Vital Cities not Garden Cities: the answer to the nation’s housing shortage?
In our third year, the work that we (The Foundation) began back in 2013 is more pertinent and critical than ever as we face a housing crisis on a scale not experienced here in the UK since the end of the Second World War. As a nation, we are in danger of sleepwalking into policies that will exacerbate the current crisis of housing availability, suitability and affordability, not to mention the irreversible environmental impact that will have dangerous and damaging consequences for generations to come.

Much of the current Government narrative focuses on a version of the Garden City, a planning model originally developed by Ebenezer Howard in the 1890s. A model that was built within the context of late Victorian population levels, industrialisation and technological advances.

Fast forward to an era where superfast broadband interconnectivity is a reality, high-speed travel has existed for decades and driverless cars are allowed on public roads – and I ask you this, is the late Victorian period really the right place to be looking for your policy panacea?

And if we look instead to the 20th-century incarnation of the Garden City – 32 post-war new towns – have these honestly fared better in terms of their success of providing thriving and vital economies? With Milton Keynes being the only exception to the rule, I would argue not.

The modern day version of Howard’s Garden City appears to be new settlements of about 15,000 homes, incorporating large areas of open space and parkland within the town limits. Is this a sustainable model for a projected housing shortage of one million homes over the next 25 years on an island of less than 250,000 km²?

In my mind, the Garden City in any guise simply isn’t an effective or sustainable solution to solve our problem in the long-term.

Our cities, and I include London in this, are, by global standards, sparsely populated. Before we even consider bulldozing greenfield sites we must explore every option possible to densify what we’ve already got. Dense, or vital cities, are efficient environmentally and economically and by incorporating smart design, can enable communities to thrive in a sustainable way.

With house prices continuing to spiral in some parts of the UK and the shortage of housing blighting huge swathes of the country and population, particularly our younger generations, we felt this subject demanded the attention of the Future Spaces Foundation. I believe this report is essential reading for all those involved in securing a sustainable housing supply for the UK and I call for you all to join us in turning our recommendations into practical action on the ground. We all have a part to play.

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Founder, Make Architects
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Foreword
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“The advantages of the most energetic and active town life, with all the beauty and delight of the country, may be secured in perfect combination.”

Ebenezer Howard

To-Morrow: A Peaceful Path to Real Reform, 1898

Garden Cities – The cure for a crisis?

The UK is in the midst of a housing crisis. Since 1961, the UK population has grown from approximately 55 million people to an estimated 63.5 million in 2014 – an increase of 20%.1 This growth has become most acute since the year 2000, with the population growing on average by 0.6% a year, and by 2034 it is estimated that the number of UK households will reach 31.6 million2. Projections for the nation show that up to 5.64 million homes3 will need to be built in the UK over the next 20 years to accommodate this huge surge in population growth, but in 2013, only 137,960 homes were constructed in the UK, just half of the annual estimated requirement for new homebuilding in the country4.

Although a particularly hot topic in the run up to the general election in 2015, the issue of building enough homes has prevailed as a subject of political debate for many years as the UK population has increased. What is clear now however is that we no longer have a choice but to address the problem – and fast. Should house building continue at its current inadequate rate, eventually the dream of home ownership, or even just affordable rent, will remain just that – a dream – for the vast majority of people in the UK.

While a number of solutions have been put on the table over the years to combat this ongoing problem, one model that policy makers continually return to is the concept of the Garden City, the vision for the delivery of affordable housing, away from the squaller and overcrowding of the city, which was first proposed by Ebenezer Howard in 1898.

The Garden City was originally proposed as a response to the overcrowding and industrial pollution of rapidly expanding Victorian London. Howard aimed to combine the best the city and the countryside had to offer, creating holistically planned new settlements. These would provide high-quality and – importantly – affordable housing, as well as employment opportunities and a thriving community. Community was at the very heart of the Garden City model, and one of its key principles was community ownership of land. The land for the first Garden City, at Letchworth in Hertfordshire, was bought from the Earl of Gainsborough in 1903, and the land for a second, at Welwyn, in 1919.

The Garden City concept continued to be developed in the post-war period of the 1940s, when the New Towns Act of 1946 was crucial in alleviating overcrowding in large cities following an increase in birth rates at the end of the war, in the ensuing years many came to suffer from challenges inherent in their geographical and economic situation. We will explore the lessons to be learned from the New Towns in more detail in the next section.

Despite this, today the Town and Country Planning Association, the Lyons Review and all major political parties wholeheartedly support plans for a new generation of three 21st century Garden Cities of around 15,000 homes each, incorporating large areas of open space and parkland. The first new project is already under way at Ebbsfleet in Kent – although, at the time of writing, at the end of 2014.

Returning to Howard’s original description of a holistically planned city in which people live harmoniously together with nature, with high-quality housing and close access to local jobs, it is easy to see why his ideas gained widespread support in Victorian Britain – and indeed why they have been successful to some degree in some locations as a response to 20th-century urban planning issues. But is the Garden City, conceived in an era when the average person could not expect to live beyond their mid-40s, really still the solution to the housing shortage in the UK today? Or is there perhaps a more sophisticated answer, an evolution of Howard’s thinking for the present day?

Some of the towns created in response to the New Towns Act of 1946 include Milton Keynes in Buckinghamshire, Basildon in Essex, and Cumbernauld in North Lanarkshire. Although these settlements undoubtedly were crucial in alleviating overcrowding in large cities following an increase in birth rates at the end of the war, in the ensuing years many came to suffer from challenges inherent in their geographical and economic situation. We will explore the lessons to be learned from the New Towns in more detail in the next section.

2 Department for Communities and Local Government, 2014, ‘House Building Statistics – Table 211 House building: permanent dwellings started, completed, by tenure’.
3 Projections for England (240,000 annual completions) from the Cambridge Centre for Housing and Planning Research, 2013. ‘New estimates of housing demand and need in England – 2051 to 2031’, Town and Country Planning Association. Projections for annual completions required in Wales, Scotland and Northern Ireland (64,000 per year) produced for C4e for this report.
Garden Cities – The myths, busted

The Garden City conjures up images of a green and pleasant land with clean air, where children can ride their bikes in the street and families can tend to their gardens in a peaceful environment. However, in reality many Garden Cities are in fact more polluted than other types of urban developments due to their reliance on the car. An average of 70% of New Town residents use their car to get to work, compared to the average for England of 63% and the London average of just 31% of residents. Herein lies what is perhaps the fundamental problem with the Garden City – that the highly emotive, pastoral, Arcadian even, imagery associated with them renders perhaps even the deepest cynic misty-eyed at the thought of a his or her own vegetable patch and white picket fence. Perhaps it is no surprise that we are vulnerable to such a promise, especially in an age where the average potential home buyer estimates the earliest they will be able to buy a home is 36 years old. However, it is clear that there are a number of myths surrounding Garden Cities which need to be addressed if we are to gain a realistic perspective on the policy as a long-term solution to our housing needs.

1 All Garden Cities are true to Howard’s original vision

The first of these myths is whether the Garden Cities, as proposed by the current Government, are really as Ebenezer Howard would have understood them. His towns aimed to bring together the best elements of town and country: self-contained communities surrounded by green belts, containing proportionate areas of residences, industry and agriculture. Importantly, Howard’s vision was also for these towns to be self-sustained, with ample local employment opportunities. None of these fundamental principles have been clearly expressed in the proposals for the existing Ebbsfleet development, begging the question: are these new styles of Garden City at risk of becoming the byword for ‘suburban dormitory town’?

2 We can continue to build sustainably in low-density settlements

The term ‘Garden City’ certainly evokes a warm glow, but it also distracts us from more important and relevant questions about how we are going to live in the future. With 371 people per square kilometre in England and Wales alone, the UK is one of the most densely populated countries in Europe, and land is an increasingly scarce and valuable resource. And yet Garden Cities are by definition low density, consume large amounts of green space and will inevitably deplete agricultural land.

3 Garden Cities are sustainable

The relatively low density of Garden Cities (and New Towns are included here) brings with it another set of problems, in particular, excessive dependence on cars and buses. On average, about half the population of new towns work outside their local district and most use their car to travel to work. Other criticisms aimed at these types of settlements are their often unattractive and poorly designed town centres, and their pockets of high levels of deprivation, which often lead to a rise in social issues such as crime and antisocial behaviour.

4 Garden Cities alone will solve the housing shortage

However, perhaps most importantly, under current plans Garden Cities will only provide a fraction of the accommodation we need to meet our housing shortfall. Twenty Garden Cities with 30,000 inhabitants, each at an average household size of 2.4 persons, would only provide 250,000 units – the equivalent of just one year’s worth of house building needed each year in England.


Garden City principles

- Land value capture for the benefit of the community
- Strong vision, leadership and community engagement
- Community ownership of land and long-term stewardship of assets
- Mixed-tenure homes and housing types that are affordable for ordinary people
- A strong local jobs offer in the Garden City itself, with a variety of employment opportunities within easy commuting distance of homes
- Beautifullly and imaginatively designed homes with gardens, combining the very best of town and country living to create healthy homes in vibrant communities
- Generous green space linked to the wider natural environment, including a surrounding belt of countryside to prevent sprawl, well-connected and biodiversity-rich public parks, and a mix of public and private networks of well-managed, high-quality gardens, tree-lined streets and open spaces
- Opportunities for residents to grow their own food, including generous allotments
- Strong local cultural, recreational and shopping facilities in walkable neighbourhoods
- Integrated and accessible transport systems – with a series of settlements linked by rapid transport providing a full range of employment opportunities (as set out in Howard’s vision of the ‘Social City’)
Revitalising cities

Developing a successful new town is a difficult task, and the proposal to build new towns – in whatever form – therefore requires careful consideration of past successes and failures, as well as a forward-looking perspective to understand what will be needed by the residents of the future. There is no one-size-fits-all solution, and it is important that we examine a whole range of options and do not simply accept Garden Cities as a cure-all without properly interrogating their appropriateness, and whether other alternatives might offer equal or even more advantageous results.

Using the areas of Birmingham and Guildford as case studies, this report will look at alternatives to Garden Cities through development solutions that could provide real socio-economic benefit for Britain’s towns and cities.

We will also outline a nationally relevant decision framework which can be applied to any area of the UK where a substantial housing need exists. We hope that this will help urban planners and decision-makers to better consider and communicate different development solutions depending on the conditions they face. For the purposes of its thinking in this report the Future Spaces Foundation has focused on three types of housing settlement:

1. Detached (new settlement, Garden City)
2. Attached (town extension)
3. Internal (densification, large developments on brownfield land).

However, of course the conversation runs much deeper than simply just the number of houses we need to build to accommodate a burgeoning population. People don’t just want a house, they want a home; a place within a community they identify with, where they feel happy and comfortable – not just a roof over their heads. In many ways this is as true today as it was when Ebenezer Howard first set out to blend the best of the city and the country ‘in perfect combination’. In a series of essays from experts at Make Architects throughout this report, this aspect will be explored in more depth.

Ultimately, by looking at the lessons learned from existing Garden Cities, New Towns and other types of urban developments, the Foundation aims to identify the characteristics that it believes will create an environment where smart design enables strong communities and allows people to live and work in first class spaces.
Lessons Learned

15 The right type of housing in the right place
16 Radical problems normally require radical solutions, don’t they?
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Lessons Learned

“We have to be wary of the word ‘garden’ in Garden Cities; I don’t think these types of settlements are necessarily as green and environmentally friendly as the phrase suggests. All this does is just rebrand development – it doesn’t tackle some of the fundamental issues at stake.”

Paul Swinney
Senior Economist, Centre for Cities

The right type of housing in the right place

Since 2000, the UK population has grown at a pace of 0.6% per year – the fastest period of population growth since the 1960s when the new town movement was in full swing. We have once again reached that tipping point where drastic action is required to rebalance the supply of housing vs. demand in the UK.

The current shortage of new homes has been a major contributor to a UK house price bubble that saw inflation adjusted prices rise 86% between 2000 and 2007 while the annual homebuilding rate rose only 19% (see Figure 1). However you look at them, these numbers are clearly not sustainable.

Source Figure 1: Department for Communities and Local Government, Nationwide
Radical problems normally require radical solutions, don’t they?

There is no question over the severity of the housing problem facing the UK but there is plenty of uncertainty around the best solution or solutions. Are the Garden Cities being proposed really the right approach to tackle the current problems we face? Can they deliver the right type of houses, in the required numbers, in the areas we need them, quickly enough and do they provide a sustainable long-term solution?

