



Opportunities for Special Development Orders

Briefing note
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Executive summary

- Special development orders (SDOs) grant permission for specified kinds of development in a given area. The Government can designate an SDO without fresh legislation.
- Though used successfully in the Cardiff Bay area in the 1990s, they remain in relative obscurity. However, the powers to designate them have not lapsed.
- SDOs could never be a normal way of delivering homes, but they could play an important role in delivering major housing projects of strategic national importance.
- One example of this is Park Royal, an area of sheds in West London. The opening of the Elizabeth Line and HS2 will soon make Park Royal into one of the best-connected locations in Europe, and maintaining it as single-storey retail and light industrial space is clearly inappropriate.
- Park Royal could be the flagship development of London in the second half of the 2020s, transforming it into a mixed-use neighbourhood in the best traditions of London's urbanism.
- A second opportunity for an SDO might be for an urban extension to Cambridge. Cambridge urgently needs to grow if it is to maintain its position as one of the world's leaders in life sciences, computing and other research areas. Some of the agricultural zones that border it are of low environmental value. There is scope for adding a beautiful new quarter to Cambridge through an SDO designation.



Background to special development orders

Building in England is regulated by some 330 local planning authorities (LPAs). If you want to build anything much larger than a conservatory, you must apply to the relevant LPA for permission. LPAs have policies about what they do and do not permit, which are collected in documents called 'local plans'. The LPA will check your application against its policies, and if it complies with them, it is supposed to grant permission.

In general, local control is the right way to manage development, reflecting the special stake that people have in the place in which they live. Nevertheless, there is general recognition that local control cannot be absolute. Sometimes, infrastructure of national importance has to be built, like railways and power stations. Every effort should be made to incentivise local communities to host national infrastructure. But this is not always possible, and sometimes decisions about infrastructure have to be made at a national level.

Most people recognise that the same is sometimes true of housing. For familiar reasons, local authorities tend to permit too little housing from the point of view of the country as a whole. When a local authority permits some housing, it generates extremely concentrated benefits for the landowner, whose land may increase hugely in value. It also generates extremely diffuse benefits for every renter or buyer in England, for whom rents or prices fall very slightly. But almost all of the renters and buyers live in other districts, and even those who live in the local authority in question are unlikely to notice the marginal effect on prices. So the local authority may derive essentially no political benefit from its contribution to meeting the nation's housing needs – while annoying a host of local people by unleashing building work and its associated inconveniences near them. Local authorities are thus systematically incentivised to permit less housing than the country needs.

In the long run, the right way to address this is by changing the incentives for local people, local authorities, and other local bodies so that permitting housing is a net benefit to them. The Levelling Up and Regeneration Bill contains some important provisions for doing this, including community land auctions and street votes. But they will take time to work.

In the meantime, the government has other means available to it. One is national policy, through which the government encourages local authorities to allocate more land for housing. Versions of this have existed for many decades. Despite recent modifications to the system, national policy continues to play this role.

Another tool of the national government is the special development order (SDO). SDOs were introduced in the 1970s and have occasionally been used successfully since, such as in the Cardiff Bay area in the 1990s. SDOs allow specified development in a given area. They do not require primary legislation or an affirmative vote in Parliament, being subject only to the negative affirmation procedure. SDOs can be prepared within a year by outsourcing much of the work. Where



a potential housing project could be of marked importance to the nation as a whole, they are the ideal instrument for the Government to use to enable it.

In this briefing, I illustrate the opportunities for SDOs by outlining two examples in which SDOs could be used to deliver housebuilding projects of national importance, namely in Park Royal, London and in Cambridge. Either possibility is of course freighted with complexities into which I cannot enter here: this briefing is intended only to highlight the scale of the opportunities that this could unlock.



Example 1: Park Royal

The new Old Oak Common Station will soon be one of the best-connected points in London, served by both HS2 and the Elizabeth Line. To its north and west, however, is 'Park Royal', a huge swathe of storage units, light industrial sheds, and surface-level car parks – what the Building Better, Building Beautiful Commission called 'boxland'. Astonishingly, in a city with some of the scarcest floorspace on earth, Park Royal is largely single-storey. Almost the entire site is within fifteen-minutes' walking distance of one of the six railway stations that encircle it.

This land use is hugely inefficient. Under the traditional pre-1947 development control system, Park Royal would long ago have been redeveloped into dense mixed-use urban neighbourhoods. The industrial activity would have relocated out of the city centre, to Watford, Luton, Milton Keynes, or beyond. Freezing its current use in place benefits only a relatively tiny number of business tenants, who are given the privilege of renting prime land at vastly less than its true economic value.

