YIMBY

Suburban Taskforce

Submission of Evidence

London YIMBY
Brighton YIMBY

YIMBY

Introduction

Our campaigns seek to end the housing crisis and ensure decent, safe, affordable housing with the support of local communities. We are strictly non-partisan.

This response is submitted on behalf of the London YIMBY and Brighton YIMBY housing campaigns. For further information please contact [personal details redacted].

Responses

• What are the concerns and aspirations of suburban communities for their places?

We have spoken with many suburban residents of different backgrounds. They have a range of concerns, which can differ substantially by area. Concerns often include:

- adverse change generally
- traffic and parking congestion
- crime
- insecure, bad and expensive housing conditions
- shared housing when they would prefer a flat to themselves
- loss of local shops and other services
- noise
- loss and lack of jobs
- litter, insufficient street cleaning and rubbish collection
- disruption from construction
- loss of local green space
- local schools
- local health services
- climate change
- vandalism and graffiti
- disrepair of public amenities, including parks

Their aspirations are equally broad, and often include:

- better opportunities for themselves, their children or grandchildren
- a better, greener place, with a better range of shops and services
- a more pleasant environment with less pollution
- a more responsive system of government
- more living space, or a more suitable and affordable home, not shared with non-relatives

(B) Are there any dimensions of spatial equality, which are unique or of particular relevance to suburban areas?

In particular:

• How might the nature of suburbs affect issues of social, environmental, economic, or other types of disadvantage?

By their nature, suburbs are less densely populated and further from the activities at the urban centre. That means that suburbs face greater challenges in many ways:

1. Lower population density makes it harder to support local shops as footfall declines due to online shopping.
2. Lower population density makes public transport more expensive to run and, for public transport not running on roads, to build. That is a particular challenge for circumferential transport linking different parts of suburbs.
3. Suburbs are far away from existing clusters of employment, and lower population density means that new employment clusters are less likely to form. That is particularly true as manufacturing becomes less labour intensive and much new employment comes from services, which have much stronger clustering or 'agglomeration' effects.

• Are there any areas that are notable in this regard?

There are many cities with large suburban areas facing these challenges, including much of Outer London. That can be examined using an excellent free tool from EMU Analytics, which demonstrates that, for example, much of Enfield has approximately one ninth the built density of the sought-after terraces and mansion blocks of the Marylebone area of central London, which has no high-rise towers. There are similar facts for other cities, such as York and Cambridge.

In terms of transport, Transport for London's WebCAT tool shows the Public Transport Acessibility Level (PTAL) score across London. It shows that the suburbs do not enjoy the same quality of public transport connections as Inner London.

Questions

(A) What are the governance implications arising from these challenges and opportunities?

In particular:

• How can policies, policy-thinking, or policy networks adapt to the needs and goals of suburbs?

Please see our reform proposals below.

• Are there any examples of approaches to policy, regulation or stakeholder networks that are sensitive to these challenges?

There are many initiatives of giving more power, resources and control to local areas that would be well-adapted to England's suburbs. The UK is the most centralised country in the OECD and could benefit by adopting best practices from elsewhere.

Unfortunately in England, central government has proved incredibly reluctant to devolve more powers to local areas, and so many examples from other countries are not particularly helpful. We suggest below a range of policies that might be politically feasible.

(B) What existing policies or policy 'silences' have the most significant impact on the suburbs?

1 Permitted development not subject to design rules

Many badly designed developments with a negative impact on the street have proceeded through permitted development rules, although recent policy proposals may signal a change of direction. At a minimum, permitted development rights should all be made subject to locally-written design codes that at least govern the design of the facades (as opposed to restricting bulk or massing), and to the developer levy that would otherwise have been applied.

2 Neighbourhood planning is too cumbersome

The broad range of policies to be covered in a neighbourhood plan and the need for a detailed evidence base, together with the large numbers of people involved in each neighbourhood area, mean that neighbourhood plans are often only completed when residents are united against a threat. Too often, neighbourhood plans can be a means of resisting any change, rather than a means to set out how the area can be improved and enhanced with local support.

Areas with large populations often find writing a neighbourhood plan very difficult unless there are retired professional lawyers, architects and planners to help write the plan. Neighbourhood plans are therefore rare in areas of lower incomes. That deprives residents of the power to authorize additional development that they find acceptable, as has been done in the new draft Pimlico Neighbourhood Plan. It also makes it less likely that residents will help local authorities with the onerous task implied by the White Paper of writing design codes to cover the entire country. There should be more streamlined and less cumbersome options, focused on the issues that residents most care about, such as picking a design code, that can be done easily.