Foundation panelist Toby Lloyd, Head of Policy at Shelter, certainly doesn’t think they are a catch-all solution as he noted: “Garden Cities are not the answer to the housing shortage, neither is urban densification or development on brownfield. The housing shortage is so severe, there is no silver bullet. We need to be doing all of it.”

Christine Whitehead, Professor of Housing at London School of Economics, thinks that Garden Cities are not fit for the society that they are designed to serve:

“I think they are profoundly middle class, professional, white ideas. I am sorry, I don’t live in that world, and more to the point, I don’t want to live in a world like that.”

Christine Whitehead
Professor of Housing at London School of Economics

Ben Bolgar, Senior Director, Prince’s Foundation for Building Community, also warns us against idealising the Garden City: “We have to be very careful, as in some instances the Garden City has become an idealised suburb, but ultimately people would prefer a well-connected city suburb that offers a range of housing, rather than a Garden City in the mould of Welwyn or Letchworth.”

Fellow panellist Paul Swinney, Senior Economist at Centre for Cities, suggests that instead of trying to build new settlements, we should be trying to densify our existing ones: “When thinking about the most cost-effective investment, investing in expanding and densifying our successful cities would seem to be the cheapest and best way to support and make the most of our cities. If we’re not doing this, we’re missing a trick.”
Lessons from the New Town

The mass migration of large swathes of the urban population to New Towns in the post-war period 1946–1970 hastened the dispersal of homes and jobs away from the UK’s cities and employment hubs. It is estimated that between 1945 and 1975, some two million people moved to these new settlements10.

As many of the New Towns in their early days lacked a vibrant local economy – something that remains true for a number of these towns still today – the population was often faced with long distance commuting in order to secure a job. The New Towns, like Welwyn and Letchworth before them, were built between 20 and 40 miles from major cities which led to long commutes, often at great expense, for the local population to secure meaningful long-term employment.

As part of the New Town model it was agreed that sites located further away from large cities generally required a larger size to achieve that elusive self-sufficiency. For this reason, towns such as Basildon with 145,000 residents (30 miles from Central London) were originally planned at a greater scale than towns such as Hatfield with 42,000 residents (22 miles from Central London).

Over time, however, it has become clear that scale is not the only pre-requisite of a successful New Town. In fact, of all the New Towns around London, only Milton Keynes has managed to develop a substantial local economy, with others becoming commuter hubs or even experiencing high rates of unemployment11. Some New Towns have also suffered from being heavily dependent on one, or a few key, sectors, such as Corby, which relied heavily on manufacturing for employment.

The context in which the New Town building programme was enacted in 1946 may be different to today, but the urgent demand for a large number of new dwellings right now in 2015 is in many ways no different to what we faced in the post-war years. At that time, the level of demand was met by utilising pre-fabricated construction methods. In many cases they have not stood the test of time in terms of energy efficiency, liveability and design quality. In addition, unrealistic expectations were often placed on the power of design to determine a sense of community, rather than promote it. For example, trends in urban brutalist design were not suitable for places such as Cumbernauld in North Lanarkshire, which has become synonymous with perhaps the worst of 1960s planning.

Employment

The imbalanced mix of social groups of some New Towns naturally led to social problems, which in some cases continue to persist. Part of this could be put down to the lack of funding available for the effective delivery of community-based programmes. For example, community buildings were often not financially sustainable because they generated low revenue streams and relied on limited or finite subsidies. In addition, for those without the financial ability to travel long distances to find work, there were few employment opportunities.

It is essential that new communities offer employment opportunities or connections to employment, and the New Town experience showed us the problem that new, low-density settlements face in this respect. Many of the employment challenges for new towns come from the fact that there are no existing resources to draw on. As Toby Lloyd puts it:

“Anything new is always a very specific challenge, because if there is no community there, you are asking people to move to what will effectively be a building site in the middle of nowhere.”

Toby Lloyd
Head of Policy, Shelter

Similarly, Paul Swinney believes that people are much more likely to go to employment where it already exists: “If you want a functional city that has employment at its heart, you need a very dense city centre. That is where you would probably start from: how do we make the centre of this town or city very dense and attractive to high-value types of employment, and then how do we properly connect that through transport?”

Engaging the community

Another challenge that the inherent ‘newness’ of new, low-density settlements presents is creating a sense of community from scratch. A sense of community is essential when it comes to attracting residents, as well as businesses. Foundation panellist Katherine Drayson, Environment and Energy Research Fellow at The Policy Exchange explains the importance of having buy-in from local people – something that is much easier when there is already a community in existence:

“What is really important is that communities actually have a say in what’s going to be delivered – we must remember that there is no one size fits all, not everyone is going to want the same thing.”

Katherine Drayson
Environment and Energy Research Fellow, The Policy Exchange

Moving forward this difference should be indistinguishable – having mixed areas will help to avoid concentrating on social deprivation and crime. This is something that is much easier to achieve in an urban densification model.

11 Census 2011 / ONS.
Transport

Much of the broader debate – densification vs. urban extension vs. Garden City – comes down to the transport question. The key lesson from New Towns is that the size of residential areas should be determined by the population necessary to maintain a frequent public transport system. In order to achieve this, urban development should be clustered around transport nodes, not evenly spread across a landscape. Mixed use developments will also help reduce travel length and car dependence.

Richard Hebditch, Director of External Affairs at the National Trust, believes that with the right transport system, the Garden Cities concept could work: “If we are talking about Garden Cities located around railway stations, then actually there are opportunities there, because you have good transport links. One idea is to have spaces around stations where you can go and work, so if you are working from home, or in small places, you can hire meeting rooms or office space on a day-to-day or weekly basis, and that allows businesses to grow. That could be one of the attractions of Garden Cities, you have the quality of life but also good transport links.” However, John Prevc, Partner at Make Architects, sees this as another example of how urban extensions are infinitely preferable to a Garden City development: “It just uses the standard local bus system and cycle network to create very sustainable modes of planning, based on the city of short distances idea.”

Dr Iqbal Hamiduddin, Lecturer in Transport Planning and Housing, University College London, points out that you don’t necessarily need state-of-the-art technology to make transport work effectively if you are smart with the resources you have, pointing to an example in Germany:

“Tilbingen, in the south-west of Germany, doesn’t have a state-of-the-art tram system, it just uses the standard local bus system and cycle network to create very sustainable modes of planning, based on the city of short distances idea.”

Dr Iqbal Hamiduddin
Lecturer in Transport Planning and Housing, University College London

We have already seen the warning signals provided by the experiences of New Towns that should be carefully considered before we fully commit ourselves to a plan that sees the Garden City as the only option. However, perhaps even more important than this is the inability of Garden Cities to provide us with the number of homes that we need.

Based on current trends and projections, it is estimated that there will be a shortfall of up to one million homes in London and the Home Counties over the next 25 years. No clear plans have been set out as to how this shortfall will be met – building new Garden Cities in the countryside and adjacent to existing towns has been proposed as one way to address the housing need. London and the South East is already the most densely populated region of the UK with land in relatively short supply – approximately 50% of land within a 50 mile radius of London is covered by either urban areas, green belt or Areas of Outstanding Natural Beauty such as Surrey Hills and the Chilterns. New towns tend to consume a lot of land – they are built at relatively low densities and need new transport infrastructure and public space. Building a new town of 15,000 homes would require approximately 10 km² of land including parks and local roads. In contrast, building in existing towns and cities requires much less undeveloped land to be used up, and homes can be built at higher densities due to access to public transport and services.

Katherine Drayson adds: “I don’t think you can have a Garden City in isolation, that defeats the purpose of them, but then again, I also don’t see them as purely satellite cities. Some might be better placed than others in that sense.”

Lessons Learned

“Vital Cities not Garden Cities”


13 The housing shortfall for London and local authorities located within 50 miles of London is calculated using the difference between the projected number of new homes that will be built over the period and projected household growth. Projections for the growth in households are based on ONS sub-national population projections and DCLG household projections (average household size). The projection for new home completions uses an optimistic assumption that, on average, 75% of homes will be built each year up to 2040 relative to 2013 levels.

14 Based on a gross town density (a density measure that accounts for land occupied by homes plus green space, public services, commercial space and infrastructure) of between 15 and 22 dwellings per hectare – equivalent to the Town and Country Planning Association guideline net density for new settlements of between 30 and 40 dwellings per hectare.
What would it mean if we tried to accommodate the entire projected housing shortfall of London and the Home Counties in Garden Cities?

While it is unlikely that more than a handful of new towns will be built over the next 25 years, it is useful to explore the scenario where all the new homes that are required are built in Garden Cities. This demonstrates how the policy of building Garden Cities can only ever be a temporary one, given their unsustainable consumption of the countryside, and that over the long-term we need to focus on making our existing places better places to live.

Our analysis shows that:
- You would need 67 Garden Cities of 30,000 population to address the projected shortage of one million homes in London and the Home Counties over the next 25 years (the area required is demonstrated in Figure 4 below).
- If you were to build all these new homes in Garden Cities, you would need 675km² of land – equivalent to 6.8% of unprotected and unbuilt land within a 50 mile radius of London. To put this in context, this would represent a 17.6% increase in the amount of land taken up by urban areas. New roads and railway lines linking towns are not included in this calculation and would require substantial amounts of additional land.
- In contrast, building one million new homes at the average gross density of a typical major town in the South East, such as Brighton & Hove (3,320 homes per km²) would require just 301km² of unprotected and unbuilt land – 3.0% of the total and a 7.9% increase in urban land coverage.

The findings demonstrate that building new Garden Cities will ultimately be an unsustainable and damaging policy. The more sustainable and realistic approach is to refocus our attention on how we can build more homes in our towns and cities closer to where people live and work.

Lessons learned
- Increasing density around urban cores might offer a realistic alternative to the development of low-density new towns and suburbs
- Locate developments on strong public transport corridors, close to medium size towns
- Provide local council services designed to encourage start-ups and business relocation
- Diversify employment sectors
- Work with local employers to develop a skills strategy
- Form a sustainable budget for community facilities and programmes from the outset and protect the funding
- Recognise it takes 15-20 years for a fully-fledged community to form
- Consider the importance of providing homes of suitable sizes for families

Source Figure 4: ONS (Built-up areas 2011 boundary files), Natural England (Area of Natural Beauty boundary files), DCLG (Green belt boundary files)
Essay: Greener Cities

The value of green
Describing his vision of the ‘Town-Country’ Garden City, Ebenezer Howard said: “Human society and the beauty of nature are meant to be enjoyed together.” This chimes with contemporary research relating a connection to nature to people’s psychological state and social cohesion. Close proximity to nature has been linked to healthier babies, less lonely and depressed seniors, and more productive workers. Dutch researchers have investigated the value of ‘Vitamin G’, the effect of green space in the living environment on health, well-being and social safety. The Biophilia and Biourbanism movements are strengthening, asserting that humans seek connections with and gain positive feelings from ‘the rest of life’, including the whole of the natural world, be it plants, animals or the weather.

Increasing densities = intense green
Accommodating an increasing population in higher density urban environments gives the opportunity to intensify the connection to nature. Rather than walking for 20 minutes through a suburban sprawl of tarmac driveways and fenced-off back gardens to reach a park, in a dense urban environment accessible green places can be layered throughout. Faced with urban growth and limited land, the Singaporean Government has developed a strategy to transform Singapore from a ‘Garden City’ to a ‘City in a Garden’. This aims to raise the quality of life by creating a city that is nestled in an environment of trees, flowers, parks and rich bio-diversity. Key elements in bringing parks and green spaces right to the doorsteps of people’s homes and workplaces are: roadside greenery, planting and maintaining one million trees and creating a network of ‘park connectors’, green corridors which link between parks. Singapore is also tackling ‘vertical green’ with roof gardens and green balconies becoming the default.

Functional green
Green spaces provide a setting for relaxing or sunbathing, meeting and entertaining, walking, jogging, playing, gardening or bird-watching. In a subliminal way, walking past trees keeps us in touch with the seasons. Modern life is often disconnected from food production and there is value in re-establishing that connection: be it views of wheat fields, grazing animals, tomatoes in allotment polytunnels or lettuces growing in window boxes. Reducing suburban sprawl leaves more land available for food production, protecting that possibility for future generations and as-yet unknown challenges. Trees and planting in cities reduces air pollution and the urban ‘heat island’ effect. It reduces flooding and pressure on drainage infrastructure. Planting provides habitat for animals, birds and insects. It gives character and identity to an area and enhances local pride in the environment.

