

Delivering change: Building homes where we need them

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Executive Summary

There is now broad consensus that the UK needs to build more homes. But the need for new homes is far more acute in some places than in others.

Housing in Britain's most economically successful cities tends to be the least affordable (Figure 1). Failing to build the homes needed constrains these cities from further growth. This matters to the national economy as well because these cities are the most productive and have the most jobs. When people cannot afford to live in them, they cannot access these jobs and businesses cannot sell to them, so the economy suffers.

Policymakers and commentators broadly agree that a minimum of 200,000 homes will be needed each year to keep up with demand. Despite the consensus around the need for more housing, we are still building too few homes, and those that are built are not always in the places with the highest levels of demand. For example, between 2008 and 2013 there were relatively more homes built in Barnsley (second most affordable city in Great Britain in which to buy a house given local incomes) than in London or Oxford (the least affordable cities). More of these homes should be built where affordability is lowest and demand is highest – our most successful cities.

While there is no single solution to building more houses, at the heart of any response needs to be the issue of land supply: in effect, where to build these 200,000 homes each year. Increasing the amount of land allocated for housing is the only way of meeting the housing needs of our high demand cities and the country. Using case studies from the UK and abroad, this paper sets out the three components of a city's effective response, none of which can be overlooked: increasing the density within the city, working with neighbouring authorities and re-designating green belt land.

All components require cities to consider where opportunities match with existing infrastructure, and how best to link new homes to the jobs and services that offer people the most opportunities and make these cities successful. And none should be off the table – cities must be bold in identifying accessible land for more homes, and national politicians must support them in doing so. Otherwise, regardless of policy announcements and ambitious targets, the homes these cities need will continue to go unbuilt.

Cities can deliver homes within their boundaries by **increasing the density of existing communities**. In the ten least affordable cities, if every site was fully built out, there would be the capacity for around 425,000 extra houses on brownfield land. But much of this land is complex to develop, and requires cities to take active approaches to enable them to be built on: providing investment for new infrastructure, undertaking land assembly and financing or developing housing directly. This is expensive, especially in the current political climate, and will require dedicated investment.

In many cities, brownfield sites are not in the best locations for new homes, are better used for other local priorities, or are owned by those unwilling to sell. The UK's most successful cities must therefore **evaluate land on its merits rather than its existing designation**. For example, within a 25 minute walk of a train station there is land available for a potential 1.4 million homes inside the ten least affordable cities' existing built-up areas (PUAs) – on land designated as green belt. This would require developing around 5 per cent of these cities total green belt to deliver the homes that are needed, with access to existing jobs and infrastructure.

Because housing markets for successful cities extend well beyond their own, often under-bounded, administrative areas, **cities must work with their neighbouring authorities to identify and deliver the houses needed**. Around half of all urban workers live and work in different local authorities – often travelling from homes in surrounding areas to jobs in the city centre. Therefore it is crucial that cities' neighbouring authorities also deliver the housing and infrastructure needed. If neighbouring authorities as well as cities developed close by to train stations, it would include enough land for 3.4 million homes by developing just 12.5 per cent of the green belt areas around the 10 least affordable cities.

The under-supply of homes has been a long-term and systemic problem for the UK that is hindering growth in the country's most productive places. Overcoming this and building the homes that people and the economy need will require bold national as well as local political leadership.



To deliver the homes needed, city decision-makers should...

Be bold in designating land for housing on its merits, to meet the area's strategic needs and potential rather than whether it is designated brownfield or green belt.

Many of Britain's least affordable cities do not have enough brownfield land, that is suitable for housing, to meet their needs. Cities need to be bold in using their powers to identify green belt land that is well connected but of poor quality – not all green belt is green – or has little value to the local community and re-designate it for housing. Furthermore, in some successful cities housing development is leapfrogging the greenbelt rather than being contained, causing sprawl.

Work with neighbours to strategically plan for the greater city area.

Around half of all urban workers commute across local authority boundaries, often travelling from surrounding areas to jobs in city centres. It is therefore vital that cities work with other authorities to meet strategic needs and priorities. Uniting public support can support this, but leadership is critical.

Form partnerships that can co-fund infrastructure investment on a model like the Milton Keynes Tariff.

Bringing landowners into a partnership with house builders, housing associations and the city means funding agreements can be put in place at the outset. The certainty of finance allows for the city to borrow more, while the certainty of infrastructure encourages developers to commit.



To enable cities to deliver the homes they need, national politicians should...

Reform and streamline Compulsory Purchase Orders (CPO).

The current CPO system takes longer than in most OECD countries, and is often complicated by challenges for 'hope value' from those expecting value increases from a future change in permissions. Local authorities, housing associations or local trusts, rather than passive landowners, should capture and benefit from the uplift in land value from planning changes so that they are incentivised to plan for more homes and can invest in the infrastructure and services to support new communities. This would ensure that those living in the area benefit from development, rather than landowners alone.

Support cities to re-designate land for housing by enabling them to benefit from the uplift in value.

Re-designating the green belt is politically challenging the local level. Therefore cities need the support of national politicians to take these difficult decisions in the best interest of successful cities and the country. In allowing cities to buy land at existing use value, communities can benefit from the uplift in land value gained from a change in planning permission. Cities can then use this to invest in local priorities such as transport infrastructure or protecting public green spaces.

Introduce more robust models for co-operation between local authorities where the duty to co-operate has not delivered enough homes.

The duty to co-operate is currently only working where effective relationships between authorities already exist. A sliding scale, from the duty to co-operate, to negotiated incentives through to a nationally allocated strategy could help cities and surrounding areas match the geography of decision-making with their housing market.

Provide long-term accounting certainty from HM Treasury for investments in infrastructure.

Certainty from the Treasury in relation to borrowing regulations would enable cities to make investment decisions by borrowing against their future receipts, revenue accounts or general funds. Where appropriate, relaxing specific borrowing measures with prudential limits could enable investment (some local authorities can borrow against HRA, others can form their own companies). Borrowing for house-building should also be re-categorised on the public balance sheet as an investment, following the example of most other European countries. This would reflect the economic and financial value of the houses built, rather than being simply accounted for as expenditure.

Support cities to invest and deliver infrastructure with effective tools and expertise.

Devolving and expanding Local Development Order funds (from £5 million, currently at the bidding stage) to the city level and enabling cities to establish a revolving infrastructure fund would encourage long-term decisions. To ensure there is capacity within cities for this work, specialist support for local authorities could come through the Homes and Communities Agency ATLAS team.

Introduction

Housing matters to people; it is both where they live and makes up the biggest share of household spending.¹ It also matters to the economy both nationally and locally. There is now a consensus between politicians from all three major parties, the OECD and the IMF that house prices in the UK are too high in relation to wages. House prices have doubled over the last 15 years while average incomes have only increased by 28 per cent,² a result of a mismatch between demand and supply.

Modest estimates put the UK's house-building shortfall at 110,000 – over half of the minimum of 200,000 houses that are needed each year.³ In recognition of this, there is cross-party political support for an increase in the building of new homes nationally.

While this is welcome, there is less clarity or consensus on where these homes are needed, which this paper addresses. House-building is reflecting neither the geography nor the scale of demand in the areas where people want to live, close to the jobs and opportunities offered by successful city economies.⁴ As it stands, there are too few homes with access to these jobs, which offer people limited options as to the home and the community in which they can live.

Demand for housing is most pressing in the country's most economically successful cities such as Oxford, London, Cambridge and Bristol. Table 1 shows the cities with the least affordable housing in the country (using mean house price to mean income ratios). In these cities demand for housing far outstrips supply. With the exception of Bristol, Bournemouth and Cambridge, the cities with the least affordable housing in Britain are in the Greater South East of England.

1 ONS, (2013) *The headlines: household expenditure at a glance* Newport: ONS. <http://www.ons.gov.uk/ons/rel/family-spending/family-spending/2013-edition/sum-headlines.html>. Accessed 8 September 2014.

2 Aldred, T., (2012) *Arrested Development: Are we building housing in the right places?* London: Centre for Cities. <http://www.centreforcities.org/assets/files/10-03-16%20Arrested%20Development.pdf>.

3 Long, G., (2014) *Where is housing heading? How do we build 200,000 homes a year?* London: Chartered Institute of Housing. <http://www.cih.org/policyessays>. Accessed 16 September 2014.

4 Aldred, T., (2012) *Arrested Development: Are we building housing in the right places?* London: Centre for Cities. <http://www.centreforcities.org/assets/files/10-03-16%20Arrested%20Development.pdf>.

Figure 1: Least affordable cities in Great Britain (House prices relative to income)

City	Affordability ratio	Rank (/ 63 UK cities)	Annualised House-Building (Stock Change, 2008-2013)	Rank (/ 64 UK cities)	Brownfield Capacity (dwellings)		Green belt Capacity (dwellings)		
					Local authority	City	Local authority	City (PUA)	City & Surrounding
Oxford	14.9	1	0.38	43	1,940	1,940	9,560	9,560	98,770
London	13.9	2	0.63	12	(GLA) 365,720	390,050	(GLA) 432,671	1,206,430	3,077,320
Cambridge	12.7	3	0.74	6	2,140	2,140	2,820	2,820	72,990
Brighton	10.9	4	0.31	55	4,530	5,180	N/A	N/A	N/A
Bournemouth	10.6	5	0.55	21	550	3,420	1060	11,500	54,030
Crawley	10.1	6	0.62	13	980	1,740	50	89,310	Included in London
Aldershot	9.5	7	0.36	47	120 (Surrey Heath)	670	810 (Surrey Heath)	19,450	Included in London
Reading	9.0	8	0.51	26	6,790	8,440	0	39,080	Included in London
Bristol	8.7	9	0.80	4	4,350	7,839	2,540	51,340	123,230
Worthing	8.6	10	0.47	33	1,930	1,930	N/A	N/A	N/A

Source: DCLG (2014), Dwelling stock estimates by local authority districts 2008-2013 data. Scottish Neighbourhood Statistics (2014), Dwelling stock estimates 2008-2013 data. Welsh Government Knowledge and Analytical Services, Dwelling stock estimates by local authority and tenure 2008-2013 data. NINIS, 2014, Valuation Directorate, Land and Property Services, 2008-2013 data. Land Registry (2014), Price Paid Data 2013. Registers of Scotland, Residential properties Volume and price data 2013. ONS (2013), Annual Survey of Hours and Earnings (ASHE), average gross weekly residence based earnings 2012 and 2013 data. Brownfield sites: NLUD (2009), Mixed Vintage Dataset, 2009 data. HCA. Green belt: DCLG (2011), Area of designated Green Belt Land by English local authorities. Existing buildings on green belt: Ordnance Survey Strategy Layers (2014) – Buildings.

Why building homes in the UK's most successful cities matters for the economy

Demand for housing in the UK's most economically successful cities has risen inexorably over the last three decades. Globalisation of trade, reduced transport costs and a restructuring of the economy has led to business investment, better paid jobs and wealth concentrating on those cities which have retained a highly skilled workforce. This growing demand is reflected in rising house prices.

But house-building is not responding to this demand, as Table 1 shows. London is estimated to need between 49,000 and to 65,000⁵ homes (or 17 to 23 new Olympic Villages) a year,⁶ but there were only 18,000 homes built in 2013/14.⁷ In fact, between 2008 and 2013, there were relatively more homes built in Barnsley⁸ (second most affordable city in Great Britain in which to buy a house given local incomes) than in London or Oxford (the least affordable cities).⁹

The failure to build more homes in the country's most successful cities has a significant impact on individuals. It drives up the cost of housing and makes it unaffordable for people to live and work there. Expensive housing reduces people's mobility, a key component of helping people access opportunities, as well as a city's and the country's economy. When house prices vary as much as they do in the UK, it means people who wish to do so cannot move to more productive cities to take up new jobs, or start a business.

The rising costs of housing in economically successful cities – at least in part a result of planning policy decisions – has also seen homeowners' wealth grow much faster than elsewhere. Subsequently, they will have greater access to capital through borrowing collateral or equity release. Indeed, for many homeowners in successful cities an annual rise in house prices 'earns' more than their income.¹⁰ Clearly there is a divergence in wealth between homeowners in these cities and 'the rest'. This can widen inequalities with implications for the economy as well as individuals.

