

Planning Anew



A collection of essays on reforming the planning system for the 21st century

Bridget Rosewell CBE, Professor Robert Adam, Charles Dugdale, Warwick Lightfoot, David Rudlin, John Myers, Jamie Ratcliff, Reuben Young, Dr Sue Chadwick, William Nicolle and Benedict McAleenan

Introduction by Dean Godson



Planning Anew

A collection of essays on reforming the planning system for the 21st century

Bridget Rosewell CBE, Professor Robert Adam, Charles Dugdale, Warwick Lightfoot, David Rudlin, John Myers, Jamie Ratcliff, Reuben Young, Dr Sue Chadwick, William Nicolle and Benedict McAleenan

Introduction by Dean Godson



Policy Exchange is the UK's leading think tank. We are an independent, non-partisan educational charity whose mission is to develop and promote new policy ideas that will deliver better public services, a stronger society and a more dynamic economy.

Policy Exchange is committed to an evidence-based approach to policy development and retains copyright and full editorial control over all its written research. We work in partnership with academics and other experts and commission major studies involving thorough empirical research of alternative policy outcomes. We believe that the policy experience of other countries offers important lessons for government in the UK. We also believe that government has much to learn from business and the voluntary sector.

Registered charity no: 1096300.

Trustees

Diana Berry, Alexander Downer, Pamela Dow, Andrew Feldman, David Harding, Patricia Hodgson, Greta Jones, Edward Lee, Charlotte Metcalf, David Ord, Roger Orf, Andrew Roberts, George Robinson, Robert Rosenkranz, William Salomon, Peter Wall, Simon Wolfson, Nigel Wright.

About the Authors

Dean Godson is Director of Policy Exchange.

Bridget Rosewell is an economist who has worked extensively on cities, infrastructure and finance. She recently chaired the Independent Review into Planning Appeal Inquiries. She is also a Commissioner for the independent National Infrastructure Commission.

Prof. Robert Adam is an architect with forty years in practice and a director of ADAM Architecture, the largest UK firm specialising in traditional design.

Charles Dugdale is a Partner at the residential and commercial property consultancy Knight Frank. He is involved in a wide range of projects including major development areas across South East England, masterplanning and regeneration studies.

Warwick Lightfoot is Head of Economics and Social Policy at Policy Exchange. He is an economist, with specialist interests in monetary economics, labour markets, and public finance.

David Rudlin is Principal and a director of URBED (Urbanism Environment and Design), Chair of the Academy of Urbanism and an Honorary Professor at Manchester University. In 2014 he was also the winner of the Wolfson Economics Prize.

John Myers is co-founder of London YIMBY, a grassroots campaign to end the housing crisis with the support of local people.

Jamie Ratcliff is Executive Director of Business Performance and Partnerships at the housing association Network Homes. Previously he was Assistant Director of Housing at the Greater London Authority.

Reuben Young is Director of PricedOut the campaign group for first time buyers and cheaper housing. He also leads the Research & Policy team at Network Homes.

Dr Sue Chadwick is a Strategic Planning Advisor at the law firm Pinsent Masons. She has a doctorate on the meaning of Sustainable Development in the Planning Framework.

Benedict McAleenan is a Senior Adviser to Policy Exchange's award-winning Energy and Environment Unit.

William Nicolle is a Research Fellow in the Energy and Environment Unit. William joined Policy Exchange in 2019, having previously worked as a Graduate Analyst for Centrica, and most recently as a Researcher at another London based think tank focusing on energy and environmental policy, co-authoring two reports. He has a BA in Geography from the University of Oxford.

© Policy Exchange 2020

Published by
Policy Exchange, 8 - 10 Great George Street, Westminster, London SW1P 3AE

www.policyexchange.org.uk

ISBN: 978-1-913459-30-7

Contents

About the Authors	2
Introduction	5
Planning – who needs it?	7
Root and Branch Reform of the Planning System	12
Land Value Capture needs a re-think	16
The planning system: a supply-side structural reform neglected too long	24
News from Nowhere: the future of planning and cities	29
Better incentives: Finding mutual benefit in local communities	35
Planning Affordable Housing	39
Revisiting “Garden Cities of Tomorrow”	44
Environmental Impact Assessment fit for the 21 st Century	48

Introduction

By Dean Godson

This collection of essays is published alongside Policy Exchange's report *Rethinking the Planning System for the 21st Century*. It brings together economists, architects, urban designers, campaigners, developers, lawyers and researchers to consider how the planning system can be reformed in a way that addresses the challenges of our modern economy and society.

Each of the essays considers a different part of the planning system and each author has a different perspective on what needs to change. What unites them all is agreement that there is an urgent need for bold reform.

In the collection's opening essay, Bridget Rosewell, an economist who has worked extensively on cities, infrastructure and finance, considers two of the foundational principles of the planning system. First, the misconception that the state both can and should know how many houses and jobs will be needed and where they should go. Second, the static and rigid nature of local and regional plans. As Bridget concludes in her essay, "It's clear that we can't stop humans planning, or probably being planners. But we must abolish the Plan as a shibboleth, a straitjacket and an industry."

Next, Professor Robert Adam, an architect, sets out how the planning system can be organised to be more democratic and more effective. He writes that the complexity of the current system and its sense of 'mission creep' mean that it is not delivering its own objectives, failing its users and the public alike. Only bold and radical reform will do. As Robert argues: "If the system is to be reformed, more tinkering is only likely to lead to more of the same... Reform should go back to first principles."

Charles Dugdale of Knight Frank offers an explainer on land value capture. He identifies some common misconceptions about the figures that influence the debate on the issue, and discusses how infrastructure is funded through developer contributions. Charles elucidates the risks of adopting proposed measures of land value capture, particularly in relation to their potential to reduce the amount of land coming forward for development.

Warwick Lightfoot, Head of Economics and Social Policy at Policy Exchange, details the economic effects of the planning system introduced in 1947 that largely continues in the same form today. He argues that the curtailment of property rights has had perverse and unplanned consequences, enriching property owning households and entrenching privilege. Warwick compares the planning system to farm policy and the inherited legacy of the Common Agricultural Policy as the obvious area of public policy that warrants radical interrogation and ideas for fundamental reform.

David Rudlin, an urban designer, sets out his vision for the future of planning and cities by evoking the classic work of William Morris's *News from Nowhere*. In his essay, David imagines what William Guest – the narrator of Morris's story who in David's essay is a young planner – sees in the year 2050, three decades after the planning system has been restructured in 2020. David's future vision is a three tier planning system with a National Spatial Plan, City Region/County Spatial strategies and district-level zonal coding plans. He says this would enable plot-based urbanism – “a process that had been common up until the invention of the post war planning system.”

John Myers, co-founder of the London YIMBY campaign, asks why the planning system fails to deliver what people want – and puts forward ideas for what needs to change. He argues that the planning system is set up to ask the wrong sorts of questions, provoking public opposition to new development rather than their support. As John argues, “It's almost as if someone studied human nature and, armed with that knowledge, built a system to work as badly as possible.” His essay recommends giving communities much greater say over what can be built through design codes – which then becomes the basis for building permission.

Jamie Ratcliff and Reuben Young of the London housing association Network Homes consider how Affordable Housing contributions – one of the most controversial parts of the planning system – should be reformed. As a condition of planning consent, residential developers will often be asked to provide a proportion of ‘affordable’ homes at below-market rates for eligible households to rent or buy. Affordable Housing contributions are negotiated between the developer (for whom Affordable Housing provision is a significant cost) and the local authority (which tends to want to maximise the level of Affordable Housing provision). As argued in Jamie and Reuben's essay, these negotiations are a complicated and contested exercise that is beset by uncertainty. They propose major reform: a flat tax system that removes negotiation and fixes affordable housing provision. As they argue, “Moving to a fixed and certain tax on total value will make it far easier for developers to plan ahead.”

Dr Sue Chadwick, a Strategic Planning Advisor at the law firm Pinsent Masons, delves into the ideas of Ebenezer Howard, founder of the garden city movement, whose work inspired the progression of town and country planning. She questions the relevance of Howard's ideas to the modern planning system and argues that while some have stood the test of time (e.g. we want to live in places not just collections of houses), others have not (e.g. the appeal of the city can be reversed).

In the final essay, Benedict McAleenan and William Nicolle, of Policy Exchange's Energy and Environment Unit, discuss how to update Environmental Impact Assessments for the 21st century. They point to the way in which the expanding opportunities of data collection and management might help us improve our environmental planning. Doing this, they argue, can improve our stewardship of the environment and allow for more effective EIAs.

Planning – who needs it?

by Bridget Rosewell CBE

It's an interesting thought experiment to consider what would be the outcome if we abolished land use planning legislation. For a start, it would also be highly unusual – almost all countries have some rules on zoning developments. It also probably falls at the first hurdle because of the emotional attachment to the idea of the Green Belt, which is an unchallengeable concept.

What about abolishing planners? Or plans? That is of course ridiculous – we all make plans and we are all planners, though there are famous aphorisms about how likely they are to come unstuck. And of course this is the problem with planners and plans. They stop things more easily than they permit them and that is often what the point of them is. If therefore we are to have land use plans, can they be seen in a more positive light?

The Plan is there to balance interests. If you've ever attended a planning inquiry, or an examination in public of a local plan, that is precisely what that is about. Balancing the interests of developers, employers, local residents, growth requirements and all the other paraphernalia of modern life. It's hard to see how it could be otherwise when your house can impede my view or your development extend my journey to work, or support for a growing economy requires a new road or railway line through my property.

Planning legislation is about the balance of these needs and these property rights. What has got out of control is the edifice that we have erected around this balancing act and the rigidities which have resulted. The plan has become what must happen rather than what might be appropriate in a particular set of circumstances. A national or regional plan is seen as the epitome of rationality, enabling us to control and to manage our world. Unfortunately, humans and indeed the world itself are messy; humans want different things at different times in their lives and have varying desires, hopes and fears. External circumstances shift; in other words, uncertainty undermines the Plan at every step, while pesky humans simultaneously ask for certainty and change their minds.

Need or Want

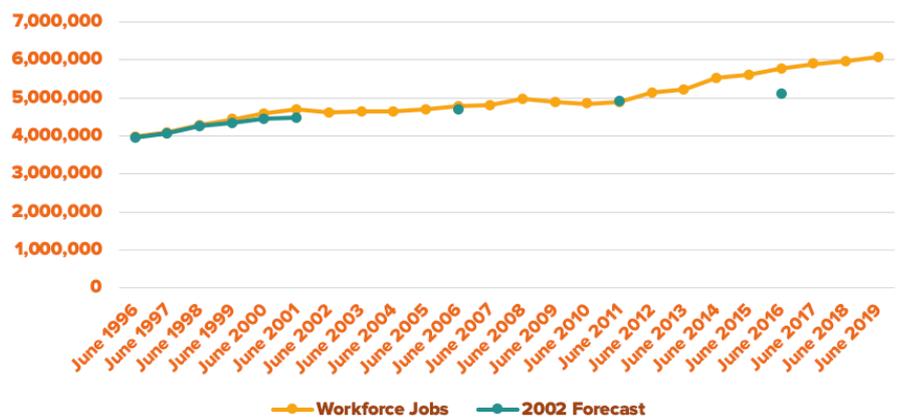
Our planning system exists at various levels. At its heart is the concept of need. How many houses do we need, where do we put the jobs we need, which housing sites should be allowed to come forward. This is static, rigid and misses out infrastructure completely except at the level of access roads and roundabouts.

In the days of regional plans, I once attended an Examination in Public of

the Plan. My client had their own plan for logistics investment which they believed would be profitable, job creating, and bring in inward investors. The Plan did not include this, because the forecast did not provide for such investment, which would have been a departure from past trends. I challenged the planners on their forecasting skills and how they knew that they were right. Their response was that they had had a competitive tender for the forecast. I was astounded but also stumped. How can such a view be challenged?

I used to be responsible for the economic analysis behind the London Plan. I produced a simple model to look at long term trends and used this to develop a triangulation method to think about boroughs and compare trends with transport and with site availability. This was intended to produce ranges. My long term model is still in use and has produced the most accurate (partly because it abstracted from the short term) forecasts I have ever been responsible for. The chart shows the original forecast for the first London Plan in 2002 when the latest data was for 2000. I was obviously unable to be sufficiently bold for the later years! At the time, this forecast was considered by many to be unfeasibly optimistic, even so, at the Examination in Public one developer came up to complain that the numbers were restricting the ability to invest because they showed only 7000 jobs in one area, below what they thought was possible. Once again, I was astounded at the precision which has been applied to an approach which I had thought to be permissive and flexible.

