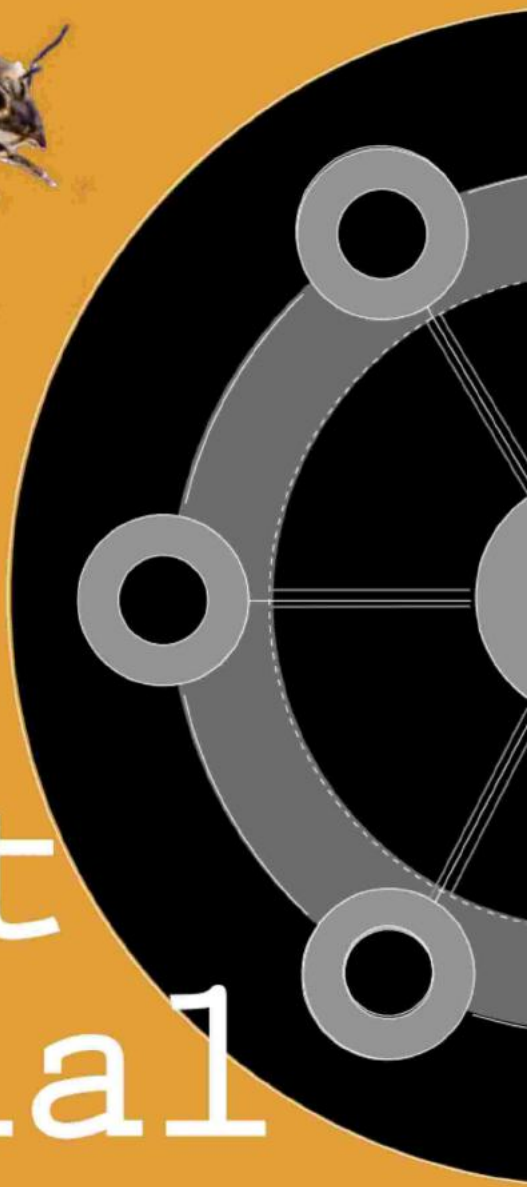




why not Social Cities?



by **Nicholas Falk & Richard Simmons**





why not Social Cities?

A peaceful path to real reform

'Social Cities' was the core idea of Ebenezer Howard's proposal to build new green and healthy towns, connected by high quality public transit.

People of all political persuasions continue to find his ideas inspirational and they have influenced planning the world over.

However, they need to be brought up to date.

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This document is a compilation of nine papers published by the Town and Country Planning Association (T&CPA) <https://www.tcpa.org.uk>. We are very grateful for their permission to reproduce them here. Each article has links to other relevant material.

The URBED Trust is a not for profit company with charitable aims, set up to promote research into the future of urban areas and to disseminate best practice. A complete set of URBED's reports and publications is available from <https://www.urbedtrust.org>.

Nicholas Falk, the Trust's Executive Director is extremely grateful to URBED's supporters over the years such as the Joseph Rowntree Foundation and the Gatsby Charitable Foundation who enabled URBED (which stands for Urban and Economic Development) to get going in 1976.

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FOREWORD FROM LORD RICHARD BEST

Director of the Joseph Rowntree Foundation 1988-2006



Our government needs all the help it can get in fulfilling promises for a significant boost to housebuilding, not least of social rented homes, and a new generation of New Towns.

Help is at hand: Nicholas Falk of URBED - who, among so many achievements, won the 2014 Wolfson Economics Prize with David Rudlin for proposals for a visionary and viable new Garden City - has brought together a vast array of inspiring ideas on making a reality of the government's aspirations.

Nick Falk has considered 'what works' from extensive, practical analysis of experience in other European countries as well as from studying why England's Eco-towns initiative achieved so little. For several decades, Nick has advocated measures to capture increases in land values to improve economic growth, not least through enhanced local connectivity and investment in infrastructure.

It is hard for small, creative consultancies to flourish in competition with major international firms. But URBED has proved that the most thoughtful and valuable ideas can come from independent individuals in organisations unconstrained by corporate structures.