Businesses in the UK's most productive cities are affected too. Expensive housing makes it difficult for businesses to set up and trade from the most successful cities and makes it more challenging for firms to access the workforce they need. Therefore workers find it harder to find the jobs that best match their skills. The London Chamber of Commerce now highlights

5 Copeley, T (2013) *Response to London SHMA* <http://tomcopeley.com/wp-content/uploads/2014/02/Response-to-the-Draft-London-Housing-Strategy.pdf>. Accessed 23 October 2014

6 Greater London Authority, (2014) *Homes for London: The London Housing Strategy*. London: GLA. <http://www.london.gov.uk/sites/default/files/Draft.pdf>. Accessed 8 September 2014.

7 DCLG, (2014) *Live Tables on House Building*, London: DCLG. <https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building>. Accessed 8 September 2014.

8 Based on net aggregate compound housing stock change, see source of Figure 1.

9 See source of Figure 1.

10 Swinney, P., (2014) *In which cities do houses 'earn' more than residents?* Centre for Cities <http://www.centreforcities.org/blog/2014/08/06/in-which-cities-do-houses-%E2%80%99earn%E2%80%99-more-than-residents/>.

housing costs as the biggest threat to economic competitiveness.¹¹ More than half of London businesses say the cost of and access to housing is impairing recruitment, particularly for entry level roles¹² (this is also the case in Bristol¹³ and Oxford¹⁴).

Housing costs also affect the amount of money people have to spend in those cities. Businesses must pay higher wages to keep their workers, reflecting their cost of living. For individuals, even though incomes may be higher in those cities, those who can afford to live there are forced to spend a much larger amount of that income on housing, rather than in local restaurants, shops or services.



In contrast, areas which allow for more house-building – like Milton Keynes¹⁵ – have lower living costs, which frees up more income for expenditure on things other than housing. A worker in Milton Keynes earns on average £28,600 whilst the average house price is £209,600. While a worker in London earns a significantly higher average wage, £33,000,¹⁶ the average cost of a house is more than double, £458,400.¹⁷ Therefore a Londoner moving to Milton Keynes will – despite taking a 14 per cent pay cut – likely enjoy a higher disposable income.

Ultimately a lack of house-building in high demand and unaffordable cities impacts on the national economy. Research from economist Enrico Moretti shows that there are significant productivity and welfare gains at the national level from enabling people to live in, or near to, a country's most successful cities. The study found a lack of new housing in the most productive US cities between 1964 and 2009 meant that national output was 13 per cent lower than it

11 London Chamber of Commerce and Industry, (2014) *Getting our house in order: the impact of housing undersupply on London businesses*, London: LCCI. <http://www.londonchamber.co.uk/DocImages/12438.pdf>. Accessed 2 September 2014.

12 CBI and KPMG, (2014) *London Business Survey, April 2014*, London: CBI. <http://www.cbi.org.uk/about-the-cbi/uk/london/london-business-survey/>. Accessed 8 September 2014.

13 Marshall, A., quoted in Allen, K. and Pickard, J., (2014) 'London's employers warn of economic effect of soaring housing costs' *Financial Times*, 28 July 2014: In "Bristol employers have concerns because they can't get people".

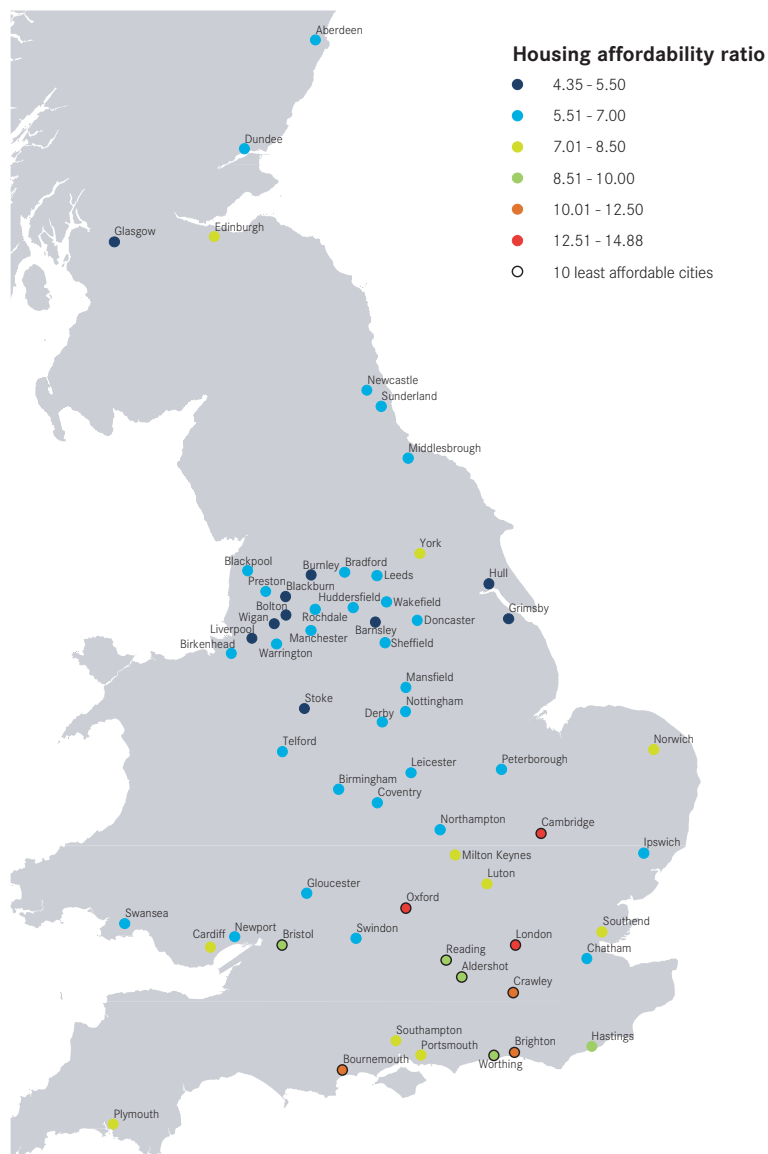
14 SQW, (2013) *The Oxfordshire Innovation Engine: Realising the growth potential*, Oxford: SQW. http://www.sqw.co.uk/files/2613/8690/7243/Oxford_engine.pdf. Accessed 1 September 2014.

15 Although Milton Keynes' economy is intrinsically linked to London, Centre for Cities analysis of Census 2011 data finds only 7.8% of residents commute to London PUA from Milton Keynes PUA.

16 Centre for Cities, (2014). *Cities Outlook 2014*. London: Centre for Cities. http://www.centreforcities.org/assets/files/2014/Cities_Outlook_2014.pdf.

17 Average price 2013, Land Registry 2013, Market Trend Data, Price Paid, 2013 data.

Figure 2: Affordability of housing in UK cities.



Source: Land Registry (2014), Price Paid Data 2013. Registers of Scotland, Residential properties volume and price data 2013. ONS (2013), Annual Survey of Hours and Earnings (ASHE), average gross weekly residence based earnings 2012 and 2013 data. Contains Ordnance Survey data © Crown Copyright and database right 2014.

could have been at the end of this period.¹⁸ In the UK, three of the top five most productive cities¹⁹ are also amongst the least affordable cities to own a house in (Figure 1) – the exceptions being Aberdeen and Milton Keynes.

This is a problem that can be tackled, and the benefits of ensuring house-building matches demand for homes is evident in Milton Keynes. Not only has it been one of the UK's strongest city economies in recent years, unlike other strongly performing cities, its house prices are below the English average. This is because supply has moved broadly in line with demand. The city had the strongest population growth of all UK cities (over 17 per cent) between 2001 and 2011. But alongside this growing demand, housing stock increased by 18 per cent.²⁰ This has made it easier for people to access the homes and jobs that sustain the city's economy.

As the Milton Keynes example shows, housing of the right type and quality, in the right place, can attract and retain residents, supporting jobs and the city economy. But the under-supply of homes has been a long-term and systemic problem for the UK. Overcoming this and building the homes that many places and people need requires bold national as well as local political leadership. Cities need to evaluate their local areas to consider different types of land that is close to existing settlements, jobs and infrastructure and in an appropriate location for housing. This requires a more flexible approach to the designation and use of land, one that considers the merits of land irrespective of its past planning designation.

Box 1: Planning needs to use land prices to better reflect demand

Strategic Housing Market Assessment (SHMA) figures are usually calculated on the basis of household projections and adjusted for delivery of affordable houses, to address past under-provision, and to support expected growth in jobs. However, this calculation of 'need' does not always fully reflect the spill-over demand from the UK's most successful cities.²¹

Although land prices are taken into account for SHMAs, Cheshire and Sheppard suggest that planning authorities should distinguish the premium in land prices for different uses, using this as an indicator for the land use that is in demand.²²

18 Moretti, E and Hsieh, C.T., (2014) *Growth in Cities and Countries: Working paper*, July 2014, Cambridge, MA: National Bureau of Economic Research. http://users.nber.org/~confer/2014/SI2014/EFJK/Hsieh_Moretti.pdf. Accessed 12 September 2014.

19 GVA per worker 2012, Centre for Cities, (2014) *Cities Factbook*. London: Centre for Cities

20 Centre for Cities, (2014) *Cities Outlook 2014*, London: Centre for Cities. http://www.centreforcities.org/assets/files/2014/Cities_Outlook_2014.pdf.

21 Tilley, K., (2014). 'London Region Housing Shortfall to Reach 1 million by 2036'. *Planning*, 15 October 2014. <http://www.planningresource.co.uk/article/1317248/london-region-housing-shortfall-to-reach-1-million-2036>.

22 Cheshire P & Sheppard S (2005) 'The introduction of price signals into land use planning decision-making: a proposal' *Urban Studies* 42 (4) pp. 647-663

There is land to build homes for the least affordable cities

Land is the primary input into house-building. It makes up the largest proportion of costs to a house builder (in the UK) and is both an inherently fixed and scarce resource. This scarcity and permanence makes land values rise over time in the face of growing demand regardless of whether it is developed. This is then reinforced by regulation which limits developable land. Yet despite this scarcity, there is still enough land with development potential in and around the UK's most successful cities to build more homes, as the next section will show.

The much stated truism is that there is no magic bullet to solving the housing crisis. Clearly a range of approaches are needed to increase the supply of new housing in areas where people want to live. This is good for individuals and good for the economy.

Nationally, the equivalent of one Milton Keynes is needed every year. For the UK's least affordable cities, projections suggest over 685,000 homes will be needed in the next ten years.²³ So while the recent calls from both Government and Opposition politicians for a new set of garden cities such as the 15,000 homes proposed for Ebbsfleet are welcome, they alone are not enough. Furthermore, these garden cities will often take 30 to 40 years to deliver their full housing capacity, due in part to absorption rates of house builders and the new infrastructure needed. Similarly, the focus in London, and other big cities, on tall towers in the city centre will not be sufficient to address the chronic under-supply of housing in the least affordable areas.

This paper sets out the components of a successful approach to increasing land for homes in cities: firstly, by developing brownfield land; secondly, by re-evaluating the green belt; and thirdly, by working with authorities that 'neighbour' a city. This next section discusses development on these two land designations.

1. Making the most of suburbs: more homes within existing cities.

A missing component in the housing debate has been the role and importance of suburbs in successful cities. In truth, what happens in these places will be much more significant for the vast proportion of low and middle income market housing currently under-served in the country's most successful cities. For example, suburbs are home to two thirds of those living in Cambridge and Bristol.²⁴

Despite getting a tough time from many commentators, suburban housing with effective transport links remains enduringly popular. Housing in suburban London for example sells faster than anywhere in the UK.

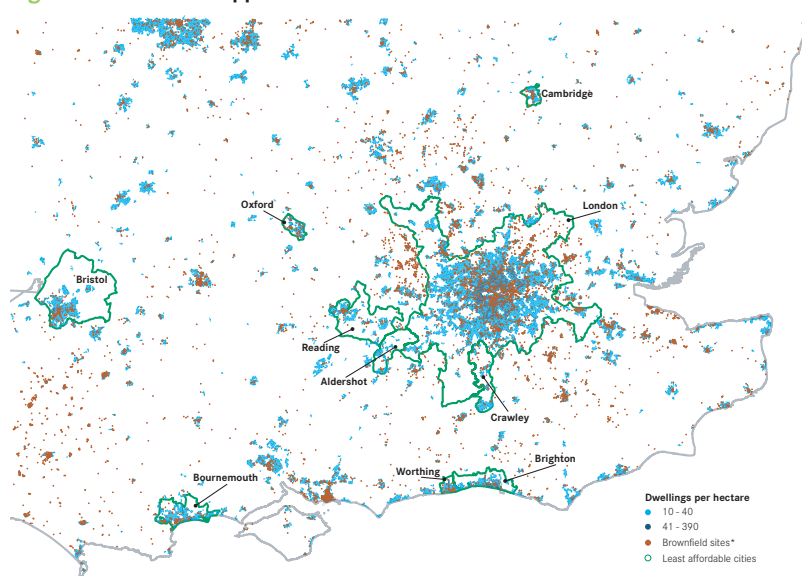
23 DCLG, (2013). *Household projections for England and local authority districts, 2011-2021*.