Employment in London

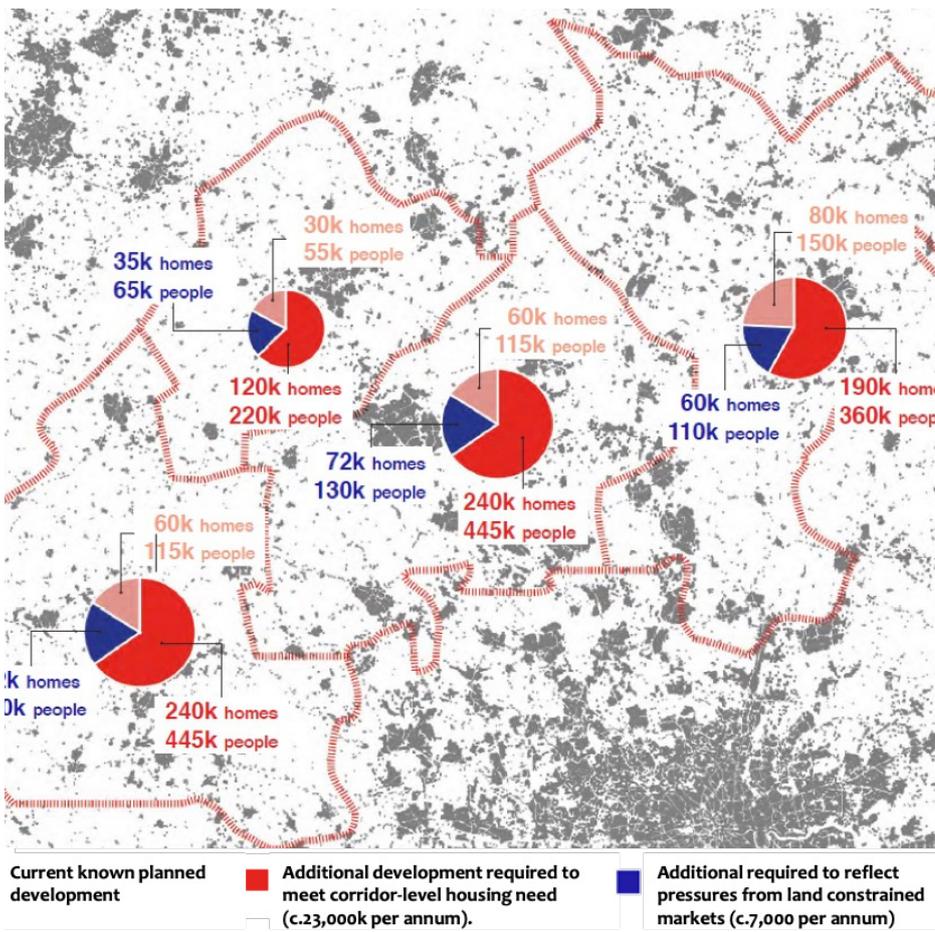


The analysis of need has proved to be not well aligned to what people want, and a view of the long term has translated poorly into short term restrictions.

While regional plans (except in London) have gone the way of all flesh, planning for housing needs have not. There is a whole industry engaged in predicting housing need, population and household numbers and sizes. Such analysis is expensive and time consuming and very precise but without it planning permissions cannot be granted. And it is still utterly imperfect.

CaMKOx

The National Infrastructure Commission (NIC), on which I sit, was asked to look at supporting the development of one of the most productive parts of the UK economy, involving Oxford, Cambridge and Milton Keynes – hence CaMKOx. We concluded in a first analysis that the economy would require an additional one million homes over the long term to support the continued growth of the economy. This is shown in the chart and is roughly double the number defined in the ‘need’ assessment and hence enshrined in local plans. Here is a planning balance with a vengeance. Local residents may well resent an influx of new residents, even while they are providing opportunities for their children and indeed their grandchildren. Future generations have rights too, but imposition on current ones is seen as undemocratic. The NIC had to be careful in making its recommendations in order not to be seen as making specific locations a policy focus for fear of subverting the planning process and creating the potential for judicial review. Planning lawyers came along to lecture us on the subject!



Source: 5th Studio, based on data analysis by Savills, Arup and Cambridge Econometrics¹

1. Note: Housing/population figures for current known development sites include sites which are under construction, approved, in for planning or allocated in local plans. The distribution of development required to reflect pressures from land constrained markets is indicative. It follows a proportional trend according to the distribution of the ‘Additional development required to meet corridor level need’.

The point of our work, however, was to consider the economic potential and especially the infrastructure necessary to support it. This is not part of the normal planning process. The proposed investment in a renewal of the railway between Oxford and Cambridge and further east, as well as road investments, were all about creating a more effective labour market and housing options for all the people, from hospital porters to post doctoral students who are currently priced out of one of the most expensive housing markets in the country.

This tension is one reason why proponents support bringing back regional plans and a further level of planning. In my view this is not the answer. Regional plans are based on a top down definition of geographies which do not reflect any economic reality. While previous regional plans had Oxford and Cambridge in different regions, the infrastructure proposals at which the NIC looked have emerged from local business and political interests coming together around these challenges. A top down solution would have prevented this.

A plan must not become a prescription. A successful plan sets parameters but can respond to changing circumstances and engage with all stakeholders. It is a framework rather than tablets of stone. In preparing the work on CaMKOx, we visited as many places and people as possible. We held workshops and did surveys and had competitions. This certainly did not remove all opposition, but it did help!

Failures and Successes

Long ago, I worked on the development of a station at Ebbsfleet on what became High Speed 1. The original planning application was for built development of 10 million square feet but with ranges of uses to be further determined as the world changed. After all we expected that build out would take 20 to 30 years. Such flexible considerations ought to be more of a requirement for anything long term, where inevitably the plan does not survive first contact with reality. A broad shape, with perhaps some no go areas, and perhaps some must haves it probably the best we should try to do.

That was in the early 1990s. Nearly thirty years later, the vicissitudes of the economy, the investments in Stratford, and corporate changes have all conspired to make that trajectory still slower. Nevertheless, plans are still being made and remade for Ebbsfleet and the outcome will reflect the pressures and the preferences of new actors. In the end my most significant contribution will not have been some economic forecasts, but insisting that the location should not be called Eurocity but something more related to the place itself. I'm proud of that at least.

Rather longer ago, in the aftermath of the second world war, ambitious reconstruction of cities was proposed to make them more rational. Plymouth experienced this, and the drawing was at least partially constructed. As ever, these drawings are birds eye views, on the ground the wide boulevards are more car friendly than people friendly and this apparently wonderful world has not stood the test of time. Moreover,

Plymouth residents still regret the additional destruction of their city to make way for this vision beyond what the Luftwaffe had achieved.

Also in the early 1990s, I was working in Docklands. By then, the Jubilee Line extension was taking shape and the whole vision of the place had changed. By the early 2000s, Crossrail was being revived because it had become clear that the Jubilee line would be insufficient. The vision had moved on into residential development, leisure and shopping facilities. None of that was being predicted in the early 1990s.

Some plans succeed, many fail, many take longer than intended. Pinning down the differences is almost impossible even in hindsight, let alone with foresight. The problem with the Plan is to accept that it is not a prescription but rather a vision. The problem with planning is to accept that it is a method for resolving tensions and a framework. As so often in policy, language gets in the way.

Abolishing the Plan

It's clear that we can't stop humans planning, or probably being planners. But we must abolish the Plan as a shibboleth, a straitjacket and an industry. The NIC is charged with preparing a National Infrastructure Assessment every five years which looks forward thirty years. We've been clear that this is not a Plan with a capital letter. It looks at probabilities and scenarios; it attempts to create optionality in the face of an uncertain future. Some investments in infrastructure may be pretty obvious – broadband for example – others are still uncertain – for example how to replace fossil fuels in heating. As we move forward in time, decisions need to be reassessed and flexibility needs to be fostered. We provide neither plans nor planning but rather visions and frameworks.

Abolishing the current planning edifice does not remove the need for frameworks for permissions. Tensions still exist and must be resolved. My review of Planning Inquiries showed that they could be done twice as fast just by applying sensible rules, most of which already existed, to manage the process. Other planning disputes are often also resolvable without having a complicated set of rules including local plan preparation and examinations in public.

Abolishing the Plan does not mean a free for all. A framework of long term investments in infrastructure for power, transport and water is still needed and that in turn needs some vision of longer term 'big' things. But in detail, local interests and local people can fight it out.

Root and Branch Reform of the Planning System

by Professor Robert Adam

It is widely agreed that the English planning system is dysfunctional. The process is slow, bureaucratic, unclear on core objectives and the division of responsibilities, and is subject to ‘mission creep’. It does not deliver its own objectives, such as the urgent need for housing, it is expensive and it has constrained the development market to the extent that small businesses are priced out by delay, administration and risk. There is little or no confidence in the process and outcomes from users and the public alike.

At the same time, the principle of the right to control has seeped into the English concept of citizens’ rights and bureaucracy. Much of the public complaint about planning is that things have been allowed that should not have been allowed and much public action is based on the principle that citizens have a right to stop almost any development just because they don’t like it. There seems to be no public connection between dissatisfaction on housing availability and price and the need for building land for housing supply. In the control system itself, vague policies and private agendas are rife as the complexity of the system makes it more bureaucratic and less democratic. Imprecise policies give detailed power to individual bureaucrats as interpreters and gatekeepers to valuable permissions.

If the system is to be reformed, more tinkering is only likely to lead to more of the same. Most past reforms have just modified or added to the basic system introduced in 1947 as the first stage in a never-fully-executed socialist land reform agenda. Reform should go back to first principles.

Planning, being a form of state control over the use of ‘real property’ (property consisting of land or buildings), should be based on the democratic principles of property rights. We can refer to European Convention on Human Rights of the Council of Europe (not to be confused with the EU). It states in the *Protocol to the Convention for the Protection of Human Rights and Fundamental Freedoms* (Paris, 20.III.1952), Article 1, Protection of Property,

Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law.

The preceding provisions shall not, however, in any way impair the right of a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest or to secure the payment of taxes or other contributions or penalties.

The principle is quite simple: enjoyment of real property (a possession) is a right. This would include construction, not constructing and use for different purposes. Such rights may be constrained by the general or public interest or ensuring that others can have the peaceful enjoyment of their possessions. This should be the starting point for any from-first-principles review of planning. The starting point is, therefore, not control but the rights of those who have the legal enjoyment of land. From this must follow a definition of the general interest and a justification for how and at what level or levels the state can and should curtail those rights. Unless constraint can be fully justified, the peaceful enjoyment of real property is always the fall-back position.

There are three levels of legitimate control: the state, the local authority, and the local community. It would not be legitimate for the state to control matters of architectural detail, nor would it be correct for local communities to control national infrastructure. Between these obvious limitations, there is much fine detail, boundaries of intervention and interrelationships of power and administration. In each case, however, the key issue is that 'the general interest' is defined and control limited within this definition. What follows are broad suggestions on how to establish a system that manages proper constraints, protects the rights of landowners and provides a more democratic and efficient planning process.

Planning operates with three control processes: prevention, regulation and planning.

Currently, planning has become a process of prevention; notwithstanding principles such as 'the presumption in favour of sustainable development', the reality is that the right to develop is now seen as a 'gift' to the landowner from the state. This runs contrary to the owner exercising the right to the enjoyment of land. The current process should be reversed. It may be necessary to monitor development but, where no prevention or regulation applies, an owner should only need to apply for a certificate of lawful development.

There are conditions where prevention would continue to be applied. Building listing, conservation areas, national parks, areas of outstanding natural beauty are reasonable protection of public interest in heritage and the countryside and are, in effect, a level of prevention of development that might otherwise take place. This principle could be extended but be graded according to the three levels of control. The state would have preventative powers over issues of national interest such as grade I listed buildings and national parks but this would be strictly limited. The local authority would have powers over matters relevant to and within their boundaries, such the lesser grades of listing, conservation areas and the countryside, again this would be strictly limited. Local communities would have some preventative powers within their community, such as buildings of local interest or important open spaces.

The regulation of building construction is currently well managed and deals with issues such as sustainability, safety, space standards, construction standards and so on. Where regulation can be simply and reasonably

applied in planning it can deliver a degree of certainty, the lack of which currently increases risk, cost and arbitrary application of standards. Some planning matters are already expressed in the language of regulation, such as the limitation of permitted development or the conversion of barns. Other planning issues, such as the protection of privacy, right to light and acceptable levels of proximity and so on can also be formally regulated. This could be further extended to other matters that are currently in the remit of planning, for example limitations on anti-social uses such as pig farming or industrial pollution. It could also include issues such as the requirements for the provision infrastructure in new development or measures to mitigate flood risk. Service providers should also be brought into the regulatory process. The legal independence of these organisations is an anomaly and a problem for all development.

Another level of regulation could go down to local authority level. The provision of open space, community facilities or provision for education relative to levels of development could be locally regulated. Highway regulation for local roads and new development could be integrated into a local authority regulatory system (the independence and power of county highways engineers is a destructive anomaly). To avoid runaway regulation, the limitations of local authority regulation should be proscribed.

Planning in a true sense is either prior to or subsequent to regulation: forward planning or planning for what should happen in the future; and control of what is to be built beyond regulation - generally localised issues such as layout and appearance. Again, this can be managed at three levels.

The State has a legitimate role in managing the national economy and infrastructure. The provision of land for key aspects of the economy such as housing, key industries, highways, other infrastructure and essential services can be planned by central government on a longer time scale. This can be undertaken in two ways: purchase of land and specifying land for particular uses that would otherwise not be available (if land available under the rights of enjoyment will not provide the supply through market forces and regulation or as exceptions to prevention).

Local authorities can forward-plan for development within their area that is not being provided through market forces and provide strategic detail for the development of land planned by central government, thereby providing some level of local control over government allocation. There will be considerable variation from area to area and this will allow each local authority to manage the broad character and economy of their own area as a political issue governed by local democracy and with appropriate flexibility for change.

Layout and appearance are local matters and should remain local. This aspect of planning should come from a local level, understanding that there will be limitations to the power of local communities for prevention and no power of regulation. Town and parish councils (where there are no town councils, elected bodies should be established) should be given power to codify development in their area on matters such as height, materials,

relationships between new and existing buildings and landscape. Codes would be based on model formats and administrative assistance would be provided by local authorities on the basis that the power remain with the local community. Provided codes are written within such reasonably defined parameters they can be a very effective rule-based moderation of appearance that can provide a direct link between local consultation and development control.