Embedded green
A wide variety of green spaces should be embedded at all scales of the city. The greater the density of the inhabitants, the more parks there should be and the closer they will be to each resident. Filling streets with trees and planted verges is an easy win in terms of visual amenity, environmental benefits and birdsong. Private individual back-gardens are the default British model for families and later life but investment needs to be made in other models in order to maximise value and relevance to a wider variety of households.

Most balconies built today are too small to be valued amenity spaces, usually home to drying washing and bikes. Making balconies large enough to be real useable ‘outdoor rooms’ with space for planting would make apartment-living immediately more appealing to a wider demographic, perhaps reducing the flight of young families to the suburbs. A simple move, such as offsetting apartment layouts on alternate floors so that projecting balconies are not vertically stacked creates

Close proximity to nature has been linked to healthier babies, less lonely and depressed seniors, and more productive workers; the ‘Vitamin G’ effect
a double-height outdoor space which is much more bright and airy. Built-in window boxes encourage micro-scale gardening, personal expression and character, giving visual amenity to many. Green and brown roofs play an important role in providing habitats for birds and insects, reducing water run-off, increasing insulation as well as visual amenity, without necessarily having to be accessible useable spaces.

**Shared green**

Shared private spaces, such as roof gardens or courtyard gardens are very popular in other European countries but not so common in the UK. Allotments or community gardens are being set up in neighbourhood parks and empty sites but these could also be established on roofs or in courtyards of new residential developments. Gardening, composting and play equipment, for example, can be much more effective on a scale bigger than a single household. The key is finding the size of the community where a sense of individual investment, responsibility and defensible space is maintained – easiest with a group of families perhaps. The exploration of semi-private or shared spaces can unlock many opportunities. Commercial units can also provide amenity in a city, such as a plant nursery or urban farm or café garden.

The built environment must always make way for some areas of ‘deep rooted’ green: mature trees or parkland that can become long-term habitats for plants and animals. Embedding nature at all scales and vertical levels of a building, a street and a city brings a vital connection into everyday lives.
A Framework for Success

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32 Where do housing shortages exist?
34 Development land availability in areas with housing shortages
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42 Creating vital places in the heart of towns and cities where people can live and work
A Framework for Success

“If we’re talking about creating good places that have jobs, infrastructure, a cultural life, that people actually want to live in and are diverse, then that is all well and good. However, I think we have to ask ourselves, will Garden Cities do that or is it just a fantasy?”

Trudi Elliot
Chief Executive, Royal Town Planning Institute

It is clear that the one-size-fits-all approach to housing demand which was adopted in the post-war era simply isn’t the right approach. Today, we face a drastic challenge which increasingly requires radical measures, and perhaps even a total change in public mindset around what home ownership looks like.

The Government’s plan to build 250,000 new homes in Garden Cities is certainly ambitious, but would deliver just a third of the unmet demand17 that is expected to arise in the next five years. Indeed, even the Government’s most advanced new development, Ebbsfleet, is struggling to get off the ground as a result of a £1bn funding gap18. In summary, we have a shortfall of around 500,000 homes between now and 2020 and that is a best case scenario, based on current estimated population growth. Clearly this massive shortfall will need to be met largely, if not entirely, from within and around towns and cities across the UK. Thus, the Foundation believes that attention needs to be refocused, and quickly, on how we are going to build the homes we need in places where people are already living.

“...It is possible in principle to deliver a huge number of the 250,000 new homes we need on brownfield sites within the green belt, by densifying the inner and outer areas of our major cities, which are built at extraordinarily low and unsustainable densities. However, the reality is that no politician is going to run the risk of losing their seat over this issue, despite the fact that when you look at the amount of objections to planning permission, they are often very small.”

Christine Whitehead
Professor of Housing, London School of Economics

The Government has announced that its second Garden City will see 13,000 new homes built on the edge of Bicester. This focus on an urban extension, as opposed to a brand new settlement on isolated greenfield land, is reassuring. History tells us that our track record of building new towns has been patchy at best – there is substantial risk that entirely new Garden Cities become the next generation of commuter towns, generating limited employment opportunities for residents and struggling to establish their own community and sense of identity. The most sustainable approach therefore is to provide housing where need has been registered so new settlements are close to sources of employment, and pre-existing public services. But in a complex and fractured landscape, what alternatives present an opportunity for large-scale development?

An objective perspective on the housing shortage

In order to address and respond to the problems facing local authorities across many parts of the UK when developing solutions to housing shortages, the Foundation has created a decision framework to provide a structure for considering how an area can best respond to housing shortage. The aim is to encourage an objective, problem-solving approach.

Before we go into our decision framework, however, it is worth exploring the UK’s housing shortage in a little more detail and within the context of some of the considerations, such as current land availability and the implications of the green belt.

17 Calculation based on current homebuilding rate in the UK of 140,880 homes per year (full year up to March 2014), Household growth projection of 265,200 new households per year (DCLG England Household Projections, annual growth for period 2014 to 2021) and the Government’s announced target of 250,000 homes to be built in Garden Cities across the UK between 2015 and 2020.

Where do housing shortages exist?

Housing shortages, a constrained supply of new homes that ultimately leads to imbalances in the housing market, are almost constantly on the political agenda, as the economic and societal impact of these shortages are significant and far-reaching. But what causes these shortages and what impact do they have on future land development?

Housing shortages exist where local housing markets are unable to supply sufficient homes of the right type and at the right price to meet market demand. This results in problems of affordability, overcrowding and long waiting lists for social housing. Areas which are subject to a housing shortage are generally subject to one or more of the following problems:

- Purchasing a home is unaffordable for many households, relative to salary
- Not enough housing of the right type or size is being built
- There is insufficient social housing being built to meet demand
- There are high levels of overcrowding.

Our analysis shows that 113 local authorities in England, or over a third (35%) of the total, are subject to a housing shortage under one of these four criteria. These 113 local authorities are home to 41% of all households in England.

At a regional level, housing shortages are most prevalent in London where 31 of 33 boroughs are affected (Bromley and Bexley being the only exceptions).

Influenced by overspill from the London housing market, more than half of districts in the South East (54%) are subject to a shortage of sufficient homes (see Figure 5). Indeed, 80 out of 113 districts with an identified housing shortage are located within 60 miles of London in either the South East or East of England regions and London itself.

The analysis shows that regions in the south are most affected by issues of unaffordable homes and overcrowding while regions in the north are most affected by a shortage of housing of the right type or size and social housing waiting lists. Figure 5 shows in more detail the local authorities in England that have housing shortages.

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Source Figure 5: Cebr analysis based on data from DCLG, ONS and Land Registry.

Source Figure 6: Cebr analysis based on data from DCLG, ONS and Land Registry, National Statistics data (boundary files).
Development land availability in areas with housing shortages

Residential development on brownfield land and conversion of existing buildings is often more economically and environmentally sustainable than building on land that has not been previously developed (greenfield) for a number of reasons:

- It supports high-quality urban regeneration, and maximises the benefit from existing investments in transport, infrastructure and public services.
- It can reduce car dependency by allowing people to live closer to where they work.
- It helps protect the countryside from urban sprawl.
- It supports the economic and social vitality of urban cores.

Any decision to develop these sites has to be balanced against the recognition that they can often have higher land assembly, site preparation and unit building costs, which can affect the financial viability of schemes. This may mean that government support is necessary to develop sites that would otherwise remain vacant. This should however remain a realistic option, as maximising the use of previously developed land has been a major government policy objective since the late 1990s. A side effect of this policy has been to encourage higher density residential development, particularly on brownfield land in urban centres and in fact, the density of new homes built since 1990 has increased 87%, helping to create more efficient and vital towns and cities.

Availability of brownfield land in areas with housing shortages

Clearly the densification of existing cities is dependent, to a large degree, on the availability of brownfield land. In 2010, local planning authorities estimated that 34,980 hectares of brownfield land (51% of the total) in England from development, although this figure rises to 37% in local authority areas with housing shortages (see Figure 8).

Addressing the green belt issue

More than a third of England’s land area is protected from development through either green belt designation, being part of an Area of Outstanding Natural Beauty (AONB), or a National Park. The green belt policy certainly plays an important role in preventing urban sprawl protecting 13% of the land in England from development, although this figure rises to 37% in local authority areas with housing shortages (see Figure 8).

Data from the more recent 2012 edition of the National Land Use Database (NLUD) is incomplete, as only 50% of local authorities provided information. Therefore the true housing capacity of previously developed brownfield land in England is better reflected by data from 2010 when all local authorities were obliged to make submissions.

In June 2014, the Government announced a new policy that instructs local authorities to make submissions to put in place local development orders which can provide sites with outline planning permission to speed up the building of new homes. The aspiration is for this policy to facilitate up to 200,000 planning permissions for new homes by 2020.

<table>
<thead>
<tr>
<th>REGION</th>
<th>ESTIMATED HOUSING CAPACITY OF BROWNFIELD SITES SUITABLE FOR RESIDENTIAL USE</th>
<th>APPROXIMATE SUPPLY OF BROWNFIELD LAND (YEARS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LONDON</td>
<td>289,000</td>
<td>13</td>
</tr>
<tr>
<td>NORTH WEST</td>
<td>48,000</td>
<td>9</td>
</tr>
<tr>
<td>EAST OF ENGLAND</td>
<td>33,400</td>
<td>6</td>
</tr>
<tr>
<td>SOUTH EAST</td>
<td>26,100</td>
<td>5</td>
</tr>
<tr>
<td>YORKSHIRE AND THE HUMBER</td>
<td>21,700</td>
<td>5</td>
</tr>
<tr>
<td>SOUTH WEST</td>
<td>21,900</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>325,600</td>
<td>8</td>
</tr>
</tbody>
</table>
Recent discussion has suggested that in areas of high demand (particularly London) where there is a limited supply of residential sites, a limited amount of green belt should be built on. This includes Shelter’s proposal of swapping lower grade green belt land with higher quality land in areas where housing demand is lower, and The London Society proposal to build one million new homes on between 1.9 per cent and 4.8 per cent of London’s green belt land. As the housing shortage persists, pressure will increase to release some of the green belt to relieve pressures on the property market in London and the South East. Done in a sensitive and well-planned manner this could avoid the need to develop brand new settlements in greenfield areas beyond the green belt which are further from existing infrastructure, employment hubs and established communities.

Transport infrastructure: essential for success

Sustainable and well-planned communities need excellent public transport to minimise car use where possible. Investments in transport infrastructure can play a central role in helping to increase the density of existing areas, allowing more housing to be delivered in places such as London and the South East where demand is highest.

A lack of transport connectivity can be a major constraint to development, particularly brownfield regeneration sites. In East London, the Barking Riverside regeneration project (capacity for 10,800 homes) is only now feasible thanks to the announcement that the London Overground network will be extended to the site.

Source Figure 9: ONS (local authority 2013 boundary files), Natural England (Areas of Natural Beauty boundary & National Park boundary files), DCLG (green belt boundary files)
Tier 1 – Identify where there are shortages, the type of housing needed, the scale of the problem, and where it is forecasted to deteriorate. As a starting point, we need to make a distinction between housing ‘need’ as opposed to housing ‘demand’.

- Housing need is a normative concept. Society broadly perceives that certain housing outcomes are unsatisfactory, such as overcrowding, lack of affordability for only the wealthiest and excessive social housing waiting lists. ‘Need’ arises from the difference between the acceptable benchmark and reality.
- Housing demand can be defined as the quantity and quality of housing that people would choose to live in.
- We then need to establish which type of housing shortage applies to a specific area. The framework is concerned with the quantity of housing that needs to be delivered as opposed to quality concerns, such as homes being in disrepair or those that do not meet the minimum energy standards. This represents a different type of shortage – the shortage of good quality homes.

There are two main types of shortages in the quantity of new homes – a shortfall in the number of housing units relative to total need, typically due to space requirements, and a mismatch between supply and need for various types of housing.

To define whether a local authority can be classified as having a housing shortage, we developed a set of criteria to apply to each area.

Finally, we need to examine if a housing shortage is persistent or is a result of temporary overheating in the housing market. Areas with high projected household growth relative to current supply of new housing are likely to experience ongoing constraints in terms of housing supply into the future. Strong employment growth in the local area is another indicator that a housing shortage is likely to persist.

Tier 2 – Examine the extent to which development land is available.

In circumstances where a housing shortage exists, it is necessary to first establish an order of preference in housing development types.

