

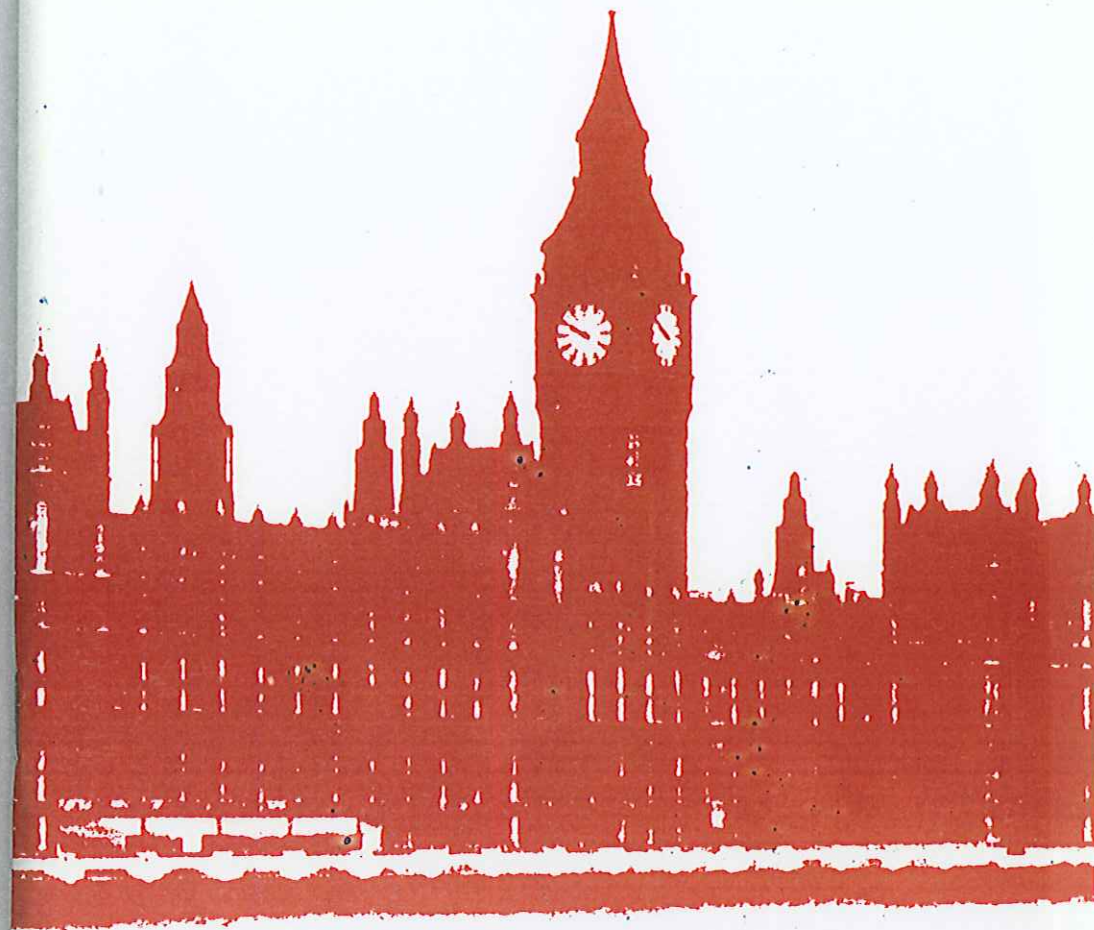


Policy Study No 117

Nimbyism

the disease and the cure

Richard Ehrman



CENTRE FOR POLICY STUDIES



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Introduction

The phrase 'not in my back yard' sprang to fame when it was used by Nicholas Ridley, then Secretary of State for the Environment, to describe the forceful local opposition to development that the building boom of the late 1980's had stimulated. He called the protesters nimbies, it was a good word, it stuck, and now two years later everybody knows what a *nimby* is. Indeed, no sooner had Mr Ridley uttered the phrase, than he had his own efforts to protect his views in the Cotswolds thrown in his teeth. It's a story that neatly sums up the very essence of the *nimby* problem. Everybody acknowledges the need for improvements in housing and transport, but most people do not want change to impinge too closely on them – thus, often finding themselves on both sides of the argument.

Politicians of all colours have learnt how difficult it is to stand out against local tides of opinion, and to argue that although a development may seem an intrusion it will also bring growth and prosperity, opportunities and jobs as well more people and more traffic.

Local opposition to growth is understandable, especially when it seeks to preserve buildings or countryside of value. The danger of course is that the national interest will thereby go by default; and that in the end even central government will find it expedient to take the line of least resistance, and leave the awkward decisions to the next minister or until after the next election. There have been signs of that recently: the decisions to back down on a new town at Foxley Wood, to postpone the new rail link between London and the Channel Tunnel, to drop plans for new roads in London.

Anybody studying the problem of *nimbyism* has first to ask the most basic question – do we really need the scale of new development and building that industry and business claim? If so, that raises a long series of other problems: where is the new development required, how much of it do we need, and how can we make it acceptable to the public at large as well as to those directly affected?

Do we need more building?

The late 80's building boom is now over, at any rate in the private sector. But the pressures that lay behind it remain, albeit dampened

down by high interest rates and a slowing economy. The growth of the South East, the anticipated increase in the number of households between now and the end of the century, the explosive rise in road traffic, commuting and travel of all sorts, the requirements of richer consumers for shops and leisure facilities – all these pressures are here to stay, interest rates notwithstanding.

This paper will therefore argue that the current slowdown should not be the excuse to breathe a sigh of relief, and declare the problem over. Rather it is a good opportunity to take stock of the wider implications of *nimbyism*, and produce a coherent response to this conflict between economic growth and the environment.

Reconciling the conflict is meant to be the job of the planning system. When it was set up in 1947, as part and parcel of Labour's efforts to build a planned socialist economy, the system was supposed to allocate land to different uses, according to some rational if ill-defined master plan. The national, the regional and the local interest were all, somehow, to be painlessly resolved, through the agency of local authorities.

That was the theory, but being under local control the system soon came to reflect the local preoccupations of local voters. It began to work for those already established in a place, rather than for those who might want to move there. So nowadays when people talk of *nimbyism*, they often use the word as shorthand for the tight planning policies through which it operates, and it is the costs and implications of those policies as well as the attitudes behind them, that are now beginning to affect the wider economy.

A distorted housing market

Closely linked to *nimbyism* is the question of the high cost of housing, because it has become increasingly clear that restrictions on new housing and building have added to the strains in what is already a uniquely distorted housing market.

These distortions are all too well known. The purchase of housing in Britain is subsidised by the government, by means of relief on mortgage interest and by exemption from Capital Gains Tax. Renting of housing on the other hand was until recently discouraged by outdated legislation, and still does not receive the tax breaks that homebuying gets. So demand is subsidised by the Government's fiscal policies, while supply has been restrained by local authorities' environmental concerns. The result – particularly in economically successful areas – is that the market is usually tight, and over most of the last twenty years prices have risen in real terms.

Is this a good thing? Nearly seventy percent of households are owner occupied, so many have benefited from the consequent capital gains. During the 70's and 80's, buying a house was the simplest and best investment you could make. The Conservative party under Mrs Thatcher has consistently championed the extension of home ownership, and bolstered its privileges. Much of her electoral appeal has been based on policies such as the 'right to buy' and the 'property owning democracy'. Now however an increasing number of observers are beginning to wonder whether the disadvantages of expensive housing are not beginning to outweigh its advantages.

Inflation

This is mainly because housing inflation has, over the last two years, leaked into the general economy. Tight housing quotas and consequent high prices in the South East, for instance, have contributed greatly to the shortages of skills and labour which lie behind the recent rapid increase in earnings that is now causing the Government so much concern. At the same time the massive rise in house prices – which the tight quotas exacerbated – undoubtedly helped to provide the collateral for much of the consumer credit boom that is now held responsible for our woeful balance of payments, and the decline in our personal savings ratio.

The experts have been surprisingly slow to recognise this. For years planners argued that the supply of building land had no effect on the price of housing, while most economists have been slow to recognise the impact which the housing market has had on the economy at large. At the time of the 1987 stockmarket crash we heard a lot about the 'anticipated wealth effect'. It was feared that if consumers felt poorer as a result of the crash, they would cut their spending and thus tip the economy into a recession. Now, belatedly, economists are waking up to the fact that far more people own houses than directly own shares, and that the huge increase in house prices in the mid 80's had a very considerable wealth effect – it made homeowners feel richer, and thus able to spend more.

A 1989 paper by the accountants Ernst and Young summarised this:

'In 1988 23% house price inflation added £171bn to the value of Britain's housing stock, far exceeding the effect of £15bn spent on construction of new houses and improvements.

This pushed the value of U.K. housing stock to over £925bn by the end of 1988 or over 3 times annual personal disposable incomes.

Housing wealth is about twice as important to the British household as to the German household, and some one-and-a-half times as important as in France and Italy.

As the value of household wealth increases the amount of saving out of current income required to maintain future spending (say when retired or in the face of unexpected expenditure) falls. This 'wealth effect' has been of varying importance across Europe.

The rapid rise in Britain's housing wealth has been one of the main factors behind the more than halving of the saving ratio over the past five years to 4%, which has contributed to the overheating of the economy, and consequent serious problems for the Government's anti-inflation strategy.

By contrast, in Germany where housing wealth is smaller and has grown more slowly the saving ratio has risen over the same period; in France it has fallen but only by 2%; in Italy there has also been a relatively minor fall

of 2-3%. These countries have not suffered the same overheating problems as those driven by the U.K. housing market. Thus while U.K. interest rates have had to rise 7% over the past year, continental European interest rates have only risen half as much.

Recent research into the effects of housing wealth on consumption suggests that the recent U.K. housing boom may have long lasting effects, and the recent falls in U.K. house prices may not have the dampening effect hoped for. Since housing wealth is much less important in Germany, France and Italy, all other things being equal, U.K. economic policy makers have a harder job reducing expenditure growth to sustainable rates than their continental counterparts.