24 ONS, (2012). *2011 Census: population and household estimates for Wards and Output Areas in England and Wales*. 2011 data. By LSOA.

Importantly, there are also opportunities to build in city suburbs. For example the GLA estimated that in London there are sites for 360,000 extra homes between 2011 and 2021 from infill and housing intensification on existing sites.²⁵

This suggests that some cities can deliver homes within their boundaries by increasing the density and making the most of under-developed sites in existing communities; although, as the following section will show, the scale of opportunity varies across different cities.

Figure 3: Brownfield opportunities and suburban densities



*excluding brownfield sites with estimated housing capacity <1

Source: Census 2011, Number of Dwellings, Lower Layer Super Output Area (LSOAs) Downloaded from NOMIS in September 2014 and All Usual Residents data. Homes and Communities Agency 2009, National Land Use Database of Previously Developed Land (NLUD-PDL) in England. Contains Ordnance Survey data © Crown Copyright and database right 2014.

Box 2: Figures for brownfield analysis

Brownfield housing capacity is determined by local planning authorities, who calculate housing capacity either according to existing planning permissions, or if these do not yet exist, on the basis of existing densities in the area, which differs between and also within cities. This only applies to sites that are judged to be suitable for residential development.²⁶

25 Greater London Authority, (2013). *The London Strategic Housing Land Availability Assessment 2013*. <http://www.london.gov.uk/sites/default/files/FALP%20SHLAA%202013.pdf> Accessed 17 October 2014.

26 DCLG, (2012). *2007 Previously-developed land by planning status, suitability for housing and housing capacity by region*.

Much of the housing in the UK's highest demand cities is built at suburban – i.e. relatively low – densities. Only London, Brighton, Bristol and Worthing (of the ten least affordable cities) have more than 10 per cent of residents living at densities higher than the suburban 40 dwellings per hectare.²⁷ In many of these least affordable cities there is significant scope for delivering more housing by strategically increasing density in existing communities, and utilising and improving existing infrastructure and services.²⁸

According to the 2009 brownfield records, if every site was developed to its full capacity, there is the potential for around 425,000 new homes within Britain's ten least affordable cities, 90 per cent of which would be in London (Figure 3).

Many of the brownfield sites that are still available, after 20 years of brownfield prioritisation by planning policy, require significant public intervention and investment to enable them to deliver the housing that is needed. This takes time and is costly, and while for some of these sites there is significant potential, others will not be viable, desirable or in the cities' best interests to develop. This suggests cities need to look beyond brownfield sites alone, to other types of land.

2. Why brownfield sites are not enough

While brownfield sites can support effective, densely built communities close to the existing jobs and services of city economies, there is insufficient brownfield land to meet the housing needs of the UK's most successful cities. Many of these cities are constrained in the housing they can deliver by their boundaries. This can be due to administrative borders, as the housing markets for the UK's most successful city economies go far beyond the city boundary. It can also be due to planning constraints such as the green belt.

27 ONS, (2012). *2011 Census: population and household estimates for Wards and Output Areas in England and Wales*. 2011 data. By LSOA.

28 For example, the 2008 London Plan recommends a density of 80 dwellings per hectare along suburban transport corridors.

Benefits and challenges of the green belt

The OECD found that the responsiveness of housing supply to demand in the UK was the weakest among developed countries, due in large part to green belt policies.²⁹ The green belt concept was first introduced for London in 1938 before the 1947 Town and Country Planning Act enabled local authorities to designate the status themselves.³⁰ The policy was introduced to contain urban sprawl following huge post-war housing developments, and expanded greatly between 1951 and 1964.³¹ Since 1979, the green belt has doubled to cover 13 per cent of land in England (while only 2.3 per cent is covered by buildings).³²

While the green belt remains an enduringly popular policy, and has prevented urban sprawl, it is not cost free. The opportunity cost of the green belt is a lack of developable land, resulting in less homes being built and higher prices. New houses in the UK are about 40 per cent more expensive per square metre than in the Netherlands, despite there being 20 per cent more people per square kilometre there than in England.³³ Furthermore, the cost of forcing development on to urban sites is that cities lose public land used locally or gardens which typically have higher bio-diversity levels than green belt land.³⁴

Rethinking the green belt on a case by case basis

One approach cities could use is to rethink the green belt on a case by case basis. As Figure 4 shows, there are 59,600 hectares of green belt land within a 25 minute walk of a train station within our successful cities, and 140,000 hectares including surrounding authorities. There would be no need to 'concrete over' swathes of desirable land as cities can instead designate poor quality green belt land that is suitable for housing close and well-connected to successful cities, while still protecting land which has value to communities.

29 OECD, (2011) *OECD Economic Surveys: United Kingdom, March 2011*. Paris: OECD. <http://www.oecd.org/social/labour/47319830.pdf>. Accessed 8 September 2014.

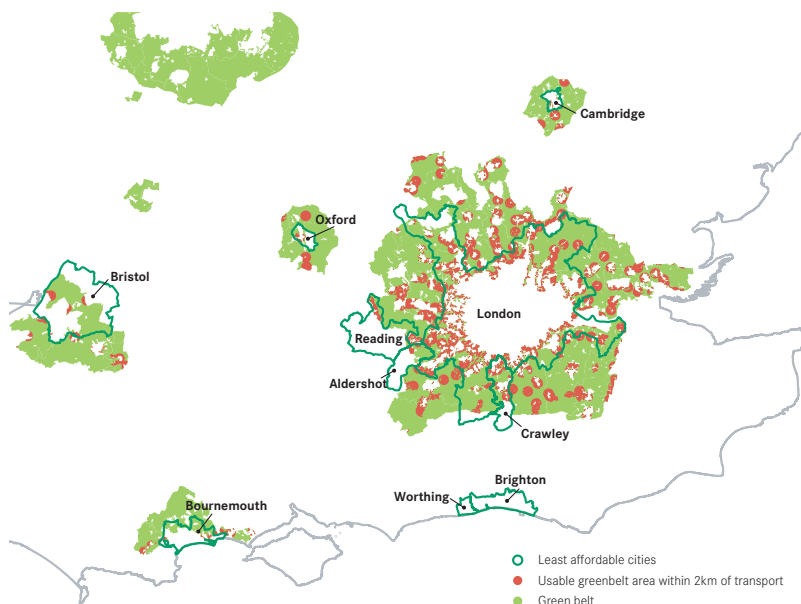
30 BBC, (2007). *Q&A: England's Green Belt*. London BBC. <http://news.bbc.co.uk/1/hi/uk/6947435.stm>. Accessed 17 October 2014.

31 Sandy, D. (1954). *MHLG Circular 42/55: Green Belts*. London: MHLG. [http://www.londongreenbeltcouncil.org.uk/lgbc%20website/pdf/1955%20Circular%20\(alt\).pdf](http://www.londongreenbeltcouncil.org.uk/lgbc%20website/pdf/1955%20Circular%20(alt).pdf). Accessed 29 October 2014.

32 Smith, L., (2014) *SN/SC/934*, May 2014. London: House of Commons Library. <http://www.parliament.uk/briefing-papers/SN00934.pdf>. Accessed 3 September 2014.

33 Cheshire, P., (2013) 'The green belt sacred cow: it pens in the poor for no environmental gain' *City AM*, 11 November 2013 <http://www.cityam.com/article/1384144642/green-belt-sacred-cow-it-pens-poor-no-environmental-gain>, Accessed 3 September 2014.

34 Barker, K. (2006) *Barker Review of Land Use Planning: Interim Report – Analysis* London: HMSO <https://www.gov.uk/government/publications/barker-review-of-land-use-planning-final-report-recommendations>; Cheshire, P., (2013) 'How to Kill Nightingales and not Build Houses' SERC <http://spatial-economics.blogspot.co.uk/2013/04/to-kill-nightingale-and-not-build-houses.html> Accessed 3 September 2014.

Figure 4: Green belt areas close to transport

Source: DCLG (2007), Green Belt geographical extents provided by English Local Authorities. Contains Ordnance Survey data © Crown Copyright and database right 2014 and Environment Agency Data.

Box 3: Figures for Green belt analysis

To estimate a figure for accessible land on the green belt, railway or underground stations are used to signal accessibility. A 2km buffer is drawn around each station to reflect a 24 minute walk at average speeds. After removing land already covered by buildings, it is assumed that 60 per cent of the site can be developed. This allows for infrastructure and services as well as the protection of highly amenable land. It is assumed development will be at low suburban densities of 40 dwellings per hectare – slightly below the national average of 43 dwellings per hectare for new house-building.³⁵ Estimates also remove non-green belt planning constraints: Areas of Outstanding Natural Beauty, Ancient Woodlands, Special Areas of Conservation, Special Protection Areas, Sites of Special Scientific Interest and Local Nature Reserves.³⁶

³⁵ DCLG 2013, Land Use Change Statistics in England: 2011.

³⁶ Centre for Cities Analysis adapted from advice from Barney Stringer of Quod Regeneration.

If 60 per cent of green belt land close to train stations could be developed for housing at low average densities (40 dwellings per hectare), this would allow for more infrastructure and the protection of land most valuable to the community – as well as room for 1.4 million new homes inside the city area, developing just 5.2 per cent of their total green belts.³⁷ If the same was done to include the green belt areas in local authorities that surround these cities, this would provide land for over 3.4 million new homes.

Clearly, many of these sites will serve important local roles and so development should not happen on a blanket basis. However, evaluating this land on a case by case basis would enable local authorities to bring a significant amount of land, that is undesirable or of poor quality, to market. This land would be viable for development and close to the jobs and infrastructure of successful cities.

Building, on average, at suburban densities would allow for improvements to existing roads and infrastructure as well as the protection of areas most valuable to the community. Furthermore, the lower densities would appease some local fears of tower blocks or dense housing estates.

Box 4: How does the green belt designation work?

In order to release or review green belt land, a local authority outlines the proposal in the draft Local Plan. The draft is submitted to the Planning Inspectorate who – acting on behalf of the Secretary of State – is able to reject or amend parts of the plan if found to be unsound.³⁸

The Government has encouraged councils to use the flexibilities set out in the National Planning Policy Framework to tailor their green belt areas to reflect local circumstances.³⁹ Some local authorities have designated land in their core strategies for housing of strategic importance⁴⁰ but others, restricted by local politics, have called for more national support for changes.⁴¹

The green belt remains an enormously contentious political issue. In October, the Secretary of State for Communities and Local Government issued guidance that unmet housing demand would not suffice as ‘exceptional circumstances’ to alter green belt.⁴² It is therefore of critical importance that national politicians properly evaluate the costs – of the current blanket approach keeping all green belt land, rather than reviewing its quality on a case by case basis – alongside the benefits.

37 PUs constitute a city’s “built-up area”. See more at <http://www.centreforcities.org/puas>

38 The Planning Inspectorate (2013). *Examining Local Plans: Procedural Practice*. http://www.planningportal.gov.uk/uploads/pins/dpd_procedure_guide.pdf Accessed 17 October 2014.

39 Smith, L., (2014) ‘Green Belt’, House of Commons Library, May 2014, *SN/SC/934* <http://www.parliament.uk/briefing-papers/SN00934.pdf> Accessed 3 September 2014.

40 Such as Wakefield

41 Smith, L., (2014) ‘Green Belt’, House of Commons Library, May 2014, *SN/SC/934* <http://www.parliament.uk/briefing-papers/SN00934.pdf> Accessed 3 September 2014.