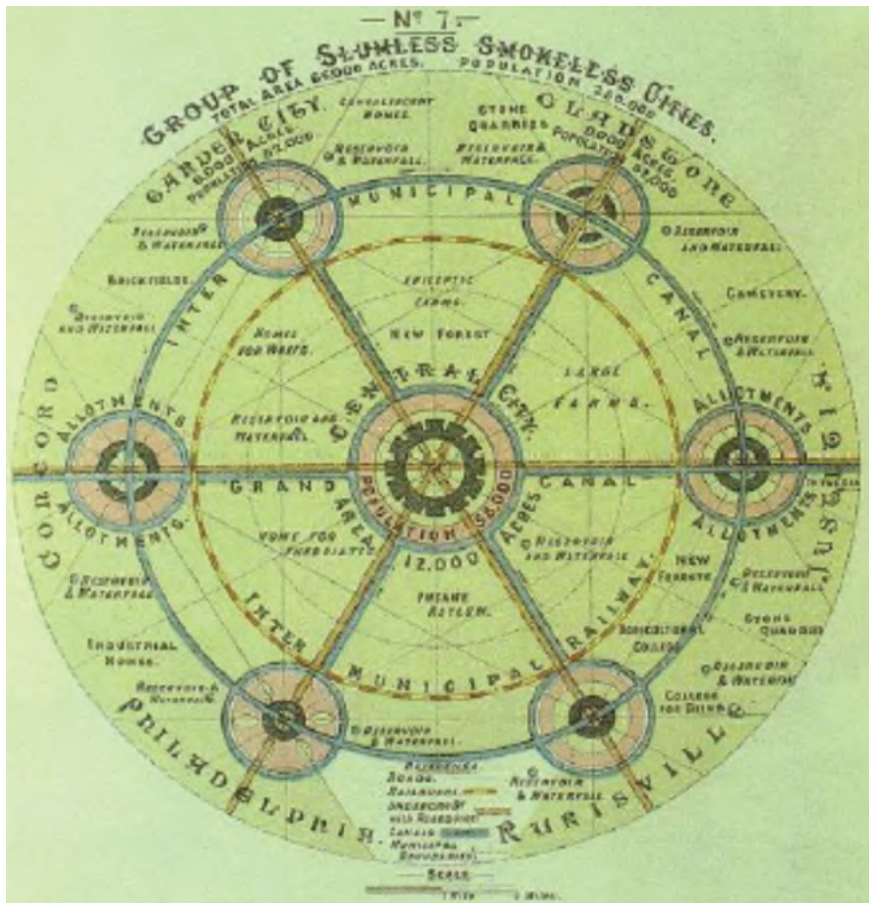
I have followed Nick Falk's endeavours for some forty years; the Joseph Rowntree Foundation supported URBED with many influential studies and subsequently I have drawn upon his wise and inspiring output. Now he has brought together a cornucopia of case studies, most recently with his co-writer Richard Simmons, which deserves the attention of today's policymakers. This publication is a shortcut to finding the enduring solutions to this country's huge - but not insoluble - housing and planning challenges.

Congratulations and thanks not only for this more-than-helpful report but for a lifetime of visionary yet practical insights.

INTRODUCTION

Dr Nicholas Falk, Executive Director of the URBED Trust

A government dedicated to reforming planning to boost economic growth and build more and better housing should want to avoid making mistakes. So, this series of articles in *Town and Country Planning*, the journal of the Town & Country Planning Association, has been compiled to provide readily accessible evidence. *Social Cities* was Ebenezer Howard's title for his original diagram for 'a peaceful path to real reform' which combined the best of town and country. His second pamphlet called *Garden Cities of Tomorrow* led on to Letchworth and Welwyn Garden Cities and many of the Post-War English New Towns. Howard's core ideas were to build green and healthy towns connected by high quality public transit and funded from the 'unearned increment' of land values. These continue to inspire people of all political persuasions. Along with ideas such as the Compact City, they have influenced planning the world over but need to be brought up to date.



Why Social Cities?