As well as wealth effects arising from the rising value of the housing stock there has been a growing flow of inherited housing. This flow forms around one-third of the equity extraction from the British housing market, which has been estimated at £24bn in 1988, and has made a major contribution to the consumption boom.

Some £7-8bn of housing wealth was inherited by British households in 1988. This is around half the size of total personal savings in 1988, equivalent to 50% of that year's current deficit. Housing inheritance has become a substantial financial flow of major importance for consumption, investment and the net acquisition of financial assets in the U.K.¹

This ability of householders to turn illiquid increases in the value of their homes into spending power, has been greatly enhanced by the deregulation of financial markets in which Britain has led Europe. The ramifications of this for the wider economy are also considerable, a point made by *The Daily Telegraph's* City Comment of 28 December 1989:

'Of the many changes in the last decade few compare in size or impact to the revolution in consumer borrowing. Mortgage debt has risen from less than £50 billion to more than £300 billion, or £6,000 for every man, woman and

1. *European Housing Wealth and Inheritance*, Mahmood Noorani and Brian Pearce, September 1989, Ernst and Young.

child in the land. House prices have trebled. House purchase has been an effortless way to riches, supported on a raft of tax privileges and increasing access to finance at the finest rates. The Government has helped home owners in the South East with planning restrictions which ensure that too few houses are built to correct the chronic imbalance between supply and demand.

So home owners no longer fear inflation. Confident of their ability to maintain their real wage, they look to inflation to erode the mortgage liability and raise the value of their asset. . .

What is needed is a change in the balance between investment in industry and speculation in housing, coupled with a corresponding change in the balance of advantage between saving and borrowing. For if money costs ease, then at the first sign of rising house prices, homeowners will borrow more and spend the money.

Unless this can be discouraged, we shall be stuck with interest rates which are a permanent handicap on the competitiveness of Britain's industry, in order to keep the lid on house prices'.

Nimbyism is a vital ingredient in all these wide economic questions. While the housing market remains effectively rigged in favour of existing homeowners, both by tight planning policies and fiscal subsidies, there will be little 'change in the balance between investment in industry and speculation in housing' that *The Daily Telegraph* called for.

There is great political irony in all of this. Those who oppose development most passionately are usually found in the 'green' suburbs and pleasant country towns and villages, which are the backbone of Conservative support. But *nimbies* are no fonder of high interest rates and recession than anybody else; indeed they are often the hardest hit by any rise in mortgage costs. Increasingly this will force the Conservatives to choose between the devil and the deep blue sea, between curbing subsidies to homeowners and allowing more development in the teeth of *nimby* opposition, or maintaining the present distorted housing market and weathering all the problems which that entails.

International competitiveness

This dilemma is exacerbated by the realisation that our national aversion to building could well, come 1992, the single market and the opening of the Channel Tunnel, put us at a serious disadvantage vis-a-vis countries such as Spain, Italy and above all France. One has only to look at how towns in North West France protested when the TGV did *not* go through them, and compare that with Kent. And the same is true of land prices. Cheaper housing and land elsewhere is likely to draw investment away from Britain after 1992. At the end of 1989 the CBI, worried about this very threat called for a huge infrastructure programme, £3bn per year on top of that already envisaged.

They published a map of the British and French motorway networks as they were in 1987 and as it is proposed that they will be in 1997². The comparison was eloquent, and not reassuring for Britain. Nor is the position of Heathrow, now the world's largest international airport but where plans for a fifth terminal are unlikely to materialise this century, very comfortable when compared to Charles De Gaulle which plans to quadruple in size to 100 million passengers a year by 2000 – and thus, it hopes, take from London the economic prize of being the air transport hub of Europe.

Equally significant, in economic terms, could be the reunification of Germany. In West Germany, unlike France, 'Green' concerns have restricted development. Now with Germany about to be reunited, the pressures for growth in the West may well find room to expand in the East.

All these trends threaten to leave us on the periphery of a newly integrated Europe. We could, unless we take care, become the Lancashire of Europe, a former industrial region marginalised as growth moves elsewhere. Contrary to what many 'Greens' appear to believe, we are not yet rich enough to afford that.

Quality of life

Another disagreeable consequence of not investing in our infrastructure is that it makes life much more unpleasant for most of us – for the holidaymaker trying to fly out of Gatwick in high summer, the motorist stuck in a jam on the M6, M1 or M25 (to name but three of the worst) and for the rail commuter whose train is often

2. Source: *Trade Routes to the Future*, CBI, November 1989. See Appendix 1.

overcrowded, often cancelled, often delayed. It is not just the economy that suffers from hostility to building, so does our quality of life, particularly in urban areas.

For tight planning restrictions designed to protect the countryside have all too often resulted in dense development in our cities and towns and even, thanks to the much favoured policy of infilling, in villages. The DoE likes to boast that in 1988 53% of new housing was built on urban land. No figure is given for how much of this land was formerly derelict, and how much represents redevelopment of residential areas at higher densities, but it is quite possible that there is more of the latter than of the former.

This is an irony that those who live in a city experience every day. We will not build in the countryside, so we try to squeeze more and more into our towns, with the result that the quality of the urban environment deteriorates to protect the rural environment. A case in point is the concern of the Sports Council and the National Playing Fields Association over the loss of urban sports fields for housing.

The Government has indicated that it shares this worry about town cramming, but its concern has yet to affect the allocation of housing quotas, particularly in the South East. In the 1990's London's planned provision of new homes and conversions is meant to increase to 18,000 per year, compared to around 14,000 per year on average in the 1980's. The rest of the South East, outside London, is planning to cut its housing quotas by 30% in the 1990's, as compared to the 1980's.

Value for money

Another consequence of our dislike of new housing development is that over the last twenty years the average homebuyer has had to pay more and more, for less and less. As the price of building land has rocketed, so developers have had to build ever more, ever smaller units, on every available acre. Professor Alan Evans of Reading University has produced research showing how, in the face of high land prices, the balance of new housing has swung towards smaller dwellings. Between 1969-1985 the percentage of new homes that were bungalows, the most spacious use of land, fell from 25% to less than half of that, while the proportion of flats and maisonettes trebled.³

This trend continues. A survey by the Anglian Building Society shows that in 1968 the typical property on which it lent money had

3. *No room, no room*, by Professor Alan Evans, IEA 1988.

two reception rooms, and 70% had three bedrooms. By 1988 in contrast nearly 60% had only one reception room, and only 47% had three bedrooms. Meanwhile the average price had risen over thirteen times – twice the rate of RPI inflation.⁴

Homelessness

Many of course find that they are literally priced out of the market. For the past decade the Government has been scaling back the provision of Council housing, saying that it is the job of the private sector to build homes as and when the market requires. Quite right, but the very same Department that has reined in the Council housebuilders, has failed to ensure an adequate supply of land for the private sector to do the job. Given land at a reasonable price private housebuilders could produce affordable housing, but the sites have just not been made available where they are needed. The result of the ensuing shortages and price rises has, inevitably been homelessness.

In 1978 English councils accepted 53,000 families as homeless, in 1988 they accepted 117,550 out of over double that number who applied.⁵ *Shelter* estimates that the total number of people in those households in England, in 1988, was over a third of a million. Nearly 30,000 families are officially homeless in London. Given that Housing Benefit in theory covers 100% of the housing costs of those with no income other than benefits, these alarming statistics cannot be blamed solely on the parsimony of the Department of Social Security.

Three trends in housing show why the problem has now become so acute. First, between 1981-88 the total stock of rented dwellings in England fell by over 1 million (the decline in the public sector being 14%).⁶ Second, housebuilding has been in gradual decline. From figures of nearly half a million per year in the 50's the total had fallen to about 200,000 by the 80's. Of course the population is increasing nowhere near so fast as it was, and post war rebuilding is also over. The third trend however – that of house prices – suggests that the drop in housebuilding has gone too far.

Between 1983-89, according to the Nationwide and Anglia

4. *The Changing face of Mortgage lending 1966-1988*, Nationwide Anglia Building Society.

5. See Appendix 5.

6. *Who says there is no Housing Problem?*, Joint Charities Group on Homelessness, November 1989.

Building Society, the average price of a home rose 125% at a time when the RPI rose 35% and average earnings increased by 65%.⁷ For those at the bottom of the housing ladder, there could only be one result – they fell off it, they could not afford to buy at all. The Association of District Councils commissioned a report, published in February 1990⁸, which estimated that only 22% of new households across the whole country could afford to buy a new home. An alarmist statistic no doubt (many more could buy second hand homes for instance), but the problem is real. Expensive housing causes homelessness, and the cost of housing is driven up by shortages.

Social impact on the countryside

This is even truer in the countryside than in the towns. Because housing restrictions have by and large been tightest in the countryside, the impact on rural house prices have been particularly great, especially as improvements in communications have made so many country areas commutable. According to a report from the Association of County Councils, *Homes We Can Afford* (1989), between 1974-85 house prices in Windermere, for instance, increased by 35% more than the national average. Another report on the subject, *Affordable Rural Housing* produced by ACRE, a charity specialising in the problems of rural housing, said that in 1985 property prices in the most rural district of each county were between 10-50%⁹ above the average.

The effect in all too many cases has been to drive out the traditional inhabitants, and to turn many villages over largely to commuters, the retired and holiday home owners. *Homes we can afford* pointed out that in Cornwall over 10% of the housing stock are second homes, in Dorset there are over 8,000 and in Devon nearly 10,000.

The consequences of these changes have been profound. Local schools close because no young people can afford to live in the village, local shops close because everyone goes by car to the new superstore ten miles away, and the remaining old villagers are left stranded. *Affordable Rural Housing* reckoned that local housing surveys in county

7. See Appendix 4.

8. *Bridging the Affordability Gap* – A report on the Research and Access to a Range of Housing Options, Housebuilders' Federation/ Association of District Councils, February 1990

9. *Affordable Rural Housing*, David M Clark, ACRE, 1990.

parishes showed that in the next five years up to 189,000 new cheap rural homes are needed, and that on present trends only 20% of that number are likely to be built.