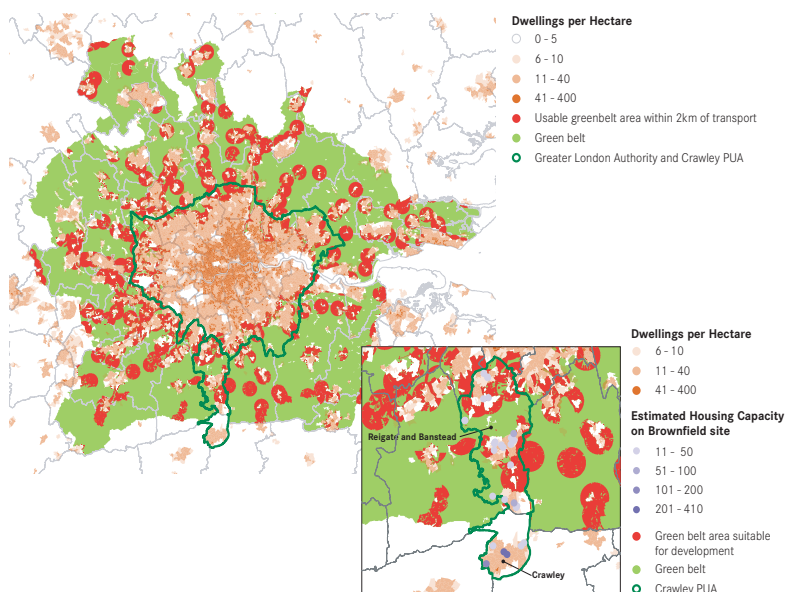
42 DCLG, (2014). *Councils must protect our precious green belt land*. <https://www.gov.uk/government/news/councils-must-protect-our-precious-green-belt-land> Accessed 17 October 2014.

City case studies: where are the opportunities for new homes?

The UK's most successful cities vary in the land that they have available for development and the location of this land. This section looks in detail at the capacity of five illustrative city examples, showing the different opportunities they have for homes in the places they are needed.

For the analysis, we take 60 per cent of land developed at suburban densities to give an illustrative figure, although in practice, a case by case approach means that this would vary in different places. This is not a recommendation to build on 60 per cent of this land or at this density; rather, analysis shows the potential number of homes on well-connected sites that could be evaluated. Bringing more of this land forward would reduce land costs by increasing choice and competition.

Figure 5: Opportunities for new homes in London



Source: Census 2011, location of usual residence and place of work, downloaded from NOMIS in July 2014. Census 2011, Number of Dwellings, Lower Layer Super Output Area (LSOAs) Downloaded from NOMIS in September 2014 and All Usual Residents data. Homes and Communities Agency 2009, National Land Use Database of Previously Developed Land (NLUD-PDL) in England. DCLG (2007), Green Belt geographical extents provided by English Local Authorities. Contains Ordnance Survey data © Crown Copyright and database right 2014.

London

The 2013 London Strategic Housing Market Assessment (SHMA) finds London needs 49,000⁴³ new homes each year until 2034/35, although others have put the figure closer to 65,000⁴⁴ homes each year.

If every brownfield site in the Greater London Authority area (GLA) was developed to its full housing capacity, it could support the construction of up to 366,000 more homes. There would also be the capacity for 432,000 homes at suburban densities if 60 per cent of accessible green belt land was developed within these boundaries.

21 per cent of London's workers commute from outside of the city's boundaries and in Reigate and Banstead, for example, 40 per cent of residents travel to London on a daily basis.⁴⁵ If 60 per cent of green belt land in the areas that are outside of London's (GLA) strategic planning area was considered, there would be land available for a potential 3 million extra homes.

Based on the GLA's housing estimates, an additional 20,000 'spill-over' homes will need to be built each year outside of the 33 boroughs just to service the working population in London.⁴⁶ But if green belt sites continue to be ignored, this responsibility will spread to areas further away from the capital – 'leapfrogging the green belt'. East Hertfordshire for example, which is just outside of the green belt, would need to build around 14,000 homes in 10 years just to service the unmet needs in London. This would be just 4,500 homes if closer sites, currently designated green belt, were also considered.⁴⁷ This suggests that reviewing the green belt would have benefits for both the city and neighbouring authorities.

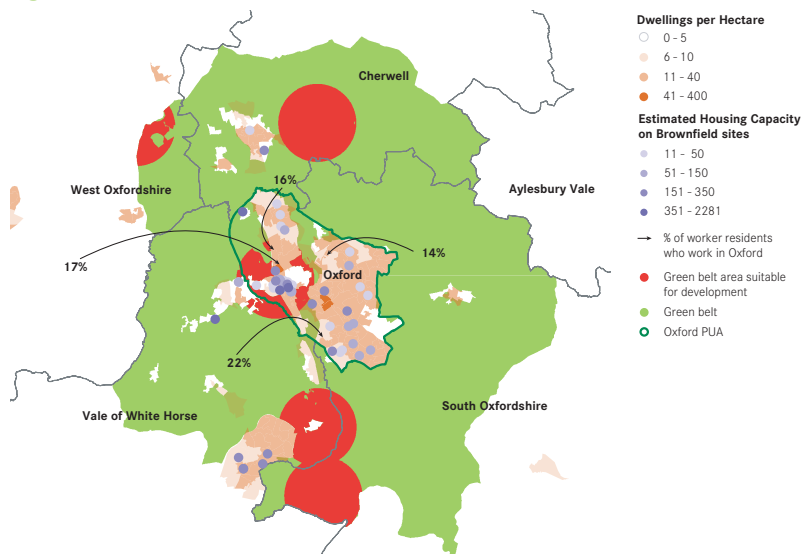
43 Greater London Authority (2013) *The 2013 London Strategic Housing Market Assessment*. London: GLA. http://www.london.gov.uk/sites/default/files/FALP%20SHMA%202013_0.pdf. http://www.london.gov.uk/sites/default/files/FALP%20SHMA%202013_0.pdf Accessed 23 October 2014

44 Copeley, T (2013) *Response to London SHMA* <http://tomcooley.com/wp-content/uploads/2014/02/Response-to-the-Draft-London-Housing-Strategy.pdf>. Accessed 23 October 2014

45 Census 2011, location of usual residence and place of work, downloaded from NOMIS in July 2014

46 Geoghegan, J., (2014). 'Mayor Issues Overspill Warning'. *Planning*, 21 March 2014. <http://www.planningresource.co.uk/article/1286283/mayor-issues-overspill-warning> accessed 18 October 2014

47 Nathaniel Lichfield and Partners, 2014; *Representations to Further Alterations to the London Plan*. April 2014. <https://www.london.gov.uk/priorities/planning/london-plan/examination-in-public/responses-to-consultation>

Figure 6: Opportunities for new homes in Oxford

Source: Census 2011, location of usual residence and place of work, downloaded from NOMIS in July 2014. Census 2011, Number of Dwellings, Lower Layer Super Output Area (LSOAs) Downloaded from NOMIS in September 2014 and All Usual Residents data. Homes and Communities Agency 2009, National Land Use Database of Previously Developed Land (NLUD-PDL) in England. DCLG (2007), Green Belt geographical extents provided by English Local Authorities. Contains Ordnance Survey data © Crown Copyright and database right 2014.

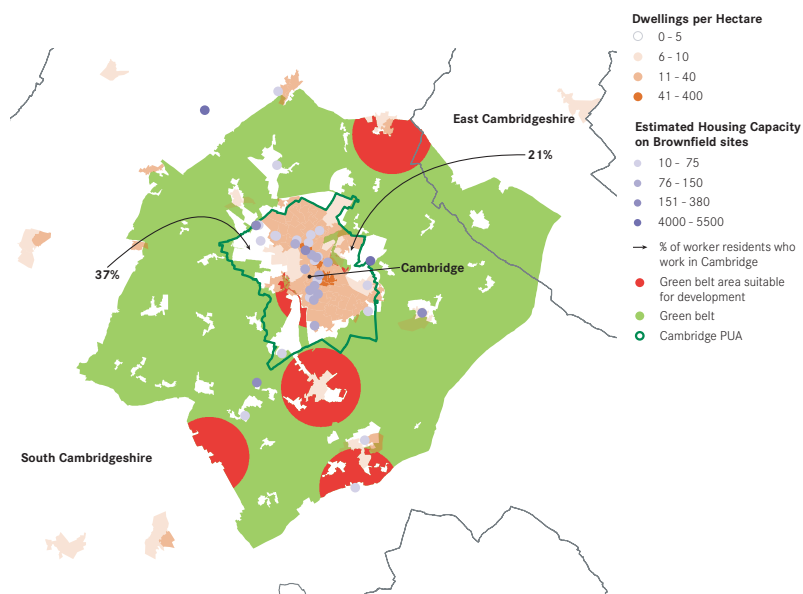
Oxford

Oxford's SHMA forecasts that the city will require 1,400 homes and the county 5,000 new homes each year until 2031.⁴⁸

Oxford's local authority is tightly bounded. It has relatively few brownfield sites of significant housing capacity (51 sites, 10 with a capacity for more than 50 homes), with the potential for a total of around 1,900 homes. Of these sites, over two thirds are in private ownership, which may complicate active public management. While the city is relatively low density, development is highly restricted due to the amount of protected and listed buildings.

The city has 400 hectares of green belt land within the local authority that if developed at low densities (60 per cent at 40 dph) could provide 9,500 homes within 25 minutes' walk of a train station. Oxford also has strong economic links with neighbouring local authorities – see arrows on Figure 6. Well-connected land in these authorities would contribute 98,770 homes and contribute considerably to the wider area's economy.

48 2014 SHMA suggests 100,000 additional homes between 2011 and 2031. GL Hearn, (2014). *Oxfordshire Strategic Housing Market Assessment*. April 2014. http://www.southoxon.gov.uk/sites/default/files/2014-04-14_Final%20SHMA%20Report.pdf Accessed 17 October 2014.

Figure 7: Opportunities for new homes in Cambridge

Source: Census 2011, location of usual residence and place of work, downloaded from NOMIS in July 2014. Census 2011, Number of Dwellings, Lower Layer Super Output Area (LSOAs) Downloaded from NOMIS in September 2014 and All Usual Residents data. Homes and Communities Agency 2009, National Land Use Database of Previously Developed Land (NLUD-PDL) in England. DCLG (2007), Green Belt geographical extents provided by English Local Authorities. Contains Ordnance Survey data © Crown Copyright and database right 2014.

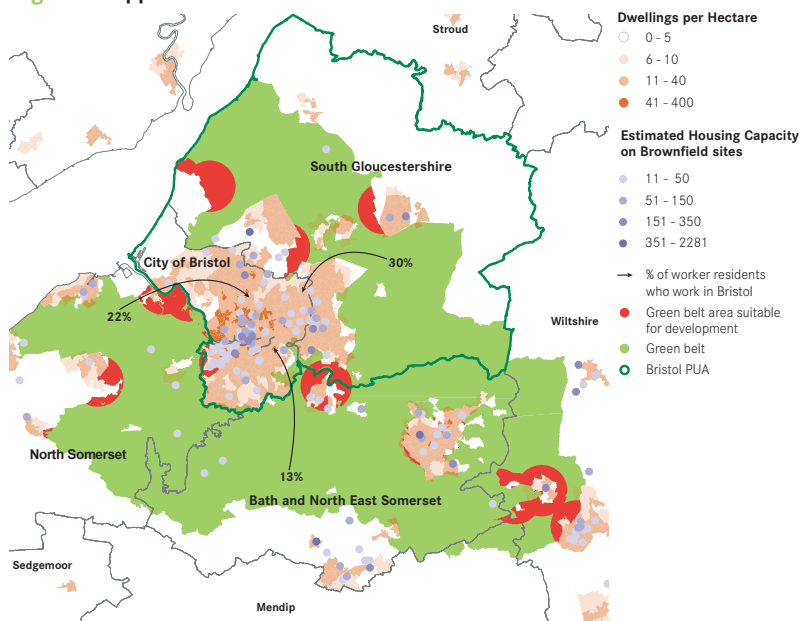
Cambridge

Cambridge District Authorities' SHMA states that the housing sub-region (including Forest Heath and St. Edmundsbury) needs 4,650 homes each year.⁴⁹

Cambridge's local authority boundary is also tightly bounded. There are 35 brownfield sites within the city's boundary, but only one site is owned by the city. Of the 3,000 hectares of green belt served by railway stations that surround Cambridge, only 118 hectares are in the local authority boundary. This would potentially bring around 2,800 homes.

In comparison, well-connected green belt land in South Cambridgeshire could provide 70,000 homes. The most significant brownfield sites are also in South Cambridgeshire - two sites that together could provide just over 10,000 homes on brownfield land including the greenfield land that they use, these two developments will bring in a total of 21,500 homes. Cambridge is also a key employer in the area - see arrows in Figure 7.

⁴⁹ 2013 SHMA suggests 93,000 additional homes between 2011 and 2031. Cambridgeshire Insight, (2013). *Strategic Housing Market Assessment for the Cambridge housing sub-region*, Cambridge: Cambridgeshire Insight. <http://www.cambridgeshireinsight.org.uk/housing/shma/shma-current-version>

Figure 8: Opportunities for new homes in Bristol

Source: Census 2011, location of usual residence and place of work, downloaded from NOMIS in July 2014. Census 2011, Number of Dwellings, Lower Layer Super Output Area (LSOAs) Downloaded from NOMIS in September 2014 and All Usual Residents data. Homes and Communities Agency 2009, National Land Use Database of Previously Developed Land (NLUD-PDL) in England. DCLG (2007), Green Belt geographical extents provided by English Local Authorities. Contains Ordnance Survey data © Crown Copyright and database right 2014.