3 Conservation areas preserve but rarely enhance

There are many conservation areas where, instead of a vision to improve and intensify gracefully and appropriately, the conservation area has become almost frozen in time. That is contrary to the statutory language governing conservation areas, but is a foreseeable consequence of the way the current system interacts with the political wishes of the residents. To improve that over time, we suggest pilots of some of the reforms below in conservation areas, perhaps in more limited form.

4 Unhelpful incentives mean councils dislike small sites

Many senior council officers have told us that they generally lose money on small site applications, because each application requires almost as much work as a single application for a large site, without the corresponding fees or revenues. Furthermore, as the recent challenge of the Mayor's London Plan policy on small sites by the Inspectors has shown, it is difficult to get credit in advance that small site-driven intensification will help to meet target housing numbers. The White Paper's proposed switch to a system based on actual rather than expected deliveries may address the second, but not the first, and it will introduce additional risks for councils about delivery numbers, such as a recession.

It makes no sense for the Government to complain about a shortage of small builders and small sites when national Government's policies and legislation make such small sites an expensive and not very helpful option for local government.

Furthermore, current policy shows a lack of imagination on how to achieve resident-led graceful densification.

5 Councils have too little flexibility with their own funds

Councils find themselves hamstrung by complex ringfencing, capital financing and accounting rules that make it hard to innovate and to benefit from new development. We propose how to improve matters below.

(C) What new policy reforms or new policy initiatives could be deployed to assist in the creation of suburbs which are thriving, sustainable and inclusive?

1 Proposals

Better local democracy

A growing chorus of voices believes that a fruitful way forward, as a supplement to the existing system, could be to allow very small areas of residents to decide for themselves to allow specific additional forms of development that they find acceptable, coupled with strict design rules to ensure quality and with protection for other residents, while providing additional revenue streams to local authorities and ensuring that local authorities have the resources to meet any additional demands on them.

Residents would often like to be allowed to build more on their own plot. The difficulty is when building on other plots affects them. The way forward is to harness their desire for permission while protecting other residents from ill effects.

In particular two policies have now gained considerable support:

(i) Street votes

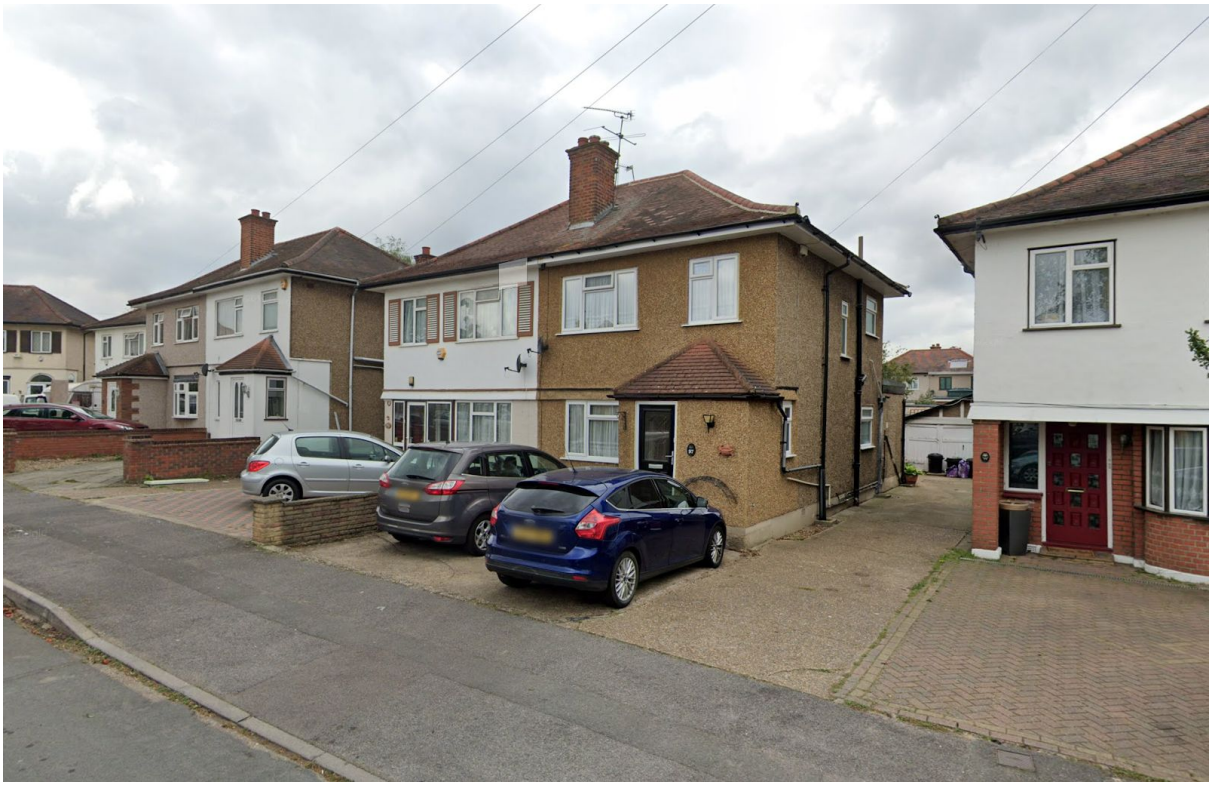
Many suburban streets have very low density of homes per acre: one fifth or one-tenth as much as popular areas such as the terraced houses of Bath or Islington. In high-cost suburbs, it would be economic to replace unremarkable bungalows or semi-detached houses with well-designed terraces or mansion blocks with five times as much housing per plot, while making the original residents much better off.