In 2009 Professor Sir Peter Hall and I coauthored a provocative article *Why Not Here?* in *Town and Country Planning*, which is included as the first article in this compendium. We drew conclusions from study tours the TCPA had arranged to new settlements and urban regeneration in Germany and the Netherlands. We both had been disappointed by slow progress with English Ecotowns. Our article considered what kinds of development and administrative structures work best in different places, and what kinds of financial mechanisms were needed in the UK. Regional Spatial Strategic and Multi-Area Agreements were current at the time, and local authorities were starting to implement urban renaissance principles, as URBED's good practice guides had illustrated.¹

The election of the Coalition government in 2010 led to the abolition of spatial planning and England's regional and regeneration delivery mechanisms. Peter and I then worked together to produce *Good Cities, Better Lives*. Subtitled *How Europe discovered the lost art of urbanism*, this book reported on exemplary European cities that offered possible solutions to the challenges facing the UK. Published by Routledge in 2014, by which time Europe was going out of fashion, we concluded at the time that France offered the best lessons for transport, Germany for the economy, while Scandinavian cities such as Malmo and Copenhagen provided models for environmental and resource conservation. But it was Dutch cities and their VINEX policy that best showed how the concept of the social city could be made to work. A combination of pro-active spatial planning, public-private partnerships for delivery, and state investment banks for funding advance infrastructure seemed to offer transferrable lessons.

In the same year David Rudlin and I won the 2014 Wolfson Economic Prize. An illustrated 'essay' showed how to build settlements that were visionary, popular and viable without government subsidy which we called *Uxchester Garden City*. We applied lessons from European models such as Freiburg to expanding the historic cities of York and Oxford. Despite local support, fractured local government, tight green belts, and ill-advised Conservative Ministers foiled attempts to turn the vision into reality for political reasons. Apart from reports from high level events under the theme *Oxford Futures*, www.oxfordfutures.org, including a conference with Oxford's twin city of Grenoble, there was little to show for all the effort. However, a series of articles were published in the TCPA's journal *Town and Country Planning*

¹Living Places: Urban renaissance in the South East, URBED and the Bartlett School of Planning for the DETR, 2000; Partners in Urban Renaissance, URBED for Office of the Deputy Prime Minister, 2002

and were first reprinted ten years on from winning the 2014 Wolfson Economics Prize. Each short article was backed up by links to research studies and reports that explain how the ideas could be made to work. Below are the main messages, which have been brought up to date in this second edition.

1. Why Not Here? (2009)

The first article from TCP takes us back to 2009 when Peter Hall and I drew out the lessons from our study tours to Netherlands and Germany. We wanted to show how new settlements such as Ecotowns could be made to work in a very different context from the original British New Towns. Drawing on success stories such as Amersfoort and Freiburg we drew lessons for **powers, resources, professional competence and knowledge of best practice**. The lessons are still highly relevant. They could form the basis for efforts to use urban extensions branded as 'new towns' to boost productivity and wellbeing in ways that would win widespread support

2. Funding large scale settlements (April 2014)

In 2014, my article on funding residential development drew on a major report for the Smith Institute on *Funding Housing and Local Growth*. I proposed how Labour's idea of a British Business Bank could be adapted to help build the additional new homes that were needed. A **state investment bank**, like the French Caisse des Depots or the Dutch BNG should fund advance infrastructure. A UK Infrastructure Bank was eventually launched in 2021 and Homes England have set up a housing bank. However, to guide investment where it would have most impact **coordinated strategic frameworks** are needed rather than architectural masterplans, making use of *Local Spatial Strategies* to bring different interests together. **Local Action Plans** could then be used to sell off serviced sites to a variety of house builders. The problem of 'hope value' had first to be overcome and some progress has since been made in clarifying CPO powers. The article quoted the German policy used in fast growing cities such as Freiburg for assembling land and achieving higher standards, as this would make the process very much simpler and faster.

