and living space for creatives, especially for those with an abundance of ideas and activities but little financial resources.

The fear was that big money as the decisive factor in urban development would sweep away all non-commercial, low budget, and unregulated cultural initiatives which had been characteristic of Amsterdam for centuries.

The City Council acknowledged this analysis with the expression 'no culture without subculture'.

The message of the subcultural groups and artists was simple: keep Amsterdam a diverse and creative city for everybody where experiment inspiration and unpredicted events and meetings can take place.

Jaap Schoufour explains how the Broedplaats is created. There are a combination of initiatives which originated in a variety of ways. In the squat originated Broedplaatsen members secure their place on the scheme and ensure that their building is legal and safe for working and in some cases living by addressing the project Broedplaats Amsterdam. The team check their plans for reconstruction at a minimal cost using self labour. The way the building will be used and the manner in which the responsibilities are worked out in the group is worked out in statutes and with subcontracting etc.

The subsidy by Broedplaats Amsterdam facilitates affordable space on the condition that creative people work and live there and produce cultural and creative content.

In the Broedplaats initiatives set up for artists the creatives are installed into a building that they have found. The project team advises and offers support in the way of organisation, subcontracting, models for statutes and self labour on maintenance et cetera.

Since 2,000 the project has been actively searching for suitable buildings to transform into broedplaats. The municipality buys buildings or agrees with housing corporations to prepare a building in order to make it a Broedplaats. In both cases the project organises a tender among the target group, with a special Advisory committee selecting the most interesting concept for the building.

Broedplaatsen have recently enjoyed the involvement of Housing Corporations and Commercial real estate. For Housing Corporations involved in large scale renewal operations the Broedplaatsen diversifies the area and adds to the quality of the

neighbourhoods. The Broadplaatsen brings in creative people and sometimes public functions such as cafes, galleries and events.

Commercial companies with empty space reduce their costs and “do something for society” by asking for low rents and making the Broadenplaatsen possible.