That can often make the street look better, increase the population to support local shops, and add more housing near public transport so better transport services will be economic and so people can commute in a greener way. Car-free agreements can ensure that there is no impact on congestion or parking. But using existing planning techniques, such densification is all but impossible.

We suggest a reform so that if at least two-thirds of the residents on a street[1] can agree on a design code to allow additional development consistent with the design code, that design code is adopted for that street. There should be additional protections for other residents, listed in the Appendix.

If a street of unattractive 1950s bungalows decides instead to allow attractive terraced housing, each owner could find themselves immediately many hundreds of thousands of pounds better off as soon as that permission is granted. They will then be free to club together in small groups or each sell to a small builder at a time of their choosing, leaving the street to be organically redeveloped over time, just as Hampstead and Soho were. Residents who just want to stay in their existing home will be free to do that.

Figure 1 A suburb with more potential?



We have a developed set of detailed proposals to protect others from adverse spillover effects from a successful street vote. Of course, no homeowner is forced to redevelop; the worst that can happen is that they have to put up with some construction for a while, but they will have seen the value of their property vastly increase and could afford to sell it and move to a similar house a few streets over, spending the spare hundreds of thousands of pounds on improving the life of their family. The permission granted to their neighbours will still be far more restrictive than what was allowed to be built without any need for permission under the regime that applied up to the Second World War, under which much of our current housing stock was built.

Those rules include:

