Sleepy suburbs
The role of the suburbs in solving the housing crisis

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Although the housing crisis has spurred great efforts from central and local government to end the shortage and build more homes, housing remains unaffordable in many cities and large towns. The lack of housing can only be solved by reconnecting housing supply to demand for new homes, by building a greater amount in the most expensive cities and large towns. This will require reform to where and how we build new homes.

This paper shows that local authorities have often made tough political choices to build new housing. But systemic problems in the way we plan for new homes have made it much harder to build new homes across much of our cities.

- Large parts of the existing suburbs of England and Wales are providing almost no new homes. Over a fifth (22 per cent) of city neighbourhoods outside city centres have built no new houses since 2011. Half of all these suburban neighbourhoods (51 per cent) have built less than one house each year since 2011. Sunderland has the most dormant suburbs, with 70 per cent of neighbourhoods adding less than one house every year, compared to 22 per cent of neighbourhoods in Cambridge.

- A few suburban neighbourhoods are building the lion’s share of new homes. Some 4 per cent of suburban neighbourhoods have supplied 45 per cent of all new suburban homes since 2011. These new homes concentrated in certain parts of our suburbs have been essential for places to meet their housebuilding targets. Milton Keynes has the most neighbourhoods building at this intensive rate, with 11 per cent of neighbourhoods adding more than 25 homes every year since 2011. In contrast, no neighbourhoods built at this rate in the suburbs of Oxford or Luton, both of which are expensive places to live with below average housing growth.
With so few of our suburbs seeing minimal or no new homes being built, only a small increase in housing supply across our dormant suburbs is needed to deliver a large boost to the number of homes. If every suburban neighbourhood had at least built just under four houses per year since 2011, there would be 446,000 more homes in cities today, a 56 per cent increase over actual new supply. If cities did this and built the 56,000 extra homes a year it required, it would almost close the remaining gap between our national housebuilding rate of 241,000 and the national housing target of 300,000.

What lies behind these outcomes is the interaction between different elements of the planning system and housing policy. These include a combination of local plans that rarely encourage development in the suburbs due to local opposition, a lack of incentives for local authorities to build more than their Government housebuilding targets, and the use of unpredictable planning permissions to control development which make constructing new homes in the suburbs too risky for builders. Measures such as the Green Belt, which are justified partly on the basis they encourage suburban densification, do not achieve their stated objectives.

Solving Britain’s housing crisis will require more housing in existing suburbs, in addition to making more land available for development on the outskirts of cities. This can be done by:

- **National reforms to the planning system to reconnect supply with demand.** A shift towards a greater role for prices in calculating cities’ housing targets, and an expansion of permitted development rights would increase housebuilding in the most expensive cities and suburban development.

- **Reforms to make suburban supply easier.** The National Planning Policy Framework (NPPF) should require cities to allocate some development sites in the existing suburbs; cities should create suburban design guides which reduce the risk of developing infill development for small builders; tax incentives like the New Homes Bonus should encourage councils to pursue housing in the existing suburbs; the existing method of developer contributions through “Section 106” and the Community Infrastructure Levy (CIL) should be simplified to reduce risk; metro mayors should use public transport mobility data to shape development patterns in their cities; and funding should increase to deal with the technically complex work of suburban development.

- **Experimental ideas.** The Government should look at whether England and Wales could copy recent reforms in California, which have legalised “granny flats” and “millennial pads” in back gardens; and should run pilots with London YIMBY’s ideas of allowing very local neighbourhoods to redevelop themselves in return for keeping the profits of doing so.
The most expensive cities in the UK face a severe housing shortage. Solving this housing crisis by building more homes is crucial to reduce the pressure housing costs put on residents and public services, tackle growing inequality within cities and across the country, and grow the national and local economy.

Yet strangely, some of the most unaffordable cities such as Oxford or Bournemouth are building fewer new homes than cities where housing is less expensive such as Barnsley or Peterborough, as Figure 1 shows. Some expensive places, such as Cambridge are building new homes at a rapid rate, while others with lower demand such as Blackburn are supplying very little, as might be expected. But in many other cities, supply and demand appear unconnected. This weak link between the local supply of and demand for new homes results in housing shortages in many cities with successful economies.

Figure 1: Cities’ housing supply since 2011 and their housing affordability in 2011

Source: EPC Domestic Register 2019; Census 2011; ONS, Annual Survey of Hours and Earnings (ASHE) 2011; Land Registry, Market Trend Data, Price Paid 2011
The systemic mismatch between new supply and demand for housing in cities in Figure 1 appears to be caused by how the planning system rations the supply of land for development.¹ Exactly why some cities where demand for new homes is high, such as Brighton, build few new homes while some lower-demand cities, such as Wakefield, build far more remains poorly understood.

Individual cities each have characteristics that can make building new homes more or less difficult, such as the boundaries of the local authority, the terrain and coastline, the Green Belt, national conservation designations, and the urban form of existing settlements. These local conditions can constrain new housing supply within cities, but they cannot explain any of the systemic factors or policy choices which are consistently decoupling new supply from demand in Figure 1.

If the planning system is altering how many new homes are built in cities, then it could be doing this by shaping where housing is, or not, built within cities. By looking within cities to identify where new homes are and are not being built, it becomes possible to explain how planning systemically disconnects supply from demand across different cities and how reform can reconnect them and address the housing crisis.

This report sets out how the planning system shapes the pattern of new supply within cities, and is divided into four parts:

- Where in cities are new houses being built?
- Why does this pattern matter?
- How does policy explain these patterns?
- What needs to change?

¹ Breach, A, 2019 Capital Cities: How the planning system creates housing shortages and drives wealth inequality, London, Centre for Cities
Broadly, the locations where cities could choose to allocate land and build new homes could be grouped into three distinct areas:

1. New high and mid-rise development in city centres;
2. Urban extensions and housing estates on greenfield sites on the outskirts of cities; and
3. Existing, built-up suburbs around city centres.

This section will investigate how new housing supply is delivered in each of these areas, to explain the disconnect across cities between the supply of new housing and demand. To do this, it looks at case studies to illustrate how the groups of cities with distinct amounts of supply and demand of housing in Figure 1 provide new homes. Brighton is shown as an example of a city with high housing demand but low supply, and Wakefield as a city with lower demand and high supply. Exeter is then introduced as a city which manages to supply a large number of new homes in response to high demand, followed by Manchester and London, which face distinct issues as large conurbations.