3. Creating economic power-houses (August 2015)

A year later I responded to George Osborne's proposal for setting up a 'Powerhouse for the North' by showing the benefits from towns and cities acting as a cluster. The populations of Britain's second cities were too small in comparison with the

Continental equivalents and so needed to work together as the OECD had recommended. Instead of building High Speed 2 to get from London to Manchester faster, more funding should have gone into improving local connectivity first, which would have tackled social exclusion and low productivity by expanding the local labour market. Even in the East of England cities were not growing fast enough and exploiting 'agglomeration economies'. To achieve *Smarter Growth* – development that achieves multiple objectives and looks better - Britain should learn from the French, and their devolution of powers to provincial cities such as Montpellier. Strategic planning acts like an escalator, one step leading on to the next one.

Coordinated strategic plans mobilise investment and join development up with upgraded local infrastructure to achieve multiple benefits. Something like the French *Zones d'Aménagement Concertés* would get people working together (as our report for the GLA had proposed).² **Local Action Plans** would then secure contractual agreements and overcome any resistance by adding to the '*common wealth*'.

4. Securing smarter growth in the South East (August 2016)

Some of the best opportunities for housing growth lie in densification around transport nodes and the edges of town centres, especially around London and the wider South East. Local people naturally object to anything that would add to problems with congestion or overloaded services, without offering them benefits. URBED had done pioneering research for local authorities on the state of the suburbs in London and the South East and how their town centres were failing behind. A toolkit to make London's suburbs more sustainable had been prepared for the Greater London Council with plenty of examples of **good practice**. This article suggested building above railway lines, developing underused land around stations, and reopening some of the lines that had been closed. To tap economic growth in West London, a **new Garden City** was proposed at Northolt Airfield. This is well-connected and could show the way to build housing at scale more efficiently. Funding was needed for feasibility studies for projects Boroughs put forward for the London Plan, as was done in Paris, to help integrate local and strategic planning.

²Capital Gains: a better land assembly model for London, URBED for the GLA (with Dentons and Gerald Eve)

5. Planning for posterity (September 2016)

The contrast between resistance in Oxford with insufficient new homes and steady progress in Cambridge prompted this article. District councils often disagreed over housing numbers (which is being resolved through combining authorities into larger unitary ones). Dispersal was leading to higher costs as well as congestion. Strategic spatial planning needed to consider wider areas and longer timeframes, especially in places with the greatest potential for economic growth. Some 40 cities were identified in England with scope for using suburban rail services to reduce congestion, and expanding housing around transport hubs. The short-listed Wolfson Prize winners agreed on three basic steps: **upgrading local public transport**; **assembling strategic sites**; and using them to grow **sustainable urban extensions** in the 10km area around a central hub. This is what Ebenezer Howard, the father of Garden Cities, would have called a *Social City*. Oxford could have doubled its population provided about 5% of the Green Belt were given over to planned development. This could also have funded improved local infrastructure such as a tram line as well as access to improved green space.

6. Funding local infrastructure (May 2017)

Britain's various housing problems cannot be solved without a new funding model. This must address the huge investment required in infrastructure, which needs 'patient capital' from institutional investors such as Pension Funds. Research into land values across England has revealed the considerable potential for **sharing the uplift in land values**, and hence the potential for raising bonds. However, there are great variations, and a range of possible techniques (that need to be tuned to the changing circumstances). Lessons should be drawn from European cities that have lost traditional industries such as Lille, Copenhagen and Rotterdam. Alternative scenarios for regeneration and growth should be assessed against multiple criteria, rather than simple cost-benefit analysis. The rapid growth of Cambridge provides an exceptional example of a place that has benefited from local authorities working together on a spatial plan based on assessing the strategic options. There is a simple **ABC** for success: **A**mbition, creating a vision for quality; **B**rokerage, mobilising enough resources; and above all **C**ontinuity, rebuilding and maintaining the capacity to implement growth plans over several decades.