The above proposals are a sketch of how the planning system could be organised to be more democratic and more effective. It is based on a graded legitimacy of constraint on the right to enjoyment of real property through three levels of democracy. Prevention (or conservation) is recognised for matters of clear community interest but this will interact with a regulated system. An examination of much in the planning system shows that the enhanced clarity of regulation can be widely applied. Aspects of fine control will be lost but it is questionable whether these issues, which are in principle and enforcement largely subjective, are a legitimate constraint on the enjoyment of property. Regulation delivers known constraints, fixes land values, simplifies the system, removes arbitrary discretionary powers and gives encourages creativity by offering clear parameters within which to design. This releases planning to concentrate on forward planning and puts more power of detail onto local communities, enhancing their engagement with the future of their areas.

Land Value Capture needs a re-think

by Charles Dugdale

Proposals to tax the uplift in land value with planning permission are predicated on misinterpreted ‘facts’ and may have some uncomfortable, unintended consequences. Land Value Capture (LVC) risks blocking the release of land for development – the very thing government is seeking to encourage – and in doing so may undermine local investment. We recommend an alternative approach that will enhance investment into local communities and encourage the market to develop mechanisms for actively funding infrastructure and place making as part of a rethink of the residentially-led investment and development model.

Why Land Value Capture?

Before we can anticipate the consequences of LVC, we need to understand what has led to the current thinking.

We have all read a number of articles saying that planning permissions are like winning the lottery and give a 100 fold uplift in land value. This ‘unearned increment’ must surely be taxed?

When launching their policy consideration the Government asked the Valuation Office Agency (VOA) to report on residential land values. They were informed that, on average across England, the value of land with planning permission is £790,000 per acre (£1.95 million per hectare). This is 93 times higher than the average agricultural value of £8,500 per acre (£21,000 per acre). Commenting on the size of the average uplift in land values subsequent to the granting of planning permission, Councillor Tett from the Local Government Association said, “To find it is quite such a large uplift even surprised me, but that was a Government statistic, so it must be correct”² The previous Chancellor of the Exchequer has even indicated in the press that he would support a new policy to tax 50 percent of the uplift.

It is easy to jump to conclusions from a headline figure, but it is important in this case to read the small print. The VOA’s report stated the following:

“The purpose of these values is to use in appraising land projects from a social perspective, in line with Green Book principles. The values here assume nil Affordable Housing provision in order to give pure residential use value, rather than market value. In reality we expect the market value of land to reflect the cost of affordable housing provision.”

The VOA goes on to state all the assumptions made which, in addition to no affordable housing, assume no infrastructure costs (roads, utilities,

2. Q88 (Councillor Tett, Local Government Association). See also supplementary written evidence from the Local Government Association (LVC093) and the Country Land and Business Association (LVC094)

green infrastructure and the like), and no statutory costs (community infrastructure levy, and contributions to the community made through a Section 106 Agreement and highway works agreements). In short, the VOA is valuing a serviced parcel of land that has no affordable housing requirements. ‘Serviced’ is a very important word here. What is the cost of servicing land?

The cost of servicing land for development

Development land is brought forward for planning at all scales making it difficult to generalise. In broad terms we think of development land at two scales: land which plugs into the existing local infrastructure which makes contributions via Community Infrastructure Levy (CIL), and land which delivers its own infrastructure and contributes via Section 106 Agreements.

At one end of the scale is a single plot within an urban area with connections up to its boundary. A planning permission grants the owner the right to build a house, which can be accessed directly from the road whilst paying for connections into utilities that run along the road. That development needs to make a contribution towards the local infrastructure – the road and the connections within it, the sewer that runs beneath it, perhaps a nearby bus stop or rail station – and it does so via CIL. The average residential CIL across England is approximately £95 per square metre.³

At the other end of the scale, Major Development Areas (MDAs), with thousands of new homes, represent new settlements or urban extensions. In Knight Frank’s report to the *Building Better Building Beautiful Commission*, Welborne was used as a case study MDA with outline planning permission for 6,000 new homes. It is an interesting example because it has a published viability assessment. Projects like Welborne have to build all of their own infrastructure. This infrastructure includes:

- Movement infrastructure: spine roads, bus services etc,
- Access infrastructure: new roundabouts, motorway junctions etc,
- Utilities: electricity network reinforcement, sewerage networks, drainage systems, telecommunications etc,
- Social and community infrastructure: schools, healthcare etc,
- Green infrastructure: parks, suitable alternative natural greenspace, woodlands, green corridors, allotments etc,
- and perhaps even new Travellers pitches

We have studied the infrastructure cost plans of 20 different MDAs of between 1,000 and 10,000 from different cost consultancies and the average servicing cost is £520 per sq m. At Welborne, the infrastructure cost plan to create serviced development land is £308 million, equivalent to £510 per sq m. Welborne is therefore not alone.

There are, of course, many scales in between these two extremes which have differing servicing requirements, but the two ends of the scale show

3. DCLG, February 2017, The value, impact and delivery of the Community Infrastructure Levy

us that, per square metre, **the largest development sites are contributing over 5 times the contribution of the smallest sites.** This additional cost is not reflected in the VOA's assessment so there is clearly more to the 'unearned increment' than initially meets the eye.



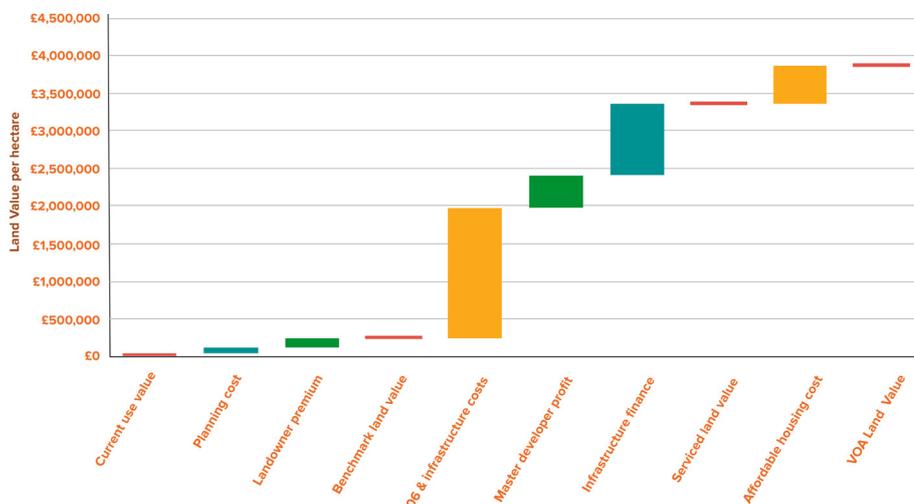
CGI of Welborne's proposed Neighbourhood Centre

Uplift in land values

There are a number of steps in preparing land for development. We have summarised these using Welborne's numbers as a real-world example and have prepared the graph below to illustrate the steps. The red lines represent moments when land value can be crystallised and are the moments that justify the activity or investment to that point. The step from Current Use Value (CUV) to Benchmark Land Value (BLV) is the activity of obtaining planning permission, and the step from BLV and Serviced Land Value (SLV) is the activity of servicing the land for development.

The VOA land value is a hypothetical figure once the cost of affordable housing is removed. This is what the VOA was asked to do, to assess all the potential land value gain from the start to the end of the process. Everything between the right and left of the chart represents a value that will flow to a stakeholder, whether as profit for each activity (green), investment with no community value (blue) or investment with community value (yellow).

Value gain per net hectare of residential development land at Welborne



Whilst the activity of servicing land is highly relevant to the context of LVC, the focus should be the planning activity that generates the BLV. This is where the value gain is created from a planning permission. Here, a landowner (or promoter) invests in a planning application and if successful the land achieves the BLV. The difference between the BLV and the investment in planning is the landowner's premium, which generates a return to justify the cost and risk of the planning application and can be shared between landowner and promoter.

The landowner premium is deemed the necessary uplift to incentivise the landowner to invest in the planning application and release the land for development. The National Planning Policy Framework, published in July 2018, describes this as:

“The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements.”

Local Authorities go to great lengths to appoint consultants to advise on where to set the BLV. If they get it right, the incentives are just enough to promote land for development without being too generous, whilst leaving the maximum possible available for community infrastructure. If they get it wrong, there is a risk that land will not be promoted and there will be no corresponding investment in community infrastructure. The BLV is therefore a meaningful figure.

The BLV is also the reference point for a viability assessment. If the project is showing a positive viability it can afford more affordable housing and more contributions via a Section 106 Agreement, but if it is negative, the contributions will need to be balanced until *ipso facto* the value with planning permission is the BLV. They will be one and the same if the viability assessment operates effectively and all consultants do a good job.

Return on planning / promotion costs

It is important to appreciate the cost and risks of planning. It will not be lost on the reader that the planning cost bar in the chart is larger than the CUV bar representing agricultural land value. That is often the case and was certainly the case at Welborne. To obtain a planning permission the landowner had to invest more than the underlying value of the land. There is insufficient value in the land to secure a cheaper loan so landowners need bridging finance to fund planning costs. If unsuccessful they could be faced with debt and insufficient assets to repay it.

In Welborne's case the landowner invested £27,000 per acre on its planning application and was willing to forego the land value of £19,000 per acre⁴. In return it stands to realise a landowner premium of £55,000 per acre before the BLV of £101,000 per acre⁵ is reached. This is a two times return on the capital put at risk through planning. This does not justify the risk of losing everything with uncertain planning outcomes. In this case the landowner has decided to take a very long-term view to justify the risk. Most consultants advising on BLV's believe that an uplift of ten times from CUV is appropriate, which typically represents a return on investment of five times. In light of the current cost and risk of planning applications a five times return feels reasonable.

Impact of Land Value Capture?

Now that we fully understand the value steps which justify the relevant activity we can start to appreciate the likely impact of Land Value Capture.

The first observation is that it pales into insignificance next to the amounts which are already being extracted through CIL, Section 106 agreements, and through direct investment into infrastructure. In the case of Welborne, the yellow bars equate to 57% of the total difference between CUV and the VOA value. In that respect, the Chancellor of the Exchequer's ambition to tax 50% is already being achieved and it is all flowing to the local community.

If the landowner premium (the value uplift obtained from obtaining planning permission) is taxed then one of two things will logically follow:

1. A consultant reassessing the appropriate BLV will conclude that the risk of the planning activity has not changed so to maintain the uplift, whilst covering the cost of the tax, the advice to the Local Authority will be to raise the BLV proportionately. This leaves less value between the BLV and the SLV. A master developer's return will come under pressure, but over the medium-term that will need to be maintained or the activity will cease. The residual item in the chart is, unfortunately, the investment in community infrastructure and affordable housing. In this way, we can expect that any taxation by Central Government will simply redistribute funds from a local level to HM Treasury.
2. If the BLV is not reassessed then there will be an insufficient return to justify the promotion of land through planning, and over the

4. Agricultural value taken as £22,500 per ha from the VOA estimate 2015 for Solent. MHCLG, (2017). Land Value Estimates for Policy Appraisal. This has to be converted from gross area to net area in order to compare with the VOA figures for the sale of net developable area. Here 179 net ha relates to 377 ha gross, a gross to net ratio of 2.1x. The acre to hectare conversion is 2.4711x

5. Benchmark land value at £118,700 per gross ha = £250,000 per net ha. FBC Local Plan viability assessment para 2.11.18 page 53 states "The figure that we consider to represent the minimum land value likely to incentivise release for development in the Fareham Borough is c.£370,000/ha, based on gross (overall) site area." Although this has calculated in the wrong direction from an expectation of £250,000 per net ha - see para 2.11.12 - which would actually relate to £118,700 per gross ha. Fareham Borough Council, Local Plan Viability Assessment

medium-term this activity will be reduced and less land will come forward for residential development.

Neither of these outcomes are acceptable to the Government and are not in the best interests of UK plc. So, what should we be doing?

The Solution

Part of the solution is to do nothing. Any additional Land Value Capture tax will disrupt a process which is in a fine balance. The medium-term impacts will depend on the response to setting BLVs, but all the expected impacts are unacceptable to all stakeholders, except perhaps HM Treasury. It must be borne in mind also that uncertainty and radical change in the property market is an enemy of development and investment being committed, given the amount of value that is at stake.

This is not to say the system cannot be improved, it absolutely can. This essay has already touched on some obvious efficiency improvements:

- **Reduce the risk of planning:** The BLV is set at a level that responds to the costs and risks of planning. It follows that if the costs and risks of planning are reduced then the BLV will fall and the benefits of that will flow to the residual item in the value stack – the investment in community infrastructure.

The Building Better, Building Beautiful report⁶ identifies that the highly adversarial nature of the land allocation process produces duplication and cost that is directly reflected back into the pricing of land to reflect the risk. We have made recommendations via the Building Better, Building Beautiful Commission on how a more effective land allocation process can be achieved. The key will be to improve the predictability of the planning decision through a more rational process towards allocation in the first place. More consensual processes will identify the nature and form of development and if less value is leaked through inefficiencies in planning more funds will be available for public amenity. This does not mean minimised planning, but better planning.

- **Reduce infrastructure funding costs:** The cost of infrastructure is significant and the associated funding costs equally so. The Government and Homes England are making great strides in this space, but there is much more that could be done by the public sector throughout the development process in helping to either minimise costs or to assist in the funding through public private partnership arrangements. Through our work for the Building Better, Building Beautiful Commission we have identified specific areas of funding scarcity (when considered across the full development cycle) which if addressed differently and in partnership between the public and private sectors, could

6. Living in Beauty, January 2020. <https://www.gov.uk/government/publications/living-with-beauty-report-of-the-building-better-building-beautiful-commission>

substantially reduce financing costs, and which would directly impact on land price. We have made additional recommendations via the Building Better, Building Beautiful Commission on ways that Central Government can support long-term investment in infrastructure whilst maintaining a level playing field.