Each of these cities will face some unique conditions when supplying new homes. Elected leaders and planners in each city are best placed to understand those special features and barriers at the local level, and these cities are presented here as case studies here to show broad types.
Box 1: Defining suburbs

The analysis in this report split cities in two areas: city centre and suburbs – because of the different roles that previous work by Centre for Cities suggests that they play.2

- **City centres** are defined based on all the postcodes that fall within a circle from the pre-defined city centre point. The radius of the circle depends on the size of the residential population of a city and its size is as follows:
  - London – radius of 2 miles;
  - Large cities – radius of 0.8 miles;
  - Medium and small cities – radius of 0.5 miles.
- **Suburbs** are defined based on the postcodes that fall within the rest of a city (defined as primary urban areas (PUAs), the standard definition of cities that Centre for Cities uses).

As a result, this report is not referring to suburban living – terraced housing, semi-detached and detached neighbourhoods, and Canary Wharf are all part of this report’s definition of “suburbs”. It simply refers to the parts of the city which are not in the city centre.

While due to data limitations this research was not able to classify these important distinctions within the suburbs, it is still notionally possible to observe and distinguish at least two different types of suburbs, and this is explicitly done throughout the text.

- **Existing suburbs**, also referred to as interior suburbs and built-up suburbs: these indicate those parts of the suburbs which already play a central role in terms of residential provision. They tend to be closer to the city centre and most of their land is already developed and used for residential purposes.

- **Outskirts**, also referred to as peripheral suburbs: these are parts of the suburbs within cities that are further away from the city centre and are yet to be developed to their full potential as areas dedicated to residential provision. These tend to be the areas where it is more likely to find large areas that can easily be developed into new urban extensions, and where local plans allocate sites for greenfield development.

This report uses Lower Super Output Areas (LSOAs), which are defined by the number of households in the Census for "neighbourhoods". In 2011, these LSOAs contained on average 700 homes each. As a guide for interpreting the maps, physically smaller neighbourhoods typically represent existing suburban neighbourhoods with many houses already built-up. Larger neighbourhoods on the maps are either city centres with a greater concentration of jobs than residents, or neighbourhoods on the outskirts with large amounts of undeveloped land.
Cities consistently build very few houses in their existing suburbs, but the amount they build in their city centres and outskirts varies. There are large parts of the suburbs in every city where no or almost no new construction is taking place, regardless of the level of demand for new housing.

For instance, consider where homes have been built in Brighton in Figure 2. The colour of the neighbourhood shows how many new homes have, on average, been built in that neighbourhood every year from 2011 to 2019. The 3D map available online shows the same colours and total construction, with the highest column in Shoreham supplying 241 homes over this period, or just over 30 a year.

Brighton is an expensive city, where the average house costs 14 times the average income in 2019. As a result, the city faces a severe housing shortage, and building more homes is a critical priority for the city’s economy and social inclusion. But despite the city’s unaffordability, new housing supply has increased by just 3 per cent since 2011, even though the city’s population increased by 6 per cent over that period.

The city centre of Brighton has seen housing supply increase by 7 per cent, less than the national average for city centres of 16 per cent. Shoreham town centre to the west of the map has seen a 28 per cent increase in the number of homes. But as it sits in the neighbouring local authority of Adur, it faces a distinct housing target from Brighton local authority.

In both Brighton and Hove and Adur local authorities though, there is little new housing on the outskirts of the city. Partly this is because Brighton faces severe topographical constraints in the South Downs to the north of the city and with the coast to the south.
Figure 2: Where Brighton has built new homes since 2011

But Brighton does not respond to these constraints by building more homes in the existing suburbs. The supply of homes in the suburbs has since 2011 only grown by 2 per cent, less than the city as a whole. Since 2011, 59 per cent of neighbourhoods across all of the suburbs built less than one house each year, and 17 per cent built none at all. This does not appear to have any connection with existing transport infrastructure, as little development takes places around a number of railway stations in Brighton.

In more unaffordable places such as Brighton, high land values mean redevelopment should be financially viable for developers. As the price of land reflects the demand from households and firms for that location, cities with strong economies and a growing population will see their land values rise. By sharing the cost of increasingly expensive land between more households, such redevelopment by the private or public sector helps keep housing affordable in these cities and towns. But this process does not appear to occur in Brighton.

Alongside this low growth in housing stock in the existing suburbs, Brighton does not have much concentrated new supply in its city centre and little on its outskirts, so total housing supply is low, despite high demand and a very unaffordable housing situation. Similar unaffordable places with patterns like this include Southend, Luton, Worthing and Ipswich.
Box 2: Data and Method

Two major sources of data were used:

- The domestic Energy Performance Certificate register, for the supply of new homes from the beginning of 2011 to the end of May 2019.3
- Census records on dwellings by neighbourhood, or Lower Super Output Area (LSOA) in 2011. On average, each of these neighbourhoods contained about 700 houses in 2011.

The domestic EPC register was created as a database for research into building energy efficiency, but it has recently been made available for research on other areas of housing policy. It is updated more frequently and at smaller geographies than other sources of housing data.

EPCs can be granted to properties for a variety of reasons which are identified in the register, but they must be granted to new buildings whenever they are constructed, sold, let, or converted from commercial to residential use. As a result, while they are not a complete record of all the buildings in the UK, they do record all the new homes which have been built since the late 2000s.

All the new dwellings which cities have built since 2011 were identified in the EPC register, and assigned on the basis of their postcode to every LSOA within cities. These changes in housing supply, relative to the complete Census 2011 records of housing stock are then displayed in the maps, averaged out across eight years to produce a measure of new homes per year by neighbourhood by city in England and Wales across the 2010s.

One limitation of the data is that it is not able to record when homes are removed from cities’ housing supply, for instance due to demolition and redevelopment, or conversion into another use such as Airbnb lettings. It therefore cannot be used to investigate net change in dwellings at the local LSOA level, even if it can serve as an accurate measure of new builds. ONS data does indicate that demolition rates are low (7-10,000 a year nationally, compared to 240,000 net new dwellings a year), and short-term Airbnb holiday lets appear to be concentrated in city centres.4

The EPC data can also be used to calculate the average floorspace each resident of a city has, and how this has changed since 2011. These relationships are investigated in more detail in the Centre for Cities briefing Making Room.5

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3 https://epc.opendatacommunities.org/
5 Sells T. and Breach, A, 2019, Making Room: How and why living space varies between cities, London, Centre for Cities
Some other cities instead build far more on their outskirts and much less in their city centres than average. At the other end of the spectrum to Brighton, Wakefield has supplied far more new homes since 2011, and it has much more affordable housing, with the average house costing seven times the average income. But this affordability appears to be primarily driven by low demand for housing in Wakefield, due to the city’s underperforming economy.

Wakefield adds new housing in a manner distinct to Brighton. The city centre in Wakefield in Figure 3 is on the left of the map, and saw housing stock increase by only 10 per cent since 2011, less than the average of 16 per cent for city centres. But despite low supply in the city centre, new suburban extensions are providing so many new homes that the city’s total housing stock has grown by 8 per cent, faster than the national average of 6 per cent.