Bristol

The West of England SHMA states that Bristol needs around 2,700 homes per year. The City of Bristol has many (96) brownfield sites within its boundaries, each with relatively small housing capacity – restricting potential strategic development. Most of the sites in the city and neighbouring authorities are privately owned, although the local authority owns brownfield sites with the capacity for 880 homes. The city is also planning for higher density developments.

Bristol has little well-connected green belt land that is close to train stations within its boundaries, although there would nevertheless be capacity for around 2,600 homes. Accessible green belt land in neighbouring North Somerset and South Gloucestershire has capacity for 24,400 homes and 48,600 homes respectively. Both are closely linked to the city economy: 22 per cent in North Somerset and 30 per cent of residents in South Gloucestershire work in Bristol.

These case studies have shown where there is capacity to build more homes in specific high demand cities. Cities have many different opportunities to find the land for homes. The next section looks at different approaches that could be used to actually build these homes.

How can cities make more of their opportunities?

1. Strategic site allocation and densification

As the first section of this report lays out, the UK needs to deliver more housing in high-demand areas where houses are least affordable. There is currently capacity for around 425,000 homes on brownfield land within the ten least affordable cities, and there is political will to develop on these at a national scale and often locally. So what is holding these sites back?

Many brownfield sites are awkward to develop. The most accessible have been used and the least contaminated developed on. The sites that remain after 20 years of concentrating development on brownfield land are often poorly served by infrastructure, expensive, undesirable or risky to build on.

Cities therefore need to work pro-actively with partners to strategically identify the sites appropriate for housing and, where appropriate, assemble the land to make them viable. To create desirable communities will also require strategic planning of transport and infrastructure with new housing.

Cities can also unlock specific sites by using financial and policy instruments that make it viable for developers to build housing in these places. Where cities choose to increase the density of housing, it is important that they can and do plan strategically, so that housing is appropriately supported by infrastructure. Cities can even develop sites themselves or where appropriate invest in remediation and infrastructure to deliver housing where the market would not.

The following case studies address how cities from the UK and abroad are strategically allocating land and preparing it for development, allowing for the delivery of housing in the places they are needed.

- **London - GLA Housing Zones and Opportunity Areas**
- **Bristol - Bristol Homes Commission**
- **Ealing - Council-owned Company**

Case study...



London: Opportunity Areas and Housing Zones - strategically designating sites and offering tools to house builders

The Greater London Authority (GLA) is using two complementary strategic tools to try and deliver more homes in the capital.

Opportunity and Intensification Areas as set out in the London Plan identify areas across London that are suitable for development. 33 brownfield Opportunity Areas and 10 Intensification Areas are claimed to provide the sites for the 400,000 homes needed over the next decade.⁵⁰

The GLA has provided tools to deliver housing on these sites through London Housing Zones, which enable local authorities to identify and package up brownfield land, remove unnecessary planning restrictions and partner with a builder or housing association to deliver housing.⁵¹ They are also flexible enough for local authorities to ‘come with a problem’ which the GLA and national partners can address, such as the piloting of stamp duty retention by HM Treasury.⁵²

The London Housing Zones Prospectus suggests that most Housing Zones are likely to be in Opportunity Areas. This allows for development to take place strategically without restricting the potential of the scheme.⁵³ However, the separation of the two instruments lessens the ability of the Opportunity Areas to act as a single guide to where development would be most appropriate. Furthermore, the Housing Zones that have been announced for the rest of the country lack any strategic overview like that of the Opportunity Areas.⁵⁴

By combining strategically designated Opportunity Areas with the flexibility of Housing Zones, a city is better able to identify and allocate sites suitable for development and negotiate the tools needed to deliver this housing on each site.

50 Greater London Authority, (2011). *The London Plan*. <https://www.london.gov.uk/priorities/planning/publications/the-london-plan>. Accessed 8 September 2014.

51 Greater London Authority, (2014). *Housing Zones: A Prospectus*. August 2014.

<https://www.gov.uk/government/publications/housing-zones-prospectus>. Accessed 12 September 2014.

52 Centre for Cities Interviews

53 Such as Tottenham Hale, Upper Lea Valley, and Southall Gas Works: Greater London Authority, (2014). *Housing Zones: A Prospectus*. August 2014. <https://www.gov.uk/government/publications/housing-zones-prospectus>. Accessed 12 September 2014.

54 DCLG, (2014). *Housing Zones Prospectus*. August 2014. <https://www.gov.uk/government/publications/housing-zones-prospectus>. Accessed 17 October 2014.



Bristol: strategic and joined-up working to deliver homes

Bristol suffers from a long-term under-supply of homes, held back over the last few decades by what academics have described as weak strategic planning and a lack of co-ordination between authorities,⁵⁵ following the abolition of Avon County Council in 1996, which previously held strategic powers.

Nevertheless, a new pro-development approach, led by Mayor Ferguson and backed by the 2013 Bristol Homes Commission, aims to enable the city to strategically identify both its needs and the sites that have the potential to best meet those needs. It also provides a framework for the establishment of partnerships to deliver homes in the right places.

The council has been actively re-assessing its own extensive land holdings and releasing suitable sites for development. They are looking to co-locate council services to free up land for housing, and recently moved the Pest Control Depot out of the city centre to a less high-demand area for the same purpose.⁵⁶ They are also targeting 'greyfield' land - under-utilised public amenity land close to or within existing communities, which can be used to deliver housing but also improve the environmental quality of the local area.⁵⁷

The city is using the powers it already has to deliver housing and infrastructure. This leadership on infrastructure is crucial for inner-city brownfield land, much of which is technically and financially challenging to develop. The Commission has proposed a Revolving Investment Fund to support infrastructure, investing upfront but recouping receipts and re-investing those funds into new projects. This approach should also improve certainty for developers.

Through the Bristol Property Board the city has called on Whitehall for the powers to create a 'specialist unlocking team' to release major development sites - such as Hengrove Park - without the need for central government intervention. The Commission

Case study...

55 University of Bristol, (2002). Bristol: successes and missed opportunities <http://www.bris.ac.uk/news/2002/boddy.html>. Available at: <http://www.bris.ac.uk/news/2002/boddy.html>. Accessed 1 September 2014; Centre for Cities interview; RTPI South West, (2013) *South West Policy Project Officer Update Report*, May 2013 http://www.rtpi.org.uk/media/521036/geoff_walker_update_may_2013.pdf. Accessed 1 September 2014.

56 Bristol Homes Commission, (2014) *More Homes Faster Homes: The Report of the Bristol Homes Commission* June 2014 http://www.bristol.gov.uk/sites/default/files/documents/council_and_democracy/140701%20Bristol%20Homes%20Commission%20Final%20Report.pdf. Accessed 2 September 2014.

57 Bristol Homes Commission, (2014) *More Homes Faster Homes: The Report of the Bristol Homes Commission* June 2014 http://www.bristol.gov.uk/sites/default/files/documents/council_and_democracy/140701%20Bristol%20Homes%20Commission%20Final%20Report.pdf. Accessed 2 September 2014.

is also calling on central government to reform a cheaper, quicker and simpler CPO process to assemble land.⁵⁸

The Commission is supporting cross-boundary collaboration, emphasising the need for the four local authorities around the city to strategically plan on a sub-regional level, reflecting the geography of Greater Bristol's economy.⁵⁹ They are also working with the HCA, harnessing capital investment to unlock previously unviable development at Filwood Park,⁶⁰ and using a £12 million loan from the HCA to overcome the lack of available loan finance that stalled development at Wapping Wharf.⁶¹

It is still too early to see a tangible effect in Bristol; however the policy innovation and clear priority for building more homes means this remains 'one to watch'.

Adopting a strategic approach backed by strong leadership informs a clear plan and signals the importance of delivering housing in a high-demand city. By providing the land, the tools, and the local and national partnerships, the city plans for a long-term supply of housing in the right places.

Case study...



Ealing: acting entrepreneurially to meet housing needs

Ealing Council identified an acute lack of family and middle income housing as well as social rented housing in their borough.⁶² To tackle this challenge, the council decided to directly deliver homes for this under-served group. The first challenge was to fund a £58 million council estate regeneration scheme, but aspirations have since expanded to social housing more generally.⁶³

58 Bristol Homes Commission, (2014) *More Homes Faster Homes: The Report of the Bristol Homes Commission* June 2014 http://www.bristol.gov.uk/sites/default/files/documents/council_and_democracy/140701%20Bristol%20Homes%20Commission%20Final%20Report.pdf. Accessed 2 September 2014.

59 Bristol Homes Commission, (2014) *More Homes Faster Homes: The Report of the Bristol Homes Commission* June 2014 http://www.bristol.gov.uk/sites/default/files/documents/council_and_democracy/140701%20Bristol%20Homes%20Commission%20Final%20Report.pdf. Accessed 2 September 2014.

60 HCA, (2012). *South Bristol's Regeneration Takes Major Step Forward*. London: HCA. <http://www.homesandcommunities.co.uk/news/south-bristols-regeneration-takes-major-step-forward>. Accessed 29 October 2014.

61 HCA, (2013). *Major Investment Unlocks Development of Bristol Harbourside*. London: HCA.

<http://www.homesandcommunities.co.uk/news/bristol-harbourside-development>. Accessed 29 October 2014.

62 Centre for Cities interviews.

63 Duxbury, N., (2013). 'Ealing to establish development COCO.' Inside Housing, 7 November 2013. Available at: <http://www.insidehousing.co.uk/ealing-to-establish-development-coco/6529377.article>. Accessed 3 September 2014.

Ealing established a wholly council-owned Company (CoCo) that borrows money from the Public Works Loan Board against the council's balance sheet and uses it to fund housing investments. This remains separate from both Housing Revenue Account (HRA) and Whitehall borrowing constraints, an aspiration of many councils who seek to use housing revenue receipts to invest.⁶⁴ As a result, Ealing plans to deliver 5,300 new homes through the CoCo over the next 15 years.⁶⁵

The CoCo allows Ealing to assemble land for developer partners, such as housing associations, and directly deliver the housing tenures needed by the local community. The council will also develop market housing directly to cross-subsidise social and affordable housing and fund further deals.⁶⁶

Since most of the council-owned land in Ealing is in use, the CoCo enables Ealing Council to invest in other under-used land and act more entrepreneurially regarding site acquisitions.⁶⁷ This includes considering buying light industrial sites and changing planning conditions for housing, thus benefitting from the uplift in land value.⁶⁸ The model is also being used by other large councils in high demand areas (e.g. Croydon) and is supported by preliminary findings from the independent review of local authorities' role in housing.⁶⁹

Cities can act entrepreneurially, delivering the types of housing that are needed most by using tools to enable borrowing, and preparing land for development themselves.

64 London Councils, (2013). *Meeting Londoners' Housing Needs*. Available at: [http://www.londoncouncils.gov.uk/London%20Councils/LCHousingReport12March13updatev3%20\(2\).pdf](http://www.londoncouncils.gov.uk/London%20Councils/LCHousingReport12March13updatev3%20(2).pdf). Accessed 1 September 2014; Ealing Council, (2013) Housing Development Delivery Options Appraisal and Business Case Approval <http://ealing.cmis.uk.com/Ealing/Document.ashx>. Accessed 3 September 2014. Accessed 1 September 2014.

65 Urban Design London, (2014). *Council-led Estate Regeneration*. <http://www.urbandesignlondon.com/wordpress/wp-content/uploads/Council-led-Estate-Regeneration-19th-March-2014-WRITE-UP.pdf>. Accessed 8 September 2014.

66 Ealing Council, (2013) *Housing Development Delivery Options Appraisal and Business Case Approval* <http://ealing.cmis.uk.com/Ealing/Document.ashx>. Accessed 3 September 2014.

