

# From NIMBY to YIMBY

**How to win votes by building  
more homes**

*Part one: the questions less asked*



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'Any citizen, who tries to defend their home and their neighbourhood from plans which would destroy the view, pollute the environment, overload the transport network, upset the ecosystem and knock £50,000 off the value of their house. When it comes to our own back yard, we are all NIMBYs, every NIMBY deserves respect for standing up to corporate and government giants.'

Anthony Jay, *Not in Our Backyard* (2005)

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*'I hate Nimbys... but I hate the new lean-to on my neighbour's patio even more!'*

Tom Utley, *Daily Mail* (2013)

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'I was a Nimby once, and my entire family were.'

Nick Boles MP, former Minister for Planning (2013)

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NIMBY – Not in My Back Yard

YIMBY – Yes in My Back Yard

BIMBY – Beauty in My Back Yard

CAVE – Citizens against Virtually Everything

BANANA - Build Absolutely Nothing Anywhere Near Anyone

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'Laws may be unjust...as when burdens are imposed unequally on the community, although with a view to the common good. The like are acts of violence rather than laws' Aquinas,  
*Summa Theologiæ*

## Summary

### Chapter 1 – Is Britain worse than others at building enough homes?

- Britain is demonstrably less good at building a sufficient number of homes than most other countries:
  - Since 1980, Britain has managed consistently below average increases in housing stock. Since 1990, Britain's house stock growth has been 40 per cent below the European average;
  - Britain has a below average number of homes per resident (one for every 2.3 people, versus a European average of every 2 people) and an even lower number of homes per household (0.99 versus a European average of 1.12);
  - Britain builds some of the smallest new homes in Europe (an average size of 91 square metres versus a European average of 101 square metres);
  - Long term real house price rises in the UK are the highest in Europe. Prices have increased by 378 per cent since 1970, as opposed to an OECD average of 94 per cent. It is land, not building costs, which is driving this;
  - The house price to income ratio has doubled since 1997. It is also the worst in Europe, particularly in London and the South East; and
  - The UK housing market is not responsive to price rises. Price elasticity of supply is 0.39, meaning that for every ten per cent price increase nearly four per cent additional new homes are built.
- There is some good news. Some commentary exaggerates the problem and the challenge is largely in London and the South East:
  - High prices and low affordability are not yet feeding through into the highest overburden rates (a measure of the proportion of households having to spend more than 40 per cent of their incomes on housing). This is presumably because many homeowners bought their homes long ago and due to lower prices outside the South East;
  - Nor is overcrowding an issue at the national level, though this is changing in London;
  - Finally, elasticity of supply, though poor, is not an outlier. The British housing market is less responsive than most other markets, but the French, Belgian and Dutch markets are all similarly unresponsive, or worse (price elasticities of 0.36, 0.31 and 0.19 respectively).
- Many of the elements of Britain's situation, which are frequently criticised, are comparable to the situation in many other countries, or better:
  - Britain has the lowest (and falling) proportion of empty homes in Europe, with vacancy rates less than a third of the European average;
  - British property is not comparably under-taxed. Comparison are hard but Britain's level of property-linked taxation is actually above the simple European average (1.0 per cent as opposed to 0.9 per cent); and
  - Eight per cent of British homes are council housing and ten per cent are rented from Housing Associations. The simple European average is about 12 per cent. Economies

with much less house price pressure such as Germany and Belgium have 12 and 6 per cent. However, it is far lower than some: the Netherlands has 35 per cent.

- Britain is, however, a comparatively crowded island. Its population density (269 people per square kilometre) is below Holland's and Belgium's but above the rest of Europe. The South East's population density is 453 people per square kilometre. This is second only to the Netherlands. Although many have pointed out how little of the UK is actually 'concreted over', this pressure must make the politics and economics of housing in the UK more intense.

## Chapter 2 – How is British planning so odd and why does it matter?

- Many of the elements of Britain's planning system, which are frequently criticised, are also more comparable to the planning approach in other countries than is normally realised:
  - Britain's planning system is not more centralised than most nations, according to EU analysis;
  - Nearly all planning systems have *some* controls on city growth, though the UK's (green belts) are more extensive and have been less flexible (though this is starting to change); and
  - Some systems do seem to be better at pooling risk and sharing upside from development than in the UK, but others are not, and CIL, S106 and Enterprise Zones have their equivalents.
- This is not to say that these, or other elements of the British planning system, should not be improved, or that the state should not build more homes (though this does come with risks of poor quality). But it does highlight the need for caution in trying to blame Britain's housing supply woes on *just* the green belt or *just* the lack of council house building.
- However, one key element of Britain's planning and building control system *does* stand out as unique, when compared to every other system we have examined. It is a feature which has been oddly overlooked, in nearly all analysis, and which strongly influences *how* we build new homes and *who* builds them:
  - Unlike every other prosperous planning system (including those based on common law), the British system nationally is not rules-based, but instead takes a case by case approach. It is more discretionary, with much lower levels of clarity about what is and is not acceptable<sup>1</sup>;
  - This is probably due to an unintentional alliance between planners (wishing to preserve professional discretion) and supporters of free markets (sceptical of all planning regulation);
  - Controversy and political debate therefore tends to be *at the level of each individual decision*, rather than when setting the local spatial and building plan;
  - This is different from most other countries and has been almost completely overlooked in the debate about meeting Britain's housing needs;

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<sup>1</sup> There are cities and regions (particularly in the US) which have ended up with very discretionary approaches, but nowhere appears to have done so nationally.

- This leads to more uncertainty about what is and is not acceptable, on a given site;
  - This increases planning risk, pushes up land prices, when planning is secured, acts as a major barrier to entry (above all for self-build and small developers) and lowers public support for new building, by increasing risk over *what will be built* (which is crucial in understanding why people oppose new homes). It is no coincidence that the UK market is one of the most concentrated, with one of the lowest proportion of self-builders; and
  - Perversely, much of the detailed policy (and planning practice) we do have actively de-links what we build from the best ways of delivering liveable, street-based high-density cities.<sup>2</sup>
- The right to develop in the UK has been nationalised, with uncertainty of what will be permissible. Instead, we need a system where the right to develop is clearly regulated, with greater clarity about what is and is not permissible.

### Chapter 3 – Why are people NIMBYs?

- Research shows that opposition to new housing delays and reduces house-building. It is therefore surprising how little robust research there has been into *why* people oppose housing.
- NIMBYism is best understood as a rational response to the risk of uncontrollable change to one's neighbourhood, which can have both economic and emotional consequences:
  - This might be an economic impact on the value of one's property (for home owners), or (for renters) one's ability to continue to afford to live in a neighbourhood;
  - It might have an emotional impact on memories of home and a sense of place;
  - It might create uncertain risks on the ability of local schools or roads to cope; and
  - If change is uncertain, then no change is often more certain and more controllable.
- Our literature review into why people oppose new housing suggests that there are five key ways to minimise opposition to new housing:
  - Give people certainty about the design popularity of the place and homes that will be built;
  - Ensure people feel they (or people they trust) have meaningfully fed into the overall design and development process;
  - Give people confidence that infrastructure and services will accompany development;
  - Where relevant, ensure that existing residents will benefit as well as new residents (often through ensuring that a regenerated area will not price out existing residents, through increased rents or, conversely, decreasing the value for home owners); and
  - Give people confidence that local greenery will be preserved or enhanced.

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<sup>2</sup> This issue is not explored in this study. For more, see Boys Smith N. (2016), *A Direct Planning Revolution for London?*, pp.22-29 and London First, (2017), *Unlocking London's Residential Density*.



## Chapter 4 – A case study: Creating Streets in Cornwall with consent

- Nansledan is a 218-hectare urban extension to the coastal town of Newquay, on the north coast of Cornwall, in South West England, developed by the Duchy of Cornwall.
- Originally conceived as an extension of around 1,000 homes, it has grown in the planning to a mixed development of more than 4,000 homes and 4,000 jobs.
- Although only partly finished, it seems to be very popular with neighbours, and the first residents, and is already selling at a roughly 20 per cent premium to the local market, with 30 per cent affordable homes.
- The key components of the approach taken at Nansledan can be summarised as:
  - A mixed use 'real place' with as many jobs as homes;
  - A walkable town that prioritises pedestrians over drivers;
  - A traditional, popular, variegated and locally-based design;
  - Modest green spaces (gardens and squares) scattered throughout the development;
  - An ongoing consortium between landowner and developers, not an outright sale to the developer, or the granting of an option;
  - A deep alliance with the local planning authority;
  - An intensive co-design rather than a 'design and consult' model; and
  - Spreading of the 'economic glow', not just through affordable housing (at 30 per cent), but also through the preferred use of local suppliers and materials, such as Cornish slate and granite.
- This amounts to a very different design and development process to the usual developer model.
- The key reasons for this success are:
  - The long and genuinely consultative co-design approach with local residents and the local council, with consequently much higher levels of confidence;
  - The 'patient capital' nature of the consortium agreement between landowner and developers, which means a shared awareness and alignment of returns over time rather than in the short term;
  - The popular traditional design, variety and urban form of homes, walkable streets and blocks; and
  - The popular focus on sustainability of design, sourcing and green infrastructure.

## Chapter 5 – Where and how to break the circle: a menu of options

- The key questions about the British housing crisis need fundamental reframing:
  - It is not 'how do we build more homes' but 'how do we make new homes more popular' and 'how do we make the consequences of their delivery more certain to neighbours';
  - It is not 'how do we force through new homes and *get away with it*' but 'how do we build more homes *and win votes*';

- It is not 'how do we dismantle the planning system' or 'how do we replace private with public sector development' (depending on your political persuasion), but 'how do we make the British planning system less strange and more predictable, so that more people can develop homes in more places, with popular consent';
  - It is not 'how do we encourage self-build and small developers by subsidising them' but 'how do we re-cast planning risk so that development is fundamentally easier for small builders and self-builders' (who are being driven from the market by the current system); and
  - It is not 'how do we encourage long-term investment development models by subsidising them' but how do we re-cast planning risk, so that development is fundamentally easier for long-term investors, who find it hard to compete with speculative builders in the current unpredictable high-risk model.
- Those who are arguing to take politicians and the population out of the development control process are actually making precisely the wrong argument. We should be making their involvement more effective and more certain, but bringing it 'upstream' from development control decisions to more certain rule-setting on urban form.
  - We need to have a simpler, more predictable planning system, better aligned to delivering places that people like, which sets land values more certainly and reduces barriers to entry, to the benefit of small developers and self-builders. It should not seek to regulate nearly as much, but what it does regulate it should regulate with far greater certainty and popularity.
  - This is the same logic that the Mayor of London has (rightly) recently used in trying to set greater clarity about what levels of affordable housing will be required in London.
  - This won't be possible 'in one bound'. We therefore identify a menu of options which developers, neighbourhoods, councils and central government can take to start making our planning system more predictable, with lower barriers of entry to smaller players and non-speculative housebuilder models. These include:
    - **Polling and visual preference surveys.** Those writing neighbourhood and local plans should measure the types of development (height, materials, façade) that local voters most support;
    - **Embedding design codes in neighbourhood and local plans,** coming as close as possible to pre-approval via Permitted Development and Local Development Orders;
    - **Create Boulevards.** One variant would be to set popular design codes for areas that can benefit from beautification and intensification, such as arterial roads and transport hubs;
    - **Public land – partnerships not sales.** Public land is crucial to build enough homes. It should be developed in partnership with long term investors, not by sale for maximum land price;
    - **Training.** Local officials and councillors need more support and training to understand better what types of development and process people like and dislike – and why;
    - **Ensuring fixed quotas for affordable homes and betterment payments.** The government should require councils to set non-negotiable affordability targets –

perhaps within a centrally set range and, above all, for development below 100 homes;

- **Step-up.** Extend, as of right, Permitted Development to single-storey extensions on non-listed houses not in conservation areas;
  - **Step-up suburbia.** A more radical version of the same suggestion would be to permit permitted development, from two storey suburban housing to medium density terraced developments, plot by plot, on a pre-approved design code via Permitted Development or Local Development Orders;
  - **Localism step-up.** Another variant would be to create a local mechanism to let individual streets decide to give themselves individual rights to heighten, or replace, existing buildings;
  - **Step-up heritage.** Harder, but still (we judge) conceivable, would be extending this approach to listed homes and mansion blocks, or buildings in conservation areas;
  - **Permission in Form on allocated (or all) brownfield land.** Reboot the Permission in Principle regime, from the Housing and Planning Act 2016, into a Permission in Form regime to bring more certainty to delivery and lower barriers to entry on allocated brownfield land;
  - **Code Zones.** Allocate several prominent development sites as pilots for a 'zoning' or design-code led approach. Those being developed due to HS2 and new developments we are advocating in the Thames Estuary (Thames Towns) would be good options;
  - **Government investment in Code Zones.** A more radical variant of the same idea would be for the government to use debt, secured on property, to equity fund development of homes and infrastructure. Each £500m of investment would build between 2,900 and 3,100 homes;
  - **Help public sector bodies play a more active role in land assembly,** by strengthening compulsory purchase orders and making it easier to buy land at existing use value plus a pre-set premium;
  - **Create Homes.** The government should encourage, via procedural support for popular pre-approved design codes, a market for pre-designed, partly pre-manufactured popular home designs that could meet various infill and pre-approval processes;
  - **From farmyard to village green.** Farms in the UK have greater rights to erect or alter buildings, via Permitted Development. How could communities opt into some of these?
  - **Neighbourhood Exception Sites.** Similarly, the logic of Rural Exception Sites, which provide affordable housing on small sites, might be extendable to Neighbourhood Exception Sites. These would be part of a Neighbourhood Plan to deliver via Permitted Development; and
  - **Greenfinger not Green belt?** The government could consult on the consequences of moving from a Green belt system to a Greenfinger system.
- We will explore these options further in our next study in the **From NIMBY to YIMBY** series and set out a legislative and detailed road map to get there.

## Chapter 1 – is Britain worse than others at building enough homes?

*'Facts are stubborn things and whatever may be our wishes, our inclinations or the dictates of our passions, they cannot alter the state of facts and evidence.'* John Adams

### 1.1 Our research

This paper is fundamentally about how we build more homes with popular consent, indeed with passionate local support. However, some critics continue to assert that meeting Britain's housing needs is not fundamentally about increasing the supply of new homes, but about (for example) filling empty homes or 'de-financialising' the provision of new housing.<sup>3</sup> It is therefore worth setting out the comparative data on Britain's housing situation. This is not to argue about the relative merits of the private sector versus the public sector, but merely to ensure that there can be no misunderstanding about the supply-side challenges which face Britain and, above all, the South East. We have therefore examined the data on housing delivery, empty homes, property taxation and public sector housing for different, predominantly, European countries. Wherever possible, these are the same countries whose planning and building control systems we have examined in chapter two and whose NIMBYs we examine in chapter three.

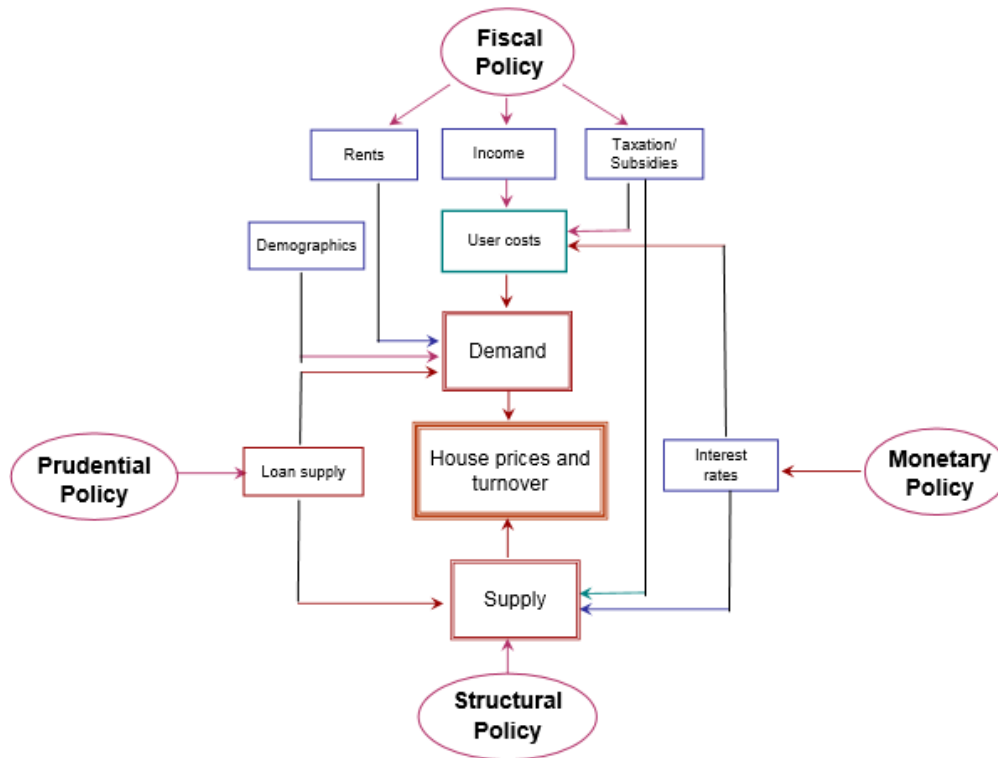
Of course, house prices are not just a function of housing supply but also of demand (population, income and economic growth), taxation policy, interest rates and the supply of credit. A fairly standard way of thinking about this is set out in Figure 1.

The question underpinning our analysis was the search for British exceptionalism. Which elements of housing delivery are less good? Volume? Price? Place? A lot is talked about the 'housing crisis.' But is British housing delivery less responsive to need than others? And, if so, by how much? And where? Does Britain have systematically more empty homes than other countries? How many years' supply do they represent? Is Britain 'out of line' with other countries on levels of property taxation or home ownership patterns? It is remarkable how few discussions, of the challenges facing Britain's housing, use robust comparisons with other countries to understand the challenges.

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<sup>3</sup> The most cogent advocate of 'there is no housing shortage' argument is Ian Mulhern of Oxford Economics. <https://medium.com/@ian.mulhern> He is clearly right that some analysis exaggerates the challenge, by using the wrong data (new builds vs net new housing stock) and that cheaper credit has also helped drive higher prices. However, his argument rests on the assumptions that higher sale prices have no impact on household formation, which most find hard to believe. He is also not taking account of some of the comparative data we set out below.

Figure 1 – Key policy drivers of house prices<sup>4</sup>



Our sources are a combination of official documents (mainly from the UK Government, EU and the OECD) as well as pre-existing academic or think tank reports. We have used either UK or English data, as available. The analysis below sets out different ways to compare the adequacy of housing supply and provision across our sample countries. These are;

### Does the UK build fewer homes?

- Percentage growth in number of homes since 1980;
- The number of all homes per 1,000 of population;
- The number of homes per household.

### Does the UK build big enough homes?

- The average size of a new home;
- The average size of a new home compared to older homes.

### Are British homes more expensive and more crowded?

- The house price to earnings ratio;
- The 'housing cost over-burden rate';

<sup>4</sup> Hilbers, P., Hoffmaister A., Banerji, A. & Haiyan, S. (2008), 'House Price Developments in Europe: a comparison', *IMF Working Paper*. [www.imf.org/external/pubs/ft/wp/2008/wp08211.pdf](http://www.imf.org/external/pubs/ft/wp/2008/wp08211.pdf)

- Long term price changes;
- The supply elasticity of building in response to house prices (i.e. how responsive is supply of homes to demand);
- City centre prices;
- Ratio of sales price to rent years to buy;
- The overcrowding rate.

### Are there available responses other than increasing supply?

- The number of empty homes;
- The proportion of homes publicly and privately owned;
- Average property tax rates.

### Is Britain full?

- The population density.

Three themes emerge from this output analysis. Firstly, on most metrics Britain *is* comparatively very poor at building sufficient homes and homes of sufficient size. This would appear to be associated with above average levels of housing unaffordability and having the highest global long-term price growth. No other major economy, with robust data stretching back to 1970, has seen comparable price rises. Britain is consistently near the wrong end of *nearly all* of our quantity, quality and price metrics. Some proportion of Britain's high prices is certainly due to credit policy, economic growth, capital inflows and irrational exuberance. But not all of it.

Secondly, at a national level, Britain is not quite as 'uniquely' bad as some might imagine from the public debate. Although long term British price increases are the highest and the market is unresponsive to price signals it is not uniquely so. Nor are the overcrowding consequences (in the slightly historic comparative data) yet as severe as you might imagine. However, when you focus on the data purely in the South East or London, and the most recent data, the failure to meet housing need becomes impossible to escape. The problem may be national. The crisis is regional.

Finally, Britain is not out of line with other countries on levels of empty homes, public sector ownership or property taxation. In fact, Britain has a low and falling level of empty homes (hardly surprisingly due to price increases). Not only are empty homes only equal to about 12 months' demand, many are also in the wrong places. Incentivising the re-use of empty homes near jobs, or where people want to live is potentially helpful. But it is marginal at best and a red herring at worst.

## 1.2 Does the UK build fewer homes?

**Percentage growth in number of homes.** Since the 1980s, Britain has consistently been one of the slowest economies to increase the housing stock, particularly when you consider the relatively robust economic growth for much of that period. In the 1980s, the UK built houses

at only 71 per cent of the rate of the simple average across Europe, according to estimates made in a study for the IMF. In the 1990s, this dipped further to 42 per cent. From 2000-2004, that fell to 39 per cent.

*Table 1 – Percentage growth in housing stock, 1980-2004<sup>5</sup>*

Country	1980s	1990s	2000-04
Ireland	2.0	1.8	6.5
Austria	[NA]	1.8	5.6
Spain	1.4	1.2	3.4
Greece	[NA]	1.4	2.1
Belgium	0.0	4.5	1.3
Finland	2.1	1.4	1.2
France	1.2	1.0	1.0
Netherlands	1.9	1.3	0.8
Germany	0.1	3.9	0.7
UK	1.0	0.7	0.7
Denmark	1.4	0.6	0.6
Portugal	2.8	2.2	0.4
Sweden	[NA]	0.6	0.4
Italy	1.5	1.0	0.2
<b>Average<sup>6</sup></b>	<b>1.4</b>	<b>1.7</b>	<b>1.8</b>
<b>UK as % of average</b>	<b>71%</b>	<b>42%</b>	<b>39%</b>

Other countries that 'performed badly', in certain decades, tended to build more homes in other decades. For example, Portugal and Denmark only grew their housing stock by 0.6 and 0.4 per cent, from 2000 to 2004, but by 2.8 and 1.4 per cent in the 1980s. Only Britain (and Sweden) were consistently poor bottom quartile home-builders.

**Homes per 1,000 inhabitants.** The UK has one of the lowest ratios of homes per 1,000 inhabitants, in Europe, with 437. This is the equivalent of a home for every 2.3 people. Among prosperous nations, only the Netherlands and France are lower, but only marginally, with 429 and 423 homes per 1,000 inhabitants. (These are the equivalent of one home per 2.3 and 2.4 people). Put simply, most prosperous, and indeed most less prosperous, nations have more homes per person with the simple (unweighted) average being 492 (one home for every 2 people). This is 13 per cent higher than in the UK. Even removing the outlier (Estonia) still leaves an unweighted average of 470 (one home for every 2.1 people).

<sup>5</sup> Hilbers, P., Hoffmaister A., Banerji, A. & Haiyan, S. (2008), 'House Price Developments in Europe: a comparison', *IMF Working Paper*. [www.imf.org/external/pubs/ft/wp/2008/wp08211.pdf](http://www.imf.org/external/pubs/ft/wp/2008/wp08211.pdf)

<sup>6</sup> Not weighted by volume of housing per country.

Table 2 – Number of Homes per 1,000 of the population<sup>7</sup>

Country	Homes per 1,000 inhabitants
Estonia	1,082
Greece	590
Portugal	556
Austria	555
Spain	538
Finland	534
Malta	529
Croatia	524
Germany	506
Latvia	499
Denmark	491
Italy	485
Sweden	480
Belgium	473
Czech Republic	469
Bulgaria	467
Lithuania	456
Hungary	445
Ireland	440
UK	437
Netherlands	429
Romania	425
France	423
Slovenia	412
Luxembourg	406
Cyprus	392
Slovak Republic	370
Poland	360
<b>Average<sup>8</sup></b>	<b>492</b>

**Homes per household.** If anything, an even worse picture emerges when comparing number of homes per household, which adjusts for household size. The slightly smaller typical households in the UK, compared to European averages, result in no or very little slack in the UK housing stock.

<sup>7</sup> Housing Europe (2015), *The State of Housing in Europe*.

<sup>8</sup> Not weighted by volume of housing per country.



Table 3 – Number of Homes per Household<sup>9</sup>

Country	Total housing (latest available year) <sup>10</sup>	Total Households (2015)	Homes per household
Greece	6,382,000	4,376,100	1.46
Portugal	5,937,000	4,082,700	1.45
Spain	25,181,000	18,376,000	1.37
Denmark	2,827,000	2,373,100	1.19
France	34,204,000	28,920,400	1.18
Ireland	2,022,000	1,712,000	1.18
Austria	4,461,000	3,815,900	1.17
Belgium	5,319,000	4,699,300	1.13
Germany	41,400,000	40,257,800	1.03
Finland	2,634,000	2,622,500	1.00
Netherlands	7,588,000	7,621,700	1.00
UK	28,073,000	28,218,500	0.99
Poland	13,938,000	14,113,400	0.99
Luxembourg	223,000	229,100	0.97
<b>Average<sup>11</sup></b>	<b>12,870,643</b>	<b>11,529,893</b>	<b>1.12</b>

Only Poland and Luxembourg have fewer homes per household than the UK.

### 1.3 Does the UK build big enough homes?

**Average size of a new home.** It is not just that Britain builds fewer new homes than average. It also builds smaller homes, with smaller rooms, than anywhere else in Europe. According to a 2002 EU report, using 1996 data, the average size of newly-built British home is 76 sqm. This is 80 per cent smaller (61 sqm) than the country with the largest new homes, Denmark whose new homes are, on average, 137 sqm. It is also 27 sqm (35 per cent) smaller than the European average of 101 sqm for new homes. Individual rooms in new British houses are also, on average, 35 per cent smaller than the European average. There appears to have been an improvement since then. A 2005 EU report found the average size of a new British home was 83 sqm. And the 2011-12 English housing survey records a further increase for home sizes to 91 sqm.

<sup>9</sup> European Mortgage Federation. Eurostat.

<sup>10</sup> All years shown are 2015 other than Luxembourg (2011), Portugal, Poland and UK (2014).

<sup>11</sup> Not weighted by volume of housing per country.

Table 4 – Size of newly built homes, 2002<sup>12</sup>

Country	Size of new home (sqm)
Denmark	137
Greece	126
Belgium	119
Netherlands	116
France	113
Germany	109
Luxembourg	104
Spain	97
Austria	96
UK (2011)	91
Ireland	88
Finland	87
Sweden	83
Portugal	82
Italy	82
UK (1996)	76
<b>Average<sup>13</sup></b>	<b>101</b>

The size of homes really matters because it is important to people, particularly as they get richer. There have been hundreds of studies of property prices carried out around the world. No credible work has been done which has not reported a strong and significant correlation between the size of properties and their prices. Property size is one of the basic variables in statistical studies, involving house prices, and is generally the one with the greatest weight. For example, in a 2006 study, the variable that measured the property size was the most strongly associated with price among 39 variables.<sup>14</sup> Each additional square foot corresponded to a \$39 price increase (in 2000 US dollars) above the average property price (\$129,610). Other studies have had similar findings, with the square metres of living area being the most predictive variable among, for example, 20 variables in two recent studies.<sup>15</sup> Physical space is highly coveted. And, as people get richer, they want more of it. For every 1 per cent increase in income people will spend roughly double that on bigger homes.<sup>16</sup>

**Average size of a new home compared to old homes.** For eight countries, we can make a comparison between the average size of all homes versus new homes, using slightly old data.

<sup>12</sup> Morgan, M., Cruickshank, H. (2014) *Quantifying the extent of space shortages: English dwellings* Building Research & Information 42:6 pp. 710-724

<sup>13</sup> Not weighted by volume of housing per country.

<sup>14</sup> Cho, S., Bowker, J., & Park, W. (2006). Measuring the contribution of water and green space amenities to housing values: an application and comparison of spatially weighted hedonic models. *Journal of Agricultural and Resource Economics*, pp. 485-507.

<sup>15</sup> Kestens, Y., Thériault, M. & Des Rosiers, F. (2004). The impact of surrounding land use and vegetation on single-family house prices. *Environment and Planning B: Planning and Design*, 31(4), 539-567. Jim, C. & Chen, W., (2007). Consumption preferences and environmental externalities: A hedonic analysis of the housing market in Guangzhou. *Geoforum*, 38(2), pp. 414-431.

<sup>16</sup> Cheshire, P., & Sheppard, S. (1998). Estimating the demand for housing, land and neighbourhood characteristics. *Oxford Bulletin of Economics and Statistics*, 60(3), pp. 357-382.

Table 5 – Size of new homes / size of all homes<sup>17</sup>

Country	New home size / all home sizes (per cent)
France	120
Denmark	119
Germany	116
Ireland	109
Netherlands	108
Finland	98
UK (2011)	97
Belgium	96
UK (1996)	81
<b>Average<sup>18</sup></b>	<b>106</b>

An important conclusion emerges. On average, new homes in Europe are 106 per cent the size of existing homes. New homes are getting bigger, often starkly so. New homes in France, Denmark and Germany are 120, 119 and 116 per cent the size of all homes. In only two other countries (Finland and Belgium) are new homes smaller than existing ones and they are barely so. (New homes are 98 and 96 per cent of the size of existing homes). Britain was the clear outlier. New homes are only 81 per cent of the size of existing homes. In the latest (though not comparable) data, Britain is less of an outlier but remains very near the bottom of the table.

Even if there has been a modest improvement in recent years, it is hardly surprising that, in three different surveys, 81 per cent and 67 per cent of British adults say they would prefer an older home, while only 21 per cent say a new home is their preferred option.<sup>19</sup> Analysis by Savills (shown in Figure 2) demonstrates how this trend to smaller properties has been nearly continuous for 50 years - with one and two bedroom flats taking a growing proportion of the total mix of completions. The average home size built before 1919 is 102 sqm. Given humans' preference for more space, we can say that, probably uniquely in the British market-led economy, the modern product is *less good* than the product of a century ago. (And this is without taking account of largely un-met market preferences, in style and urban form of housing, which Create Streets has studied extensively in other reports).<sup>20</sup>

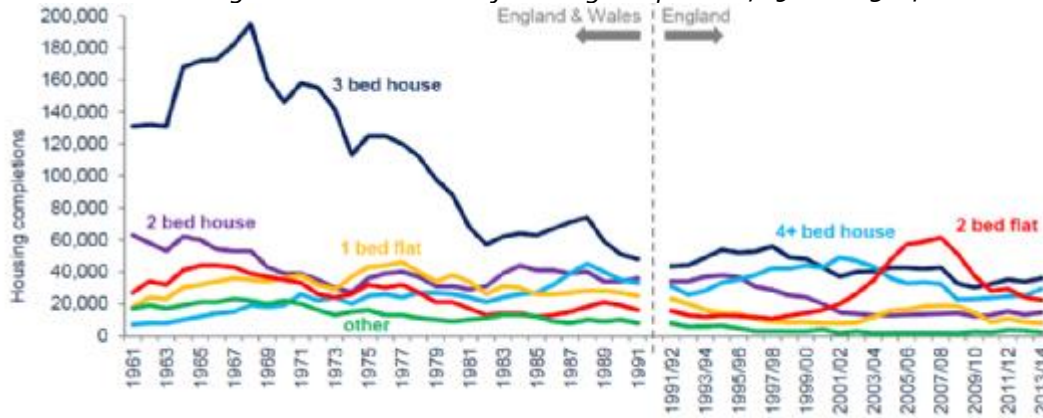
<sup>17</sup> Create Streets research using Eurostat data ([http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Average\\_size\\_of\\_dwelling\\_by\\_tenure\\_status,\\_2012.png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Average_size_of_dwelling_by_tenure_status,_2012.png))

<sup>18</sup> Not weighted by volume of housing per country.

<sup>19</sup> See RIBA (2009), *Improving Housing Quality*, p.8. HomeOwnersAlliance (2015), *In the rush to build more homes – concern that new homes standards are slipping*. [www.hoa.org.uk](http://www.hoa.org.uk). *24Housing* (15 August 2017), 'New-build houses fall out of favour with Brits', [www.24housing.co.uk/news/new-build-houses-fall-out-of-favour-with-brits/](http://www.24housing.co.uk/news/new-build-houses-fall-out-of-favour-with-brits/)

<sup>20</sup> See Boys Smith, N. (2016), *Heart in the Right Street*, Section 9.8. Also see chapter three.

Figure 2 – Relative mix of housing completions, 1961-2013/14<sup>21</sup>

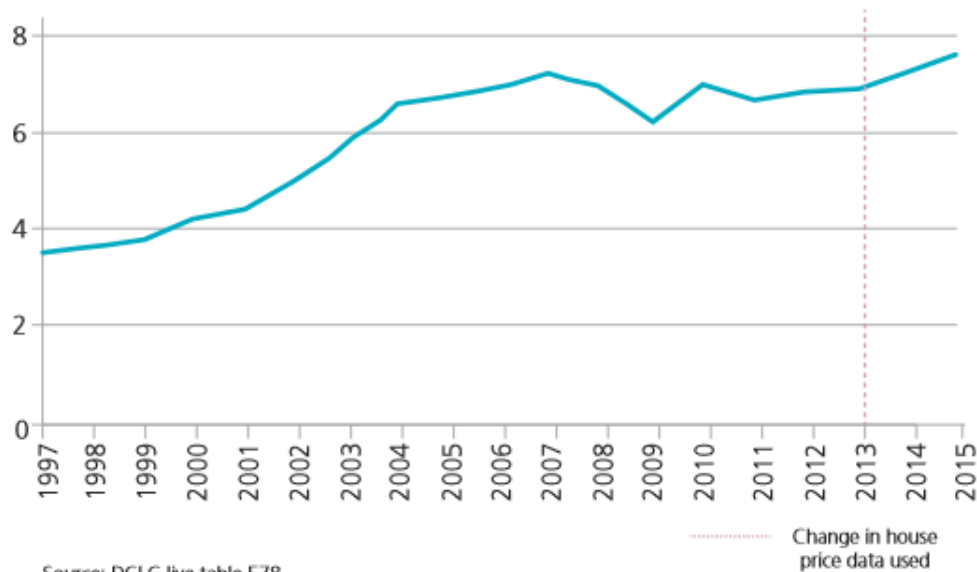


### 1.4 Are British homes more expensive and more crowded?

**Average house price as a multiple of average income.** Are British homes more expensive than elsewhere? What is the median house price, as a multiple of median income, and how does this compare to other countries? The cost of housing has certainly increased dramatically in the UK. As the 2017 Government White Paper noted:

*'Since 1998, the ratio of average house prices to average earnings has more than doubled. And that means the most basic of human needs – a safe, secure home to call your own – isn't just a distant dream for millions of people. It's a dream that's moving further and further away.'*<sup>22</sup>

Figure 3 – English median house price to median earnings ratio, 1997-2015<sup>23</sup>



Source: DCLG live table 578

The unobtainability of this dream is borne out when we compare the House Price to Income ratio of a 'typical upscale housing unit of 100 square metres, for Western and central European countries'. Higher ratios do exist for much poorer, more corrupt and less equal societies. (Ukraine has a ratio of 164 and Russia has a ratio of 159). Otherwise the UK tops the bill with a ratio of 72.2. France is the closest, but still pretty distant, with a ratio of 42.1.

<sup>21</sup> Savills (2015), How big are our houses? [www.savills.co.uk/research\\_articles/186866/188035-0](http://www.savills.co.uk/research_articles/186866/188035-0) [Accessed 1 Aug 2017]

<sup>22</sup> HM Gov (2017), *Fixing our broken housing market*.

<sup>23</sup> HM Gov (2017), *Fixing our broken housing market*, p.10.

Germany is nowhere close with a ratio of 15.1. The simple average is 23.7 – only 33 per cent of the UK figure.

Table 6 – House Price to Income Ratio for 100m square 'upscale' housing unit<sup>24</sup>

Country	House Price to Income Ratio
UK	72.2
France	42.1
Italy	35.0
Austria	30.9
Poland	27.7
Czech Republic	27.0
Hungary	24.1
Slovak Republic	24.0
Bulgaria	22.7
Spain	21.0
Greece	19.6
Finland	19.3
Switzerland	17.7
Sweden	17.3
Netherlands	16.8
Portugal	16.5
Germany	15.1
Denmark	10.2
Belgium	9.3
Luxembourg	5.6
<b>Average<sup>25</sup></b>	<b>23.7</b>

This picture is even starker when you look at the differences *within* Britain. In Kensington and Chelsea, the ratio of house price to income was 38.5 times average annual earnings, in 2016. In London and the wider South East it was 12.2 and 9 times average earnings. In Copeland, Cumbria, it was just 2.8 times local average earnings.<sup>26</sup> The affordability crisis is not national.