There is no reason for the national government to continue this immensely costly implicit subsidy. Park Royal could be enormously better used as a new mixed-use quarter of London, developed to the highest standards of English urbanism, creating tens of thousands of homes, office and lab space, and commercial and retail businesses. Through this it would generate billions of pounds of value uplift that could be spent in regions more in need of assistance. National government has all the tools it needs to unlock this. In this briefing, we show how to do so.

Current Situation

- Parts of Park Royal, alongside neighbouring Old Oak, are already marked out for limited development under the Old Oak and Park Royal Development Corporation (OPDC) local plan (see map below), but large swathes will remain untouched, remaining limited to lower-value industrial uses.
- The land around Central Middlesex Hospital is designated as a Strategic Industrial Location under the London Plan, and so the OPDC proposes to leave it mainly unchanged, adding only a small number of new homes.
- Within a decade, the site will be served by frequent trains to both central London and Canary Wharf on the Elizabeth Line and high-speed trains to Birmingham, making it one of the best-connected neighbourhoods in Europe. It is already well connected to existing London Underground, Overground and National Rail services.
- These improved commuting connections make the site far better suited for residential or commercial rather than industrial uses. There is no need to force those uses to remain in London when London has a shortage of homes and other areas have a shortage of jobs.
- Economically, the area could easily be developed to the densities of Canary Wharf. But if lower 'gentle densities' were preferred for other reasons, it could still deliver a great deal of housing. At a density of 200 dwellings/ha **the site could support over 50,000 new homes**; for

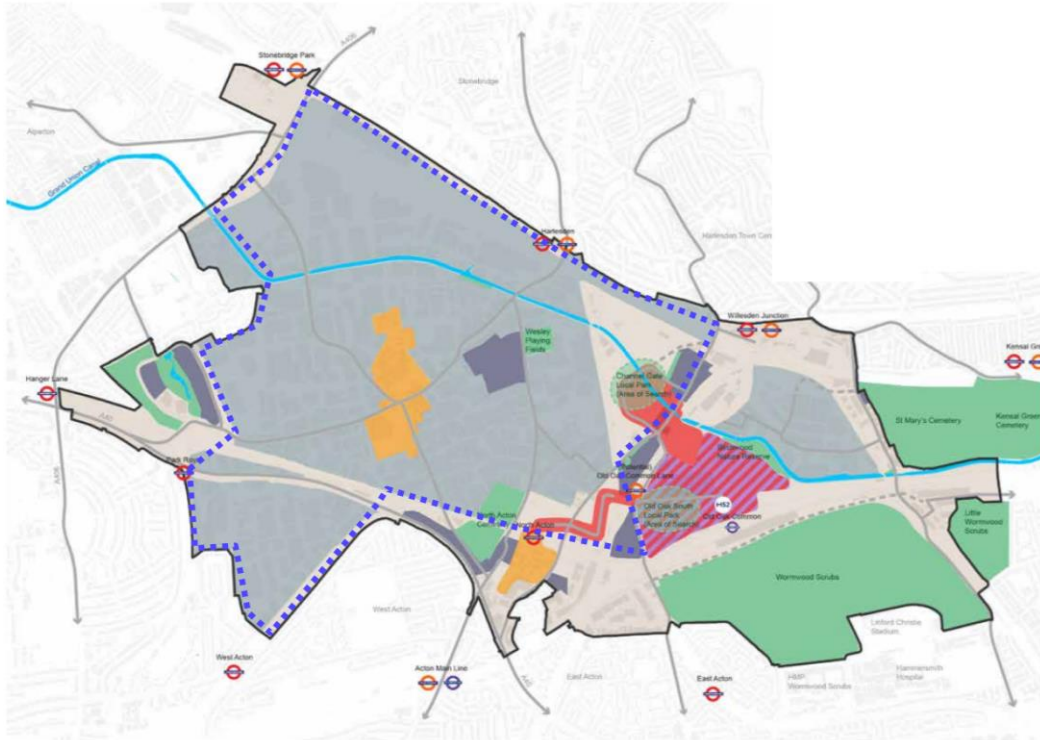


comparison, Marylebone has 280 dwellings per hectare, as well as many businesses and public amenities.

- Delivering such homes would generate huge land value uplift, which could be **taxed to raise substantial funds for levelling up**.
- Much of the area's perimeter is made up of railway lines and motorways, creating an unpopulated buffer between any development and the adjacent neighbourhoods that would be affected by it.