One reason for this is that in many rural areas a disparity of interest is growing between the traditional inhabitants who not only live in the country but also earn their living there – whether from farming, or small industries and businesses – and those who live in the country but get their living from the towns; the commuters and the pensioners. Thus last year when the DoE published a consultation paper proposing relaxations in planning controls over farmers, in order to encourage them to diversify into other fields like tourism, sports facilities and farmshops¹⁰, it was supported both by the National Farmers Union and the Country Landowners Association representing the economic interests of the countryside. But conservationist lobbies such as the Council for the Protection of Rural England, which tend to be more representative of the newcomers' concerns, objected; and the DoE bowed to their pressure and withdrew the proposals.

It is often the newcomers, in their quest for rural idyll, who are most resistant to change, and whose voices seem now in the ascendant. The CPRE in particular takes full advantage of the Government's desire to appear 'Green'. In the last few years it has stepped up its demands for ever tighter restrictions on all forms of development in the country, campaigning not only against new towns and other large developments but also criticising barn conversions¹¹ and what it considers the misuse of agricultural dwellings¹². In the case of these last it has even produced a study citing individual homes to expose 'weak controls', to the irritation, it was reported, of some of their owners. Unless such fierce *nimby* pressures can somehow be reconciled with the need to keep villages and country towns economically viable, the countryside risks being ossified by preservation.

10. *Permitted Use Rights in the Countryside*, DoE, May 1989.

11. *Superb Conversions*, Charles Watkins and Michael Winter, CPRE, November 1988.

12. *A Place in the Country*, CPRE, May 1990.

Where should we build?

The problems described in the last chapter are all pressing, even if none of them is especially new. All, however, point to the need for a more relaxed attitude to building.

Economic imbalance between the regions is at the root of many of the issues associated with *nimbyism* and it has been on the national agenda for a long time, which brings us to the second question – where *should* development take place? Over the years various policies have tried to address this thorny issue.

'Can't they stay in the cities?'

One answer, and the one that this Government has pressed for hardest, is the regeneration of the inner cities. Revitalise and rebuild the inner cities, so runs the argument, and we can put all the new homes and new businesses in the docklands of London and Liverpool, in Manchester's Trafford Park or into the derelict Don Valley outside Sheffield. It sounds easy and tempting, and politically it is made even more attractive for the present Government by the fact that none of those areas are traditionally Conservative. The flaw is that, despite the expenditure of billions of pounds of public and private money, it will work only to a limited extent.

The pump priming and subsidies are needed because left to themselves the inner cities would continue to decline. Their old industries have either closed or moved, their infrastructure is decayed and inadequate, they are not attractive places. The billions spent over the last decade have not been without effect, but it is hard to claim that they have turned the tide – even during a period of unprecedented boom.

Indeed during the 80's people continued to leave the cities¹³ and go, very many of them, to small and medium sized towns and predominantly rural counties – not exclusively in the South East but mostly south of the Severn-Wash line¹⁴

This itself is nothing new. From 1911 to 1981 the six most rapidly growing counties were all in the South East: Hampshire, Essex, East

13. See Appendix 5.

14. See Appendix 6.

Sussex, Bucks, Berkshire and Surrey. In the 1980's however growth has spread more widely throughout the South, and also into much more rural areas. Even Powys, the only county in the whole of England and Wales whose population in 1981 was less than it had been in 1841, saw an increase in the green 1980's.

The same trend to a greener life can be discerned in the differences in growth rate between large and small towns. The fastest growing city in the 1980's was Plymouth, and its population increased by just one percent, while the large metropolitan cities all lost population. By contrast the greatest increases occurred in medium sized, essentially suburban towns; Milton Keynes expanded by 36% between 1981 and 1987, Wokingham by 25%, Peterborough by 13%, Newbury by 12%. Again most of the towns and districts enjoying this fast growth were in the Southern half of the country, but it is also noticeable that in the rest of the country the locally successful districts tended, just as in the South, to be small towns in rural areas – Richmond in Yorkshire recorded a 14% population increase, Strathspey in Scotland 9%, and Kingcardine and Deeside 14%.

We have to acknowledge that, however unwelcome these trends may be to *nimbies* or government, they are not going to be stopped or reversed. Indeed every move to improve our roads and railways will further encourage the exodus from the cities. That is not only inevitable, it is also perfectly legitimate. As people get richer and more leisured, they are going to want more space and more greenery. In 1987 a poll for the Henley Centre for Forecasting asked where people would most like to live. The answers confirmed the British attraction to the country: 50% chose a village, 20% a small town, 16% a suburb of a large town, 3% the centre of a large town, and 11% didn't know.

'Can't they go somewhere else?'

The other policy often suggested by *nimbies* is that new growth should be forcefully channelled to the North, or to Scotland, or to Wales. These places, the argument runs, are where unemployment supposedly goes hand in hand with wide open spaces, and where the locals should be delighted to get any development that might come their way.

This is not only patronising, but also too easy to be true. In a competitive market economy, government can no longer get away with that sort of intervention and direction. Not that it even worked

in the 60's and 70's – which is why, over recent years, the scope and extent of regional policy has been greatly reduced. Too much experience showed that when the government tried to force businesses and people to places where they would not otherwise have gone, it often aborted the very economic growth it sought to promote.

Tell a small business to expand elsewhere, and it may well decide not to expand at all. Tell a big company, especially an inward investor, to go somewhere it thinks inappropriate, then with 1992 in mind it may well head for some more welcoming part of Europe, taking its exports, expertise, and tax payments with it. The DTI's statement to the public enquiry on Foxley Wood – itself a unique intervention – pointed out that its 'experience is that the majority of enquiries from foreign companies seeking a South East location have, as their alternative choice of location, one on mainland Europe'¹⁵.

Furthermore when firms do want to go North, or to Scotland or Wales, they will find there very much the same environmental pressures as they find in the South. In the North too, people are leaving the cities for the richer, pleasanter small towns and villages. And those places are now subject to just the same environmental pressures as their Southern counterparts.

Chester is an example. It is a rich, historic town where unemployment is not a great problem and pressure for growth is considerable. So we see proposals to take eight hundred acres out of the green belt surrounding it to accommodate the city's growth – proposals as contentious as they would be in the South. Nor does the Government relax the green belt any more easily in the North than it does in the South. The Secretary of State for the Environment, for instance, recently rejected Hereford and Worcester's proposal to allow some industrial development in the Bromsgrove green belt, designed to meet the needs of Redditch. In fact the most rapid expansion in green belts since 1979 has taken place not as is widely thought in the South East, but in the North.

'Keep housing for the locals'

The idea that local authorities should be given powers not only to restrict the building of new houses but also to dictate who shall be allowed to occupy them is new but gaining ground rapidly. Its

¹⁵. See Appendix 10.

supporters claim that it is the only way of preserving the social mix and economic balance of the countryside. By ensuring that new homes are available only to 'local' people, it is hoped that their price can be kept down. Bryan Gould MP recently floated the idea of restricting second homes (which is a variant on this theme) and the Government itself has indicated that it would support restricted housebuilding for local needs, provided that it was in addition to normal DoE approved county quotas. The CPRE has also very recently produced a paper advocating the creation of a special class of housing. The idea should be treated with circumspection.

Firstly, what does 'local' mean? The Government says that it means existing residents, those who provide an important service, those with long standing links to a place, and those with an offer of a job. How should such a system be administered by local authorities? What of the loopholes, evasions, red tape of it all? It would be a bureaucratic nightmare.

Secondly, consider the morality. Add the class 'those who can afford it' to the list of 'local' criteria, and you have what sounds like the immigration policies of the Channel Islands. Impose such a system, and those who are not particularly wealthy or are unfortunate enough to have been born in cities or large towns – i.e. the great majority of the population – could be barred from moving to the country. Is that what we want? Should local councillors be given legal power over who is and who is not fit to be their neighbours? If being a British citizen means anything, it surely means being entitled to move about Britain freely. The constitutional implications of such local immigration controls would be great, and outrageous too, since they would operate against the interest of the majority. That the debate on this subject has developed as far as it has, without this aspect of the question being aired, is remarkable.

Lastly, special housing quotas bring the whole system into disrepute. Planners and the Government justify their housing quotas on the grounds that enough new homes are provided to meet the 'need' for them. Those who find themselves priced out of the market as a result strongly suspect the claim to be hollow. The 'local needs' policy seems to confirm their doubts. If existing housing quotas are sufficient, why the extras and exceptions? By acknowledging that more houses are needed than the system has allocated, the authorities accept that the quotas are insufficient. In that case (according to their

own logic), the planners should allow more houses in the normal ration.

How much should we build?

Local restrictions look ill thought out and dangerous. That is not so with the Government's efforts to boost the inner cities and the regions, which in themselves are worth while. But neither of these will provide the answer that so many *nimbies* are seeking, nor will they solve the bottlenecks in the housing market. That of course is why *nimbyism* flourishes. *Nimbies* want to duck what they see as an impossible question. Better abandon growth than wreck our environment, is the logical conclusion of their argument. The trouble is that very few *nimbies* are willing to take the argument to its logical conclusion. They are concerned about their own back yards; but on the national level *nimbies* tend to be precisely the sort of people who most appreciate the benefits of growth and expect the Government to deliver them. There is always a feeling that *nimbyism* is free, and so at a preliminary, local level it often is. The costs arise when it repeats itself, over all the more dynamic areas of the country.

If this country is going to succeed in creating a stable non-inflationary economy for the 1990's, and we have to do that if we are going to achieve both higher living standards and a better quality of life, then economic growth will continue to be needed. And you cannot have economic development without physical development. To think that we can force the economy of the twenty-first century into the land use patterns of the mid-twentieth is to live in cloud-cuckoo land. The differences in transport, business and housing are too great. A flexible, competitive economy requires good infrastructure, affordable housing and reasonably priced buildings where the market wants them. A decent quality of life requires pleasant and affordable housing for prosperous and poor, in the places where industry and commerce wants to offer them jobs. And that nowadays means those successful parts of the country where *nimbyism* is strongest – the South East, the smaller towns and the villages.