**'Housing cost over-burden rate'**. Helpfully, Eurostat has done comparative analysis of what they term, the 'housing cost over-burden rate.' This is a measure of the proportion of households having to spend more than 40 per cent of their income on housing. This is a useful figure as it takes account of mortgage rates, the relative importance of renting and buying and other costs. As can be seen from figure 4, the UK has the fifth highest ratio, of the richer European nations, with just under 12.5 per cent of British households finding their housing costs above 40 per cent. This burden falls largely on those in private rent, where 37 per cent are in this situation.<sup>27</sup> However, Britain is not an outlier. Germany, Denmark and the

<sup>24</sup> Global Property Guide [www.globalpropertyguide.com/Europe/price-gdp-per-cap](http://www.globalpropertyguide.com/Europe/price-gdp-per-cap)

<sup>25</sup> Not weighted by volume of housing per country.

<sup>26</sup> Office for National Statistics

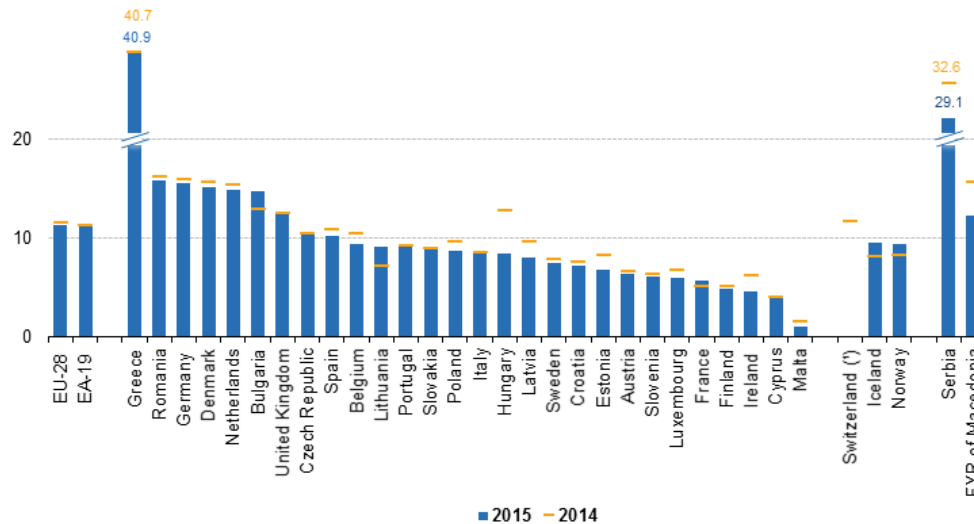
[www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/1997to2016](http://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/1997to2016)

<sup>27</sup> [http://ec.europa.eu/eurostat/statistics-](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Housing_cost_overburden_rate_by_sex,_age_and_tenure_status,_2015.png)

[explained/index.php/File:Housing\\_cost\\_overburden\\_rate\\_by\\_sex,\\_age\\_and\\_tenure\\_status,\\_2015.png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Housing_cost_overburden_rate_by_sex,_age_and_tenure_status,_2015.png)

Netherlands all face higher affordability challenges at a national level. In short massively higher house prices in some parts of the UK are not yet fully flowing through to a real term affordability crisis for everyone. They are disproportionately impacting younger people in more prosperous parts of the country.

Figure 4 – European Housing Over-burden Rate, 2014-15<sup>28</sup>



**Long term price changes.** What is the pattern for long term price increases? A 2008 paper for the IMF tracked long term, real terms price increases, from 1985 to 2007. It categorised Britain as one of the ‘fast lane’ countries which had seen their average real house price more than double in that period. British house prices grew 41 per cent faster than the simple average in that period.

Analysis of underlying recent Eurostat figures permits a harsher conclusion, in which the UK emerges as the country facing the highest real terms price increases across the entire developed world. Its average real price increases, since 1970, outstrip the OECD and Euro Area averages by over 300 per cent.

It is not just that Britain has had the highest real-time price increases of any OECD country. Price volatility has also been harsh. During the last full real estate cycle, British real house values rose by 83 percent, during the 1980s; then declined by 38 percent, during the first half of the 1990s. ‘This swing is substantially larger than that of the most volatile metro area, in the US, during the same cycle period: real values in Los Angeles rose by 67 percent and declined by 33 percent.’<sup>29</sup>

It is worth adding that it is land costs, not building costs, which have formed the substantive part of these price increases. In the 1960s, land contributed less than 10 per cent of total house costs. In the late 1990s it was 40 per cent and rising.<sup>30</sup>

<sup>28</sup> [http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Housing\\_cost\\_overburden\\_rate,\\_2014%E2%80%9315.png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Housing_cost_overburden_rate,_2014%E2%80%9315.png)

<sup>29</sup> Hilber, C. & Vermeulen, W. (2014), ‘The Impact of Supply Constraints on House prices in England’, *Economic Journal*, vol. 125, issue 591, pp.358-405.

<sup>30</sup> Lund B (2017), *Housing politics in the United Kingdom*, p.33.

Table 7 – Real House Price Index, 1985-2007 (1985 =100) <sup>31</sup>

Country	2007 price
Spain	395
Ireland	361
Belgium	360
Netherlands	328
UK	302
France	229
Sweden	209
Norway	207
Italy	180
USA	175
Finland	159
Greece	154
Portugal	106
Switzerland	98
Germany	85
Austria	83
<b>Average<sup>32</sup></b>	<b>214</b>

Table 8 –Real House Price Index, 1970-2015 <sup>33</sup>

Country	1970-2015 (1970=100)	1985-2015 (1985=100)	1995-2015 (1995=100)	2005-2015 (2005=100)
UK	478	319	248	107
New Zealand	389	296	239	135
Australia	367	288	230	131
Canada	316	279	193	152
Ireland	314	246	211	77
Norway	312	277	294	149
Belgium <sup>34</sup>	269	293	193	127
Netherlands	241	247	164	81
France	235	220	184	111
Sweden	224	288	290	165
Denmark	199	179	195	109
USA	184	150	137	90
Finland	171	153	172	109
Italy	162	128	101	81
Switzerland	153	128	128	135
Japan	122	85	72	100
Germany	109	110	98	119
<b>OECD average</b>	<b>194</b>	<b>158</b>	<b>134</b>	<b>101</b>
<b>EA15 Average</b>	<b>179</b>	<b>164</b>	<b>128</b>	<b>98</b>

<sup>31</sup> Hilbers, P., Hoffmaister A., Banerji, A. & Haiyan, S. (2008), 'House Price Developments in Europe: a comparison', *IMF Working Paper* [www.imf.org/external/pubs/ft/wp/2008/wp08211.pdf](http://www.imf.org/external/pubs/ft/wp/2008/wp08211.pdf)

<sup>32</sup> Not weighted by volume of housing per country.

<sup>33</sup> <http://ec.europa.eu/eurostat/web/housing-price-statistics/data/database>

<sup>34</sup> Belgian index to 2014 not 2015.

**Supply elasticity of building in response to house prices.** Does Britain’s supply of homes respond to prices? Or, to use economists’ jargon, what is the price elasticity of supply? The UK’s price elasticity of supply is 0.39, as estimated by the OECD in 2011. This means that for every ten per cent increase in price, only just under four percent more homes are built. Price elasticities below one are held by most economists to be inelastic. In other words, the market is not functioning well in responding to greater demand. But is such a price inelasticity rare?

*Table 9 – Price elasticity of supply for homes<sup>35</sup>*

Country	Price elasticity
USA	2.01
Sweden	1.38
Denmark	1.21
Canada	1.19
Japan	0.99
Finland	0.99
New Zealand	0.71
Ireland	0.63
Australia	0.53
Norway	0.49
Spain	0.45
Poland	0.44
Germany	0.43
UK	0.39
Israel	0.38
France	0.36
Belgium	0.31
Austria	0.24
Netherlands	0.19
Switzerland	0.15
<b>Average<sup>36</sup></b>	<b>0.67</b>

In fact, many countries have fairly low price elasticities of supply. Britain’s supply responsiveness is actually slightly higher than France (0.36), the Netherlands (0.19) and Switzerland (0.15). However, it is slightly lower than in Germany (0.43) and much lower than New Zealand (0.71), Australia (0.53), Ireland (0.63), Denmark (1.21) and the USA (2.01). A simple average (i.e. unweighted by volume of housebuilding) of 0.67 suggests that the British housing market is poor, though not uniquely poor, at responding to price signals.

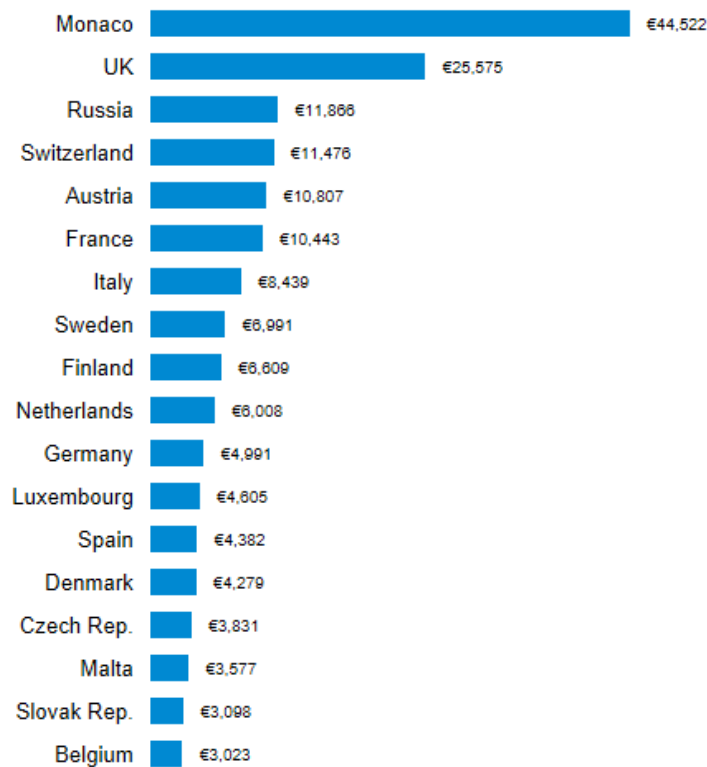
<sup>35</sup> Caldera Sánchez, A. and Å. Johansson (2011), 'The Price Responsiveness of Housing Supply in OECD Countries', *OECD Economics Department Working Papers*, No. 837, OECD Publishing, Paris.

<sup>36</sup> Not weighted by volume of housing per country.



**City centre prices.** Comparing prices for key regions brings a starker picture. Only Monaco has higher prices per sqm than the UK, for homes in the city centre of a country's most important city. For buying or renting a home, London is the most expensive major city in the world per square foot.<sup>37</sup>

Figure 5 – Price per square metre in most important city<sup>38</sup>

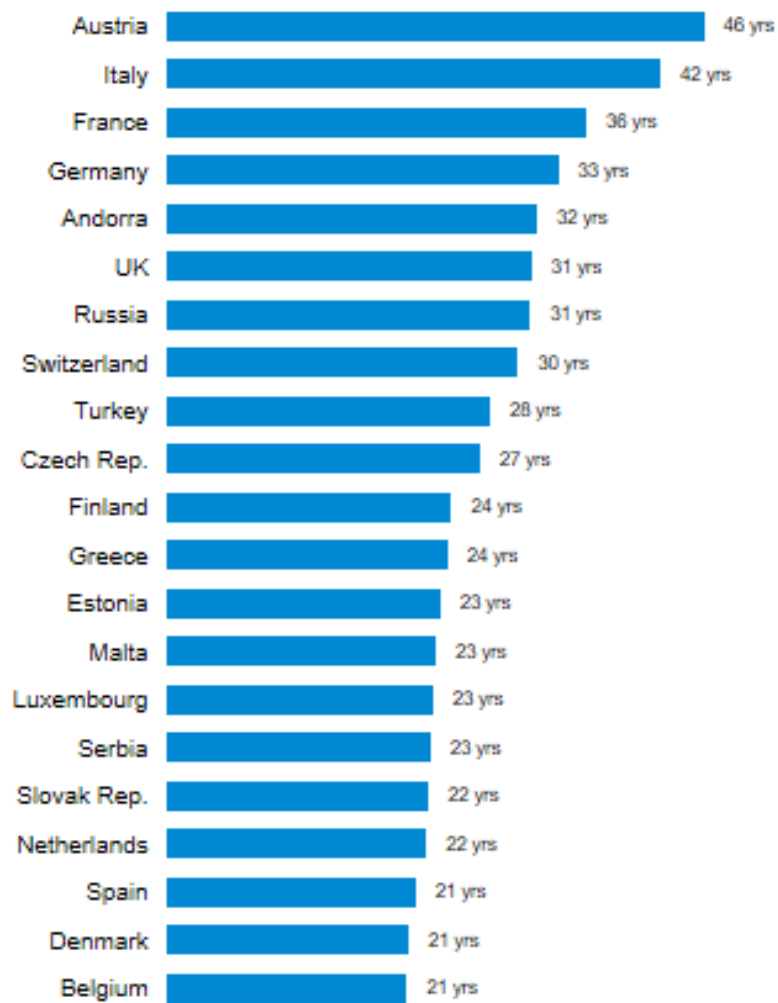


**Ratio of sales price to rent years to buy.** Another relevant metric is the ratio of sales price to rent years to buy. This is a measure of either future market expectations, or irrational exuberance in a sales market, as it measures the relative valuation of sales to rental prices. Yet again, Britain is near the wrong end of the spectrum, with only Austria, Italy and Germany having higher ratios.

<sup>37</sup> Myers, J. (2017), *Yes in my back yard*, p.9.

<sup>38</sup> [www.globalpropertyguide.com/Europe/square-meter-prices](http://www.globalpropertyguide.com/Europe/square-meter-prices)

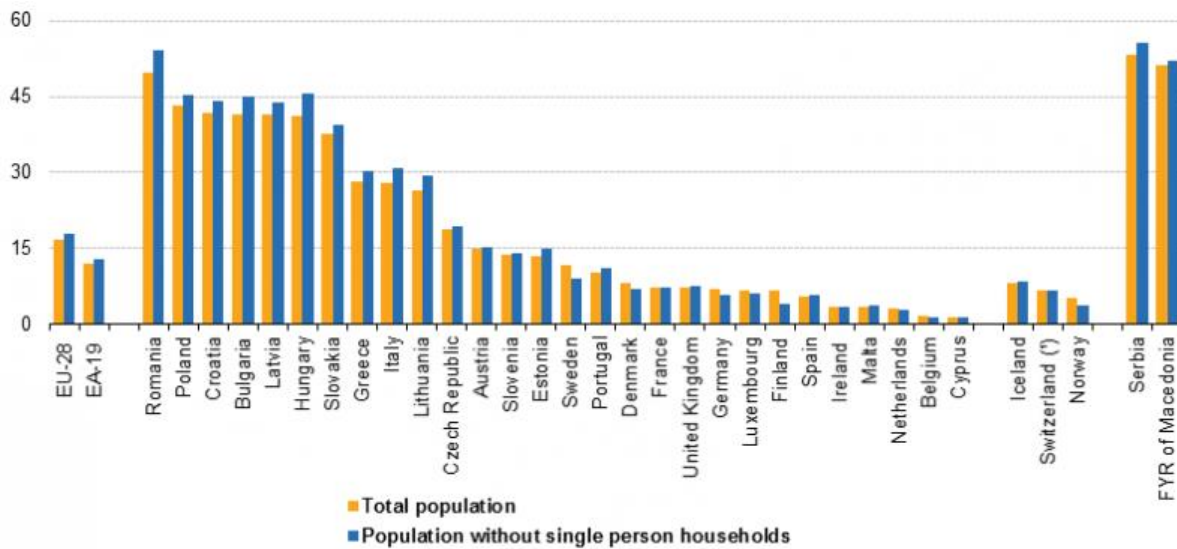
Figure 6 – Rent years to buy<sup>39</sup>



**Overcrowding Rate.** Some good news is that, despite the poor rate of home-building and high price increases at a national level, the British, on 2014 data and in aggregate, are not yet living in comparatively overcrowded conditions, compared to other prosperous nations. Residents of Italy, Austria, Sweden, Portugal, Denmark and France all suffer from proportionately more overcrowded living conditions than the UK. Most poorer, typically Eastern European, countries all suffer from far more overcrowding than richer ones.

<sup>39</sup> [www.globalpropertyguide.com/Europe/square-meter-prices](http://www.globalpropertyguide.com/Europe/square-meter-prices)

Figure 7 – Overcrowding rate<sup>40</sup>



Note: countries ranked on 'Total population'.  
 (\*) 2014 data.

There is some reason to believe that overcrowding is becoming an issue in the most pressured parts of the UK, above all in London. Examples of recent immigrants living 10 or 15 to a house, in London, and ONS data showing more people aged 20-34 living with their parents, suggest this is starting to change. There is growing evidence of hidden homelessness or suppressed household formation.<sup>41</sup> A 2014 ONS report observed that more than one in ten households in the capital were overcrowded. However, outside of London, over 70 per cent of households had at least one spare bedroom.<sup>42</sup>

### 1.5 Are there available responses other than increasing supply?

**The number of empty homes.** In October 2016, there were approximately 200,100 empty homes in England. This was a reduction of 118,500 (or 37 per cent) since 2004, when there were about 318,600. It also only represents about one year's worth of the government's annual 200,000 target. This reduction in empty homes is hardly surprising in the context of rising home prices.

<sup>40</sup> [http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Overcrowding\\_rate,\\_2015.png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Overcrowding_rate,_2015.png)

<sup>41</sup> <https://civilsocietyfutures.org/nowhere-call-home-englands-hidden-homeless/>

<sup>42</sup> Office for National Statistics (2014) *Overcrowding and Under-occupation in England and Wales* <http://webarchive.nationalarchives.gov.uk/20160105214023/http://www.ons.gov.uk/ons/rel/census/2011-census-analysis/overcrowding-and-under-occupation-in-england-and-wales/rpt-overcrowding-and-under-occupation-in-england-and-wales.html#tab-conclusions>

Table 10 – Long term empty homes in UK 2004-16<sup>43</sup>

Date	Empty homes
2004	318,642
2006	314,719
2008	326,954
2010	299,999
2012	254,059
2014	205,821
2016	200,145

A pan-European comparison done by *The Guardian* was very imperfect. For the UK, it used short term vacancy numbers, which is a misleading data-point. It also focused on countries with lots of holiday homes. Nevertheless, it still revealed that Britain has a low number of empty homes, compared to other countries. Britain's empty rate home rate was half that of Germany's. This is not to say that there are not many cases when the state or civil society should encourage empty homes to be 'brought back into use.' But it is categorically not the strategic answer to the problem.

Table 11 – Empty homes across Europe

Country	Number of Empty Homes <sup>44</sup>	Population <sup>45</sup>	Empty Homes per Capita
Ireland	400,000	4,574,888	8.7%
Spain	3,400,000	46,815,910	7.3%
Portugal	735,000	10,562,178	7.0%
Italy	2,700,000	59,433,744	4.5%
France	2,400,000	64,933,400	3.7%
Greece	300,000	10,816,286	2.8%
Germany	1,800,000	80,219,695	2.2%
UK	700,000 <sup>46</sup>	63,182,180	1.1%
<b>Average</b>			<b>3.7%</b>

**The proportion of homes publicly and privately owned.** Some have asserted that the problem with housing affordability in the UK is not a matter of overall supply but of ownership patterns. In other words, that the UK has an insufficient number of homes rented at below market rates from the government or other charitable bodies. There has been much talk of the 'financialisation' of housing.<sup>47</sup> It certainly *is* true that since the mid-1970s the state has largely withdrawn from construction in the UK and that this has only partly been compensated by the building activity of Registered Social Landlords.

<sup>43</sup> DCLG Table LT615.

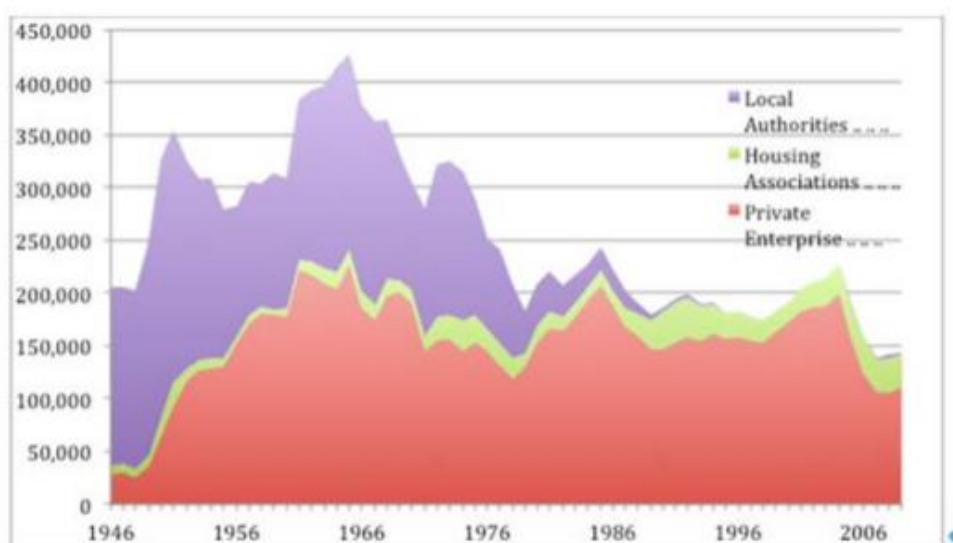
<sup>44</sup> Figures collated by *The Guardian*: [www.theguardian.com/society/2014/feb/23/europe-11m-empty-properties-enough-house-homeless-continent-twice](http://www.theguardian.com/society/2014/feb/23/europe-11m-empty-properties-enough-house-homeless-continent-twice) Accessed 22 August 2017.

<sup>45</sup> Taken from <http://ec.europa.eu/eurostat/>

<sup>46</sup> UK number is different from table above as is all vacant homes not just long term vacant homes and is for all of UK.

<sup>47</sup> For example, see, Minton, A. (2017), *Big Capital*.

Figure 8 – Annual completions of dwelling, 1946-2012 by developer<sup>48</sup>



There are profoundly different views on the social justice of different housing tenures and the political economy of housing: it is beyond the scope of this paper to take a view. Certainly, it seems highly likely that were the state to build more homes, more homes would be built in aggregate. Equally, it is hard to imagine a 'solution' to Britain's housing needs which does not involve more state house-building. At the time of writing, in 2017, both main political parties have reached this conclusion.

However, looked at comparatively, it is impossible to argue that the UK is an *outlier* in terms of social housing provision. According to a 2008 IMF paper, using data sourced from the European Mortgage Federation, there is a very wide range of proportional social housing provision, from 4 per cent in Portugal to 35 per cent in the Netherlands. This difference is a multiple of nearly nine. The unweighted average is 11.9 per cent. In the UK, the figure cited by the paper is 8 per cent. However, this appears not to include the additional 10 per cent let out by Housing Associations (now formally known as Registered Social Providers). Germany (which has starkly greater price stability and a much better house-building record than the UK) is listed at 12 per cent. Belgium (which also has much more price stability) is lower at 6 per cent. It may well be that a lack of public sector building is a factor in lower UK house building. But it is hard to see it as a primary driver.

<sup>48</sup> Edwardes, M. (2015), *Prospects for land, rent and housing in UK cities*, p.9. Using DCLG Live Table 241.

Table 12 – Housing tenures<sup>49</sup>

Country	% of homes socially rented
Netherlands	35
Austria	23
Denmark	20
France	18.9
<i>UK (Council &amp; Housing Association homes)</i>	18
Finland	15
Germany	12
<i>UK (figure cited in study)</i>	8
Ireland	7
Belgium	6
Italy	5
Portugal	4
<b>Average<sup>50</sup></b>	<b>11.9</b>

**Average property tax rates.** Some have argued that Britain systematically under-taxes property and that this had led to undue asset appreciation. Again, there may or may not be a case for higher property taxes on grounds of social equity or desired redistribution. There is also a case to be made that the UK taxes property regressively by taxing less valuable properties more relative to higher value properties. However, in purely comparative terms UK property is not under-taxed. The same IMF analysis in 2005, taking account of tax rates then in place as well as estimates on turnover and other features, actually found that the UK taxed property slightly above the European average. (It is hard to compare property taxes internationally with complete confidence but owners will always try to pass taxes 'down' to occupiers so they tend to function ultimately in similar ways).

More recent OECD data clearly shows the same – that UK property is relatively over-taxed. The OECD average property tax take, as a percentage of GDP, was 1.9 per cent in 2015. In the UK it was 4.1 per cent.<sup>51</sup>

<sup>49</sup> Hilbers, P., Hoffmaister A., Banerji, A. & Haiyan, S. (2008), 'House Price Developments in Europe: a comparison', *IMF Working Paper*. <https://www.imf.org/external/pubs/ft/wp/2008/wp08211.pdf>

<sup>50</sup> Not weighted by volume of housing per country.

<sup>51</sup> OECD. <https://data.oecd.org/tax/tax-on-property.htm>

Table 13 – Property related taxes, 2005<sup>52</sup>

Country	Average Property Tax Rate	Capital Gains Tax Rate	Gift Tax Rate	Wealth Tax Rate	Stamp Duty Rate
Denmark	2.0	24.5	35.5	0.4	4.4
Belgium	1.6	21.7	39.4	0.0	11.3
Germany	1.5	34.8	30.1	0.3	3.5
Sweden	1.4	18.4	21.2	1.8	2.3
UK	1.0	26.7	30.0	0.0	3.5
Austria	1.0	35.0	22.1	0.3	6.0
Greece	0.8	5.5	28.5	0.0	12.0
France	0.7	39.3	44.4	1.0	1.0
Ireland	0.7	27.5	31.6	0.9	4.5
Portugal	0.6	13.5	19.3	0.0	0.8
Netherlands	0.5	6.3	36.4	0.5	6.0
Norway	0.5	24.7	17.0	1.2	
Spain	0.4	30.9	15.6	1.1	
Finland	0.2	26.8	11.8	0.9	
Switzerland	0.2	25.0	4.7	0.2	
<b>Average<sup>53</sup></b>	<b>0.9</b>	<b>24.0</b>	<b>25.8</b>	<b>0.6</b>	<b>5.0</b>

## 1.6 Is Britain full?

**Population density.** While a staggeringly small proportion of Britain is actually built-on (about 2.3 per cent according to the National Ecosystem Assessment), it is true that pressure on land in Britain is greater than in much of Europe.<sup>54</sup> Britain is more crowded than many other countries, but not uniquely so. The population density of Britain is 269 people per square kilometre. This is far below the runaway 'leader,' the Netherlands, where the population density is over 500 people per square kilometre. It is closer to Italy, in eighth place (201 people per square kilometre) than to Belgium in second (372 people per square kilometre).

<sup>52</sup> Hilbers, P., Hoffmaister A., Banerji, A. & Haiyan, S. (2008), 'House Price Developments in Europe: a comparison', *IMF Working Paper*. [www.imf.org/external/pubs/ft/wp/2008/wp08211.pdf](http://www.imf.org/external/pubs/ft/wp/2008/wp08211.pdf)

<sup>53</sup> Not weighted by volume of housing per country.

<sup>54</sup> For a good summary see: [www.bbc.co.uk/news/uk-18623096](http://www.bbc.co.uk/news/uk-18623096)

Table 14 –Population density<sup>55</sup>

Country	Persons per km <sup>2</sup> (2015) <sup>56</sup>
Netherlands	503
Belgium	372
UK	269
Liechtenstein	234
Germany	229
Luxembourg	220
Switzerland	207
Italy	201
Czech Republic	137
Denmark	132
Poland	124
Portugal	112
Hungary	106
France	105
Austria	105
Spain	93
Greece	82
Croatia	74
Ireland	68
Sweden	24
Finland	18
Norway	17
Iceland	3

However, the regional perspective is critical. Scotland, Wales and Northern Ireland are very sparsely populated.<sup>57</sup> Their densities are 68, 148 and 134 people per square kilometre. England is far more intensely populated (407 people per square kilometre). The population density of the South East is 453 people per square kilometre.<sup>58</sup> In the North West it is 500 people per square kilometre. This is far greater, but still in line with the highest density nations such as the Netherlands and Belgium. Nor (with lower average wages and less pressure of population growth) are house prices in most of the North West remotely comparable to those in the South East.<sup>59</sup> Thus, pressure on space, particularly in parts of England, clearly *is* a politically relevant factor. However, it is easily overstated. The Netherlands, Belgium and Germany are all able to manage higher, or comparable, population densities without the same price rises.

<sup>55</sup> Hilbers, P., Hoffmaister A., Banerji, A. & Haiyan, S. (2008), 'House Price Developments in Europe: a comparison', *IMF Working Paper*. [www.imf.org/external/pubs/ft/wp/2008/wp08211.pdf](http://www.imf.org/external/pubs/ft/wp/2008/wp08211.pdf)

<sup>56</sup> <http://ec.europa.eu/eurostat>

<sup>57</sup> Parts of northern Scotland particularly are incredibly sparsely populated.

<sup>58</sup> ONS Table PP04UK.

<sup>59</sup> At a local or regional level, accessible incomes are a key driver of property prices. See Boys Smith, Venerandi & Toms (2017), *Beyond Location*, pp. 37-9.



## 1.7 Conclusion

Britain's performance at building sufficient homes, in the context of its available land and economic growth, is relatively very poor and is associated with the highest long-term price increase, at a national level, since 1970. Although some metrics (for example price elasticity) are not uniquely bad, the UK is consistently one of the worst in Europe at providing sufficient homes for its population. The ratio of homes to households is very tight and this is unavoidably associated with a poor affordability record. This is sharpened by the UK's uneven distribution of jobs and prosperity between the South East and the rest of the country.<sup>60</sup> Although this problem has not yet fed into overcrowding at the national level, there is good reason to believe that it is starting to. Other factors are relevant – above all, relative overcrowding where most jobs are, particularly in the South East and some parts of England. However, Belgium, which has 6 per cent social housing and the second highest population density, is able to achieve much higher levels of relative house building and greater price stability. What is going on? There is a 'problem' to solve.

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<sup>60</sup> ONS (2012) 'South East has biggest share of the wealthiest households,' available at [www.ons.gov.uk/ons/dcp171776\\_289407.pdf](http://www.ons.gov.uk/ons/dcp171776_289407.pdf)

## Chapter 2 – How British planning is so odd and why it matters

*'If it looks like a duck, swims like a duck and quacks like a duck, then it's probably a duck.'*

### 2.1 Planning international

Several of the legions of recent commentaries on the British 'housing crisis' have mentioned that planning in the UK is fundamentally not the same as in other countries. For example, Kate Barker's *Housing: Where's the Plan?* noted:

*'Development control (giving permission to particular proposals) might also be made easier if local plans were more rule-based, so that once the plan existed it was clearer and simpler for proposals in line with the plan to obtain permission. This kind of zoning exists in other countries and has often been suggested here – to replace a system in which we argue not only about the plans but also, subsequently, about all the individual developments.'*<sup>61</sup>

But such comments are left tantalisingly hanging. Kate Barker did not include fundamental changes to the way the British system uses rules in either her 2006 Barker Review recommendations or her more recent 2014 study. And most studies don't consider the issue at all. We are not even sure that many housing experts are aware of how odd our approach to development control is in the UK. If they do, they show little sign of it. The 2017 Government White Paper, *Fixing our broken housing market*, did not even ask how the British planning system might behave differently to others. And many of the hundreds of studies, of the 'barriers to delivery', get stuck on truisms, or second order process inefficiencies, without ever asking 'why are politicians so unable to have 'vision' in this sphere?' or 'why is the market unable adequately to meet demand?' One 2012 study even conceded 'the people building and selling new homes in London – every single person we speak to – do not understand why values are so high', before going on to seek their opinions anyway.<sup>62</sup>

We have therefore done something rather different. We have examined different planning systems focusing particularly (but not exclusively) on nine different countries. Six of these are European. Three are within the English, or common law, legal world. The rest are from other legal approaches, the Napoleonic, Germanic or Scandinavian.<sup>63</sup> All of the countries studied are prosperous Western nations, to avoid fundamental differences of prosperity or culture. The question underpinning our analysis was again, the search for British exceptionalism.

The British planning system is a mosaic of amendments to the 1947 Town and Country Planning Act. And, as we saw in chapter one, Britain has a measurably poor record at providing sufficient homes in the right places. There is also a lack of fundamental differences in fiscal policy or tenure. In this context, which elements of our planning rules and processes

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<sup>61</sup> Barker, K. (2014), *Housing: Where's the Plan?*, p.38

<sup>62</sup> GLA (2012), *Barriers to Housing delivery*, p. 18.

<sup>63</sup> Newman, P. & Thornley, A. (1996) *Urban Planning in Europe* p.29.

are different from elsewhere? We categorised our findings in three ways, where we found that the British approach had either:

1. **fundamental differences** to most or many other systems;
2. **modest differences** to most or many other systems; or was
3. **broadly comparable** to most or many other systems.

All systems studied were national in scope, apart from our focus on the UK planning system, which was mainly focused on England, and the US, where our national overview cannot cover all local complexities.

*Table 15 – Planning systems primarily studied*

Country	Legal framework	Real House Price Index (1970-2015) <sup>64</sup>
Australia	Common Law	367
Belgium	Napoleonic	269
Denmark	Scandinavian	199
France	Napoleonic	235
Germany	Germanic	109
Netherlands	Napoleonic	241
Spain	Napoleonic	269
UK	Common Law	478
USA	Common Law	184

We have used a range of sources. These include:

- interviews and questionnaires with architects, developers, planners and urban designers operating in different countries;
- existing academic, industry, official and think tank comparative studies; and
- formal planning documents and guidance in different countries.<sup>65</sup>

We have structured our analysis under five main headings:

1. **Governance and control** - the roles and rights of different tiers of government;
2. **Green belt or urban limits** – the degree to which expansion of towns and cities is constrained;
3. **Benefits** - the sharing of land value capture and incentives;
4. **Land assembly and infrastructure** – mechanisms for assisting land assembly and ensuring infrastructure is provided;
5. **Rules and predictability** - the predictability of the system, given the interaction of residents’ rights, regulations, and regulator discretion; and
6. **Other analyses into stakeholder consultation, penalties and enforcement.**

What becomes abundantly clear is the anomalous nature of the British planning system. Landowners and homeowners have fewer rights to build and everyone (from developer to

<sup>64</sup> Belgian index from 1970 to 2014. Spanish index from 1971 to 2015.

<sup>65</sup> See acknowledgements and bibliography for full list. We only studied actual planning documents in English language countries and in France.

neighbour) has less certainty about what can be built, than in any other system we have studied. This, it seems to us, is what is axiomatically different between the UK and other national systems.<sup>66</sup> This is the fundamental difference. This is not to say that other issues (from empty homes, to council house building, to reform of green belt designation, to land value capture) are not potentially very important, helpful or relevant. But the relative lack of clarity in the UK, about what can be built and at what price, is crucial. It is frankly astonishing how little it has been discussed.

## 2.2 Analysis one: Governance and control - the role of different tiers of government

Planning is an intricate collection of processes. National and regional governments tend to focus on strategic policy and the provision of guidelines. Local government tends to focus on actual land-use planning.<sup>67</sup>

### Box one: what is planning?

The OECD has recently provided a useful verbal summary of the differences between different parts of the planning process, which we have used for this comparison.

'**Policy guidelines** aim at steering the land-use planning process, but do not have any direct spatial dimension. In other words, they do not make any prescription for specific areas, except through non-spatial references.'

'**Strategic plans** address major challenges and policy responses, without providing all details of a policy. Instead they focus on high-level objectives and ways to achieve them. Strategic planning may encompass decisions [on] how to align different sectoral plans in an area, but it could also describe a corridor for an infrastructure project or specific growth areas of a city.'

'**Zoning/boundary plans** are plans that specify intended land use in a narrow sense. For a given location, they show what type of use is intended or permitted. They usually contain a map-based part.'<sup>68</sup> We have also examined how zoning can regulate the nature of building facades and the nature of urban form (i.e. the relationships between streets and buildings and open space and height).

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<sup>66</sup> Though we have not done detailed analysis, some other *cities* in the US (for example San Francisco) would appear to have similar issues.

<sup>67</sup> Only Israel has a land use plan for the entire (quite small) country. OECD (2017), *Land-use Planning Systems in the OECD: Country Fact Sheets*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264268579-en>

<sup>68</sup> OECD (2017), *Land-use Planning Systems in the OECD: Country Fact Sheets*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264268579-en>

The underpinning legal structure takes many different forms. A 1997 comprehensive European Commission comparison, of European planning systems, felt able to categorise them into three groups:

- Most countries (particularly Northern European countries, such as Germany, Belgium and the Netherlands) have one overarching law that feeds into subordinate policies and plans.
- Other countries (Greece, Italy and Portugal) have a large number of coalescing documents and laws, which often result in different planning instruments for different situations.
- In other EU states, such as Austria and Spain, regional governments have increasing power and set core requirements.<sup>69</sup>

In the English planning system, central government sets policies and guidance. These are then implemented by lower tiers of government. Local authorities implement the national policies and guidance through Local Development Frameworks. This categorisation is set out in table 16. We have added the US and Australian system, where nearly all effective power resides at the state level. In the US, nearly everything is delegated to local municipalities or counties. In Australia, this is much less so. In US law 'the power to control private land use is part of the states' police power, and it is regarded as a reserved power of the states'. In practice, it is typically delegated to local governments, (be they municipal government, counties or special districts) who almost always provide urban planning and zoning services and regulation. There have been some state-led attempts to limit local control via regional land-use agencies and state directives, but they have been quite limited. Only 13 US states prepare state-wide spatial plans and only a minority of them are legally binding for local governments.<sup>70</sup> The only relevant authority of the Federal Government is under Article 158 of the Constitution, which gives the Federal Government the right to regulate inter-state trade. This led to some Acts (for example the 1972 Clean Water Act), which can have an influence on land-use planning and zoning. Funding programmes (for example mortgage insurance, or block grants to certain communities) can, in practice, also have an influence.<sup>71</sup>

Since this analysis was completed, there have been changes. Notably in the UK, the role of regional spatial policy was increased in 1999, through the creation of (unelected) Regional Development Agencies (RDAs) and devolution of powers to Scotland, Wales and London. However, the RDAs were then abolished in 2010 and the role of local communities was enhanced by the 2011 Localism Act. Pressure on local authorities to have up to date housing plans, and to cooperate with each other, has also increased. Similarly, in France the national government has recently increased its influence on the most local tier of government (the commune) by demanding 25 per cent of social housing, in new developments. Regional power has also been reduced in Denmark.<sup>72</sup> Our own analysis largely agrees with the EU analysis of 1997. This is set out in Table 17.