- **Encouraging the right development in the right place:** the current availability of grant funding strongly favours public sector owned land, which may not represent the right development in the most sustainable location. This also fails to take account of where infrastructure capacity within the utilities networks lies (ie the locations which are most cost effective to unlock), and where economic and regenerative potential (and therefore value creation across a range of measures) is greatest. Our reference to adopting a more rational process towards development would encompass all of these practical factors in determining ‘the right development in the right place’, and can be substantially assisted by the adoption of available integrated spatial intelligence and modelling.
- **Public or Private Delivery:** The drive towards developing out publicly owned sites also suppresses the potentially beneficial role of private landowners, who often have a remarkable appetite to invest in the long-term interests of their local communities. Nor do current arrangements operate to incentivise groups of land interests whose land is well located in coming together through partnership arrangements such that the most optimal footprint of settlement can be achieved as opposed development being driven by an ownership red line. Our recommendations to the Building Better, Building Beautiful Commission support developments emerging from all quarters whether landowner driven; collective land pools; community land trust or public /private partnerships, such that impediments created by either tax treatment or access to funding are removed.

The challenge of equalising infrastructure

This essay has highlighted the disproportionate contribution towards infrastructure being made by MDAs. Conversely, smaller projects may be free-riding on the back of existing infrastructure. Put another way, they may not be making an equitable contribution to the existing infrastructure via CIL. This is illustrated again by the example of Welborne, where we have calculated its contribution to local infrastructure by comparison to other dwellings within the plan period. In this analysis Welborne would be contributing more than 8 times the contribution of other development in the Local Authority area. This comparison also suggests an equalisation point of £39,000 per unit, at which point all units would make a proportionate contribution towards local existing and future infrastructure.

For period 2019/20 to 2025/26	Welborne	Fareham (ex Welborne)	Total
Projected planned housing completions	1,000	383 ⁷	1,383
Infrastructure contributions per unit	£51,000	£6,300	£39,000
Total infrastructure contribution	£51,000,000	£2,413,000	£53,413,000

Unfortunately, life is not as simple as rebalancing all the infrastructure demands across the UK. If CIL rates increase, residential land values may drop below alternative uses and the quantum of land released for residential development will likely reduce. The only way (that we are aware of) to block uses substituting each other is through strong planning policy, such as zoning for one use, but that has its own unintended consequences because land will be blocked from being allocated to its most productive use. If CIL rates are to be increased, we recommend the change happens slowly in order that markets have time to adjust.

There is a need for local authorities to be self disciplined in what they load as costs against the development of new communities. For items of infrastructure that are not clearly causally linked to opening up development, other mechanisms for spreading the cost across all beneficiaries should be considered. Again, the increasing sophistication of option and impact modelling will enable planners to much more scrupulously test the functionality, catchment and impacts of different infrastructure approaches.

Recommendations

1. Reject Land Value Capture as proposed.
2. Implement the *Building Better Building Beautiful Commission's* proposals to make planning and infrastructure funding more efficient, cost effective and fairer. These are the best way to release more value towards investment in community infrastructure.
3. Adopt more a more effective process towards land release and infrastructure identification informed by available integrated spatial intelligence and modelling.
4. Benchmark Section 106 and infrastructure commitments against CIL to create a level playing field and then work to increase CIL slowly over time.

7. See Table 14 on page 216 of the Fareham Local Plan Par 2: Development Sites and Policies, June 2015, Adopted version,

The planning system: a supply-side structural reform neglected too long

by Warwick Lightfoot

The UK is one of the most flexible advanced economies in the world. There are relatively few structural impediments that prevent product and labour markets from adjusting to changing economic circumstances or shocks. This is largely the result of a sustained programme of structural reforms carried out over the last forty years. Many of the measures in themselves were modest but combined to bring about a fundamental liberalisation that has resulted in the UK economy becoming one of the most flexible in the OECD. This flexibility is a source of strength in the context of rapid technological innovation and the huge opportunities that technical progress will offer to raise the economic welfare of individuals and communities.

In the context of an economy with few impediments that hinder change, the planning system is egregious. It is one of the obvious remaining areas of public policy that warrants radical interrogation and ideas for fundamental reform. It shares this unusual distinction with farm policy and the inherited legacy of the Common Agricultural Policy. The planning system is complex, interacts with other areas of policy in a clumsy manner and animates destructive controversy.

A socialist relic of the 1940s

The 1947 Town and Country Planning Act was passed in a specific political, policy and cultural context. Just two years after the conclusion of the Second World War, the British economy continued to be subject to wartime controls. Food, petrol and clothes were rationed. The location of business and industry was determined by ministerial fiat. Whether a particular building was built or rebuilt turned on ministerial decisions about how brick production should be allocated. A vivid example of this is provided by the decision not to rebuild Holland House – a Jacobean mansion in west London, largely destroyed by enemy action in 1940. Its owners wanted to rebuild it, but were prevented from doing so by Herbert Morrison the minister in charge of the economy and supply. There was a broad consensus on nationalisation, planning and controls.

The passage of the 1947 Town and Planning Act was consonant with the zeitgeist of this epoch. It was a socialist piece of legislation fashioned to cohere with a broader agenda of compulsory purchase, land nationalisation

and economic planning and control.

This episode of peacetime economic control was relatively short lived. The President of the Board of Trade Harold Wilson presided over an extensive “bonfire of controls” in the late 1940s. R.A. Butler initiated a further and greater bonfire of regulation in the early 1950s. The compulsory purchase of land became a highly contentious matter acquiring a totemic status as an example of where the state’s power had gone to far. It was a dispute over compulsory purchase that was the nub of the Crichel Down scandal in the 1950s – when agricultural land compulsorily acquired in 1938 for use as a bombing range was not returned to its rightful owners after the Second World War as had been agreed, leading to the resignation of a government minister. In the forty years that followed the UK steadily rowed back from this culture of economic direction and control. Increasingly sparing use was made of compulsory purchase, Industrial Development Certificates were abandoned and the nationalised industries were dismantled and privatised.

The entrenchment of property interests and the creation of novel economic rents

The one part of this post-war socialist agenda that survived, and has if anything expanded, was the planning system that emerged as the legacy of the 1947 Act. Its complex economic effects have hindered development and protected the economic interests of existing property owners and created novel economic rents. A socialistic curtailment of property rights has had perverse and unplanned consequences. It worked to support existing land owners and incumbent businesses. It progressively evolved as a break on development that was used as a convenient device to block change to the advantage of the person objecting to new development. It operated to enrich fortunate property owning households and to entrench privilege.

The key to understanding the system was the Act aimed to capture an increase in the value of land that arose from a change in its use. The enduring influence of the legislation has arisen from the flexibility of its drafting that enables secondary legislation to build on it and the scope that it has offered to local community initiative.

An aggravating source of complexity

An interesting feature of structural distortion in market economies is the manner in which they interact with other aspects of policy and markets to create further complex distortion. It is often difficult to obtain an accurate purchase on the distortion and economic rents being created yet it is clear that they are often the product of the opportunity offered by a more general structural barrier.

Distorting house prices, bank lending and monetary policy

The 1970s and 1980s were years when the UK exhibited a relatively poor performance in relation to inflation. At the heart of this domestic inflation dynamic was rapid growth of broad money. The central counter party involved in this was increased bank lending. Much of the growth in Sterling M3 – a broad measure of money supply that included deposit accounts as well as current accounts – was lending for house purchase. In the context of an inelastic supply of houses readily available liquidity funded large increases in house prices. The difficulty of managing and controlling domestic monetary conditions was aggravated by demand for mortgages for house purchase that could only be stifled by high interest rates. The demand for mortgages was also increased by the creation of Mortgage Interest Relief.

The connection between lending for house purchase, broad money growth, higher house prices and general inflation was obscure to the Bank of England. Its officials, from the then Governor Robert Leigh-Pemberton down, were want to explain that there was an expansion of bank and household balance sheets, with an expansion of liabilities being matched by an expansion of assets, while this may involve a modicum of asset price inflation it was unlikely to result in general price inflation. This was a neat albeit partial examination of the monetary transmission mechanism that ignored its likely future evolution. By 1990 the full operation of that monetary transmission mechanism was clear. Inflation was heading for 10 per cent. It would be wrong to suggest a direct causation between the planning system, limited supply of houses, lending and inflation, but there is no doubt that it was an aggravating factor and a potential cause of policy confusion that made the conduct of monetary policy more difficult.

Aggravating monopoly power and market concentration in supermarkets

The adverse effects of the planning system stretch beyond housebuilding. Business development is also profoundly affected, as can be seen from the British supermarket industry. For many years prior to the Great Financial Crash, it was apparent that the supermarket industry amounted to an oligopoly that exhibited a high degree of market power and raised prices for consumers.

A succession of competition authority inquiries failed to identify the problem – analysis of the supermarket industry was clouded not only by the Common Agricultural Policy's effect on raising domestic food prices, but also by the planning system. By restricting the number of sites available for supermarket space, planning restrictions acted as a barrier to new entrants wanting to set up shop.

Eventually, after more than twenty years of monopoly rents, new entrants in the form of Aldi and Lidl began to erode the market power of

the incumbent supermarkets. Anyone who went shopping in either Lidl or Aldi and compared the prices to those among the established incumbents realised that for years their shopping basket had been earning a monopoly rent for the shareholders of the supermarkets. While this situation was the product of many policy defects, not least the ineffective competition policy that existed throughout most of Britain's post-war history, planning constraints aggravated the problem of monopoly rents, and delayed its resolution for many years.

The complex private and public sector spoils of planning gain

The planning system creates extraordinarily valuable property rights when planning permission is granted. This planning gain has stimulated a whole industry set up to capture part of the economic rent created in the interests of the wider community. There are complex claw backs applied to planning gain for community development. This leads to a baroque set of agreements to provide schools, doctors' surgeries and roads out of the gain generated by a particular site. These may or may not fit with community needs – a community may not need a new GP surgery in a particular location – which are then complexly traded for cash contributions that are conditional on other specific community projects being carried out. These do not always make sense in the context of normal tests of efficiency, effectiveness and economy. There is a specialist private sector network of market practitioners that has the purpose of creating and sharing these rents in a highly complex manner that is remote from the underlying public interest involved.

Amplifying community controversy and providing cover to a form of destructive collectivism

The planning system gives politically motivated community activists interested in pursuing a local collectivist agenda unusually potent opportunities to intervene to block change. At the heart of the opposition to the change of use of a site or building is an objection to the creation of new private capital and wealth. The planning system offers objectors the opportunity to row in behind a benign community sensibility that is anxious about ensuring an attractive and pleasing environment as part of the public aesthetic that the late Sir Roger Scruton explored in his writing.

This collectivist agenda is focused on consultations on development plans and conservation areas and on individual applications to replace or change redundant buildings. Buildings that have little historic or artistic merit that have been rejected from listing become the object of intense campaigning and community obstruction. Websites are set up that swiftly boast of an international outrage about a use change proposal. Often a celebrity figure is persuaded to generate further publicity. Good examples of this are offered by the local controversies attaching to the development

of shop premises in London's Portobello Road and a redundant cinema on High Street Kensington. The local collectivist agenda objects to the change of use of publically owned buildings and of privately owned buildings that can be described as having a community function in their existing use. These controversies often morph into atavistic campaigns that have *ad hominem* focus on the developer proposing change. In the rhetoric deployed against proposals it is sometimes possible to detect a visceral distaste for the developer who may profit from the transaction as much or more than a substantive objection to what is being proposed. The present planning system amplifies the controversy attaching to necessary and evolutionary change that should be expected to take place in any community.

Conclusion

Time has come for a radical review of the planning system. An easier and less complex system is needed. The review should be informed by the principle that a land owner should be free to build or change the use of a building rather than relying on a presumption for development within a baroque framework of development plans, inspection decisions and case law. This does not mean that historic buildings and much loved facades should not be protected but their protection should take place in a more focused and liberal regime that concentrates on the essential public interest in development and land management.

The important matters of effective building regulation and the listing of historic buildings and sites of artistic importance are separate from planning and should not be conflated with the planning system. There is a mistaken belief that the Town and Country Planning Act 1947 is the key to an attractive and aesthetically pleasing built environment. Yet some of the egregious despoiling of Britain's urban environment took place in the thirty years that followed the passage of the legislation. England needs a liberal and permissive set of rules that determine changes in land use and does not unnecessarily impede change and the evolution of economic and social purposes that land is used for.

News from Nowhere: the future of planning and cities

by David Rudlin

The hero of our story, a young planner of the name William Guest, was travelling back to Manchester on East Midlands Trains from a meeting of the Planning Officers Society in Nottingham. It had been a good session, full of inspirational presentations about the power of planning to shape development in a city like Nottingham. The problem was the gap that existed between the idealism of those Powerpoints and the prospect of the next morning back in his office covering for two unfilled 'forward' planning posts. There was that pile of hostile submissions from housebuilders and landowners challenging the SHLAA (he never could quite remember what that stood for). There was a meeting with his fractious planning committee who didn't believe his housing numbers and who were diametrically opposed to the neighbouring district with whom they had a duty to cooperate. Then, of course, there were the 10,000 angry responses from the consultation on the local plan and the very real prospect that it would be found unsound by the inspector in the up-coming examination in public. Trying to cling onto the inspiration of the POS conference he fell into a deep sleep as the train raced onwards into the tunnel under the Pennines.