The question remains, therefore, how do we reconcile the two? How do we build enough new houses and roads, shops and factories, without wrecking the countryside or our existing towns and villages? And how can we do it without devaluing the existing housing stock, which represents most of the nation's savings and a large part of Conservative electoral support?

How much extra land is needed?

Ironically, land at present is not in short supply, even in the most desirable areas. Changes in farming techniques and the common agricultural policy could lead to as much as 25% of our farm land becoming redundant by the turn of the century. It needs to be emphasised that only a tiny proportion of the land that is no longer required for farming, would be needed to overcome the shortage of sites for other uses. The Ministry of Agriculture will this year pay for over 250,000 acres to lie fallow under its 'set aside' schemes. Compare that to the 12,000 acres or so that each year now goes for urban uses, remembering that by historical standards 12,000 acres is very low. The postwar average until 1980 was over 30,000 acres per annum.¹⁶

It is housing, not land, which is in short supply; so the crucial question is how many new homes do we actually need? The last time the DoE tried to answer this was in 1977, under Labour. This Government declared early on that national housing figures were no longer needed; market forces should decide where, when and how much housing was needed. But of course that has not been allowed. Housing restrictions and quotas have continued to be applied. Only in the South East has a concerted attempt been made to plan housing on a regional basis.

So there is no consensus as to how many houses we need. The DoE says the system should allow for some two million extra households by the end of the century, largely due to the increase in single person 'families', but refrains from saying how it should do so. There are other factors as well to consider. In a recent article in *Town and Country Planning*, Professor David Lock pointed out that 900,000 or so households are considered to be overcrowded – that is, short of bedrooms – and an estimated 500,000 share accommodation but would prefer to live on their own. Then there are over 100,000 homeless families already discussed on p.13, and the need for more rural homes put by ACRE at 150,000. These figures alone, even allowing for some overlap, produce a requirement of about three and a half million new homes over the next ten years.

In the South East the DoE has, in agreement with SERPLAN (the South East Regional Planning Conference), arrived at a figure of 570,000 new homes for the 90's. We have seen (p.12) that the Government wants to see the rate of housebuilding and conversion

16. DoE and Welsh Office figures.

in London increase (despite the long history of drift away from the capital), while the home counties are to be allowed to reduce their rates of house building (despite the obvious demand for homes in them). So even if one accepted the 570,000 as adequate provision, it would be mismatched to demand.

Many observers, however, do not accept the DoE/SERPLAN figure as adequate. Even on the assumption that the population of the South East should remain static, as it has roughly done for some time, many outside SERPLAN consider that more than 700,000 new dwellings are required in the South East in the 90's. Of course it is questionable whether the population of the South East should be kept static. It has taken a widening North South gap in house prices to achieve this, and has resulted in excessively tight labour and housing markets in the country's most economically important region. These economic problems of keeping people out of the South East have already been discussed, and remain all too apparent.

The home counties, however, remain committed to keeping people out, and this further undermines the credibility of SERPLAN. Hampshire is of particular interest here, since it would have been the site for the new town of Foxley Wood which Mr Ridley accepted and Mr Patten his successor then rejected.¹⁷ Mr Patten though did tell Hampshire that it would still have to honour the Serplan commitment to 66,500 new homes between 1991-2001, and he awaited their plans in consequence. The County Council has now responded, by cutting 15,000 new homes from its revised plan and offering only 51,500. 'Housing Choice', a new organisation campaigning for the removal of unnecessary constraints in the housing market, further points out that the quantity of housing proposed for NE Hampshire (where Foxley Wood would have been) is particularly inadequate:

'In 1985 the County Council considered a report which proposed 17,000-18,000 dwellings in the North-East of Hampshire between 1991 and 2001. The report stated that these figures would meet the requirements in the 1990s of North East Hampshire's own population. With housing provision reduced to 13,350 new dwellings between 1992 and 2001, the County accepted, in net terms at least, two thousand people would have to move out of the area. The

17. See Appendix 10.

latest figures on housing in North Hampshire make provision for just 11,550 new homes from 1992-2001, which means even more people will have to move out of the area. It is quite clear that Hampshire is not making provision for the anticipated population growth – most directly affecting young people, the sons and daughters of Hampshire residents'.¹⁸

It will be interesting to see how Mr Patten deals with this head-on challenge to his authority.

Of course no one can quantify exactly how much extra supply the housing market could absorb, whatever energy academics, planners and house builders devote to the subject. If all restraints were removed there would probably be a flurry of overbuilding followed by a market collapse, a pattern familiar from the U.S. In our more cramped surroundings, and with so many peoples' savings dependent on the housing market, that would be unacceptable.

It is, though, probably true that the problem of shortage is at the margin. If there are 100 houses and 110 people want them, that ten percent shortage will result in an increase in price, as the poorest ten people are squeezed out. Conversely if there are 100 homes and only 90 potential purchasers, the price will fall. Our long term housing problem is probably something like the former case; and it is possible that an increase of 10-15% in the supply of new homes would lead to house prices moving up much more slowly than in most recent years, and without any question of the market collapsing.

In the end the price of housing and housing land remains the most reliable indication of whether or not we are providing enough new homes. If the price of housing continually outstrips general inflation, providing more land should be a price worth paying for the economic and social benefits of a better balanced housing market. But at the moment any transfer of land at all to building is liable to be fiercely opposed. No one has, as yet, provided a solution to defuse that opposition.

18. *Housing Choice*, Commentary No. 2, July 1990.

Making development acceptable

Cheaper land means better houses

To defuse the opposition we need to return to the root of the problem, and to consider why development is so often so horrendously unpopular. That is what, in a sense, the Prince of Wales has done, and it has proved a very useful exercise. For he has pointed out that development is feared not just because it brings more people into hitherto peaceful places. He has pointed out that much modern development is loathed because, for so long now, it has been ugly, cramped, shoddy, and aggressively out of character with its surroundings.

He is right. In Britain we have got ourselves into a vicious circle whereby modern development is of such poor quality that it reinforces the prejudice against itself. It is a vicious circle urgently in need of breaking. The key lies in making development once again acceptable. Not so long ago, after all, good housing was appreciated for *enhancing* the environment.

One principal reason, however, why we cannot build good housing at present is that the tight planning restrictions on which we rely to protect our environment have, as already discussed, driven the price of building land to such heights that not only are flats, houses and gardens all now getting smaller, but too little money is left over for decent design, materials and finishes. We could undoubtedly do better, we could again build decently and even spaciouly, but only if the proportion of the cost of an average new home which is gobbled up by land prices, is greatly reduced from the figure (in the South East) of over 40% which it reached at the height of the recent boom. Twenty years ago, before tight planning restrictions began to bite, it was under half this.¹⁹

At the moment developers can treat design as secondary, because the planning system deals only in technical details and numbers. Quality and aesthetics are officially not considered relevant. The Government says that local councillors and their officials are not the people to judge such matters. That may well be so, but the result is that nobody does. What happens instead, too often goes like this.

19. House Builders Federation *Land Supply and the Industry*, March 1988.

The local authority zones as little land as possible for housing. Once it is so designated, the value of each acre increases by a hundredfold or even more. Inevitably, architects and developers then have to cram as much as possible onto the tight ration of land the planners make available. These are both the politics and the economics of the matter; and with housing provision so severely regulated, the public has had to take what it has been given. In the end the only people to benefit are the farmers, for whom the process has become a sort of English sweepstake.

The problem of course is who is to say what constitutes good design? If beauty is in the eye of the beholder, how can the planning system cope with the concept? Traditional and vernacular design is demanded by some authorities, the results are sometimes better but rarely very much so, because the planners do not take account of the money and space needed for good design. Too often their guidance merely adds bastardised finishing touches to developments that are basically still shoddy and cramped.

No one can lay down from on high the rules of good design. But there should be some guidelines observed that would greatly increase its chances. The crucial factor as always is the cost of land. For instance:

- Densities in many typical developments have doubled in the last twenty years, as land prices have soared. Where before an acre accommodated eight houses, it is now quite common for there to be fifteen. Planning authorities should stop cramming land in this way; any development benefits from space and greenery and much better provision of this could be enforced.
- Quality of materials and space tends to be one of the last factors to be considered in the developer's equation, after the costs of land, interest, basic construction, marketing etc. Local authorities cannot force builders to improve quality, but a check on it could be instituted by taking the cost of land into account when releasing it for housing.

If enough land was released for development at lower densities than at present, it would be possible to reduce the percentage of the final price taken up by land costs, and thus leave more money for space and quality. If local authorities took 15%-20% say as a benchmark for the proportion of land cost to final home price and

released enough land to maintain that level, customers would have a wide enough choice to force builders to compete by offering a better product. That is the best way to encourage good design.

New villages

One way of putting this into practice seems especially promising: the revival of the concept of new settlements. From 1900 to the mid 70's new towns successfully met much of the pressure for expansion. Their advantages remain. They allow development to be tucked away, and they can provide greener and more spacious surroundings than infilling and accretion to existing towns. New villages are also promising. Being small they can be prettier and less intrusive, and can meet part of the rapidly growing demand for rural housing.

The case for new settlements may have suffered recently from the publicity given to the proposals of Consortium Developments Ltd, a company specially formed to promote new towns by some of Britain's biggest housebuilders. So far the campaign has taken three schemes to public enquiries. Two, Tillingham Hall in Essex and Stone Bassett in Oxfordshire, were rejected. One, Foxley Wood in North Hampshire, was accepted by Mr Ridley when Environment Secretary; and his announcement led to uproar. Shortly afterwards his successor Mr Patten reversed the decision on the eve of the Conservative Party Conference, to acclaim.