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<sup>69</sup> *The EU Compendium of Spatial Planning Systems and Policies*, European Commission (1997) pp.36-37

<sup>70</sup> OECD (2017), *Land-use Planning Systems in the OECD: Country Fact Sheets*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264268579-en>

<sup>71</sup> Nolan, J. 'Historical overview of the American Land Use System. A diagnostic approach to evaluating governmental land use control' available at [http://lawweb.pace.edu/files/landuse/Land\\_Use\\_System.pdf](http://lawweb.pace.edu/files/landuse/Land_Use_System.pdf)

<sup>72</sup> Monk, S., Whitehead, C., Burgess, G. & Tang, C. (2013) *International review of land supply and planning systems*, Joseph Rowntree Foundation, p. 51, p.55.

Table 16 – Governmental systems (1997)<sup>73</sup>

Type of system	Description	Examples
<b>Unitary</b> (with varying levels of decentralisation)	Power resides with the national government, although certain responsibilities may be delegated to government departments, for specific territorial units, or to local government	<ul style="list-style-type: none"> <li>• Denmark</li> <li>• Finland</li> <li>• Greece</li> <li>• Ireland</li> <li>• Luxembourg</li> <li>• Netherlands</li> <li>• Portugal</li> <li>• Sweden</li> <li>• UK</li> </ul>
<b>Regionalised</b>	Power lies with national government and with tiers below national level and is apportioned through the constitution or statutes	<ul style="list-style-type: none"> <li>• Italy</li> <li>• Spain</li> </ul>
<b>Federal</b>	Power is shared between national and 'regional' governments, with each having autonomy in some spheres and able to make laws	<ul style="list-style-type: none"> <li>• Austria</li> <li>• Belgium</li> <li>• Germany</li> </ul>
<b>Fully federalised</b> (with varying levels of decentralisation)	Power is held at the state (regional) level, rather than national (federal) level. Power is delegated to municipal level to varying degrees	<ul style="list-style-type: none"> <li>• US</li> <li>• Australia</li> </ul>

It is often argued that there is a lower role, for regional spatial planning, in parts of England than in much of Europe. However, this is a difference of degree rather than of fundamentals. There is regional governance for London, Wales, Northern Ireland and Scotland. Even within England there remain both regional bodies (such as Local Enterprise Partnerships) and regional funding (the Regional Growth Fund) as well as emergingly important City Deals and Mayoralities, beyond London, with the potential for further devolution under the programme of Devolution Deals. Two-tier governance exists in many areas, with 27 county councils sharing governance with 201 district councils.

In contrast, several of the countries with the most powerful regional bodies (notably Australia), also tend to be far bigger. Even France has a similar population to the UK, in a country over twice as big. And, as we have seen, the US (like England outside London) has very little regional strategic layer. Nearly all power is delegated to municipalities. And, in fact, Britain's framework-setting authorities (councils) are, if anything, larger than most others.<sup>74</sup>

With so many models, it therefore seems hard to argue that levels of control and governance in Britain's planning system are dramatically anomalous from the wider range of examples. We have categorised it as being **broadly comparable to most, or many other, systems.**

<sup>73</sup> *The EU Compendium of Spatial Planning Systems and Policies*, European Commission (1997) p.39

<sup>74</sup> See section 2.5 below.

Table 17 – Role of different tiers of governance

Country	National / Federal	Regional	Local
Australia	Little formal involvement apart from matters of 'national environmental significance' or via funding	States & territories have own planning legislation on process, allocation & development control	Varies, but take more detailed decisions on objectives, allocation (zoning), density, design & development assessment
Belgium	No explicit power	Controls spatial planning	Provinces & municipalities advise regional government
Denmark	Prepares planning reports, setting out national spatial policies; can veto local plans, specify content and intervene in disputes	Limited	Land-use planning. Prepares own plan
France	Sets national codes as basis for local regulation	Combines low-cost housing, infrastructure and environmental protection policies.	Create binding legal document which constitutes plans; establish zones
Germany	Set guidelines and principles on spatial planning	Overlapping with federal powers. Can set laws that in parts deviate from national rules	Prepare local plan and detailed planning instruments. Make land-use decisions
Netherlands	Set national plans and the framework for structuring spatial planning as well as setting incentives	Responsible for translating national policies and regulations to provincial level, with reasonable freedom. Set out the framework for spatial planning policy at local level.	Same statutory powers as provincial. Set local plans, but also active in land markets. Can 'purchase undeveloped land, install the necessary services and parcel it up for sale to private developers at a price that covers the costs'
Spain	Provides general framework for planning system and sets policies for implementation	Set guidelines and policies and can set land-use plans	Define distribution of different types of land (zoning) inside their jurisdiction. Can adopt Master Plan from regional level, if they wish
UK	<i>UK government sets National Planning Policy Framework for England</i>	<i>Regional tier in Scotland, Wales and London, with varying roles (Policy &amp; Land use in Scotland. London Plan in London</i>	<i>Responsible for land-use planning decisions, unless called in by higher tier</i>
USA	No substantive powers held at Federal Level	Most states delegate authority to municipal level, though 13 states give more guidance	Nearly all local governments able to set (or net set) zoning requirements. Limited impact from national environmental laws

### 2.3 Analysis two: green belts and urban limits

How much land is protected from being built on? Often critics complain that the UK is *too* protected from being built.<sup>75</sup> This is a largely Conservative-created phenomenon, rather than a creation of the post-war settlement.<sup>76</sup> However, and yet again, Britain appears to be rather less of an outlier than the public debate in Britain would imply. A simple comparison of the proportion of protected terrestrial areas, in different countries, finds that Britain (28 per cent) is similar to Spain (28 per cent) and France (25 per cent) and starkly less than in Germany (37 per cent). Of course, this analysis does not tell you *where* the land is protected, or take account of the relatively more crowded nature of England.

Table 18 – Protected terrestrial areas<sup>77</sup>

Country	Protected terrestrial area (per cent)
Australia	14.6
Belgium	22.9
Denmark	18.3
France	25.3
Germany	37.4
Netherlands	11.6
Spain	28.0
UK	28.4
USA	13.9
<b>Average<sup>78</sup></b>	<b>22.3</b>

However, even when we focus on the countryside-abutting towns, we find that most planning systems studied have *some* mechanism for controlling the outward growth of at least some towns, although they are very variably effective. This is often not appreciated in Britain because such constraints are partly delivered through urban limits, zoning and land-use planning rules. These mechanisms are unknown in the UK, as opposed to readily-comprehensible green belts. As in the UK, these constraints have the impact of reducing the amount of development beyond the urban limit (or within the green belt) and thus pushing up prices. Indeed, some planning academics have argued that if they are not pushing up prices they are not working.<sup>79</sup> This is their point.

In this context, the British system of green belts is a little *less* peculiar than is sometimes realised. Table 19 sets out the strength and depth of urban-containment policies, based predominantly on the 2013 Joseph Rowntree analysis.

<sup>75</sup> For example see Barker, K. (2013), *Housing, where's the plan?*, p.34

<sup>76</sup> The modern process for creating greenbelts dates to Duncan Sandys and the 1950s and the total size of UK greenbelt increased from 720,000 hectares in 1979 to 1,650,000, in 1997. Lund B (2017), *Housing politics in the United Kingdom*, pp. 48-50.

<sup>77</sup> World Bank. <https://data.worldbank.org/indicator/ER.LND.PTLD.ZS>

<sup>78</sup> Not weighted by landmass per country.

<sup>79</sup> Monk, S., Whitehead, C., Burgess, G. & Tang, C. (2013) *International review of land supply and planning systems*, Joseph Rowntree Foundation, p.25.



Table 19 – Nature, strength and range of different urban containment policies<sup>80</sup>

Country	Nature of urban containment policy	Strength	Range
Australia	Urban containment via (a) legal boundary (Victoria) & (b) via zoning	<ul style="list-style-type: none"> <li>• <b>Medium /Strong</b></li> <li>• Measurable impact on prices &amp; densities</li> </ul>	<ul style="list-style-type: none"> <li>• All states have containment polices</li> <li>• Only Victoria has boundary and strongest for Melbourne</li> </ul>
Czech Republic	Urban containment via zoning	<ul style="list-style-type: none"> <li>• <b>Weak</b></li> <li>• Largely non-functioning, due to poor enforcement</li> </ul>	<ul style="list-style-type: none"> <li>• Strongest around Prague where it has observable impact</li> </ul>
Denmark	Urban containment via zoning & boundaries	<ul style="list-style-type: none"> <li>• <b>Strong</b></li> <li>• Zoning law only permits development in urban zones</li> </ul>	<ul style="list-style-type: none"> <li>• Everywhere</li> <li>• Strongest around Copenhagen</li> </ul>
France	Urban containment via boundaries, but only in pressured areas	<ul style="list-style-type: none"> <li>• <b>Weak/Medium</b></li> </ul>	<ul style="list-style-type: none"> <li>• Limited</li> <li>• Some urban containment in Paris and Rennes<sup>81</sup></li> </ul>
Germany	Urban containment via zoning and (in pressured areas only) boundaries	<ul style="list-style-type: none"> <li>• <b>Weak/Medium</b></li> </ul>	<ul style="list-style-type: none"> <li>• There is a 'Green belt,' but this is an ecological park.</li> <li>• Very little binding containment beyond more general zoning policies</li> </ul>
Ireland	No consistent urban containment policy	<ul style="list-style-type: none"> <li>• <b>Weak</b></li> </ul>	<ul style="list-style-type: none"> <li>• Nowhere is consistent</li> </ul>
Netherlands	Local government is strongly incentivised to control sprawl	<ul style="list-style-type: none"> <li>• <b>Strong</b></li> <li>• New growth is only permitted in 26 new urban regions ('compact cities')</li> </ul>	<ul style="list-style-type: none"> <li>• Everywhere (other than identified 'compact cities')</li> </ul>
New Zealand	Urban containment via boundary	<ul style="list-style-type: none"> <li>• <b>Medium</b></li> <li>• Firm boundary but has moved 8 times since 1999</li> </ul>	<ul style="list-style-type: none"> <li>• Primarily around Auckland (largest urban centre)</li> </ul>
South Korea	Urban containment via green belts	<ul style="list-style-type: none"> <li>• <b>Strong / medium</b></li> <li>• Lifted from provincial cities in 1999</li> </ul>	<ul style="list-style-type: none"> <li>• Focused primarily on the National Capital Region since 1999</li> </ul>

(table continued on next page)

<sup>80</sup> Largely drawn from Monk, S., Whitehead, C., Burgess, G. & Tang, C. (2013) *International review of land supply and planning systems*, Joseph Rowntree Foundation. Includes our analysis of their textual findings.

<sup>81</sup> Gauzin-Müller, D (2002) *Sustainable Architecture and Urbanism: Concepts, Technologies, Examples* p.83

Table 19 – Nature, strength and range of different urban containment policies<sup>82</sup> (cont'd)

Country	Nature of urban containment policy	Strength	Range
Switzerland	Urban containment via Designated Building Areas (DBAs)	<ul style="list-style-type: none"> <li>• <b>Strong</b></li> <li>• In principle, very hard to build non-agricultural buildings outside DBAs, but it does seem to happen</li> </ul>	<ul style="list-style-type: none"> <li>• Everywhere (outside DBAs)</li> </ul>
UK	Urban containment via green belts	<ul style="list-style-type: none"> <li>• <b>Strong</b></li> <li>• Since 2016 governments have permitted land 'swaps'<sup>83</sup></li> </ul>	<ul style="list-style-type: none"> <li>• All 186 planning authorities have some green belt land<sup>84</sup></li> </ul>
USA	Urban containment via zoning or boundaries or not at all	<ul style="list-style-type: none"> <li>• <b>Variable</b> (from strong to non-existent)</li> </ul>	Three kinds used: <ul style="list-style-type: none"> <li>• Urban growth boundaries in Portland</li> <li>• Green belt in San Francisco and Boulder</li> <li>• 'Urban Service Boundary' in Florida, Maryland and New Jersey<sup>85</sup></li> </ul>

The Joseph Rowntree analysis concluded:

*'Most countries have policies to prevent urban sprawl and to protect agricultural and other land with special amenity value. Looking in more detail, some have several policies – urban growth boundaries, urban service areas, metropolitan urban limits – that differ in the detail but have similar aims and impacts. Most only cover large or fast-growing cities. Some have green belts as well. In England the countryside is protected by a series of green belts which are swathes of protected land around major cities, rather than urban limits which draw a boundary to a city. This is partly because towns and cities in England are close to one another and planners wanted to ensure that they did not merge, but it is mainly because the system of green belts was put in place before the formal structures of the 1947 Town and Country Planning Act came into being..... For success in terms of house price stability, in the face of rising demand, it cannot be total containment, but requires revisiting the boundary, usually at regular, pre-determined intervals.'*<sup>86</sup>

Most counties that have urban containment policies with teeth would appear either to have processes for adjusting them (or at any rate have adjusted them) or to permit more of a 'green wedges' or 'green fingers' approach. This is true of Denmark, Australia, Holland, New

<sup>82</sup> Largely drawn from Monk, S., Whitehead, C., Burgess, G. & Tang, C. (2013) *International review of land supply and planning systems*, Joseph Rowntree Foundation. Includes our analysis of their textual findings.

<sup>83</sup> HM Gov (2017), *Fixing our broken housing market* p. 28

<sup>84</sup> DCLG (2016) *Local authority green belt statistics for England: 2015 to 2016*

<sup>85</sup> Hall, P., Tewdwr-Jones (2011) *Urban and Regional Planning, Fifth edition*, pp.245-6

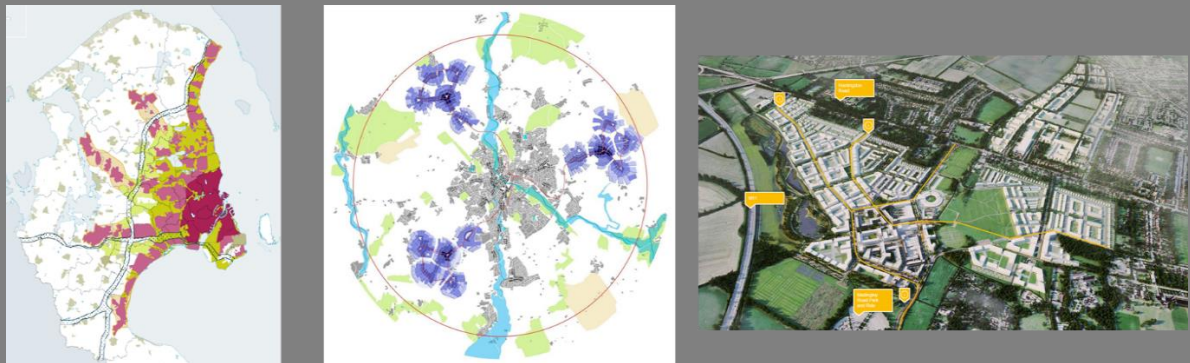
<sup>86</sup> Monk, S., Whitehead, C., Burgess, G. & Tang, C. (2013) *International review of land supply and planning systems*, Joseph Rowntree Foundation, p.25.

Zealand and South Korea. (See box two). It is also arguably true (though less so) of Britain. The National Planning Policy Framework says that Green Belt boundaries can be amended only in 'exceptional circumstances', while the government's recent white paper clarified that land removed from the Green Belt must be offset by 'compensatory improvements to the environmental quality or accessibility of remaining Green Belt land.' In the year ending March 2016, the total Green Belt area decreased by less than 0.1%.<sup>87</sup> The North-west Cambridge Development project has also established a built-up wedge in the green belt, following the Green Swap proposal in the Cambridge Futures. It would allow development in 'selected areas of the green belt which are of 'less scenic value and/or are not available for public use.' Developers then have to provide 'equivalent or enhanced amenities' for public use elsewhere.<sup>88</sup>

### Box two: are green fingers the way forward?

There are alternatives to the ring-shaped green belt. Green fingers (or wedges) are distinctive features in Copenhagen's Finger Plan. There are five fingers, or corridors, of urban development along suburban railway lines from the centre. Each planned suburb is linked to the next one. Green fingers are kept for farmland, between each built-up finger and also stretch into the urban core to maximise its accessibility.

In the UK, the North-west Cambridge Development project has already established a built-up wedge in the green belt, following the Green Swap proposal in the Cambridge Futures project. The hypothetical Uxcester Garden City has also proposed green wedges to form the snowflake urban form, in order to accommodate growth.<sup>89</sup>



Alternatives to green belts. Left: Copenhagen Finger Plan; Middle: Hypothetical Uxcester Garden City; Right: North-west Cambridge Development.

Create Streets member and Cambridge researcher, Mingfei Ma, has developed a new land-use-transport interaction model to examine alternative futures for green belts. It focuses on a macro level simulation and explores interactions between urban activities, transport demand, land supply and infrastructure supply. She has used this model to test different urban growth patterns for Beijing, a city under three scenarios of (a) an ongoing green belt (b) building on the green belt in concentric growth and (c) moving to a system of green

<sup>87</sup>DCLG (2016) *Local authority green belt statistics for England: 2015 to 2016*

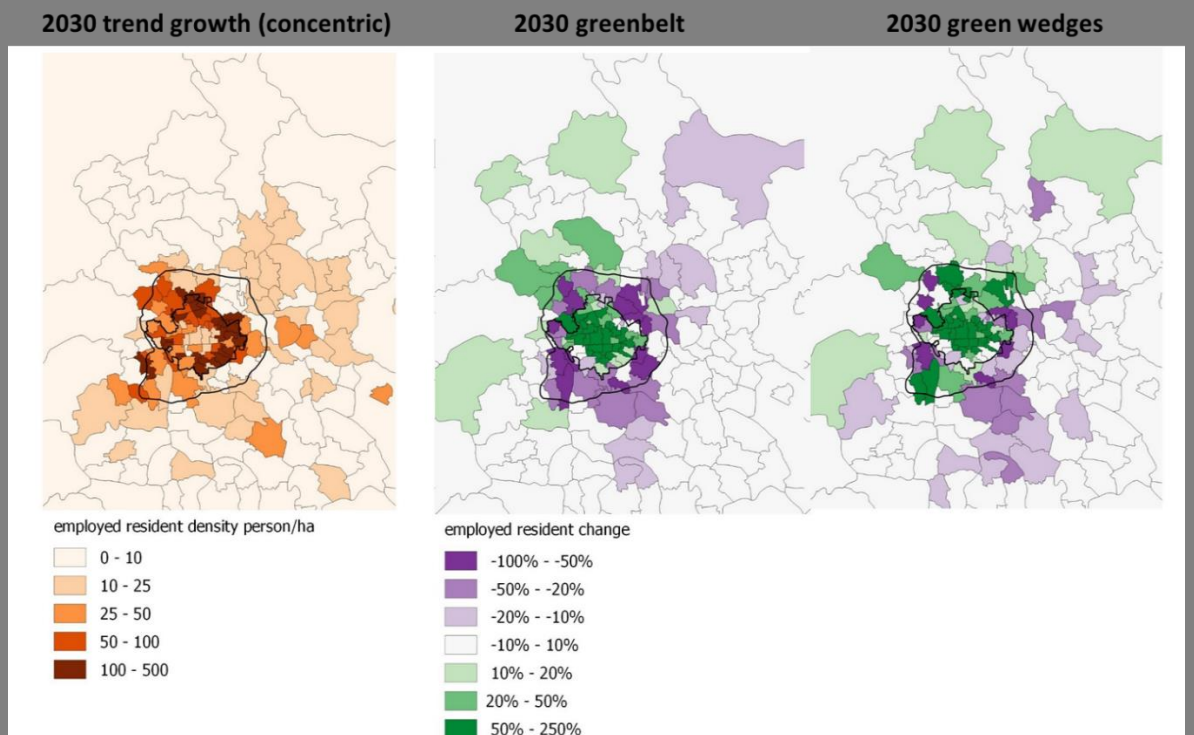
<sup>88</sup> Echenique, M. H. (2000). Cambridge Futures 1. Retrieved July 12, 2016, from [www.cambridgefutures.org/futures1/intro.htm](http://www.cambridgefutures.org/futures1/intro.htm);

<sup>89</sup> Rudlin, D., & Falk, N. (2014). *Uxcester Garden City: Second Stage Submission for the 2014 Wolfson Economics Prize*.

fingers. The model then quantifies the economic and social impacts through comparisons of the scenarios in 2030.

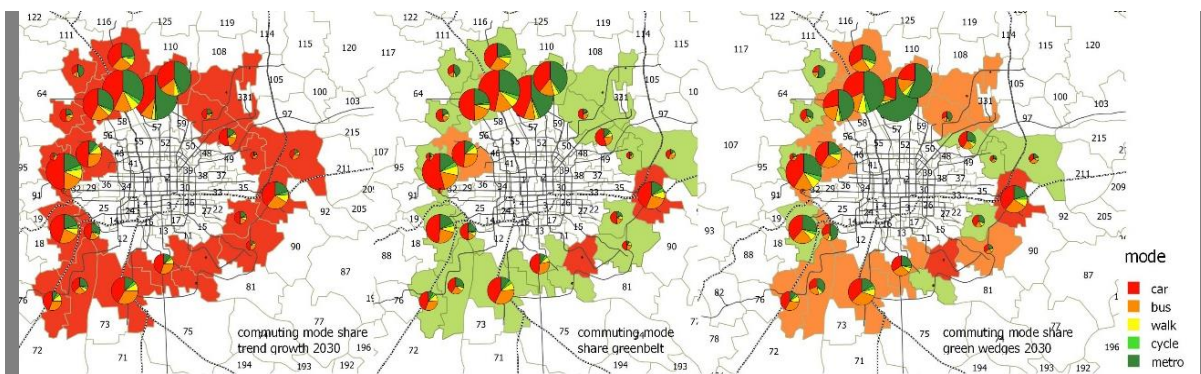
The model predicts different population distributions in 2030. In the concentric growth scenario, high income residents still live in the city centre. Middle income residents are relatively dispersed. Poorer residents cannot afford to commute long distances, nor the high rent in the centre, so most of them live in the urban fringe. Compared to the concentric growth scenario, the green belt packs people into the expensive city centre. It also pushes some middle income and low income residents to the areas beyond the green belt. However, jobs still concentrate in the centre. Therefore, an unbalanced work-home pair is formed. The green wedges policy allows people to relocate in the designated built-up areas in the green belt boundary. Jobs relocate to these wedges, especially along the transport corridors.

Because the green belt confines population in the existing city centre, housing rent in the city increases by at least 20 per cent, in most zones. The green wedges policy shows a relatively decentralised pattern of population distribution, but housing rent still increases in the city centre by about 10 per cent.



*Distribution of population. Left: population density in concentric growth scenario. Middle and right: percentage of change compared to concentric growth scenario.*

Compared to the 2030 trend growth scenario, the green belt increases travel times and encourages travelling by cars. On the other hand, breaking the green belt into wedges facilitates a significant mode shift to public transport, as developments are only allowed around stations.



*Commuting mode share from the green belt zones to the city centre*

The simulation results so far suggest that the alternative configurations of green spaces have significant impacts on a city’s economic well-being and transport patterns. Green belt land should be built on, but only in certain areas where the transport conditions are good. Meanwhile the footprint of buildings should be confined to within a short distance to metro stations with relatively high density. In that case, greenfield land will be preserved and the total spatial cost will reduce. The insights point to a reconsideration of green belts in fast growing cities, and also in developed cities that are re-considering their green belts. However, results from this paper are preliminary. They should continue to be tested rigorously, on a finer scale, through further empirical work.’

Mingfei Ma

We have concluded that the British approach to urban limit management does have **modest differences to most or many other systems**. While Britain has less protected land than Germany and similar levels to Spain, France or Belgium it is true that British urban containment policies are at the stricter and wider end of the spectrum and this will be associated with fewer homes and higher prices. However, it is not axiomatically more restricting of supply than several other systems – most notably Holland, Denmark and some parts of America and Australia. And, while it may not be sufficiently widely applied, the British system is capable of ‘moving’ and encouraging transit-based development. This is not to argue that improvements of framework and implementation are not possible or indeed necessary. They certainly are. We would certainly argue for green fingers, not green belts, and for encouraging new compact cities and towns.<sup>90</sup> But again, this has been happening for 20 years with a generation of (so far) largely non-delivered eco-towns and garden villages.<sup>91</sup> We should be wary of ascribing to green belt reform the qualities of a simple panacea.

## 2.4 Analysis three: the sharing of land value capture and incentives

The right to build self-evidently increases the value of land. Increases in land value are therefore a normal outcome of planning and zoning systems. This land value increase is

<sup>90</sup> Green wedges are very similar to the transport-based development proposed by URBED, in their Wolfson-prize winning essay, Uxceter: garden city. We would also like to thank John Myers of London YIMBY for pointing out that green wedges were proposed by Trystan Edwards in 1943.

<sup>91</sup> None of the 17 sites, and four short listed eco-towns, first identified in 2007 have materialised and the initiative has now been scrapped.

vertiginous in areas of high constraint and high demand, such as Southern England, with land prices increasing from thousands of pounds to potentially several million per hectare. It is less sheer in zoning systems, where key decisions are made at the strategic, rather than the individual, application level.

Most countries therefore find ways to use this increase in value to fund infrastructure, affordable housing or other 'non-market' outcomes. According to the OECD, this is most frequently achieved via an 'impact fee' or 'betterment levy.' Impact fees have to be paid by land owners for the construction of infrastructure which directly services their plot. Betterment levies are similar but can be charged at any point in time when a public action causes an increase in property values.

Since the Town and Country Planning Act of 1990, England has had a form of 'impact fee' called Section 106 payments (normally shortened to S106).<sup>92</sup> These are mainly used to pay for affordable housing, or contributions towards infrastructure, and are site-specific necessary legal agreements between an applicant winning planning permission and the local planning authority.<sup>93</sup> Since 2010 most new developments, of more than 100 square metres or which create a new dwelling, have also had to pay Community Infrastructure Levy (CIL).<sup>94</sup> This is intended to be a predictable planning charge to help deliver infrastructure to support the development of their area – unlike the negotiable S106. London also has a 'Mayoral CIL,' introduced to support major Infrastructure investment in the capital. Charges are calculated via a, supposedly predictable, charging schedule. Most other countries take a similar approach. Examples include Australia, Austria, Finland, France, Germany, Greece, Israel, Italy, Japan, Korea, the Netherlands, New Zealand, the Slovak Republic, Sweden, Switzerland and some parts of the US.

Another approach used is via property tax that (critically) is regularly updated, taking account of actual values, not just a general index. If this is the case, then the property tax *is* capturing the increase of property values. This approach is used in Australia, Denmark, Finland, Japan, Korean, New Zealand, Portugal and parts of the US, among others.

A third policy, which is relevant to capturing land value capture, is permitting state bodies to purchase land at 'un-improved' valuations – i.e. before they gain value from being re-zoned for housing or gaining specific permission. This is possible in Austria, Finland, Germany, Korea, Norway, Spain and parts of the US. As this policy also involves the wider issue of land assembly it is discussed in more detail in section 2.4 below.

A linked question is to what extent some of the commercial upside from development is shared with local government or other neighbours. Local government decision-makers, on

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<sup>92</sup>Town and Country Planning Act 1990 [www.legislation.gov.uk/ukpga/1990/8/section/106](http://www.legislation.gov.uk/ukpga/1990/8/section/106). Labour administrations in 1947, 1975 and 1976 introduced betterment payments, but these were repealed by subsequent Conservative administrations. However, Section 106 has now survived at least two changes of government (arguably three or four). Meanwhile CIL (unlike previous Labour betterment charges) has not been repealed by a subsequent Conservative government though its implementation has been slow.

<sup>93</sup> For more guidance s106, see 'Planning Advisory Service's S106 obligations overview,' at [www.local.gov.uk/pas/pas-topics/infrastructure/s106-obligations-overview](http://www.local.gov.uk/pas/pas-topics/infrastructure/s106-obligations-overview)

<sup>94</sup>Planning Portal *About the Community Infrastructure Levy* [www.planningportal.co.uk/info/200126/applications/70/community\\_infrastructure\\_levy](http://www.planningportal.co.uk/info/200126/applications/70/community_infrastructure_levy)

zoning or development control decisions, receive the fiscal upside in many countries (including the UK). Some have implied that this effect is more limited in the UK as around 60 per cent of local government budgets come from central government not from local taxation. Local authorities therefore, in principle, face a risk of demand for new services, for new homes, outstripping funding. This risk is real, but we think is often exaggerated. Even before 2012, the block grant was calculated on the requirements of the local population. And since 2012 the link to local services has been made even clearer. Since 2011, the New Homes Bonus also makes payments to councils permitting new homes. This is a grant paid by central government to local councils, to reflect and incentivise house growth. It is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. There may be a timing risk, but it is no longer necessarily axiomatic. Similarly, regional and local budgets, for the NHS, are driven by formulas based on local population and deprivation metrics, which are, in principle, continually improving.

It is very rare for affected neighbours to receive direct compensation for any negative neighbouring development. There is a potential 'worsenment' payment in Holland (and in Norway) but it is apparently little used. In the UK, parishes and neighbourhoods, with neighbourhood plans, are allocated 15 per cent of CIL payments arising from developments in their area. The approach taken by different countries is set out in table 20.

We have not been able to find a comparable estimate of how proportionately high different forms of land value capture are in different countries. It is often asserted that the British planning system is less good at capturing value gain than other systems.<sup>95</sup> However, we are not sure this is true. For example, recent OECD analysis concluded:

*'Little is known about the degree to which [different mechanisms in different countries] contribute to public budgets. However, anecdotal evidence suggests that their contribution is small. For the OECD Land-Use Governance Survey...8 out of the 11 experts estimated that less than half of the costs of infrastructure for new developments can be recaptured. Often, only a few percent can be recouped.'*<sup>96</sup>

If anything, some recent British developments would appear to be doing *better* than average at paying for necessary infrastructure. One 2017 official study found that the average residential CIL receipt, from 27 surveyed local Planning Authorities in 2014-15, was £707,698.<sup>97</sup>

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<sup>95</sup> This point is routinely, almost reflexively, made in industry discussions about Britain's housing needs. In a recent private round table one very senior official in a highly important role asserted that 'the problem with Britain is that we don't use new housing to pay for infrastructure.' When challenged on evidence that other countries do this better, he was unaware of any. Nor was anyone else in a table of experts from the private and public sectors, most of whom seemed to have agreed with the initial statement.

<sup>96</sup> OECD (2017), *Land-use Planning Systems in the OECD: Country Fact Sheets*, p.35, OECD Publishing, Paris.

<http://dx.doi.org/10.1787/9789264268579-en>

<sup>97</sup> DCLG (2017) *The value, impact and delivery of the Community Infrastructure Levy* pp.54-5

Table 20 – approach to land value capture and sharing of incentives

Country	Nature of land value capture	Fiscal incentives, to decision-making tier of government, to approve development	Potential for payments to neighbours
Australia	<ul style="list-style-type: none"> <li>Impact fees</li> <li>Regularly update property tax</li> </ul>	Yes	No
Belgium	<ul style="list-style-type: none"> <li>No value capture mechanism<sup>98</sup></li> </ul>	Partial	No
Denmark	<ul style="list-style-type: none"> <li>Regularly update property tax</li> </ul>	Yes	No
France	<ul style="list-style-type: none"> <li>Impact fees</li> </ul>	Yes	No
Germany	<ul style="list-style-type: none"> <li>Impact fees</li> <li>Public purchase of land at un-improved valuations</li> </ul>	Yes	No
Netherlands	<ul style="list-style-type: none"> <li>Impact fees</li> </ul>	Yes	Yes (but little used)
Spain	<ul style="list-style-type: none"> <li>Public purchase of land at un-improved valuations</li> </ul>	Yes	No
UK	<ul style="list-style-type: none"> <li>Impact fees</li> </ul>	Yes (though with some risk)	Very slightly
USA <sup>99</sup>	Depends on location but can include; <ul style="list-style-type: none"> <li>Affordable housing via 'inclusionary zoning'</li> <li>Infrastructure via impact fees &amp; betterment levels</li> <li>Public purchase of land at un-improved valuation</li> </ul>	Yes	No

It also showed that, as CIL becomes increasingly established, receipts are rising. London also has a specific 'Mayoral CIL.' This is set to raise £300 million between 2012 and 2019.<sup>100</sup> In fact, some are now asking if the British approach is loading too many costs on private sector developers rather than too few. Tony Travers, director of the Greater London group at the London School of Economics, has linked the extremely high density of new development, at Nine Elms and Battersea, with the costs of the Northern Line extension towards the area, to which developers are contributing: '...the land has to be used very intensely to produce enough yield to pay for the things that the government used to pay for.'<sup>101</sup>

We have therefore concluded that the British approach to value capture and incentivisation is **broadly comparable to most other systems**. As before, this is not to say that improvements are not possible, or right, or that these could not increase housebuilding, or improve quality of place-making. Specifically, some other counties appear to use *more*

<sup>98</sup> The source for this fact was the OECD table which was unaware of S106 and CIL payments in the UK and so may be incorrect. We intend to confirm this in future editions and any advice from readers would be very welcome.

<sup>99</sup> US takes many approaches due to highly localised nature of system.

<sup>100</sup> National Infrastructure Commission (2017) *Finance and Investment Workstream*, p.42, available at <https://www.nic.org.uk/wp-content/uploads/100217-Final-report-in-PDF.pdf>

<sup>101</sup> The Guardian (14/02/15) 'Battersea is part of a huge building project – but not for Londoners' available at <https://www.theguardian.com/business/2015/feb/14/battersea-nine-elms-property-development-housing>



methods to share land value. But it seems hard to argue that a different approach to capturing value uplift, or sharing of incentives can, in itself, explain how poor is Britain's record at building sufficient homes.<sup>102</sup>

## 2.5 Analysis four: Mechanisms for assisting land assembly and ensuring infrastructure provision

As we saw above, some states are legally able to purchase land at un-improved valuations. These include Austria, Finland, Germany, Korea, Norway, Spain and parts of the US. This is a form of value-sharing. But it is also a mechanism for encouraging development, by bringing together separate parcels of land into larger plots capable of being developed and, sometimes, of ensuring infrastructure provision. Several states, such as France, Germany and the Netherlands appear to be much more active at this than the UK.