67 Centre for Cities interviews

68 Centre for Cities interviews

69 Apps, P., (2014). 'Councils should form house building companies'. *Inside Housing*, 14 October 2014. http://www.insidehousing.co.uk/finance/councils-should-form-house-building-companies/7006181.article?utm_medium=email&utm_source=Ocean+Media+&utm_campaign=4850431_ih-daily-14.10.14et&dm_i=1HH2,2VYM7,9UZYDO,AG7U5,1

2. Building new suburbs

Continuing to favour building on brownfield land will not provide enough homes in the places that need them. In addition, as laid out in NPPF supporting documents, it is not even desirable to do this.⁷⁰ House-building starts when house prices reach a high enough level to make development viable. This is now the case for most brownfield sites in our most successful cities, but as land comes with a high – and volatile – premium, developers must price in both the cost and future risks (which are greater in these typically complex sites) to their sums. This means more expensive, smaller houses, slower build out rates and considerable public subsidies to make sites viable for a private developer.

Favouring previously developed land to the exclusion of considering other available sites raises costs and will not, in all cities, provide the amount of homes that the most successful cities need.

Many of Britain's least affordable cities are constrained from building housing by their green belt. For those cities, there are significant opportunities to build more homes by re-designating green belt land – often of poor quality- close to transport links for housing development. While there is often rational opposition from existing communities to building on the green belt, this is often about undermining the policy, or blanket assumptions made about the benefits of greenfield land, or land with public access. However, much of the green belt is not green, nor does it offer public access. Communities are also concerned about undermining the benefits of containment that the green belt offers. However these are not fixed, and with development in many of the most successful cities 'leapfrogging' the green belt, in many areas the original green belt is no longer fit for purpose.

The following section will discuss how cities are trying to meet the challenges associated with building new suburbs in the UK and internationally: finding the land, financing new infrastructure, capturing value for communities, and protecting valuable green spaces in and around the city. The following case studies will show how other cities, in the UK and abroad, have achieved this.

- **Unlocking development through investment: Milton Keynes Tariff**
- **Recycling investment: New Towns and Garden Cities**
- **Pro-active land management: Milton Keynes Development Company**
- **Using receipts to fund infrastructure: Ørestad, Copenhagen**
- **Compulsory Purchase Orders: Paleisquare, Hertogenbosch**
- **Green belt swaps: Cambridge and Cheshire East**
- **Strategic designations: Leipzig-Halle**

70 DCLG, (2012). *National Planning Policy Framework: Impact Assessment*. London: DCLG. <http://webarchive.nationalarchives.gov.uk/20120919132719/http://www.communities.gov.uk/documents/planningandbuilding/pdf/2172846.pdf>. Accessed 29 October 2014.



Milton Keynes Tariff: funding infrastructure upfront

Milton Keynes stands out as the only city in the UK that has seen near constant economic growth over the last ten years while maintaining stable and consistently affordable house prices. This is partly due to its consistent delivery of homes and infrastructure.⁷¹ Milton Keynes, benefitting in part from its status as a former New Town, has also benefited from innovative ways of funding infrastructure to make these new homes viable.

In 2004, to fund social and physical infrastructure in its strategic expansion areas, the city set a building tariff, or Strategic Land and Infrastructure Contract. Developers agreed to pay standardised contributions of £18,500 per residential dwelling and £260,000 per hectare of commercial land, using the legal framework of a section 106 agreement. Unlike a typical Section 106 agreement, Milton Keynes was able to borrow money from the Homes and Communities Agency to forward-fund infrastructure against expected tariff receipts, as HM Treasury was confident about the long-term certainty of receipts.⁷²

Under the tariff model, the developer pays 75 per cent of the charge on completion rather than upfront, reducing their need for borrowing and allowing for greater certainty for both partners. Some payments can be delivered 'in kind' if developers provide specified infrastructure or public space.⁷³

Despite its effectiveness, this model, which is providing a way of introducing property taxes on a local scale, is not used elsewhere in the UK. However, the community infrastructure levy offers a similar power, and will replace the tariff in Milton Keynes. The tariff provides a way of capturing the value of new residential rather than just commercial development (through business rate retention) which is the mechanism used for the funding of infrastructure at the Nine Elms redevelopment.⁷⁴ However, the piloting of stamp duty retention could be a new mode of capturing value.

Case study...

71 Centre for Cities, (2013). *Cities Outlook 2013*. http://www.centreforcities.org/assets/files/2013/CITIES_OUTLOOK_2013_FINAL.pdf.

72 English Partnerships and Milton Keynes Partnership (2006). *The Milton Keynes Tariff: An Overview of the Infrastructure Tariff and How it Works*. Available at: <http://www.eurim.org.uk/activities/psd/snsproc/MKPTariffBrochure.pdf>. Accessed 1 September 2014.

73 English Partnerships and Milton Keynes Partnership (2006). *The Milton Keynes Tariff: An Overview of the Infrastructure Tariff and How it Works*. Available at: <http://www.eurim.org.uk/activities/psd/snsproc/MKPTariffBrochure.pdf>. Accessed 1 September 2014.

74 Pickford, J., (2013). 'London project to use risky funding model'. *Financial Times*, 8 April 2013. <http://www.ft.com/cms/s/0/fcda4910-9f64-11e2-b4b6-00144feabdc0.html#axzz3E8LMTWkC>. Accessed 29 October 2014.

Cities can use their borrowing rates to fund infrastructure at the early stages of developments that meet specific local priorities. This is later paid back by developers in the form of tariffs and in return their development is made more viable.

Case study...



New Towns and Garden Cities: recycling money for infrastructure

A change of use class from agricultural to residential around the country's most successful cities can result in land values rising by 400 fold.⁷⁵ Where the city is a landowner, it is set to gain the most from that value uplift. This was the thinking behind the New Towns model, in which public-owned corporations were set up with strong powers to buy and sell land, provide infrastructure, utilities and housing. Crucially, they were able to purchase land at existing use values.⁷⁶

The New Towns model emerged from Ebenezer Howard's proposals for the garden city, in which the development corporation retains ownership of the land and rents property to lease holders. The upfront provision of infrastructure is provided by borrowing against future revenues, and once the development is complete, rents go into a sinking fund. The sinking fund is first used to repay loans, and is then recycled into the community as they see fit, providing a long-term income stream for the provision of housing and community facilities.⁷⁷

This model can be used on small, medium and large scales, either through new Development Corporations, housing associations in partnership with local authorities, or community land trusts. A combination of sale and rent would provide a combination of short and long-term revenues.

75 Leunig, T., (2011). *In my back yard: unlocking the planning system*. Centre Forum. Available at: <http://www.centreforum.org/assets/pubs/in-my-back-yard.pdf>. Accessed 2 September 2014.

76 DCLG, (2006). *Transferable Lessons from New Towns*. London: DCLG. http://www.futurecommunities.net/files/images/Transferable_lessons_from_new_towns_0.pdf. Accessed 29 October 2014.

77 Howard, E., Hall, P., Hardy, D. and Ward, C., (2003). *To-morrow: A Peaceful Path to Real Reform*. London, Routledge.



Milton Keynes Development Company

In purchasing public land assets from national agencies, Milton Keynes recognised the value of local authority held land. This has enabled the city to benefit from uplift in land values and deliver housing more effectively.

In 2008, between 20 and 25 per cent of the HCA's assets by value were located in Milton Keynes. The city set up the wholly council-owned Milton Keynes Development Company in order to buy back the land. Acting at arm's length to the council, the Company was able to operate on commercial principles. The city used this to secure £32 million of borrowing against HCA and other government funds such as the New Homes Bonus. Although separate from the council, half the board is appointed by Milton Keynes Council, who ensure that the priority is development quality rather than the selling of land for the highest price.⁷⁸

Being proactive in the movement of public assets from national to local ownership allows cities to deliver housing and benefit from the uplift in land value.

Case study...



Ørestad, Copenhagen: using public assets to fund infrastructure

Ørestad, a large urban extension to Copenhagen, demonstrates how cities can use their own land assets to deliver major infrastructure, making land more viable for developers.

In 2000, a new bridge was built which connected Copenhagen to Malmö in Sweden. Leading up to this, the city identified the area between the city and the new bridge as suitable for high density housing. The Ørestad Development Corporation, created in 1992

Case study...

⁷⁸ Lock, D., (2013). 'Residual New Town Assets Sold to Milton Keynes Council'. *Town and Country Planning Association*, February 2013, pp. 66-68. Available at: <http://www.davidlock.com/residual-new-town-assets-sold-to-milton-keynes-council/>. Accessed 1 September 2014.

as a joint venture between central and municipal government,⁷⁹ masterplanned the area and provided the infrastructure, including the new Copenhagen Metro, before selling plots to private developer partners in phases. The first two phases of the Metro were funded through 30-year government loans, and the increased land values achieved by its construction allowed the city to recoup the costs on sale and repay the loans, while the provision of infrastructure de-risked the site for private developers.⁸⁰

The captured finance eventually proved insufficient to pay for the whole of the Metro, with a €1.6 billion shortfall paid for through additional taxes, and an extended payback period.⁸¹ Even though the city regards Ørestad a success, the example demonstrates some of the long-term risks of Tax Increment Finance mechanisms.

Cities can invest in transport infrastructure to unlock sites and after selling the site to developers in phases, recoup the costs of investment from increased land values.



CPO powers fit for purpose: France, Netherlands and Germany

Many development sites in the UK on brownfield land are hampered by fragmented land ownership, which delays land assembly. Delays can also be due to 'hope value', particularly on greenfield sites, where landowners hold out from selling at market value in lieu of a possible use class change, as significant value is gained from a change to residential use. Current CPO powers do not sufficiently address either delay. Furthermore, the city must also make individual cases with each landowner and much of the land value uplift goes to the existing landowner rather than the local authority buying the land.⁸²

In the Netherlands, France and Germany, local authorities have a set of tools for land assembly which allows them to purchase land quickly at existing use values. The German

Case study...

79 COMET – Competitive Metropolises (2005). 'Copenhagen: Ørestad' in *Large Scale Urban Projects*. http://www.oew.ac.at/isr/comet/documents/Final_Results/COMET_CTT/largesc/largesc-204.html. Accessed 1 September 2014.

80 Knowles, R., (2012). 'Transit Oriented Development in Copenhagen, Denmark: from the Finger Plan to Ørestad'. *Journal of Transport Geography* 22. 251-261. Available at: http://www.crisismanagement.com.cn/templates/blue/down_list/llzt_jcss/Transit%20Oriented%20Development%20in%20Copenhagen,%20Denmark_%20from%20the%20Finger%20Plan%20to%20restad.pdf. Accessed 1 September 2014.

81 Knowles, R., (2012). 'Transit Oriented Development in Copenhagen, Denmark: from the Finger Plan to Ørestad'. *Journal of Transport Geography* 22. 251-261. Available at: http://www.crisismanagement.com.cn/templates/blue/down_list/llzt_jcss/Transit%20Oriented%20Development%20in%20Copenhagen,%20Denmark_%20from%20the%20Finger%20Plan%20to%20restad.pdf. Accessed 1 September 2014.

82 Barker, K. (2006) *Barker Review of Land Use Planning: Interim Report – Analysis* London: HMSO. <https://www.gov.uk/government/publications/barker-review-of-land-use-planning-final-report-recommendations>. Accessed 3 September 2014.

Umlegung, for example, allows cities to assemble land from fragmented owners for new infrastructure. French pre-emption rights, meanwhile, give the local authority priority in buying land where it is required for public needs. Key to their successful land assembly is the common use of CPO powers, which are efficient and allow land to be acquired at existing use values. In Germany some of the uplift in value is shared with landowners in the form of shares in the future development, with the majority going to the city for further investment.⁸³

Although some cities, such as Liverpool for the Anfield Project⁸⁴ and Croydon Council,⁸⁵ are using CPO for land assembly, the UK does not currently use CPO powers to their full potential. The Urban Task Force reported in 1999 that the reluctance of cities to use their CPO powers were a result of its “complex bureaucracy, the loss of land value, but also a lack of skills and confidence”⁸⁶ and this is still relevant in 2014. The CPO process can take 18 months, much longer than international comparisons. The delays come from the need for confirmation from a government minister who must ensure that the powers are used for their proper purpose, often involving a formal inquiry.⁸⁷

Reforming CPO to allow the purchase of land at or near existing use values would enable local authorities to meet local priorities and benefit from the gain in value from planning permissions.

83 Monk, S. et al., (2013) *International review of land supply and planning systems* Joseph Rowntree Foundation

www.jrf.org.uk/sites/files/jrf/land-supply-planning-full.pdf. Accessed 2 September 2014. Barlow, J. et al., (2002)

'Land for housing: Current practice and future options' Joseph Rowntree Foundation <http://www.jrf.org.uk/sites/files/jrf/1859353851.pdf> Accessed 5 September 2014.