These Consortium Developments proposals suffered from two major drawbacks. First, they were on a large scale, about 7,000 houses or 17,000 people apiece, and therefore politically difficult in national terms even if in theory their size was meant to confer practical advantages (easier to pay for new facilities and infrastructure). The DoE reckoned in a 1988 paper that the definition of a new village should be between 200-1000 houses, which would accommodate a population of between 500-2500. 2500 was thought enough to sustain a shop, post office, primary school, garage and bank.²⁰

Second, they probably would not have been very agreeable places. The company, in its publicity, made the most of the charms of traditional country towns, the implication being that if it had been allowed to build in the countryside it could have produced another Stamford or Stow on the Wold. Whether Foxley Wood or Stone Bassett would have lived up to these ideals, though, is doubtful. The planning

20. *Housing in Rural Areas. Village Housing and New Villages*, DoE Discussion Paper, July, 1988.

system being what it is, the company was able to go through all the rigmarole right up to the Secretary of State, without producing a single design of a single house that it wanted to build. All it vouchsafed were broad diagrams indicating housing at suburban densities and a few sketches of its would-be town centres: the one at Foxley Wood looking like nothing so much as a new supermarket.

This lack of attention to detail gave objectors extra means to attack the proposals. The charge that the towns would be no more than great housing estates in the countryside was made, and played a large part in their rejection.

Happily, however, other less conventional would-be developers have approached new settlements in a more imaginative way. In both the most notable cases the promoters already owned the farmland they wanted to develop; so they could afford to build better houses in more spacious surroundings, and still compete with the likes of Consortium Developments.

The best known case is that of the Prince of Wales, who commissioned Leon Krier, creator of the picturesque resort of Seaside in Florida, to 'master plan' Poundbury, a 400-acre extension to Dorchester which the Duchy of Cornwall owns within the new bypass. 'Master planning' means producing a street plan and a design brief, then allowing individuals and small builders to work within these guidelines. In Florida the result has been more varied and interesting than the products of the big developers.

Another interesting proposal was Upper Donnington, which would have been a new classical village of 300 homes designed by John Simpson – Prince Charles's favoured architect for the redevelopment of the Paternoster area around St Paul's. Upper Donnington would have been on the outskirts of Newbury, between Donnington Grange, the 18th century Gothic house by John Chute, and the ruins of mediaeval Donnington Castle. Unlike Consortium Developments, the landowner James Gladstone, who lives in Donnington Grange, had prepared illustrative designs for the village and its houses. Few of the homes would have been identical and the village would have had a crescent, a broad avenue and a common.

It is typical of the problems associated with planning and building anything new in this country, that both these proposals found the going rather heavy. Poundbury was granted outline planning consent

for 35 acres in late 1987. In the summer of 1989 the concept was unveiled and a first phase of 60 acres envisaged. Now as a result of local consultation, and perhaps also of the depressed state of the housing market, the first phase is to be reduced to 18 acres, to be built on the edge of an existing housing estate.

Mr Gladstone meanwhile ran into obdurate opposition from Newbury Council, mainly (it seems) because his scheme was not allowed for in their cherished district plan. They forced a lengthy and expensive public inquiry, while continuing to dole out their quota of housing permissions to the big builders for yet more soulless estates. In early August it was announced that Mr Patten had rejected Upper Donnington, stating that the need to stick to agreed development policies outweighed the high design quality of the scheme. But of course it is those very same development policies that push the price of land to the point where good design is squeezed out.

Where to put new villages

Mr Patten's decision on Upper Donnington is particularly disappointing, since in his pronouncement on housing policy at the time of his barring Foxley Wood he made encouraging remarks about the potential for new villages, albeit with the proviso that they should form part of a county's approved structure plan. But will the counties accept the notion? So far only two, Cambridgeshire and Northamptonshire, have done so in principle, and the details have yet to be settled. Provision has also been made, at Mr Patten's insistence, for some form of new settlements in Hereford and Worcester – and local resistance is up in arms. So far only one new village has won local approval, near Swansea in South Wales, out of over 170 current proposals.

A government that believes in the private sector should surely ask that sector to make suggestions for new villages after being given guidance as to what is required. And the first requirement should be that aesthetics be brought back into planning. We need to change the emphasis from quantity to quality. Instead of telling developers that they can put up virtually anything so long as it fits in with the various county and district plans, they should be free to put forward proposals wherever they wish but be told that only the best and most sensitive, in terms of design as well as location, will be accepted.

Instead of zoning land, councils should invite proposals for whatever housing is deemed necessary (or demanded of them by the DoE) and judge them on their merits - not only on their location, but also on how attractive, spacious, well designed and well built they will be. That would divert money from land speculation into building quality, and the result would be more proposals on the lines of Poundbury and Upper Donnington, and less of the Consortium Development variety.

Defence land

If the Government finds planning competitions too adventurous for local authorities to stomach, it could turn its attention to the use of the defence estate and the land taken up by the forces. Until recently it was thought that the drop in tension in Europe made some reduction in the services likely. Even if Saddam Hussein now makes that look optimistic, the case for releasing more MoD land remains very strong.

In an article this February in *The Daily Telegraph* entitled 'Building new towns in the tracks of the tanks' Ferdinand Mount, former head of Mrs Thatcher's policy unit, pointed out that the Ministry of Defence occupies over half a million acres, an area equivalent in size to Cheshire or Nottinghamshire. He suggested that Mr Patten should 'get hold of half a dozen surplus M.O.D. airfields and lease them out for the building of so many Pattervilles, charming copse girt little towns of high architectural quality - to celebrate the end of the cold war.' The international situation permitting, it is an excellent idea and one that Mr Patten should seriously consider.

The green belt

The Green Belt has become the totem of conservationism; if a minister wants to look Green he trumpets his commitment to it. The Green Belts, however, have changed over the years, losing some of their original emphasis on providing a country lung for Londoners, and other city dwellers, to relax in. Like so many other parts of our planning system, they have come more to serve the interests of the local inhabitants. Most Green Belt land remains private and not very accessible to the public. Leisure development in it is as fiercely resisted as any other form of building.

Preserving the Green Belt has led not only to pressure for denser development in the cities themselves, but also transferred much

suburbanisation to the towns that lie just beyond it. Nor has this shifting around of pressure for development served the Green Belt very well, merely leading to more pressure for roads and railways to get across it from the dormitory towns to the city proper. Indeed so spoilt is some of the Green Belt, that its worst bits are now called the Brown Belt. In particular, with the completion of the M25 around London considerable areas of 'brown belt' are now encircled by new motorway. There is a good case for accommodating a lot of the pressure for new housing and development on the grubbier parts of the Green Belts, rather than cramming yet more into the cities themselves or the towns further out.

It is important not to confuse preservation of the Green Belt with the protection of areas of outstanding natural beauty or national parks. The aim of the Green Belts was not so much to be beautiful as to prevent cities expanding, and that they have done. But a successful city has a natural tendency to expand, and curbing it successfully is bound to cause problems elsewhere. That is why their inviolability should now be re-examined.

Planning gain or compensation

Making development more palatable will not only involve improving its quality, but must also include an offer of better compensation to those affected by it. At present this is limited, but if the cost of land is reduced by the abolition of zoning, then builders will be able to offer more. One of the root causes of *nimbyism* is that the people inconvenienced and threatened by development, do not share in the profits. These go almost entirely to the landowners and developers, the local council sometimes extracting a little via so called 'planning gain'.

This 'planning gain' is a shadowy world. The usual means by which councils extract it from developers or landowners is known as a Section 52 agreement. Section 52 of the Town and Country Planning Act 1971 (or Section 106 under the new 1990 Town and Country Planning Act) provides for agreements between the recipients of planning permissions and local authorities to cover the provision of amenities and services related to the project.

In recent years some authorities have sought to expand the scope of these agreements to the point where the benefits demanded of the developer have little to do with the project. Sometimes councils simply

suggest free gifts, or contributions to some local project dear to their heart.

The propriety of this is dubious. Because planning consents are financially valuable, some planners have begun to think that the council granting the consent should be entitled to part of that gain. This assertion, however, has no legal backing. True, in 1947 when the planning system was introduced, it was meant to be a part of the overall nationalisation of development. But that never happened; the provisions of the Act that allowed for it were repealed. So attempts by councils to appropriate some of the financial gains from the development of private property have no parliamentary warrant.

There is, however, considerable sympathy for those directly affected by development proposals. For instance at present one has no legal right to a view; so compensation need not be paid when it is ruined. Nor are the compensations for those affected by new roads, railways etc very generous. These problems undoubtedly exacerbate *nimbyism*, new development being frequently seen as undermining the value as well as the amenity of people's homes. This private loss needs to be addressed.

Sometimes it is suggested that developers should offer inducements to those affected by their proposals, in order to win their acquiescence. It is not illegal to do so; but it would probably be regarded as unethical, and prejudice the proposal. There is no reason, however, why compensation should be unethical, provided that it is offered openly and fairly to all concerned and that the rules are clear. At the moment Section 52 agreements are too often negotiated secretly between Council and developer, without due reference to the neighbours. The only way in which planning gain will help to reduce *nimbyism* is if it goes to those directly affected.

In the case of large scale proposals, where land would not otherwise be developed – as in the open countryside – it is time to consider the idea of selling planning consents by tender, in order to ensure that those directly affected can share in the profits. This is justifiable, however, only if the tendering process is primarily concerned with quality. It should be combined with design competitions (see p.29) into a two stage procedure under which all proposals are judged first on their quality and acceptability. Then a short list of the best could be drawn up and their backers invited to submit competitive bids for permission to develop.

Compensation or payments by developers, should take three forms:

- (i) Meeting the cost of the off-site services and infrastructure needed to cope with the extra pressures created by a development. If a new town requires a new school or extra beds in the local hospital, and improvements in local transport, the developer should foot the capital cost leaving the running costs to be paid by the new rates and community charges the development will generate.
- (ii) Those directly affected should be directly compensated; it is fair and reasonable that they should share in the profits of the development. If someone whose view is spoilt wants to move, his house should be bought by the developer at over market value. If he wants to stay he should be paid a sum to make up for what he has lost. This should also be done in the case of new public projects – people who have to move for a motorway or railway should get more than the previous market value of their home, to help soften the blow. Assessment will of course be the problem, but a scale between 110-130% of the previous market value would not be too extravagant and could go a long way towards reducing *nimbyism*.
- (iii) In addition, where a whole community is affected by large scale development, the proceeds of any tender for that permission to develop should be passed, as directly as possible, into the pockets of local people. Payment for consent should be in cash; one way of distributing it might be via a reduction in community charge over a number of years for existing residents.