The recent report by Joseph Rowntree has examined this in some detail:

*'The standard approach to development in the Netherlands has been for the municipality to buy un-developed land, provide the necessary infrastructure and services, parcel it into lots and sell them at prices that recover at least the costs involved. The sites are then developed by private companies, housing associations and individual owner-occupiers (self-build).*

*Germany has two main mechanisms for supporting development in constrained areas. One is land readjustment, used where ownership of land in an area is fragmented. It was originally aimed at rural smallholdings but today is used to address redevelopment of inner city areas and housing shortages. It can be a total reallocation of land to provide owners with plots suitable for building and the municipality with land for infrastructure, or a more limited adjustment of adjacent plot boundaries. It can be achieved either by voluntary arrangements or through compulsory purchase. It allows the municipality to influence the form of the development, recoup the costs of servicing and infrastructure, and possibly receive some of the net land value uplift, as well as reduce delays caused by a lack of infrastructure.*

*The second mechanism, circular land-use management, was introduced in Germany in 2002 as a key policy to reduce land take and increase the efficiency of land use. It builds on the concept of a natural 'use cycle' of land, from the initial allocation of land for building, its development, use, abandonment, and finally to its reuse. The approach allows for zoning new land for development on a small scale in certain conditions. This strategy aims to reduce new development on greenfield sites and to reuse previously developed land (Preuß and Ferber, 2008). However, such an approach has required cooperation between the German Federal Government and other groups of stakeholders: the Länder, municipal and regional levels of government, private*

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<sup>102</sup> Oddly, the recent OECD analysis categorised Britain as having 'no value capture' mechanism. This is incorrect and the authors appear to be unaware of S106 or CIL payments. OECD (2017), *Land-use Planning Systems in the OECD: Country Fact Sheets*, p. 37, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264268579-en>

*enterprise, institutions which own land, the real estate industry and private households – in order to establish the framework conditions for circular land-use management. In France, there has been an increasing trend to using special development vehicles created by communes acting jointly to ensure that the desired development takes place. These have proved highly effective in bringing together the resources required to redevelop large zones, often post-industrial or with highly fragmented land ownership, although these have also required a great deal of subsidy and support from central government. They address cross boundary problems and have been recognised by the national government as a means of pro-active planning that can be assisted by making more publicly owned land available.<sup>103</sup>*

But that is not to say that land assembly is not possible, or does not happen, in the UK. It can and does. As long ago as 1981, the London Dockland Development Corporation (LDDC) was set up to regenerate East London's Docklands. It had Compulsory Purchase Order (CPO) powers, received £1.8 billion of public funds and used this to buy land.<sup>104</sup> The Merseyside Development Corporation, set up in the 1980s, also had significant planning and compulsory purchase powers.<sup>105</sup> Since then, major projects such as the 2012 London Olympics have had CPO powers – with a CPO for a 345 hectare site in east London being granted in 2005, for the London Development Agency.<sup>106</sup> Numerous estate regenerations, including the redevelopment of the Heygate Estate in Southwark, London, and the Colville Estate in Hackney, have also been subject to CPOs.<sup>107</sup> Other public bodies buy land on the public market to aid regeneration. CPOs are also relatively common for road-widening and new transport developments.<sup>108</sup> However these are not the bulk of developments, and CPOs can only be used in circumstances where the land is required for a regeneration project or it is for the 'greater public good'.<sup>109</sup> Other state-linked bodies (such as the Crown Estates and the Duchy of Cornwall) can and do play an active role in development and land assembly though they have no right of purchase. Specifically, the Duchy of Cornwall's revolutionary place-making work at Poundbury has led to higher density, more popular, more valuable development with 35 per cent affordable homes and a ratio of 2000 jobs to 3000 residents. It is arguably the most successful mixed-use development in the country. It has won over initial critics and is now seen as one of the most influential developments of the last 20 years.<sup>110</sup>

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<sup>103</sup> Monk, S., Whitehead, C., Burgess, G. & Tang, C. (2013) *International review of land supply and planning systems*, Joseph Rowntree Foundation, p.27

<sup>104</sup> g15 (2014) *Unblocking Land and Planning*, p.8 <http://g15london.org.uk/wp-content/uploads/2014/09/g15-Unblocking-Land-and-Planning-Sept-2014-FINAL.pdf>

<sup>105</sup> Public Finance (2012) *On the waterfront: new life for Liverpool*  
[www.publicfinance.co.uk/case-study/2012/07/waterfront-new-life-liverpool](http://www.publicfinance.co.uk/case-study/2012/07/waterfront-new-life-liverpool)

<sup>106</sup> BBC News (21/11/05) *Olympic Land's Compulsory Orders* available at  
<http://news.bbc.co.uk/1/hi/england/london/4447652.stm>

<sup>107</sup> [www.2.southwark.gov.uk/downloads/download/3150/heygate\\_compulsory\\_purchase\\_order](http://www.2.southwark.gov.uk/downloads/download/3150/heygate_compulsory_purchase_order). Hackney Council  
[www.hackney.gov.uk/colville-cpo](http://www.hackney.gov.uk/colville-cpo)

<sup>108</sup> Estates Gazette (11/03/2013) *North Circular regeneration*, available at  
[www.estatesgazette.com/blogs/london-residential-research/2013/03/north-circular-regeneration/](http://www.estatesgazette.com/blogs/london-residential-research/2013/03/north-circular-regeneration/). Costar (2016) *Barnet/Argent Related set to sign giant Brent Cross JV*, available at  
[www.costar.co.uk/en/assets/news/2016/March/BarnetArgent-Related-set-to-sign-giant-Brent-Cross-JV](http://www.costar.co.uk/en/assets/news/2016/March/BarnetArgent-Related-set-to-sign-giant-Brent-Cross-JV)

<sup>109</sup> <http://hoa.org.uk/advice/guides-for-homeowners/i-am-selling/compulsory-purchase-orders-what-you-need-to-know/>

<sup>110</sup> The Guardian (27 October 2016), 'A royal revolution: is Prince Charles's model village having the last laugh?'  
[www.theguardian.com/artanddesign/2016/oct/27/poundbury-prince-charles-village-dorset-disneyland-growing-community](http://www.theguardian.com/artanddesign/2016/oct/27/poundbury-prince-charles-village-dorset-disneyland-growing-community)

Nor is it true that all countries are active in land assembly. The OECD describes expropriation in Belgium as being ‘politically and legally difficult in practice and not frequently used.’ In Spain, land assembly works through private developers having to give five to fifteen per cent of land, re-zoned for development, to the municipality, who then tend to use it for affordable housing.<sup>111</sup>

*Table 21 – approach to land assembly*

Country	Public purchase of land at un-improved valuations?	Is state active in land-assembly?
Australia	No	Variable <sup>112</sup>
Belgium	No	‘Rarely used’
Denmark	No	TBD <sup>113</sup>
France	No	Active
Germany	Yes	Active
Netherlands	No	Active
Spain	Yes	Not very <sup>114</sup>
UK	<i>Sometimes</i>	<i>Variable</i>
USA <sup>115</sup>	Sometimes	Variable

We have not been able to find enough data to be overly confident, but it appears to be the case that Britain is, yet again, less of an outlier than is often implied. OECD analysis certainly shows that expropriation of land (for any purpose) is ‘easy’ or ‘difficult’ for an equal number of countries. Under English law, open compensation for compulsory purchase is assessed on existing use (i.e. un-improved) value. However, case law since at least the 1940s has established that it can take development value into account. This is similar to many countries that do not permit purchase of land at un-improved valuations. Of our sample, only Germany regularly does.

We have concluded that public bodies in the UK do have **modest differences to most, or many other, systems** in the degree to which they take the lead in land assembly. This is a judgement. It might be over-stressing the differences and we certainly think it is as much due to cultural or budget differences as legislative ones. Nevertheless, despite similarities in the ease and facility of compulsory purchase, it would appear that the UK is less active in state-led, or facilitated, land assembly than many other countries. A few (but far from all) counties also have mechanisms for state-capture of value uplift caused by development.

<sup>111</sup>NHPAU (2009) *Review of European Planning Systems* p.28

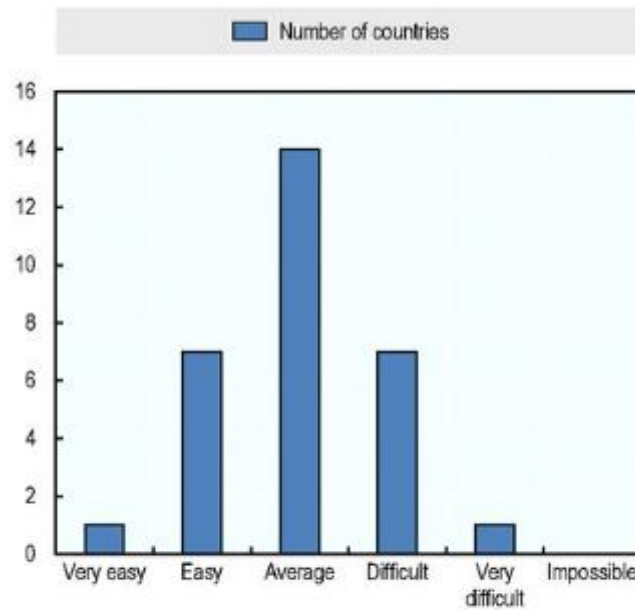
<sup>112</sup> We are not entirely confident of this judgment and would welcome advice from readers with Australian experience.

<sup>113</sup> We are not entirely confident of this judgment and would welcome advice from readers with Danish experience

<sup>114</sup> NHPAU (2009) *Review of European Planning Systems* p.28

<sup>115</sup> US takes many approaches due to the highly-localised nature of the system.

Figure 9 – Ease of expropriations of land in different countries



Source: OECD (2016d), *Land-Use Governance Survey 2016*, [www.oecd.org/gov/governance-of-land-use.htm](http://www.oecd.org/gov/governance-of-land-use.htm).

## 2.6 Analysis five: Rules and predictability - the exceptionalism of Britain

So far, we have found some potentially important differences of degree between the British planning system and some others. Some of these are certainly important in constraining the supply of new homes, particularly in the context of South Eastern England’s relatively well-populated status and the country’s good economic performance over the last generation. The importance of others is probably open to debate. However, we have certainly not found any way in which the British planning system is axiomatically different from every other system. Now we will do so below. And it comes down to the simple questions: what does a citizen have a right to build? What does a citizen not have the right to build? And how can the citizen know? This in turn opens up important issues of barriers to entry and the (ridiculously small) role of SMEs, and self or custom-builders, in the UK building industry, as opposed to nearly all other countries.

Every single detailed comparative analysis, we have been able to find over the last 20 years, cannot avoid the issue that there is far less certainty in the British planning system than anywhere else. Plans and rules are less binding. For example, a comprehensive 1997 EU analysis, showed that most countries have binding local plans. Only Britain and Ireland do not. This leads to a far more cumbersome, slower and less-streamlined process, where debate takes place **for each individual decision, rather than at a strategic level:**

*‘Decisions on most permits are usually tested against binding local land-use plans and/or buildings’ regulations and this is normally a technical and administrative process that is ratified by a group of local politicians or a senior administrator. The precise meaning of binding’ will vary. In some cases, it will mean that if the proposals conform to the plan, a permit must be granted – and the process is one of ratification that the proposal is in*

conformity with the plan only. In other cases, the proposals must confirm to the plan, but the planning authority retains discretion to supplement the grant of permit with additional conditions...Examples of binding local land-use plans in this context are the *Bestemmingsplan* (the Netherlands), the *Bebauungsplan* (Germany) and the *Plan d'Occupation des sols* (France). Where the plan is not binding, as in the UK, each application is considered according to policy and other planning considerations...This approach incorporates a greater measure of flexibility in the formal arrangements – such that departures can be agreed within the formal system. The effect of this may be, of course, less certainty for applicants for permits.<sup>116</sup>

It is perhaps telling that in every other European country studied (other than Ireland and Portugal), the main permit required is conceived of and indeed called a building permit. The language is revealing. Only in Britain and Ireland are *both* a planning permission and a separate building permit required. And only in Britain and Ireland is the primary focus the planning permission.<sup>117</sup>

Table 22 – main building permits<sup>118</sup>

Country	Name of main permit (and English translation)	Primary focus
Austria	<ul style="list-style-type: none"> <li>• <i>Baubewilligung</i></li> <li>• Construction Permit</li> </ul>	<ul style="list-style-type: none"> <li>• Right to construct</li> <li>• Building regulations</li> </ul>
Belgium	<ul style="list-style-type: none"> <li>• <i>Permis de batir</i></li> <li>• Permission to build</li> </ul>	<ul style="list-style-type: none"> <li>• Right to construct</li> <li>• Building regulations</li> </ul>
Denmark	<ul style="list-style-type: none"> <li>• <i>Byggetilladelse</i></li> <li>• Building Permit</li> </ul>	<ul style="list-style-type: none"> <li>• Right to construct</li> <li>• Building regulations</li> </ul>
France	<ul style="list-style-type: none"> <li>• <i>Permis de construire</i></li> <li>• Construction permit</li> </ul>	<ul style="list-style-type: none"> <li>• Right to construct</li> <li>• Building regulations</li> </ul>
Germany	<ul style="list-style-type: none"> <li>• <i>Baugenehmigung</i></li> <li>• Building Permit</li> </ul>	<ul style="list-style-type: none"> <li>• Right to construct</li> <li>• Building regulations</li> </ul>
Greece	<ul style="list-style-type: none"> <li>• <i>Oikodomiki adeia</i></li> <li>• Building Permit</li> </ul>	<ul style="list-style-type: none"> <li>• Right to construct</li> <li>• Building regulations</li> </ul>
Ireland	<ul style="list-style-type: none"> <li>• Planning permission</li> </ul>	<ul style="list-style-type: none"> <li>• Right to construct</li> </ul>
Luxembourg	<ul style="list-style-type: none"> <li>• <i>Permis de construire</i></li> <li>• Construction permit</li> </ul>	<ul style="list-style-type: none"> <li>• Right to construct</li> <li>• Building regulations</li> </ul>
Netherlands	<ul style="list-style-type: none"> <li>• <i>Bouwvergunning</i></li> <li>• Building Permit</li> </ul>	<ul style="list-style-type: none"> <li>• Right to construct</li> <li>• Building regulations</li> </ul>
Portugal	<ul style="list-style-type: none"> <li>• <i>Licenciamento Municipal de Obras Particulares</i></li> <li>• Municipal Licensing of Private Works</li> </ul>	<ul style="list-style-type: none"> <li>• Right to construct</li> <li>• Building regulations</li> </ul>
Spain	<ul style="list-style-type: none"> <li>• <i>Licencia de edificacion</i></li> <li>• Construction permit</li> </ul>	<ul style="list-style-type: none"> <li>• Right to construct</li> <li>• Building regulations</li> </ul>
UK	<ul style="list-style-type: none"> <li>• Planning Permission</li> </ul>	<ul style="list-style-type: none"> <li>• Right to construct</li> </ul>

<sup>116</sup> *The EU Compendium of Spatial Planning Systems and Policies*, European Commission (1997) p.85

<sup>117</sup> Queen's University Belfast [www.qub.ac.uk/research-centres/span/FileStore/Papers/Fileupload,152760,en.pdf](http://www.qub.ac.uk/research-centres/span/FileStore/Papers/Fileupload,152760,en.pdf)

<sup>118</sup> *The EU Compendium of Spatial Planning Systems and Policies*, European Commission (1997) p.82

The starkly different level of planning risk is also brought out sharply by an analysis of the required link between permits to build and main policy instruments, and the level of permitted exceptions to the plan. These are set out in table 23.

*Table 23 – main building permits*

Country	Link to policy instruments	Exceptions to the plan?
<b>Austria</b>	<ul style="list-style-type: none"> <li>• 'Application must be in compliance with binding plans &amp; regulations'</li> </ul>	<ul style="list-style-type: none"> <li>• 'Only very limited flexibility to vary from the plan'</li> </ul>
<b>Belgium</b>	<ul style="list-style-type: none"> <li>• 'Application must be in compliance with binding plans &amp; regulations'</li> </ul>	<ul style="list-style-type: none"> <li>• 'Only when not in conflict with the plan principles'</li> </ul>
<b>Denmark</b>	<ul style="list-style-type: none"> <li>• 'Application must be in compliance with binding plans &amp; regulations'</li> </ul>	<ul style="list-style-type: none"> <li>• 'There is only very limited flexibility to vary from the plan'</li> </ul>
<b>France</b>	<ul style="list-style-type: none"> <li>• 'The application must conform with the POS'</li> </ul>	<ul style="list-style-type: none"> <li>• 'There is only very limited flexibility to vary from the plan'</li> </ul>
<b>Germany</b>	<ul style="list-style-type: none"> <li>• 'The application must conform with the B-plan'</li> </ul>	<ul style="list-style-type: none"> <li>• 'Exemptions from the provisions of a B-plan may be allowed in certain circumstances'</li> </ul>
<b>Greece</b>	<ul style="list-style-type: none"> <li>• 'Decision should not infringe provisions of town plans'</li> </ul>	<ul style="list-style-type: none"> <li>• 'For areas covered by town plans there is only very limited flexibility to vary from the plan'</li> </ul>
<b>Ireland</b>	<ul style="list-style-type: none"> <li>• 'The Plan is binding'</li> </ul>	<ul style="list-style-type: none"> <li>• 'Flexibility to vary from the plan through the material contravention process'</li> </ul>
<b>Luxembourg</b>	<ul style="list-style-type: none"> <li>• 'Application must be in compliance with binding plans &amp; regulations'</li> </ul>	<ul style="list-style-type: none"> <li>• 'No Exceptions to the plan'</li> </ul>
<b>Netherlands</b>	<ul style="list-style-type: none"> <li>• 'Application must be in compliance with binding plans &amp; regulations'</li> </ul>	<ul style="list-style-type: none"> <li>• 'Departures from the plan are allowed in some circumstances'</li> </ul>
<b>Portugal</b>	<ul style="list-style-type: none"> <li>• 'Application must be in compliance with binding plans &amp; regulations'</li> </ul>	<ul style="list-style-type: none"> <li>• 'Minor changes that do not conflict with the plan's principles'</li> </ul>
<b>Spain</b>	<ul style="list-style-type: none"> <li>• 'The application must be in compliance with binding plans and regulations or the old plan modified'</li> </ul>	<ul style="list-style-type: none"> <li>• 'Only for state public works, in case of exceptional public interest'</li> </ul>
<b>UK</b>	<ul style="list-style-type: none"> <li>• 'The plan is not binding, but is the primary consideration in determining an application. Each application is considered on its merit.'</li> </ul>	<ul style="list-style-type: none"> <li>• 'Departures are allowed if other material considerations justify this, but they are subject to a special procedure.'</li> </ul>

In order to permit binding rules to be set, with higher levels of local consent, nearly all regulatory bodies in zoning systems are actually *smaller* than British councils. Other than in the UK, tighter rules are set more locally.

Table 24 – Average size of authority setting local regulations<sup>119</sup>

Country	Average population
Belgium	17,000
Denmark	20,000
France	1,550
Germany	5,000
Greece	190,000
Ireland	40,000
Luxembourg	3,300
Netherlands	23,000
Portugal	34,000
Spain	4,800
UK	119,000

The more recent 2013 Joseph Rowntree analysis, of eleven different planning systems, agreed with this 1997 EU analysis. It categorised the 'strengths' of each one, as set out in table 25. It concluded; 'only England has purely planning permission background, although South Korea is moving that way. All the others used zoning with varying degrees of discretion [and] flexibility.'

Table 25 – 'Typology of planning in terms of strength', according to Joseph Rowntree analysis<sup>120</sup>

Discretionary	Zoning with more discretion	Zoning with less discretion
UK	Australia	Germany
	France	New Zealand
	Denmark	Switzerland
	Netherlands	South Korea
	Republic of Ireland	USA
		(Czech Republic)

In most countries, there are two different categories of zoning or binding rules: land-use and building design. There are many nuances. Local authorities in Australia, for example, take detailed decisions on local planning objectives, land allocation (zoning), density and design controls, as well as the majority of development assessment. Land use is set in all countries – indeed it can be seen as the underpinning element of zoning.<sup>121</sup>

Fewer countries set rules on urban or building design. In France, for example, zoning can pre-set a very large range of elements. The standard elements of a regulatory document include 15 criteria. These include the maximum building footprint on site and the maximum building height, including form. This can include criteria such as eaves' height, ridge height, and floor set-backs. External appearance can be further set, via criteria for materials, sizes and shape. While the maximum outline shape is always defined, not all criteria are always enforced. In Paris, minimums are set as well. Any visitor to the city will have noticed not just how few very

<sup>119</sup> *The EU Compendium of Spatial Planning Systems and Policies*, European Commission (1997) p.64

<sup>120</sup> This table is taken verbatim from Monk, S., Whitehead, C., Burgess, G. & Tang, C. (2013) *International review of land supply and planning systems*, Joseph Rowntree Foundation, p. 20.

<sup>121</sup> Monk, S., Whitehead, C., Burgess, G. & Tang, C. (2013) *International review of land supply and planning systems*, Joseph Rowntree Foundation.

tall buildings there are but they also have very few small ones. The approach to densities in Paris is different from elsewhere in France.<sup>122</sup>

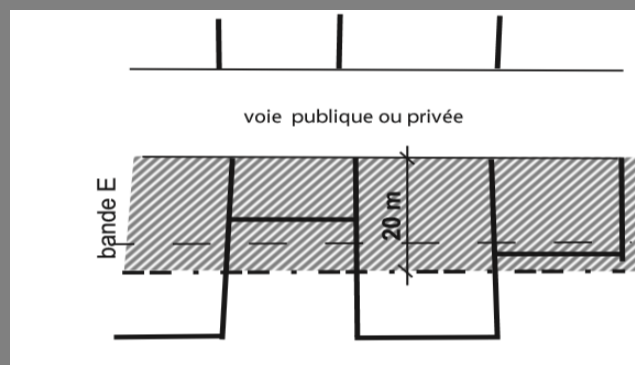
### Box three: building in Paris

Planning control in Paris is far less focused on development control and far more focused on quality control, than in the UK. In France, every commune or group of communes is required to have a Local Urban Plan (*Plan Local d'Urbanisme*). This plan includes far more detail than would be normal in the UK and indeed includes much that we would call a detailed design code, such as facading proportions and set-back angles for top floors.<sup>123</sup>

When a building project, or proposal for change of use, conforms to the regulatory part of the Local Urban Plan, it is approved. The building permit (*permis de construire*) is granted by the planning department of the Mayor's office. Neighbours then have *only 2 months* to contest the legality of the building permit, but they may do so *only on the basis of non-conformity to the Local Urban Plan rules*.<sup>124</sup> There is far less uncertainty than in the UK.

The effect of these rules is to define, in some detail, how new developments need to look, in a way that is, in Paris, very typically Parisian.<sup>125</sup> New developments must be mixed-use, with retail and workshops required in certain areas, or purely residential in others. They must be terraced buildings that are aligned with the street edge. They must be of limited height and, crucially, their height is regulated by the width of the street itself.<sup>126</sup> Article 6 requires that the vertical part of a building façade is always aligned to the street edge. Articles 7-9 set out the principle that there is to be a continuity of building along the street edge, requiring generally that construction is in a 20m band along the street line and stretches from boundary limit to boundary limit. (See Figure 10).

Figure 10 – Continuity of building along the street edge



There are often interrelationships between building design and land use. In Germany, there are ten possible development characters, set by The Federal Land Utilisation Ordinance. These characters range from 'small settlement areas' and 'pure residential areas' to 'core

<sup>122</sup> Gordon, I., Mace, A., Whitehead, C., (2016) *Defining, Measuring and Implementing Density Standards in London*, London Plan Density Research Project 1, LSE London. P.46

<sup>123</sup> *Code de l'urbanisme*, Articles R\*123-1 à R\*123-14-1 (site [www.legifrance.fr](http://www.legifrance.fr)).

<sup>124</sup> Articles R\*600-1 to R\*600-4.

<sup>125</sup> It is possible for buildings to be treated as exceptions but then a more onerous regime is required.

<sup>126</sup> *Règlement du Plan Local d'Urbanisme de Paris*, Zone UG, 2006, pages 31-88. (site [www.paris.fr](http://www.paris.fr)).



areas' and 'industrial areas.' Local authorities are bound by these centrally-set character types. If a development fits the relevant character for the relevant site, a question of permission is not a matter of discretion. Similarly, in Denmark, the size and extent, landscape feature, and appearance of buildings are all zoned.

One consequence of British planning exceptionalism is the sheer size and relative importance of the land promotion industry in the UK. Land promoters are paid to help landowners win planning permission and find the 'right' developer for their land. They are typically paid a set percentage of the value increment they help 'win' (in itself a telling use of words). The economic viability of this industry relies heavily on high planning risk, a complicated process and the consequent unpredictability of land prices, together with the sheer increase of land prices when planning permission is 'won'.

According to a senior land agent, agricultural land worth £5-10,000 per acre can sell for £1-4million per acre with residential planning permission. This is an eye-popping increase of up to 39,900 per cent (not a misprint). Even much more conservative government estimates point to very large percentage increases.<sup>127</sup> But what will get permission? And how? Even the *Daily Telegraph* has called this the 'murky underbelly' of the land market.<sup>128</sup> It is a function of the difficulty in predicting what will or will not be allowed and where. Whilst there are land promotion industries in other countries, they don't appear to be equivalent in size or importance. An English-born architect now working in house-building in France has observed:

*'This business model needs the odd UK planning system to reap big rewards. Large developments are publicly-driven, in, France because the local authority draws up the development code documents. There is no windfall to be gained from planning permission when it is simply a procedure for checking that the project conforms to the code. In France, information on land ownership is freely available. You look up the parcel number on a website and you call the Marie or tax office for the owner's details.'*<sup>129</sup>

In case readers are tempted to consider this an example of French statism, in contrast to UK *laissez faire*, a growing number of American cities are using form-based codes to permit landowners to develop high density towns and cities, with complete confidence of what will, and will not, be permitted. There are now over 400 form-based codes in US and Canadian cities. In 2010, Miami became the first major US city to replace their historic zoning code with a form-based code. Cincinnati and El Paso have done likewise. The US Department of Defence has also recently switched to using them.<sup>130</sup> An official in Nashville, Tennessee, has commented:

*'Nashville has adopted form-based codes for over 30 districts, corridors and neighbourhoods. The direct result has been an increase in property values and a much*

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<sup>127</sup> DCLG (2015), *Land value estimates for policy appraisal*.

<sup>128</sup> *The Daily Telegraph*, 5 August, 2017 'The modern-day barons: inside the murky underbelly of land promotion.'

<sup>129</sup> E-mail from Ruaidhri Tulloch to authors, 19 August 2017.

<sup>130</sup> Information in this paragraph is taken from website of Form-Based Codes Institute. See especially <http://formbasedcodes.org/articles/misconceptions-form-based-codes/> and <http://formbasedcodes.org/codes/miami-21/>

*greater desire to develop, in areas with form-based codes, due to the certainty that the code provides the developer and the community.*<sup>131</sup>

The British planning system is very odd, in both comparative and historic terms. Socialist in its scope, but very English, and common-law in its application, it is both more ambitious and less predictable than nearly all comparable systems. This leads to more uncertainty, higher planning risk and much higher barriers to entry. All other European and North American systems, of which we are aware, have more rules-based approaches. These can give landowners more certainty about what will be acceptable. It is important not to be naïve. No system is, or ever will be, perfect. Apparent certainty can be, and frequently is, undermined by hidden procedural complexity. And certainty can come with its own challenges, if you are being certain about the wrong thing, or it makes it impossible to change.<sup>132</sup> For example, American zoning has consistently favoured detached single homes, in large lots, with some very malign consequences for transport sustainability in cities. Nevertheless, it seems impossible not to conclude that the British system has **fundamental differences to most other systems**.

## 2.7 Other analyses: Stakeholders, penalties and enforcement

In a whole host of other ways, Britain's planning system would appear to be normal, or only moderately different from other systems.

**Stakeholder consultation.** In most systems, consultation and political debate takes place *when the local plan is being set and this is a very meaningful and important process*.<sup>133</sup> Although very local in their governance (see table 26), actual development control is then a reflection of the local code, rather than an elaborate consultation process. Yet again, the UK is the outlier (alongside Ireland and, this time, Luxembourg).

This is **modestly different to most other systems**. However, this difference is arguably a consequence of the fundamental differences of certainty in the planning system explored above.

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<sup>131</sup> Rick Berhardt, Planning Director, Tennessee.

[http://formbasedcodes.org/?wpv\\_column\\_sort\\_id=post\\_title&wpv\\_column\\_sort\\_dir=asc&wpv\\_post\\_id=87&wpv\\_view\\_content=1933-CPID87&wpv\\_paged=43](http://formbasedcodes.org/?wpv_column_sort_id=post_title&wpv_column_sort_dir=asc&wpv_post_id=87&wpv_view_content=1933-CPID87&wpv_paged=43)

<sup>132</sup> For example, zoning in California appears to be less simple in practice than in reality and it can be very inflexible. For example, there is a need for ballots to permit a height increase on the bay front.

<https://www.theplanner.co.uk/opinion/lesson-from-america>

<sup>133</sup> *The EU Compendium of Spatial Planning Systems and Policies*, European Commission (1997) pp.70-3.

Table 26 – Public consultation in granting permission<sup>134</sup>

Country	Required consultation
Belgium	None
Denmark	None
France	Rarely
Germany	Varies but unusual
Greece	Government bodies only
Ireland	Anyone can object
Italy	None
Luxembourg	Anyone can object
Netherlands	Interested parties can object
Portugal	None
Spain	None <sup>135</sup>
UK	Anyone can object

**Penalties.** It is very rare to charge financial penalties for land that is 'zoned', or identified, for development but not developed. And Britain does not penalise land in this way. The most common penalty for un-developed land with permission to build is the expiration of the planning or building permission. And Britain does this with its 3-year expiration date, putting it broadly in line with many other European nations.<sup>136</sup>

Table 27 – Life of permit to build<sup>137</sup>

Country	Life of permit
Belgium	1-3 years
Denmark	1 year
France	2-3 years
Germany	3 years
Greece	3 years
Ireland	5 years
Italy	1 year
Luxembourg	2-10 years
Netherlands	No time limit unless specified
Portugal	Varies
Spain	Varies
UK	3 years

This is a finely balanced judgment, but we have concluded that, with several countries having longer, or more variably, lasting permits to build, the British system is best described as being **broadly comparable in this area to most other systems.**

<sup>134</sup> *The EU Compendium of Spatial Planning Systems and Policies*, European Commission (1997) p.84

<sup>135</sup> Except for those with rights in non-developed land.

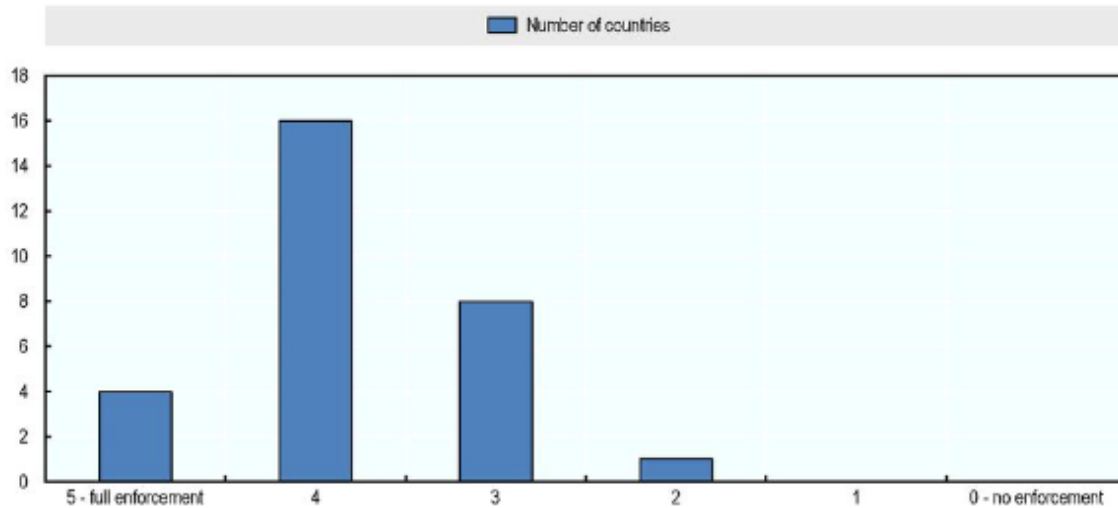
<sup>136</sup> OECD (2017), *Land-use Planning Systems in the OECD: Country Fact Sheets*, p.38, OECD Publishing, Paris.

[http://dx.doi.org/10.1787/9789264268579-en\\_Planning Portal](http://dx.doi.org/10.1787/9789264268579-en_Planning Portal)  
[www.planningportal.co.uk/info/200126/applications/58/the\\_decision-making\\_process/6](http://www.planningportal.co.uk/info/200126/applications/58/the_decision-making_process/6)

<sup>137</sup> *The EU Compendium of Spatial Planning Systems and Policies*, European Commission (1997) p.87.

**Enforcement.** Figure 11 sets out the degree of enforcement, in a range of OECD countries, from a 2016 analysis. We have not been able to discover where the UK was put in this table, however all our conversations with developers, and the public and private sector, leads us to conclude that the planning system in the UK is likely to have been rated 3,5 or (most probably) 4. This is clearly in line with most countries.

Figure 11 – Degree of enforcement of planning regulations



Source: OECD (2016d), *Land-Use Governance Survey 2016*, [www.oecd.org/gov/governance-of-land-use.htm](http://www.oecd.org/gov/governance-of-land-use.htm).

We have therefore concluded that the British system is best described as being **broadly comparable in this area to most other systems.**

## 2.8 Conclusion: Planning in Britain compared with elsewhere and why it matters

Table 28 sets out the findings of our international comparison of planning systems. It suggests that if the aim is to increase the supply of homes and increase housing affordability in Britain, then four key actions are necessary:

- Increase the ease with which green belts adapt to circumstances and 'change shape' to permit development along mass transit corridors; move from **green belt to green fingers**;
- Make it easier to share value upside from development with the public sector, above all, by making it **easier for the state to buy land at existing use value plus a set premium**;
- Encourage and help public sector bodies to play a **more active role in land assembly**; and
- Increase the certainty of what is and is not permissible in different parts of the country. Move from a system of **discretionary planning permission to clear rules and building permission**. However, this must be linked to clear data on what people like and will politically support. We need to **'move the democracy upstream'** with a process of neighbourhood plan-setting. This should also be associated with only setting rules for a limited number of factors.

Table 28 –Where is British planning fundamentally different, modestly different and broadly comparable to other systems?

Component of system	British planning compared to international norms
1. Governance and control	Broadly comparable
2. Green belts and urban limits	Modestly different
3. Sharing of land value capture & incentives	Broadly comparable
4. Land assembly and infrastructure	Modestly different
5. Rules and predictability	<b>Fundamentally different</b>
6. Stakeholders	Modestly different
7. Penalties	Broadly comparable
8. Enforcement	Broadly comparable

The importance of the fundamentally different approach to rules taken by the British, versus every other planning system, can barely be overstressed. In countries as diverse as America, France and Germany, if developers and builders follow - to the letter - the Local Urban Plan, the difficulty, complexity and cost of achieving development is very modest compared to the UK. Germany, for example, respects the right to develop, subject to conditions set out by regional or local government, very clearly – in fact it is in the constitution. Article 14 of the German Basic Law states that 'Property and the right of inheritance shall be guaranteed.' For purposes of development, this means that landowners are entitled to build on their property as long as there is no explicit rule against it. And if a proposed building fits into the local plan, *permission has to be granted*. As Professor Michael Hauth (an expert on German planning law) puts it; 'The freedom to build is a part of the constitutionally-guaranteed definition of property and ensures the right to build on one's plot of land and to use or realise it. The right to build is therefore not granted to the property owner by the law.'<sup>138</sup>

Put simply, by starting from a position that landowners cannot develop without specific permission, the UK is taking an opposite, and more economically-interventionist, approach to most other nations. Countries, as historically and ideologically-contrasting as the US, Germany and France, all start with the presumption that a landowner may develop without challenge, as long as they fit within a local plan on land use or design.

Robust research has found correlations between the proportion of planning refusals within a local planning authority and house price earnings elasticity. A 10 per cent increase in earnings raises house prices by 3.2 per cent, within a local authority with an average level of planning refusals. But in a planning authority in which the refusal rate is one standard deviation above the English average a 10 per cent increase in earnings raises house prices by 6.7 per cent.<sup>139</sup> Such findings are typically interpreted with criticism of planning's impact on equality and standards of living. But it is subtler than that. It is a criticism of planning *as it is practiced in Britain*. It is a criticism of unpredictability. For such an analysis would be literally impossible

<sup>138</sup> Evans, A. & Hartwich, O.M. (2005), *Bigger, better, faster*, pp. 16-7..

<sup>139</sup> Hilber, C. & Vermeulen, W. (2014), 'The Impact of Supply Constraints on House prices in England', *Economic Journal*, vol. 126, issue 591, pp. 358–40. If anything such findings probably underestimate the impact of planning risk. A recent Centre for London report cited an interview with one borough leader: 'If you talk to developers, there are places where they go and work, there are places where they don't go and work. It depends on the hassle factor' and speculated that 'for every new development that is denied planning permission, there are therefore many more that were never applied for in the first place.' Sims, S., Bosetti, N., (2016), *Stopped: why people oppose residential development in their back yard*.

in most other countries which simply do not have the concept or reality of planning permission but only of checking building control regulations.

The British system should be less odd, less ambitious and more predictable. This would reduce planning risk, make life easier for self-builders, encourage smaller firms and prevents bigger firms bullying their way through it. We set out, in chapter five, different practical ways in which this could start to be the case, given the challenges of political reality.

## Chapter 3 – Why are people NIMBYs?

*'Nothing is so painful to the human mind as a great and sudden change.'* Mary Wollstonecraft  
Shelley, *Frankenstein*.

Why do people oppose new housing? More particularly, why do people oppose new housing in practice (and near where they live) when they claim to support it in principle?<sup>140</sup> The question certainly matters. Developers and councillors regularly cite opposition to new development as a major barrier to new housing and both quantitative and qualitative research has shown that opposition to new housing undermines house-building. If anything, research probably understates the effect. A Planning Director told researchers at the Centre for London that "If you talk to developers, there are places where they go and work, there are places where they don't go and work. It depends on a hassle factor.' For every new development that is denied planning permission, there are many more that were never made in the first place, written off as simply being too difficult.'<sup>141</sup>

We have done a literature review to assess existing work on the topic. Its aim was to find robust research both on *why* people oppose new housing and on the potential *solutions* – i.e. ways to reduce or counter 'NIMBYism' and increase support for new housing in practice, not just in principle. Or, put differently, what elements of a development, process or design are likely to minimise opposition. And what are likely to increase it? As much as possible, the focus was on academic, peer-reviewed articles. This chapter outlines our findings. Our focus was on Britain, though some of our findings have a wider relevance.

### 3.1 Why so little real research? And why no numbers?

Despite much *theoretical* discussion of opposition to housing, our first finding is, for such an important topic, how astonishingly little actual empirical research has been conducted. No doubt we have missed many papers, particularly in non-English language publications. Nevertheless, we have only been able to find 50 studies which actually ask the question: *why* do people oppose new housing.<sup>142</sup> Many American studies focus mainly on industrial development, or the number would be much higher, and some of these studies on why people oppose industrial development can also be relevant. 25 of the studies are UK-specific. Two are focused on Europe (though we will be missing many more as our literature review was done in English). All but five of the rest are North American. Of these 50, 35 are academic and 15 are think tank reports, books or non-academic studies. The full range is set out in table 29 below.<sup>143</sup>

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<sup>140</sup> Academics call this a 'scale-dependent' preference.