There is a priority to re-use existing buildings where possible over previously used (brownfield) sites. This allows for the recycling of redundant commercial buildings into viable and more sought-after residential developments. These buildings can often be in more central locations, allowing for residents to benefit from more sustainable patterns of transport. The cost of conversion relative to redevelopment depends on the capital cost and development risk profile of the site.

Next on the hierarchy is the priority to develop previously used land - which is preferred to building on greenfield land. A recent report from the Campaign to Protect Rural England shows that brownfield land in England has the capacity for a minimum of 976,000 homes.

Residential development on brownfield land and conversion of existing buildings can be more sustainable (but normally more expensive to develop) compared to building on land that has not been previously developed (greenfield) for a number of reasons:

- Supports high-quality urban regeneration, and maximises the benefit from existing investments in transport infrastructure and public services
- Can reduce car dependence by allowing people to live closer to where they work
- Helps protect the countryside from urban sprawl
- Supports the economic and social vitality of urban cores.

However, brownfield sites can often be located in areas where housing need is low – which means it would not be justified to develop there. This means that in some areas, as a last resort it may be necessary to develop greenfield sites located adjacent to existing towns and cities.

The next step is to establish a good understanding of where development can take place, the housing densities that sites can sustain, and future expected provision of brownfield and greenfield sites.

1. Re-use existing buildings - In 2011 (latest data), 4% of new homes were supplied through conversions of existing buildings.
2. Develop previously used land - In 2011, 64% of new dwellings were built in previously developed land, down from the peak of 81% in 2008.
3. Develop greenfield land - In 2011, 32% of new dwellings were built on greenfield land.

To determine how many homes can be built, there are four main questions to answer:

- Are there enough appropriate brownfield sites available that can be developed for new homes?

Often there are many complicated costs associated with developing brownfield sites which reduce the viability of building on them. The price of land in addition to remediation, demolition, and decontamination costs compared to the potential sale value of residential and commercial units may mean that a site cannot be developed without subsidy. However, these costs are often offset by the fact that these sites benefit from having access to local public services and roads which reduces the overall costs of both developer and council/government investment.

25 The justifications arise from the research conducted in the ‘Lessons Learned’ section
Is there a plan to grow the local economy sustainably while also providing the corresponding number of homes?

Is it feasible to provide additional social and transport infrastructure in the area?

Is there an issue with local authority boundaries?

Is there opposition to housing development?

Is there a sector which are declining and may free up brownfield sites/ conversion properties in the future?

Is the city/town constrained by green belt?

Is there local land acquisition and ownership issues?

Is there an issue with local authority boundaries?

Is the supply of homes sufficient to meet additional demand?

Do the geographical conditions exist for a polycentric urban development?

Does the local authority need to increase the supply of homes?

Can all development take place on brownfield sites?

Requires supplementary development?

Is there an issue with local authority boundaries?
How much brownfield land will become available in the future? It is part of the natural evolution of towns and cities that a regular churn of brownfield sites will become available. Between 2000 and 2010, an average of 64,000 hectares of brownfield land was unused or available for development, of which approximately 50% was identified as suitable for housing. The forecast for brownfield land is closely tied to the structural evolution of the economy and economic outlook. It is therefore difficult to say with certainty and is highly dependent on the industry mix residing within a local authority.

Are there enough greenfield development sites that can be brought forward for development? The latest data shows that in 2011 a total of 1,130 hectares of previously undeveloped land in England was used to build new homes, 65% of which was on agricultural land. The amount of greenfield land used for residential development has declined considerably in recent years and is now just 40% of the 1990s average.

At what density should new homes be built? The density of new house building in the UK is on average 25 dwellings per hectare (DPH). This level of density is equivalent to a suburban semi-detached development. Victorian terraces were built with 60 to 80 DPH, while the original Garden Cities were built at the relatively low density of 30 DPH. In order to assess if there are sufficient brownfield sites available, the density assumption needs to be determined.

For local authorities that have limited development land, it may be necessary to consider potential alternatives, such as co-operating with neighbouring local authorities to accommodate a portion of their excess housing need.

Tier 3 – The wider contextual constraints and features. Economic, political and geographic constraints that restrict the most economically optimal solution from being applied.

Local authorities with housing shortages have constraints to building new homes. Most of these constraints are surmountable in theory but can be immovable in practice. They include:

- Financial constraints
- Land ownership and supply
- Local authority boundaries and housing markets
- Planning system risks and uncertainties
- Local opposition
- Number of house builders
- Difficulty in doing self-build
- Local authority budgets and ability to commission social house building
- Inadequate infrastructure such as transportation and energy system provision.

Tier 4 – Determine the most appropriate solution or set of solutions given movable and insurmountable constraints. The decision framework points to six possible solutions which can be reached. These are not all mutually exclusive options as the optimal solution might be a combination of solutions. Each of the types are discussed in turn in this section.

- Current supply sufficient - The projected home need can be met by using the existing stock of homes.
- Polycentric urban developments - The development through intensification, and some planned growth of a number of existing settlements, at a sub-regional or regional scale, based on connectivity and urban function. Polycentric urban developments do not dictate what density or form new homes will take, meaning you could have a combination of high density housing in the urban core and urban extensions on the periphery of existing towns.
- Urban densification - The infill of brownfield developments and redevelopment of areas at higher density.
- New settlements - Free standing new settlements comprising of its own neighbourhoods, facilities and identity on brownfield land within the green belt.
- New peripheral developments - Development of planned extensions at the edge of existing towns or cities.
- Urban renewal and regeneration schemes - Schemes to regenerate areas which have recently experienced a decline in population figures.

Weighting the Decision Framework

Where a housing shortage has been identified and a solution is required it is critical to note that, when using the decision framework, decisions are not equally weighted. Clearly developing greenfield sites can be a more cost effective short-term solution but, as history has shown us, in the long term a new town should be the option of last resort.

To make this a reality, some of the barriers to unlocking brownfield land need to be removed. We have already mentioned the potential need for government support but ultimately the options should be evaluated for their merits over the long term, rather than for the short-term ease of development. In doing so, the Foundation believes that densification of existing urban areas and the utilisation of brownfield land is the clear and obvious solution. What’s more, our analysis shows that there is the land available to support this type of development over the course of the next 10-15 years, particularly in the places that need it most, namely London and the South East.

The good news is that there have been several recent policy developments which are likely to help relieve some of these constraints to brownfield development. These include:

- Local authorities will be invited to bid for funding for local development orders for housing on brownfield land. The Government’s aim is to achieve planning permissions on 90% of all suitable brownfield sites, paving the way for 200,000 homes to be approved by 2020.
- In 2014, the Government announced plans to create 10 new housing zones on brownfield land across the country including 20 in London. Councils that succeed in applying for housing zones in their area will receive government lending for remediation and infrastructure to deliver new housing. The use of funding for schools, community facilities and energy infrastructure will be considered when they are needed to directly unlock home building.

The 2014 Budget announced that the Government would consult on creating a new ‘right to build’ which would give people who want to build their own homes a right to a plot from a council and access to a repayable fund. It also said it would consult on specific change of use measures, including greater flexibilities for change from commercial and industrial to residential use. Similar measures were imposed in the VINEX programme in the Netherlands to great effect, but with the caveat that constraints were imposed in terms of density and design.

28 Only approximately 50% of local authorities submitted information on previously used land to the National Land Use Database post-2010. Prior to and including 2010, all local authorities were obliged to submit information.

29 Department for Communities and Local Government, 2013. 'Land use change statistics in England: 2011'.
Creating vital places in the heart of towns and cities where people can live and work

The Foundation’s ultimate ambition is to create vital places in the heart of towns and cities where people can live and work and which deliver economically and environmentally sustainable urban spaces, offering residents access to employment, public services and shopping. Higher density settlements are also more effective in generating mixed communities, social integration and safety and this is what we should aspire to.

Thus, our core objective should be to work on maintaining or increasing densities in suburban areas where it is possible to achieve the types of housing in which people wish to live, and where, if densities continue to decline, the costs of transportation and local services will increase. As part of this, we need to address our recurring failure to build homes in the heart of cities which cater for families and allow them to live there for the long term. In addition, the private rented sector is currently geared towards short-term tenancies, which do not offer an attractive alternative to home ownership. Over the longer term, as home ownership rates decline, the private rented sector will need to fill the void.

Of course, in some instances it will be necessary to resort to urban extensions and in these case we should maximise the development of brownfield sites wherever possible. As part of this, Government agencies, such as the HCA, should be given more funding to assist in the costs of reclamation of former industrial sites within towns and cities.

New Towns are only justifiable in exceptional circumstances. They were a sticking plaster to the housing crisis during the 1950s, 1960s and 1970s and had enormous unforeseen consequences, as outlined earlier in this report. Building New Towns is a quick fix to shortcut the supposedly intractable problems of building more housing in existing places. However, the VINEX programme has shown this can be done without New Towns, if the focus is on eliminating the constraints and it can be a cheaper alternative that yields greater benefits.

We have shown that there are sufficient sites to meet housing demand, even in the regions that have the most serious housing shortages. What is required is to take a serious look at what is holding back development in existing places, how we can encourage more co-operation at a sub-regional level between councils and other solutions such as urban intensification which have yet to be properly explored.
Essay: Relevant Cities – Understanding People

Cities need to keep pace with societal changes in order to ensure that they remain relevant for their inhabitants. This means designing flexible and adaptable cities where streets, spaces and buildings are able to slowly metamorphosize into places that resonate in their own time. Cities need to mature carefully, keeping the best and most significant markers of their culture and identity and hence preserving their individuality and essence.

We are unable to accurately guess where we will be even in the not-too-distant future. Keeping our cities relevant for the communities that inhabit them requires an understanding of the human condition and in particular our social and economic interdependence and our need to exchange information with each other. The human condition is consistent and universal, adapting to the context of place and time. Relevant cities are therefore a product of time and how we as humans interface with it.

Today’s relevant cities

Successful cities are cities that offer people opportunities to improve their lives. Whether it’s through an increase in employment opportunities, better housing, a well-established social infrastructure, a connected and well-maintained transport system or simply a cool place to be and hang out, it’s choice that’s the differentiator.

So how do successful cities optimise choice? We believe that one of the most significant factors is greater density. The exchange of information is at the heart of both economic and social success in the community. Through increased density connections are improved. Dense cities encourage social inclusion, foster business development, improve connections between members of the community and help to reinforce identity and a sense of place through design excellence.

How do we deliver design excellence within a high density city location? Our starting point would be to ask the community what it is that they feel they need. Consulting with the community and broader stakeholders will make cities more relevant. The specifics of place and the maintenance of uniqueness is something that lives in those who experience the area on a day to day basis. It is when a community is asked to adopt a commercial or political vision imposed from those on the outside that relevance is lost.

We can no longer consider the family unit in the traditional way. We are a more mobile society, more often than not living away from our families as we follow work opportunities. We live on our own for much longer at both ends of our lives and the fear of isolation brings us closer to those living and working around us. Our city communities are an extended family and often bring more relevance to our lives than our own blood line. These social changes, together with an escalation in property prices especially in London, suggest that homes need to become more affordable either through a policy of subsidy or / and the consideration of smaller homes for single person habitation. Smaller homes will not however help families with children. Families with children are finding it increasingly difficult to afford three and four bedroom homes. If we are to encourage whole life city living and a more balanced community we will need to build variety of size and tenure.

Cities with greater densities encourage people to walk and cycle as distances between destinations are reduced and more accessible. Improvements in health and wellbeing are tangible results of this, with all of the social, environmental and economic benefits that this brings. The reduction in the pace of movement increases choice, reduces costs and improves quality. This improves social cohesion and has economic benefit. It also makes for a more vibrant and active public realm which is safer.

Dense cities are green cities in both the physical and figurative sense. They offer visual and functional amenity at all scales, from the balcony to the private garden through to the public square and park. Density is a balance between building and open space giving people an environment where there are clear and well-defined boundaries between their public and private lives.

Density improves choice not only in terms of jobs and housing but also in terms of the types of goods and services available on the high street. Competition increases choice, reduces costs and improves quality. A significant population within the local community allows the market to offer a bespoke service which is adaptive and flexible following the societal needs which it will reflect if it is to be successful. For cities to remain relevant they need to be nimble and responsive adapting to the community they serve.
Testing the Theory

50 Why Birmingham?
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54 What constraints are restricting the ability to deliver enough homes in Birmingham?
56 What are the solutions that can be applied in Birmingham?
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Testing the Theory

“We have to double the number of homes we build in this country. I cannot think of any other product where the quality is declining, demand is through the roof, and the price is skyrocketing. It is profoundly wrong. To begin to address it, we must consider all the solutions available, from urban extensions to Garden Cities and everything in between.”

