Words by
Michael Willoughby

Photography by
Cristobal Palma

This picture: The striking pink chimneys provide natural ventilation

ALL HAIL TO TOTTENHAM

A publicly funded office sheme in Tottenham Hale, north London, is a pioneering project that raises important issues around how – and indeed if – regeneration really works

The opening of a three-storey, 6,500sq m workplace in London would not normally make for great copy. But Stoneleigh Road Managed Workplace, built on the site of a former council depot in troubled Tottenham Hale, was a little different: not just the building – with its facade of translucent polycarbonate allowing the light to enter and big, pink, natural ventilation chimneys – but the crowd at the opening too. In addition to the building's architects, City-based practice Hudson Architects, Haringey Council project manager James Molloson was present, as was the local authority's cabinet member for regeneration and enterprise, Councillor Kaushika Amin.

Stoneleigh Road and its sister building, Rangemoor Road, are publicly funded workspaces aimed at "creative industries" and part of the council's £5.6m Urban Centres for City Growth programme, aimed at revitalising the area and making it more attractive for business. The Stoneleigh Road building cost £1.2m. Money came chiefly from the London Development Agency, the European Regional Development Fund and local capital funding (which goes towards long-term projects.)

While showing me around the premises, Molloson told me more about the programme: "It focuses on providing new and improved business space for small and medium enterprises and additional workspaces in the east of the borough, as well as improving shop fronts in core shopping areas." The whole ground floor has been rented off plan at market rent to a social enterprise, the Haringey Law Centre.

The site is a particularly important one in the local geography, linking the large Reed Road Housing Estate and Tottenham High Road. It stands next to the market, a local gem in a council where around 9,000 people are on Jobseekers Allowance and an estimated 20 per cent claim either this or incapacity benefit. The site also has a troubled history of crime and drugs. Indeed, one of the members of the Hudson Architects team had his mobile phone snatched from his hand during the building process. Others from the team saw drug deals take place. So placing a hopeful, activity-filled building on the spot was considered vital to "turning around" the area. Local neighbourhood leaders and citizens were heavily consulted and the plans were changed according to their suggestions.

As is often the case, the mood at the opening was bright, the building looked great and had come

This picture: The three-storey, 6,500sq m workplace stands on the site of a former council depot

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in on time and on budget. There was enthusiasm and commitment in the air, not least from Molloson. I asked him what success looked like. "The new-build and refurbished units are fully occupied," he replies. "There is an improved economic climate evidenced by increased business retention, fresh investment and a more diverse business mix."

But is it a good use of £5.6m? First of all I wanted to know why one million pounds was needed to provide something that I thought the market could provide and turn a profit too. I spoke to John Henneberry, who is professor of property development studies at the University of Sheffield. "The risks to developers is higher in Tottenham Hale because the inhabitants are liable to be smaller firms," he says. "Around half of these go bust within two years. Additionally, management costs are higher with multiple occupiers. Why not let one big building to one big tenant? You have a tenth of the overheads.

"To offset these risks, developers would be looking for a higher rate of return compared with prime areas. Additionally, the way the property market works in this country means that, if the property is sold, the likely buyer will be an institutional investor. These kinds of investors are reluctant to buy outside of prime areas. In theory, local authorities can get around this by guaranteeing rent or becoming head tenant. Unfortunately, the Thatcher regime put a stop to that in its efforts to wrest development and other controls from local government."

Even if there is demand for these kinds of workspaces, still the demand for prime areas – combined with perceived or other risks of building in below-prime areas – causes a market failure.

Dr Andy Pratt at the London School of Economics agrees that developers are wary of borrowing money to build in depressed areas. "Private developers or funders don't want to bear such risk if they can avoid it," he says. "Therefore the public sector is, in effect, bearing the risk of potential lower lettings, high turnover or empty lets."

Another problem, he says, is that much property development has its eye on blue-chip clients. "New cultural producers tend to be viewed as risky." He thinks this is a mistake due to misunderstanding the nature of the "cultural sector". Of pension funds, he says, "They like to build generic properties to a particular high spec. No account is taken of the users or tenants [but] cultural producers are not often in the market for this type of spec building. Hence the LDA's initiative to fill that gap."