Lots of new houses are being built on greenfield sites. These include new large urban extensions on the outskirts of existing settlements, which predominate in the larger neighbourhoods on the map which were less developed in 2011. There are also smaller infill developments filling in the gaps between Wakefield’s numerous small towns. Some of these new homes are adjacent to the urban core around the city centre towards the left of the map, but mainly they appear to be close to the motorway junctions on the M1 and M62. Others are located nearby railway stations, but not all stations (e.g., South Elmsall in the south of the map, or Sandall & Agbrigg).

The large parts of the existing, built-up suburbs of Wakefield see almost no new construction. 34 per cent of the city’s suburban neighbourhoods have built less than one house each year since 2011. Even though this is one of the lowest shares of low-building in the existing suburbs of any city – perhaps driven by the smaller infill developments in-between Wakefield’s smaller towns – it still means 1/3 of the city is experiencing very little new supply, especially demolition and redevelopment. That the neighbourhoods which have built no houses at all are some of the smallest on the map suggests that there is little redevelopment of the existing, built-up suburban area.
This pattern of little redevelopment of the city centre and the existing suburbs alongside large urban extensions and significant greenfield development does resemble the expected pattern of housing supply in cities with low land values such as Wakefield. If land values are low, then private developers will struggle to finance the construction costs of redevelopment without an intervention from the public sector. Furthermore, there is little incentive for residents to save money by using less land and living at higher densities.

And yet, even though Wakefield is a lower-demand city, as shown by its low land values, it supplies far more new homes than Brighton, a city with higher-demand.

Places with low land values and a similar trend of considerable greenfield supply on the outskirts and little elsewhere include Sunderland, Barnsley, and Mansfield. While the conditions of each area is different and each site is unique, it is plausible to consider whether new developments and extensions closer to the urban core could reduce commute times and demands on infrastructure in these cities.

A number of New Towns, including Milton Keynes, Peterborough, and Warrington appear to consistently experience a variant of this pattern, despite having very different affordability issues from each other. These New Towns are characterised by very high housebuilding on the outskirts and very little or no development of the existing suburbs and the city centre.
Exeter – a high-demand, high-supply city

Expensive cities which supply lots of homes build in their city centres and in their outskirts, but noticeably less in their existing suburbs. Exeter is one of the most expensive cities in the country, but unlike many other cities facing a housing shortage, it has built a great many homes since 2011, with total housing supply growing by 8 per cent. Supply is better linked to demand in Exeter than in other unaffordable cities like Oxford or Brighton, and in cities with lower demand such as Wakefield. As a result, Exeter is more affordable than it would otherwise have been, and will remain so over the longer term.6

The pattern of new supply in Exeter is shown in Figure 4. The city centre can be seen to providing some new homes, and housing supply there has increased by 8 per cent. But the bulk of supply – 70 per cent of new suburban homes – has been delivered not just in the outskirts, but a particular section of the outskirts towards the right of the map, near the recently opened Newcourt railway station and Exeter’s motorway junctions inside the local authority. These higher-supply neighbourhoods on Exeter’s outskirts, amounting to 10 per cent of the suburbs, are essential for Exeter’s overall housing supply given its housing target, as in Wakefield and implicitly so in Brighton.

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6 For a discussion on how supply improves affordability over multiple business cycles, see: Breach A, 2019, Why financialisation is not causing the housing crisis, Centre for Cities https://www.centreforcities.org/blog/why-financialisation-is-not-causing-the-housing-crisis/
However, supply is still concentrated on parts of the outskirts of Exeter and in its city centre. This is perhaps because, unlike those areas in the east of the city which are supplying lots of new homes, the rest of the city may not currently have the existing or new infrastructure capacity to support as much new housing. Nevertheless though, 48 per cent of suburban neighbourhoods in Exeter are building less than one house a year, and 14 per cent of suburban neighbourhoods in Exeter have built no new houses over this period, including a built-up area close to Digby & Sowton station.

Exeter and other high-demand places such as Reading or Cambridge, which are rapidly building new homes relative to other expensive cities, will need to keep supplying more homes to ensure housing costs are stable over the longer run. But as their outskirts are quickly filled with new homes, their ability to deliver more homes in their existing suburbs will become more important to keep local housing costs under control.
In contrast, some of the largest cities like Manchester in Figure 5 are seeing a concentrated boost of new homes in the city centre. The number of homes in Manchester city centre has increased by 25 per cent over this period. Neighbourhoods which are technically in the suburbs but immediately adjacent to the city centre, such as in Salford and Hulme, can also be seen to have added many new homes – potentially reflecting an outwards expansion of Manchester’s city centre since 2011.

Figure 5: Where Manchester has built new homes since 2011

Source: EPC Domestic Register 2019; Census 2011 © OpenStreetMap contributors

7 This map shows Manchester PUA, rather than Greater Manchester, as Wigan is a separate urban area.
But despite all this new development, Manchester’s housing stock has actually increased by less than the urban average of 6 per cent – just 5 per cent. This is because even though the city centre is rapidly building new homes, Manchester’s suburbs are building very little. Across all of the suburbs of Manchester the total number of homes has increased by only 4 per cent, even including those new high-rise residential buildings which are technically in suburban neighbourhoods adjacent to the city centre.

Manchester’s suburbs build very little for two reasons. First, like Brighton, there is comparatively little housebuilding on the outskirts of Manchester, perhaps due to the city’s tight Green Belt. Unlike Exeter therefore, Manchester does not experience many concentrated areas of greenfield development, which makes it difficult for the city to provide enough new homes. That Manchester’s supply of new homes is primarily going to be delivered in the city centre with little development in the existing suburbs and outskirts has been confirmed to continue under the Greater Manchester Spatial Framework, which is being agreed between the local authorities and the metro mayor Andy Burnham.  

Second, this lack of supply on the outskirts does not result in a more general densification of the built-up area. Some 56 per cent of the suburban neighbourhoods in Manchester have built less than one house each year since 2011. 28 per cent have built no new homes at all. Even though one of the objectives of the Green Belt is to recycle “derelict and other urban land”, large parts of Manchester experience little or no new recycling of their land, despite the success of Manchester’s urban economy in recent years.

However, one thing that distinguishes Manchester’s experience from smaller cities is that there are pockets of higher-density supply in the city’s suburbs. These are in local centres such as Bolton and Bury within each local authority in Greater Manchester with good transport links to the rest of the city, similar to the supply concentrated in Shoreham town centre in Adur local authority in Brighton in Figure 2. These pockets resemble little city centres of their own – booms of high-density construction surrounded by very little new supply across the rest of the suburbs. Each district local authority currently has its own housing target and must provide some new homes, which are evidently being allocated in town centres in Manchester. Similar patterns of supply are also seen in Liverpool and Birmingham.