<sup>141</sup> Sims, S., Bosetti, N., (2016), *Stopped: why people oppose residential development in their back yard*, pp.15-16.

<sup>142</sup> Many American studies focus mainly on industrial development and so have been excluded unless they include relevant insights or data.

<sup>143</sup> Our list is disproportionately British and anglophone. We are very conscious we will have missed studies particularly in non-English language publications where the word NIMBY has not been used. We would be very grateful for additional suggestions for future editions. For a full list of studies, please see the bibliography.

Table 29 – Literature review into NIMBYism

Geographic focus	Academic	Other	Quantitative <sup>144</sup>	Qualitative	Total
US	13	5	2	15	18
Europe (non-UK)	2	0	1	2	2
UK	15	10	7	21	25
Other	5	0	1	4	5
<i>Total</i>	<i>35</i>	<i>15</i>	<i>11</i>	<i>42</i>	<i>50</i>

The different national focuses do matter. As we have seen (in chapter two), there are major differences between planning systems. This means that the time and way in which local residents engage with development varies starkly. In most countries, opposition to new development often focuses specifically on opposing ‘the wrong kind of development’ at the plan-making stage. In the US, where zoning has historically focused more on use than form, NIMBYism is most often discussed in relation to industrial or waste development, or specific types of housing such as social housing or housing for the mentally ill.<sup>145</sup> Frank Popper even coined an acronym to summarise those opposed to changes in US land use – LULUs or ‘Locally Unwanted Land Uses.’<sup>146</sup> In Britain plan-making is typically ignored by the wider public. Instead there are development-by-development challenges.

Our second finding is even more disconcerting. The actual level of empirical quantitative analysis into *why* people oppose housing and development is stunningly low. Of the 50 studies we have found, only eleven (or 22 per cent) are based on actual statistical studies of large numbers of respondents and even those often deal rather tangentially with the issue of NIMBYism. Of these, some are detailed case studies, some are based on wider polling and some are based on other wider sources of evidence (for example - records kept by community co-ordination organisers).

The rest of the studies are very variable. Some are informed by genuinely expert insight or anecdote, credible case study or convincing experience. Others seem prey, frankly, to mere presumption or prejudice. For such an important topic (and one with such profound impact on supply of housing, pricing, standard of living and economic growth) this low amount of quantitative analysis shocked us. Some researchers clearly regard much NIMBY rationalisation of their opposition to new housing as middle-class mendacity and cant. Maybe it is. Maybe it isn’t. But all the more reason actually to understand *why* people oppose new housing, rather than just theorising about it or condemning them. As one recent survey put it:

*‘There is limited systematic analysis, and detailed understanding, of the reasons why people oppose new housebuilding and what might be done to reduce that opposition.’*

<sup>144</sup> Quantitative and qualitative sums to more than 50 due to some papers’ use of both techniques.

<sup>145</sup> For example, Peter W. and Salsich, J. (1986) ‘Group Homes, Shelters and Congregate Housing: Deinstitutionalization Policies and The Nimby Syndrome’, *Real Property, Probate and Trusts Journal*, 21:413, pp.413-34.

<sup>146</sup> Freudenberg, W. & Pastor, S. (1992) ‘NIMBYs and LULUs: Stalking the Syndromes’ *Journal of Social Issues* Vol. 48, No.4, pp.39-61.



*Academic and policy literature tends to focus on cases of conflict and opposition rather than agreement and consensus building.*<sup>147</sup>

It is time to put this right.

### 3.2 NIMBYs as villains. Stupid or selfish? Racist? Or fearful of change? Why do people oppose new housing?

**Stupid?** NIMBYs get a bad press from many writers. Over many years they have been condemned as ignorant or irrational, simply wrong in their opposition to new types of land use or additional housing: 'the fear they feel is out of proportion to the actual risk...this is phobic thinking' wrote an American writer in 1981.<sup>148</sup> More recently, Richard Florida dubbed them the 'New Urban Luddites' and the British Communities Secretary was said to have 'declared war' on them.<sup>149</sup>

NIMBYs may be wrong or right. But it is hard to argue that they are universally simplistically ignorant. Several empirical studies have shown that opponents of new development are 'often more knowledgeable about the proposals than are passive supporters.' Other studies show that members of the public, with no specialist knowledge, are very able to assimilate very complex scientific information, if they can see practical gains from doing so.<sup>150</sup> With more prosperous, better-educated areas tending to exhibit more resistance to new housing, it also seems hard to sustain the argument that ignorance *alone* is fuelling the NIMBY juggernaut.<sup>151</sup>

**Selfish – is it all about the money?** A more common perception of NIMBYs is that they are selfish, merely worried about the price of their own home and gaily using any excuse under the sun to hide their naked self-interest. A 2015 Demos study perfectly summarised this, citing *The Sunday Times* columnist Dominic Lawson. He wrote that were there proposals to develop on the fields near his home, he would:

*'declare that an area of outstanding natural beauty would be wrecked; I would discover some rare fauna and flora that might be disturbed by the builders' excavations; I would co-opt every possible environmental and conservationist pressure group to thwart my neighbour's plans. What I would not do is admit the truth: that my real battle would be to preserve not the local ecology but the value of my property.'*<sup>152</sup>

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<sup>147</sup> DCLG (2017), *Attitudinal research on financial payments to reduce opposition to new homes*, p.18.

<sup>148</sup> DuPont, R.L. (1981a) 'The Nuclear Power Phobia' *Business Week*, Sept. 7th 1981, p14-16.

<sup>149</sup> City Lab (18/04/2017) *Meet the 'New Urban Luddites'*, available at [www.citylab.com/equity/2017/04/meet-the-new-urban-luddites/521040/](http://www.citylab.com/equity/2017/04/meet-the-new-urban-luddites/521040/). Independent (23/10/2016) 'Sajid Javid declares war on 'Nimbys'', available at [www.independent.co.uk/news/uk/politics/sajid-javid-housing-nimbys-speech-homes-crisis-green-belt-tory-conference-2016-a7342986.html](http://www.independent.co.uk/news/uk/politics/sajid-javid-housing-nimbys-speech-homes-crisis-green-belt-tory-conference-2016-a7342986.html)

<sup>150</sup> See Burningham, K., Barnett, J. & Thrush, D. (2006) 'The limitations of the NIMBY concept for understanding public engagement with renewable energy technologies: a literature review'

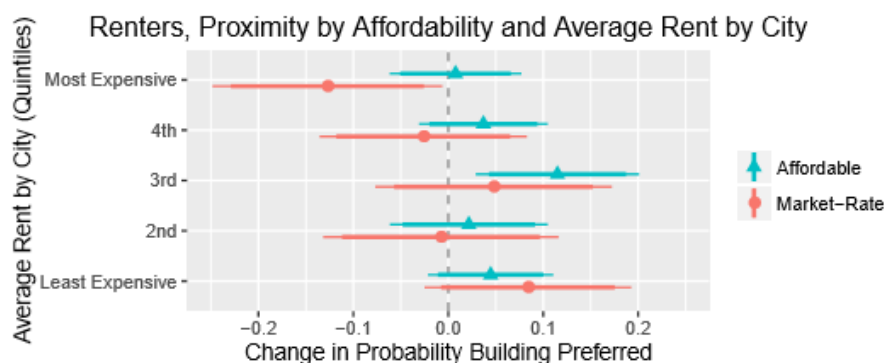
[www.sed.manchester.ac.uk/research/beyond\\_nimbyism/](http://www.sed.manchester.ac.uk/research/beyond_nimbyism/) p. 6 for a list of studies.

<sup>151</sup> *The Times* (26/06/2016) *Middle classes exploiting 'Nimby's charter'* available at [www.thetimes.co.uk/article/middle-classes-exploit-nimby-s-charter-rfrh8bgoq](http://www.thetimes.co.uk/article/middle-classes-exploit-nimby-s-charter-rfrh8bgoq)

<sup>152</sup> Cadywould, C., O'Leary, D. (2015), *Community Builders*, p. 36.

American research suggests that such mendacity would be good tactics. Opponents of new developments appear to more successful when they succeed in arguing credibly that their campaign is not NIMBYism but is based on wider concerns.<sup>153</sup> And it certainly is true that richer areas with more home-owners tend to have more objections to new development and more restrictive planning practice. A British case study of a prosperous market town compared to a less prosperous town found quite clearly that the more prosperous town was more opposed to new housing.<sup>154</sup> In the 2014 British Social Attitudes Survey 26 per cent of owners were oppose to new housing but only 11 per cent of local authority tenants and 15 per cent of private tenants.<sup>155</sup> Similarly, 2014 research by Turley claimed that that 55 per cent of neighbourhood plans are designed 'solely to resist development' and are located disproportionately in richer areas.<sup>156</sup> Recent American research points the same way. In a very recent US-wide study, of 3,000 respondents, only 28 per cent of homeowners supported a city-wide increase in housing. For renters, this was 59 percent. The logic goes that homeowners do not want prices to reduce through additional supply. Renters actively want cheaper prices as they pay their rent every month and want to be able to buy housing in the future. This would seem to be fairly self-interested though very understandable. The same research showed that in very expensive cities, renters can become just as NIMBYish as owners, when they worry that good 'place-making' development will actually make the area nicer, push up rental prices and potentially force them out of their homes.<sup>157</sup> It would clearly be foolish to write off financial self-interest, or domestic security (for they can ultimately be the same thing), as a cause of NIMBYism.

Figure 12 – Renters in more expensive US cities are more likely to oppose new housing



However, arguing that it is *just* about the money does mean simply ignoring the surveys of NIMBY motivations, which say otherwise.<sup>158</sup> Nor do surveys imply that financial payments are sufficient to assuage resistance. In the 2014 British Social Attitudes survey, only 18 per

<sup>153</sup> Walsh, E., Warland, R., & Clayton-Smith, D. (1993) 'Backyards, NIMBYs, and Incinerator Sitings: Implications for Social Movement Theory' *Social Problems* Vol. 40, No. 1, p25-38.

<sup>154</sup> Powe, N. and Hart, T., 'Housing development and small town residential desirability', *Town Planning Review*, 82(3), 2011, p.317-340.

<sup>155</sup> DCLG, (2015), *Public attitudes to house building*, p.9.

<sup>156</sup> Turley Associates (2014) *Neighbourhood Planning: Plan and Deliver?* available at [www.turley.co.uk/sites/default/files/uploads/news/Turley\\_%20Neighbourhood%20Planning\\_March\\_2014.pdf](http://www.turley.co.uk/sites/default/files/uploads/news/Turley_%20Neighbourhood%20Planning_March_2014.pdf)

<sup>157</sup> Hankinson, M. (2016), 'When do renters behave like homeowners? High rent, price anxiety and NIMBYism.' *Harvard Joint Centre for Housing Studies*.

<sup>158</sup> For example, one survey of 1995 opposition to a waste incinerator (not housing) brought out the importance of other issues such as sheer lack of trust in government. Hunter, S. & Leyden, K. (1995) 'Beyond NIMBY: Explaining opposition to hazardous waste facilities' *Policy Studies Journal*, Vol 23, No. 4 pp. 601-619.

cent said they would be more likely to support developments if they received a cash payment.<sup>159</sup> A 2015 analysis, by the University of Sheffield, for the Government agreed. It found that only 10 per cent, in an interview-based study of 131, said a cash payment might reduce their opposition to new housing development.<sup>160</sup> Focus group research suggests the same.<sup>161</sup> Of course, it is very possible that people do not wish to admit the reality to researchers. Or perhaps they just don't think they would be paid enough.

However, this hides a more critical issue. As our study, *Beyond Location*, has shown, there can be very strong associations between new houses and *additional* value.<sup>162</sup> A purely selfish approach would, at least in principle, often support new building – certainly for home owners. Why in practice do people oppose it? Even if one concedes (and it seems hard not to) that self-interest is one of the underpinning drivers of NIMBYism, on many occasions, why do self-interested opponents to new housing so routinely oppose something that could very well *increase* the value of their homes? A very small proportion of people actually own the homes that overlook the fields that would be built on, in any given situation. Is everyone ignorant of the potential for new housing to increase value? Or do they lack confidence in the quality or consequences of what is being proposed? Or do they mistrust developers? Or local government? Or both? What other instincts or fears might be buttressing an (on the face of it) imperfectly rational knee-jerk reaction?

**Fear of physical change?** There is reasonably strong evidence that many of us intuitively oppose novelty in certain circumstances. The psychology of change is much studied. Metathesiophobia is the fear of change. In some respects, this is a natural response. A 2010 study showed how most people have a very consistent and tangible preference for things that have been around for longer. There are studies that show that people who saw a painting, described as having been painted in 1905, found it far more pleasing to look at than people who saw the same painting described as created in 2005. It showed that people rated art, nature and even chocolate higher if they thought it was older.<sup>163</sup> If anything this seems to be more the case with our physical environment, where emotion and memory colours our views just as much as rational thought, according to most neuroscientists.<sup>164</sup>

In consequence, our preference for places that please us (though ultimately usually profoundly rational) are often felt deeply emotionally and wrapped up with our own experiences.<sup>165</sup> Environmental psychologists have shown that our brains respond positively to beauty, to green spaces, to gentle surprises and pleasant memories.<sup>166</sup> We dislike sharp edges, darkness, sudden loud noises.<sup>167</sup> We like our street, neighbourhood and community

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<sup>159</sup> DCLG, (2015), *Public attitudes to house building*, p.12.

<sup>160</sup> DCLG, (2017), *Attitudinal research on financial payments to reduce opposition to new homes*, p. 25

<sup>161</sup> Focus groups commissioned for Shelter submission to Wolfson Prize (2014) implied payments below £5,000 would have no impact and might increase opposition if people felt they were being 'bought off'.

<sup>162</sup> Boys Smith, N, Venerandi A. & Toms, K. (2017) *Beyond Location*.

<sup>163</sup> Eidelman, S., Pattershall, J., Crandall, C. (2010) *Journal of Experimental Social Psychology* 'Longer is Better,' Vol 46 Issue 6, pp.993-998

<sup>164</sup> See Robinson, S., Pallasmaa, J. (2015) *Mind in Architecture*.

<sup>165</sup> For the rational underpinnings of many human instincts in the built environment see Boys Smith, N. (2016), *Heart in the Right Street*.

<sup>166</sup> Walker, R., Skowronski, J., Thompson, C. (2003), 'Life is Pleasant – and Memory helps to keep it that way!', *Review of General Psychology*, 7, No2, pp.203-10.

<sup>167</sup> Kahneman, D. (2009), *Well-Being: the foundations of hedonic psychology*. Montgomery, C. (2013), *Happy City*, p.30.

group and will often act to protect them. Knowing that these innate human preferences exist is necessary if we wish to understand how to enable physical change effectively.

**Dislike of outsiders?** In the US, (particularly historically) NIMBYism has often been associated with a desire to keep ethnic minorities out of more prosperous neighbourhoods. This is partly because the US zoning approach very frequently set minimum lot sizes and use classes, effectively banning smaller homes or non-privately-owned residences. Zoning in America has therefore been criticised for being racist – being used to exclude ethnic minority populations from ‘white’ areas.<sup>168</sup>

The racism could be explicit as well as implicit. Whilst American researcher Christopher Silver has pointed out that there were some social reformers, such as Benjamin Marsh, who wished to use zoning to improve conditions for working class communities, zoning could also be a tool for excluding ‘undesirables.’ Although the US Supreme Court ruled against explicitly racial zoning in 1917, the practice continued in many places. In New Orleans, for many years, zoning regulations stated that a black person could not occupy a house in a ‘white block’ without the written permission of the majority of existing residents in that block (and *vice versa*.) Atlanta continued to argue that its rules were acceptable despite them identifying ‘black’ and ‘white’ areas until the 1950s. By the time they relented the city was almost entirely spatially-divided on racial lines.<sup>169</sup> The effects of zoning on racial segregation can still be seen today. American researchers Jonathan Rothwell and Douglas Massey, writing in 2009, found a strong relationship between low-density zoning and racial segregation, even after controlling for other policies and factors – which is partly due to zoning reducing the quantity of affordable housing in white areas.<sup>170</sup> In case this example seems too remote for British readers, it is worth stressing that the most recent British social attitudes survey revealed that one of the drivers of local opposition to new housing was opposition to social housing provision.<sup>171</sup> And there are several studies which find that ‘local opposition was particularly vociferous when social housing was proposed.’<sup>172</sup> This is mainly fear of new residents. 10 per cent of those opposed to new housing, in a recent YouGov poll for CPRE, worried it would ‘change the demographic make-up of the area negatively.’<sup>173</sup> And in a recent study, one London official explained that opposition to new homes was driven by a not wanting to live near ‘people I don’t particularly like who have loud parties and keep dogs.’ Another explained how white communities were objecting to Pentecostal churches because they were bringing in ‘a lot of black faces.’<sup>174</sup>

But fear of outsiders can take many forms. In rich, modern global cities, long established low-income residents can feel increasingly under threat from rich outsiders gentrifying their neighbourhoods. As rents rise, long-established renters are forced to leave. The fear of rich

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<sup>168</sup> Freund, D., (2007) *Colored Property: State Policy and White Racial Politics in Suburban America*, pp.216-218

<sup>169</sup> Silver, C. (1997) The Racial Origins of zoning in American Cities. In Manning Thomas, J., Ritzdorf, M. [eds] (1997) *Urban Planning and the African American Community: In the Shadows*. Pp.23-35

<sup>170</sup> Rothwell, J, Massey, D. S. (2009) *Urban Affairs Review* ‘The Effect of Density Zoning on Racial Segregation in U.S. Urban Areas’ Vol 44 Issue: 6, pp.779-806

<sup>171</sup> DCLG, (2017), *Attitudinal research on financial payments to reduce opposition to new homes*, p.24. The research did not reveal how important this issue was in driving opposition to new housing.

<sup>172</sup> Lund B (2017), *Housing politics in the United Kingdom*, p. 44.

<sup>173</sup> [www.cpre.org.uk/media-centre/latest-news-releases/item/4682-public-has-little-faith-in-government-to-build-right-homes-in-right-places](http://www.cpre.org.uk/media-centre/latest-news-releases/item/4682-public-has-little-faith-in-government-to-build-right-homes-in-right-places)

<sup>174</sup> Sims, S., Bosetti, N., (2016), *Stopped: why people oppose residential development in their back yard*, p.27

incomers diluting the existing community is very real. As one resident told researchers in London; 'These yuppies breed like rats.'<sup>175</sup> But at what point does their frustration with the situation descend into something less defensible? The anarchist group Class War, which organised the 'F u c k Parade', which vandalised an estate agency and a cereal bar in Shoreditch in September 2015, advertised its march in these terms;

*'Our communities are being ripped apart – by Russian oligarchs, Saudi sheiks, Israeli scumbag property developers, Texan oil-money twats and our own home-grown Eton toffs.'*<sup>176</sup>

The most extreme opponents of modern gentrification can, in practice, oppose new neighbours of different creeds, religions and colours just as unpleasantly as mid twentieth century American racists. Prejudice and fear of 'the other' can take many forms.

**Desire to maintain the countryside.** A desire to maintain the countryside (or at any rate greenery) instead of housing is also clearly visible in every survey of opposition to new housing. For example, in the 2014 British social attitudes survey, three times as many people opposed building homes in the country as in big cities (32 per cent versus 10 per cent).<sup>177</sup>

*Table 30 –British opposition to new homes by area, 2014*

Area of residence	Stated opposition to new housing (per cent)	Change since 2013
Big city	10	-7
Suburbs	22	-10
Small town or city	22	-12
Country village	27	-5
Farm or home in country	32	+9
<b>Total</b>	<b>21</b>	<b>-10</b>

The loss of 'green spaces' is a consistent key reason given, in polling for opposition to new housing. Thirty per cent of those saying they had opposed new housing gave this as a reason in a September 2017 survey.<sup>178</sup>

There has also continually been more support for building on brownfield sites compared to the countryside. For example, in a 2004 poll, while 72 per cent agreed that the UK needed more homes only 5 agreed that 'I don't mind new homes being built on greenfield sites'. 27 per cent felt that greenfield sites should never be built on and the majority felt that they could be only as a last resort.<sup>179</sup> Meanwhile (to the frustration of many policy-makers) building on green belts remains consistently unpopular. Around two-thirds oppose it and it was the least popular housing policy, out of ten tested for the Home Owners Alliance in 2015.<sup>180</sup>

<sup>175</sup> Sims, S., Bosetti, N., (2016), *Stopped: why people oppose residential development in their back yard*, p.27

<sup>176</sup> 'Shoreditch Cereal Killer Cafe targeted in anti-gentrification protests', *The Guardian* (27 September 2015).

<sup>177</sup> DCLG, (2015), *Public attitudes to house building*, p.10.

<sup>178</sup> www.cpre.org.uk/media-centre/latest-news-releases/item/4682-public-has-little-faith-in-government-to-build-right-homes-in-right-places

<sup>179</sup> www.uklanddirectory.org.uk/majority-supports-house-building.asp

<sup>180</sup> Shelter (2017), *New Civic Housebuilding*, p.34.

There appears to be at least some degree of cultural distinction between nations on this issue. Some nations (often in contrast to reality) associate their national ethos and identity with their countryside.<sup>181</sup>

### 3.3 NIMBYism as risk-reduction strategy? A better framework for understanding?

It is impossible to open windows into men's souls, but clearly a mixture of ignorance, financial self-interest, personal memories, place-attachment, love of the countryside and sheer fear of the unknown and the uncertain have played, and will continue to play, core roles in much opposition to new housing. Clearly, at times, racism or a wider dislike of the 'outsider' have as well.

But to see such motivations purely negatively is to miss the point. The future is, by definition, unknowable. For those who own homes, they are normally their greatest single asset. In an important 2001 article, Professor William Fischel argued that 'among the uninsured risks of homeownership is devaluation by nearby changes in land use' and that 'NIMBYism is a rational response to the uninsured risks of homeownership.' It is worth citing at length:

*'NIMBYs sometimes appear to be irrational in their opposition to projects, in the sense that they express far-fetched anxieties or doggedly fight projects whose expected neighbourhood effects seem small or even benign. I submit, in this note, that such anxieties might not be irrational if we consider that most NIMBYs are homeowners, and that homeowners cannot insure their major (and often only) asset against devaluation by neighbourhood effects. NIMBYism might better be viewed as a risk-averse strategy.....'*

*I had an epiphany about the cause of NIMBYism at a Hanover, New Hampshire, zoning board hearing in 1997. I was chairing a meeting at which a developer, who was a well-known native, was making a request for a routine special exception.... He had purchased land in a lightly-populated residential district and subdivided it into very large lots—larger than required by the zoning ordinance—to build about a dozen single family homes. The proposed homes would be considerably better than those already in the neighbourhood, and all of them would be out of sight of adjacent homeowners. All the developer needed from the board was permission to build his driveways across some intermittent streams, that qualified as wetlands. He bent over backwards to conform with the rules, in that his proposed driveways exceeded the recommended drainage specifications at every crossing. The opposition came from neighbours, particularly two who lived closest to the proposed driveway entrance. They raised the usual NIMBY-style issues about flood control and character of the area, both of which I thought were likely to be improved by the development. As one opponent went on and on, about the supposed ill-effects of this project, I found myself brought up short: "Wait a minute," I thought. "I know this guy (the NIMBY). His son and mine are friends. I've seen him at school functions and talked with him. He's a sensible guy, salt of the earth type. He's not crazy; he can't believe that this project is likely to harm him. So what's he worried*

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<sup>181</sup> For example, see Wiener, M. (1981), *English culture and the decline of the industrial spirit, 1850-1980*.

*about?" Light bulb turns on in my head: He's not worried about the likely, expected effect of the development, which was benign. He's worried about the variance (statistical, not legal) in the outcome. He, like almost everyone else in town who appears at these hearings, owns his home. It constitutes nearly all of his nonretirement assets. He can insure it against it burning down, or having its contents stolen, but he cannot insure it against adverse neighbourhood effects. So Tom (the NIMBY) was doing his best in the absence of insurance to reduce the possibility that some unlikely event—a flood in his backyard, being kept awake by cars along the proposed driveway—would adversely affect the value of his home. NIMBYism is weird only if you think solely about the first moment, the rationally expected outcomes from development. NIMBYism makes perfectly good sense if you think about the second moment, the variance in expected outcomes, and the fact that there isn't any way to insure against neighbourhood or community-wide decline.<sup>182</sup>*

It is not just about home ownership and value however. And not only owners can be NIMBYs. As we have seen, for everyone, where they live is often tied up with personal memories, investing it with an emotional significance beyond the purely rational. In the light of this wider evidence, on why and how people become attached to their neighbourhoods and to the potential for NIMBYish renters as well as NIMBYish home owners, we would extend the logic of Professor Fischel's argument and interpret it in a less strictly economical way.

**NIMBYism is a rational response to the risk of uncontrollable change to one's neighbourhood – economic or emotional.** This might be an economic impact on the value of your property, or (probably less often) your ability to continue to afford to live in your neighbourhood. It might have an emotional impact on your memories of home. It might create uncertainty on the ability of local schools or roads to cope. If change is uncertain, then no change is often (not always) more certain and more controllable.

This seems to us the key idea which can tie together so many alternating motivations. NIMBYs are managing risk to their economic and emotional interests and the more uncertainty there is, the more there will be NIMBYs. This is (surely) why NIMBYism has probably been a bigger phenomenon in Britain than nearly anywhere else. This is (surely) why people who have lived in a neighbourhood longer are often more NIMBYish than those who have lived there more briefly.<sup>183</sup> And it is surely why older people, or rural dwellers, tend to be more resistant to change than young city-dwellers.<sup>184</sup> Older people have more memories invested in their homes. And people have moved to the countryside precisely because they like the peace and quiet, away from other homes and streets. NIMBYism can be emotional. It can be financial. But reducing uncontrollable risk is at its heart. Why else could fear of both reduced prices and increased prices run right through it.

Being at least prepared to countenance that NIMBYs might be normal people, acting rationally, or comprehensibly, rather than as pantomime villains, opens up a new question.

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<sup>182</sup> Fischel, W. (2001), 'Why are there NIMBYs?', *Land Economics* 77.1, pp.144-52.

<sup>183</sup> For example, the case study of Wymondham and Downham Market explored in more detail in 3.4. Powe, N. and Hart, T., 'Housing development and small town residential desirability', *Town Planning Review*, 82(3), 2011, p.317-340.

<sup>184</sup> The propensity of older and more rural dwellers to oppose new housing more comes out clearly from the 2014 British Social Attitudes survey. 25 per cent of those aged 55-64 were opposed to new homes as opposed to 17 per cent of those aged 18-34.

What types of development and development process are most likely to manage their concerns and help them mitigate risk to their financial self-interest, or emotional wellbeing?

### 3.4 What types of development and process exacerbate or diminish opposition to new homes?

**Literature review.** What process, what type of development, which developers are least likely to ignite these fears (imperfectly informed self-interest and risk-mitigation instincts) that many of us seem to have? Our literature review finds that the two principle reasons that locals oppose new homes are the perceived unfairness of the process and the poor quality of the new homes and places themselves. This is followed by concerns about the (non-) provision of necessary additional infrastructure.

Table 31 – Wider literature review into stated or revealed reasons for NIMBYism including non-quantitative sources

Reason for NIMBYism	USA	UK	Europe	Other	Total
Dislike quality of new homes	9	13	0	1	23 (34%)
Perceived unfair process	6	10	1	2	19 (28%)
Lack of infrastructure	4	6	0	0	10 (15%)
Fears of new residents / new social mix	2	2	0	1	5 (7%)
Dislike location of new homes (including green belt)	2	2	0	1	5 (7%)
Other environmental	1	2	0	0	3 (4%)
Direct financial loss	2	0	0	0	2(3%)
<i>Total</i>	26	35	1	5	64 <sup>185</sup>

A few health warnings are necessary about these findings. Firstly, because only a modest proportion of it is based on actual data, as opposed to observation, principle or theory, we think some of the findings should probably be treated with caution. Secondly, there is no necessary relationship between the number of times studies focused on specific issues and their actual importance. Finally, as we have already discussed, stated reasons for opposing new housing may not always be the real or primary ones. Do people tell the truth in giving reasons for opposing new housing, or just reach for a credible and shameless reason close at hand? It is far from certain.

Nevertheless, a picture emerges in which the best three ways to allay fears and permit different risk-reduction activity appear to be;

- Improving the popularity (or quality) of developments;
- Running what is felt to be a fairer development process; and
- Convincingly guaranteeing that necessarily increased infrastructure will be delivered.

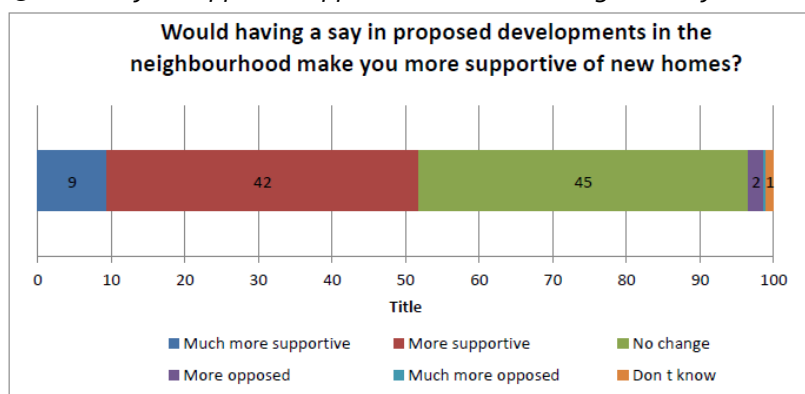
Do actual empirical studies support this overview?

<sup>185</sup> Total sums to more than 47 because some studies identify more than one reason for NIMBYism or have findings for more than one country.



**Recent British quantitative research.** An important recent resource is the 2014 British Social Attitudes survey. This questioned 6,500 households over a four year period. This showed not just that British resistance to new homes is falling (see chapter four) but also revealed the factors that voters say would make them more likely to support new homes. Above all, it implied that people in an age when deference is dead wanted to be involved. 51 per cent of people said that having a say in proposed developments in the neighbourhood would make them more supportive or much more supportive of new homes.

Figure 13 - Would you support or oppose more homes being built in your local area?<sup>186</sup>



A 2017 Government report, summarising research carried out by the University of Sheffield in 2015, largely corroborated this. Its survey of 109 opponents of new housing found that 53 per cent said they would or might change their minds if they could have more of a say over design and layout. 59 per cent said they would or might change their minds if more money was spent on local infrastructure or other improvements.

Table 32 – What do NIMBYs say would change their minds<sup>187</sup>

Would you be less opposed to new housebuilding if...	Would change their mind	Might change their mind
... more money was provided to help fund local public services such as transport, education, health and/or environmental facilities	44%	15%
...you could have more of a say over the design and layout of development at the planning stage	32%	21%
...anything else <sup>188</sup>	28%	11%
...if you were to receive a financial payment if new housing went ahead	6%	4%

A 2015 YouGov survey for Shelter also placed a major focus on ensuring that new developments deliver for existing residents as well as new ones. It found that improvements to infrastructure and housing, for local residents, were crucial in garnering more support for development.<sup>189</sup>

<sup>186</sup> DCLG (2015) *Public Attitudes to House Building* p.11

<sup>187</sup> DCLG, (2017), *Attitudinal research on financial payments to reduce opposition to new homes*, pp.23-25.

<sup>188</sup> This answer covered various very different levers. For example, some said *more* social housing would induce them to support more housing. Some said that *less* social housing would do so.

<sup>189</sup> Shelter (2017), *New Civic Housebuilding*, p.86.

Table 33 – Factors that would make adults more likely to support development

Factors that would make people more likely to support development	Might change their mind
If local roads and infrastructure improved	47%
If the developers were also putting money into community facilities	41%
If local services increased in number/ improved (i.e. schools, hospitals etc)	40%
If it provided jobs and apprenticeships for local people	35%
If a high proportion of the new properties were affordable	34%
If local people were given priority for buying/ renting the properties	34%
If the properties were in keeping with my local area	33%
If a low proportion were for social rent (i.e. were part of social housing schemes)	14%

Table 34 – Reason for opposition to development

General reason for opposition	Specific reason for opposition	Total (%)
Loss of greenery	Green spaces would be lost	30
	Wildlife and conservation negatively impacted	19
	Landscape negatively impacted*	17
	<b>TOTAL</b>	<b>66</b>
Overall design	Character of local area negatively impacted	22
	Landscape negatively impacted*	17
	Development poorly-designed	15
	Not type of housing local area needs*	12
	<b>TOTAL</b>	<b>66</b>
Services and infrastructure	Pressure upon infrastructure (or local services or facilities) would be increased	36
	<b>TOTAL</b>	<b>36</b>
People and use	Not type of houses local area needs*	12
	Changes demographic makeup negatively	10
	<b>TOTAL</b>	<b>22</b>
Specific site	More suitable site available (derelict land or unused building)	16
	<b>TOTAL</b>	<b>16</b>
Local control	Development does not follow plans local community have endorsed	12
	<b>TOTAL</b>	<b>12</b>
Housing need	More housing not needed locally	12
	<b>TOTAL</b>	<b>12</b>
Flood risk	Increases flood risk	7
	<b>TOTAL</b>	<b>7</b>
Economy	Local economy negatively affected	3
	<b>TOTAL</b>	<b>3</b>
Other or don't know	Something else	7
	Don't know	2
	<b>TOTAL</b>	<b>9</b>

\* Reasons marked with asterisks have been allocated to two separate categories as they 'cut across' categories. 1,398 respondents each allocated two reasons for their opposition, hence summing to more than 100 per cent.

A 2017 YouGov survey for CPRE spoke to 4,931 adults and asked who had actively participated in the planning system, to oppose or support new development. 28 per cent had done so to oppose development. 7 per cent had done so to support new housing. It then asked them why. Their aggregated answers are set out in Tables 34 and 35.

Reasons specific to the site, its design and its local impact dominate the stated opposition to new housing; above all the threat to greenery (66 per cent), poor overall design (66 per cent) and the provision of necessary infrastructure (36 per cent). Only 12 per cent of active objectors said there was no need for new housing. No doubt, at other times and places this number would be higher. Support for new housing was also primarily local – above all, good design and support for the specific site chosen. However, in principle, support for new residents and their economic impact also featured more prominently.

*Table 35 – Reason for support for development*

General reason for support	Specific reason for support	Total (%)
Overall design	Development well designed	21
	Type of houses local area needs*	20
	Character of local area positively impacted	9
	Landscape positively impacted*	6
	<b>TOTAL</b>	<b>56</b>
Specific site	Suitable site such as derelict site or unused building	31
	<b>TOTAL</b>	<b>31</b>
People and use	Type of housing local area needs*	20
	Changes demographic makeup positively	9
	<b>TOTAL</b>	<b>29</b>
Support for greenery	Green spaces would be saved	8
	Wildlife and conservation positively impacted	6
	Landscape positively impacted*	6
	<b>TOTAL</b>	<b>20</b>
Economy	Local economy positively affected	19
	<b>TOTAL</b>	<b>19</b>
Local control	Development follows plans local community have endorsed	11
	<b>TOTAL</b>	<b>11</b>
Housing need	More housing needed locally	11
	<b>TOTAL</b>	<b>11</b>
Services and infrastructure	Pressure upon infrastructure (or local services or facilities) would be reduced	4
	<b>TOTAL</b>	<b>4</b>
Flood risk	Increases flood risk	4
	<b>TOTAL</b>	<b>4</b>
Other or don't know	Something else	5
	Don't know	7
	<b>TOTAL</b>	<b>12</b>

*\* Reasons marked with asterisks have been allocated to two separate categories as they 'cut across' categories. 334 respondents each allocated two reasons for their support, hence summing to more than 100 per cent.*

British polling, and visual preference surveys, also give a very confident steer as to what types of development are likely to prove popular with the majority of the population. It is a commonplace belief among designers that style is purely a matter of un-knowable personal taste, with the sophisticate's preference for burnished steel as valid as (indeed more valid than) the petit-bourgeois liking for sash windows or red bricks. In fact, this is statistically incorrect. What most people like, architecturally, is remarkably predictable. In every survey of UK preferences, that we have conducted or have been able to find, there is either a strong, very strong or overwhelming preference for what might be termed a more historically-referenced style. People seem to care far more about a 'sense of place' (buildings should fit in with their surroundings), than a 'sense of time' (buildings must stand for today's zeitgeist). In one poll conducted by MORI, popular design halved opposition to new housing.<sup>190</sup> There is also growing evidence that, in a globalised world, people find necessary comfort and reassurance from an enhanced sense of the local, and from a sense of place.

**Recent British case studies.** Recent case studies lead to similar conclusions of the primacy of design (including greenery), process and infrastructure. Neil Powe and Trevor Hart examined two towns, in the East of England, Wymondham and Downham Market, in 2011.<sup>191</sup> They surveyed 495 residents on the towns' growth and development. Wymondham is more affluent and has had recent employment growth. Downham Market has a relative paucity of higher wage, knowledge-driven employment. It is more dependent on retail employment. The report surveyed attitudes to new housing, with focused visits to specific areas, to ensure a range of residents' views.<sup>192</sup>

In Wymondham, 59 per cent of established residents (those who had lived there for over 15 years) did *not* want to see any further homes built. Amongst those who had only moved in the last 5 years, only 28 per cent agreed. In Downham Market, these figures were only 49 percent and 23 percent respectively. The implications are that better-established residents in prosperous towns are more opposed to development and that newer residents in less prosperous towns are more supportive. Certainly, in both towns, the highest 'purely positive' group towards new housing was recent arrivals to Downham Market.