Toby Lloyd
Head of Policy, Shelter

Having developed a decision framework for dealing with a housing shortage the next logical step is to apply it to individual towns and cities.

Birmingham and Guildford are both experiencing housing shortages – but for very different reasons. Birmingham has substantial problems of overcrowding, particularly in suburbs just to the east of the city centre where there is a high immigrant population. It is also experiencing significant growth in employment and population, and has a shortage of available development land relative to the homes that need to be built.

For Guildford, a combination of the lack of available development land and easy access to London, which attracts commuters, has inflated prices making home ownership beyond the reach of many potential residents. This is highlighted by the fact that an average Guildford resident’s income is approximately £4,000 higher than it is for those who are employed within the borough.

“We probably don’t ask the question enough about the disconnection between the value of jobs and the cost of housing in an area. We have increasing numbers of low value jobs, that can’t, without state intervention, cover the cost of accommodation.”

Trudi Elliot
Chief Executive, Royal Town Planning Institute

By applying the Decision Framework to these two very different locations, we can start to identify what the most appropriate alternatives to Garden Cities could be when tackling some areas that are experiencing their share of the nation’s housing shortage.

Vital Cities not Garden Cities: Testing the Theory

Why Birmingham?

Birmingham is the UK’s second largest city with a population of 1.1 million residents living in the district. A total of 2.4 million people live in the Greater Birmingham area making it the third largest city region in the UK after London and Greater Manchester. The scale of Greater Birmingham makes it an important economic counterbalance to the dominance of London, generating £65.6bn GVA (3% of UK output) and supporting 1.2 million jobs.

Birmingham is one of the UK’s youngest cities with 54% of Birmingham residents under 35 – the same proportion as London – compared to 46% for England as a whole. Located at the heart of the UK, Birmingham is uniquely well-connected to the rest of the country by the national transport infrastructure which will be enhanced in the future by the development of High Speed 2.

Birmingham is increasingly becoming a destination for firms relocating away from London. Birmingham’s business, financial and professional services sector is the largest of any UK city outside London, with more than 7,800 companies employing 100,000 people. Deutsche Bank is currently in the process of relocating 2,000 staff to its new canal-side offices on Brindley Place and other recent announcements include the decision to locate the HS2 headquarters in Birmingham which will house up to 1,500 staff with the regeneration of areas around the new Curzon Street HS2 train station.

Historically, the Second World War saw many homes in Birmingham destroyed. In a similar approach to London, Birmingham responded to the housing shortage with a combination of large scale high-rise social housing in the city and arrangements to accommodate the city’s overspill in neighbouring councils – including a new town at Redditch. The population of Birmingham subsequently declined 12.3% between 1951 and 2001. This was a consequence of the damaging policy of constraining the city’s population and employment growth which involved planned decentralisation of industry away from the city and relocation of thousands of residents to housing estates in neighbouring districts. Since 2001, Birmingham has nearly entirely recovered from this population decline, with population increasing 10.9% by 2013. This trend has created substantial housing demand pressures.

Key to the city’s attractiveness is the availability of housing that residents can afford, with homes for sale in Birmingham remaining affordable relative to other parts of the UK. In 2013, the median house price in Birmingham was 4.7 times median individual earnings, lower than in the West Midlands region as a whole (5.3) and in England as a nation (7.3). To put this in context, the current rule of thumb for lending approval for a mortgage from banks is 4.5 times an individual’s income. This means that, in practice, the average priced home in Birmingham is still affordable for a couple with two incomes.

By 2031, Birmingham’s population is expected to grow by 150,000, creating demand for an additional 82,000 new homes. Yet Birmingham does not build enough homes to meet its current and future demand for new housing, meaning pressure on supply and therefore affordability will increase as the city expands.

References:

35 Department for Communities and Local Government, 2014, ‘Live tables on housing market and house prices – Table 577 Ratio of median house price to median earnings by district’, DCLG.
36 Refers to ONS 2012-based sub-national projections for population growth in Birmingham for the period 2011 to 2031.
37 In the 20-year period, 2011–2031.
Why do we need to take action?

The evidence shows that Birmingham has a housing shortage in terms of the quantity, quality and type of housing available. If past trends were to continue into the future, at least 4,100 homes would need to be built in Birmingham each year up to 2031\(^4\). The high number of overcrowded homes within the city indicates there is a shortfall of housing of the right size in Birmingham (see Figure 10). This issue is most serious in the private rented sector – where 23.1% of households are living in overcrowded accommodation. Overcrowding represents just one aspect of Birmingham’s housing problem. While the housing shortage criteria suggest that the number of homes completed has been on average sufficient to meet demand, on closer inspection there exists large variations between local housing markets. For example, in the city centre strong demand exists for apartments and yet not enough dwellings of this type are being provided to meet the market’s need. Similarly, there are also localised issues of affordability, for example in Edgbaston where average prices are twice as high as the Birmingham average\(^4\), restricting the ability of long-term residents to purchase homes in their neighbourhoods.

Development land has only been identified for up to 46,830 dwellings in Birmingham for the period 2014 to 2031\(^5\). The Birmingham plan specifies the following minimum densities for new housing: 100 dwellings per ha within the City Centre, 50 dwellings per ha in areas well served by public transport, and 40 dwellings per ha elsewhere. Comparing supply to projected demand for new homes\(^5\), there is a shortfall of approximately 1,500 homes per year for the period up to 2031. For the whole year up to April 2014 (latest data from DCLG), just 1,000 homes were built in Birmingham – only a quarter of the homes that are needed. Just once over the past decade (in 2006) did Birmingham manage to meet its house-building target.

The challenges presented in supplying sufficient housing within the city boundaries mean that Birmingham residents often move to surrounding districts to find appropriate housing. Birmingham has net-out-migration equivalent to 0.3% of the population each year, more than the level of out-migration in Leeds (0.2%) but less than that of London and Manchester (0.7% of population). The vast majority (87%) of out-migrants stay in the wider West Midlands region.

The objective of the council is to meet as much of the housing need as possible within the city’s boundaries\(^5\). A public consultation held in late 2012 put forward a range of options to deliver a sustainable urban extension of between 5,000 and 10,000 dwellings. The council considers that only Birmingham’s green belt has areas of land large enough to accommodate such an extension. This has led to a proposal to re-draw the green belt boundary by building an urban extension at Langley and Peddimore in Sutton Coldfield with space for 6,000 dwellings and 80 ha of employment land. This proposal has experienced significant opposition from local resident committees which are of the view that no development should take place and the council should instead focus on developing inner city sites and securing co-operation for more homes in the wider region.

**Figure 10: Housing Shortage Criteria Indicators for Birmingham**

<table>
<thead>
<tr>
<th>CRITERION</th>
<th>CRITERION 1</th>
<th>CRITERION 2</th>
<th>CRITERION 3</th>
<th>CRITERION 4</th>
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<tr>
<td>HOUSING SHORTAGE</td>
<td>AFFORDABILITY RATIO (MEDIAN)</td>
<td>RATIO OF ANNUAL HOUSEHOLD AFFORDABILITY</td>
<td>SOCIAL HOUSING WAITING LIST (AS % OF ALL HOUSEHOLD)</td>
<td>OVERCROWDED HOMES (AS % OF HOUSEHOLD)</td>
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<td>CRITERIA</td>
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<td>GROWTH TO HOUSING COMPLETIONS</td>
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<td>HOUSING LIST</td>
<td>HOUSING LIST</td>
<td>HOUSING LIST</td>
</tr>
<tr>
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<td>AT LEAST</td>
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<td>3.3 TIMES</td>
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<td>MEDIAN EARNINGS</td>
<td>MEDIAN EARNINGS</td>
<td>MEDIAN EARNINGS</td>
</tr>
<tr>
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<td>THE FACE OF COMPLETIONS</td>
<td>THE FACE OF COMPLETIONS</td>
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<td>IN THE DISTRICT</td>
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<tr>
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<td>MORE THAN 12%</td>
<td>MORE THAN 12%</td>
<td>MORE THAN 12%</td>
</tr>
<tr>
<td>CRITERIA</td>
<td>THE NUMBER OF HOUSEHOLDS</td>
<td></td>
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<td>HAVE LESS</td>
<td>HAVE LESS</td>
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<tr>
<td>CRITERIA</td>
<td>BEDROOMS THAN</td>
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<tr>
<td>CRITERIA</td>
<td>THEY REQUIRE</td>
<td></td>
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</tbody>
</table>

| Source Figure 10: DCLG local authority house building statistics – Table 253, DCLG interim 2011 – based household projections – Table 406 |

**Figure 11: Historic Housing Completions, Historic and Projected Household Growth, Birmingham**


40 DCLG 2011 Census data on overcrowding shows that Birmingham has some of the highest levels of overcrowding among the UK’s major cities.

41 Trend based on data for Birmingham in: DCLG local authority housing completions statistics and DCLG household projections.


43 0.5 standard deviation from England average.


45 Taking into account the 4,952 homes that have been built or brought back into use between 2001 and 2014, Birmingham has a supply of approximately 51,800 homes for the period 2010 to 2030.


Source Figures 10: DCLG local authority house building statistics – Table 253, DCLG interim 2011 – based household projections – Table 406
What constraints are restricting the ability to deliver enough homes in Birmingham?

Birmingham is subject to a combination of land supply and financial viability issues that restrict the ability to deliver sufficient homes.

1. Difficulty in developing marginal sites
   - There are many barriers to the financial viability of certain projects which have resulted in many stalled developments in the city centre. Some development sites are marginal, requiring significant investment in site preparation or conversion of existing buildings to make them viable. These sites need a flexible, pragmatic approach from the council with regard to affordable housing contribution in order to facilitate the desired development going ahead.

2. Planning risk and constraints to land assembly
   - In some instances, the council and private developers experience difficulties in assembling land for larger regeneration sites. Compulsory Purchase Orders (CPOs) allow the acquisition of land without consent in return for adequate compensation. This can help with assembling sites where there are multiple owners and to incentivise the use of empty homes.
   - Reducing the planning risk around the development of more marginal sites can help incentivise sites to be brought forward sooner. Local Development Orders (LDOs) help speed up development by giving outline planning approval to areas designated as suitable for housing. In the 2014 Autumn Statement, the Government invited local planning authorities to bid for funding for Local Development Orders for housing on brownfield land.

3. Cost of site remediation
   - The remediation and decontamination costs of former-industrial brownfield sites in Birmingham can act as a financial barrier to the bringing forward of developments. Government funding for remediation of sites can play a role in improving the financial viability of development. Currently there is a scheme in place to help local authorities to progress local development orders with total funding of £5 million. However, there is no equivalent scheme for the private sector, although there are calls for a brownfield remediation fund to be put in place.

4. Securing financing for development
   - Birmingham’s housing market was heavily impacted by the property crash in 2008, with average prices falling by as much as 20% from their peak. The oversupply of apartments in the city centre during the 2000s and the subsequent fall-off in demand meant that prices dropped dramatically – discouraging investment in new residential developments. Developers have also found it more difficult to secure finance for schemes. This has resulted in there being only a small pipeline of new build residential schemes coming to market. Confidence has returned with the market now seeing rising prices and an increasing gap between supply and demand. This will likely result in more schemes coming forward as developers seek higher-return investments away from London and the South East.

5. Limits on the council’s ability to borrow to build social and affordable housing
   - Birmingham City Council would like to increase its borrowing power to build more homes. The Council already has an effective delivery mechanism for building new homes for both rent and sale – but does not have the funding to expand capacity. It argues that the debt cap should be removed entirely, as there are sufficient affordability controls already in place through the Prudential Code.

6. Better co-operation is needed from neighbouring councils
   - Birmingham acknowledges that a shortage of housing land means that it will need the cooperation of neighbouring councils to help accommodate some of the additional demand. The National Planning Policy Framework (NPPF) established the ‘Duty to Cooperate’ – the requirement of neighbouring councils to consider housing shortages in other districts within their development plans. While the issue is being considered at the Local Enterprise Partnership (LEP) level, it has yet to be seen whether this will materialise into a meaningful increase in housing supply in these areas.

7. Improvements in transport infrastructure are required
   - Car and motorbike use for travel to work in Birmingham (34% of all residents) is higher than in comparable size cities, such as Manchester (28% of all residents) and isn’t helped by the fact that bus and rail services in the city run at relatively low frequency, a by-product of the lower density of housing in areas outside the city centre.
   - There have been several proposals to improve transport connectivity including expanding Bus Rapid Transit routes and constructing a second tram line to link the east of the city. If this work can be progressed, it has the potential to provide much better connectivity, particularly for those living in parts of the east of the city, and support the regeneration projects that are planned or ongoing in the area.