A New Planning Bill

All these ideas, or indeed any other ideas for reform, will of course have to be accommodated and administered by the planning system, so logically any attempt at change should start by sorting out the system itself. That is not so easy. People cling to the planning system for fear of something worse. Few however would deny that it gets more muddled, more out of date, and more unsatisfactory with each year. This is largely because it was never designed for the role it now has to fulfil.

Back in the 40's, it was envisaged that the public authorities would first identify where development was required and in what form, and then themselves carry it out. Those who first introduced comprehensive planning controls, never envisaged that they would function in isolation from the actual development process²⁰. That, however, is what we now have. Public authorities make plans, but by and large they do not carry them out. That is left to private developers, and to a market controlled by a lopsided version of the original planning system. All too often this leads to a direct conflict between the two sides which the system is ill-equipped to resolve. Endless problems over housing are just the most familiar instance of this.

A case in point is the system's apparent inability to resolve the national/regional/local conflict. Should the system be bottom-up, that is controlled by the localities? Or should it be top-down, that is should the local authorities have to subordinate their hopes and ambitions to the national interest, or (more bluntly) to government directions?

At the moment the system is a bit of both. The Government issues guidance on plans and planning issues such as housing; and local authorities are meant to incorporate this guidance into plans vetted by the DoE. In practice local authorities often ignore or openly reject government guidance; the business of plan making is incredibly tortuous; and the DoE scrutineers are overworked, their output sporadic. To cap it all under 30% of the country is presently covered by proper local plans.²¹

The consequence is that many plans are of dubious worth, and

out of date before they are even finalised. The muddle then has to be sorted out by the overburdened appeal system, leading to further delay and a lack of certainty about the process that local people often find very disturbing and builders find very expensive.

Any attempt at reform must try first to define a coherent framework of national, regional and local policy. Last year Mr Ridley, when Environment Secretary, produced a White Paper which aimed at clarification. In particular it sought greatly to reduce the importance of county structure plans: a move widely condemned.

Mr Patten is now in charge, and a new Planning Bill is expected shortly. This, it is thought, will relieve the role of the county structure plans, while also insisting that they become shorter and clearer, and that all District Councils produce proper up-to-date plans. In a draft planning guidance note last November Mr Patten indicated that he envisaged a three tier scheme: regional guidance issued by the DoE, county structure plans and detailed local development plans.

If properly implemented, this system would be a sensible way of reconciling national needs with local wishes. But the key is the implementation. Only last summer the DoE issued its strategic guidance for London, and required the boroughs to produce new plans in line with it, preferably within a year. Few if any will meet that target, and many are now preparing plans which contradict the strategic guidance in important respects. A coherent planning system will be possible only if the DoE is prepared to implement and police it. Let us hope that the new Planning Bill provide for this.

Other topics thought likely to be covered in a new Bill include tighter enforcement of planning procedures (following a lengthy report last year by the Q.C. Robert Carnwath), and new checks on the way in which local authorities award planning permissions to themselves. Earlier this summer at the Conservative Women's Conference Mrs Thatcher spoke briefly of the need for better compensation for those affected by infrastructure projects, so that may also be included, as may the related question of planning gain.

The most important aspect of the planning and *Nimby* question is however unlikely to be addressed; and that is the issue of planning versus the market. Local authorities are composed of politicians not housebuilders or industrialists; and they are particularly subject to local, often *Nimby* pressures. The result is that at the moment the planning system often attempts to dictate to the market, but does not really have the means to do so.

21. See *Planning, Planning*, by the author, CPS, 1988.

In a market economy this is bound to cause endless difficulties – as we have seen. The logical answer must be to let the market tell us how much development is required and where, and then subject proposals to a system of development control based on environmental and infrastructure criteria. That is the way to provide the housing and other development we need, in an economical and acceptable form. It is, however, the thorniest question of all in an anyway difficult field, and it is most unlikely that a Conservative Government subject to very strong *Nimby* pressures will tackle it in the run up to a general election.

Conclusion

This pamphlet began with series of fundamental questions. Do we really need new development? And if so, how much do we need, and how and where can it be made acceptable? The answer to the first question must surely be yes. The overwhelming majority of people in this country want to be part of a successful modern economy; their livelihoods and futures depend on it. Over the last decade it has become ever clearer that only a liberal market economy can deliver that success, and as a result we have seen a worldwide trend towards liberalisation. In Europe we are developing a single market, in Britain the last ten years have seen the removal of most restrictions on the use of labour and capital. Inevitably that has led to enormous pressure for changes in the use of land – the third fundamental constituent of economic activity. But in this area alone liberalisation has, with popular support, been resisted. Indeed the reverse has happened. Restrictions have been tightened in those areas where the pressure for change has been greatest. The result has been distortion – distortion in the price and size of houses, distortion in the mobility of labour, distortion in the provision of transport. Those distortions have unpleasant side effects, fuelling inflation, increasing homelessness and debt, diverting resources from other areas in need of investment, worsening congestion and travel.

So we need to change our attitude to building. We cannot squeeze the economy of the 21st century into the land use patterns of the mid 20th. We have to find a way to make new development acceptable, and to show people how the gains outweigh the losses.

The Conservative Party cannot dodge the issue for ever. In the 1970's Labour painted itself into an impossible political corner by promising small but important groups amongst its supporters, such as the miners, steel workers and ship builders in the nationalised industries, that the state would continue to protect them against the forces of economic change. This destroyed Labour's credibility for a decade. The Conservatives must not make a similar mistake by promising their vociferous *nimby* supporters in the home counties that change can be kept at bay for ever, without it in any way hurting the economy and ultimately their own standard of living.

Hence the other questions, how can this be done? Here we must concentrate on two areas, improving the quality and design of new

building and compensating those affected by it. The price of land is the key to both these. The present system, by so tightly rationing land for development, drives its price up, leaving little money over for quality and compensation. We need a system which puts much more of the value of a development into better building and gives a share of the profits to local people. Only then will *nimbyism* fade.

With the price of houses falling at the moment, the need for action may seem less pressing. But house prices are falling only because the cost of the money needed to buy them has doubled since 1988, accounting for much of our high inflation rate. The underlying pressure for more housing remains.

As matters stand, therefore, we are set for another damaging boom in house prices when interest rates eventually drop and the economy speeds up. If we have to keep the cost of money high in order to avoid the inflationary risks of a housing boom, that will further damage our pockets and our economic competitiveness.

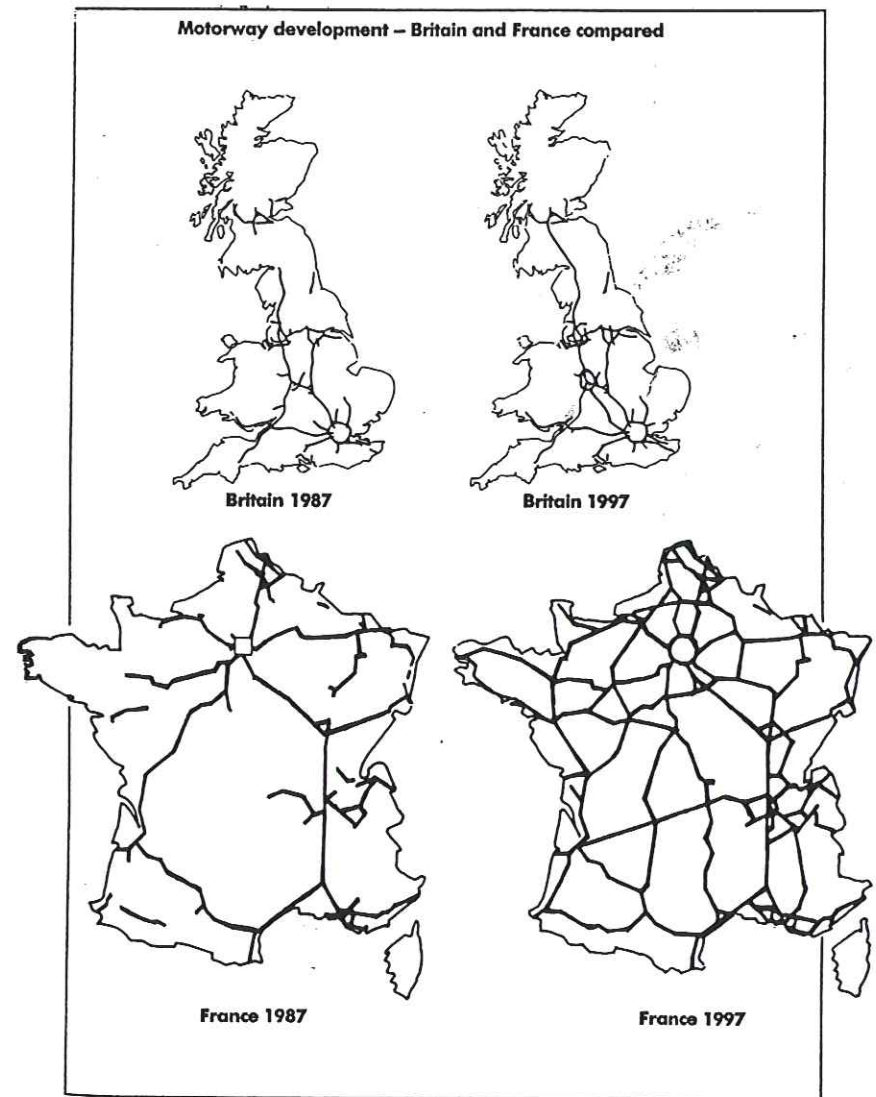
The planning system was set up to impose a 'rational' order of priorities on development. That never happened, and now its main purpose is all too often *nimby* – the very opposite of what its inventors intended. Even to suggest radical change is now thought to be political madness, but a thorough overhaul is nonetheless needed urgently. Perhaps joining the exchange rate mechanism of the European Monetary system may finally prove the catalyst. If we are to enter a system designed to force our inflation rate down to that of Germany, then we soon will no longer be able to afford the self indulgence of *nimbyism*.