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8 The GMSF also includes Wigan, which is in Greater Manchester, but outside this analysis as it is not included within Manchester PUA.

9 HM Government, 2019, National Planning Policy Framework
A similar but distinct approach to Manchester can be seen in London in Figure 6, including both a 3D map of the entire Primary Urban Area of London where the height of the column and the colour represents local supply, and a 2D map zoomed in on the East End and including transport infrastructure.\textsuperscript{10} The highest column in Stratford indicates that one of the neighbourhoods in the Olympic Park has provided 5,572 homes over this period, or 697 houses a year.

London has seen housing supply increase by 8 per cent since 2011, which is faster than the urban average of 6 per cent. This is not just because of supply in the city centre, which seeing a 15 per cent increase built at a slightly lower rate than the city centre average of 16 per cent. Instead, there has been pockets of concentrated supply peppered throughout the suburbs, similar to Manchester but a much greater scale.

These pockets of supply in the suburbs have tended to follow public transport corridors due to the London Plan’s reliance on access to public transport\textsuperscript{11} to determine permitted housing densities. Certain pockets in the suburbs, which are frequently ex-industrial land or council estates such as the Olympic Park in Stratford, Wembley, Old Oak Common, Elephant and Castle, Nine Elms, North Greenwich, and Barking Riverside, are all experiencing very concentrated bursts of supply.

\textsuperscript{10} Equivalent 3D maps are also available for the other cities discussed on the online reader version of this report.

\textsuperscript{11} Public Transport Accessibility Levels, a measure of public transport capacity specific to London.
But not all public transport corridors have seen the same increases in housing supply. Large parts of the built-up area of London across every borough, including sections close to existing stations, have built very few new homes, particularly beyond Zone 2. Despite the pockets of intense supply, since 2011 43 per cent of suburban neighbourhoods in London have built less than one home a year, and 14 per cent have built zero. The result is that a small number of neighbourhoods experience major redevelopment – 6 per cent of London’s suburban neighbourhoods have provided 55 per cent of its new homes since 2011 – while a large swathe of the rest of London remains almost untouched.

The responsibility on these pockets of substantial supply in London is deepened because, like Manchester, there is little new construction on the outskirts of the capital. The Green Belt in the further reaches of London has reduced supply on the outskirts of the city. Unlike Exeter therefore, London is choosing not to make large amounts of undeveloped land available for new homes, even though there is enough land available in the green belt around London to provide 891,000 to 1,100,000 new homes within walking distance of existing train stations.\(^\text{12}\)

In summary, across a range of cities in England and Wales of varying sizes and with differing economies, their existing suburbs add very little new housing. While the amount of homes supplied in cities’ outskirts, city centres, and certain pockets in the suburbs of larger cities all vary, large parts of all of these cities have seen minimal change in housing stock.

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12 Chesire P. and Buyuklieva B., 2019, Homes on the Right Track, London, Centre for Cities
This pattern, of concentrated supply in city centres and on the outskirts of cities alongside minimal construction in the existing, built-up suburbs, has two major consequences. It means that a small number of neighbourhoods provide a disproportionate share of new homes in every city. This contributes to the disconnect between the local supply of new homes and local demand, deepening the housing crisis in our most unaffordable cities.

**Housing supply is concentrated in certain suburban neighbourhoods**

New suburban supply is important because the primary economic role of the suburbs is to be places where the workers in cities live. Despite a return to city centre living in recent decades, city centres in England and Wales accounted for a total of just over 500,000 homes in 2019, compared to over 13.7 million homes in the suburbs.

Yet, across England and Wales, suburbs are building new homes at a slower rate than city centres in almost every city.\(^\text{13}\) Although the suburbs have added a greater number of homes because they are already much larger, city centres have seen their housing stock grow by 16 per cent from 2011 to 2019, compared to just 6 per cent growth in the suburbs.

Figure 7 shows where these houses are built across all of the suburbs (including the existing, built-up suburbs and the outskirts within city boundaries) in England and Wales. On the left-hand side, the bar categorises each suburban neighbourhood according to its supply of new homes since 2011. The right-hand side looks at the contribution of these suburban neighbourhoods to total supply.

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\(^{13}\) Out of 58 cities in England and Wales, only seven cities have seen faster housing growth in their suburbs than their city centres – Aldershot, Birkenhead, Blackburn, Milton Keynes, Preston, Swindon and Telford.
For instance, on the left-hand side, 22 per cent of all suburban neighbourhoods have built zero houses since 2011. These neighbourhoods therefore made zero contribution to total housing supply on the right-hand side of the chart.

**The majority of our suburban neighbourhoods are building very little or nothing.** Some 51 per cent of all suburban neighbourhoods have added less than one new home each year or none at all since 2011. These areas accounted for 2 per cent of all new supply in the suburbs, or just 17,000 homes. In the rest of this report, these neighbourhoods are together described as “dormant”.

Sunderland has the most dormant suburbs, with 70 per cent of neighbourhoods adding less than one house every year, compared to 22 per cent of neighbourhoods in Cambridge, with the least.

In contrast, while most neighbourhoods are building very little, a few are adding the lion’s share of new supply. Some 66 per cent of all new suburban houses since 2011, or almost 488,000 homes, have been built in the 10 per cent of our suburban neighbourhoods that have built at least 12 houses each year.

Even within these high-supply neighbourhoods, there are those which are providing an especially concentrated amount of new homes. Neighbourhoods which have built more than 25 houses a year since 2011 account for 4 per cent of all suburban neighbourhoods. But the new houses they have provided are 45 per cent of all new suburban supply, or 333,000 homes. These neighbourhoods which have built more than 25 houses every year are described as “intensive”.

14 Fewer than eight homes in total since 2011.
15 96 homes or more since 2011.
16 200 homes or more since 2011.
Milton Keynes has the most intensive suburbs, with 11 per cent of neighbourhoods in the city adding more than 25 houses each year. Neither Blackpool, Burnley, Luton or Oxford have any neighbourhoods in their suburbs building at that intensive rate.

A similar pattern has also been identified in the United States by the economist Issi Romem. Data on from American cities going back to the 1940s indicates that housing supply in cities ranging from San Francisco to Detroit has become increasingly “spiky”. After new suburbs are built around American cities they subsequently become “dormant” and see near-zero new supply and intensification. Increasingly, new construction continues only in high-density supply in certain town centres and in low-density suburban sprawl on the outskirts.17

Cities’ unbalanced supply shapes their total housing supply

An unbalanced supply across a city does not necessarily present a policy problem. After all, neighbourhoods which build lots of new homes are always going to account for a larger share of new housing than those that build fewer. These different patterns of supply may have economic explanations, such as higher demand in certain neighbourhoods than others, or better public transport access as in certain parts of London.