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What are the solutions that can be applied in Birmingham?

The ongoing issue of overcrowding in Birmingham will likely get more serious as the city expands. To address the problem and to bring the high level of overcrowding down to the average in England (8.7% of households), Birmingham would need to build 10,900 homes between now and 2025 – including 1,800 social rented homes and 2,500 for the private rented sector.

The trend towards the concentration of employment in cities and large towns means that the most sustainable long-term solution to the housing shortage is to find ways to build more homes within cities. The alternative is to build homes further and further away from where people work, with the accompanying impact on the environment and rising cost of commuting. The biggest challenge will be to design homes within cities in such a way that they provide a desirable environment for families to live in the long term.

Here we present a set of solutions that can be applied to Birmingham’s housing shortage placed in order of the preference in which these solutions should be applied:

1. Building at higher densities within Birmingham should be preferred above all else.
2. Building urban extensions can be applied when all options of identifying appropriate brownfield sites within the city boundaries have been exhausted.
3. Providing homes in other districts should only be considered as part of applying a more structured approach to planning for housing Birmingham residents who would migrate to these districts in any case.

Building homes at higher densities

In a compact urban area like Central Birmingham, high density development is one of the only feasible ways to reconcile high housing demand and the lack of developable land. Birmingham with an average density of 40.1 persons per hectare (pph) is less dense than other major cities in the UK such as Manchester (43.5 pph) and London (52 pph).

The development of HS2 in Birmingham also makes a good argument for densification as Foundation panelist, Dr Iqbal Hamiduddin, points out: “We have undertaken a number of good quality local projects in the last decade; we can do major national projects, albeit over a long period of time, but we really struggle at this regional scale. In this respect, new development is better targeted within existing cities, and at densification.”

There are a number of examples of locations around the city centre where higher density housing is already being planned. The proposed regeneration development at Icknield Port Loop (1,000 homes) is an excellent example of a higher density housing scheme that offers high-quality family sized homes within walking or cycling distance of the city centre. Other important locations with potential for higher density development include city centre areas such as Digbeth, Snow Hill and the area around New Street station. This example must be replicated elsewhere in the city.

Well-designed urban extensions

Building new homes on brownfield land should always be prioritised above building in the countryside or on undeveloped land on the fringes of towns and cities – particularly in locations where residents need to rely on their car.

However, there may be occasions where urban extensions may be appropriate. Evidence from Birmingham City Council suggests that the number of new homes required in Birmingham over the next 20 years simply cannot be met by the current supply of brownfield land. It appears likely that some housing land will need to be released either within Birmingham City Council boundaries or in neighbouring councils – although this housing land is not likely to be required until the latter half of that period.

The more sustainable of these two options would be a well-designed urban extension built adjacent to an existing town with good transport connections. Such a development would require a range of public facilities including new schools, healthcare and community services along with improvements in the local road infrastructure and public transport.

Polycentric urban regions

Birmingham is seeking the cooperation of neighbouring councils to provide additional housing in their districts. While other districts do not have as severe a housing problem as Birmingham, they do recognise that it is in their mutual best interest to cooperate and are working together to understand their combined housing need and the ways that this can be addressed. Given that all these districts are part of the same housing market area, it makes sense to plan for migration of Birmingham residents to these areas rather than allowing unrestricted growth to put strain on local services.

One way of doing this is by creating a polycentric urban region in Greater Birmingham – whereby nearby towns such as Wolverhampton, Solihull, Dudley and Tamworth become more connected through their transport systems, economy, labour market, and housing market. This means that linked towns can better manage cross-border issues such as housing and can benefit from a more integrated labour market.
Why Guildford?

Today the Borough of Guildford possesses a thriving economy driven by pharmaceuticals, finance, ICT, gaming, advanced manufacturing, and tourism. In addition there is a high standard of education on offer, as the University of Surrey has grown into a world-class research institution. The borough has a population of 141,000 people and is composed of Guildford town – the largest town in Surrey with 66,773 inhabitants – and several small parishes, notably Ash and Ash Vale. A third of the residents live in rural locations and those wards contribute 25% of the local authority’s employment.

Guildford was not always a wealthy location and historically relied upon the agricultural industry, but today has a lot to offer residents with its low crime rates, high-quality education, jobs and pleasant environment. It is a pretty town catering for those employed in Guildford; elsewhere in Surrey, notably Waverley and Woking; and London.

Guildford is located in prime commuter territory just 30 miles from London by car via the A3, and 35 minutes by train. Given its proximity to London, 29% of people working outside the district are employed in the capital. Guildford is not unusual in this respect when compared to the rest of the south east of England as typically settlements in this area have a low level of self-containment due to the London effect. Only 39.2% of Guildford’s employees reside within the borough, while 55% of Guildford residents commute to work outside of the borough. Evidently there are strong existing relationships between Guildford and the surrounding settlements which are important to take into account when considering the solutions to solve the housing shortage.

In addition, the University of Surrey located in Guildford was formed in 1966 and has since expanded to provide higher education to 13,895 students in 2012/2013. However, as the University provides accommodation for only about a third of these students, the rest rely on other forms of accommodation such as living at home or using the private rented sector.

Recently Guildford has put into place plans to help the economy expand further, these include a £150m regeneration scheme for the train station area to build extra residential and commercial space and a new station.

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Why do we need to take action?

There exists a shortfall of affordable housing in the local authority with the median price of a home 10.4 times greater than an individual local resident’s median income. The threshold is 10.2 times, which indicates that in terms of affordability on the face of it Guildford doesn’t have very far to go. However, affordability has been a major problem in this local authority for over a decade for key workers such as teachers, police officers and social workers.

 Guildford possesses a strong knowledge-based economy, but faces challenges which have seen it slip from eleventh to 22nd in the UK’s Competitiveness Index series from 2002 to 2013. One limiting factor is the availability of housing, which has become a problem for the long-term viability of businesses – affecting growing firms, start-ups, and firms potentially looking to relocate to Guildford.

Firstly, if potential employees cannot afford housing in the borough they will have to commute from nearby areas. This puts additional pressure on the already heavily-burdened transportation network which increases business operating costs. Secondly, the high housing costs distort the pool of skills available locally and damages firms’ ability to grow as they may not be able to attract or retain employees with the necessary expertise.

Guilford’s residents are wealthier than the UK average, but the housing costs are proportionally higher making housing less affordable in Guildford. The median income for residents in 2013 was 28% and 53% higher respectively than the UK average. However average incomes disguise an important discrepancy between the median income of a person employed in Guildford at £25,000, which is 10% lower than the £27,544 median for the residents of Guildford in 2013. People working outside Guildford earn more and are more able to afford their own home than those working within the town.

There is also a shortage in the number of homes completed annually, which has not kept pace with household growth projections for the past six years, in particular for affordable homes. The latest estimates suggest between 620 and 866 homes per annum will need to be built, the equivalent of approximately 12,000 homes between 2014 and 2031. The lack of homes has led to a lower rate of household formation for the 25–34 age group who increasingly have become part of concealed and shared households, often living with their parents. Currently Guildford Borough Council is re-examining their draft local plan after a consultation was held. The latest version is due to be published after the May election 2013. People working outside Guildford earn more and are more able to afford their own home than those working within the town.

Currently Guildford Borough Council is re-examining their draft local plan after a consultation was held. The latest version is due to be published after the May election 2013. The main issue the public had with the plan was the suggestion that approximately 8,000 homes would need to be built on the green belt over the projected period. The draft version noted that there was insufficient brownfield sites to supply all of the required housing given current density assumptions. In addition there is a significant mismatch of housing types. There are 10% more detached homes in Guildford than the UK average. This is largely at the expense of higher density homes such as terrace homes of which the supply is 7% lower than the UK average. Furthermore, the price of terraces and flats are similar to the English average while detached and semi-detached housing is 84% and 52% higher respectively. The distorted housing profile towards larger properties has led 80% of all properties in Guildford to be ‘under-occupied’. The most prominent groups who are under-occupying are couples, both young and old, with no children. Of those who required one bedroom nearly 41.9% had a three bedroom home. The lack of smaller affordable homes prevents those who would like to downsize their homes from doing so.

![FIGURE 12: HOUSING SHORTAGE CRITERIA: INDICATORS FOR GUILDFORD](image-url)

<table>
<thead>
<tr>
<th>CRITERION 1</th>
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<th>CRITERION 3</th>
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<td>HOUSING SHORTAGE</td>
<td>AFFORDABILITY RATIO (MEDIAN HOUSEHOLD HOUSEHOLD PRICES TO MEDIAN EARNINGS)</td>
<td>RATIO OF ANNUAL SOCIAL HOUSING GROWTH TO HOUSING COMPLETIONS</td>
<td>WAITING LIST (AS % OF OVERCROWDED HOUSEHOLD) (AS % OF HOUSEHOLD)</td>
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Source Figures: DCLG local authority house building statistics – Table 253, DCLG interim 2011-based household projections – Table 406

![FIGURE 13: NUMBER OF HOUSING UNITS COMPLETED, ANNUAL GROWTH IN NUMBER OF HOUSEHOLDS](image-url)

Source Figures: Source: DCLG local authority housing completions statistics, DCLG household projections.
What are the constraints that are restricting the ability to deliver enough homes?

A high proportion of either protected or unsuitable land

There is insufficient land given current building density and restrictions associated with the height of new buildings.

The residents of Guildford actively participate in local planning consultations. In response to the latest Local Plan, nearly 20,000 responses were listed. These have been acknowledged by the council and a new draft is to be drawn up taking into account the comments. The nature of the opposition covers an array of themes and the aggregation of public views often depicts internal conflict and limits the number of acceptable choices.

Local opposition

The residents of Guildford actively participate in local planning consultations. In response to the latest Local Plan, nearly 20,000 responses were listed. These have been acknowledged by the council and a new draft is to be drawn up taking into account the comments. The nature of the opposition covers an array of themes and the aggregation of public views often depicts internal conflict and limits the number of acceptable choices.

“The nature of objections must be better understood. Often people are not objecting to an entire development, or indeed the idea of development per se, but just one element of it.”

Richard Hebditch Director of External Affairs, The National Trust

Another example of the strength of local opposition is the response to the design of the £150m redevelopment of the train station and nearby area. The public feel the buildings are too tall to be in keeping with the character of the town centre and the station ticketing area too small to handle the number of users. The highest building in Guildford is approximately 12 floors high.

The redevelopment plan has proposed 15 floor buildings. Conversely many of the businesses and the council in Guildford are largely supportive of the development plans.

Overburdened transportation network

The main forms of transportation in Guildford are road and train, both of which are heavily congested by daily commuters. The residents of Guildford engage in high levels of commuting – the borough is placed in the top 15% for car ownership in the country, and the number of passengers in 2013/2014 places it in the UK’s 20 busiest stations (excluding London), and the busiest in Surrey.

The town also has a limited number of bridges over the river which limits the flow of traffic. This means that each extra home requires disproportionately more road and rail infrastructure than the average town in the UK, as a result of the high levels of car and train commuting.

What are the solutions that can be applied in Guildford?

Here we present a set of solutions that can be applied to Guildford’s housing shortage placed in order of the preference in which these solutions should be applied:

1. Higher densities and taller buildings within Guildford should be preferred above all else. It is imperative this is combined with better transport solutions.

2. Building urban extensions in smaller towns and the town of Guildford can be applied when all options of identifying appropriate brownfield sites within the town boundaries have been exhausted.

3. Providing homes in other districts should only be considered as part of applying a more structured approach to planning for housing Guildford residents who would migrate to these districts in any case.

It is recognised that it may not be feasible to increase housing density to the level required to avoid building on sites beyond the existing boundaries of the town. However, the Foundation suggests that a significant proportion of the proposed building on the green belt can be reduced by employing the three solutions laid out below.

Density and increase the height of the plans for new housing

Although historically an unpopular choice with local people, in order to approach the issue of housing provision in Guildford, densification and an increase in the height of new buildings needs to take place to make better use of the available brownfield sites. Some densification and a small increase in the average height of new buildings would be appropriate to minimise the amount of protected land which would need to be used while preserving the character of the town. However, as there is a congestion problem in the centre of Guildford this would have to sit alongside innovative car parking and flow solutions, as well as better public transport. Building homes with fewer bedrooms would be better suited to Guildford as the median age in the borough is just 38 and currently there is a high level of under-utilisation of homes. More properties with fewer bedrooms for young couples would help alleviate businesses’ concerns regarding having a supply of housing which is suitable to attract a range of skills from the labour market, and provide more appropriate units for the young population of Guildford. These properties should not be considered a downgrade or a compromise but a realistic alternative for those looking to downsize, or not wishing to take up a property with too many bedrooms.