How long had he been asleep? Certainly when he awoke the train seemed to be travelling faster and rattling a lot less. The countryside flew past as it approached Hazel Grove and the outskirts of Stockport. New housing came into view, increasing in density as the train approached the station with blocks of apartments that he was sure he hadn't seen on his last trip. Maybe it was a different line? Ten minutes later the HS3 train (for that was what the automated announcement called it) glided into the multi modal exchange at Manchester Piccadilly with signs pointing to trams and the newly opened Pic Vic underground line. Walking out of the station the city bustled with people, bikes, autonomous buses and trams, but strangely no cars. Bewildered our hero asked a stranger where he was and was told he was indeed in Manchester. Still confused he asked the date and the answer came 'why 2050 of course'. Somehow 30 years had elapsed since he had left Nottingham.

Seeking out his office the following morning he came across Clara – a planner who was now doing his old job. Taking pity on a confused former planning officer, she offers to give him a tour. Hailing a taxi (with a driver) they set off on a trip around Greater Manchester. The conurbation was now home to 4.8 million people having continued its 2 per cent

annual growth rate from the early decades of the century. Another 20 years growing at this rate and it would finally fulfil Zipf's Law of Cities which suggests that the second city should be half the size of the capital. Clara explained that the key to achieving this had not been to restrict the growth of London, or even to direct public institutions to invest outside London, as had happened with the BBC and Channel 4. The key had been a national plan that directed transport and other investment not on the basis of what had happened in the past, but on a positive vision of how the country should be. All that had been needed was to increase infrastructure spending per person in the north to the same as it had been for years in London.

The plan had prioritised the growth of the cities of the Midlands and the North starting with the completion of HS2 to Manchester, Liverpool, Sheffield and Leeds with the simultaneous construction of the HS3 link between these cities. Further investments had been made into the transport systems within each city, an expansion of the trams in Manchester and Sheffield, an enlarged underground in Liverpool, and an innovative trolley bus system in Leeds. These transport systems had knitted together the city regions of the north as the Tube integrates London. This meant the secondary towns and smaller cities, from Oldham to Rotherham, Castleford to Birkenhead felt as much part of their cities as Stratford or Clapham felt part of London. Investment in housing and offices had followed as these towns had been integrated into the regional economy. The result was a functioning economic area of 15 million people encompassing towns and cities of the north able to compete with London to the huge benefit of the national economy.

Meanwhile road pricing, that had started with the introduction of low emissions zones in the early 2020s had fundamentally changed the role of cars. Self-driving cars had been banned by all of the cities after it had become clear that safety issues couldn't be resolved and that they made congestion worse. Many people still owned a car (electric of course) that they used to get away for the weekend, but commuting was predominantly done by public transport cycling and walking. The cities had used the decarbonisation of the power grid – that had finally been completed in 2030 – to make themselves carbon neutral and the introduction of new green spaces, often on roofs and walls, had made them contributors to biodiversity.

Clara and William transferred to a water taxi, heading down the Irwell, canyoned by the towers of Manchester and Salford that William remembered being thrown-up in a brief moment of madness in the late 2010s. As they passed into the Ship Canal, Clara explained that the new spatial planning system had allowed for the much more balanced growth of the conurbation. The inner areas of Manchester and Salford had been developed with mid-density neighbourhoods of housing, apartments and workspace resembling the cities of continental Europe. Higher density nodes, like those he had seen from the train, had been promoted around transport interchanges and local centres. There were still plenty of suburbs,

of course, like the one where Clara lived with her family that they would visit later, but the overall structure of the conurbation made much more sense and was far more sustainable.

This had happened as a result of the new planning structure introduced in 2020. It had been based on a three tier system that had finally given some clarity to the way that the country had been planned, as well as rejuvenated the role and status of planners like Clara. The top tier was a National Spatial Plan, the middle was City Region / County Spatial strategies and the third was district-level zonal coding plans, but more of that in a moment.

They had already discussed the impact of the National Spatial Plan on the towns and cities of the north. Clara explained that it has set out a 20 year strategy for growth and, crucially, had included both planning policy, public transport policy and infrastructure spending. The plan had set minimum numbers of new homes to be built in each plan area to ensure that national housing targets were met – doing away with the hopelessly optimistic ‘duty to cooperate’. Planning authorities had an obligation to meet these numbers but were able to exceed these minimums if they wished, which all the large cities had done.

After years of squabbling with hundreds of uncoordinated local plans it had been decided in the 2020s that the second planning tier should be at the City Region / County level. This became the level at which strategic spatial planning took place using a model adapted from the Netherlands. Guided by mayors, these city regions and county plans were responsible for setting out a positive vision for the settlements within their area, deciding upon levels of growth, directing investment in transport and infrastructure and allocating land.

These spatial strategies were developed as large scale democratic exercises under the control of mayors. Their role was to allocate land for the obligatory housing targets in the most sustainable locations, that could be served by public transport and relate to existing infrastructure. Whether this should be in the form of urban infill, urban extensions or new garden cities had been hotly debated in each of the cities. However once the plans had been approved they became legally binding and were not subject to further consultation. This legislative basis of the plans meant that, in theory, there was no need for green belts because there was no mechanism for development to take place outside the plan allocations. However many areas had found it politically expedient to retain the green belt label.

The new legislation had incorporated the recommendations of the 2018 Letwin Report to control the way that large-scale allocations were developed. Land owners were expected to pool their interests and sign a legally binding agreement to create mixed schemes and to provide the infrastructure required to serve the new development. If they were unwilling or unable to do this the public sector had the right to acquire, by compulsion, the land at no more than 10 times its agricultural value. The public authorities could then set up development corporations as

master developers to coordinate the development of these sites.

Clara explained that this had fundamentally changed the land market and the value of development land. In the past competition for land and the uncertainty of the planning system had pushed up the cost of land to the point where it had become impossible to fund infrastructure, transport and high quality housing. The new requirements meant that the price of housing land had stabilized at a much lower level.

Of course this had hit the share price of some of the big housebuilders with land banks but they had survived. The real effect had been on the industry of land agents, planning consultants and lawyers grown fat on the old discretionary, contested planning system. The money that had once been spent buying land at inflated values and the energy that had once been sucked into constant planning arguments had been redirected into creating good places, because that was how the best profits were to be made. The results could be seen as William and Clara travelled along the canal, passing neighbourhoods similar to those that William remembered from presentations on Freiburg and Stockholm at that POS meeting.

Stopping near to the Barton Swing Bridge, an area that William remembered as a sea of car parking around the Trafford Centre, they walked up into one such new neighbourhood. The streets were lined with a variety of housing types, built by different people at different times. Some included commercial uses on the ground floor and low-rise apartments gave a little more height around the main junctions. As Clara explained, the crisis on the high street of the late 2010s had caused its owners to rethink the business model of the shopping centre. The grand arcade was still there with plenty of shops, showrooms and leisure uses. But customers now came by public transport and the owners had capitalised on the value of their huge areas of parking to build a new neighbourhood.⁸

Acting as master developers, the land owners had commissioned a masterplan and then laid out the streets and public spaces while dividing the land into around 5,000 plots. These plots ranged from 5m to 15m in width, the former creating the tight terraced streets at the heart of the scheme where William and Clara were now walking, the latter allowing more suburban homes around the edge. 30 per cent of the plots had been designated for social housing and made available at no cost to the local authority and housing associations. The system that William remembered, in which the planning authority tried to get developers to build social housing through S106 agreements had long been abandoned as unworkable. Local authorities and housing associations were now once more able to build social and affordable housing directly using low-cost borrowing and subsidy derived from savings in the £24 billion budget that had previously been spent on Housing Benefit.

Each of the plots came with a set of rules stipulating what it could be used for and what could be built on it – these generally covered no more than a couple of pages. In some places the rules allowed groups of plots to be combined to create ‘lots’ in order to accommodate larger buildings. Many of the plots had been sold-off individually to households wanting to

8. This is something that is already happening in the US see https://www.ted.com/speakers/ellen_dunham_jones

commission their own home, while others were sold in packages of up to 100 plots to developers. This was how all large-scale developments now are done, Clara explained, reinventing a process that had been common up until the invention of the post war planning system.

Later that evening Clara invited William to eat with her family. Their home stood at the centre of a large plot, prompting William to wonder how much planners were paid nowadays? The family had in fact bought two plots some years ago, the second not being developable because the plot ratio for this particular block had already been met. Surely, William asked, they could have argued the case for a house to be built on the other plot? But he was told that one of the weaknesses of the zonal, code-based system was that the planners had no discretion and there was no right of appeal. This did however have the advantage of speeding up the planning process. The family had bought a set of standard plans for their home which had been pre-approved by the planning authority. Clara had therefore just needed a single stamp to confirm that the plans were in line with both the zoning ordinance and building regulations, a process that had taken only a few days.

This, Clara explained was how all planning now worked. The local plan included four zones, covering different levels of density. The zoning ordinance for each zone set out precisely what was allowed. This included a plot ratio setting out the amount of floor area allowable per hectare, a defined building line, rules about height and the party wall condition, and a few rules about use.

So the density zone around the local district centre specified a plot ratio of no more than 3:1 (three times as much floor area as the site area), a maximum height of six storeys, required party walls on both sides of the plot and a requirement to include more than one use. The most suburban zone by contrast set a plot ratio of 1:4 (floor area of no more than a quarter of the site area), did not allow party walls, set a building line for the front of the house and a minimum privacy distance for the back while allowing but not requiring other uses.

Each set of rules established a specific urban form that had been gradually developing in the 25 years since the system has been introduced. The high-density zones had emerged as a set of urban streets with 4-6 storey apartment buildings with ground floor commercial uses. The suburban zones consisted of detached two storey houses set within gardens. The point was that the same code-based system could produce very different types of place depending on how the rules were calibrated. In some places, particularly conservation areas there were a lot of rules, while elsewhere councils had experimented with removing rules altogether. The latter had however tended not to be successful because people were unwilling to invest if they didn't know what their neighbours might build.

Relaxing after a pleasant meal William mused on the motives that had caused him to become a planner, the desire to create successful, equitable, sustainable places, the aim of working with the market rather than always being the one to say no, the idea that the plans that he created might

actually be realised. But it was late and he said that he really should be getting back. Stepping into the cold evening air, a fog already forming, he hailed a passing taxi. As it travelled back into the city the fog thickened until the passing city streets disappeared behind a white veil. On arrival back at his house he noticed his old car in the drive. Waking up the following morning from a deep sleep the newspaper at breakfast told him that he was back in 2020. Going back to the office was going to be difficult but nevertheless there was a spring in his step as some of his utopian zeal had returned.

Better incentives: Finding mutual benefit in local communities

by John Myers

The real question is not ‘more’ or ‘less’ planning, but how to get better planning. That may partly involve more control, perhaps with design codes, because the decades since the creation of the modern planning system in 1947 are not known for their glut of attractive new buildings. And it may involve less top-down planning in other ways: for example, we should have policies to let groups of suburban residents near stations collectively decide to be allowed to replace unremarkable 1930s or 1950s sprawl with beautiful terraced houses or mansion blocks.

Our ability to predict long-term future economic change has turned out to be minimal, and the current planning system’s ability to adapt to it has been even worse, with catastrophic human cost.

How badly have we failed? Housing is now so scarce that the total price of UK housing exceeds the cost of building it all again today by nearly £4 trillion. Since 1939, we have never grown the housing stock at the net percentage rate of the 1820s, let alone the far higher rate of the 1930s.

That is why we now have absurdly expensive housing, when building homes at today’s prices is often hugely profitable. Unaffordable housing hurts the poor most of all. But we also have overcrowded trains with fares too low to cover the cost of adding more trains without huge subsidies: a misguided attempt to help those on low incomes through lower fares, when direct payments to them would cost less and work far better. This would be farce, if the effects on people were not tragic.

Housing is vastly less affordable than before the Second World War because we have built far too few homes in the right places, whereas transport has become much more affordable, because we have artificially held fares below the cost of expanding rail capacity. No wonder long commuter lines are so clogged, because people have been forced and encouraged to live ever further from work. It is no answer to say that the Department for Transport is separate to the planning ministry. That is part of the problem.

Why does the current system fail to deliver what people want?

Fundamentally, the issue is that it stops everyone from negotiating win-win outcomes. Local authorities are banned from auctioning planning permissions. Residents can promise not to object in exchange for good design or community benefits, but the local authority may still refuse

permission. And there is always someone further away who will kick up a fuss, triggering what psychologists call ‘blame avoidance’ by officials who find it safer to say no.

But large areas of our existing places are gold mines where you could profitably replace unremarkable twentieth-century buildings with far prettier structures containing much more housing while making the existing residents better off, if only you could solve the political challenges and use some of those profits for benefits to bring communities onside.

Ending the shortage of homes near high-productivity firms who can pay high wages could easily raise wages and GDP per head by 20 per cent, over time, while creating a more beautiful, fairer, happier country, with better opportunities for everyone. The shortage of homes in the right places creates a huge ‘deadweight’ loss from people stuck in low-productivity jobs. Fixing that is a great opportunity.

It would also help reduce regional inequality: wages in left-behind places are low partly because those places have more workers than good jobs. If workers could move around freely to take the best jobs available, as they did for centuries, wages in low-wage areas would rise. That is not a complete solution, of course – transport and skills are also vital – but it would help.

We are in a Mexican standoff where we all sit on a fabulous treasure, guns cocked, and no-one will let anyone else move.

Why is it so hard to fix? Harold Demsetz, a leading property rights economist, explained in 1967 that as technology improves and people get wealthier, demand for legal protection from spillover effects – pollution, inconvenience, ugliness – will get ever stronger. Technology makes it easier and cheaper to cause inconvenience, and wealthier people are fussier about what they don’t like.