However, as large areas across all cities are building no more than a minimal amount of or zero new homes, intensive neighbourhoods have become very important to cities’ total supply of new housing.

Figure 8 uses the graph above in Figure 7 to compare Exeter and Brighton, both cities with high demand for housing. Both Brighton and Exeter have certain parts of the city which are dormant – 46 per cent in Exeter, and 57 per cent in Brighton. But while 11 per cent of Exeter’s neighbourhoods are building intensively, only 2 per cent in Brighton are doing so.

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17 Romem, I, 2018, America’s New Metropolitan Landscape: Pockets Of Dense Construction In A Dormant Suburban Interior, San Francisco, BuildZoom
That far fewer of Brighton’s neighbourhoods are adding more new homes at an intensive rate than in Exeter contributes to much lower housing growth in Brighton. Brighton’s total housing stock grew by 3 per cent from 2011-2019, compared to 8 per cent in Exeter.

The importance of intensive neighbourhoods to housing supply can be seen across cities in England and Wales. As Figure 9 shows, places with more...
neighbourhoods that are building intensively have seen faster total housing growth. The choices cities make regarding intensive supply in these specific neighbourhoods have a stronger link to the total growth in housing supply than factors that are actually connected to the demand for new homes, such as the affordability of housing in Figure 1.

Figure 9: Cities’ housing supply since 2011, and their share of neighbourhoods building more than 25 houses every year

This can be seen in Figure 9 with how cities with low demand for new homes, like Telford and Wakefield have seen a very large increase in housing supply because they have so many intensive neighbourhoods. In contrast, high-demand cities like Oxford, Brighton, Southend, and Bournemouth with serious housing crises are only building a small amount of new homes, partly because they have very few neighbourhoods building at an intensive rate.

The result is a paradox in the system which cities use to plan for and deliver new homes. It is currently crucial for cities responding to housing shortages to deliver intensive amounts of new homes in specific neighbourhoods in city centres and on the outskirts of cities. But this model disconnects local housing supply from local demand because it ensures that cities’ total housing supply depends on the decisions made about specific neighbourhoods in these places. At a system-wide level, this makes the housing crisis worse.
This pattern has other negative consequences

The lack of construction in the existing suburbs has other costs which go beyond the issues of affordability.

- The lack of supply in dormant suburbs means the existing housing stock is not being replaced by new, higher-quality homes. As the needs of residents change due to smaller families, more single households, and an ageing population, an unchanging housing stock will become increasingly unsuitable. Furthermore, older homes tend to have lower energy efficiency even when insulated, meaning that an unchanging housing stock will continue to emit more carbon emissions than suburbs with newer housing stock.

- The new housing developments that are being built on the outskirts of cities in intensive neighbourhoods will eventually fall dormant once they are complete. That such little new housing is and will be added in the existing suburbs potentially lengthens commutes and increases car dependence as non-city centre housing growth is forced outwards.\(^\text{18}\)

- Infill development and intensification is particularly attractive to Small and Medium Enterprise (SME) builders who are prepared to work on small sites with unique requirements. The lack of such development within our existing suburbs may be contributing to the decline of the SME business model.\(^\text{19}\)

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19 Eg Home Builders Federation, 2017, Reversing the decline of small housebuilders, HBF
The viability of redevelopment in the existing suburbs will vary between cities and
neighbourhoods, thanks to individual characteristics such as their boundaries
and terrain, and the economics of their housing market.

If the pattern outlined above reflects these characteristics, or greater demand
to live in certain city centres and on the outskirts of cities than in the existing
suburbs, it does not necessarily raise an issue for policymakers.

But if this is the result of restrictions on new supply in the suburbs, then it would
suggest there is a problem with the way the planning system manages the trade-
offs which emerge from how it controls development. It would indicate that the
planning system helps decouple the supply of new homes from demand by how
it shapes decisions on redevelopment in the existing suburbs, thereby deepening
housing shortages in certain cities.

The patterns above are caused primarily by two different factors. These are:

- How the planning permission system makes suburban intensification
  risky and costly to builders
- How government housebuilding policy encourages supply in city centres
  and suburbs
Planning permissions in suburbs are too unpredictable

Many of the decisions and designations in the design of the planning system explicitly reduce or prevent development in specific locations. For example, the Green Belt restricts the supply of land for development on the outskirts outside places like Bournemouth or Manchester. Protected views and heritage considerations in city centres, such as those in Oxford or of St. Paul’s Cathedral in London reduce the height and supply of new developments in city centres. While these designations – especially the Green Belt – may shape where new land is allocated for development on the outskirts of cities, they cannot explain why the existing suburbs consistently see so little supply.

The planning system is “plan-led”. After a local authority issues a “Call for Sites”, landowners present land to be allocated for development in the local plan. Such sites – typically on the outskirts of cities – that are accepted into the local plan after assessment can usually expect to receive planning permission at a later point. But local plans rarely allocate development sites in built-up areas on land where there are already homeowners.

The plan-led process requires councils to allocate enough land in their plan to account for five years of local housing need. This can be trickier in existing built up areas where sites are typically smaller. Development within the existing suburbs, whether it is “infill” construction which slots between existing properties, or “intensification” where properties are demolished and higher density housing is built in its in place will instead be expected to proceed through “windfall” sites that come forward for development from landowners despite not being identified and allocated in the plan-making process.

The fragmented landownership of many suburbs often requires that builders purchase and assemble several smaller lots into a single site before development of this type can proceed. This is an underlying issue of suburban development, and is inherently complicated, time-consuming, and risky. Adjacent homeowners in the existing suburbs rarely wish to move, and hold-outs can delay or scuttle schemes by refusing to sell. But the reliance on windfall sites in the suburbs makes such redevelopment even riskier for builders than development on sites allocated in the local plan as the navigation of the planning process is less predictable.

For instance, consider a builder who wants to redevelop two or three semi-detached properties into a small mid-rise development of nine or so dwellings. They must spend time and money searching for landowners adjacent to each other in high-demand locations who are willing to sell; acquiring the properties either outright or with an option agreement; designing a proposal which is suitable for that site; and proceeding through the planning process all before they know whether they will be granted planning permission.
Even if planning officers recommend it for approval, it will in most cases still have to pass by majority vote in councillors’ planning committee to become lawful development. If their proposal is rejected at any stage in the planning process, then they will have lost a considerable amount of time and money, and no new homes will have been built.

If planning in existing suburbs was more predictable and less risky, then building new homes in these places would be more feasible to builders because they would have greater certainty that their upfront costs would not be wasted. For instance, part of the reason London sees pockets of densification around certain train stations because Public Transport Accessibility Levels (PTALs) have been used to guide redevelopment in London.