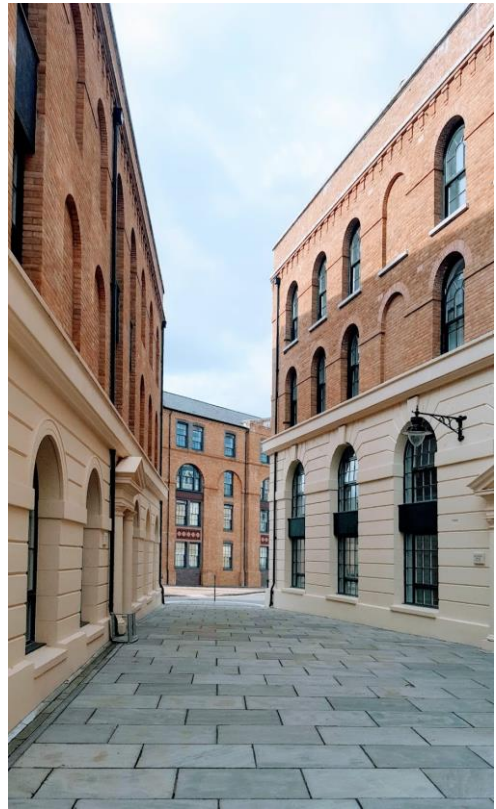
Proposal

- The Government should make a SDO covering Park Royal to grant permission for residential development up to specified heights, subject to a strict design code specifying façade treatment. This can be done **without altering the existing development corporation**.
- Allowing dense residential development would greatly increase the value of the land. **A one-off tax to capture this windfall could be included in the next Finance Bill**. This could be set at 50% of the assessed land value of the property five years after the SDO or at a fixed value per hectare. Our initial modelling suggests that this could raise at least £2bn.
- A small pocket of the site was already developed for housing in the nineteenth century. It should of course be excluded from the SDO, and its immediate surroundings should be developed at lower densities to avoid negative impact on residents.
- The SDO could include a design code governing the urbanism and architecture of the development to ensure that its character was clearly in keeping with the city's great urban traditions.



The area within the black line is the OPDC. Under current plans, however, the blue-grey-shaded area (a strategic industrial location) will remain industrial. We propose an SDO covering the area within the blue dashed line. The yellow area, around Central Middlesex Hospital, is designated for limited residential development.







Recent terraced flats designed in the English tradition; the SDO could include a design code requiring comparably high standards. Upper left design developed by Ralf Schmitz and designed by Sebastian Treese, by whose kind permission this image is reproduced.





Example 2: Cambridge

Cambridge is famous for the beauty of its architecture and the eminence of its ancient university. In recent years, it has also become one of Britain's most important economic centres. Cambridge is often viewed as the world's foremost science hub outside the United States, and on some recent metrics it produces more leading technology founders than any other university anywhere.

This has precipitated a housing shortage paralleled only by that of London. Cambridge also faces shortages of laboratory space that have hobbled the growth of Britain's most internationally successful industries including life sciences, computing, and academia itself. An opportunity is being squandered for Britain to lead the world in some of the most transformative domains of our time.

Much of the land around Cambridge is of low environmental quality, being intensively farmed, inaccessible to visitors, and striated by arterial roads. There is scope for a significant 'gentle density' extension to Cambridge, emulating what is best in the city's architectural and urbanistic traditions. Such an extension would give the city the space it needs to remain what it has been for eight centuries, one of the intellectual centres of the world.