That’s why planning protections are popular with homeowners, as economist William Fischel explains, and why we will never abolish those protections overnight when homeowners are two-thirds of voters – any more than you could abolish protections against nuisance or trespass, or abolish legal rights to light. These days, homeowners value their planning protections much more than their legal rights to light: the planning rules are often stricter.

After eighty years, homeowners are used to the protections of the 1947 Town and Country Planning Act, and every attempt to take those protections away overnight has rapidly ended in a brutal encounter with a large, hard wall of political reality.

We can do things to make it easier. National government can encourage design codes, but it cannot write one to work across the country. Local authorities can do their best, but many cover vast arrays of different designs of homes spanning centuries. Controversy, mediocrity by committee, and dissatisfaction are sure to result. And they won’t be enough on their own to ensure plentiful homes where we should build them.

If we can’t guarantee that buildings will look better, communities are more likely to object, as Policy Exchange and Create Streets have explained.

But that isn't all communities care about.

Economists have repeatedly suggested letting communities bargain about new homes – to make their planning protections 'alienable', in the jargon. If you required approval from local people for any new building, as Alex Morton once suggested for Policy Exchange, no doubt we would get much prettier buildings and more benefits for communities. But, if implemented badly, you would probably also get far fewer buildings, and the shortage of homes is bad enough already.

What's critical is whom, what and how you ask. Ask a suburban homeowner if they want permission to replace their house with terraced houses or a six storey mansion block – a permission that would immediately double their property price – and you will probably be blown away by their enthusiasm.

Ask them if they would like a new six-storey building on someone else's plot, nearby, with nothing but disadvantages for them and their community, and watch their blood pressure rise.

But our entire planning system is set up to ask the second kind of question, not the first. And then we are surprised when we don't build enough homes. It's almost as if someone studied human nature and, armed with that knowledge, built a system to work as badly as possible.

So the obvious answer is to let small communities choose a design code and collectively (say, if two-thirds agree) opt in to permissions for themselves for more building, subject to that design code. It might be just upward extensions, or it might be wholesale replacement of 1930s semi-detached houses with beautiful mansion blocks, depending on what two-thirds of the residents can agree on.

Carrots, if big enough, can be even more powerful than sticks. After eighty years, why don't we finally try a few serious carrots in planning?

Each homeowner can just sit on the permission, or sell their house to a small builder, or team up with others and a slightly bigger builder. The design code will ensure beautiful outcomes. It will not all get built at once, but neither were Hampstead nor central Edinburgh.

The hard part is drawing sensible boundaries that allow people to agree on more housing while protecting those outside. Neighbourhood areas are too big for this to work: ten thousand people will never reach consensus on major change.

With long back gardens, a single stretch of street bookended by other streets works much better: the construction will mainly affect neighbours on that street, if there are rules to protect those on other streets. A single block of a city might also work, if you preserve the facades onto the bordering streets and set angled height limits to prevent overshadowing homes opposite on those streets.

Most of all, we need a ministry that tries out new ideas systematically to see what works. Scientific trials are the gold standard of social science. The NHS relies on them; our education system is now a world leader in them. The planning ministry has never done a single randomised controlled trial in planning. We need a new Innovation Unit for housing and planning to

run hundreds of experiments to see what works to get high-quality new homes with local support.

Targets and quotas may work well for companies, but they are no way to run an economy, as the Soviets discovered to their cost. The iPhone was not built through a top-down quota. It happened through vision and because millions of people want to buy beautiful things.

The same can happen in housing, but recent decades have proven that it will not be easy. It will take imaginative reform and testing. The only sure thing is that endless variations on the same old themes – more planning, no planning – will get us nowhere. We need better, cleverer planning. And that includes canny decisions to give small communities much more power to say yes where they can see the benefits for them.

Planning Affordable Housing

by Jamie Ratcliff and Reuben Young

Why change planning?

Our current planning system leaves a huge amount of discretion to decision-makers on individual applications. Each new housing development needs to be individually approved by a political body (usually the Local Planning Authority). This creates uncertainty. This uncertainty feeds through into higher land prices, creating unearned profits for lucky landowners, and reduces the potential funding available for community benefits associated with development, including new affordable homes.

In this paper we argue for a new system of directing that value towards new affordable homes, providing certainty for landowners and builders. We demonstrate how this system would increase the overall supply of homes as well as affordable homes, reduce the barriers of entry to development, and help to gain greater community consent for increased homebuilding.

Why do affordable homes matter?

Reduced housing costs and the security of a social home would be of immense benefit to all 8.4m people who live in unaffordable or unsuitable homes in England.⁹ If they claim housing benefit or universal credit, a reduced rent will create less of a poverty trap – the taper rate that increases the effective marginal tax rate on additional earnings lasts for a smaller segment of the income distribution if the rent is lower.¹⁰ For these tenants the lower rent will also save the taxpayer vast sums of money in benefit spending.¹¹ And for non-claimants, the money will mean more disposable income to spend or save.

But the benefits of submarket homes do not stop with the families who live in them. More affordable homes mean more homes overall. The old orthodoxy that there was a choice between more homes and more affordable homes has collapsed. The additionality of delivery of land-led, grant funded affordable homes has been empirically proven.¹²

But even when affordable housing displaces market housing in a new block, submarket homes speed up delivery – particularly on large sites – as found by Letwin’s review of build-out rates.¹³ The more affordable homes included, the less absorption rates constrain supply. The high cost of market homes limits the pool of potential buyers, even in areas of high demand. If the developer reduced the price, more would flock in, but this would mean reducing the overall viability of development and handing a windfall to the individual buyer. The more diversity in the tenures in a block, the greater the pool of people, the lesser the incentive

9. National Housing Federation (2019); One in seven people in England directly affected by the housing crisis.

10. For a full explanation of the effect, see Adam, S *et al* (2015); *Social Rent Policy: Choices and Trade-Offs*; Institute for Fiscal Studies. For empirical testing, see Young, R & J Fitzpatrick (2018); *What’s Not Working? Barriers to employment and the impact of rent and housing benefit*; Peabody.

11. Chaloner, J, A Dreisin & M Pragnell (2015); *Building New Social Rent Homes: An economic appraisal*

12. Savills (2019); *Additionality of Affordable Housing*

13. Letwin, O (2018); *Independent Review of Build Out*; Ministry of Housing, Communities, and Local Government

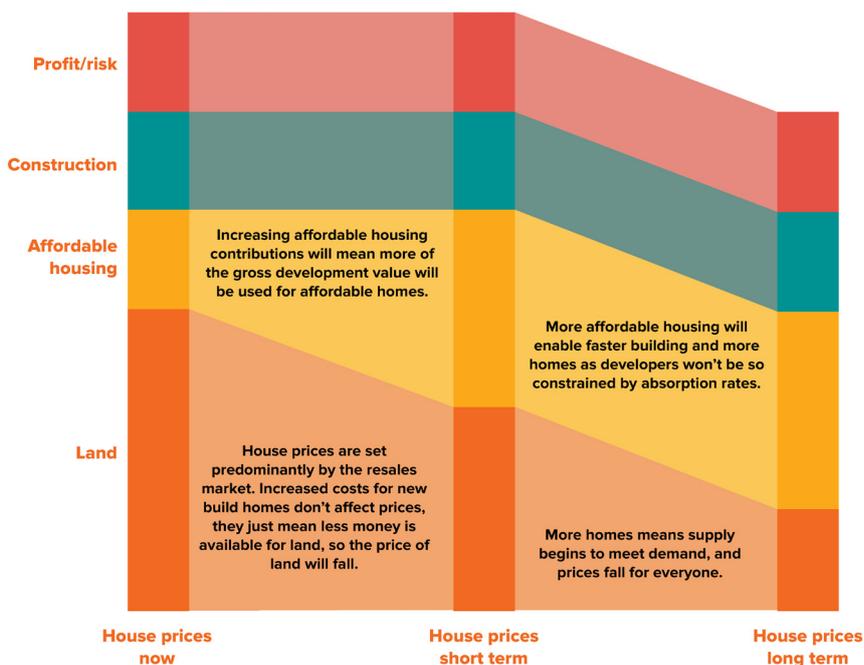
(or commercial necessity, depending on who you ask) to slow down the building of your homes.

And we need more homes. Even those who believe that new supply is not the answer to our crisis acquiesce that sustaining 300,000 new homes for two decades will cut housing costs by 10 per cent, all else equal¹⁴ – that’s more than £45,000 off the average London house price, and would save the average London renter £1,800 a year.

So more affordable homes mean more homes overall. But does a relative reduction in market housing increase market prices? House prices – and by extension, gross development values – are set by the resale market, because this is where the overwhelming majority of housing transactions happen. Between August 2015 and July 2016, the last full twelve months for which data is available, sales of new build homes totalled 78,000 whereas sales of existing homes totalled 788,000.¹⁵ This relationship of around 1:10 has proven to exist for some time.¹⁶

This means that in general, additional costs incurred in the development process – including affordable housing provision – if applied universally, will not increase prices or rents. After a short while of market adjustment (which could be mitigated with government support or with introducing the new system gradually) ensuring higher levels of affordable homes are delivered through the planning system would just reduce the maximum homebuilders could spend on land, without increasing rents or prices. And in time the increased overall supply would result in lower costs for everyone.

Figure 1: Short term and long term impact of increasing developer contributions to affordable housing



14. Mulheirn, I (2019); Tacking the UK housing crisis: is supply the answer?; UK Collaborative Centre for Housing Evidence.

15. ONS (2016); HPSSA - supplementary dataset 3, number of existing residential property sales by area, for individual months.

16. Green, B (2015); Housing policy: If the answers aren't working maybe we need to be asking different questions; Brickconomics.

What is wrong with the current system?

The current system of developer contributions to affordable housing is beset by uncertainty. Local policies set an aspiration for the proportion of overall homes which should be affordable, which can be as high as 50 per cent, but the actual proportion is arrived at as a result of negotiations between local councils and homebuilders. It is not uncommon for 0 per cent to be achieved.¹⁷ This uncertainty actively encourages land buyers to assume lower levels of affordable homes – on the basis that if they don't another buyer would – which in turn increases the price they pay for land and reduces the viable price that can be paid for affordable homes. This allows for huge inconsistency in the provision of affordable homes, even within a single local council area.

The Mayor of London has taken steps to address this uncertainty with a threshold approach to the provision of affordable homes, allowing for a fast-tracked process for planning for applications which offer at least 35 per cent affordable housing.¹⁸ Whilst this is a step in the right direction it does not remove the prospect of viability discussions, and even a flat 35 per cent leaves significant uncertainty in terms of the tenure of the affordable homes.¹⁹

Certainty through a flat tax

We propose a system that removes negotiation and fixes affordable housing provision, through the following process:

1. Developers are liable for a flat rate of tax on a prediction of the gross development value they submit when applying for planning permission.
2. The local council uses this money – and more besides if it so chooses – to buy as many homes in the development as it likes for use as affordable housing.
3. The price the council pays per home is determined by the value predicted by the homebuilder. For example, if they build 100 identical homes and submit a total value of £20m, the council buys homes for $£20m \div 100 = £200,000$, regardless of the real market value.
4. The council can use these homes for affordable housing directly or sell them to a housing association partner.

This gives developers the incentive to submit the true expected GDV. If they submit a higher value, the council may buy fewer (or no) homes in the block, but the developer will overpay in tax to be spent on affordable homes elsewhere. If they submit a lower value, they pay less tax, but the council is likely to buy more homes in the block for less than the market price, reducing the developer's profit.

The proportion of the GDV taxed in this way should be set by the local authority, based on their need for affordable homes. They would also need to take account of existing uses, land values and their housing

17. Pidd, H (2018); Housing crisis: 15,000 new Manchester homes and not a single one 'affordable'; The Guardian.

18. Greater London Authority (2017); Homes for Londoners; GLA.

19. This is important because the viability gap between a shared ownership home and a social rented home can frequently be as large as the gap between a shared ownership home and a market home, meaning a system that applies a percentage without a view on tenure will favour less affordable affordable housing.

market, so as not to set the tax too high and deter development.

The amount of tax to set depends on the number and type of affordable homes required. Because there is a revenue stream attached to the homes the council will buy, for a given amount of tax, there is an inverse relationship between the proportion of the block that can be submarket and the degree of the subsidy. This relationship is set out below for a typical scheme in London, shown in Figure 2.²⁰

Figure 2: Tax on GDV needed to deliver volume and selected types of submarket products in London²¹



X axis: Desired proportion of new units as affordable housing Y axis: Tax on GDV required to deliver volume and type of affordable housing

Of course, Section 106 and the Community Infrastructure Levy do not only pay for affordable homes. We propose the new flat tax should be used exclusively for submarket housing. Other community benefits like parks, roads, and schools should be paid for out of a separate pot of money, which could be funded via developers too, or by other central or local taxation.

Impact of the new system

Moving to a fixed and certain tax on total value will make it far easier for developers to plan ahead. They would essentially decide the amount of tax they pay themselves, and they need not await the guidance or decisions of anyone else. This will likely disproportionately benefit smaller builders who struggle with the uncertainty and flexibility in the current system.

Smaller builders will also benefit from the reduced land cost, as per Figure 1, which is currently a significant barrier to entry for many small or new companies. Less spent on land makes the upfront cost to

20. We assume an average flat price of £415,000, and for rented products we use the same assumptions as the G15/GLA for calculating the net present value of the net rent (GLA, 2019). For shared ownership, only included as an indicative comparison, we assume the subsidy to be 25% of the market value of the home.