Detailed residents' comments illustrate the social conservatism, love of place and love of the *status quo*, which grow with time. The town's nature really mattered to people. Their most consistent complaint was with the implementation of new development – that it would either overwhelm local infrastructure and services, or undermine their town's character. Also, very present were fears that development would be too big, or would destroy local green spaces. 52 per cent of those in Wymondham, who had lived there for between 5 and 15 years, raised this concern. 'Established' residents were more likely to say that housing growth was negatively affecting the social balance in both towns.

A wider case study, of the work conducted by Prince's Foundation for Building Community, over fifteen years agreed. In 2014, the Foundation, supported by Create Streets, conducted

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<sup>190</sup> For a full summary of the evidence see Boys Smith, N (2016), *Heart in the Right Street*, Section 9.8. Also see polls available at [www.createstreets.com](http://www.createstreets.com)

<sup>191</sup> Powe, N. and Hart, T., 'Housing development and small town residential desirability', *Town Planning Review*, 82(3), 2011, p.317-340.

<sup>192</sup> Respondents ages were appropriate for each town's demography with a comparable relative absence of the over 75s in both case studies.

an analysis of sixteen detailed community engagement processes, undertaken in different British communities.<sup>193</sup> Development that emerged most strongly - from participant interviews - as popular with participants was development that 'safeguards and promotes green spaces, supports employment and the local economy' as well as 'heterogenous, traditional-style and lower density housing.' By contrast, participants did not want homogenous, high-rise modern apartment blocks. The key likes and dislikes are shown in tables 36 and 37. The recent British case studies would appear to agree with the wider analysis. People want here to be here, not anywhere.

*Table 36 – Participants' preferences for development*

What do people want from development?	Level of support (%)
Maximum green space	91
Pedestrian-friendly development	91
Strong sense of place and neighbourhood	85
Respecting historic form, styles & materials	84
No high buildings	83
Improved pedestrian paths	82
Public green space	81
Variety of dwelling types and prices	81
New community facilities	81
Conventional streets & blocks	81
Independent retailers	81

*Table 37 – Participants' dislikes for development*

What do people least want from development?	Level of support (%)
Blank walls	1
Smaller pavements	5
No improved pedestrian access	8
Removal of historic buildings	9
No arcades or colonnades	9
No street trees	9
More traffic	10
Dislike of houses	11
High buildings	12
Dislike of conventional urban blocks	13
No desire to help cycling	13

Interviews conducted in London, in 2015-16, found a particular concern about the pressure on services in a growing city, where transport, healthcare, school places and healthcare struggle to keep up. One Director of Planning told the researchers:

*'People are asking "How are we going to access our healthcare and our GP. It's bad now and it's going to get worse.'"*

<sup>193</sup> The review considered contemporary notes, published conclusions as well as interviews with participants. The community engagement processes checked were Enquiry by Design processes. There are multi-day on-site collaborative design and planning workshop. They typically last from three to five days. Prince's Foundation (2014), *What do people want?*

Another, however, worried that such legitimate concerns were being exploited by those opposed to new development:

*'One outer London Director of Planning described them as "a handful of articulate, well-resourced residents [who] will oppose anything from a large development to a loft conversion." He added that, precisely because service capacity concerns are often legitimate, "seasoned campaigners" focus on these sorts of objections to try and get planning applications rejected.'*<sup>194</sup>

### 3.5 How to work with NIMBYs and build the places people will support

NIMBYism is a universally local phenomenon:

*'There is one universal factor in all NIMBY conflicts: geographical proximity. The rule is simple: The closer residents are to an unwanted facility, the more likely they are to oppose it. Opposition runs high among those on the same block as a proposed facility. Two to six blocks away, neighbours' interest or awareness declines to the point of indifference. This rule should be obvious, but its impact should never be underestimated.'*<sup>195</sup>

At a site by site level, the detailed response to NIMBYism has to be local as well. However, a systematic answer has to be national. More development is possible when we de-risk the planning process, for all participants, and 'push the democracy' upstream. We believe that our wider literature review, as well as our more detailed survey of recent British research, both imply that five key steps would help minimise intuitive neighbourhood opposition to new development:

- 1. Give people certainty about the design popularity of the place and homes that will be built.** This is critical. And the focus on certainty is as important as the focus on popular design. Where people don't like what is proposed, they are more likely to oppose it. And when they are not confident of what will actually be built, they will also oppose it *faute de mieux*. New development that fits in with an existing area, or even enhances its distinctiveness, is less likely to be opposed.<sup>196</sup> People need more confidence that they will like what is built, both as a building and a place. And, frankly, more modern development needs to be better and to be better-aligned with what people like and where they tend to flourish. Main concerns include the scale and that development 'could be anywhere'. As we have seen, the historically and comparatively very strange British planning system is almost set up to make this difficult to resolve, with an adversarial and often faked *post hoc* consulting process.<sup>197</sup> The pricing and polling data is being almost systematically ignored, so perverse are some of the planning and development incentives. Fixing this won't undermine all opposition to new housing. But it will go a long way.

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<sup>194</sup> Sims, S., Bosetti, N., (2016), *Stopped: why people oppose residential development in their back yard*, pp.19-20.

<sup>195</sup> Dear, M. (1992), 'Understanding and Overcoming the NIMBY Syndrome', *Journal of the American Planning Association*, 58:3, pp. 288-300.

<sup>196</sup> Devine-Wright, P. (2011), 'Enhancing local distinctiveness fosters public acceptance of tidal energy: A UK case study', *Energy Policy*, 39(1), pp.83-93.

<sup>197</sup> For more on this see Boys Smith N (2016), *A Direct Planning Revolution for London?*, p.14.

2. **Ensure people feel they (or people they trust) have meaningfully fed into the overall design and development process.** The brutal irony is that while politicians and economists identify NIMBYs as one of the key reason new homes are not built, most NIMBYs think they are powerless to improve development. This seems to be a lose / lose situation. In one recent British survey, 68 per cent of respondents thought they had no, or very little, influence on the planning of new housing. Only 20 per cent thought they had significant or moderate influence.

Table 38 – NIMBYs don't feel they have any power<sup>198</sup>

Understanding of role one can play in influencing planning of housing	Total
Significant	3%
Medium	17%
Limited	42%
None	26%
Don't know	12%

Our wider literature review has highlighted the same problem. Kristian Ruming's (2011) in-depth study of opposition, to Australian government funding of social housing on 21 sites, was based on 99 interviews with residents, council employees, elected councillors and state government employees. Ruming concluded that 'community concerns was as much about process as it was opposition to new social housing construction.'<sup>199</sup> The consistent lack of trust in the engagement process also emerged strongly, from a series of interviews conducted with London developers and local government officials. One consultant summarised the view as one of 'developers have gone from something we want to people who just "make money."' Fixing this is clearly critical. Our own research, and that of others, both show that residents are more likely to support development if they can influence it and if they think the process is fair.<sup>200</sup> This is why we have called several times for a 'direct planning, where detailed local preferences can meaningfully influence what is built and how.

3. **Give people confidence that necessary infrastructure and services will accompany new development.** Similarly, wherever possible, neighbours need to have confidence that the infrastructure or other consequences of new development, will, without risk, be addressed as part of the development process.
4. **Where relevant, ensure that existing residents will benefit as well as new residents.** This can take several forms. Most prevalent, particularly in the current age of high land values in global cities, is the fear that development will only be for newcomers not for

<sup>198</sup> DCLG, (2017), *Attitudinal research on financial payments to reduce opposition to new homes*, p.23.

<sup>199</sup> Ruming, K. (2011) 'Understandings of social mix and community opposition to social housing constructed under the Nation Building Economic Stimulus Plan' *State of Australian Cities National Conference*. Available at <https://researchers.mq.edu.au/en/publications/understandings-of-social-mix-and-community-opposition-to-social-h>

<sup>200</sup> See, for example, Boys Smith N (2016), *A Direct Planning Revolution for London?* Loring J (2007) 'Wind energy planning in England, Wales and Denmark: Factors influencing project success,' *Energy Policy*, 35(4), pp.2648–266. Grimes, M. (2006), 'Organizing consent: The role of procedural fairness in political trust and compliance', *European Journal of Political Research*, 45(2), pp. 285–315.

existing residents. Where new residents are seen not as future members of one community but as rich outsiders, or poor immigrants, being foisted on the community from above, then development will almost never be popular. In rich cities, a certain and generous proportion of affordable housing is very helpful to ensuring public support. This is less true elsewhere.

- 5. Give people confidence that local greenery will be preserved or enhanced.** Fears over loss of local greenery are prevalent, often pre-eminent, in opposition to new development. Developments that protect or reinstate public green spaces will be more popular nearly all of the time. This is why brownfield development is dramatically less unpopular than greenfield development. Where this is impossible (for example on greenfield development), then a focus on the quality of design, and the treatment of the remaining green surfaces, becomes paramount.

Of course, other factors matter as well – though differently, at different times and different places. Prominent among them are a concern about the disruption caused by local development and, certainly in economically successful global cities, a fear that better place-making will force out existing residents by pushing up rental prices. Specifically, in cases of estate regeneration, the fear of not being able to return is prominent. (Though sometimes valid, these fears can also be stoked by misreporting, or by people choosing to move during a long process.)

Nevertheless, we judge that the case studies, polling, and theoretical work all point in a fairly clear direction: the least opposed developments will normally be development where neighbours have confidence about high quality, popular design, confidence about the maintenance or enhancement of the maximum possible green space, confidence about the definite delivery of necessary infrastructure, confidence that they and their neighbours will benefit as well as 'outsiders' and, finally, can see that they, or people they know, have meaningfully helped shape the process. People want here to be here, not somewhere or anywhere. And people no longer believe that the man in Whitehall or Town Hall always knows best.

### **3.6 Conclusion**

History rarely repeats itself. But it does rhyme. There is not one simple, predictable reason why people oppose new housing. But there are key themes; loss of greenery, poor and unpopular design, uncertainty, instinctive resistance to change, contentment with the *status quo*, uncertainty about the impact on local people and places, a fear of a negative impact on house prices, or too positive an impact on rental prices. NIMBYs will always be among us. And rightly and necessarily so. A scepticism about change is as necessary a part of the human condition as hope for the future. Often that scepticism has been well placed. But not always. Developers, architects, politicians and planners need to think far harder, and far, far more empirically about how to inspire hope, rather than stoke fears.



## Chapter 4 – A case study: Creating Streets in Cornwall with consent

*'At best, civilisation advances by spirals.'* Sabine Baring-Gould

The good news is that even in the current imperfect situation, popular, beautiful developments are possible, which neighbours and residents love, admire, support and cherish. But it takes dedication, time and commitment. None of these attributes are sufficiently encouraged by land prices, in London and the South East, or by the high-risk planning system we have unintentionally created. But it can be done.

### 4.1 The Nansledan urban extension to Newquay: what is being built?

Nansledan is a 218-hectare urban extension to the coastal town of Newquay, on the north coast of Cornwall, in South West England. It is designed to 'be an exemplary sustainable and quintessentially Cornish urban extension.' Originally conceived of as an extension of around 1,000 homes, it has grown, in the planning, to a planned mixed development of more than 4,000 homes and 4,000 jobs – and to have done so (as far as we can tell) with strong local support. It is intended to meet the town's housing needs not for five but for fifty years.<sup>201</sup>

*Figure 14 - Colour in Nansledan*



The houses are a range of flats, two and three-bed terraced and semi-detached houses and larger three, four and five bed family homes. Thirty percent will be affordable. These are

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<sup>201</sup> This case study is based on a review of all the major planning and development documents from 2004 to today and from nearly 20 interviews with Duchy employees, architects, contractors, officials, new residents and other local stakeholders. We also made a two day site visit in October 2017 and surveyed 35 local residents.

being provided as a mix of affordable rented and shared equity housing and are distributed throughout Nansledan.<sup>202</sup> In 2011, Newquay had a population of just over 20,000, so Nansledan represents a significant nearly 20 per cent increase to the town's size. So far, about 200 homes have been built, with new homes currently being built at the rate of around 100 per year. The development is twice the size of the landowner's previous major urban extension – Poundbury in Dorset.

Nansledan is Cornish for 'broad valley' and both the landowner and the council have certainly been broad in their vision. With an aim to 'create an exemplary, dense, mixed use, sustainable extension, that is distinctively Cornish in character and closely tailored to the needs of the local community,' the development will include its own high street, church, school and public spaces. It will also take advantage of the valley's sides gently sloping down to Chapel Stream, which is one of several routes being retained as a wildlife corridor.

Figure 15 - Map of the Nansledan site



The aim is to help meet Newquay's future needs sustainably, and for the long term, with one new job per household. The intent is for all of the community's needs to be met locally, within walkable neighbourhoods and to 'promote public transport and the movement of pedestrians and cyclists over the motor car.' The intended Cornish character is reflected in

<sup>202</sup> [www.nansledan.com/living-working/living/homes/](http://www.nansledan.com/living-working/living/homes/)

both the use of Cornish names and the use of local materials - most notably Cornish slate and granite. This has created new jobs and secured the future of several local slate and granite quarries and businesses.

The project is being led by the Duchy of Cornwall, which owns most of the land that will make up Nansledan. The Duchy of Cornwall was established by Edward III in 1337 and is a private estate consisting of 43,000 hectares of land and an investment portfolio. Revenues from the estate are passed to the Prince of Wales. HM Treasury oversees major investment decisions to ensure that the long-term value of the estate is not compromised. Property development therefore has to be commercial, with the Treasury needing to approve all property transactions above £500,000.<sup>203</sup>

## 4.2 Context

**History, population and economy.** Newquay was a small fishing port which grew rapidly 150 years ago, thanks to the arrival of a local railway. This allowed Newquay to act as the harbour for Cornish tin. Connection to the national railways system, and to London from 1905, allowed it to become a prosperous seaside destination for much of the twentieth century, thanks to marvellous beaches, arresting Atlantic air and plenty of sunshine.

Recent history has been less kind. Tin is no longer mined. The richest tourists have long since fled south. And the surrounding farming is barely profitable. Cornwall is not rich. Remaining tourists are low spending and create jobs which are poorly paid and seasonal. Locals talk of 'Cornish salaries' and they don't mean high ones. Parts of the town centre have palpably seen better days. Modern interventions (the police station or the down-sized train station) are ugly and much twentieth century house-building is also ageing badly, with a sprawling and hard to walk suburbia surrounding the town centre.

So, Newquay has its challenges. But it also has things going for it. Tourists may be low-spending, but they still come. (Most coastal towns have entirely lost their tourist economy). Surfing is more popular than ever and the population increases to over 100,000 during the summer. There is also an airport and fibre optic broadband meaning that e-working is getting much easier. People *are* moving to Cornwall and there is pressure on homes and house prices. Where will they live?

**Planning status.** The local planning authority is (now) Cornwall Council.<sup>204</sup> In 2001, the Local Plan allocated the land that is becoming Nansledan as part of the 'Newquay Growth Area'. The Growth Area was equal to about 40 per cent of the town's surface area.

Many permanent residents avoid the over-crowded town centre, above all in summer. One even told us 'I keep away from the tourist-infected part of Newquay.' The council therefore felt that a mixed-use extension was particularly appropriate, to avoid putting more pressure on the centre. The first outline permission was granted in September 2010. The Master Plan and supporting Design Statement were approved by Cornwall Council in 2011. Planning

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<sup>203</sup> [www.duchyofcornwall.org/frequently-asked-questions.html#question\\_1](http://www.duchyofcornwall.org/frequently-asked-questions.html#question_1)

<sup>204</sup> It became a unitary authority in 2009.

permission has now been granted for 1,500 homes, of which around 500 have detailed planning permission.

The Duchy's approach to the development of Nansledan is not the typical approach of selling the land or optioning it to a land speculator. Instead, the Duchy aspires to be guided by three principles of:

- staying involved;
- establishing confidence with local government and neighbours in the nature and quality of what will be delivered; and
- establishing a consortium partnership with developers.

Work began, in earnest, on an urban extension to Newquay in 2003. However, this should be set against a much longer background. The land had belonged to the Duchy for over 150 years and the long-term relationship between the council and the Duchy was important. Although Tim Gray, the Duchy of Cornwall's former Estate Surveyor, who led the project for many years, is keen to stress that; 'it was never the case that we played for time to advantage' nevertheless, major development is not quick in the UK.<sup>205</sup> Tim Gray recalled:

*'The course of planning such schemes takes many years, if the mood is to achieve something exceptional. There are many statutory hurdles and regulations to address in an inconsistent climate of changing central government political policies.'*<sup>206</sup>

The Duchy's relative lack of focus on quarterly reporting, compared to a volume housebuilder, clearly helped in this process. As one official reportedly said, in the face of a delay; 'the Duchy's waited a few hundred years to gets its money out of the Newquay Growth Area. What's another 18 months?' However, it is worth stressing that, as demanded by statute, the project does have to be commercial and not to undermine the long-term value of the Duchy.<sup>207</sup> Homes at the Duchy's other large development in the South West, Poundbury, sell at a 25 per cent premium to the local market.<sup>208</sup>

### 4.3 What design and engagement process is being used?

**Local precedents.** Reputation matters. Before detailed work began on the Newquay urban extension, a range of good precedents, developed by the Duchy, appear to have given local politicians and neighbours confidence that Nansledan would be high quality and 'fit in'. Nansledan's very first resident, John Williams, told us that he felt 'Poundbury has a pretty good reputation.'<sup>209</sup>

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<sup>205</sup> Tim Gray left the Duchy in 2017 and is now running Landowner Legacy Ltd.

<sup>206</sup> Interview in November 2017.

<sup>207</sup> The Duchies of Lancaster and Cornwall (Accounts) Act 1838 requires that the Duchy's management cannot compromise the long-term value of the estate.

<sup>208</sup> Savills (2017), *Development, the value of placemaking*.

<sup>209</sup> Interview, 20 October 2017.

Figure 16 - New homes in Nansledan



Closer to home, a smaller development on a 4.4 hectare site, to the south-western edge of Newquay town centre, was consented in 2008. This is Tregunnel Hill. Construction began in 2012. It was completed in 2015. It has 174 homes, including 48 affordable homes (28 per cent), as well as employment space. Tregunnel Hill appears to have given people confidence for the larger Nansledan project. Community groups and locals could see what was delivered and that it lived up to expectations. Andrew Cameron, who has been acting as the Strategic Highways advisor on the whole plan, working with WSP, described it as:

*'...a test bed for design. It allowed local residents to see the quality of what was being built and that reassured them as well. You can go to Tregunnel Hill and it looks like it belongs in Cornwall. They are using local slate and stone. And they are using Art Deco for commercial buildings. It feels like it belongs in Cornwall. That's what people want, rather than boxes from straight out of a catalogue dumped on them.'*

The marketing team agrees. Tregunnel Hill features on Nansledan's website. And one sales agent commented that, 'people can see Tregunnel Hill being finished and they like it.'<sup>210</sup> More importantly, so do the first residents. Without exception, every resident we spoke to who had visited the scheme said it encouraged them to buy at Nansledan. One, bank worker Taura Lloyd, had even lived there:

*'Before, I bought my house in Tregunnel Hill on a whim. I lucked right in.... As soon as I cottoned up that they were doing this, I came right up here.'*<sup>211</sup>

**Pattern book.** Following on from conversations with the American urban designer Ray Gindroz, the Duchy and the Prince's Foundation (in 2004) commissioned Hugh Petter, of

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<sup>210</sup> Interview, 19 October 2017.

<sup>211</sup> Interview, 20 October 2017.

Adam Urbanism, to produce a Newquay pattern book to give a confident visual feel for the existing town and how it might evolve. This was intended to 'provide a useful framework that subsequent planning and design processes can incorporate, select, revise and add certain elements.' It covered urban patterns (the scale and character of various streets and blocks), building typologies (the massing, scale, proportions and details of individual buildings) and town landscape patterns (such as walls and planting).<sup>212</sup> The pattern book appears to have gone down well and to have been 'taken over' by the wider community. The co-ordinating architect, Hugh Petter, recalled:

*'It's an American idea, looking at the pattern of streets, the palette of materials and the plants in the public spaces. We really get under the skin of the town. It went down very well. This has become the Maypole around which people began to dance as we worked together to develop the plan. People who had lived in the town all their lives had just not looked at the town in this way.'*

Nick Pollock, Head of Planning at the Duchy, has added:

*'Residents say "we don't need a design policy because we've got a pattern book." Residents refer to it as "our pattern book" because it is seen as theirs, not the Duchy's or the council's.'*

Tim Gray regards the 'ten principles for development' which emerged in the Pattern Book as one of the two 'doctrinal passages which really guided us very effectively,' throughout the process of developing Nansledan.

**Co-design not consultation – the Enquiry by Design process.** In 2004, the Duchy commissioned the Prince's Foundation for Building Community to conduct an Enquiry by Design (EbD) public consultation process, over six months, to ask local people how they wanted to see Newquay grow and to inform the masterplan.

#### **Box four: The Enquiry by Design (EbD) process**

The EbD process is a planning tool that brings together key stakeholders and the local community to collaborate on a vision for a new or revived community, town or region.

The EbD is a multi-day, on-site collaborative design and planning workshop. All affected parties, including local residents, landowners, local councillors, investors and amenity groups are involved, through direct or representative means. Typically spanning between three to five days, EbDs are designed to offer all stakeholders the chance to present their own views and hear those of others. EbD visual reports are used to inform design principles, advise development partners and report back to the community.

The intent is that the vision is developed through workshops and open sessions that assess a complex range of design requirements for the development site, with every issue tested by being drawn, allowing participants to visualise how proposals will affect their area.

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<sup>212</sup> *Newquay Growth Area Pattern Book* (2005), p.11.

The EbD process began with a two-day briefing session, in May 2004. Its aim was to clarify expectations for participants, and to begin to consider the main issues likely to be discussed, for which technical information would be required. This was attended by several stakeholders, including community groups, local authority councillors and officers, and others who had expressed an interest in the development. This, in turn, led to six working groups who worked up key themes for the development over the next six months.

The crucial workshop took place between 25<sup>th</sup> and 29<sup>th</sup> October 2004, at a local school. Informed by the working groups, it produced principles for the structure, scale and layout of the town, as well as strategic agreement on mixed-use places and communities, great streets, public transport and adaptability of building design. It recommended a density of 36 homes per hectare. The process brought together key local stakeholders: statutory agencies and authorities, the landowner, the masterplanner, the local community and voluntary groups. In total, there were over 140 attendees. Through an 'intensive workshop,' the participants collaborated to articulate a vision for the site that did not suffer from the 'design disconnect' between designers and most members of the public. The EbD's report explained that the process involved a high level of technical input, and that 'fundamental to the process is the intensive design enquiry; every issue is tested by being drawn.' Problems could be raised, discussed and resolved, as and when they arrived, throughout the process.

The EbD came up with a concept proposal underpinned by a set of clear principles. The specific spatial vision that emerged, in 2004, was for an urban extension of 1,200 homes, over 33 hectares, with a large park around Chapel Stream flowing through the middle. The key agreed principles for the design of neighbourhoods, in the growth area, evolved over time, but were important in establishing a direction of travel.

Outlined in Nansledan's Sustainability Strategy, the masterplan was developed using these core principles:

- 'Place: design that respects the complex character of a place and takes into consideration its history, geology, transportation links and its natural landscape;
- Hierarchy: a clear and legible ordering system which recognizes a hierarchy between types of buildings or roads and their individual parts in relation to the whole;
- Scale: towns and buildings which, whatever their size, relate to human proportions;
- Harmony: design that sounds its own 'note' and yet blends with the local and natural environment;
- Enclosure: design which establishes clear distinction between town and country, public and private space, thus encouraging appropriate activities within each;
- Materials: design that uses materials that are, wherever possible, indigenous, have a natural harmony with the landscape, and which are selected, with care, to ensure they improve with age and weathering;
- Decoration: design whose decoration not only enhances the quantity and beauty of a building but helps to engender emotional value and personal and cultural relevance;

- Art and Craftsmanship: the care and attention with which a building is made rewards both the maker and the user and makes them likely to last and be valued by future generations;
- Signs, Lights and Public Space: a recognition that the designs of public areas, including 'street furniture', signage and lighting, is as important as the design of private spaces, and should be designed as part of a harmonious whole; and
- Community: the carefully facilitated early involvement of the local community, in order to create places that have a civilizing influence, which meet people's needs, desires and aspirations and which engender civic pride.'

The principles were expanded over time to include:

- 'Permeability: urban design in which blocks of buildings are fully permeated by an interconnected street network;
- Longevity: design that creates streets and buildings that will cope with a variety of uses during their lifetime;
- Value: design that creates a valuable asset in economic, social and environmental terms.'

The evolution of the EbD into these core principles demonstrated both stability of aim but also flexibility of delivery. One of the broader positives to emerge from the EbD, according to Duchy Head of Planning, Nick Pollock, was that it:

*'built up a head of steam. The whole town was behind it. It created certainty and confidence about delivery'.*

**From Newquay Growth Area to Nansledan** – how the plans grew. In this context of locally supportive politics, and the clear need for more housing, Cornwall Council felt able to encourage an acceleration and expansion of the plan. The initial plans, emerging from the Enquiry by Design, had been for 1,200 homes. During the course of the next five years, as the plans were worked up in more detail, this grew by over 230 per cent to plans for 4,000 homes. Specifically, from 2008, the council put the Duchy under pressure to increase their plans, so great was the confidence in the quality, deliverability and political acceptability of the planned urban extension.

Phil Mason, Service Director for Planning and Sustainable Development at Cornwall County Council, who has worked on the site for many years, is very clear as to both how popular the scheme is locally and why that is the case. He sees it as due to the mixed nature of the development, the popularity of the design and the trust invested in the Duchy to keep their word and to do the right thing – in contrast to many developers:

*'Nansledan is a comprehensive new place, rather than just building houses. People don't see it "just" as housing, as they normally do. This is particularly interesting because lots of the infrastructure is not there yet. The shops have been built but they are empty, apart from the sales agents. The perception is that it is going to be a place. The message that*



there is going to be a school, that there will be shops, is very strong. The developer has credibility when they say, "this is how we do things." People don't suspect they will break their word. Their covenant is very strong. That is very important...

What is unmissable is that we've never had anyone say "...this is not good quality." In architectural terms, I am sure it will be criticised as "pastiche", but the fact is that most normal people say it's nice. It's hard to get away from the fact that they have created something that looks attractive. 'It does feel like Cornwall. It says something about Cornwall.'<sup>213</sup>

Figure 17 - Mixed-use in Trewollack



**A certain strategy and building code to give confidence.** How to put these principles into practice? And how to do so in a way that gave confidence to council and residents and was commercially viable, popular and deliverable? It was by creating far more certainty about what could be delivered and how. In the years that followed, the Duchy created a series of detailed linked strategies on energy, food, sustainability, transport and water, as well as a street design character statement and a regulatory building code.

Building codes (see box five) are not encouraged by the development-control-focused British planning system. However, they essentially produce many of the qualities of certainty of outcome that seem to work better abroad. For example, a 2006 UK Government assessment, of 15 different design codes, contrasted to one on four non-coded approaches - conducted by Professor Matthew Carmona of UCL - found;

*'Significantly, where codes are being implemented on site, schemes have been delivering enhanced sales values and increased land values. When set off against the up-front investment, this, to a large degree, determines the value added by coding, at least in crude economic terms. The qualitative evidence suggests that the outcome is positive and for commercial partners, over the long-term, codes seem to be more than paying for themselves.'*<sup>214</sup>

<sup>213</sup> Interview 26 October 2017.

<sup>214</sup> DCLG (2006), *Design Code Practice: an evaluation*, pp. 14-5.

Codes tend to lead to greater value, because they often seem to be associated with better-defined places than the more combative development control process otherwise normally delivers. The same survey found that design codes are associated with 'a more coherent public realm, resisting inappropriate development, generally raising the importance and profile of design and encouraging the appointment of better quality designers than would otherwise be the case'.<sup>215</sup> They also seem to weed out worse designers, or designers more intent on ubiquitous originality than proven quality. The survey found that; 'codes help set quality aspirations that not all designers are able to meet, and in doing so they weed out such players early in the process.'<sup>216</sup> The survey concluded that 'coding for architectural design is both possible and popular.'<sup>217</sup> These initial findings were corroborated by a 2012 follow up survey of 51 councils and 18 design practices.<sup>218</sup>

This was also the approach taken by landowners in the UK, historically. Rather than selling off everything to one developer (as is now typical), they set out the framework for development and then worked with a range of builders and developers who worked within the 'code'.<sup>219</sup>

*Figure 18 - New build in Nansledan*



<sup>215</sup> DCLG (2006), *Design Code Practice: an evaluation*, p16.

<sup>216</sup> DCLG (2006), *Design Code Practice: an evaluation*, p122.

<sup>217</sup> DCLG (2006), *Design Code Practice: an evaluation*, p66.

<sup>218</sup> Carmona & Giodano (2012), *Design Coding, Diffusion of Practice in England*, pp. 9-10.

<sup>219</sup> See Cruickshank & Wyld,(1975), *London: the art of Georgian building* for more detail.

### **Box five: What is a design or building code?**

All professions and specialisms have their jargon and lingo. And this is necessarily so. Complex ideas, rules and measurements need to be reduced to a word, acronym or brief phrase so that concepts can be swiftly expressed and ideas compared or rules set out. Architecture and planning is no exception. The problem is that when rules, policies and design need to interact, with the public, such professional short hand is normally incomprehensible.

For this reason, some designers, planners and developers have increasingly found that setting out ideas about how streets, pavements, blocks and building facades will work visually, as opposed to verbally, aids clarity and makes it much easier for communities and non-specialists to feed in their ideas and preferences, to say (in short) 'what things will look like round here' and 'what type of streets and homes' we want to build.

This visualisation can be done in various ways and with differing levels of detail. They are often (but not always) known as form-based design codes or protocols, sometimes as building codes or design guides. Their modern genesis is largely American. They have been championed by bodies such as the Form-Based Code Initiative. A design code, put simply, defines all or some of the range of possible plots scales, shape, materials, layouts, urban forms, street and style of all development in a certain area. Their advocates have made several key arguments in their favour.

Firstly, that they are easier for layman and woman (and arguably to the professional as well) to comprehend, permitting more effective community engagement and consensus.

Secondly, that being so clear they permit greater certainty of delivery and outcome, both to any community but also to landowners and investors.

Thirdly, that they make it easier to deliver 'variety within a pattern', by permitting a range of builders, architects and designers to work within a consistent framework ('one code, many hands'). This should lead to better places and higher values.

The Duchy's building code, prepared by lead architect Hugh Petter, of Adam Architecture, sets out quite tight rules for materials, building heights and typologies, street patterns, use of colour, landscaping and street furniture. Most of these go far beyond what any normal planning department would require. Some are shown below.

Most developers abandon sites as they sell them off. The Duchy is taking a different approach and one which is very rare, in a British context. Each home owner or resident is given a copy of their neighbourhood's Design and Community Code. This is a legal covenant on freeholders, which purchasers are obliged to enter into, as part of their purchase. It sets out verbally and visually what changes can (and cannot) be made to homes.

Figure 19 - Extracts from Nansledan Building Code



For example, it sets what colours walls and door can be painted or what changes can be made to windows. The Design and Community Code also applies to shop-owners and to shopfronts. Although it goes beyond usual planning permission, it is worth emphasising that it focuses entirely on external matters and, above all, on public facades. As Alain de Botton put it, 'when buildings talk, it is never with a single voice. Buildings are choirs rather than soloists.'<sup>220</sup> The Duchy's hope and intent is that this will also help engender local civic pride.

Figure 20 - Extracts from Kosti Veur Design & Community Code setting out some of the permissible colours<sup>221</sup>



<sup>220</sup> de Botton (2006), *The Architecture of Happiness*, p.217.

<sup>221</sup> [www.nansledan.com/wp-content/uploads/2017/04/Kosti-Veur-Design-Community-Code.pdf](http://www.nansledan.com/wp-content/uploads/2017/04/Kosti-Veur-Design-Community-Code.pdf)

Any analysis at this stage is necessarily self-selecting. Clearly, the early residents of Nansledan are likely to be accepting of the Community Code, or they would not have bought houses there. This indeed seems to be the case. All residents we interviewed were strongly supportive and saw it as protecting the quality of the neighbourhood and (in one case) of their investment. For example, Steve Fountain, a journalist and copywriter, who bought a cottage, with his wife, in 2017, after his children left home, was clear:

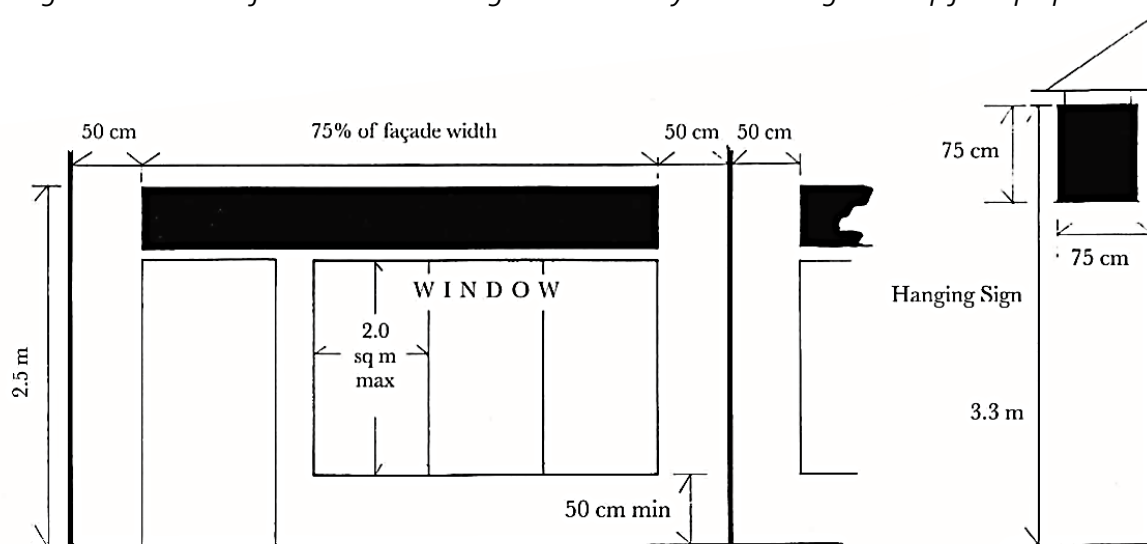
*'Once you get over the initial shock, it's a great idea. It preserves the long-term look and feel of the development.'*

Taura Lloyd, a bank compliance officer, agreed:

*'I didn't know if I was keen on it at first. In hindsight, it means everything stays looking right. For instance, you can't put up satellite dishes. There's a central satellite dish. That means everything's not ruined by ugly dishes.'*

In short, this confidence in how the future development will look, how it will 'fit into' the town and how it will continue to look, seems to be crucial. Even a prominent county councillor, who had been critical of the Duchy's plans elsewhere, felt obliged to state publicly in a council meeting that he supported the development at Nansledan because it fitted in with the 'Cornish Vernacular.'

Figure 21 - Extracts from Kosti Veur Design & Community Code setting out shop front proportions



**Sustainability.** Right from the start of the formal process, sustainability has been consistently critical to the local community whose support is an essential buttress of the whole strategy. This has led to a 2009 sustainability strategy and a series of detailed, interlinked energy, water, food and transport strategies, which have set the tone, both for what the town is and will become, but also its reputation and 'image' in the local area.

One key strategy is a commitment to use *locally-sourced materials*, wherever possible, including Cornish slate and granite. This was partly to create a sense of place, through regionally-distinctive architecture. It was also to ensure that the development supported the local economy and did not create a needlessly long supply chain. This has created new jobs and secured the future of several local slate and granite quarries and businesses. Mandy Hopkins, head of the Trevillet Quarry, has commented:

*'The long-term nature of the project at Nansledan has created a certain level of security for the company, allowing us to invest in facilities, equipment and personnel. To date, we have taken on and trained an extra 5 quarrymen, the company now employs 28 people.'*

*To my knowledge, never in modern times has one development used so much locally-produced roofing slate, Trevillet quarry is only 30 miles from Newquay. Right from the start, the Duchy of Cornwall and its partners made a pledge to use local producers of materials, and suppliers of services, over those found further afield, in a bid to allow the financial benefits of the project to remain in Cornwall and the greater South West region...*

*For me, probably the most significant outcome of our involvement, at Nansledan, is the fact that slate quarrying, a very distinctive and strategically important industry associated with Cornwall, is being supported when so many old slate workings in the region have long ceased to operate.'*<sup>222</sup>

Other sustainability aims are embedded in the urban design and the building code. For example, by interspacing shops with homes and requiring readily walkable streets, Nansledan designs out *over-reliance on cars*. By putting a major focus on allotments and by requiring the planting of edible plants (such as fruit trees), the plans also help to 'reduce the negative environmental impacts of food' and 'to improve residents' health through food' – both objectives of the Nansledan food strategy.<sup>223</sup> The Duchy has also helped a neighbouring community orchard social enterprise to expand, to plant hundreds of trees, and will be supporting the creation of a restaurant selling goods made with locally grown produce. Once Nansledan is finished, this community green space will be a key 'bridge' between the urban extension and the original town. Luke Berkeley, who runs the Newquay Community Orchard, explains:

*'The hope is to educate and persuade residents to plant edible plants so that the whole development can become much more sustainable and efficient.... We've been planting Cornish breeds of apple tree so that they can cope with the wind. It's important that they do the same, throughout Nansledan, so that the trees can survive.'*

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<sup>222</sup> E-mail to authors. 2 November 2017.