84 Anfield Project, (2014). *Liverpool city council seeks compulsory purchase unlock Anfield Project housing plan*. Liverpool: The Anfield Project. <http://www.anfieldproject.co.uk/news/liverpool-city-council-seeks-compulsory-purchase-unlock-anfield-project-housing-plan/>. Accessed 29 October 2014.

85 Apps, P., (2014). 'London council threatens landowners as it sets out 9500-home ambition'. *Inside Housing*, 19 September 2014. <http://www.insidehousing.co.uk/development/london-council-threatens-landowners-as-it-sets-out-9500-home-ambition/7005820.article>. Accessed 29 October 2014.

86 Urban Task Force, (1999). *Towards an Urban Renaissance: Final Report of the Urban Task Force Chaired by Lord Rogers of Riverside* (June 1999/1998) DETR, p 228.

87 Chelmsford City Council, (2013). *Guidance Note on the Exercise of Compulsory Purchase Powers*. http://www.chelmsford.gov.uk/sites/chelmsford.gov.uk/files/files/committee_files/App%202%20Housing%20Delivery%20GUIDANCE%20NOTE%20ON%20COMPULSORY%20PURCHASE%20ORDERS%20%20FINAL.pdf. Accessed 29 October 2014.

DCLG, (2004). *Compulsory Purchase and Compensation: Compulsory Purchase Procedure*. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/11487/147639.pdf. Accessed 29 October 2014.

Case study...



Paleiskwartier, 's-Hertogenbosch, Netherlands

The creation of Paleiskwartier – a new neighbourhood in the Dutch town of 's-Hertogenbosch – was enabled by proactive land assembly, which demonstrates the benefits of streamlined land assembly tools.

The Dutch active land policy – similar to the New Towns model – enables local authorities to buy land at existing use value. They then invest in infrastructure and services, subdivide the serviced land into plots, and sell them to house builders after which they can re-invest the profits.⁸⁸

In Paleiskwartier, the city assembled the land before selling it onto a public private partnership for development. The efficiency of Dutch tools of pre-emption and CPO meant that these could be used as bargaining tools to buy land from landowners. One site was bought from a building company in exchange for a building claim; another was bought by threatening the landowner, a developer, with CPO. These voluntary modes of land assembly are made possible and retain value for the municipality through the threat of compulsory purchase.⁸⁹

Effective, streamlined CPO powers enable a local authority to more easily assemble land. Buying at existing use value also enables the community to meet local priorities from the uplift in price upon development.

88 Buitelaar, E., (2010). 'Cracks in the Myth: Challenges to Land Policy in the Netherlands'. Tijdschrift voor economische en sociale geografie. 101 (3). <http://onlinelibrary.wiley.com.ezproxy.westminster.ac.uk/doi/10.1111/j.1467-9663.2010.00604.x/pdf>

89 Louw, E., (2008). Land assembly for urban transformation – the case of Hertogenbosch in The Netherlands. *Land Use Policy*. 25(1), January 2008, pp. 69-80. <http://www.sciencedirect.com/science/article/pii/S0264837707000221>



Strategically releasing green belt: Cambridge and Cheshire East

Re-designating the green belt is politically fraught. This is because of the assumptions made by local communities and voters that all green belt land is of high quality and that building on any green belt land would undermine the benefits of containment, access and green space that the policy is known for. However there are ways of ensuring that areas of green belt with the highest value to the public are protected whilst providing land for homes on areas with less value.

One example is green belt swaps, a policy supported by Government.⁹⁰ Under this approach, green belt land is released for development on the basis that an equivalent area is protected elsewhere.

Green belt swaps were a scheme originally proposed by Cambridge Futures, a pro-development collaboration between business leaders, politicians, government officers, professionals and academics which in 2000 provided a series of options for how to manage growth in the Cambridge area.⁹¹ Cambridge has the third least affordable housing in the UK (see Figure 1). The demand for housing has resulted in development ‘leapfrogging’ the green belt, resulting in – by 2000 – 40,000 daily commutes over it.⁹² Attempting to meet this need and build homes closer to the city, the city council released 215 hectares of green belt land through the 2006 local plan,⁹³ and the city council and South Cambridgeshire released a further 272 hectares between 2006 and 2013.⁹⁴

However, the swap element of the approach has not been adopted.⁹⁵ Attempts to extend the green belt around Waterbeach Village were rejected by the Planning Inspectorate.⁹⁶ It is also

Case study...

90 Syal, R., (2012). ‘George Osborne plans deregulation of planning laws’. *The Guardian*, 2 September 2012. <http://www.theguardian.com/politics/2012/sep/02/george-osborne-deregulation-planning-laws>. Accessed 29 October 2014.

91 Cambridge Futures, (2000). Option 4: Green “Swap”. <http://www.cambridgefutures.org/futures1/Option4.htm>. Accessed 29 October 2014.

92 Cambridge Futures, (2000). *Cambridge Past: How we got to where we are now*. <http://www.cambridgefutures.org/futures1/campast.htm> Accessed 17 October 2014.

93 Marrs, C., (2012) ‘How we did it: Deallocating green belt land’ *Planning*, 2 November 2012 <http://www.planningresource.co.uk/article/1157415/it-deallocating-greenbeltland>. Accessed 3 September 2014

94 DCLG and National Statistics, (2008) *Local Planning Authority Green Belt Statistics: England 2007* <http://www.rsnonline.org.uk/phocadownload/greenbeltstats07.pdf>, accessed 16 September 2014; DCLG and National Statistics, (2014) Local authority green belt statistics for England: 2012 to 2013 <https://www.gov.uk/government/statistics/local-authority-green-belt-statistics-for-england-2012-to-2013>. Accessed 16 September 2014. Check reference from previous report – various data

95 CPRE, (2013). *Greenbelt and the National Planning Policy Framework: 18 months on*. London: CPRE. <http://www.cpre.org.uk/resources/housing-and-planning/green-belts/item/download/3203>. Accessed 29 October 2014.

96 Planning Inspectorate, (2014). *Appeal Decision, Land to the west of Cody Road, Waterbeach, Cambridge CB25 9LS*. <http://www.cambridge.gov.uk/sites/www.cambridge.gov.uk/files/documents/RD-STRAT-330.pdf>. Accessed 29 October 2014.

unlikely to be present in the next local plan.⁹⁷ However, the actions of Cambridge in strategically releasing a section of the green belt following a rigorous consultation and evaluation process, demonstrate an alternative to the piecemeal ‘nibbling’ that cities are often accused of.

By releasing green belt land strategically cities can preserve the valuable parts of the green belt while releasing poorer quality land for new homes.

Cheshire East also proposed green belt swaps in its draft local plan. The plan proposes the release of 80 hectares of green belt land for a new community, as well as the designation of a new green belt area around a different historic town, preserving the openness that contributes to local character.⁹⁸

The release of green belt land, if approved, will enable a new settlement at Handforth East, which will allow the council to deliver infrastructure and facilities that would be impossible with numerous small scale developments.⁹⁹

The proposals for a green belt swap came following a strategic Green Belt Assessment which, as in Cambridge, judged the value of green belt land according to its functions, and identified areas that would be appropriate for development.¹⁰⁰

Green belt swaps in appropriate locations can be a way of retaining the protection and amenities of green belt land while releasing land for housing and assuaging local concerns.

97 Centre for Cities interviews

98 Millar, S., (2013). Council proposes green belt land swap. *Planning*. <http://www.planningresource.co.uk/article/1166125/council-proposes-green-belt-land-swap>. Accessed 29 October 2014

99 Cheshire East Council, (2012). *Cheshire East Local Plan: Shaping Our Future: Draft Development Strategy*. <http://moderngov.cheshireeast.gov.uk/ecminutes/documents/s20766/Appendix%205%20Draft%20Development%20Strategy%20for%20SPB.pdf> <http://moderngov.cheshireeast.gov.uk/ecminutes/documents/s20766> Accessed 29 October 2014.

100 Cheshire East Council, (2013). *Cheshire East Local Plan Evidence Base: Green Belt Assessment*, September 2013. http://www.bollington-tc.gov.uk/uploads/Green_Belt_Assessment_Sept_2013_Bollington_Extract.pdf. Accessed 29 October 2014.



Communities allocating land for homes and parks – Leipzig-Halle green ring

An alternative designation that protects well used green space while releasing land for housing is the Green Ring. In the 1990s, Leipzig in Germany needed new homes but was at risk of urban sprawl. The green ring initiative was established in 1996 to identify poorly kept sites around the city which it strategically developed for homes or enhanced for high quality recreational spaces. It allows for strategic housing development on some land while protecting and improving other 'green' areas.

Under the programme, partners collectively agree on housing or environmental improvements in specific areas.¹⁰¹ In Leipzig, fourteen municipalities, two rural districts and various other organisations, firms and individuals coordinate the programme, ensuring stability and a balance of priorities across a number of interest groups.¹⁰² By engaging different parties in allocating under-used land for housing, amenities and environmental improvements, development is more likely to be supported.

In contrast to the high level of control enforced within UK green belt areas, the green ring is a flexible tool that addresses the amenity of land on a case-by-case basis and allows for the delivery of homes as well as the protection of high quality space and the improvement of poor quality land.

Case study...

101 Westerlink, J. et al., (2013). 'Dealing with Sustainability Trade-Offs of the Compact City in Peri-Urban Planning Across European City Regions.' *European Planning Studies*, 21:4, 473-497. <http://tandfonline.com>. Accessed 1 September 2014.

102 Westerlink, J. et al., (2013) 'Dealing with Sustainability Trade-Offs of the Compact City in Peri-Urban Planning Across European City Regions.' *European Planning Studies*, 21:4, 473-497 <http://tandfonline.com>. Accessed 1 September 2014.

3. Working with neighbouring authorities to meet demand

The housing markets of Britain's most successful city economies extend far beyond the city boundary. Around half of urban workers live and work in different local authorities.¹⁰³ And it is often in these neighbouring authorities where the opportunities to deliver new homes exists.

In many instances neighbouring authorities are, often rationally, unwilling to meet this spill over demand for housing. Addressing this reluctance is of vital importance. Where this doesn't happen through shared interest, national interventions to help incentivise or even enforce agreements will be needed.

For cities to get the housing they need, it is important for them to work strategically across their borders, reflecting where people travel in to work and their true economic area. In the UK there is no longer any strategic planning above the local level, except for LEPs, whose priority is economic development. As it stands, individual local planning authorities allocate a certain volume of housing according to SHMA forecasts which can underestimate the spillover housing required from neighbouring authorities.

While the 'duty to co-operate' calls for cross-boundary co-operation, it is too weak as it does little to support negotiations without an existing shared vision.¹⁰⁴ The Lyons review has called for a 'right to grow', in which the planning inspectorate is able to mediate between local councils to deliver new housing across boundaries.¹⁰⁵ However the power that this or other policies have will rely on the incentives being used and being strong enough.

Planning for housing at the travel to work (city-region) level would allow for a strategic view on how to develop homes that is aligned with economic growth patterns. This could be combined with incentives that cover the localised costs of infrastructure and services associated with building new homes.

As it stands, some local authorities are collaborating to reflect their house-building needs. Where others are failing to meet their collective housing needs under the duty to co-operate, central government could consider a firmer incentive-led approach (as in France), or nationally allocating housing targets to areas, where upon specific sites are decided locally (as in the Netherlands). The following case studies illustrate how cities in the UK and internationally are working with their neighbouring authorities:

- **Cambridge and Oxford**
- **Montpellier, France**
- **VINEX, Netherlands**

103 Centre for Cities (2014) *Breaking Boundaries: empowering city growth through cross-border collaboration*

104 Home Builders Federation, (2014). *City Growth Commission*. <http://www.citygrowthcommission.com/wp-content/uploads/2014/07/Home-Builders-Federation.pdf>. Accessed 3 September 2014.

105 The Lyons Housing Review, (2014). *Mobilising across the nation to build the homes our children need*. http://www.yourbritain.org.uk/uploads/editor/files/The_Lyons_Housing_Review_2.pdf. Accessed 17 October 2014

Brown, C., (2013). 'Four councils sign up to Labour's Right to Grow'. *Inside Housing*. <http://www.insidehousing.co.uk/four-councils-sign-up-to-labours-right-to-grow/6529973.article>. Accessed 29 October 2014.



The duty to co-operate is not enough: contrasting Cambridge and Oxford

Some cities have better relations with their neighbouring authorities than others. Cambridge and Oxford are of comparable size, history and character, with tightly bounded centres, development that has 'leapfrogged' the green belt,¹⁰⁶ and some of the least affordable housing in the UK. However, while Cambridge is working closely with its neighbours, Oxford's relationships are less successful.