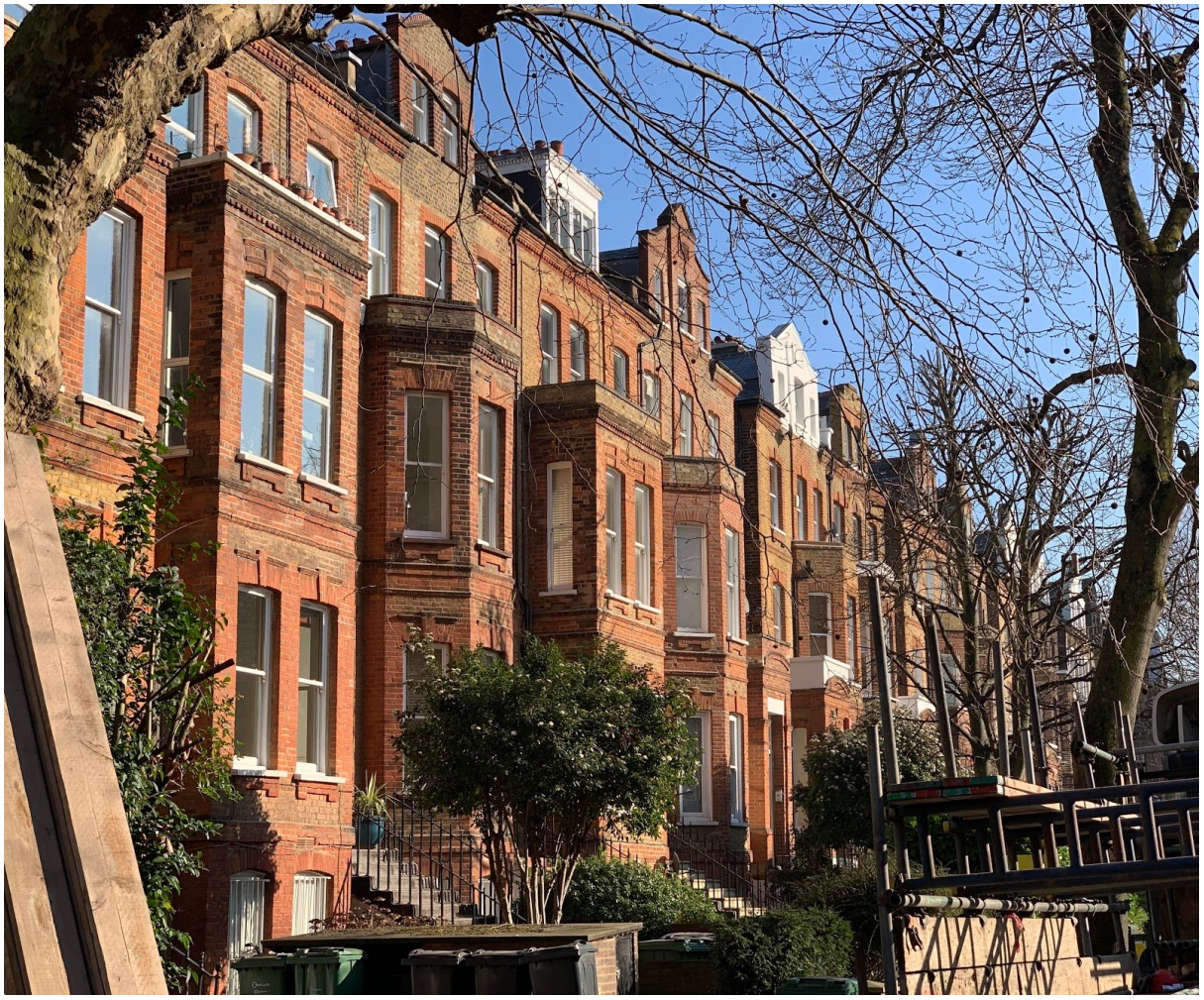
- angled maximum height planes to protect neighbours on other streets

[1] Defined as a length of street ending at a T-junction with a major road or at a crossroads. A crossroads forms a natural boundary, and residents beyond it are much less affected.

- restrictions on extending the built footprint towards an adjacent neighbour without their consent
- requiring that the owners of two linked semi-detached houses should redevelop together
- restrictions of redevelopment of houses on street corners until both streets have done a successful street vote
- listed buildings still require listed building consent, and historic buildings (perhaps before World War I) should be excluded
- protection for existing tenants
- potential s.106 car-free restrictions or creation of a separate parking permit zone for that street alone.

If you would like the detailed proposals, please let us know.

Figure 2 Gentle density with terraced housing



(ii) Block votes

Many suburban blocks of houses surrounded by streets have long back gardens, often with a run-down shed at the end of them. Some of those blocks have alleyways between the ends of the two rows of back gardens, lined with small garages. Those alleys, often unsightly, can be plagued with crime and rubbish.