<sup>223</sup> *Newquay Growth Areas, Food Strategy* (2009), p.5.

However, the project also has to work commercially, to be affordable and to meet what potential buyers are prepared to purchase. This required some thinking and some trade-offs. The co-ordinating architect and masterplanner, Hugh Petter, recalls:

*'We've looked hard at sustainability. We realised that the Code for Sustainable Homes was at risk of being a 'tick-box' exercise, which considered only the building and not peoples' wider lifestyles. We have had to go back to first principles, about what was meant by sustainability and the use of local materials that survive well in a harsh maritime environment. In time, the council become comfortable that our approach was better. For example, we went over to Hanover to see Passivhaus. The problem is that they are on the edge of Hanover. Even if the buildings are 100 per cent carbon neutral, people need to use their Volkswagen to get anywhere!'*

*'We've made our buildings as efficient as we could, though they are not zero carbon. We meet the residual demand through efficient gas boilers. And the development is very sustainable in other ways. It is a walkable neighbourhood. We are encouraging local food via allotments. The community reacted very well to this. It fitted well with their aspirations.'*<sup>224</sup>

As with the overall approach to the design code, and the working relationship with the consortium, some degree of flexibility has nevertheless been required:

*'When we started, we were looking at shared district heating systems. One of the advantages of working with a consortium of housebuilders is they were able to show to us that there was serious resistance from a sales perspective. We also became very sceptical that it was necessarily more sustainable, with huge lorries bringing wood chippings and the like down the motorway.'*

Some might regard these decisions as compromises, others as a richer and wider understanding of sustainability. At any rate people do seem to have confidence that the development's approach to sustainability is genuine and no 'green-wash', like the sky gardens in London's walkie talkie, or the rich, fully-flowering hanging gardens of Babylon applied by CGI to the windows and terraces of so many architectural proposals. Luke Berkeley, of the Newquay Community Orchard, is frank that he regrets the loss of nearby fields, but also concedes that the development is 'far better' than other nearby developments.<sup>225</sup>

#### **4.4 Development and delivery model**

**Financing.** Due to its size, the Duchy of Cornwall is in the fortunate position of having been able to meet much of the up-front planning and infrastructure costs of developing

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<sup>224</sup> Interview, 19 September 2017.

<sup>225</sup> Interview, 20 October 2017.

Nansledan, since 2004, before land sales receipts started coming through. These have not been trivial and it is a limitation of this patient capital model that it might be harder for smaller landowners to follow the same model. Since 2010, detailed planning permission costs have been met by individual developers, for their specific sites.

**Infrastructure.** The major infrastructure investment required is the Newquay Strategic Route. This is a road which does not just link the urban extension to Newquay, but also a way of supressing several level crossings over the railway and of relieving traffic pressure on neighbouring villages. Unlike nearly every other development for 70 years, the strategic route will also act as a high street, running through the centre of Nansledan. It will use design to suppress traffic speeds. Parts of the Newquay Strategic Route are being paid for, and delivered, by Cornwall Council. Those parts within Nansledan itself (the high street) are being delivered by the Duchy.

**Developing.** In 2012, the Duchy of Cornwall formed a consortium with three regional South West building companies; CG Fry & Son, Morrish Builders and Wainhomes, who had to subscribe a capital sum. Under the terms of the consortium, the site as a whole is master-planned and promoted by the consortium as phased single-site developments. Up-front strategic costs were met by the Duchy. Detailed planning permission costs are met by the individual developers. Promotion costs are shared equally. As the consortium obtains detailed planning consent, for each parcel of land, the Duchy then sells it, with permission, to one of the three developers. This means that the land is transferred to the developers normally in fairly small tranches of 50 to 75 homes at a time. The developers then sell and transfer the houses directly to the buyers.

The consortium agreement is a highly innovative legal agreement for this kind of project. It binds the landowner and housebuilder together, but gives the landowner complete authority to the end of construction, when the finished building must be signed off, by the landowner, before it is sold to the purchaser. It has several key features:<sup>226</sup>

- It draws in housebuilders' expertise early on, to ensure the scheme is buildable and viable;
- It sets out a 'common aspiration' for high design standards;
- It has a detailed development specification, focusing on external layout and design, materials and sustainability strategy. Internal specifications are left to individual builders;
- It sets out precise obligations for each party, for provision of, and payment for, streets and other infrastructure. The parties' respective obligations are reflected in the pricing provisions for the land;
- It shares promotion and planning costs so should be possible for smaller, as well as larger, landowners; and

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<sup>226</sup> For more details on this type of transaction and approach see Prince's Foundation (2016), *Leaving a Legacy*, pp. 48-50.



- It defines detailed rights and methods for ensuring quality control and the ongoing nature of the development (see below).

There is an important analogy to the development of public sector land. Too many public-sector landowners sell off their land 100 per cent to developers and surrender all practicable influence over the nature and quality of the development. A better approach is for the public sector and private sectors to work together in public / private partnerships, via long term urban estate management, or by using institutionally-backed strategic land investments.<sup>227</sup>

**Quality control.** The Duchy may have signed over the land, with planning permission, but they retain some key rights over the land. One of these is quality control. Streets and buildings do not just need to follow the planning permission. They also need to follow the detailed building design code and street design documents. And, crucially, in the legal contracts underpinning the consortium, the Duchy has the right to 'sign-off' on this. In extremis, they can even require that a building is rebuilt. This has not quite happened yet (though it has nearly) but clearly gives real teeth to quality control.

**Is it worth it?** There are significant challenges to this approach, compared to a more 'traditional' sale of land from a landowner to a developer, or volume housebuilder. The landowner faces more up-front costs and requires more expertise. The developer has to put up with delivery risk, if quality is not good enough and with the ongoing interference of the landowner. Is it worth it commercially to the landowner? The evidence from earlier similar schemes would suggest that it is.

For example, in the US, Charles Tu and Mark Eppli studied the price premium related to what they termed 'Traditional Neighbourhood Development', compared to conventional suburban developments.<sup>228</sup> Their research focused on detached homes in three different American developments: Kentlands in Maryland, Laguna West in California and Southern Village in North Carolina. 5,350 housing transactions were analysed using hedonic regression. These developments were chosen because they had built at least 150 homes by 1997, had no or very few second home owners and had nearby contrasting, more typically suburban developments. The confident conclusion was that '*the price premium for new urbanist housing exists across geographic areas,*' though to differing degrees. In Kentlands, the price premium was 15 per cent; in Laguna West, 4 per cent; and in Southern Village it was just over 10 per cent. More information is given on the experience and process at Kentlands in the box below.

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<sup>227</sup> These models have been explored more fully in Savills (2016), *Regeneration and Intensification of Housing Supply on Local Authority Housing Estates in London*.

<sup>228</sup> Tu & Eppli (2001), 'An empirical examination of traditional neighborhood development', *Real Estate Economics*, 29(3), 485-501.

**Box six: Kentlands, Washington Maryland: 'the original master developer of Kentlands, wanted to build a mixed-use, pedestrian-friendly neighbourhood but it was illegal.'**

Kentlands is a neighbourhood in the American city of Gaithersburg, Maryland. It was an early attempt to design and build a community along 'New Urbanism' principles. The aim was to create a development that was walkable, mixed use and denser than the suburban sprawl that typifies many twentieth century American suburban developments. It required the re-drafting of the City of Gaithersburg's pre-existing laws, which would have obliged a more suburban, lower-density urban form. Development began in 1988. The first residents moved in three years later, in 1991. There are now 2,181 households and 70,000m<sup>2</sup> of commercial space.<sup>229</sup>

A design code was drawn up. This included many very clear, pre-set rules to facilitate development, by being very clear about what was and was not acceptable. Rules included, for example, requiring private buildings to be built across 100 per cent of their front property line and to have a horizontal eave to the street. Public buildings, by contrast, may be set back and have a gable end to the street.

*Kentlands latest plan and terraced streets<sup>230</sup>*



There was a concerted effort to regulate the design of the space between buildings, using best-practice architectural approaches. It has given Kentlands a distinctive character that sets it apart from other suburban areas of Gaithersburg and much of the rest of Maryland and the USA. It is also worth nearly 15 per cent more.

<sup>229</sup> City of Gaithersburg (2016), *Dwelling Units and Estimated Population*. [www.gaithersburgmd.gov/~media/city/.../dwelling\\_units\\_and\\_population\\_report.pdf](http://www.gaithersburgmd.gov/~media/city/.../dwelling_units_and_population_report.pdf), [Online; accessed 10 April 2017]

<sup>230</sup> Accessed 27 July 2017 <https://s-media-cache-ak0.pinimg.com/736x/66/aa/98/66aa98db4279a940c4d39f84eb515061.jpg> and [www.dpz.com/uploads/Projects/8805-09.jpg](http://www.dpz.com/uploads/Projects/8805-09.jpg).

More specifically, and as we have seen, homes in the Duchy's other large urban extension, Poundbury, now sell at a 25 per cent premium to the local market.<sup>231</sup> This has been used to permit a higher than typical proportion of affordable homes (around 35 per cent).

Nansledan is much less advanced than Poundbury. So far, only 5 per cent of the homes have been built and only about 37 per cent have received outline planning permission. We have not conducted a full price comparison. However, a series of simple comparisons of sales prices, and conversations with agents, would suggest the same pattern is repeating itself. Homes in Nansledan are already achieving a near 20 per cent price premium over other new builds, on the outskirts of Newquay.<sup>232</sup>

**The challenge of success.** The emerging strong commercial success of Nansledan is not without its challenges and consequences. As we have seen, it echoes the success of similarly-motivated and managed developments in America. However, it also echoes their challenges.

*Figure 22 - Seaside, Florida: from insane idea to exclusive success*



For example, starting in 1981, Seaside in Florida, US (above), was the first development designed and built to New Urbanist Principles. It used a form-based code and has created an integrated mix of uses, including housing, office, retail, and civic institutions. These are arranged in a walkable block structure, in vernacular American architecture. Pedestrians are prioritised over cars. And within the overall code there is a clear variety within the pattern. It was initially widely derided, but the value of Seaside real estate has increased faster than equivalent areas in Florida. Lots sold for \$15,000 in 1982. Already in 2001, cottages were

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<sup>231</sup> Savills (2017), *Development, the value of placemaking*.

<sup>232</sup> This figure is based on prices in October 2017.

selling for \$800,000-to-\$900,000 range, whilst those on the beach were over \$1 million.<sup>233</sup> More recently, a one-bedroom cottage sold for \$1.5m. Even flats above shops sell for \$800,000. For much of the last 50 years, flats over shops have been a hard form to sell or finance in the American market.

In fact, so great are the prices at Seaside that the development is now criticised for lack of diversity, which is a consequence of its success and rarity value. Seaside is privately-owned. Its founders took a long-term approach and have commented that they have done *'much better overall than if we had sold the land earlier'*.<sup>234</sup>

There is a risk that a similar pattern might emerge in Cornwall. One sales agent estimated that while initial sales were mainly to local residents, this is now diminishing:

*'I'd say it is 50 per cent local buyers and 50 per cent out of county'*

This is in contrast to the earlier Tregunnel Hill development, which he estimated *'was 85 per cent local.'* Taura Lloyd, one of the first home purchasers, is worrying that already Nansledan is pricing out locals:

*'My concern is who is buying them. There's not many from Cornwall.... This is being seen as an expensive bit of town. I was lucky. I got in early. But I don't have any friends buying here because they can't. Not on a Cornish wage.... Most of my neighbours are not local.'*<sup>235</sup>

The same concern is starting to be echoed by Cornwall Council. Phil Mason, the Service Director for Planning and Sustainable Development, agrees:

*'the values are becoming higher.... that is an issue for lots of people.'*

It is important not to overstate the point. With 30 per cent affordable homes on the site, at least 65 per cent of all homes, in total, are going to people from Cornwall. Some more recent sales estimates also imply a higher proportion (over 70 per cent) of locally-based purchasers. And, as Phil Mason rightly adds, the problem is not inherent in the quality of Nansledan, but in the poor quality of most other developments:

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<sup>233</sup> Dunlop (2001), *In Florida, A New Emphasis on Design*. <http://cnuflorida.org/resources/new-urbanism-florida-articles/in-florida-a-new-emphasis-on-design/>, [Online; accessed 21 April 2017]

<sup>234</sup> Seaside (20 June 2012). *The Suburban Revolution: The Town That Changed America Turns 30*. [www.seasidefl.com/in-the-media/2012/06/the-suburban-revolution-the-town-that-changed-america-turns-30-seaside-florida-the-first-new-urbanist-community-credited-with-inspiring-mixed-use-development-across-the-u-s/](http://www.seasidefl.com/in-the-media/2012/06/the-suburban-revolution-the-town-that-changed-america-turns-30-seaside-florida-the-first-new-urbanist-community-credited-with-inspiring-mixed-use-development-across-the-u-s/), [Online; accessed 21 April 2017]

<sup>235</sup> Interview, 20 October 2017.

*'Everyone should be made to build to higher standards. If they did, the premium to the Duchy would not be so high. That's the main issue. We need to bring the base up. People's expectations should be higher.'*<sup>236</sup>

## 4.5 Attitudes to this development and how they have evolved

**Local views.** Individuals and attitudes differ. But, based on our indicative online survey of 35 residents living in Nansledan and Newquay, the development is stunningly popular. It should be noted that the numbers are small. However, at the time of writing, only around 200 houses have been built (and not all are yet occupied), so this represents a reasonable proportion of new residents.

*Figure 23 - Mixed use in Nansledan*



On the whole, there was consistent support for the plans, prior to construction. On a rating out of 5, with 5 being 'strongly support' and 1 being 'strongly oppose', every element scored highly.

*Table 39 - Support for elements of plan prior to construction*

Elements of plan (in principle)	Average support (out of 5)
Plans overall	4.28
Designs of Homes	4.53
Designs of Streets	4.00
Amenities	4.35
Green Spaces	4.32

<sup>236</sup> Interview, 26 October 2017.

This support fell slightly, when assessing what has been built *so far*.

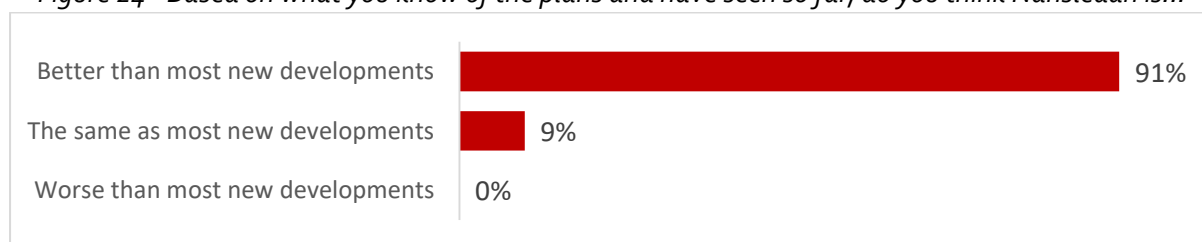
*Table 40 - Support for elements of plan prior to construction*

Elements of plan (as built)	Average support (out of 5)
Plans overall	4.21
Designs of Homes	4.40
Designs of Streets	3.59
Amenities	3.06
Green Spaces	2.55

The lowest score, for green spaces (which echoes our interviews- see below), reflects that there is not enough green infrastructure yet built on the development. The low rating of amenities will also reflect the reality of being in phase one. No shops are yet open. There is no direct walking link through to the town.

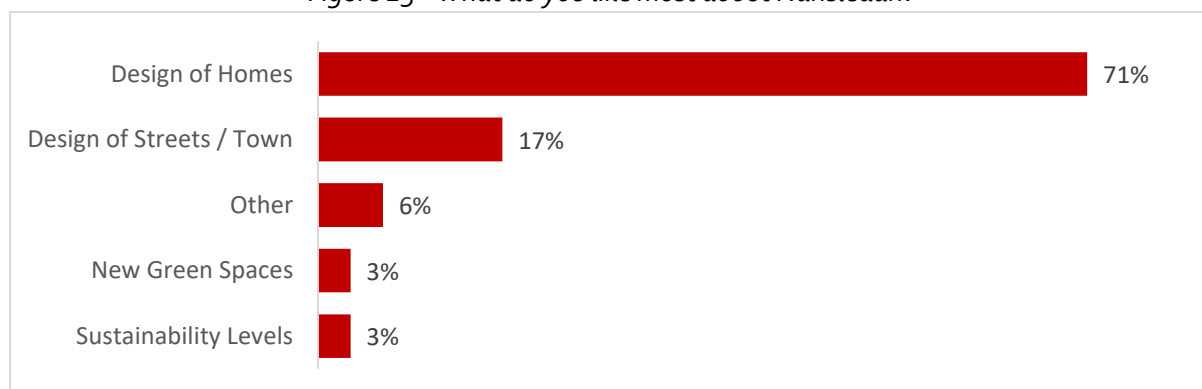
Despite this, most respondents appear to recognise that Nansledan remains work in progress, and are encouraged enough, by what they have seen so far, to believe that the promised green spaces and amenities will materialise. This is reflected in the fact that 91 per cent thought that Nansledan was better than most developments.

*Figure 24 - Based on what you know of the plans and have seen so far, do you think Nansledan is...*



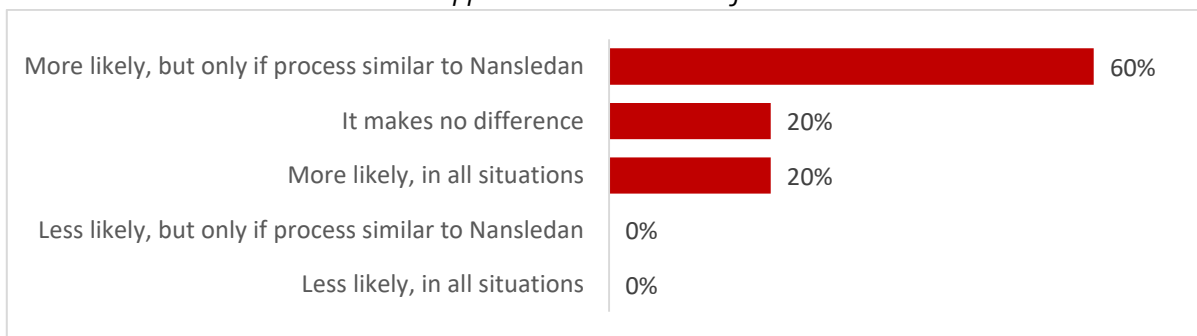
People also rated their own home very highly, with an average of 4.41. Likewise, 71 per cent of respondents identified 'Design of Homes' as the thing they most like about Nansledan. This is, by far, the most popular quality.

*Figure 25 - What do you like most about Nansledan?*



The broader impact of the development is seen as positive as well. 63 per cent thought that Nansledan improved Newquay's quality of life; 37 per cent 'by a little; and 26 per cent 'greatly.' Nansledan also appears to increase support for new homes; 80 per cent said that their knowledge and experience of Nansledan would make them more likely to support new homes. This consisted of 60 per cent of all respondents saying it would be dependent on the process being similar to Nansledan, whilst 20 per cent said it would make them more likely in all situations.

Figure 26 - Does your knowledge and experience of Nansledan make you more or less likely to support new homes in the future?



Certainly, the first residents we spoke to seem very happy with the decisions they have made. We interviewed six new residents in late October 2017. Their views were remarkably consistent and positive with the aesthetic and variety of the design, combined with the advantages of a new home in a real place standing out. There was also an emphasis on sustainability and the reputation of the Duchy of Cornwall. Here is a representative sample of comments:

*'I like that all the houses look different. I prefer it to the other estates which look like Legoland. It looks like a village that has been built gradually. I like that there are different sizes, so everyone has to live together. We've all got to live together. I think it's brilliant. I like the colours. The sustainability drew me to it. I like that the shops are going to be independent. This creates more jobs. This is important to me. It can't just be houses.'* Dinah Turner, one of the first residents.

*'I've continually got people looking through the windows. They like the house and they want to know what it's like on the inside.'* Taura Lloyd, one of the first residents.

*'I loved the idea of being part of something 'new'... of a community coming together. I know all my neighbours. They come in for a cup of tea. I've helped them out. They've helped me out. It's been just wonderful.'* Eleanor Dinsmore, resident since April 2017.

*'The particular design combines the traditional building style with all the modern advantages. Here every house looks different. And these differences have been carefully*

*thought about....I would say, you feel like you live here as an individual, not a number. That feels good.'* Steve Fountain, resident since July 2017.

*'We bought here because of the quality of the material and the building and the reputation.... The diversity of design was very appealing. And the quality of the materials and the build.'* John Williams, first resident of Nansledan, July 2015.<sup>237</sup>

With one exception, everyone we spoke to knew all their neighbours and felt that the 'old town' values were really coming through. Steve Fountain observed that:

*'..we pretty much know all our neighbours.'*

Key concerns expressed were (as we have seen) a growing worry about affordability and who was buying homes, and, for several people, the lack of street trees and green infrastructure. Dinah Turner said:

*'I'd like to see more green around, it can be a bit concretey. I want to see trees.'*

Eleanor Dinsmore added:

*'I would like to see more green areas...I'd love to see a park where us dog walkers can walk.'*<sup>238</sup>

It is true that (other than front gardens and a few apple trees) very little green infrastructure has yet been provided, although it is clearly there in the various strategies and detailed planning permissions. The reason for the delay appears to be twofold. Firstly, in the phasing of development the various town squares and green lanes have not yet been 'reached.'<sup>239</sup> Secondly, it has not yet been possible to plant street trees until further building cuts down the wind from the sea and allows them to survive. But (we were told), it is coming.

While everyone accepted that they had (for the time being, at any rate) 'bought into a building site' there were some concerns about the speed of the development, and a desire for it to be built, and for Nansledan to come into proper existence. The first resident, John Williams, commented that:

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<sup>237</sup> All interviews from 20 October 2017.

<sup>238</sup> All interviews from 20 October 2017.

<sup>239</sup> In typical developments, which happen within the normal 5-year local authority plan period window, there are usually numerous small pieces of green space, so that every phase complies with the Fields in Trust Standard. However, Nansledan, with its 50-year vision, has pursued a more strategic approach to the delivery of green space and considered green space for Nansledan as whole rather than for individual phases. This long-term vision allows the need for significant new green spaces such as new playing fields to be identified at the outset then located in an appropriate place. This means that some phases deliver less greenery than the usual standards. The designers are confident that when Nansledan is complete the overall amount will be both compliant, but also appropriately thought-out and located. However, as we have seen, this phasing is not without its challenges.



*'One concern is the speed of the development. We were sold the big, big vision. But, actually it's going to take a long time to get made. I don't think this was clear enough. I'd like a couple of cafés. Nansledan was sold as a vision of community, as trying to get back to core values. But it's taking many years.'*

As in our wider survey, the experience of Nansledan appears to have modestly increased support for new housing, though mainly conditionally on a similar scheme and a similar process. Taura Lloyd commented that her support for new development 'depends on the builder' and commented on nearby schemes by a major housebuilder:

*'There was no love in it. It was just thrown up... it's not nice on the eye, it's a bit of an eyesore.'*

Steve Fountain added:

*'Yes. A development like this gives new housing a good reputation because of the design and care taken to build it.'*

**Council views.** Officials within the local council appear to agree. Rebecca Lyle, Transport Planning and Strategy Officer, was clear:

*'It's a no brainer that this is a great model. A great example of how to do things well. The concept of streets for people is part of a big shift.'<sup>240</sup>*

In fact, so impressed are Cornwall Council by Nansledan (even though it is only 5 per cent completed) that, as Rebecca Lyle continued, it is starting to influence their approach to other developments. They are trying to persuade other landowners to emulate the Duchy, with more up-front focus on popular mixed-use development and fewer objections and controversy *en route*:

*'We are championing this approach to other schemes.... We have called upon the Duchy to present their approach to members,' Phil Mason explained. 'From the planning point of view, we accept that, commercially, the Duchy is exercising greater control than we can through planning. We are happy with that. In fact, we have been talking to the Duchy about a Local Development Order, to the extent that we relinquish control and let them exercise development control on individual houses.'*

*Why does the council have to have a layer of bureaucracy that is weaker than the guardian of the place itself? Why should we do it twice? It must feel odd for the house-owner. If the Duchy is exercising greater control than we can, then we should step back.'*

*We are even wondering whether this approach could be extended. We want to exercise greater control over design, to get more housing build. It's in nobody's interests if we just*

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<sup>240</sup> Interview, 26 October 2017.

*have bad design and poor quality. That's never going to work as an argument for more housing.'*

#### **4.6 Conclusions: what are the strengths and weaknesses of the approach taken at Nansledan?**

**Key element of the strategy.** The key components of the approach taken at Nansledan can be summarised as:

- An urban extension not a new town;
- A mixed use 'real place', with as many jobs as homes;
- A walkable town that prioritises pedestrians over drivers;
- A traditional, popular, variegated and locally-based design;
- Modest green spaces (gardens and squares) scattered throughout the development;
- A consortium approach between landowner and developers, not an option or outright sale approach;
- A deep alliance with the local planning authority;
- An intensive co-design, rather than a 'design and consult' model; and
- Spreading of the 'economic glow', not just through affordable housing (at 30 per cent) but also through the preferred use of local suppliers and materials such as Cornish slate and granite.

What conclusions can we draw from the approach taken at Nansledan and from the progress so far? What has worked? Why? And what has worked less well?

**Key reasons for success.** What are the key reasons for this success, which is driven, it is worth re-emphasising, from a very different model to the usual developer model? From our interviews with residents, local officials, the landowners and their agents, as well as our reading of all the main planning and development materials we would pull out four main reasons. They are:

- The long, and genuinely consultative, co-design approach, with local residents and the local council, with the consequent much higher levels of confidence;
- The 'patient-capital' nature of the consortium agreement between the landowner and the developers with a focus on longer rather than shorter term returns;
- The popular traditional design, variety and urban form of homes, conventional streets and blocks in walkable streets; and
- The popular focus on sustainability of design, sourcing and green infrastructure.

**What has worked less well?** What concerns need highlighting? Three stand out:

- The sheer amount of time and money that this approach has taken. The pressure for more homes is urgent and this is not an easy approach for smaller, less well-financed landowners to take;

- The expertise required. Several key officials within the Duchy have now learnt 'on the job' (most notably at Poundbury but also, locally, at Tregunnel Hill). Again, this is not an easy approach for less experienced landowners to take; and
- The challenge of success. As values rise, due to the development's unarguable popularity, and with excellent broadband and communications, does Nansledan risk becoming a town of disproportionately second homes from London? Not yet, certainly, but the risk is there.

Nansledan remains a 'work in progress'. At the time of writing, only 1,500 of 4,000 new homes have been granted detailed consent. And only about 200 have actually been built. However, the signs appear to be very good. The local population is broadly supportive. The development has quadrupled in size, during the planning process, without political resistance. New residents are happy. The homes are being built. The model is sustainable and shows every sign of being very profitable – there is already a 20 percent value premium to the local new build market and there is every reason to believe this will increase as the development matures and grows. Sometimes new houses can add more value than fields – not just to owners, but to the community. And sometimes landowners can create not housing and roads, but homes and streets, working not *at* the community but *with* them.

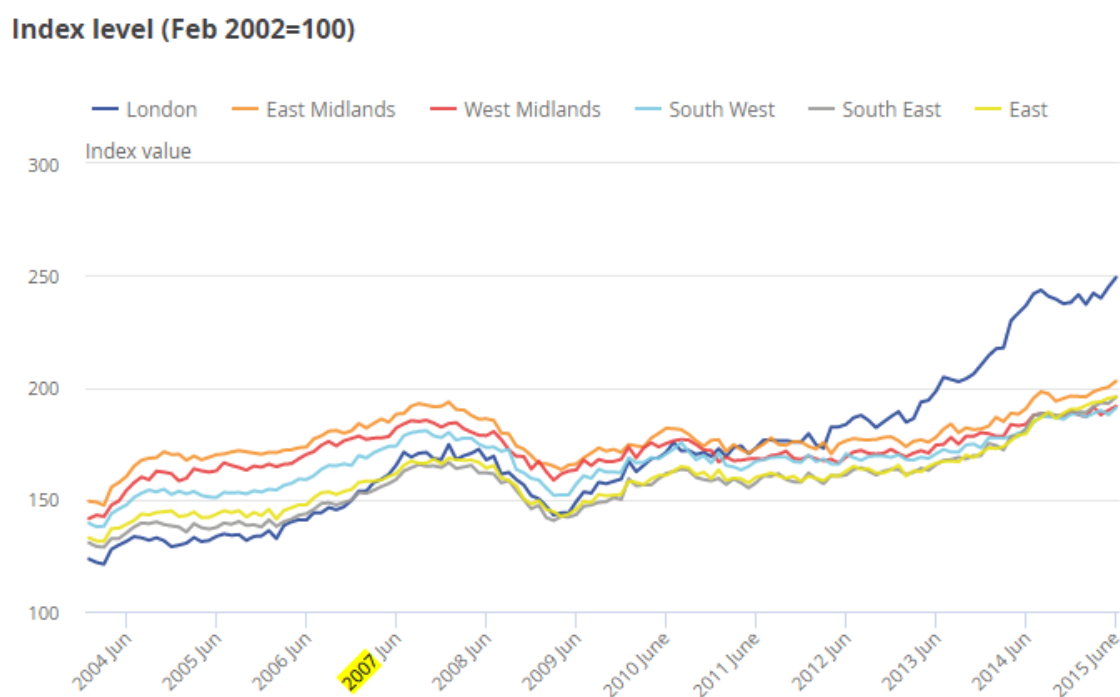
## Chapter 5 – where and how to break the circle: a menu of options

*'If executive and legislative leaders yield to fear and suspicion, we will regress into a new feudalism. At the very moment when barriers are coming down around the world, we will find ourselves marching backward toward the imaginary safety of feudal fiefdoms, defended by NIMBY walls.'* Edward Koch, Mayor of New York, 1989.

### 5.1 So where is the problem, what is the problem

The more prosperous parts of the UK and certain demographics face a growing housing supply and affordability crisis. For the first time in a century, home ownership has dropped, and renting is on the rise.<sup>241</sup> This has a very strong regional dimension, with by far the strongest price rises in London.

Figure 26 – Regional house price growth, UK<sup>242</sup>

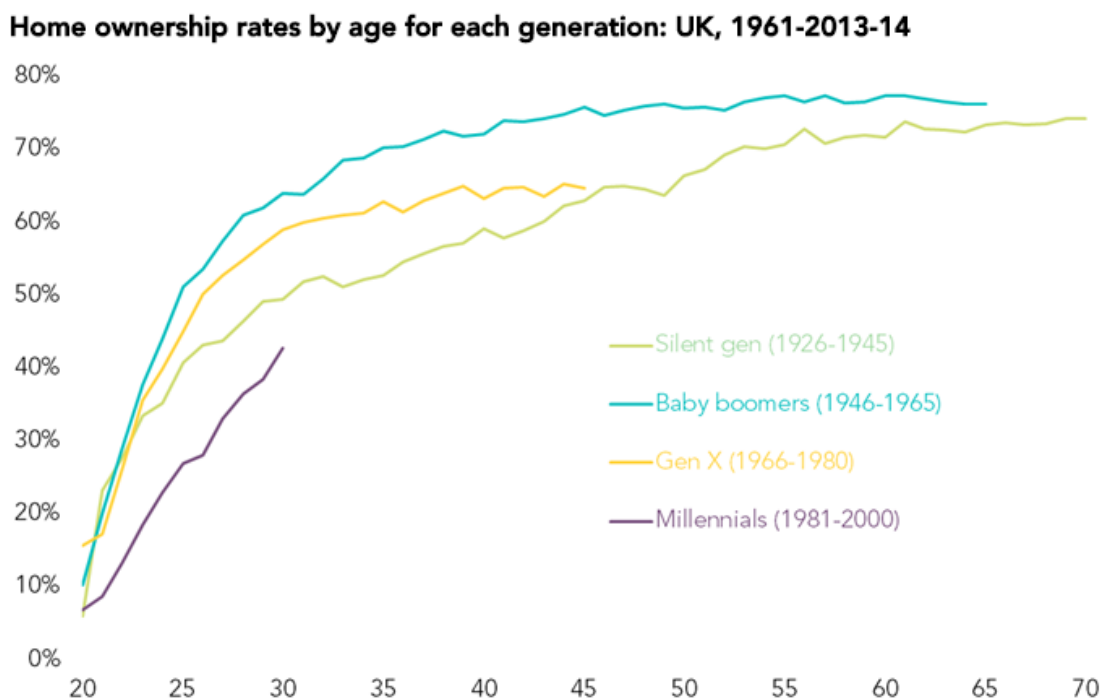


The crisis also has a very strong generational dimension. A smaller proportion of people born between 1981 and 2000 are homeowners, at this stage in their lives, than for any previous generation since 1926.

<sup>241</sup> ONS (2015) *Home ownership down and renting up for first time in a century*, available at <http://visual.ons.gov.uk/housing-census/>

<sup>242</sup> ONS (2016) *House Price Index, UK: January 2016*  
[www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/january2016](http://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/january2016)

Figure 27 – Home ownership rates by age<sup>243</sup>



In turn, this is reducing confidence in society's 'offer' to individuals and in generational self-belief in one's ability to 'get on' and 'stand on your own two feet.' A recent Resolution Foundation report found that 80 per cent of millennials (those born between 1981 and 2000) do not believe that working hard and getting good jobs is sufficient to get a good home.

Generational confidence in society is fracturing. Millennials are the generation who would most strongly have preferred to grow up in the past. They are the most pessimistic about their own prospects. Across the country, those from the East Midlands, the North East and the North West were the most optimistic about the prospects for young adults, whilst those in Scotland, Yorkshire and the Humber, and London were the most pessimistic. Frankly, they are right to worry. 71 per cent of millennials have a lower chance of owning their own home than their parents. This is, in part, because the average millennial spends more on rent (in real terms) than previous generations: £25,000 more than members of generation X, and £44,000 more than baby boomers.<sup>244</sup>

It is also retarding economic growth and standards of living. London YIMBY and the Adam Smith Institute have estimated that the UK could have boosted its GDP per capita, by 30 per cent, had it built enough homes in the right places. The average household could be, on average, £10,000 a year better off.<sup>245</sup>

The good news is that people are increasingly accepting of new housing. There is also now a near political consensus on its importance. Ben Marshall of Ipsos-MORI has described the

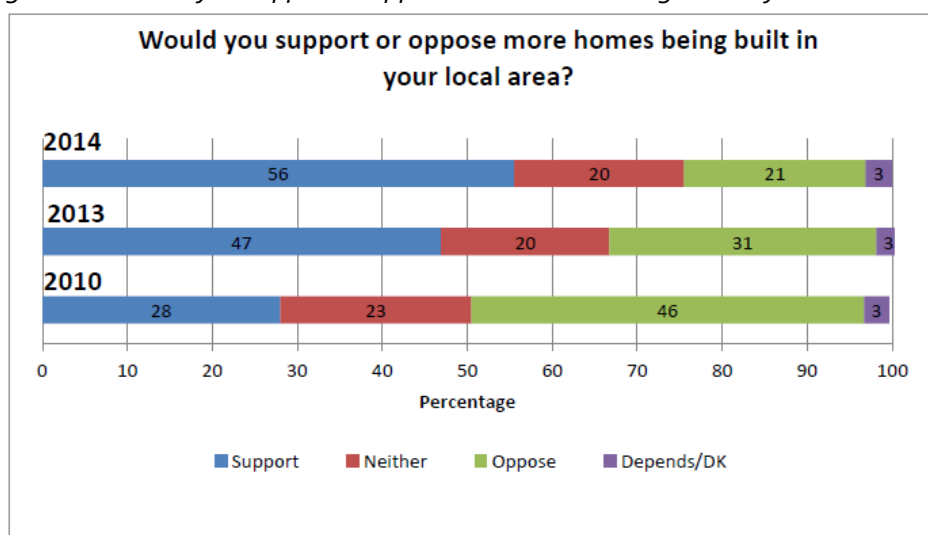
<sup>243</sup> Corlett, A. & Judge, L. (2017), *Home Affront*, (Resolution Foundation)

<sup>244</sup> 80 per cent strongly agreed with the statement that 'even if today's young people work hard and get good jobs, they will have a hard time getting the right housing.' Resolution Foundation (2017) *The Millennial Bug*, pp.19-21, pp.30-32

<sup>245</sup> Myers, J. (2017) *Yes In My Back Yard: How To End The Housing Crisis, Boost The Economy And Win More Votes*

recent change in public attitudes on new housing as 'one of [the] most remarkable shifts in public opinion in the last five years.'<sup>246</sup> It is certainly stark. In 2010, 46 per cent said they would oppose new homes being built in their area. This fell to 31 per cent in 2013 and 21 per cent in 2014.<sup>247</sup> In a 2017 survey, 57 per cent said they would support new homes. This rises to 73 per cent for homes that are affordable to people on average incomes.<sup>248</sup> The proportion of people supporting home-building in their local area rose from 28 per cent, in 2010, to 56 per cent, in 2014.