Cambridge's ability to deliver housing changed in the mid-2000s with the establishment of the Cambridge sub-regional housing board, supported by Cambridge Futures. This collaborative approach (including the legacy of Cambridge Futures) resulted in a consensus on the need to both increase the density in the city and expand through transport-oriented urban extensions.¹⁰⁷ The city and its neighbouring authorities now strategically plan for housing together, including the recent Market Needs Assessment which assessed green belt land, supplying a pipeline of sites across the sub-region. They are assisted by various coordinating authorities: the Joint Development Control Committees allows Cambridge City Council, South Cambridgeshire District Council and Cambridgeshire County Council to make joint decisions on planning applications.¹⁰⁸ Additionally, the non-statutory Cambridgeshire and Peterborough Joint Strategic Planning Unit coordinate on strategic plans.¹⁰⁹

This cross-boundary co-operation will be enshrined in the next Local Plan, intended to be drawn up jointly with the city council, South Cambridgeshire District Council and the county council on transport matters.¹¹⁰ These measures demonstrate how the councils moved towards agreement that growth could only be achieved by joint working, and moved beyond the weak duty to co-operate.¹¹¹

In comparison, Oxford and its surrounding local authorities work less well together. Neighbouring authorities have frequently opposed the city wide Strategic Housing

Case study...

106 Barker, K. (2006). *Barker Review of Land Use Planning: Interim Report – Analysis*. London: HMSO. Available at: <https://www.gov.uk/government/publications/barker-review-of-land-use-planning-final-report-recommendations>. Accessed 3 September 2014.

107 Cambridge Horizons, (2007). *Cambridgeshire Quality Charter for Growth*. Available at: https://www.cambridge.gov.uk/sites/www.cambridge.gov.uk/files/documents/cambridgeshire_quality_charter_2010.pdf. Accessed 2 September 2014.

108 South Cambridgeshire District Council, (2014). 'Joint Planning Arrangements'. <https://www.scambs.gov.uk/content/joint-planning-arrangements>. Accessed 17 October 2014.

109 Cambridge City Council, (2013). Draft Local Plan. https://www.cambridge.gov.uk/public/ldf/draft_submission/

110 Centre for Cities interviews

111 Marrs, C., (2012) 'How we did it: Deallocating green belt land', *Planning*, 2 November 2012 <http://www.planningresource.co.uk/article/1157415/it-deallocating-green-beltland>. Accessed 2 September 2014

Market Assessment, despite recognising the need for more housing in the area.¹¹² These repeated challenges concerned Oxford City Council's selection of several sites outside the city for housing, on the grounds that there has been a lack of consultation.¹¹³ Meanwhile, Oxford has developed small pieces of urban land with significant local value to the public because of a lack of alternatives within the city.¹¹⁴

This is affecting the city's economy. The shortage of housing in Oxford was identified by local businesses as restraining recruitment, with expansion of the city essential to support their growth.¹¹⁵ The 2014 Oxford Futures report also highlighted the poor co-operation of local authorities in particular as a significant hindrance to economic growth.¹¹⁶

Although the duty to co-operate allows for flexibility and enshrines the need for collaboration, it is not a strong enough incentive to encourage authorities to work together. The shared vision for development can result in effective joint working, but where this does not exist, there are not currently the tools to ensure that local authorities work together to deliver housing.

112 Fantato, D., (2014) 'West Oxfordshire Council set to Reject New Housing Targets' *Oxford Mail*, 13 June 2014 http://www.oxfordmail.co.uk/news/11277603.Council_set_to_reject_new_housing_targets/. Accessed 2 September 2014.

113 Oliver, M., (2014) 'Council leaders clash as city says it can't take 28,000 homes' *Oxford Times*, 1 April 2014 <http://www.oxfordtimes.co.uk/news/11116005>. Accessed 2 September 2014; Sell, S., (2014) 'Oxford housing chief criticizes neighbours over duty to cooperate' *Planning*, 27 August 2014 <http://www.planningresource.co.uk/article/1309435/oxford-housing-chief-criticises-neighbours-duty-cooperate>. Accessed 2 September 2014.

114 APPG Green Belt, (2014) *Green Belts: A Local Way Forward for the Twenty First Century* <https://appgreenbelt.files.wordpress.com/2014/07/appg-greenbelt-report-20142.pdf>. Accessed 12 September 2014.

115 SQW, (2013). *The Oxfordshire Innovation Engine: Realising the growth potential*. Available at: http://www.sqw.co.uk/files/2613/8690/7243/Oxford_engine.pdf. Accessed 1 September 2014.

116 Falk, N., (2014). *Oxford Futures: Achieving smarter growth in Central Oxfordshire*. Oxford: Oxford Civic Society.



Case study...

Incentivising local authorities to form planning partnerships – Montpellier

Montpellier has had the largest population growth of any French city over the last 50 years.¹¹⁷ Through a national scheme that incentivises joint working with neighbouring authorities, it has developed and implemented a long-term plan for the city-region's housing requirements.

Since the 1960s, France has been devolving powers to city-regions and empowering city mayors.¹¹⁸ In 1982, Montpellier formed a joined authority, initially limited to 14 communes and primarily focused on city-regional transport infrastructure.¹¹⁹

Through the 1990s, the Public Establishment for Intermunicipal Cooperation (EPCI)¹²⁰ continued to strengthen regional governance structures with financial incentives to encourage municipalities to form city-region governments. In 2001 the Montpellier Agglomération was formed through the EPCI as a partnership of 31 communes led by the city's Mayor. Although the Agglomération does not cover the entire city-region, it allows for strategic planning, a forum for co-operation and a means of delivering infrastructure for new development.

The Agglomération develops a 15 yearspatial development plan (SCOT) for both local communes and the city-region as a whole. This covers housing and infrastructure, stipulating categories of density, growth areas and transport, and a long-term delivery plan for city growth.¹²¹

Prior to the Agglomération, local councils worked independently with little co-ordination. Now the Agglomération provides strategic leadership, and the SCOT provides a comprehensive plan and delivery framework to provide housing across the metropolitan area. Montpellier can now plan for growth with the appropriate infrastructure, using pre-emptive land assembly to coherently develop across bureaucratic boundaries.

Where local authorities are not working together, national incentives such as development and infrastructure funds and flexibilities can encourage partnerships to plan strategically.

117 AB Real Estate (n.d.), *Montpellier – by far the fastest growing city in France* <http://www.ab-real-estate.com/newsletters/nl22/property-agent-languedoc-roussillon-nl22-montpellier.php> Accessed on 1 July 2014.

118 Hall, P., (2014). *Good Cities, Better Lives: How Europe Discovered the Lost Art of Urbanism*. Abingdon: Routledge.

119 Hall, P., (2014). *Good Cities, Better Lives: How Europe Discovered the Lost Art of Urbanism*. Abingdon: Routledge.

120 Cole, A and John, P. (2001) *Local Governance in England and France*: Routledge.

121 Tosics, I., (2011). 'Towards balanced metropolitan housing markets: the role of government, planning policy and financial regulations'. Enhr Conference 2011. Available at: <http://www.enhr2011.com/sites/default/files/PAPER-YvanTosics-WS04.pdf>. Accessed 2 September 2014; Nilsson, K. et al., (2013) *Peri-urban futures: Scenarios and models for land use change in Europe* London: Springer.

Case study...



National strategic planning to enforce co-operation – VINEX, Netherlands

The Dutch VINEX policy, from a report issued in 1991 for the period 1995-2005, strategically designated sites for delivering housing nationally over the long-term. The policy has delivered compact neighbourhoods close to existing cities, in areas well-connected to services and jobs. Neighbourhoods included inner-city brownfield sites, urban extensions and semi-independent satellite towns; but all were compact and well-connected to existing cities. 750,000 homes were built nationally during the VINEX period, 60 per cent of which were through the scheme. Most (61 per cent) have been on suburban sites just outside of the city.¹²² The development sites were chosen by national government through working groups of national, regional and municipal authorities.¹²³ This three-tier system has been embedded in national spatial development since 1958 and enshrines cross-boundary co-operation into the planning process.

As in the UK, around 80 per cent of funding for local services in the Netherlands comes from central government, but in the Dutch context it is administered through central plans.¹²⁴ Central government provides subsidies to the region to cover land acquisition, decontamination and public transport infrastructure costs. Regions then sign covenants with national government, which outline their spatial plans, but the local authorities implement the development with independent planning powers.¹²⁵ This requires local authorities to work together under the regional authority.

Conflict over whether or not development would take place was taken out of local authority hands as strategic decisions were taken nationally. Furthermore, money for the local costs of development was allocated nationally and decisions made in working groups. Therefore there was a strong incentive to carry out the development and a strategic decision making process.¹²⁶

122 Falk, N (2013). 'Garden cities, compact towns or what?'. *Urbed. Ecobuild 2013 Presentation*. Available at: <http://www.slideshare.net/urbed/ecobuild-2013-04-032013>. Accessed 3 September 2014.

123 Galle, M. and Modderman, E., (1997) 'VINEX: National Spatial Planning Policy in the Netherlands during the Nineties' in *Netherlands Journal of Housing and the Built Environment*, Vol. 12 (1), pp. 9-35.

124 Hall, P., (2014). *Good Cities, Better Lives: How Europe Discovered the Lost Art of Urbanism*. Abingdon: Routledge. P. 167.

125 Hall, P., (2014). *Good Cities, Better Lives: How Europe Discovered the Lost Art of Urbanism*. Abingdon: Routledge. P. 169.

126 Boeijsenga, J. and Mensink, J., (2008). *Vinex Atlas*. Rotterdam: 010 Publishers.

VINEX was replaced in 2006 by the Nota Ruimte which is a more decentralised policy. Projects are still nationally co-ordinated, but there is more provincial decision-making in which local authorities are encouraged to bring about small-scale housing developments.¹²⁷

Where visions or priorities do not align, national strategic planning can ensure that housing is delivered by backing local authorities with a clear plan and the tools to deliver homes where they are needed most.

By assigning decisions that concern cross-boundary working to a higher regional or national level, local authorities are less likely to come into conflict over decision-making. Their co-operation is then incentivised through the guarantee of investment deals.¹²⁷

¹²⁷ Boeijsa, J. and Mensink, J., (2008). *Vinex Atlas*. Rotterdam: 010 Publishers.

¹²⁸ As called for by the Royal Town Planning Institute.

Conclusions

There is a political consensus that the UK needs more homes. While this is a national issue, it is most acute in Britain's most successful cities. The under-supply of homes has been a long-term and systematic problem for the UK. In order to address it and deliver homes in the places that need them most, strong political leadership combined with the right technical solutions are vital.

There is sufficient land that could provide homes in the areas where people want to live, but local and national decision-makers must be bold in identifying it based on the merits of individual sites, rather than based on long standing and often arbitrary designations. Within Britain's most successful and least affordable cities, if every brownfield site was developed to its full capacity – which is highly unlikely – there is capacity for 425,000 extra homes. This will be a major contribution to homes in some cities, and there are tangible benefits of dense building on brownfield sites not least in supporting services. But even this figure falls a third short of the minimum 685,000 homes these cities need over the next ten years, meaning that building on existing brownfield sites will not be enough.

Cities must start to consider land on its merits, including potential sites that are close to railway stations but that are designated as green belt land. This land could accommodate an extra 1.4 million homes on just 5.2 per cent of their total green belt. Developing half of these suburban sites would meet this minimum ten year target. While some will not be suitable, there will be many areas which are of poor quality that could be developed.

National and local politicians need to set a clear agenda – none of the three options laid out can be taken off the table, and land in and around successful cities should be evaluated on its merits not its previous designation. To then ensure homes are delivered on this land, city decision-makers can mix and match the responses and interventions set out in this paper.

These include:

- **Considering all available land on its merits** – cities must evaluate what land is best used for housing and land that should be protected for its social value, regardless of past planning designations. This takes local and national leadership.
- **Working in partnerships** – both with neighbouring authorities and with national partners. Where the relationships are not effective, international examples show the potential of incentivising authorities to work towards meeting housing needs.
- **Benefitting the local community** – cities whose communities are most accepting of housing are those who share the benefits. This can include, for example, restoring poorly used land or investing in improvements in local infrastructure and services.
- **Being proactive** – identifying areas with the potential for housing and investing to ensure that sites are viable. This can be in land assembly deals or investing in infrastructure to make these sites viable. Alternatively cities can use their land or investment to make homes for underserved communities viable where the market won't deliver.

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All views expressed in this report are those of the Centre for Cities and do not necessarily represent the views of those we interviewed. All mistakes are the authors' own.



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