Figure 3 A suburban alleyway

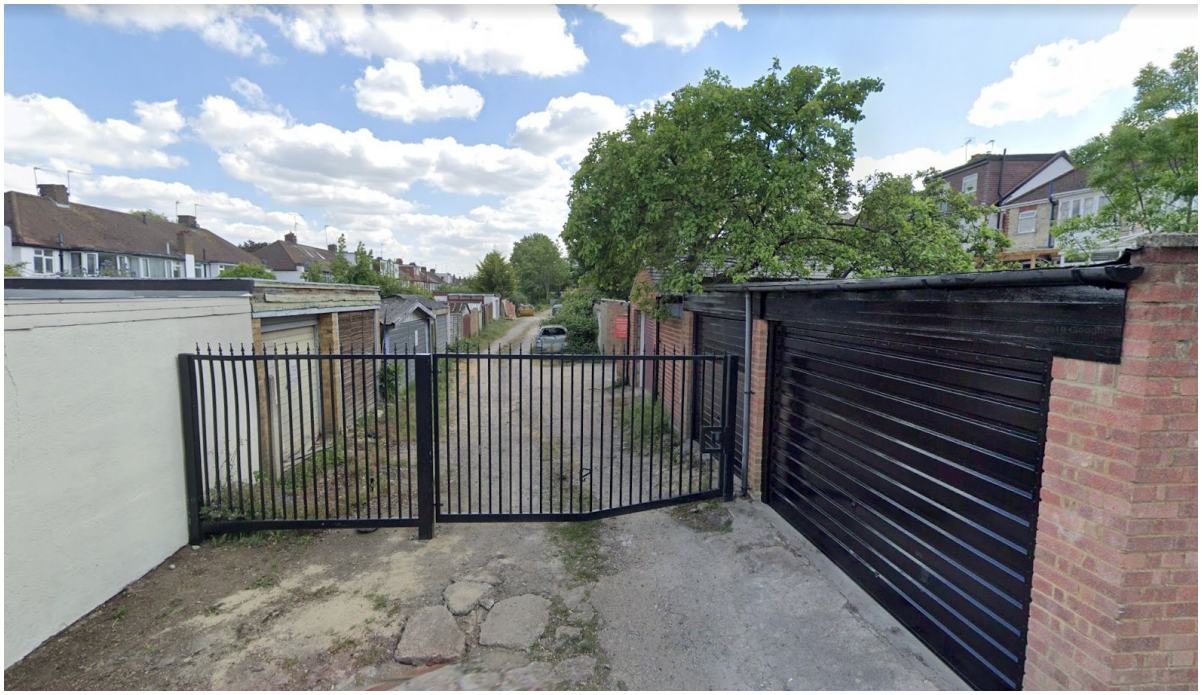
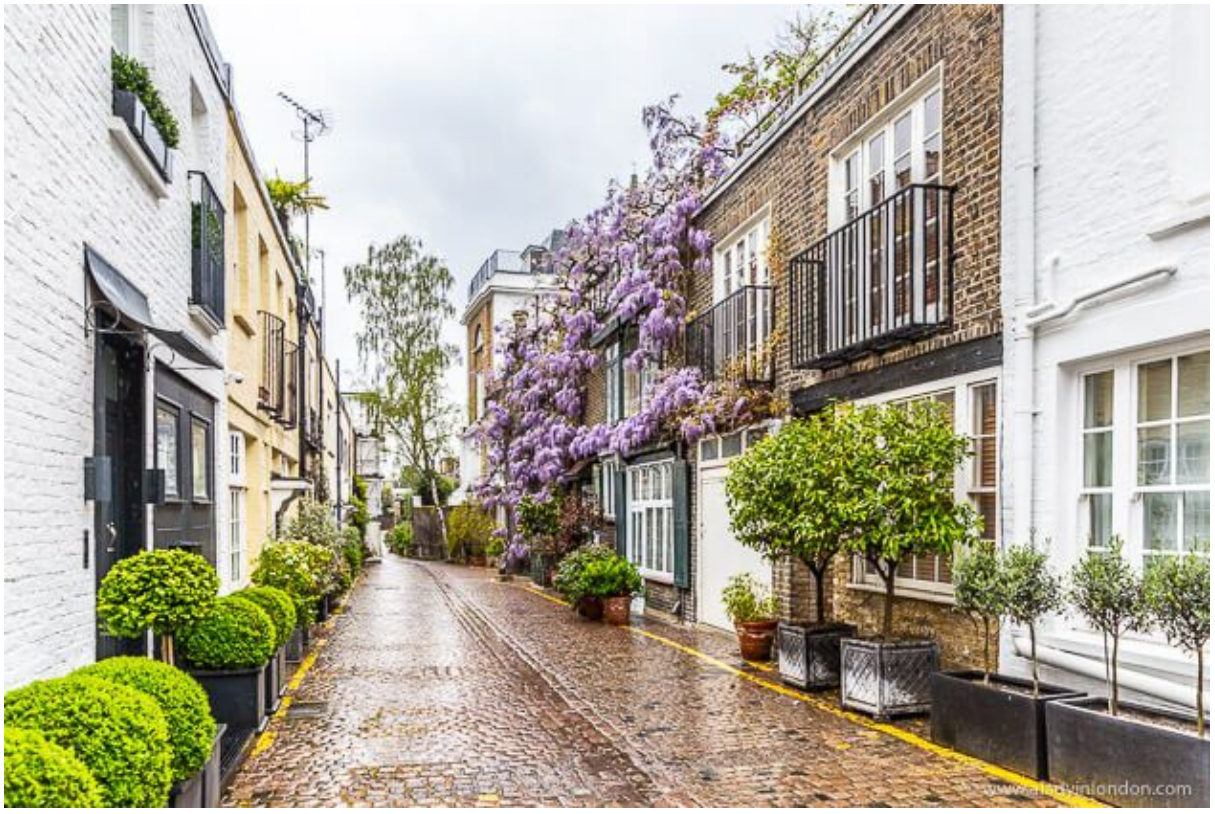