21. Calculated based on London averages.

homebuilders lower, which will attract new entrants into the market and make financing easier for existing smaller developers. This in turn, will get more homes built overall, as competition in the industry intensifies. Research has found that the oligopoly enjoyed by the major homebuilders contributes to limiting the capacity of the industry.²²

The price of land falling creates one class of losers: landowners. But we must ask why their land is expensive in the first place. The land existed before its current owner, and will exist long after. Its price is set not by what is on top of it, but because of the jobs, amenities, people, and infrastructure surrounding it. None of these things are the work of the owner, they are a result either of public investment or exogenous factors. In short, land wealth is unearned income.

As well as being unearned, a tax that ultimately falls on landowners is highly efficient. Because land is not mobile like labour or capital, there is no escaping a tax on it.²³ Compared to taxes on income or profits, it will deter less productive enterprise. There is a small risk to homebuilding where the tax pushes the residual land value for development below the existing use value. This could be because there is a particularly high construction cost for the land, for example due to decontamination, or the land's existing use value is high. This would be mitigated by local councils setting the tax at a level that takes account of viability at the outset, and could also be mitigated by simplifying and liberalising the planning system elsewhere.

Conclusion

Our proposal amounts to a redistribution of wealth from those who have not earned it and do not need it to those on low incomes, who would greatly benefit from the additional subsidy to spent in the productive economy or save. In doing so, we would support smaller builders, provide all developers with greater certainty, and we would improve build out rates, delivering more homes in the context of a shortage, and reducing house prices and rents for everyone. All of these things are social goods.

Our system would not cost any additional taxpayer money in grant. In fact, it would mean that the current spending on affordable housing goes even further, because it could be spent exclusively on land-led schemes rather than on buying Section 106 homes from developers, which ultimately mean some capital subsidy trickles up to landowners. The current process for negotiating delivery of affordable homes are unproductive and time-consuming. We need to burn this bureaucracy to build the homes that Britain needs.

22. House of Commons Communities and Local Government Committee (2017); *Capacity in the homebuilding industry*.

23. Smith, A (1776); *The Wealth of Nations*, Book V, Chapter 2, Part 2, Article I: Taxes upon the Rent of Houses; London: W Strahan and T Cadell.

Revisiting “Garden Cities of Tomorrow”

by Dr Sue Chadwick

“the Problem with which we have now to deal, shortly stated, is this: How to make our Garden City experiment the stepping stone to a higher and better form of industrial life”²⁴

Although most planning practitioners agree that the modern system of planning was established in the aftermath of the second world war, the philosophical foundations of that system were established with the publication of Ebenezer Howard’s “Garden Cities of Tomorrow” (1902), itself a reprint of “Tomorrow: A Peaceful Path to Real Reform” published in 1898.

Howard’s founding proposition is that the mass migration of people from the country to the cities as something which is ‘deeply to be deplored’²⁵ and his work is aimed primarily at answering the question of how to “restore the people to the land”²⁶. He sets out the main benefits of both town and country and presents them as two magnets, with competing ‘pulls’ on the citizens who live and work there. The way to balance these competing attractions is, he argues, a third magnet – a settlement that combines the environmental and ecological benefits of the countryside with the economic benefits and social opportunities of the cities, which he names the Garden City. The continued relevance of this type of settlement is shown through the publication, 120 years later of the Government’s Garden Communities Prospectus²⁷ (‘the Prospectus’) which describes Howard’s publication as “a vision of places where people could work, raise families, travel easily and enjoy green spaces”. The Prospectus invites proposals for new garden communities to access financial and practical assistance from central government.

This essay asks whether that summary is an adequate reflection of the original work and its impact or if Howard’s seminal work is both more illuminating and more provoking than we have become accustomed to accept. Through a detailed examination of the 1902 text it revisits the central themes – some of which have been lost or clouded in translation since the original publication – and tests their relevance to modern planning dilemmas such as harnessing land value uplifts, adapting to emerging technologies and what quality means in placemaking.

24. Howard, E ‘Garden Cities of Tomorrow’ 1902 Dodo Press Page 91

25. Ibid, Introduction

26. Ibid, Introduction

27. Homes England, 2019, ‘Garden Communities’

“One far reaching scheme”²⁸

Just one chapter of Howard’s work is concerned with layout and design: he proposes a settlement circular in form and intersected by boulevards, and including a covered retail area, public parks, industrial and agricultural areas. These principles are illustrative, not prescriptive and Howard makes no recommendations on the design of individual homes, but it is remarkably consistent with modern conceptions of placemaking. There is, for example, a strong emphasis on the need for a strategic approach achieved through a plan that underpins the Garden City with a “unity of design and purpose”²⁹ Howard also promotes community engagement and involvement – the central ruling board is elected by the community itself, the retail area is occupied by individuals and societies limited by their proximity to the settlement. Promotion of this ‘bottom up’ approach is evident today in the neighbourhood planning principles established in 2010. Howard was opposed to reliance on goods produced by ‘sweated’ labour to satisfy “a consuming public over-clamorous for cheapness” – but it is only very recently that we have recognised the fragility of a high street reliant on commercial monopolies and started to recognise the merits of promoting local traders.

Howard was also well ahead of his time in the recommendations he made for securing infrastructure. He insists that the garden city should also be a connected city with movement facilitated by both an inter-municipal connections between individual towns and direct connections between each town and the main city. He lists the benefits that can be achieved through a planned development that is front loaded with the full range of social infrastructure including libraries, museums, markets, churches and concert halls as well as education and health care. He even includes an outline costing for such provision and how the costs can be absorbed in the life of the development. Today we still lack national direction on the reasonable scope of public infrastructure required for a development and a simple, reliable legal mechanism for ensuring it is delivered before the homes that need it. Too often the infrastructure a development provides is based on its viability rather than the needs of the population it serves. In terms of delivery of the settlement, Howard includes a template constitution where the Garden City is divided into departments that themselves consist of sub groups ranging from finance, law, and roads to parks, open spaces, libraries and music, in sharp contrast to the 2018 Garden Communities prospectus that recognises the need for some kind of delivery vehicle but is quite vague on the form it might take.

“These mushroom forms”³⁰

‘Garden Cities of Tomorrow’ was written at a point where the railways had eclipsed the stagecoach and steam power and electricity were prevalent as the technological underpinnings of modern existence. Howard’s work is all too often viewed through a prism of fond nostalgia and so his recognition of and enthusiasm for these new technologies is unexpected. He reflects on the “recent unexampled rate of progress and invention”³¹, promotes

28. Howard, E ‘Garden Cities of Tomorrow’ 1902 Dodo Press page 27

29. Page 27

30. Page 87

31. Page 87

planning the new settlements “with a view to the very latest of modern requirements”³² and predicts that electricity will transform the way people live, even to the extent of providing tropical fruit for the table. Although in 2019 we regard City Information Modelling – the creation of a digital version of the built form that can help with both its current management and future evolution - as uniquely modern, Howard refers to the “science of the modern city”³³ and recognises that it will include engineering, technological and even statistical components. As we grapple with the growing prevalence of Artificial Intelligence and increased automation of all employment, it is strangely comforting to read Howard acknowledging that his society too is undergoing a process of sudden and wholesale change. He is, unlike many of us today, relentlessly positive about the opportunities of new technology, asserting that “machinery can be used on an extended scale...to *implace* labour as well as to *displace* it – to free men as well as to enslave them”³⁴

“A juster and better system of land tenure”³⁵

If the design of the garden city occupies less of the text than might be expected, the opposite is true when it comes to its financial foundations, which take up five of the thirteen chapters. It is also an area where Howard’s vision and modern realities diverge sharply. Howard proposes that the land should be bought at its agricultural value, “before a new value is given to it by migration”³⁶ be held on trust for the whole community, where a central board is charged with “stepping as a quasi public body into the rights of a private landlord”. Revenue is derived from rental incomes, with domestic rentals subsidised by employers. Of those incomes, part will always be diverted into sinking funds for the public benefit, and that any rise in the value of land is ploughed back into that community through the “relief of rates”³⁷.

The modern planning system is concerned with many of the same issues that preoccupied Howard, including the crucial one of how to benefit from any uplift in land value for the public good. However, the Prospectus appears to be written on the assumption that land will be privately owned, and that the only way to secure public benefits is through the community infrastructure levy or section 106 arrangements, secured as a one off public benefit at the point when consent is implemented. Moreover the government’s response to the recent report on Land Value Capture³⁸ confirms that public purchase of land is intended to be a last resort option and that land values will continue to “reflect the potential for the land to be developed”. So long as this is the dominant model, ongoing uplifts in value benefit individual owners of the land, not the community as a whole and the community revenue is reduced. Howard’s view was that ownership of land around cities by private individuals motivated by profit would be ‘disastrous’.³⁹ There is little sign that his model will ever be adopted.

32. Page 27

33. Page 43

34. Page 29

35. Page 59

36. Page 26

37. Page 10

38. Government response to the HCLG Enquiry into land value capture

39. Page 93

“The free gifts of Nature”⁴⁰

The primary motivation for the ‘third magnet’ was to re-establish and secure an existence that offered the benefits of urban living while retaining access to a pleasant natural environment. In his consideration of how to secure the benefits of nature alongside establishing a built environment there are many parallels between Howard and the modern planning system – and one significant difference. Howard insisted that the development of the garden city should incorporate fresh air, sunlight and plenty of space for recreation and these principles are recognised in the Prospectus where one of the key principles the need to have green and blue infrastructure that promotes health, wellbeing, and quality of life. He recognised the value of preserving buffers of land between developments long before the establishment of a formal Green Belt and the many local plan policies that seek to secure and preserve green wedges in the face of residential development proposals. His proposal that waste products should be “brought back to the soil”⁴¹, anticipated the circular economies that are so popular today.

What Howard did not foresee was the global environmental impact of an industrial revolution based on coal. He assumes that “The earth for all practical purposes may be regarded as abiding for ever”⁴² but we are aware, in a way that Howard was not, of the fragility of the natural environment; we have heard Sir David Attenborough advising a parliamentary committee that “we are changing the climate in a way that is irreversible...if we go on the way we are.”⁴³

“What are we going to do with democracy now that we have got it”⁴⁴.

The current Housing Secretary has recently acknowledged that “Building new homes isn’t just about bricks and mortar”⁴⁵ and it seems that we still want homes to provide access to transport, health and social benefits as well as provide safety and shelter. To this extent, Howard’s work has passed the test of time and in other ways such as the treatment of land value uplift it remains a provocative read. In two significant ways it is outdated. First, we are aware as Howard was not that opportunities for growth are limited by its global environmental impact. Next, it is clear that Howard was wrong to assume that new urban settlements would provoke a “spontaneous movement of the people”⁴⁶ from country to city, with a corresponding reduction in urban land values. The pull of the city in general and London in particular endures; its properties remain stubbornly expensive and housing conditions are still poor for many. The greatest modern challenge is finding new ways to densify rather than de-magnetise the appeal of the city and emerging technologies of our generation will help with this. In the meantime we can comfort ourselves with Howard’s recognition that “success, is, for the most part, built on failure”.⁴⁷

40. Page 80

41. Page 12

42. Page 88

43. Evidence to BEIS committee on Clean Growth HC 871 Tuesday 9 July 2019

44. Page 91

45. MHCLG (2019) Housing Secretary Unveils Green Revolution

46. Introduction

47. Page 66

Environmental Impact Assessment fit for the 21st Century

William Nicolle and Benedict McAleenan

The natural world should sit at the heart of the planning system. It provides the raw materials for construction and the space for buildings. It adds value to development in a myriad of obvious and subtle ways, from the utility derived from natural aesthetics, to the provision of resilient ecosystem services. It also bears the impact of new developments - an impact we are not very good at assessing.

Environmental Impact Assessments (EIAs) are intended to evaluate the likely environmental impacts of a project or development before it is commenced – essentially applying quality-control to those projects that are thought to carry a risk of ‘significant’ environmental impacts.

Local Planning Authorities decide if an EIA is necessary, but also whether an EIA will be used as the reason to reject a planning application. All large development projects are automatically subject to the process of EIAs, such as motorways or power stations, and submit one with their planning application. There is a clear list of the relevant types of developments in legislation.

But it is more of a grey area whether smaller developments require them, causing uncertainty for the majority of planning applications.⁴⁸ A development is judged as to whether it needs an EIA based on somewhat arbitrary ‘screening thresholds’, which are metrics like floor space and development area. This generates regulatory burden in simply figuring out if a project meets such ‘thresholds’. Uncertainty is further extended by the fact that even if a development meets these ‘thresholds’, it only requires an EIA if environmental impacts will be ‘significant’, as subjectively judged by the Local Planning Authority. Indeed, there is little guarantee for developers that after expending money and time on an EIA, it will not just be used to legitimise a refusal of their planning application.⁴⁹

Consequently, EIAs have taken a bogeyman status in some corners of the development sector, adopting the image of a bureaucratic octopus, grasping at a dozen potential areas of impacts beyond just that of the environment. If a developer finds themselves having to undertake an EIA for a project, they will not just be assessing the environmental impacts of their development – on air quality, water, biodiversity and more – but somewhat surprisingly also on the cultural impacts of the project, as well as local aesthetics and heritage.⁵⁰

48. Large developments that automatically need an EIA are called ‘Schedule 1’ developments, and smaller ones that might need an EIA based on ‘thresholds’ are called, if they meet these thresholds, ‘Schedule 2’ developments; *Town and Country Planning (Environmental Impact Assessment) Regulations 2017, Schedule 1 and Schedule 2*.

49. For a detailed summary of the EIA process, see Stuart Bell et al (2019): *Environmental Law*, Oxford University Press: Ninth Edition, 456.

50. The inclusion of ‘cultural heritage including architectural and archaeological heritage’ is a factor an EIA must ‘identify, assess and describe’ according to the *Town and Country Planning (Environmental Impact Assessment) Regulations 2017*.