Urban extensions

There have been several recent proposals to build urban extensions in Guildford including in the Ash and Tongham areas. Two proposed settlements in other parts of the district are planned for green belt areas. The impact of these extensions should be given great consideration in terms of their impact on the environment and the necessary infrastructure improvements to handle the increased number of homes should be put in ahead of new housing to mitigate congestion. Cleverly designed sites can maximise the space available, provide public facilities, provide for car parking and help to minimise the additional land from the green belt required for further building.

Greater integration with neighbouring local authorities and The Greater London Authority

The UK is split into ‘housing market areas’ (HMAs) – Guildford is in a joint market with Waverley and Woking. The choice of these areas has been informed by their similar household demand and preferences for housing. They reflect the key functional linkages between places where people live and work. Guildford would benefit from combining efforts with the neighbouring local authorities and potentially further afield to collectively approach the housing shortage problems. Indeed all three of the areas within the HMA suffer from the same problem, a lack of affordable homes.
Conclusions

Birmingham
While Birmingham City Council (BCC) have been proactive in addressing the city’s housing shortage, there still remains a shortfall in the number of sites that have been identified for new homes. Birmingham will need to apply all of the following solutions in the following order of preference to address their housing shortage:

1. Birmingham must provide all incentives possible to encourage building in the city centre and at higher densities.
2. It is likely that Birmingham will need to expand by building an urban extension within its borders. The lack of undesignated greenfield land means that BCC are investigating the potential of re-designating green belt land to build 6,000 new homes.
3. Birmingham will need to work with neighbouring councils to see how they can plan to accommodate more housing within their districts.

The investment in new homes required for Birmingham up to 2035 will be worth £11.6 billion for the local economy and support 10,000 permanent direct construction jobs in the area over the period. The size of the investment needed emphasises the importance of building as many of these homes within Birmingham.

Guildford
Guildford’s local authority has met considerable difficulties in providing a local plan. Guildford will need to:

1. Investigate how higher and more dense homes can be provided on brownfield and urban extensions.
2. Discuss with their neighbouring local authorities how they can collectively tackle the housing shortage and redistribute some of the homes elsewhere by creating better transport connections.
3. Consider to what extent any extra building will need to take place on green belt land.

Guildford currently experiences significant housing pressures which place substantial demands on the transportation network. The average for affordability, according to our indicator, is median house prices of 7.3 times median income in the UK. To bring the affordability of homes in Guildford in line with the UK average over the next 20 years the median nominal price of a house in Guildford would only be able to rise to £334,000 by 2031. This represents, a meagre increase of just 8% on house prices in 2013, a rate which is not dissimilar to the average annual rate.

This means that we can expect the affordability of homes in Guildford to continue to worsen over the coming years, rather than improve. This case study demonstrates that while Guildford needs to build more homes to meet their household projections, this alone is unlikely improve affordability.

In order for the house prices to rise slowly, the market will need a large increase in the number of homes built. This process is complicated as there are both demand and supply dynamics. Such a target would be extremely difficult to achieve due to the limited available land in the local authority area.

The investment that would be required to build the circa 13,000 properties that would be needed over the next 20 years would be in the region of £4.5 billion creating 3,400 jobs per year. However, if homes were built elsewhere in the neighbouring local authorities some of this investment and the subsequent direct jobs created would not benefit the local economy. This provides another reason why it is in the interest of Guildford to build as many of the homes as they can.

Lessons learned

► Although two places with very different challenges, one thing is clear from applying our framework to both these case study areas – building at higher density in existing cities/towns is infinitely preferable to creating new settlements outside of them.

► It is important to examine each case individually and to not ignore half-way solutions like urban extensions that may be suitable in certain areas, it is impossible to ignore the evidence that points towards the benefits of densification in providing not only enough homes, but the right type of homes, for the UK’s burgeoning population.

► A key point to note is the importance of having the right funding models in place in order to provide this type of solution – and the flexibility to innovate these funding models to make them fit for purpose today. This is a theme further explored in our appendix section.
Essay: Unique cities – Questions of Identity

What makes a city liveable? That was the question posed recently by a national newspaper. Readers were invited to share pictures and stories in response. From graffiti to open air barbecues, street scenes to ice creams, identifiable monuments to ubiquitous landscapes, the collection was so broad as to make the answer to the question self-evident: the only thing in common was the originality of the response.

It is hardly surprising that it is the uniqueness of our cities which define our emotional reaction to them. After all, cities are made of people and people are as diverse as the cities in which we inhabit. That there is an inextricable link between identity, uniqueness and that which we determine as being liveable only highlights the problem of non-organic growth in many modern urban conurbations.

Organic and non-organic growth

Non-organic growth could be described as when a large urban centre comes into being quickly to meet a specific or a series of time-critical needs. Very few successful urban environments arrive fully formed, with the possible exception of Disneyland. (Although it is debatable whether one could describe this as being liveable and it’s probably not even considered unique considering the proliferation of the brand around the world).

In contrast, organic growth allows multiple peoples, events, markets and cultures to shape the environment in which they live, occur, serve and inhabit. Critically, organic growth also has room for the misguided or the temporary, allowing the loved, workable, pragmatic and lasting environments to remain. It could thus be argued that it is the ability for cities to grow organically, shaped by many different elements with the potential to change, adapt and renew, which gives birth to that which may be considered unique and therefore what we like to define as a place’s identity.

Ultimately, what makes a city liveable is the very fact that, by definition, it is living – capable of change, not complete, alive with possibility – like the occupants who inhabit it, completely unique.

Is it possible to ‘design in’ uniqueness?

Protecting the uniqueness of an area could be argued as championing its identity, or at least acknowledging it and responding to it. The appropriateness of any design response in reinforcing the unique character of an area is of course subjective, with approaches ranging from being complementary and sympathetic to being contrasting and challenging. Both attitudes however, still acknowledge the presence of an original identity.

What happens when there is no, or little, conceived present identity from which to respond? What of those times when non-organic growth is unavoidable? This is a more unique challenge for the designer. One could employ a unifying element to the overall project, a kind of rubber stamp to the component parts which points us to the sense of the whole, however obviously. While this might indeed reinforce an identity, it’s hardly the most persuasive argument for uniqueness. In striving to impose a character, there is a danger of crowding out those myriad of possibilities which might appeal to the multitudes of communities who reside there. A more subtle approach might be one of scale. Care and attention should be given to every element of our cities; streets, neighbourhoods, districts and conurbations. Large or small, macro or micro, every scale of our cities serves to form its identity. Surely our own uniqueness is determined by the minutiae of our fingerprints as well as the more obvious characteristics of our facial features? The skill of the designers and planners is to navigate through the various scales with uniqueness of design which in turn enforces the strength of the overall identity.

How then should we approach the ‘design of densification’, so that the city in which these new homes are being built retains its character?

It is a misconception that densification need be the enemy of character. Instead, considered densification should be championed as the preservation of character; it can allow for the protection of the elements of the city which are standard bearers of its identity while allowing the city to survive, grow and thrive. The successful densification of urban areas should allow for the red line protection of those jewels of our cities which we should jealously guard; the parks, the canals, the squares, the notable buildings in which we all stake a common claim.

Densification should not only be protecting the unique areas of our cities, it should also actively contribute to the character of its landscape. Density should not be a simple multiplication of a base unit, the designer should look for opportunities in densification – height offers views and critical mass requires amenities. Density therefore, should equate to a myriad of possibilities, each unique and identifiable.

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A Demand for Density

Densify, enrich, revitalise

From Garden Cities to Vital Cities – how do we get there?

YES – in my back yard:
A YIMBY’s guide to planning

Conclusion
A Demand for Density

“If you look at our major cities they are low density compared to global cities, and I include London in that. Rather than default to the path of least resistance and build on greenfield land we need a change of mindset. Dense cities are efficient, vibrant and with clever design can also be attractive places to live. Of course, the majority of us are conditioned to live in a suburban house with a car at the front and a garden at the back, but the scale of the challenge we face means a fundamental change in mindset is the only way to tackle the housing shortage in a sustainable and long-term manner.”

— Ken Shuttleworth
Founder, Make Architects
and Chairman, Future Spaces Foundation

Densify, enrich, revitalise

In comparison to global cities such as Paris (21,196 people per km²) or New York (27,562 people per km²), London (10,122 people per km² for inner London, and 5,199 people per km² for Greater London) and other major cities around the UK are low density and so opportunities certainly exist to increase the density of the UK’s urban areas. We live on a small island with a fast growing population and we simply cannot afford to continue catering for this growing demand via low-density houses on greenfield land. Although of course there is no one-size-fits-all answer, the Foundation firmly believes that in the most part, densification of our existing urban areas must be the priority to meet future challenges.

As we have seen, not only are low-density Garden City type developments a drain on our remaining rural and undeveloped areas, they are, by and large, seriously inefficient and heavily over-reliant on private transport, which has significant environmental implications. Even Birmingham, one of our largest cities, struggles to deliver comprehensive and frequent public transport due, at least in part, to the low density of its suburbs.

Dense communities don’t have to be overcrowded or unattractive areas. With smart design and landscaping, our urban areas can be appealing places to live for all parts of our society. John Prevc thinks that smart design is absolutely fundamental when it comes to encouraging people to live more densely:

“Living more densely means you have to design better. You need to think about things like views, green spaces, insulation, sound-proofing and so on in much more detail than in low-density developments.”

— John Prevc
Partner, Make Architects
and Deputy Chair, Future Spaces Foundation

Source Figure 14: UK cities – ONS National Census 2011, EU cities – Eurostat. Other cities – various sources
Ken Shuttleworth believes that with smart design, densification can actually improve a place:

“We’ve seen that density can actually bring things like more employment and more opportunities to revitalise the community, and yet people still see density as a word with negative connotations. The way to change people’s mindsets about density is to combine it with smart design – things like shops, play areas, green spaces and so on.”

From Garden Cities to Vital Cities – how do we get there?

In order to shift our mindset from Garden Cities to Vital Cities, the Foundation is calling for the following from policy makers:

1. Minimum density for a sustainable housing future
   To achieve higher densities that are sustainable and protect our environment as far as possible, minimum rather than maximum building density targets should be stipulated within planning frameworks across Local Authorities based on their need and what is appropriate for the local area.

2. Fit-for-purpose funding for brownfield building outside London
   As we have outlined, the unlocking of brownfield land could meet the demand we expect to see in the coming years, but this will require the introduction of a number of measures, including support from the Government.

3. Reform of the rental market
   Unlike our European neighbours, in the UK we do not have any kind of system that allows for long-term renting – an issue that Foundation panellist Toby Lloyd’s organisation Shelter has been campaigning on. As home ownership becomes an increasingly distant dream for people, this must be re-examined to allow people to invest in the communities and spaces around them.

4. Role of educational institutions
   Universities have been proven to be a key element in creating successful cities – they are sources of young people with great economic potential, many of whom choose to stay in the city after they graduate. Universities are also a major housing provider through halls of residence – so why not extend this beyond the student body to their alumni? Educational institutions could be given powers to act like housing associations, providing incentives for their graduates – many of whom will struggle to find affordable renting options – to stay on in structures designed with density in mind.

5. Relax change of usage class – with caution
   Relaxing (within reason) change of usage class policies should be considered in areas of high housing need. This needs to be done sensitively to ensure former commercial premises offer desirable and attractive places to live, but should also be done with caution to ensure employment opportunities are not constrained as an unintended consequence.

6. Empowering decision-makers
   Offices think about how best to meet future housing challenges – they are sources of young people with creative potential, many of whom choose to stay on in the city after they graduate. Planning committees in areas of housing shortage and high need must be better informed and regulated. These are the bodies that make the ultimate decisions and yet they may have limited understanding of the bigger picture challenges relating to housing shortage and the alternatives to meeting the need sustainably.

7. An Independent Commission
   While Central Government has a crucial role to play in determining the future direction of housing policy, political consensus is essential to bring about meaningful change in the way that policy makers and planning officers think about how best to meet future housing needs. To help achieve this, the Foundation is calling for the creation of an Independent Commission on Urban Density. The formal and exhaustive process of a Commission, which will include taking evidence from interested parties and members of the public, will help to ensure that future policy is not only focused on increasing housing stock, but also creating dynamic and vibrant communities.