Figure 4 Gentle density with a mews surrounded by streets



If those sheds and garages are replaced by rows of two-storey terraced houses, perhaps with a third storey mansard, the problematic alley becomes a pleasant mews, adding more housing and

contributing to the place while adding value for the original homeowner – either creating a home for a descendant or grandparent or a home that can be sold to fund a pension or pay for house deposits for children or grandchildren.

The key is to allow them in a way that ensures a broad consensus and protects other residents, but does not burden an already-overworked planning department. That means it must be simpler than neighbourhood planning, but must have strict safeguards to prevent harm to third parties.

We suggest that if two-thirds of the residents can agree on a design code setting out what additional development would be permitted within their block, with protections for other residents, that design code should be adopted for that block. That will be much easier and simpler than neighbourhood planning.

A successful block vote requires the front facades of the buildings facing onto the streets surrounding the block to remain unchanged, so that residents living opposite on those streets are not affected. There should also be angled maximum height planes stretching up from the boundaries of each property, subject to consent by the relevant neighbour, to ensure as little adverse effect on neighbours as possible.

Again, there should be protections for existing tenants and rules to minimize any effect on parking or traffic congestion.

Funding for infrastructure

There will be a large increase in SDLT and possibly CGT from sales of the new flats and houses after street and block votes. The Treasury should commit to pay a fixed share of the additional revenues from street and block vote sites to the relevant council to cover costs of additional infrastructure and any necessary planning support. In contrast to a single large site, the growth will be organic as individual homeowners decide to use the new permission. That will give councils, health and other services time to adapt.

By their nature, such intensification is most economic nearest to public transport, because that is generally where prices are higher.

Support

Those two policies have attracted a growing consensus in support. The Royal Town Planning Institute recently declared that such microdemocracy could be ‘fruitful’. The Centre for Cities recommended trials of the idea. Based on recommendations from Angela Koch and Bernard Hunt, the Building Better Building Beautiful Commission’s final report also recommended trials of this sort of approach, and Proposal 9 of the Planning for the Future White Paper indicates Government interest in letting smaller groups of residents, such as streets, allow more development of a form that they are happy with. The effective giving charity Founders Pledge has also endorsed the approach, as have a wide range of others including the economist Tyler Cowen. The key is to enable densification through a carrot-based approach led by and with the support of a local community, rather than a stick.

For three years, we have been advocating making resident-led intensification easier, along with many allies. The idea is based upon the proposals set out in the Supurbia proposals from HTA Design, Richard Blakeway (recently appointed as Housing Ombudsman), Lichfields, Savills, Pollard Thomas

Edwards, and others. There are examples of similar approaches working in London and in other countries. In the Fitzroofs project, 12 owners of Victorian terraced houses won permission to each add an additional storey to their homes, improving the appearance of a previously irregular facade and adding more bedrooms for their families. Even more ambitiously, in the ontheRISE project in Clapham, eight households agreed together to demolish their block of eight flats and rebuild with another eight flats, using the profits to create more room for the original families.

Many countries have policies to allow redevelopment of apartment buildings through consent of a high proportion of the residents. Israel, Japan, Australia, Hong Kong, Malaysia, Singapore, and Canada have laws allowing the redevelopment of a block of flats on approval of a supermajority of the owners, with protections for the dissenting minority. Although that is a separate topic, the introduction of extension of leaseholds in England means that we will have to address that question as some privately owned blocks of flats approach the end of their structural life. In Tel Aviv, the 'Pinui Binui' and 'TAMA 38' provisions accounted for over one third of the gross new housing completions last year – an astonishingly high proportion.

By contrast, street votes and block votes would allow each homeowner to sell or redevelop in their own time.

(iii) Road user charging

Many suburbs face congestion and rat running and peak times, but road pricing is too controversial. A recent report gives a plausible way that road user charging could be introduced from a technical perspective, but does not address how to solve the political challenges. But many residents would like much quieter streets so children can play and walking is safer. One option would be to allow small areas or neighbourhoods to opt in to road pricing for their area, with a large or total discount for residents, to achieve quieter and safer streets. The pricing could be introduced with the technical means suggested in that report.