Current Situation

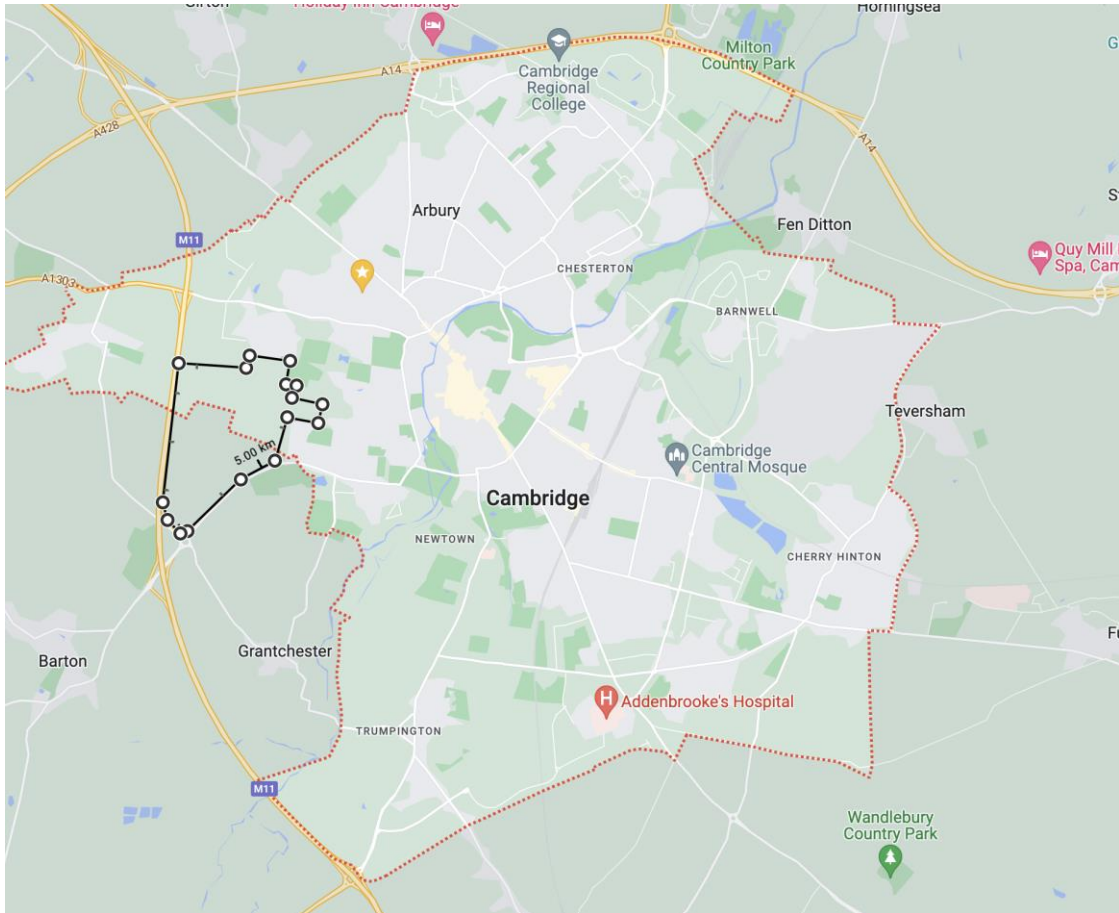
- Along with Oxford, Cambridge has the highest floorspace prices in England outside the London area. Its housing affordability ratio is worse than that of many London boroughs.
- Boston is said to have had nearly six million square feet of lab space under development in 2021, while Oxford and Cambridge together average 300,000 per annum. In the medium term this risks making them uncompetitive against the leading American technology centres.
- Much of Cambridge's urban periphery remains within cycling distance of the town centre and developments do not have to be planned around cars. In the 2010s, Oxford developed extensive accommodation for postgraduate students at the Castle Mill site a similar distance from the town centre with no parking provision at all.

Proposal

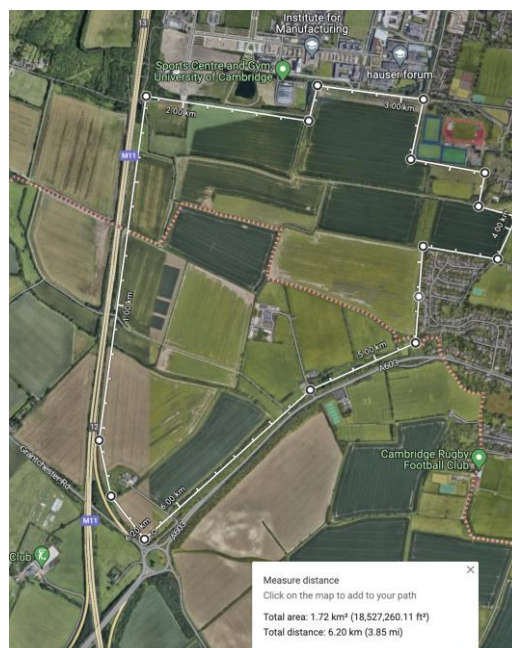
- It is common to develop urban extensions at extremely low 'sprawl' densities, but this is necessary only where they are so far from town centres or public transport hubs that they are dependent on heavy car use. The terraces of Marylebone, South Kensington, Bloomsbury, Bath and Clifton were laid out at similar densities to those they maintain today; the same is true of the mansion blocks of Maida Vale. Much of the urban periphery of Cambridge remains within easy cycling distance of the city centre, and could be treated accordingly.



- Cambridge could therefore add a substantial new neighbourhood at Bloomsbury densities, of mixed use but focussed on housing and research institutions. Perhaps it might be named the 'Elizabeth Quarter' in honour of the late Queen.
- Cars would likely be permitted to enter, but the neighbourhood would be based around walking and cycling.
- As in Park Royal, the SDO could include a design code requiring the use of traditional Cambridge materials (e.g. buff brick, Ancaster stone), urban forms (e.g. narrow-fronted terraced housing, courtyarded buildings) and even specific designs.
- Bespoke provisions in the Finance Bill could again capture extensive value uplift generated by the SDO. This could fund local infrastructure investment as well as supporting levelling up priorities across the country.



Choice of site(s) in Cambridge would need careful consideration which cannot be given in the present document. Here however is an illustration of one possible site, on agricultural land of limited amenity or environmental significance, and within cycling distance of the centre.





Recent 'gentle density' designs by Ben Pentreath and Ollier Smurthwaite, by whose kind permission these images are reproduced. Similarly excellent quality can be secured through including a design code in the SDO.