Summary of Recommendations

1. High house prices have restricted labour mobility, fuelled inflation, reduced our savings ratio and increased homelessness. Using the planning system to price people out of the most successful areas of the country distorts the economy. In order to tackle underlying inflationary pressures, the Government should try to prevent the cost of housing from rising so much faster than the retail price index.
2. To this end, the planning system must release more new land for housing. And must try, too, to see that the cost of such land as a percentage of the final price of a home is kept to a level which allows good quality building at decent densities. A root cause of *nimbyism* is the shoddiness and ugliness of so much new development.
3. The Government should encourage the building of new villages and small towns, particularly in the South East rather than infilling, town cramming and yet more soulless new estates. Competitions should be held in each county to find the best designed proposals for new housing; and the short list invited to tender for planning permission, with the proceeds being used to reduce the community charge for existing residents.
4. The Ministry of Defence occupies half a million acres at present, an area the size of Cheshire or Nottinghamshire. Much of this is in the South East, where development pressures are severest. The Government might consider using some of this land for new towns and villages.
5. Prohibition of development in the Green Belt should be reviewed to allow new building on 'brown' land which is derelict, polluted or in need of reclamation. Much Green Belt land around major cities falls into these categories. Refusing to allow its use does not solve the problem. It merely shunts pressure elsewhere.
6. *Nimbyism* is fuelled by resentment that those adversely affected by development often suffer the inconvenience without sharing the benefit. *Better compensation is needed.* Those who want to move away from a new road, new railway or other development should receive somewhere between 10-30% more than the previous value of their homes. Those who are prepared to stay should be similarly compensated. This would be less expensive than the *nimbyism*

which adds so much to inflation, and detracts so much from our economic competitiveness.

Appendix 1 British and French Motorways



Appendix 2

Why it takes 10 years to build a road in Britain

Procedures – trunk road schemes

Years	
0	Inclusion in the preparation pool
2	Public consultation on choice of route
3	Decision on preferred route
4.5	Publication of draft line order
5	Public inquiry into line order
6	Decision of Secretary of State
6.25	Publication of draft side roads and compulsory purchase orders
6.5	Public inquiry into side roads and compulsory purchase orders
7	Decision by Secretary of State
7.5	Invite tenders
8	Construction starts

Source: *The Future of Land Transport – 2000 and Beyond*, M. Callery. Paper presented to the Parliamentary Scientific Committee. Taken from: *Trade Routes to the Future* CBI Nov, 1989 "Why it takes ten years to build a road in Britain."

Appendix 3

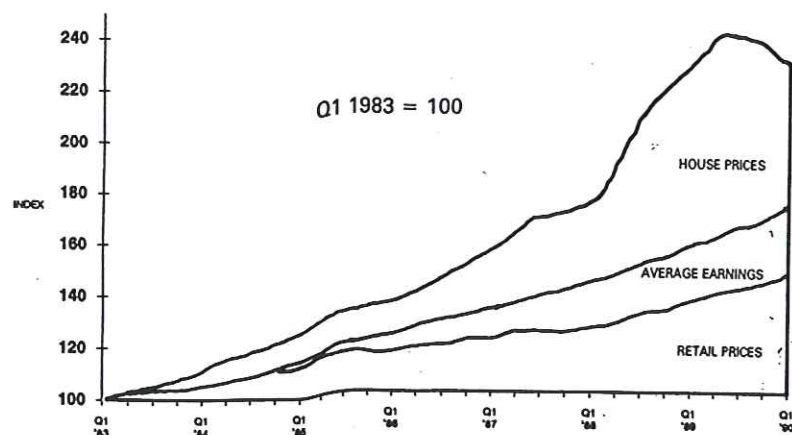
Homelessness in England

Year	Acceptances	Applications
1978	53,100	*
1979	56,750	*
1980	62,920	*
1981	70,010	157,600
1982	74,800	157,500
1983	78,240	164,100
1984	83,190	170,190
1985	93,980	203,480
1986	102,980	219,300
1987	112,400	227,180
1988	117,550	242,470

* These figures were not collected before 1981
(DOE Homelessness Statistics, Supplementary Tables)
Who says there is no housing problem? Joint Charities Group on Homelessness,
November 1989.

Appendix 4

House prices, retail prices and average earnings



Source: Nationwide Anglia Building Society

Appendix 5 & 6

Henley tables of population growth

Population changes in Greater London, the metropolitan counties and Central Clydeside: 1981-87

	Population in 1987: million	Change %	1981-87 thousands
Greater London	6.77	-0.5	-35.3
Greater Manchester	2.58	-1.5	-39.1
Merseyside	1.46	-4.3	-65.1
South Yorkshire	1.30	-1.6	-21.4
Tyne and Wear	1.14	-1.7	-19.4
West Midlands	2.62	-1.8	-48.9
West Yorkshire	2.05	-4.4	-77.0

Source: OPCS, General Register Office for Scotland
Provided courtesy of The Henley Centre for Forecasting.

Rank order of population growth in the non-metropolitan counties (England and Wales) and the regions and areas (Scotland): 1981-87

County/Region	% change in population	Whether above Severn-Wash line: (* above)		
Buckinghamshire	8.7		Shropshire	4.2 *
Cambridgeshire	8.7		Lincolnshire	3.9 *
Dorset	8.4		Grampian	3.7 *
Isle of Wight	7.5		Gloucestershire	3.3
Berkshire	6.7		Hampshire	3.2
Oxfordshire	6.7		Bedfordshire	3.1
Cornwall and Isles of Scilly	6.2		Dyfed	2.9 *
Northamptonshire	5.6	*	Highland	2.9 *
Suffolk	5.6		Essex	2.6
Somerset	5.1		Powys	2.6 *
West Sussex	5.1		South Glamorgan	2.5 *
Norfolk	4.9		Avon	2.4
East Sussex	4.9		Leicestershire	2.4 *
Wiltshire	4.9		Clwyd	2.3 *
Devon	4.5		Hertfordshire	2.3
Hereford and Worcester	4.5	*	Gwynedd	2.1 *
North Yorkshire	4.2	*	Cheshire	2.0 *
			Kent	1.8
			Warwickshire	1.5 *

Nottinghamshire	1.4	*	Central	-0.5	*
Cumbria	1.2	*	Lothian	-0.8	*
Dumfries and Galloway	1.1	*	Tayside	-0.8	*
Fife	0.9	*	Mid Glamorgan	-1.1	*
Borders	0.9	*	Humberside	-1.3	*
Staffordshire	0.9	*	Surrey	-1.6	*
Orkney Islands	0.8	*	Western Isles	-1.6	*
Northumberland	0.5	*	Durham	-2.0	*
Derbyshire	0.5	*	West Glamorgan	-2.3	*
Gwent	0.3	*	Cleveland	-2.8	*
Lancashire	-0.3	*	Strathclyde (2)	-3.4	*
			Shetland Islands	-14.9	*

Notes: 1. = denotes effect is less than +/- 1,000

2. Strathclyde includes Central Clydeside.

Source: Henley Centre analysis of data from OPCS and Register General Offices for Scotland and Northern Ireland.

Appendix 7 Henley winners and losers

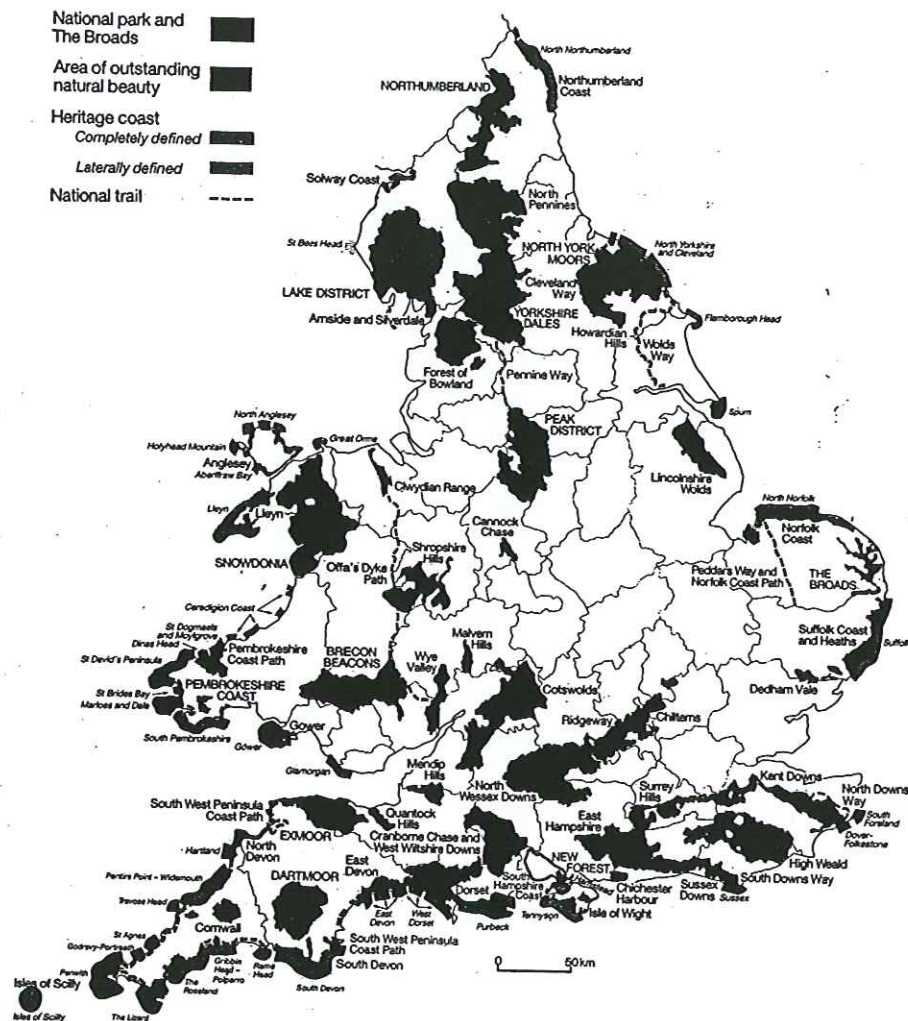
Henley Centre for Forecasting choice of likely 'winners' in the 1990s

Ashford
Bournemouth
Cambridge
Cardiff
Carlisle
Exeter
Glasgow
Harrogate
Huntingdon
Ipswich
Kettering
Leeds
Macclesfield
Milton Keynes
Northampton
Reading
Salisbury
Swindon
Telford
Wrexham

"Although we have limited the shortlist to 20 localities we are not stating that these will be *the* fastest growing areas in the period to 1995. Rather, we have opted for a geographical spread of towns and cities – some large, some small – which we view as having above-average potential for dynamic economic activity in the period to 1995 and beyond."