7. Sharing uplift in land values for fairer growth (September 2019)

A 48-page TCPA Tomorrow Series paper took up the whole of this edition, and we have included a four-page executive summary. The first section made the case for radical change to fund local infrastructure and affordable housing from the common wealth created by the growth of towns and cities, or sustainable urbanism. The second part argued for securing inclusive growth by learning from the past, and rethinking land values. There are lots of reports to draw on. Some of the opposition can be overcome by ensuring that funding from a charge on land is used to fund local investment that benefits all. Half the policy paper was devoted to proposals, which could be tested out in high growth areas, using experience from cities such as Copenhagen, where land value uplift from a new town was used to fund a metro line. Eleven proposals were summarised under three themes: **spatial planning** for better returns; **public finance** for infrastructure; and **local government organisation** to rebuild capacity.

8. Planning rapid transit for urban recovery (March-April 2022)

Making the most of Britain's major cities depends above all on making it easier for people to get around without cars. European cities have benefited from decades of investment in **mass transit**, using modern rail-based systems to connect residents to a range of opportunities. Rapid transit includes trams and underground metros in the biggest cities, as well as frequent and inexpensive services on suburban rail lines, which we call **SwiftRail**. Reducing car use improves air quality and public health, and cuts carbon emissions. It also makes it much easier and safer to walk and cycle. As property values increase where connectivity is improved, it is possible to raise some of the finance by **sharing the uplift in land values**. Lessons can be drawn from the new town of Örestad near Copenhagen, which funded their first Metro line through pooling public land. In the UK Nottingham uses charges on employer parking to help fund their tram. The key factors in innovation are vision, practical options, organisation, funding and stewardship. Most British cities have lagged those in France and Germany in providing modern public transport. Hence experience needs to be shared so that the time and costs of developing rail-based systems can be greatly reduced.

9. Harnessing towns and cities for better growth (May-June 2024)

This recent article with Richard Simmons was aimed at what a new government should do. After 14 years of misrule, a change of government provided the

opportunity to reform planning and accelerate investment in infrastructure. There is no one profession to take leadership so a priority is finding and training a **cadre of capable people** with the necessary values and skills to unblock strategic opportunities. Strategic planning can be speeded up by using **digital intelligence**. It should be now much easier to identify the best locations for sustainable growth rather than waiting for developers to put them forward or councils to agree. Constraints such as water and energy can also be mapped, so that blockages are progressively removed. As a starting point land around major railway stations often offers some of the best opportunities for generating value from under-used land and property. Investment programmes for transport, water and energy need to be **aligned with development plans** to make public investment go further, as France has notably done. Development partnerships with multi-disciplinary teams should speed up innovation in finance and tenure, for example through **Community Land Trusts**, while safeguarding social and natural capital.

Appendix – Great opportunity in Kings Cross (September 1987)

In this article from TCP back in 1987, Peter Hall and I drew attention to the tremendous opportunity to create a new, high-quality quarter for central London on redundant railway lands at King's Cross. 40 years on, regeneration is close to completion, illustrating that continuity and commitment are essential to delivering transformative change. The occupants of the fine buildings are very different from what was originally conceived when the area was notorious for 'drugs and prostitution. The key to the place's increased popularity has been early investment in the public realm, which is widely enjoyed, following the public investment in upgrading rail connections. Undoubtedly the Goods Yard would look very different if my scheme to save the Coal Office from demolition had failed, and if Camden Council had not followed on with a planning brief for the whole site. Importantly the Treasury assembled all the land through its subsidiary company London and Continental.

Next Steps to Smarter Growth

Two years after Labour was elected with a massive majority, the government must switch priorities to recognise new realities. Economic growth is weak. Housing demand is stagnating, especially for flats. Doubts have been raised about the government's demographic forecasts. Even the government's experts doubt whether meeting its targets would make housing much more affordable. The

problem may be the wrong types and tenures in the wrong places. Whatever the case, house building alone cannot solve the country's economic challenges.

Uncertainties, including rising building costs, mean that many investment decisions are on hold, including those urgently needed to fix worn-out infrastructure. Political swings and local government reorganisation make it harder to reach agreement. Artificial Intelligence is triggering a new industrial revolution, sweeping away formerly secure, well paid white collar and professional jobs. AI will impact not just on the poorest districts but on middle class suburbs and office and service industry centres. Following the collapse of UK manufacturing, they generated and spent the wealth to support the social city. So, what is to be done?