(b) More flexibility and better powers for councils

(i) Housing and revenue account

Councils find themselves hamstrung by complex ringfencing, capital financing and accounting rules that make it hard to innovate and to benefit from new development. In particular the barrier between the housing revenue account and the general fund should be made more flexible to allow councils to make more appropriate use of their own land and fund housing and other priorities. That will provide a stronger incentive to use their land well.

(ii) Incentivizing faster build out

In a new world of proposed higher housing requirements assessed on delivery, councils are rightly increasingly concerned by build-out rates. To incentivize faster build-out, they should be free to impose an additional graduated levy, stepping up over time from zero, on sites that are allocated for development. The levy could be assessed as a small percentage of the value of the undeveloped portion of the site. To avoid valuation disputes, the value of the undeveloped portion of the site could be self-assessed by the developer – with a provision that the Council is free to compulsorily purchase the land at that assessed value, so developers will have good reason to set a fair value.

2. Why microdemocracy should work

(i) Benefits for residents

In expensive areas, street votes can often literally double or treble the value of an existing semi-detached house, while adding five or six times as much housing. There are endless square miles of suburbs which could be improved while adding more homes, if residents wish, ensuring benefits for them, more homes for those who need them, and additional funds for infrastructure that councils deem important.

We have seen large interest from homeowners in these sorts of ideas.

(ii) Benefits for councils

Councils faced with increased housing targets can be assisted by ways for locals themselves to lead the intensification. In a recent interview, a senior officer of an Outer London borough said that such resident-led gentle intensification would be 'welcome', provided it did not require a morass of underfunded individual small site applications that would drain council resources.

Councils could be given the power to designate areas of their borough where street votes and block votes should be allowed to achieve their goals for gentle intensification and growth. Alternatively a default rule could be introduced for a city or even nationally, and councils given a convenient mechanism to exclude certain areas from street and block votes.

(iii) Benefits for the whole country

People have been calling for better planning to enable more housing at least since Sir Peter Hall's *The Containment of Urban England* in 1973, and complaining about increased land costs due to lack of planning for plentiful sites for housing since at least 1957.

Most reform proposals are doomed before they are saved as a pdf. They are often based on an endearingly naive view of politics. In particular, economists are famously terrible at designing reforms that solve the political challenges. One respected economist, testifying to a committee of the House of Lords, was told: 'I wish you luck at the polls with your proposals' — which have still not been adopted.

Economists, with rare exceptions, almost never do the hard work of talking to all the interest groups and working out what could actually happen and endure in the real world.

It is long past time for advocates of more and better housing to think more broadly than proposals which realistically have little chance of durably addressing the housing problem, given political realities. The political resistance against New Towns is sufficiently large that they are unlikely to address all of our housing needs, even if we were able to cost-effectively plan and build the necessary infrastructure. Instead, our costs of building infrastructure are high by world standards, what does get built is often not the best use of money, and it is all subject to stop-start politics that drags things out for decades. The current Government, like so many before it, flirted with reform of the Green Belt and then turned away. It is time to focus on solutions that actually could get enough decent homes built in the right places, in the real world of politics.

The shortage of housing damages wages and GDP by preventing people from moving around the country to higher-wage jobs that they want. In the US, economists have estimated that poor planning cut growth in wages and GDP literally in half over the prior 50 years. But comparing the balance sheets of the two countries indicates that the UK housing problem is worse and that therefore the damage to UK growth has been much greater.[2]

The eminent British economic historian Nicholas Crafts estimated that we could raise annual growth by two percentage points for an entire decade if we fixed the planning system – raising wages and GDP by more than 20% above what they otherwise would be. That would mean we would catch up to and probably overtake Germany's value added per head, while reducing long-distance commuting and carbon emissions.

The fact that the current system is so inefficient – so we could massively raise welfare with what we already have, just by organising ourselves better – means building more homes with local support is not only possible but desirable. Insisting that we must ram growth down the throats of the locals stems from a fundamental misunderstanding of welfare economics. The planners are right that you must also consider the impact of new development upon the place.

Imagine the owner of the whole of a pretty village – just one of many similar villages, so that economists would say there is 'perfect competition'. A builder offers to build an ugly concrete block of flats in the middle of the village. The value of the flats would mean a large profit over the cost of building it; but spoiling the beauty of the village would make many people want to leave, and the total value of the other homes in the village would drop by more than the profit on the new block. A sensible landowner will not go ahead, and economics tells us that is the *efficient outcome*. An even more sensible owner will find a different project to build homes while raising the overall amenity of the village, and do that instead.