**Tax discourages suburban intensification**

One of the barriers towards suburban densification, even in local authorities which support it, is how new development is taxed. Currently, Planning Practice Guidance states that developments of nine or fewer homes are exempt from affordable housing contributions in Section 106 negotiations. As a result, developers engaging in infill development are encouraged either not to provide more than nine dwellings in smaller schemes, or to pursue much larger schemes of dozens of dwellings where they can easily absorb the cost of such contributions.

This makes it much harder to provide smaller schemes of a dozen or dwellings which would require moderate land assembly but may be more politically acceptable in suburban neighbourhoods than large developments. Even if developers have the ability to assemble such land and the encouragement from local authorities to do so, both the actual financial contribution for affordable housing Section 106 requires and the highly uncertain negotiations that underpin it make such intensification unviable.

**Policy pushes housing supply into the outskirts and city centres**

In addition to the discretionary granting of planning permissions, the other key feature of housing policy is that local authorities face a housebuilding target from central government. These targets are calculated primarily on the basis of demographic predictions from the ONS, with a small multiplier for affordability that does not capture the full difference in prices between cities. Councils are required to build to their target, and though significant underperformance results in consequences from central government, there is little incentive or encouragement for councils to build **more** than their target.20

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20 An important exception are the housing deals being negotiated with groups of local authorities, such as in Oxfordshire and Greater Manchester, where higher housing targets are assigned in return for additional funding from central government. These have been controversial in some district councils.
Given their fixed targets, local authorities allocate their required new houses where it is easiest and least costly for them to do so. Depending on the local authority in question, these include city/town centres and greenfield development on the outskirts, because:

- Development is easier where landownership is simpler, which it is in the outskirts of cities (typically farmers or large landowners) and the city centres (either local authorities or institutional investors) compared to the suburbs (many existing homeowners). This partly explains why housing estates owned by councils and housing associations have been frequently redeveloped at higher densities in recent years.
- Per house, larger planning applications require much less work for local authorities’ planning departments than smaller applications. Cuts to local government have fallen hard on planning departments, and many struggle to have the capacity to manage technically difficult applications on small sites in existing suburbs for a few houses while meeting their targets.
- It is less difficult politically to supply new homes in city centres and in greenfield development on the periphery of cities because few people live nearby to object. In contrast, the existing suburbs have lots of voting residents who may object to new housing.

The process can be illustrated in Figure 10. Regardless of how large their housebuilding target is or how many houses local authorities then try to build, new supply will flow to the areas where it is least politically costly because new supply is in practice capped by the target.21

**Figure 10: How the planning system reduces housing supply within the existing suburbs**

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21 Local authorities do occasionally build more homes than their annual target in a given year, primarily in more affordable areas with cheaper land and lower demand – for instance: https://www.bbc.co.uk/news/uk-england-45050276
Figure 10 underpins the importance of intensive neighbourhoods either in city centres or the outskirts to addressing housing shortages in cities, and the flaws with measures to develop “compact cities”. Part of the rationale for policies such as the Green Belt is that by blocking urban expansion they encourage suburban densification. But this does not happen – the barriers to suburban development in Figure 10 are inherent to how the current planning process functions. Measures to reduce development on the outskirts of cities do not encourage the “recycling” of already-developed land. They just reduce the supply of new homes, making the housing crisis worse.

This process will shape the pattern of supply within a city regardless of how many new homes are actually built. Even if a local authority does not manage to build to its target, the houses that are developed will still comply with this pattern because it always minimises the costs and risks the council and developers face within the planning system from building more homes.

Reform must increase cities’ overall supply, not displace it

Solving the housing crisis requires reconnecting the local supply of new homes to local demand, and boosting the supply of new homes in expensive cities. There is little point in simply displacing new supply from a city centre or outskirts into a city’s existing suburbs without increasing the total growth in housing.

The political costs that densifying the suburbs would entail present a problem to those who wish to see reforms to the planning system. Radically changing the character of the existing suburbs through large redevelopment is not feasible due to the obstacles described above. But it is only worthwhile for policymakers to undertake such politically costly reform if it achieves a major increase in total housing supply.

The dormant suburbs could boost housing supply by only building a little more

This challenge facing densification is solvable, because as so many of the suburbs are dormant, each of these neighbourhoods requires only a small increase in construction to greatly increase cities’ total new housing supply.

This can be demonstrated in a hypothetical scenario showing how housing supply would change if cities brought the rate of housebuilding in each of their dormant suburban neighbourhoods up to their average housebuilding rate for their suburbs, and changed nothing else.

As an example, the average growth in housing stock for Derby’s suburbs was 3 per cent across 2011-19. This growth was very concentrated in certain areas. Some 66 per cent of suburban neighbourhoods in Derby’s saw their housing stock grow by below that average rate, with 27 per cent seeing no construction at
all. It is possible to calculate how many homes Derby would have built if those 82 per cent of neighbourhoods had instead built at that average suburban rate of 3 per cent. Neighbourhoods in Derby’s suburbs that grew at 3 per cent or any other rate greater than the average would see no change in their housing growth in this model.

Figure 11 shows how such changes at the neighbourhood level would change the pattern of housing supply across all cities, and can be compared to the current pattern of supply in Figure 7. In this scenario, the average neighbourhood – which has 700 homes – that does see a boost to housing supply in Figure 11 builds just under four more homes every year from 2011 to 2019, or 30 additional houses. These new homes would have resulted in a more than 3 per cent increase to total housing stock in cities and towns relative to 2011, or 446,000 new homes.

Figure 11: Supply of housing in suburbs in England and Wales if all suburban neighbourhoods had built at their suburban average rate, 2011-19

The share of suburban neighbourhoods that are building between three and 12 houses each year has increased from 19 per cent to 78 per cent in this scenario. Instead of contributing to 24 per cent of all new homes as they did in Figure 7, they would make up 54 per cent of all new homes. There would be no dormant neighbourhoods, as every neighbourhood would be building at least one house each year.
Intensive neighbourhoods still make up 4 per cent of suburban neighbourhoods, as the total number of houses they would build has not changed. But the pressure on them to provide the bulk of new supply has reduced, with their share of all suburban housebuilding falling from 45 per cent in Figure 7 to 19 per cent in Figure 11.

This would have resulted in an additional 446,000 homes across every city in England and Wales between 2011-2019, or 56,000 additional houses every year. This scale of suburban densification would have increased total urban housing stock by over 3 per cent, and almost closed the gap between the Government’s national target of building 300,000 homes a year in England and the current rate of net new dwellings of 241,000 a year.

Realistically, the supply of new homes in the existing suburbs of cities and towns will be driven by demand, and whether land values can support redevelopment. But to demonstrate how increasing construction in the dormant suburbs would affect individual cities, Figure 12 shows how the scenario would change supply. The actual supply of new homes from 2011-2019 is depicted in green. Purple shows what total housing supply would have been for each city if every neighbourhood had built housing at least at the current average rate for that city’s suburbs, as in Figure 11.