Figure 28 - Would you support or oppose more homes being built in your local area?<sup>249</sup>



The reality 'on the ground' is sharply less stark. 20 per cent of inner London councillors, and 40 per cent of outer London councillors, still regard supporting new building as a vote-loser.<sup>250</sup> And those living in areas the longest, and in places with the most land to develop, are the most opposed to new development. The British Social Attitudes Survey found that home owners, and those living in small cities and towns, and in rural areas, were more likely to be opposed, than people who rent and those living in large cities. And voters who support new housing 'in principle' still often oppose it 'in practice'. This happens in other countries and it would appear to happen here.<sup>251</sup> And, as we have seen in chapter three, there may be some very good (or at any rate readily comprehensible) reasons for this. Alongside the instinctive fear of change, there is a concern over who will live there, what the pressure will be on services and what the housing will look like. This is true of town and country alike. In September 2017, the head of housing and regeneration in an important central London borough said in a meeting; 'We don't get the support on the ground. We propose to build on some ugly, unused garages and we get petitions and complaints.'<sup>252</sup>

<sup>246</sup> Marshall, B. (9 June 2015), *Build, build, build (but don't forget quality)*, [www.blog.shelter.org.uk/2015/06/guest-blog-build-build-build-but-dont-forget-quality](http://www.blog.shelter.org.uk/2015/06/guest-blog-build-build-build-but-dont-forget-quality) Accessed August 2015.

<sup>247</sup> DCLG, (2015) *Public attitudes to house building*.

<sup>248</sup> National Housing Federation (2017) *Demise of the NIMBY: Changing Attitudes to New Building New Homes* pp.3-4

<sup>249</sup> DCLG (2015) *Public Attitudes to House Building* p.8

<sup>250</sup> London First and Turner & Townsend. (2014). *Moving Out: How London's Housing Shortage is Threatening the Capital's Competitiveness*.

<sup>251</sup> For an example of different American beliefs on the provision of affordable housing 'in principle' and 'in practice' see Campaign for Affordable Housing, (2014) *What we know about public attitudes on affordable housing*, p.6.

<sup>252</sup> Private information. A member of Create Streets was at the meeting.

The chief executive of a major Registered Social Landlord has also admitted to one of the authors that he and his wife opposed a development near to their home in the country. Examples of opposition to green belt development are too frequent to require detailed citation.<sup>253</sup> Both major parties' candidates opposed building on the green belt, in the 2016 London mayoral election, and, post-election, the Mayor of London, Sadiq Khan, still says that he supports 'a strong commitment to protecting the green belt.' He is giving credence to this with his actual planning decisions.<sup>254</sup>

Former Prime Minister, David Cameron, was also moved to U-turn. He encouraged building on the Green Belt in 2013.<sup>255</sup> He then spoke out strongly against building on it, in 2015, in the face of criticism.<sup>256</sup> The CRPE, also argues robustly against building on the green belt, despite acknowledging that one million homes could be built on 3.7 per cent of the total Green Belt area.<sup>257</sup>

In this context, and when you recall the odd nature of the British planning system, and the main drivers of NIMBYism, the key questions about the British housing crisis need fundamental reframing:

- It is not 'how do we build more homes', but 'how do we make new homes more popular on the ground' and 'how do we make the economic and emotional consequences of their delivery more certain to neighbours?'
- It is not 'how do we force through new homes and *get away with it*' but 'how do we build more homes and win votes?'
- It is not 'how do we dismantle the planning system' or 'how do we replace private with public sector development' (depending on your political persuasion), but 'how do we make the British planning system less strange and more predictable, so that more people can develop homes in more places with popular consent?'
- It is not 'how do we encourage self-build by subsidising it', but how do we re-cast planning risk so that development is fundamentally easier for small builders and self-builders (both of whom are being driven from the market by the complexity of the current system).

The government is currently taking the approach of throwing money at these problems, in order to de-risk development for smaller builders.<sup>258</sup> It is not working.

Self-build represents a far smaller proportion of house construction, in the UK than in most of Europe. It makes up around 10 per cent per cent of new homes. In most European countries

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<sup>253</sup> For one example, current at time of writing see <http://www.getsurrey.co.uk/all-about/green-belt-developments>

<sup>254</sup> For instance his comments on the Housing White Paper in February 2017 ([www.standard.co.uk/news/london/sadiq-khan-housebuilding-drive-must-give-green-belt-guarantee-a3459376.html](http://www.standard.co.uk/news/london/sadiq-khan-housebuilding-drive-must-give-green-belt-guarantee-a3459376.html)) and his decision over expansion of Hasmonian High School in July 2017. *Jewish News*, 'Hasmonian expansion blocked by Sadiq Khan over green belt concerns', 18 July 2017.

<sup>255</sup> *The Times* (19/11/13) 'Cameron: We must build on green belt land' <https://www.thetimes.co.uk/article/cameron-we-must-build-on-green-belt-land-n63d99qvhp0>

<sup>256</sup> *Daily Telegraph* (2/3/15) 'David Cameron: I am a countryman and I will protect the Green Belt' [www.telegraph.co.uk/news/earth/hands-off-our-land/11444802/David-Cameron-I-am-a-countryman-and-I-will-protect-the-Green-Belt.html](http://www.telegraph.co.uk/news/earth/hands-off-our-land/11444802/David-Cameron-I-am-a-countryman-and-I-will-protect-the-Green-Belt.html)

<sup>257</sup> CPRE (2017) *Green Belt Myths*, available at [www.cpre.org.uk/what-we-do/housing-and-planning/green-belts/in-depth#myth6](http://www.cpre.org.uk/what-we-do/housing-and-planning/green-belts/in-depth#myth6) Accessed September 2017

<sup>258</sup> For example, the Government's Home Builder Fund: <https://www.gov.uk/government/publications/home-building-fund/an-introduction-to-the-home-building-fund>

it is over 50 per cent. In the USA it is around 45 per cent. The UK's small percentage becomes even smaller when you consider how few homes Britain builds, proportionally to other countries.<sup>259</sup> This should not be surprising. The 1947 planning settlement was, in part, designed to make it hard for 'selfish and anti-social' self-builders (known in the 1930s as 'plotlanders') to build homes on plots they had bought.<sup>260</sup>

### Box seven: why more planning certainty and design codes are the right framework for self-build, smaller developers and Community Land Trusts

A design code framework has the further core advantage that, by parcelling up plots and defining and systematising what can be built, it creates a much easier framework for self-build, smaller developers or community development vehicles to bring additional capital and capacity to the development of large sites.

This lack of opportunity for self-build is not due to lack of demand, which is considerable. Ipsos MORI have shown that one in seven Britons expect to look into building their own home, around 7 million people.<sup>261</sup>

Some local authorities are responding to this demand: In Teignbridge, in Devon, the local council now requires that sites of 20 dwellings or more must include the provision of at least 5 per cent of plots for sale to custom builders.<sup>262</sup> These are sold under the condition that the custom builder must complete their property within three years.<sup>263</sup> This is very achievable, as the National Custom & Self Build Association (NACSBA) estimates that a self-build home should take up to 2 years from plot purchase to completion.<sup>264</sup>

Plots can include a design code, which specifies a number of elements that help to maintain a high quality urban form, that maintains density. Plot width can be fixed, as can building heights: setting heights of 5 or 6 storeys can help ensure high density, whilst maintaining a variety and finely-grained urban form that provides the popularity and richness that a development requires. This brings a variety and a diversity that a big-name architect, or large-scale developer, would struggle to match.<sup>265</sup>

Plot-based urbanism continues to form the foundation for the planning system in many European countries. In countries like France and Switzerland, more than 60 per cent of new homes are self-commissioned and the zonal planning system controls this development,

<sup>259</sup> Geoghegan, J. (2014) Self-build role for local plans, *Planning Resource*, Available online: [www.planningresource.co.uk/article/1303106/self-build-role-local-plans](http://www.planningresource.co.uk/article/1303106/self-build-role-local-plans) Accessed 31/03/16

<sup>260</sup> Lund, B. (2017), *Housing politics in the United Kingdom*, p.42.

<sup>261</sup> Ipsos MORI (2014) One in seven Britons expect to look into building their own home, Available online: [www.ipsos-mori.com/researchpublications/researcharchive/3347/One-in-seven-Britons-expect-to-look-into-building-their-own-home.aspx](http://www.ipsos-mori.com/researchpublications/researcharchive/3347/One-in-seven-Britons-expect-to-look-into-building-their-own-home.aspx) accessed 31/03/16

<sup>262</sup> Teignbridge Local Plan (2012) Available Online: [www.teignbridge.gov.uk/CHttpHandler.ashx?id=35883](http://www.teignbridge.gov.uk/CHttpHandler.ashx?id=35883) accessed 31/03/16

<sup>263</sup> Christophers, J. (2016) Interview: Jeremy Christophers, Leader of Teignbridge Council, talks about the council's innovative policy making in support of custom build *Custom Build Strategy* available online:

<http://custombuildstrategy.co.uk/profile-article/custom-build-strategy-spoke-to-jeremy-christophers-leader-of-teignbridge-council-about-the-councils-innovative-policy-making-in-support-of-custom-build/> accessed 31/03/16

<sup>264</sup> The Self Build Portal (2016) How Long Will It Take? Available online: <http://www.selfbuildportal.org.uk/typical-timescales> Accessed 31/03/16

<sup>265</sup> Campbell, K., Cowan, C., (2016) *The Radical Incrementalist* p.63-67



on a plot-by-plot basis. However, this process has gone largely under the radar of the planning community, and it is only in recent years that interest in plot-based urbanism has arisen, from schemes in the Netherlands.

Almere is a Dutch city that is pioneering self-build housing, in its Homeruskwartier district. This is (thankfully) having some influence on practice in the UK, after site visits by a series of delegations, including UK developers, planners, architects and politicians. The city designated a zone of rural land and drew up a design code with rules on construction, irrigation, agriculture and even road connections. Within this framework, individuals who purchased a plot were totally free to develop their own plot of land, to their own specifications and needs.<sup>266</sup>

The plots vary in size from just under 100 to just over 1,000 sqm and are sold for a fixed price of €375 per sqm. Each site is sold with a 'plot passport' that sets out what can be built, in terms of position and height. The passports are generally contained in a single page, therefore including only the essential rules for development and leaving a huge amount of leeway in terms of what can be built and the architectural style.

The masterplan for Homeruskwartier includes a range of self-build types. There are sites allocated for group custom build, others where developers have taken a larger site and allowed their buyers to tweak their homes, there are terraced custom build units, where people are only able to buy the next plot and create a party wall with the previous home. However, the most popular sites are the single plots, where people have the option of designing their own home, or choosing from one of the custom-build units in the plot book. The latter includes a huge variety of units being promoted by developers and architects, many of which have yet to be built.

A similar approach is now being tried, at a couple of sites in the UK, including Igloo's Heartlands site in Cornwall. Rather than the wide variety of different 'ready-made' homes at Almere, Igloo's Heartlands site uses six designs, each of which is by a different architectural practice. Purchasers can choose from these six, as well as a tailored approach to layouts and finishes. Purchasers do, however, still need formally to apply for planning permission – though there is a speeded up 'plot passport' process.<sup>267</sup>

So, we can see that self-build *can* work in the UK and it is on the rise. But it is not well suited to a system of top-down master plans, very high land values and full planning permissions, by large firms who are spending millions securing consent. We need to extend the framework of pre-approved house types from the niche to the normal.

With precisely the same logic, a design code that creates a framework of greater certainty can make it easier for a range of smaller, or community-based, designers and developers to play their part in the development of larger sites. Again, and as with design codes, this

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<sup>266</sup> Feary, T. (2015) Inside Almere: the Dutch city that's pioneering alternative housing, *The Guardian* Available online: [www.theguardian.com/housing-network/2015/dec/15/almere-dutch-city-alternative-housing-custom-build](http://www.theguardian.com/housing-network/2015/dec/15/almere-dutch-city-alternative-housing-custom-build) Accessed 31/03/16

<sup>267</sup> Brown, C. (2015) Guest blog: Chris Brown, Igloo Regeneration, *Custom Build Strategy* Available online: <http://custombuildstrategy.co.uk/guest-blog/guest-blog-chris-brown/> Accessed 31/03/16

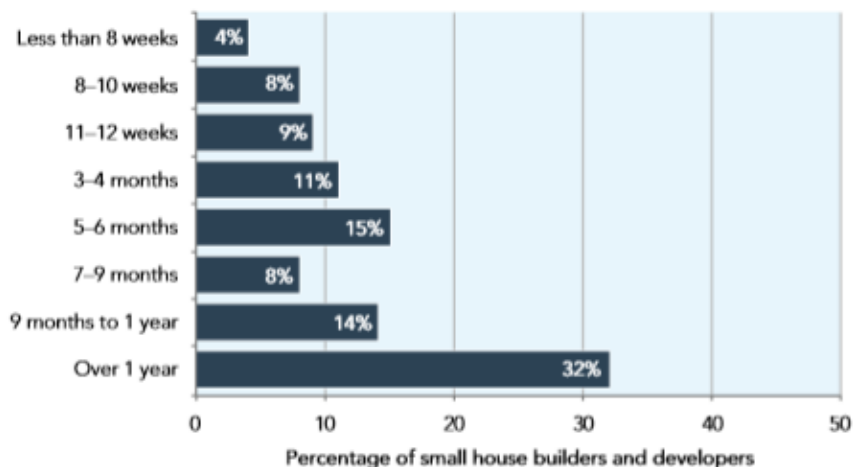
is not new, but an older approach to building cities which we essentially forgot or regulated away. Most Georgian, or Victorian, terraces were built by modest builders, working within an urban framework set down by landowners. Bath's iconic Royal Crescent was custom-built. The landowner's architect designed the frontages. The builders or leaseholders designed the building behind the façade. There is precedent and heritage for self-building in the UK, and it can produce popular, high-quality new homes, provided it has the land on which to do it.<sup>268</sup>

Similarly, the proportion of homes that small builders build continues to decline in the face of high land prices and high planning risk and costs. The market share of small builders has fallen to 12 per cent and the membership of professional bodies for builders has declined from over 12,000 to 2,710. In a recent survey of over 500 small firms, they were very clear that their main challenges were the planning process and associated risks, delays and costs. 38 per cent (the highest number) voted this their primary challenge and 31 per cent the second highest. Only the (deeply interconnected) problem of land prices was comparable. Most firms felt that the costs associated with the planning process were getting worse. 60 per cent felt that the length of time and unpredictability of the planning were a serious impediment to delivering houses. Main concerns were:

*'the length of time it takes to achieve a decision, the unpredictability and inconsistency of the process, the fees and tariffs involved, and the internal resourcing of, and communication with, planning departments. Factors such as these, and the pre-application process, are now greater concerns for small housebuilders and developers than in 2014'*

These are all classic problems of an overly-complex system. The system is too slow and unpredictable. The length of time from the pre-application discussions, to discharge of conditions and authorisation to start on site was over seven months, for over half of recent developments. For one-third it was over a year.<sup>269</sup>

Figure 29 - Length of time to start on site in 2017 survey of small builders



<sup>268</sup> Morton, A., (2013) *A Right To Build: Local homes for Local People*, p.12

<sup>269</sup> NHBC Foundation, *Small house builders and developers* (2017), p.3, pp.13-24.

Ultimately, we need to have a simpler, more predictable planning system, better aligned to delivering places that people like, which sets land values and reduces barriers to entry, to the benefit of small developers and self-builders. It should not seek to regulate nearly as much, but what it does regulate it should regulate with greater clarity of form and process. It should move the politics 'upstream' from individual planning decisions to setting, democratically, the local plan.

This is the same logic that the Mayor of London has (rightly) recently used in trying to set greater clarity about what levels of affordable housing will be required in London. He has brought in a 'non-negotiable' flat rate of 35 per cent, which will rise to 50 per cent in the long term.<sup>270</sup> The aim is to create certainty with developers about what exactly will and won't be acceptable, with the hope that this impacts on land prices and becomes increasingly viable for developers.

## 5.2 The path less trodden - building homes, not losing votes

The *route* to get there is also crucial. As John Myers of London YIMBY has brilliantly argued, the problem with many proposals to increase housing supply is that they take account of what would increase housing supply but not of what people will actually vote for and support. In short, they see the problem as entirely economic not political. And they don't consider the path to get there.

All governments (of left and right) for the last 30 years have been painfully aware that increasing house prices wins them votes overall. Homeowners vote more – far more.<sup>271</sup> Unfortunately, it's rather like cocaine addiction. Governments crave the short-term rush, despite the long-term damage.<sup>272</sup> In private, many politicians and their advisors continue to worry about the impact of falling prices on voters. A further 'gating constraint' is therefore not what would get more homes built. It is what reforms a government could adopt that could make homes more affordable and also win votes.

We have what is called a 'collective action problem', where the benefits of housebuilding are diffuse, but the pain is highly focused on homeowners who see their house prices drop.<sup>273</sup> Put differently, it is a pernicious 'regulatory cartel', or 'transitional gains trap' where the cartel members (homeowners) are a disproportionate proportion of voters. Game theory tells us that the only way to break that cartel is to make sure that at least a subset of the cartel benefits by defecting. That means that reforms must benefit at least some homeowners. The benefit should be reasonably predictable, to ensure that the homeowners who will benefit have a large incentive to lobby for it in national politics. The challenge therefore is to evolve proposals where considerable benefits accrue to neighbours and, above all, motivated current homeowners.

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<sup>270</sup> Estates Gazette (29/7/16) *Khan's 35% affordable flat rate*, available at [www.egi.co.uk/news/sadiq-khans-35-flat-rate/](http://www.egi.co.uk/news/sadiq-khans-35-flat-rate/)

<sup>271</sup> Lund B (2017), *Housing politics in the United Kingdom*, p.110.

<sup>272</sup> John Myers e-mail to the authors. November 2017. The authors would like to thank John Myers with his crucial help for the thinking behind this section. Some of the phrasing and all the references very much follow the authors' correspondence and conversation with him.

<sup>273</sup> For more on the political science of this see Olson M. (1965), *The Logic of Collective Action: Public Goods and the Theory of Groups* and Trebilcock, M. (2014), *Dealing with losers*, p. 18.

Another challenge (at least in theory) is to ensure that reform is not effective too quickly. In this scenario, the effect of drops in the prices of highly-levered assets could very easily cause a nasty medium-term recession, due to collapsing consumer confidence despite a construction boom and the long-term benefits to productivity. For that reason, the ideal reform starts gradually 'and then grows of its own accord over time, like a snowball rolling down a hill, gathering momentum'.

John Myers has helpfully summarised such reforms:

*'First, the reform must not arouse too much opposition, particularly from powerful or well-connected special interests. That is why every substantial green belt reform proposal for the last thirty years has failed.*

*This probably means that;*

- *It should involve minimal change to the existing legal and government system*
- *The macroeconomic impacts should be gradual at first:*
- *To avoid an overnight house price crash (which might cause a short-term hit to the economy given the amount of debt linked to housing, as happened with the recent crash in oil prices); and*
- *To increase the likelihood that a cautious government will adopt the measure in the first place.*

*Second, a large group of people should see fast, large, direct and continuing benefits from it, so that they can fight for it before, and after, enactment.*

*Some people will always oppose any change. There are ways and places to enhance that make nearly everyone much happier, except them. Luckily, the people most resistant to change tend to cluster in certain places. By allowing local communities to decide whether they want change, we can avoid affecting those who most dislike it.'*<sup>274</sup>

### 5.3 From British exceptionalism to Direct Planning – a gentle revolution

None of this will be possible 'in one bound'. We have therefore identified a menu of options, from the strategic, to the tactical, to the pilot proposal, that could increase the delivery of homes in the short, medium and long term, with popular consent. All are intended to increase what we call '*direct planning*', and:

- Move from a nationalised to a regulated development control system;
- Move the politics 'upstream' from individual decisions to setting the plan;
- Undermine at least some of the reasons that people oppose new homes;
- Make the British planning system less weird, unpredictable and high risk; and
- Better align what gets built with what people most like and / or mechanisms to ensure local or wider support.

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<sup>274</sup> Myers, J. (2017), *Yes in my backyard*, pp.47-8.

Some options, we believe, are very achievable. Some, perhaps, are less so. This is not a finalised or finite list. Some of the ideas are ours. Many are not. This list will be worked on in more detail, in future publications in the *From NIMBY to YIMBY* series. And we would actively solicit ideas and suggestions on how this list could be improved.<sup>275</sup> Other important recent reports (above all by Shelter, Savills and the Prince's Foundation) have set out how long-term investment models can build better, more popular places. Our research into the correlations between urban form and value also implies that such places are better long-term investments.<sup>276</sup>

### **Actions for landowners (or developers) to take**

1. **Code Zones (landowner-led).** Large developing landowners, or long-term developers, should seek to replicate the approach taken by the Duchy of Cornwall, in Cornwall, and **co-design, with local residents**, a masterplan and code of such demonstrable popularity and quality that it becomes possible for the local council to step back from detailed development control (also see proposal 18). It is crucial to stress the need for significant neighbourhood input into these codes, or the risk of embedding officially-approved, innovative design, rather than value-enhancing popular design, is very high.

### **Actions for local communities to take**

2. **Polling and visual preference surveys.** Conduct high profile polling on the types of development (use, urban form, height, materials, façade) that local voters are most likely to support. Use pictures as well as words where necessary;
3. **Embedding design codes in neighbourhood plans.** Use a range of form-based design codes to embed findings of this polling within Neighbourhood Plans. Allocate land within the neighbourhood plan, for development following this code.

### **Actions for local councils (or regional authorities such as city mayors) to take**

4. **Polling and visual preference surveys.** Conduct high profile polling on the types of development (use, urban form, height, materials, façade) that local voters are most likely to support. Use pictures as well as words where necessary;
5. **Embedding design codes in local plans.** Use a range of form-based design codes to embed findings of this polling within Local Plans (worked up in a genuine co-design process with members of the local community). Make very clear, in the Local Plan, that the Council is more inclined to support developments that comply with this approach, ideally via Permitted Development and Local Development Orders.<sup>277</sup> Allocate land, within the Local Plan for development following this code. Again, it is crucial to stress the

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<sup>275</sup> Please e-mail any suggestions to the authors via [contact@createstreets.com](mailto:contact@createstreets.com)

<sup>276</sup> See Boys Smith, Venerandi & Toms (2017), *Beyond Location*

<sup>277</sup> We are delighted that while we have been drafting this report and adumbrating some of its arguments in the media and in conversations with officials and politicians the 2017 draft London Plan has partly followed our recommendations for design codes for small sites in London. However, absent any reference to ensuring the popularity of design codes or mechanisms for creating them, the very strong risk is that they become recipes for embedding officially approved innovative design rather than value-enhancing popular design. *Draft London Plan 2017*, pp.152-155.

need for significant neighbourhood input into these codes, or the risk of embedding officially approved innovative design rather than value-enhancing popular design is very high;

6. **Embedding design codes in regional-plans.** Use co-design sessions, and online polling, to create a series of region-wide, form-based design codes, to cover a range of housing types and densities. Make clear that (where possible) the Mayor is far less likely to call in proposals that meet these criteria. Where appropriate, allocate land within the Regional Plan, for development following this code;
7. **Create Boulevards.** One particular variant of this would be to set clear popular design codes, for areas that can benefit from beautification and intensification of use, such as arterial roads and transport hubs. Again, buildings or beautifying alterations which comply with the code should be deliverable via Permitted Development or Local Development Orders;<sup>278</sup>
8. **Public land – partnerships not sales** – to ‘dodge’ the land price bullet, public land is crucial to building enough homes. These should be developed in partnership with long term investors and contractors, rather than always by sale for maximum land price. Ideal frameworks might include public/private partnerships, long term estate management models, development corporations and institutionally-backed strategic land investments;<sup>279</sup>
9. **Training.** Although there are very many honourable exceptions, in our experience many local officials and councillors need more support and training to understand better what types of development and processes people like and support, and what they are likely to object to, and why. Too many developers and investors could do with the same help.

### **Actions for architects, urban designers and planning consultants to take**

10. **Industry re-tooling.** Create better capabilities at (a) online visual preference surveys (b) co-design workshops and (c) form-based design codes in order to be able to offer to clients more certainty on popular design and delivery frameworks;
11. **Create Homes.** There is an emerging market need for a series of pre-designed, partly pre-manufactured popular home designs that could meet various infill and pre-approval processes. No one in the UK is currently addressing this market at scale.

### **Actions for central Government to take**

12. **Ensuring fixed quotas for affordable homes and betterment payments.** The government should require councils to set non-negotiable affordability targets – perhaps within a centrally set range. Amounts payable under CIL, or affordable homes via S106,

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<sup>278</sup> It is perfectly possible to code for medium rise and high-density areas. See elements of the Denver and Fort Worth Design Codes in the US – or the work done historically in West London or in Bath.

<sup>279</sup> For more detail on how this might Savills, (2016), *Regeneration and Intensification of Housing Supply on Local Authority Housing Estates in London* and Shelter (2017), *New Civic Housebuilding*.

should be flat tariffs for any development below around 100 homes and very close to non-negotiable, with no scope for the current tortuous and drawn-out arguments.<sup>280</sup> The current process, by taking price-paid as an input to the viability test, fundamentally acts as an incentive to developers to over-pay for land, to push up density and to reduce design quality. (For the clearest short summary see *New Civic Housebuilding*);<sup>281</sup>

13. **Step-up.** Extend, as of right, Permitted Development to single storey extensions on non-listed houses, not in conservation areas, by:
  - Pre-publishing a set of form-based pattern books, or design codes, for single storey extensions to different types of building (by age, design, materials etc). These should be worked up via polling and focus groups, ideally with different variants for different regions, as set by local residents not just by design professionals;
  - Giving local councils (or, if they choose, parish councils or neighbourhood forums) the right to choose between these options, for different streets and neighbourhoods within their borough or neighbourhood area, and the right to add to, or substitute, different form-based design codes, as long as they are judged to be equally deliverable.
  
14. **Step-up supurbia.** A more radical version of the same suggestion would be to sanction Permitted Development from two storey suburban housing, to medium-density terraced developments, plot by plot, on a pre-approved design code (again worked up via polling and focus groups). This might include translating suburban (say) semi-detached homes into pre-approved (a) terraced homes, or (b) low to medium rise flats. This is similar to the Supurbia ideas proposed by Ben Derbyshire, president of RIBA and Yolande Barnes of Savills;<sup>282</sup>
  
15. **Localism step-up.** As suggested by London YIMBY, another variant would be to create the localist mechanism to let individual streets decide to give themselves individual rights to heighten or replace existing buildings – perhaps selecting from a pre-approved list, worked up central or local government, or (slower) working up their own. This would allow streets to choose to 'opt-in' to a value-enhancing Permitted Development framework;
  
16. **Step-up heritage.** Harder, but still, we judge, conceivable would be extending this approach to listed homes and mansion blocks, or buildings, in conservation areas. Though obviously more contentious, we believe there are many buildings in, for example, mid-rise Victorian West London (what Osbert Lancaster called 'Kensington Italianate') that could very readily take an extra storey, without any damage being done to the character of an area. Perhaps pre-permissioned designs could be certified by Historic England, or an amenity society, as well as requiring local sign-off;

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<sup>280</sup> This is similar to (though more radical) than a proposal also recently made by Chris Philp MP for the CPS. Philp, C. (2017), *Homes for everyone*.

<sup>281</sup> For the clearest short summary see Shelter, (2017), *New Civic Housebuilding*, pp. 19-22.

<sup>282</sup> [www.hta.co.uk/projects/supurbia](http://www.hta.co.uk/projects/supurbia) and [www.supurbia.info/](http://www.supurbia.info/). Analysis based on 2015 values made by Savills for the Supurbia project estimated that permitting the evolution of semi-detached houses into supurbia would generate around £5m of additional value per hectare and represent a 60 per cent margin for owner occupiers.

17. **Permission in Form on allocated (or all) brownfield land.** Reboot the Permission in Principle regime, from the Housing and Planning Act 2016, (which seems not to be working) into a **Permission in Form** regime, to bring more certainty to delivery and lower barriers to entry on brownfield land, by:
- Pre-publishing a set of form-based design codes for different development types, in different settings and densities, to permit fast-track building regulations style sign-off (these should be agreed via polling and focus groups, with different variants for different regions);
  - Having a pre-set range of affordable housing requirements, and CIL payments, with no exceptions, based on accessibility and scale;
  - As with **Step-up**, giving local councils, parish councils and neighbourhood forums the right to add to, or substitute, different form-based design codes and morphologies, as long as they are judged to be equally deliverable;
  - Consulting on options for making available large sites as well as small ones;
  - Consulting on options for extending on land beyond the brownfield register (where Permission in Principle is currently valid) to other types of site (including, for example, 'Boxland' sites of big box retail sites).
18. **Code Zones (government pilot).** A different approach would be formally to allocate several prominent development sites as pilots for a 'zoning', or design-code, led approach. Good sites to choose might include:
- Some of the sites being developed in consequence of High Speed 2, such as Old Oak Common, or Euston in London, or Curzon Street in Birmingham;
  - New developments in the Thames Estuary (which we have christened *Thames Towns*);<sup>283</sup>
  - In these sites, a similar approach should be taken of working to create a popular, though commercially-viable and deliverable masterplan and form-based code. Development would then be possible 'as of right', via Permitted Development, subject only to building regulations sign-off for buildings that met the master plan and code. As we saw in chapter 5, this is a formalised version of what is starting to happen *de facto* at Newquay in Cornwall. (Also see proposal 1).
  - There should be time limits on building consent sign-off;
  - Again, it is crucial to stress the need for significant neighbourhood input into these codes, or the risk of embedding officially-approved innovative design, rather than value-enhancing popular design is very high;
  - Proportions of affordable housing should be pre-set and non-negotiable. Viability arguments should not apply. In this way, planning would set land prices in code zones not the other way around;<sup>284</sup>

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<sup>283</sup> More on our suggestions for Thames Towns is available on our website.

<sup>284</sup> It is worth stressing that code zones are about certainty of a more limited number of rules. They are importantly different from a 'no regulation' zone. For the difficulties of these within the current model see Shelter, (2017), *New Civic Housebuilding*, pp. 28-29. There are also some similarities between this proposal and Shelter's proposed New Home Zones. In practice, we could see them working together.



- Such sites should also pilot changes to the 1961 Land Compensation Act to permit the sharing of Landowner’s profit between landowners and the overall development.
19. **Government investment in code zones.** A more radical variant of the same idea would be for the government to use debt, secured on property, to equity fund the construction of homes and infrastructure. Using very broad-brush figures, and assuming an urban rather than a suburban form, each £500m of investment might build between 2,900 and 3,100 homes.<sup>285</sup> The government could choose to take pay back via long term rental income or via sales. If via sales, a revolving fund could recycle the investment into additional homes. No doubt a certain proportion would be built to be let at social or affordable rents, though by reducing returns this would increase risk of process to the government and suppress the number of homes built for the same investment. Profits would have to be split with landowners;
  20. **Help public sector bodies play a more active role in land assembly** by strengthening compulsory purchase orders and making it easier to buy land at existing use value plus a pre-set premium. This would require changes to the 1961 Land Compensation Act, to exclude compensation for prospective planning permission. One suggested compromise might be to pay landowners existing use value plus 50 per cent of the expected uplift;<sup>286</sup>
  21. **Create Homes.** The government should encourage, via procedural support for popular pre-approved design codes, a market for pre-designed partly pre-manufactured popular home designs that could meet various infill and pre-approval processes:
    - **Create Homes Competition.** One option might be to fund a competition or seed fund several market-disrupting firms, via a body such as Future Cities Catapult;
    - **Create Homes Bounty.** Another more *dirigiste* option would be to have designed a range of provably popular house types, and street types (perhaps with regional variants?) and making these freely available both to neighbourhood forums, parish councils and local councils, and to potential manufacturers.
  22. **From farmyard to village green.** Farms in the UK have greater rights to erect, alter or extend buildings, via Permitted Development, than other land uses. These rights are quite tightly curtailed and only apply when farms are more than 5 hectares. Might there be a mechanism for allowing parishes, villages or other smaller communities to opt into some of these Permitted Development rights? There would have to be both incentives to residents (enhanced CIL?) and protections for other residents;<sup>287</sup>
  23. **Neighbourhood Exception Sites.** Similarly, Shelter has suggested that the logic of Rural Exception Sites, which provide affordable housing on small sites, might be extendable to Neighbourhood Fora and parishes via a ‘Neighbourhood Exception Site’ policy. These

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<sup>285</sup> These estimates are very broad brush and assume a build cost per square metre of £1,700 and average size of 87 sqm. This is ten per cent below the current average. Infrastructure, finance and other costs are assumed to be between 9.5 per cent to 17 per cent of build costs.. There is no cost for land modelled as it is assumed that land is either government owned or that government is co-investing with land-owner.

<sup>286</sup> Aubrey, T (2017), *Boosting Britain’s Housing Stock*. Philp, C (2017), *Homes for everyone*, p.26

<sup>287</sup> For more see; [www.gov.uk/planning-permissions-for-farms/permited-development](http://www.gov.uk/planning-permissions-for-farms/permited-development)

would need to be part of a Neighbourhood Plan and could then be delivered via Permitted Development;<sup>288</sup>

24. **Greenfinger not Green belt?** The government should consult on the economic and sustainability consequences of moving from a Green belt system to a Greenfinger system.

The intent is neither to make development more difficult nor to create a 'free market free for all', but merely to create a pre-approved, popular way to 'cut through' the current development control system. These should (at least initially) use, improve or extend existing mechanisms. The old system would still remain in place for more specialist development, in all cases.

Much further work is required (including, for example, how judicial review might work). And in our next study, in the *From NIMBY to YIMBY* series, we will explore these options further and set out a legislative and detailed road map to get there. (Wherever possible our preference would be for implementation via secondary legislation, or via policy, given the pressures on parliamentary time.) We also intend to explore, in more detail, what impact different urban form and engagement techniques have on popular support for development.

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<sup>288</sup> Shelter, (2017), *New Civic Housebuilding*, pp. 89-90.

## Conclusion – building homes, winning votes

*'You cannot ask men to stand on their own two feet  
if you give them no ground to stand on.'* Iain Macleod<sup>289</sup>

The only way to build enough homes is for politicians to regard new homes as politically popular, *in reality* not just *in principle*. This is still not true, too often. We have lost count of the number of times that politicians have told us that, whatever voters profess in principle, in practice the knee jerk response of too many voters (of opposite political persuasions) is to oppose nearly any stated development. Britain is far from alone in facing these problems. But we appear to have a historically and comparatively strange planning system, which is unpredictable, risky and slow and which raises significant barriers to entry to smaller firms and self-builders. Until we fix this, until we align better what we build and what people like, until voters have confidence about what will be built, it will continue to be too hard to build enough homes, in the right places. Being a NIMBY may be unfashionable, but given the quality, form and (in some places) price of new homes, it is simply too rational to oppose homes too much of the time.

We dare to think that a growing number of officials, experts and politicians are starting to recognise the force of the arguments made in this paper. The draft 2017 London Plan has rightly proposed the use of design codes, to permit pre-permission and increase certainty on small sites. It is also applying a presumption in favour of infill development and upward extensions.<sup>290</sup> (By featuring so prominently in so important a UK planning document, this has the potential to be a landmark proposal in the history of British planning.) David Cameron's former advisor has supported the use of extended, as of right, development on purchased properties.<sup>291</sup> And there are important similarities in elements of our arguments, with those being made by Shelter, the Prince's Foundation, Localis, London YIMBY and the Adam Smith Institute – which is quite a political spread.<sup>292</sup>

They are right. In the spirit of localism, we need to move the politics 'upstream' from development control to plan-setting. We need to move from nationalised development rights to clearly regulated development rights. Housing is a political problem, with economic and equity consequences, not an economic problem. It needs a political solution. And it needs one now.

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<sup>289</sup> We would like to thank Liam Booth-Smith and Jack Airey Localis for alerting us to this quotation.

<sup>290</sup> *Draft London Plan 2017*, pp.152-155.

<sup>291</sup> 'Tower Hamlets scandal: planning corruption 'endemic' in UK', *The Times* (17 December 2017). We are not sure to what degree practitioners recognise how strange the situation is in the UK. Most professional firms that we work with or give talks to seem unaware of the fact, but this may not be representative.

<sup>292</sup> Shelter, (2017), *New Civic Housebuilding*; Prince's Foundation, (2016), *Building a Legacy*; Myers, J (2017), Myers, J. (2017) *Yes In My Back Yard: How To End The Housing Crisis, Boost The Economy And Win More Votes*; Localis, (2017), *Disrupting the housing market*.

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Parts of Britain have a housing crisis. But why? 'NIMBYs'? 'Green Belts'? 'Greedy Developers'? All have been blamed, but are they maladies or symptoms? This study, the first in Create Streets' **From NIMBY to YIMBY** series, poses the questions less asked in Britain's frustrating debate on planning and development:

- Is Britain actually worse than other countries at building enough homes?
- How is British planning so different from most other countries and why does this matter?
- Why do people oppose new housing?

**From NIMBY to YIMBY** argues that Britain is demonstrably less good at building a sufficient number of homes than most other countries; that NIMBYism is best understood as a rational response to the risk of uncontrollable change to one's neighbourhood; and that it is crucial to understand that the UK has a very strange approach to planning in historic and comparative terms. Almost uniquely, the British approach is not rules-based. It has less clarity about what is and is not acceptable. This increases planning risk, acts as a major barrier to entry (above all for self-build and small developers) and lowers public support for development, by decreasing certainty about what will be built.

We need to shift the politics 'upstream' from individual decisions to plan-setting. To do this with consent, we need mechanisms to better align what gets built with what people like.

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