The problem is fragmentation making it hard to agree. A single landowner (private or public) of a large area of almost any expensive suburb, given the choice, would immediately choose to improve it while adding more housing. But when ownership is fragmented, the owner of a site has little cause to worry about the effects on others, and the neighbours get upset.

The famous economist Harold Demsetz explained in 1967 that people tend to seek rights of protection against spillover effects until the costs of organising such protection outweigh the benefits.

In a world of fragmented land ownership, the planning system provides that protection and performs the function of that large single landowner, by seeking to measure and mitigate the spillover effects from new development. That protection is economically valuable and very popular with residents. We cannot and should not just get rid of it.

When the planning system is not popular, it is mainly when residents do not think they have been protected. But there are some residents who resent that it stops them doing more. The key is to harness that support for change while protecting the others.

If the current shortage of housing in high wage places is inefficient as defined by economists, then it must *by definition* be possible to to build housing that covers its own costs and also shares enough of the economic benefits with local people that a majority would support it. Otherwise, development

[2] Please note that the CapX article is based on an earlier version of the Hsieh and Moretti research paper.

would increase the amount of housing but *reduce* overall real GDP, if you adjust properly for inflation and the reduced amenity of the affected places. But we already know that ending the housing shortage would raise GDP, assuming it is done well.

It is much easier to go with the grain of what locals want, if you can find practical ways to add more housing and improve places. In 2017 we called for parishes to be allowed to choose to add limited amounts of well-designed homes in their own green belt if they wished, subject to rules to protect others. One year later, that was partly incorporated into the NPPF. A number of parishes wish to do so.

But many reformers seem clueless about the possibility of win-win outcomes. Many residents of suburbs in expensive towns and cities are sitting on a figurative gold mine, if only it could be unlocked in a popular way that improves the place.

Senior planners are often justifiably unenthusiastic about small sites because a small site is almost as much work as a large one, and vastly more work per home added. But that is because of the way the current system is designed. The designers of the 1947 planning system never envisaged densification across many small sites under fragmented ownership. It is time to improve and strengthen the planning system to allow more efficient ways to do that well.

That is partly why some people have pushed for rules-based 'zoning', to remove all the work of decisions about individual small sites. But they rapidly hit the obstacle that in practice most zoning systems in high cost places do not allow significant densification, *except* in places like Tokyo where buildings are temporary.

Central Paris, despite its rules-based zoning system, has not significantly changed in a century. Amsterdam has an abysmal housing supply. Berlin has an increasing housing crisis. Continental European systems are better at adding by growing the city outwards, but in England the green belt has been a political live rail. Some US cities with zoning rules have added plentiful housing, but that has primarily been at the edges rather than through densification. And even Houston, in order to get reform passed to allow suburban densification, had to allow opt-outs by street and by block – analogous to our suggestions here, which are opt-in rather than opt-out. Forty percent of the buildings in Manhattan could not legally be built today because the zoning rules have become tighter over time.

A more rules-based system will probably reduce costs and increase speed a little, but it will not solve the fundamental political challenge of where and how to allow plentiful homes. Zoning is an answer to the question, 'how do we make the planning system more efficient and more certain?' but not, on its own, to the question 'how do we ensure plentiful, high-quality homes?'

Instead, for those who wish to protect valuable green spaces and countryside while addressing the housing crisis, gentle densification with local support offers the Holy Grail: a popular way to relieve pressure on green fields by generating plentiful housing without spoiling neighbourhoods or adding tall towers that change the skyline.

Another advantage of 'microdemocracy' approaches is that they help to strengthen civil society. In their recent book *The Narrow Corridor*, authors Daron Acemoglu and James Robinson explain that to

increase welfare and growth requires a balance between a strong civil society and a capable government.

Our planning system would benefit from enabling civil society to play a stronger and more constructive role, setting out additional development and sharing of benefits that would be welcome rather than merely objecting as applications come in. That was the vision of neighborhood planning, but it has proven challenging in many areas and has not generated much additional housing. A better, more focused, and simpler approach on smaller scales could do far better.

Please do not hesitate to ask if you would like further information in relation to any of the above.

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This response is submitted on behalf of the London YIMBY and Brighton YIMBY housing campaigns. For further information please contact [personal details redacted].