Figure 12: Housing supply by city, if every suburban neighbourhood built by their suburbs’ average, 2011-19

Source: EPC Domestic Register 2019; Census 2011
If every neighbourhood had been brought up to their suburban baseline, the growth of new urban housing supply since 2011 would have been 56 per cent faster. This would have had a major impact in some of the most unaffordable cities in the country. The number of houses built in Milton Keynes would have been 73 per cent higher, in London 56 per cent higher, and in Reading 54 per cent higher. Brighton and Exeter, the two expensive cities covered in this paper, would have provided 46 per cent and 58 per cent more new homes respectively than they did in reality. Manchester would have built 58 per cent more too.

Prices will determine which cities see the most densification

Even if reforms were implemented to increase construction in the existing suburbs, in practice, market conditions would and should determine where suburban housebuilding will increase, with more expensive cities seeing a larger effect than those with cheaper land.

This effect is desirable for two reasons. First, the most expensive cities, such as London, Bournemouth and York, are signalling through their high house prices that there is a severe shortage of homes in these cities. Building more homes in their suburbs will help reconnect the supply of homes to those cities where new homes are in high demand.

Second, suburban redevelopment is more costly than building on undeveloped land, which means the land must be expensive to justify doing so. In cities where land is cheaper, housing can be built at lower housing densities on such undeveloped land and remain affordable. Redevelopment of the suburbs in these cities at higher densities would entail higher building costs and less space for residents, without saving residents much money on the price of land. In unaffordable cities, however, where land values are high and rising, higher densities make it possible to split the cost of expensive land between more households. This benefit makes the higher construction costs of suburban redevelopment in these cities worthwhile.
Densifying the suburbs will be difficult

Development in the suburbs has been proposed and implemented before, but it is challenging both politically and technically. For instance, the number of “small sites” the new draft London Plan expected to deliver was rejected by the Planning Inspectorate as “unrealistic”.22

A large role for the public sector would likely require the use of compulsory purchase orders to assemble land in the suburbs, as was controversial in New Labour’s Pathfinder programme.23 The biggest plots of lands councils or housing associations already own are frequently social housing estates. Regeneration schemes for these sites have become increasingly contested in recent years, with the Haringey Development Vehicle collapsing in 2018 due to activist opposition.

Giving a greater role to the private sector to densify the suburbs would in contrast entail more incremental development than a public-sector approach. However, this can be controversial too. One of the first things the Coalition Government implemented in 2010 was a ban on “garden grabbing”, which allowed brownfield development on gardens.24

Private sector densification, site-by-site, will create an urban form which is more varied in building stock, size, and appearance than currently exists. Design codes, such as those suggested by the Building Better Building Beautiful Commission, may reduce some of the aesthetic impacts, especially to facades, but such densification will require streetscapes to change.25

What will suburban development look like?

Development of the existing suburbs will entail different things depending on the nature of the site. It could include “infill” development of new suburban homes on existing areas of green space within the suburbs, such as golf courses, gaps between houses, or vacant lots. It also covers intensification, and the demolition and redevelopment of existing properties to provide more dwellings at a higher density.

For example, Goldsmith Street in Norwich attracted much attention for being the first council housing and Passivhaus development to win the RISA Stirling Prize, an architecture award, in 2019, but as important is its being a redevelopment of existing homes in the built-up suburbs of the city, on council-owned land. Marmalade Lane in Cambridge is a similarly-designed scheme led by a non-profit, which was infill development within a suburb built in the early 2000s.

22 The Planning Inspectorate, 2019, Report of the Examination in Public of the London Plan
23 For example, see the report of the House of Commons’ Committee of Public Accounts – Housing Market Renewal: Pathfinders, 2008 https://publications.parliament.uk/pa/cm200708/cmselect/cmpubacc/106/106.pdf
Other examples from the private sector tend to involve simpler land assembly, but can still be fraught with difficulty. For instance, 291 Hills Road in Cambridge, less than a mile from the railway station, is a single site in the suburbs currently occupied by a large mansion, which has proceeded through planning to allow for the development of 14 new flats after a previous rejection. Likewise, 31-33 Dollis Avenue in London, near Finchley Central underground station, is a single structure with semi-detached dwellings, and was granted permission in 2017 to be redeveloped into nine new flats, after repeated attempts to do so since 1998.

How this can work theoretically in terms of design principles across different sites has been the subject of considerable thought by academics and architects such as Ben Derbyshire, Yolande Barnes, and organisations such as Create Streets and the Prince’s Foundation.

Some of these ideas have then been incorporated into the National Design Guide released last October, the Government’s Building Better, Building Beautiful Commission and Supplementary Planning Guidance by local authorities such as Croydon’s suburban design guide, as part of a goal to build over 10,000 new homes in the existing suburbs of Croydon by 2036. These can help reconnect housing supply to demand, and thereby improve affordability, if they can improve the predictability of the planning process. Currently, the primary risk in the development process in local authorities is uncertainty as to whether planning permission will be granted or not. If permission can be assured, conditional on certain design elements, this will reduce the planning risk faced by builders.

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To solve the housing crisis, the existing suburbs must build more homes. Reforms to achieve this must be bold enough to significantly increase construction in the most expensive cities. The real difficulties that building new homes in the existing suburbs entails mean there is little point in merely shifting new homes from city centres or the outskirts of cities into suburbs without increasing overall supply. Reforms to increase suburban supply are therefore required to navigate complex trade-offs. Any proposed policy can only be expected to affect each individual neighbourhood a small amount to be technically and politically realistic. But they would also need to affect a large swathe of the existing suburbs to achieve the necessary scale to be worth the political risk.

The suggestions below cover a range of possibilities - from big national reforms that would fix the problem for good; to changes to the existing system that would alleviate the worst problems; and suggestions for experiments and trials. Crucially, they are not replacements for making more land available for development on the outskirts and centres of cities. Addressing the housing crisis requires more responsive supply across every part of expensive cities, not just in a few neighbourhoods.

**National reforms to increase total supply**

These reforms would all need to be implemented by national government.

**Shift the planning system towards a flexible zoning system**

Many of the problems of the discretionary planning permission system could be avoided if land was instead regulated through zoning, as in Japan and some US cities like Houston. By designating how land could be used, and perhaps how it looks, before it is purchased and a development is designed and proposed, it would reduce risk for builders in the existing suburbs, especially SMEs. In this system, public engagement, including consultation, would be front-loaded and takes place when the plan for an area is decided.
A system that, in principle, allowed most kinds of development provided it was in the plan unless the council says “no”, rather than forbidding all development until the council says “yes” would be more responsive to demand and entail more suburban densification. Any such zoning system would need to be “flexible” by allowing many different uses and a range of densities within most zones, with some separate zones for polluting industrial uses.