So Stoneleigh Road is built and up and running. But what happens now? Is it going to bring down local worklessness? Paul Cheshire, professor of economic geography at the LSE, says that alone will not change anything – if you just build offices in an area and take no further steps towards reducing unemployment, then you get people commuting into the area to take the jobs.

He adds that the fortunes of poor neighbourhoods in the UK have remained pretty static. "It is a positive function of big cities that there are choices in places for rich and poor people to live. There is a sorting of income groups by neighbourhoods." There is nothing "special" about poor areas that makes them "deprived" apart from the fact that that's where the poor people live.

While Haringey's regeneration was taking place, Dr Tim Leunig was presenting a report, Cities Ltd, to the libertarian-leaning think tank Policy Exchange. This examined what has happened to 14 UK towns and cities following the current government's investment of £30 billion through 14 different policy initiatives.

This picture: Translucent polycarbonate walls allow daylight to flood into the building

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The results were depressing. Unemployment in the areas – which include Hastings, Liverpool and Newcastle – remained at 40 per cent average. House price differentials have actually risen from 19 per cent to 30 per cent. Moving out of these areas is increasingly difficult. Gross value added (GVA) as a measure of how much residents contribute to the economy is 13 per cent below the national average in these areas. This has widened by 40 per cent since 1997. In contrast, the GVA of successful cities (such as Croydon and London) has grown from 39 per cent above average in 1997 to 46 per cent above in 2004.

"The cities that were in most in need of change in 1997 are still waiting for it. The promised renaissance has not arrived," Leunig says. Contrarily, even if investment works and the areas begin to regenerate and improve, residents will still fall behind.

What amounted to an interesting experiment conducted during the Clinton years in five major US cities, called Moving to Opportunity, transported "very low income families with children out of public housing in areas with 40 per cent below the poverty line into areas with low concentrations living in poverty". After some initial positive findings researched by the government, the programme was followed up four to seven years later by academics. Measuring such factors as car ownership, crime and income, they did not find any significant overall difference between the groups that moved compared to the control group that stayed.

So it seems clear that for this kind of regeneration to work – if it ever truly will – investment in skills should be the other part of the equation. LSE professor Ian Gordon is sceptical of the efficacy of the building scheme. "I can see little point in targeting job creation at areas of London with concentrations of deprived residents," he tells me. "This is because the London economy is strong and worklessness in such areas has virtually nothing to do with the lack of local jobs, but reflects obstacles placing many of these residents at the back of the queue for jobs, wherever they are."

In other words, merely improving the building fabric of a neighbourhood is not enough to improve the social welfare of its residents. Investment in people skills is vital to give the scheme a chance to work.

Haringey is certainly aiming for such a programme, although it is at a fledgling stage. The £1m pilot, the Haringey Guarantee, aims to engage the workless by placing employment officers in specific outreach points such as GPs' surgeries and children's centres. It then offers a three-part guarantee to stakeholders, giving businesses a guarantee of suitable workers (vetting that offers an unusual level of cost saving to local employers since it lowers hiring risks); a guarantee to those who aren't working by giving them the chance to work for six weeks without losing their benefits and a guarantee that, if a position comes up with the organisation with which they are trailing, they will be interviewed. The council will also train new hires of firms below 5,000 up to GCSE level at no charge.

The scheme is showing some elements of success, Martin Tucker of Haringey tells me. One thousand are taking part in the scheme and more than 150 people have been placed in work since it began last year. Employers are saying that they will consider local employees before others. The scheme may well make Haringey an attractive area for companies.

There are other improvements planned for the area, including 2,500 new homes, a new primary school, a hotel, a new health centre, public space and improvements in the road networks and transport interchange.

With any luck (and maybe luck is the biggest factor), Haringey's awareness of a rounded approach to regeneration, including skills as well as fabric, will see it go up in the world – and bring its more troubled residents with it. Time will tell. ☒