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“Densifying existing areas can provide the number of houses we need in the future at the same time as creating vital cities, which are enriched and vibrant places where people want to live and work, while protecting the natural landscape.”

John Prevc
Partner, Make Architects and Deputy Chair, Future Spaces Foundation

“Fundamentally, there is no ignoring the fact that we have to rethink how we are going to provide the number of houses that we need in the future. The system that we have at the moment is simply not sustainable. However, as well as considering the number of homes we need, policy makers need to think about the people who are going to give these places life – making them more than just settlements, but living, breathing communities.

The Future Spaces Foundation believes that densifying existing areas will answer both of these problems, creating vital cities, which are enriched and vibrant places where people want to live and work.”

Future Spaces Foundation
Appendix – Funding Models

Introduction
Local authority social housing
Public private partnerships
Private sector
In summary
Appendix – Funding Models

“When considering the crux of the issue, limited supply of new homes, it is worth remembering that for many large developers, it simply isn’t in their financial interests to increase supply. To get around this, we need to explore how self-funding models can play a part in solving this issue.”

Colm Sheehy
Senior Economist, Centre for Economic and Business Research

Introduction

Funding mechanisms play a vital role in ensuring that housing can be supplied across the UK. It has been estimated that supplying 240,000 homes a year in England would require an investment of around £39 billion a year. This chapter provides an overview of the funding models and schemes in place today, and suggests how they will need to adapt to meet future needs.

As we saw in Figure 1, in the 1970s prior to the Right to Buy programme, first introduced in 1980 by the Thatcher Government and still in place today, local authorities built up to a peak of 50% of new homes every year. The scheme was originally packaged with a condition that restricted councils to reinvesting a maximum of 25% of the revenue generated from council house sales after 1990 into the creation of new social homes. Unsurprisingly this led to a huge decrease in the rate of social housing being built by councils compared to the 1980s. Fast forward to the 1990s, and private home building provided over 80% of the supply of new homes until the economic crisis occurred.

During the economic crisis the Government cut funding for social housing by 63% in real terms from its 2010 level. With future cuts in government expenditure anticipated following the May 2015 general election there will be a further squeeze on government-led finance for housing. As models to deliver affordable homes are increasingly more reliant on the Government and third sector, it is important to gain a complete understanding of the main funding schemes in operation, as there may be a need for new finance models to come forward to fill the void.

In 2011, recognising the shortfall of social homes, the Right to Buy policy was updated so that every home sold under the scheme was to be replaced with a new home for rent. The cap on the receipts which could be recycled to fund the new home was lifted to 30%, with the remaining part retained by the council for use elsewhere in their budget if the new home was built within the three years following the sale. The implication of this policy is that, in reality, insufficient new homes are being built to replace the lost stock. Just 4,800 new social homes have been started as a result of this scheme with many councils struggling to find the extra funding. Following the global financial crisis and
UK economic downturn in 2008/09, the construction industry found itself subject to a limited availability of credit. Consequently, new housing supply from the private sector fell dramatically following the crisis.

Data collected in the ICAEW / Grant Thornton Business Confidence Monitor – a survey of 1,000 UK businesses – indicates that access to finance has become less of an issue for construction firms since the end of 2013, as can be seen in Figure 15. This suggests that credit constraints faced by house builders have started to abate. Despite this, however, house building rates in the private sector have yet to return to their average of 160,000 new homes being built annually between 1975 and 2007.

Local authority social housing

New Homes Bonus
Regional house building targets were removed in 2011 and a new homes bonus scheme was introduced to incentivise local authorities to deliver sufficient homes. Under this scheme Central Government intends to match the council tax raised from increases in housing stock for six years after completion. The scheme has made a special provision to specifically encourage affordable homes by providing an extra £350 per year above the matched council tax value. Without this additional provision the scheme would incentivise the building of higher value homes which fall into a higher council tax banding. So far £2.23 billion has been spent on this fund.

Affordable Rent Model
This programme was designed to generate more revenue from the existing stock of local authority housing which could then be reinvested to build more homes. Since 2012, social landlords have been allowed to offer more flexible intermediate tenure rental contracts to new social tenants at rent levels at 80% of the market rate outside of London, and up to 65% in London.

Housing Revenue Account
Since 2012, the Housing Revenue Account subsidy system has been in place. The restriction that meant local authorities could not retain their rental income for house building was removed and instead councils have been allowed to retain their rental income for self-financing of new projects to increase their housing stock. Local councils are now able to borrow against their housing revenue account, subject to a cap. Recently it was decided to raise the borrowing limit cap for some local authorities. An extra £300 million has been allocated for 2015–17 to help councils build more affordable homes. This funding should help local authorities release unused land for new homes to be built.

Building on brownfield
The Government has a small number of funding schemes in place specifically targeted at building on brownfield sites. This includes a £5 million allocation to help local authorities consult on local development orders. The ultimate ambition will be to achieve development of 90% of brownfield sites which are suitable for housing.

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71 ICAEW/Grant Thornton Business Confidence Monitor: Data is a three month rolling average of the quarterly survey to remove seasonal fluctuations. A positive/negative balance indicates access to capital has become more/less of a challenge compared with 12 months ago.
Similarly, funding has been made available to provide financial support for brownfield housing zones, primarily to stimulate development through assistance with site assembly, land remediation and infrastructure costs. For instance, £200 million of recoverable investment funding has been allocated to support ten housing zones outside of London. A further 20 housing zones are to be supported within London, for which £200 million will come from the Greater London Authority (GLA) and £200 million will come from Government. Local authorities will also have access to cheaper borrowing at the Public Works Loan Board’s project rate for capital infrastructure expenditure relating to a housing zone in 2014–15 and 2015–16. A key difference between London housing zones and those in the rest of the UK is that there will be looser requirements for the recovery of GLA fund. Where recovery is not possible, making investment available through grant will be considered.

Public private partnerships

Community-driven social housing

Community Land Trusts (CLTs) are non-profit organisations which allow communities to own and control land on which they can provide housing, workspaces and other community facilities. The purpose is to ensure that property is permanently affordable. The model was imported from the US and so far has been implemented on a small scale with approximately 170 groups mainly in rural areas. In order to deliver affordable housing CLTs rely on an initial subsidy to put the scheme in place. This could be in the form of funding and support from organisations such as the Community Land Trust Fund, a plot of free or reduced cost land, a government grant, charity, or benefactor support.

The housing is able to remain permanently affordable thanks to a legal ‘asset lock’ system. The assets e.g. homes, land, community centres etc. are either to be retained by the CLT for the benefit of the community, or if they are sold it is for the good of the community and the funds flow back into the CLT. If properties are sold to the community members it is done so at a reduced percentage of its full market price e.g. a resident might only have to pay the cost of the construction and not the land value. The new owner is subsequently restricted from reselling on the open market and capturing the uplift for themselves. Any resale must be at the same percentage of the market value.

Housing associations

Housing associations are well-established structure for delivering low-cost social housing in the UK for those in need of a home. They have in many areas superseded the local authorities’ role of providing social and affordable housing following the fundamental overhaul of the council housing system in the 1980s. These organisations require funding for new housing but can be self-sufficient once set up.

There are a number of potential sources of initial finance for housing associations. Housing associations were historically dependent on government investment via the Homes and Communities Agency in the UK, and the Greater London Authority in London, but many have engaged in more private sector-led methods of raising finance. These methods include raising money through bond markets, commercial banks, equity investors, ‘section 106’72, Real Estate Investment Trusts73 and raising social housing rents. Indeed, up to 85% of development costs are funded by the housing associations due to the reduction in Government investment. In 2013/14, £5.6 billion of private finance was raised, 52% through capital markets and a further 40% from commercial banks. Some 8% came from other sources74.

There have been calls to change the housing association financial model by removing regulation and altering the grant relationship with the Government to enable housing associations to deliver more affordable homes. Currently the balance sheet of housing associations is in surplus and there is ambition and capacity to build more homes. There have been calls from the National Housing Association to reform the system; suggestions include changing the £1.1billion annual grant from the Government to housing associations into an equity loan which would be repayable and would remove associated restrictions on housing associations75.

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72 This enables housing associations to buy homes from developers at a reduced cost.
73 This gives institutional investors a tax break when they invest in affordable housing.
Private sector

Help to Buy
This Government scheme to assist potential first time buyers to get on the property ladder was also designed to concurrently increase housing supply. First time buyers and homeowners only have to put down a 5% deposit under the scheme. The Government will provide 20% of the cost of a new build home, the remaining 75% will be made up by a mortgage. This part of the scheme has been extended up to March 2020 with an extra £6 billion. Over the lifespan of the policy it is anticipated that 200,000 new homes will be built across the UK. This scheme will benefit demand more than supply of homes, but nonetheless makes a contribution to the housing stock.

Private markets
The majority of the finance used to build homes in the UK is from the private sector. The options available to real estate firms vary depending on company size, scale of project, size of land bank etc. so there is no single model employed by all private sector firms.
A relatively small building company is likely to have limited funding options and commercial banks are likely to play a very significant role in providing access to finance. Small building firms may also be eligible for government supported investment programmes such as the ‘Get Britain Building’ scheme which was intended to give government guarantees to back commercial house builders’ applications for finance during the recession. It provided access to £500 million in recoverable commercial loans and equity finance through a bidding process.

The latest Government-backed scheme to be put into place is a loan guarantee which after a two year delay is up and running. Firms which invest £10 million in building homes for the private rental market can apply for a Government guarantee to underwrite loans. Estimates suggest this could release £3.5 billion of funding for privately rented homes which are professionally managed. Another scheme, ‘Builders Finance Fund’, is in place to support sites which have stalled. It has a budget of £525 million allocated to get sites moving again.

The largest home builders in the country, including Taylor Wimpey, Barratt, Persimmon, Berkeley and Bellway, have access to finance from commercial banks, offsetting costs against their asset land banks, the capital market and investors.

In summary
Some of the current government’s house building subsidies have begun to wind-up, and it is anticipated that the Government of 2015–2020 will have to further cut such funding to eliminate the public sector deficit. Moreover, many of the government-led funding models have short life spans. This means that advice on the best financial models available at any given time can become out of date within a short space of time.

This is set against a backdrop of declining loans to the real estate sector following the 2008 financial crisis. Appetite to lend to homebuilders has not yet fully recovered to pre-crisis times, but it is anticipated that this attitude will change as the housing market starts to see a pick-up in prices outside of London in 2015.

Looking ahead, the Foundation anticipates that funding models, particularly for social housing, will need to become more innovative to meet future needs. The next five years will be a key time for funding models for new housing to develop, to meet these challenges. For example, there has been talk for many years about pension schemes becoming an investor in both private and socially rented homes.
Most often, funding for housing is neutral on the type of development that is being supported. For example, private sector funding will factor in any risk associated with a particular type of site, with preference for those that have a lower cost to develop. This means that private funding sources can provide an implicit bias towards greenfield sites over brownfield, as they are seen as less risky.

The end of the Government’s ‘brownfield first’ policy has left the country without a national target for new homes being provided on brownfield land. This was an unfortunate change to Government policy which has opened the door for less sustainable forms of development such as Garden Cities, when policy should be aimed at supporting the most sustainable forms of development. Based on the evidence, in order to build the homes we need and where communities can thrive, housing policy needs to change to support and encourage a more structured approach which will enable the most appropriate forms of housing development for each area.
About Future Spaces Foundation

The Future Spaces Foundation was established in 2013 by Ken Shuttleworth, founder of Make Architects, to undertake new thinking to inform the future of the spaces we live in.

The Foundation is made up of an independent panel of experts convened from diverse fields, including economics, design, psychology, sociology, arts and culture and transport. The diverse nature of the panel means that the Foundation can explore a wide range of socio-economic, demographic and technological factors that affect the way we live and work and the impact they have on the spaces we live in. The Foundation adds to existing debates, but also looks beyond short-term solutions, using the diverse experience of the panel to generate new ideas. Ultimately, the Foundation hopes to create an environment where smart design enables strong communities and allows people to live and work in first class spaces.

Credits

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Leading us up the garden path?
In its second seminal report, the Future Spaces Foundation explores whether low-density Garden Cities can really cure the UK’s housing crisis. The Foundation digs into the alternatives to Garden Cities, such as densifying our existing settlements to create vital cities that are enriched and vibrant places where people want to live and work.