**Increase the scope of permitted development**

Within England’s current system of regulating land-use, the primary alternative to planning permissions is permitted development (PD). Development which is considered to be PD can proceed provided it complies with building regulations. Extending PD, such as to include upwards extensions as the Government is considering, or infill development for very small sites, would make it easier to incrementally increase supply across the existing suburbs without major redevelopment.

Although there have been concerns about office-to-residential conversions under PD, these primarily stem from the relaxation of building regulations and the location of some of these conversions on employment sites. If building regulations were retained with an expansion of permitted development rights, then the existing suburbs could accommodate more homes without any reduction in the quality of housing stock.

**Intensify the price element in the calculations of housing need**

Currently, housing targets for local authorities are determined by demographic predictions from the ONS, with a multiplier for affordability. This multiplier increases the target for less-affordable local authorities face, but it does not capture the full differences in prices between cities.

This affordability multiplier could be much stronger. For instance, increasing the multiplier’s effect from 0.25 per cent to 0.33 per cent or higher would result in greater housing targets for the most expensive cities. Total supply in those areas of greatest demand would then increase. The higher targets would then need to be combined with other reforms to make it easier to build in the suburbs.
Reforms to make suburban supply easier

Use the National Planning Policy Framework to allocate some sites in the existing suburbs

The National Planning Policy Framework (NPPF) describes how Government policy on planning should be implemented and interpreted. The 2018 version of the NPPF currently lacks any policies explicitly around suburban densification, aside from a requirement for local authorities to deliver 10 per cent of their housing requirement on small sites, which remain undefined in the NPPF. This is not likely to have a major effect on suburban densification. With over 50 per cent of suburban neighbourhoods lying dormant, such a small threshold for small sites will not fundamentally change the pattern of supply.

The NPPF should require local authorities to set out in their local plans how they aim to increase supply in the existing suburbs in addition to their outskirts and city centres. This could be done by requiring as part of urban local authorities’ “Call for Sites” a specific request from cities for submissions from local homeowners who wish to see their property redeveloped to allocate their land in the local plan.

Introduce and update Public Transport Accessibility Levels for large cities and combined authorities

One of the factors shaping the densification of London’s suburbs has been the Public Transport Accessibility Level (PTAL), a measure of how well-connected land is to London’s public transport network. These PTALs have both made it easier for builders to understand where there is capacity for further suburban development, and ensured that new suburban development has good transport infrastructure.

Similarly, Greater Manchester calculates a Greater Manchester Accessibility Level for the same purpose, but no other combined authority does so. Other large cities with complex public transportation networks should calculate similar metrics for their urban areas to inform planning policy and improve the predictability of the system to developers.

While the PTAL framework has increased housing supply along certain public transport corridors in London, this has not been the case for every public transport corridor. London should research why the effects of PTALs on housing supply have varied, and update either the PTAL methodology or how it interacts with planning policy in the draft London Plan to increase supply on corridors below capacity.
Suburban Design Guides like Croydon’s to set out rules for developers and minimize the risk they face

Croydon has only recently adopted its suburban design guide, but if it successfully increases suburban densification within the local authority over the next couple of years, then other local authorities should adopt similar documents. Having a more predictable and less risky process of suburban densification will make it easier for developers to build more homes in expensive cities.

Similar proposals have also been suggested at the national level by the Building Better, Building Beautiful Commission.30 These would introduce a process by which local authorities could adopt either a national or local design codes with control over facades, materials, and other such aesthetic features. Developments which comply with these design codes could proceed through the planning process on an automatic, rules-based approach, while the discretionary planning system could be retained for developments which differ from the design code.

Replace Section 106 developer contributions with a simpler, flat 20 per cent levy on development

There are two distinct problems with Section 106 obligations and suburban intensification. The 10-dwelling threshold for contributions to affordable housing and highly-discretionary and uncertain negotiations which underpin such contributions discourage developers from pursuing smaller developments in the suburbs.

Both of these problems could be eliminated if Section 106 were replaced by a Land Development Charge where developers play a constant 20 per cent charge to the local authority on all development, as suggested in previous Centre for Cities research.31 It would make small developments of a dozen or more dwellings much more viable financially, and remove the uncertainty that Section 106 introduces into suburban development. These revenues from such a Land Development Charge could continue to be used for affordable housing.

A “double bonus” which increases the New Homes Bonus for infill development in existing suburbs

The New Homes Bonus was introduced to increase the incentives for councils to give planning permission to new houses. But it does not take into account that some planning permissions have higher political costs than others. The New Homes Bonus should be larger for infill development of suburban neighbourhoods to reflect the greater political risks. This “double bonus” should remain unringfenced, but could be used to fund the small infrastructure improvements that densification would require.

30 BBC, 2020, Living with Beauty
31 Cheshire P. and Buyuklieva B., 2019, Homes on the Right Track, London, Centre for Cities
**Increased funding for planning departments**

From the perspective of planners, it takes almost as much work to take a very small site through from application to completion as it does a much larger site. Planning departments in cities have on average been cut by 40 per cent since 2011, and currently struggle to have the capacity to both work on small sites and meet government housebuilding targets. The distinct planning needs of suburban intensification will require a boost in capacity for planners, as they will require relatively more work than conventional methods of supply on large sites.

**Experimental ideas**

**Granny flats and millennial pads in back gardens**

California in 2017 legalised “Additional Dwelling Units”, or small detached annexes, as by-right development in the gardens of Californian properties. These now constitute a major component of housing supply in California, with over 10,000 permits submitted in Los Angeles alone since then, a quarter of all new supply in the city.

Back gardens in England and Wales are almost certainly smaller than those in California, but granting either a permitted development right or a presumption in favour of small annexes in gardens above a certain size would increase supply in the suburbs. These annexes would work well for older homeowners who wish to downsize but stay in their immediate neighbourhood, or for young people who want some private space while living with their parents.

**London YIMBY proposals**

A recent suggestion to build support for suburban intensification has emerged from the Yimby (Yes in My Backyard) Alliance. In summary, it would devolve land use decisions, subject to a majority decision and a design code, to an extremely local level of a single side of a street or a block, and allow local residents to capture the increase in land value that development would bring. The aim would be to win support from local homeowners for more homes in the suburbs.

This idea should be trialled using Local Development Orders. In return for a share of stamp duty from the development, government should encourage and work with local authorities to develop a pilot, in a more expensive city facing a housing shortage.

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32 Centre for Cities, 2019, Cities Outlook 2019, London
33 Los Angeles City Planning Department, 2019, Quarterly Newsletter Volume 9 Issue II, Los Angeles https://planning.lacity.org/odocument/c677b589-a30e-4fb9-a614-000c39e308ab/2019_SUMMER.pdf