This has an impact on the quality of EIAs. If the people paying for an EIA see it as an expensive irritation, or as so amorphous that it creates unknown risks, then it will be resisted. Moreover, they have become staccato moments, tick box exercises for the planning process that embody a ‘build it and forget’ approach.

This makes the process unpredictable. Project managers will try to manage such open-ended risks out of a planning application, rather than mitigate them, undermining the whole point of a high-quality and effective EIA.

One solution to this is a Natural Capital approach, in which we build a clearer, more coherent and comprehensive understanding of our natural capital accounts. Natural capital refers to the value of the natural world to society, particularly in the services it provides us, from the water filtration effect of soils to the economic value of timber. Our natural capital accounts include the balance of our withdrawals and investments in such capital, in the same way that financial capital is expressed. This approach places planning applications within a broader, longer-term context. Only this way will we understand what we’re losing when we build, and how we can structurally assess, limit and offset the damage with investment in the right things.

Ultimately, this will help the development sector look less an area of friction between humans and nature, and more like an area of symbiosis. This would begin to address the idea expressed by the late town planner Sir Peter Hall in 1972, that the planning system “virtually guaranteed that town would be set up against country, and that gave very considerable weight to the rural status quo.”⁵¹ In its reformation of agricultural subsidies and environmental protections, the current government shows little desire to maintain the rural status quo. EIA reform could be a key part of reinventing our relationship with nature.

The chance for reform

There is a growing opportunity as we leave the European Union (EU) to change how we think about EIAs. EIAs are fundamentally EU-dependent, stemming from several Directives. Exiting the EU is not an excuse to abrogate environmental assessment in toto. On the contrary, EIAs should form a central part of a much more comprehensive approach to nature.

But we can reform and improve how we approach environmental assessment, starting with the new environmental legislative programmes of the Agriculture Bill and Environment Bill.

At its heart, the Agriculture Bill is based on the principle of ‘public money for public goods’, paying subsidies for environmental outcomes. However, the system will fail – or lead to huge wastage of public funds – if it lacks robust mechanisms to measure outcomes. How do we know that air quality has improved? Or that more carbon is being held in trees and soil? Or that more birds and bats inhabit a particular site? To monitor this, we need a bigger and better system for managing environmental data. EIAs should be a core, ground-level part of this by drawing on and

51. Peter Hall (1972), “Urban and Regional Planning”, Routledge, 406.

updating our nation's natural capital accounts.

Similarly, the Environment Bill is an opening for enhancing environmental data and for a system that counts accurately the investments and withdrawals that society makes against the UK's natural capital. The Bill will create environmental governance systems and standards, such as the Office for Environmental Protection (OEP), to uphold environmental law outside the EU.⁵² For this new watchdog to be effective, it needs a way to track progress on environmental outcomes. Coherent environmental data will be needed. And as the UK replaces current EU-derived environmental standards with its own, it will need to replace the processes that assure them. EIAs should plug directly into this new framework.

One element of the Environment Bill, the biodiversity net gain principle, is a direct call to improve how we conduct and interpret EIA studies. This is an obligation on developers to increase the quantity and quality of habitat affected by development, improving biodiversity on net terms. Evidently, this principle raises questions over how EIAs measure and assess biodiversity before development and, more importantly, how this baseline of biodiversity is monitored post-development. Its methodology can only be refined and improved by real-world practice and monitoring.⁵³

Further, new advances in data science and technology make it possible to deliver and use far more and far better data. Like the new technologies and scientific breakthroughs that powered the 'Green Revolution' of the 20th century, we are seeing a world of change in the way we manage landscapes. AgriTech, which allows farmers to use satellites, robotics and big data to improve farm management, is advancing at pace and will likely benefit from the reforms in the Agriculture Bill, which pushes for greater farm productivity. Landscape scale changes can be tracked by satellites and other forms of remote sensing, and intelligent software can efficiently perform a range of analytical tasks like soil management, pest control, and watering regimes that are reactive to weather forecasts.⁵⁴ These are all enhanced by – and able to contribute to – better data about our natural capital. And unlike its predecessor, this Green Revolution will work to enhance rather than rein-in our natural world.

Based on these legislative changes and capability revolutions, EIAs can and should be four things: first, easier to conduct and understand, for authorities and developers; second, more predictable in their outcomes or at least based on clearer methodologies; third, more informative and useful; and fourth, more valuable to the whole of society in the short and long terms.

The need for strong environmental baselines and the role of EIAs in this

There is a dearth of co-ordinated, standardised, and easily accessible data on Britain's natural environment. This is not news. Across the different natural asset classes – atmosphere, freshwater, soils, land and coasts, species, oceans, urban natural capital, and ecological communities – we

52. DEFRA (2019), "Environment Bill summer policy statement: July 2019"

53. Amanda Monique da Silva Dias et al (2017), "Biodiversity monitoring in the environmental impact assessment of mining projects: a (persistent) waste of time and money", *Perspectives in Ecology and Conservation*, 15(3): 206 – 208.

54. National Farmers Union (2019), "Agritech report: Insight, expert views and case studies to help farmers understand new technology"

lack the data to establish a baseline of what their true value is, which is a problem for tracking improvements or declines.⁵⁵ And if public money is to pay for public goods, we ought to know how good they really are.

Even where datasets exist that can give us an insight into the state of these assets, they lack consistency on things like collection methodology and spatial scale. National air quality monitoring, for example, occurs on two levels: national, and local authority. At the national level, DEFRA monitors air pollutant levels in different locations through a severely disparate ‘Automatic Urban and Rural Network’, of which many of the 226 monitoring sites are often offline. The maps it produces are coarse, on a kilometre by kilometre square basis, which provides little insight at a local level. Local authorities have the freedom to pursue their own methods for measuring and modelling air pollution, which produces disparate datasets that sit in silos and are hard to compare due to the different methods used to compile them.⁵⁶

The State of Nature Report 2019 points out that there is a lack of an up-to-date inventory of the state and extent of ancient woodland in Britain, despite its high biodiversity value. It also points to insufficient data to draw conclusions about biodiversity for large swathes of insect and invertebrate groups.⁵⁷

The abundance indicators for all fisheries in the State of Nature report are based on just two trawl surveys. Water pollution is difficult to monitor due to the fact it is often from diffuse sources that leak chemicals into natural water bodies and take it far from the source. Indeed, the UK has no long-term trend data for the majority of water polluting chemicals, due to the sites that they are measured at changing often over time and monitoring not being in place. The Environment Agency’s own *Water quality data archive*, the main source of centralised government data, does not include all groundwater or third party data. Data on water pollution is as diffuse as the pollution is itself.⁵⁸

In short, we need to create environmental baselines, and the starting point for this is the creation of standardised and substantive environmental datasets, to establish what exactly is the state our natural capital.

With a baseline of our natural capital established, new standards for data collection should be founded, with a central repository to store this continual churn of data. As Policy Exchange has previously suggested, this could be an ‘Office of Natural Statistics’ within DEFRA, combining datasets from the DEFRA family, Land Registry, Ordnance Survey, Centre for Ecology and Hydrology and others in an open source format for anyone to use.⁵⁹

It is not only a task of collating existing data about the environment. We also need to build on the existing datasets through capitalising on new technologies to know about the state, extent, and real-time forms of our natural capital assets.

Satellites are being used to monitor real-time, landscape scale changes in the environment, scan and digest this information using artificial intelligence (AI), and subsequently feed this into machine learning

55. See DEFRA (2020), “Enabling a Natural Capital approach”

56. Eloise Scottford (2019), “Air quality law for the future: Fixing the fundamentals” [accessed 04/02/2010]

57. State of Nature Partnership (2019), “State of Nature 2019”, 44, 21.

58. Environment Agency (2018), “The state of the environment: water quality”, [accessed 04/02/2020].

59. Natural Capital Committee (2019), “The Natural Capital Committee’s advice on an environmental baseline census of natural capital stocks: an essential foundation for the government’s 25 Year Environment Plan”, 8

algorithms to model natural systems.⁶⁰ Genetic tracking can be used to determine biodiversity quickly and with small samples through sampling water or sediments for species presence.⁶¹ Such developments can both streamline the EIA process, and improve the quantity and quality of data EIAs produce.

EIAs cannot ignore these developments, and as environmental baselines are calculated and agreed, EIAs can draw on centralised environmental datasets to more accurately judge the environmental impact of development at an earlier stage. This, too, can be an iterative process: the data EIAs gather can be deposited back into a central repository – an Office for Natural Statistics – simultaneously also informing the state of natural capital in that location. Just as a blockchain makes data more trustworthy and therefore valuable by placing it in a context, so EIAs could be more trustworthy and valuable if connected to their setting in a broader, longer natural narrative.

Streamlining Environmental Impact Assessments

To make them fit for the 21st Century, EIAs should focus only on the environmental impacts of development, like natural ecosystems, biodiversity, water, and other components of natural capital. Greater weighting and priority could be given to the most pressing environmental impacts of today, such as biodiversity, given recent evidence of the scale of international and national wildlife decline.⁶²

There are several, more subjective facets of EIAs that need to be stripped out, as they dilute this focus and prioritisation of environmental impacts. Landscape aesthetics, for example, should not be included in EIAs, as they are not environmental impacts *per se*. Policy Exchange has led calls for beauty to be a central factor in the planning system. We applaud this, and have argued for the natural landscape to be the inspiration for architecture,⁶³ but the EIA should be concerned with what the environmentalist Mark Cocker calls the “more than human”.

Communities must not be duped into conflating beauty and biodiversity, confusing the ecological concerns of development with cultural ones. For instance, if an *Environmental Impact Assessment* identifies impacts on local heritage landscapes at the same time as the impact on local bird species then it gives the impression that both impacts have a similar substance. The cultural is conflated with the ecological. That’s wrong, and a misuse of the purpose of EIAs. This especially applies when some places, such as over-grazed uplands, undermine biodiversity protected by heritage status.⁶⁴ These practices should be called out as cultural, not protected under the faux-environmentalist guise of an EIA. Heritage is important and should not be overlooked, undervalued or lightly discarded. But it should not be mistaken for what it is not, especially when the two are in conflict. Pretending that heritage landscapes automatically protect biodiversity by lumping them into environmental assessment processes, for example, does not empower rural communities – it hoodwinks them and undermines democratic oversight.

On top of refocusing EIAs on the environment, the actual process

60. See Ben Caldecott (2019), “Viewpoint: Spatial finance has a key role”, [accessed 29/01/2020].

61. Naturemetrics (2019), “Naturemetrics: about us”, [accessed 29/01/2020].

62. State of Nature Partnership, “State of Nature 2019”, [accessed 30/01/2019]

63. Benedict McAleenan (2019), “Rediscovering natural beauty in the built environment” in Jack Airey et al (2019), “The duty to build beautiful: a collection of essays on embedding the beauty agenda in policy-making”, 45 – 50.

64. Justin Irvine (2016), “Biodiversity and upland management: A summary of research outputs supported or facilitated by the Environmental Change Programme of the Scottish Government’s Portfolio of Strategic Research 2011-2016”.

of doing one could be made shorter, if aided by more comprehensive, pre-existing, site-specific data. The legal timeframe for a decision to be made on a planning application is eight weeks, extended to sixteen weeks when an EIA is deemed to be required.⁶⁵ With the development of strong baselines on natural capital, from which policy can measure environmental changes, a shorter period can be adopted within which the EIA process occurs without affecting the quality of the final conclusions. Shortening this sixteen weeks timeframe is possible, and would alleviate the delays to development EIAs present whilst making EIAs more reflective of our ever improving Natural Capital Accounts.

Environmental Impact Assessment fit for the 21st Century

EIAs should not slip into obscurity once planning permission is granted, only testing the impacts of development at one point in time and this data being forgotten, but should be leveraged to accelerate agreement on natural capital baselines. Based on the political and technological opportunity at hand, EIAs should be entered into a central database as run by an Office for Natural Statistics in a standardised format as part of a tapestry of knowledge about our natural world, with the opportunity for regulators, scientists and technologists to aggregate, analyse and apply the data.

This central database, together with remote sensing techniques and software capabilities, should be used to monitor the full lifecycle performance of development, thereby moving beyond the 'build it and forget' approach of current EIAs. Developers could be required to pay a small levy to cover site monitoring costs for some years after construction. The effect of development on natural capital does not stop once a building is built, and EIAs need to be able to fully account for such impacts.

All of this starts with a Natural Capital Approach. To begin this journey, a strong baseline census for our natural capital assets is needed, for which EIAs can play a key part in generating the data. Our goal should be a better-informed, more useful system in which EIAs act to improve the environment rather than just protect it. We should not miss the opportunity to achieve it.

65. Stuart Bell et al (2019), "Environmental Law", Oxford University Press: Ninth Edition.



As Housing Secretary, I want everyone, no matter where in the country they live, to have access to affordable, safe, and high-quality housing, and to live in communities with a real sense of place. It's time to re-think planning from first principles.

High quality design and sensitivity to the local vernacular must be at the very heart of the process. The time has come to speed up and simplify this country's overly bureaucratic planning process. We'll do that with a focus on creating beautiful, environmentally friendly places, building homes of all tenures and helping more young people onto the ladder.

This Government is thinking boldly and creatively about the planning system to make it fit for the future. I commend Policy Exchange's contribution in ensuring that we act ambitiously when it comes to reforming our planning system and making it fit for our future generations."

Rt Hon Robert Jenrick MP

Secretary of State for Housing, Communities and Local Government

£10.00
ISBN: 978-1-913459-30-7

Policy Exchange
8 - 10 Great George Street
Westminster
London SW1P 3AE

www.policyexchange.org.uk