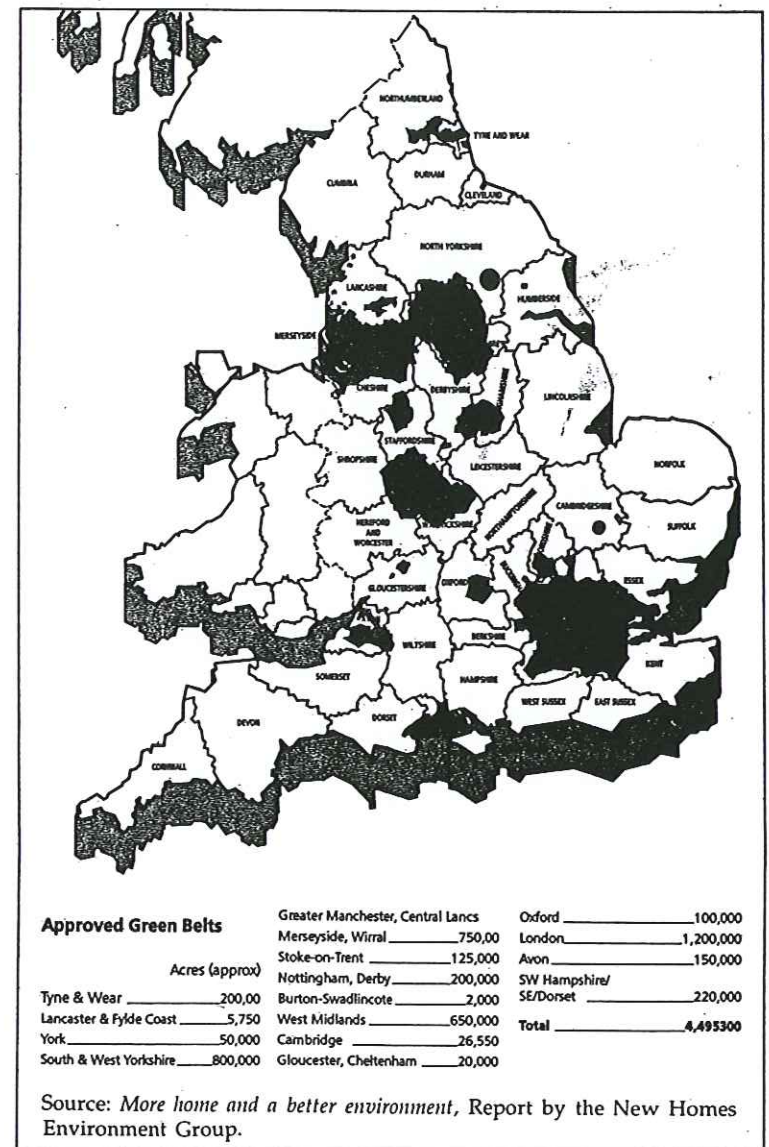
Source: Henley Centre

Appendix 8 Conservation in England and Wales



Source: *Planning for a Green Countryside*, Countryside Commission.

Appendix 9 Approved Green Belts



Source: *More home and a better environment*, Report by the New Homes Environment Group.

DTI submission on Foxley Wood

DTI Statement to the Public Inquiry into Proposals for a New Settlement at Foxley Wood

The following statement was presented by the Department of Trade and Industry (South East Region) to the public inquiry into Consortium Developments proposals for a new settlement at Foxley Wood in North East Hampshire (May, 1988).

- 1 A prime objective for the DTI is to increase prosperity throughout the economy and to develop a climate that stimulates enterprise. The continuing prosperity of the South East region is essential to the vitality of the national economy. For the South East has the highest concentration of the industries and companies which are likely to shape our future national economic growth.
- 2 The DTI recognises that in providing the climate within which enterprise can flourish in the South East a balance has to be struck between the demand for development and the desire for an attractive environment. It firmly supports, for example, the maintenance of London's Green Belt and restrictions on development in other nationally designated conservation areas. But in considering the potential for development in areas not so designated, it has borne in mind that past policies of discouraging development in relatively prosperous locations, or even steering that development to other parts of the country, have not met with success. It would therefore be a mistake to interfere with market forces by putting protective barriers around the South East and other desirable areas in the hope that this would open up opportunities elsewhere. For as the Secretary of State for the Environment said in his Regional Guidance Note of 19 June 1986, 'It is not our policy to discourage development and economic growth in the South East in the hope that it will transfer to other areas, for in that way we risk losing it altogether'.
- 3 The DTI recognises that businesses located in the South East are there because of business people's perception that it is the most efficient location for their activity. Subject to the normal requirements of the planning system the Department wishes to see these businesses given the opportunity to expand should they so wish - at the location of their choice. On the other hand an attractive environment is also important both for the modern business and its employees. Thus the maintenance on the one hand of an attractive environment in the

South East and on the other hand the sustenance of economic growth are not incompatible.

- 4 It is not just the provision of land for industry and commerce that is important. It is vital if business is to prosper and develop that the necessary employees are available to maintain this economic vigour. The DTI is concerned that in certain areas of the South East economic growth may stand to be unnecessarily constrained by restrictions on the provision of housing land. There are indications that companies in the region face increasing difficulties in recruiting skilled labour in particular. The gap between average house prices in the South East and those in other parts of the country is restricting the mobility of labour by denying or severely restricting the choice of being able to move from one area to another. In the DTI's view restrictions on the supply of housing land in the South East is exacerbating this problem. As Samuel Britten has said (*Financial Times*, 21 March 1988), this has two major effects on the national economy: House prices through their effects on pay rates act as a transmission mechanism for inflation, and through their effects on the mobility of the unemployed they raise the minimum unemployment rate nationally.
- 5 The Department of the Environment's 1985-based household projections for the South East forecast a growth of about 1 million between now and 2001. They forecast that an additional 177,000 households over and above existing projections will occur. Some of the growth in households will be accommodated in existing urban areas, and in respect of its responsibilities for the inner cities the DTI wishes to see the maximum possible contribution made to housing supply by urban regeneration. But even so there will still be a need for additional development elsewhere in the South East.
- 6 Foxley Wood, in North East Hampshire, is located within one of the highest concentrations of high-technology industry in the UK. In Berkshire alone in 1984 over 30,000 were employed in electronics alone (one in ten of all employment). While in Hampshire about 30 per cent of all manufacturing employment is in high-technology industries. The unique factors which have combined to make this such an important location for high-technology industries are:
 - proximity to Heathrow Airport, with its access to all parts of the world;
 - good road communications;
 - access both to the highest concentration of research establishments in the UK and other high-technology companies, with all the related support services these industries require;
 - location within the region with the largest retail market concentration in the UK;
 - attractive working and residential environment.

The area has also become an important location for a wide range of other activities outside the high-technology sphere, particularly in

the services sector, with Reading and Basingstoke as important office centres.

- 7 The North East Hampshire/Berkshire/West Surrey area is therefore important not only for the growth of indigenous companies, but also for the attraction of new foreign investment into the UK. The DTI's experience is that the majority of enquiries from foreign companies seeking a South East location have, as their alternative choice, a location on mainland Europe, rather than elsewhere in the UK. Over the last 12 months three-quarters of the enquiries for a South East location were seeking a site in this particular part of the region.
- 8 For this economic growth to occur the planning system must provide the necessary housing. Yet the Structure Plan for North East Hampshire proposes almost halving the number of houses to be built in the 1990s. (For 1982 to 1991 the average is 1,856 per annum; for 1992 to 2001 an average of 1,250 per annum.) The DTI expressed at the examination in public its fears that these ceilings on housing development, linked to the unrealistic assumptions about commuting patterns, could have a very damaging effect on economic development.
- 9 A recent national survey by the Association of British Chambers of Commerce showed that 92 per cent of firms in the Thames Valley were experiencing shortages of skilled staff. This compared with 32 per cent in the East Midlands and 14 per cent in the North East. The excessive shortages in this part of the South East are undoubtedly related to the housing problem. David Baldwin, Managing Director of Hewlett-Packard, whose headquarters are near Wokingham, illustrated this connection in Thames Television's *Tomorrowland* series (October 1986). He expressed concern at the restricted availability of housing and the implications that this had for recruitment in the area, particularly of young graduates. The DTI's observation is that such problems are faced by many expanding companies in the area.
- 10 The DTI therefore supports the Foxley Wood development by Consortium Developments because it will increase the supply of housing, linking this supply to the needs of local companies, in an area where the supply in the 1990's will otherwise be deficient. It will provide both land for business growth as well as housing for employees. This joint provision is important in attracting inward investment, as the new towns have shown. All of this will be in a planned development and an attractive environment.
- 11 The DTI considers therefore that this particular development will strengthen the economy of this important part of the South East and thereby contribute to the nation's continuing economic vitality.

Note: This DTI statement was also printed in an appendix to *Riding the Tiger* by Professor David Lock, Town and Country Planning Association, 1989.