An ABC for regenerative urbanism

Achieving real change, or Smarter Growth, depends on:

"Ambition" – the aim always to be among the best.

"Brokerage" – the mobilization and multiplication of resources.

"Continuity" - the capacity to maintain growth plans over decades.

Ambition Success comes when enough people want to do better, owning a 'shared vision'. *Spatial Development Strategies*, a crucial part of the new English planning system, should bring different interests together. The key will be identifying opportunities as well as road blocks. This means finding 'quick wins' in each area, such as making streets safer, as well as more fundamental problems, such as tackling congestion. 'Digital intelligence' could bring social, environmental and economic data together so different future scenarios can be evaluated. Efforts should be focused where they will make most difference.

Brokerage Good plans are timely, offer enough benefits to outweigh their costs, and make the most of available resources. Local leaders need to explain the reasons for their decisions and set realistic timescales. Contrasts between places where growth has been achieved and those that have lagged should be used to build support even among opponents. Study tours linked to training sessions are cheap and effective. Spatial strategies can act like escalators, with one step leading to another.

Continuity Real change takes longer than one administration, so persistence is crucial. Mechanisms like Development Corporations or contractual partnerships can bring different interests together in a common cause and outlive political and other upsets. They should be set up wherever different forms of investment need to be joined up and obstacles such as land assembly overcome. Local trusts can act as stewards, with a share in the assets to save wasting time bidding for funding.

Turning the vision into results

So, with limited funding, what can be done to accelerate change in areas with potential for growth, and turn around declining areas such as town centres? How should the new local authorities '*harness the untapped power of towns and cities*', as our final article proposes? Here are seven steps to cut the time and costs of delivering good results

- 1. Start by taking stock:** Information and ideas should be brought together digitally and in community accessible spaces like 'urban rooms'. Colleges and universities can play an important role in raising the skills and capacity of all involved. Freely available maps should reveal issues to resolve and demonstrate what progress is being made.
- 2. Agree priorities:** The path to greater prosperity will come from actions to improve connectivity. Getting to work and other essential journeys should be less stressful. Cutting waste, for example in the way our housing stock is used, should appeal widely. So too should making it easier to reach town centres and transport hubs. The objective is to boost access to opportunities and improve wellbeing without waiting for new infrastructure.
- 3. Assemble resources:** As well as national funding sources for big projects such as infrastructure, under-used land and buildings should be mobilised. Reforms to property taxation, such as rates on empty property, should incentivise investment in designated Growth and Regeneration Areas. Taxing land value rather than income would incentivise the market, free income for investment, and reduce wealth inequalities. Enabling Mayors and larger local authorities to mobilise funds through local investment bonds and developing local financial institutions like the German Sparkasse would enable finance to be raised against real assets and focus investment where success can reward local enterprise and commitment rather than global traders.
- 4. Establish delivery teams:** Multi-disciplinary task forces, partnerships and development corporations should reinforce hard-pressed local authorities. Their aim should be to producing visible results by upgrading the built environment and joining up infrastructure with regeneration and new development. Reform of procurement and training should be guided by adding social and environmental value, not just lowest cost.
- 5. Learn from success:** Learning networks should evaluate performance and share relevant past experience. They should identify and share what works now. Good practice is often forgotten as personnel move on or records are

archived. Creating and maintaining accessible, open-source resources from which projects can learn is a crucial investment that is highly cost-effective.

6. **Engage local knowledge and aspiration:** As needs and opportunities vary, local engagement is key to coming up with new solutions. Local people are the experts on their area. Local businesses know what they need to thrive. Local councillors are key decision makers and vital stakeholders. Empty shops should provide accessible places for meetings and experimentation.
7. **Celebrate success:** Decay is depressing and people want to see signs of improvement. Greening and environmental improvements bring young and old together. Festivals can bring life into neglected areas, as events like the Olympics have done in the past. Celebrating success reinforces learning and makes it memorable, as well as boosting confidence.

This booklet has argued for reviving the concept of **Social Cities** – clusters of well-connected and sustainable settlements where people can live better and longer active lives. The threats of war, climate and industrial change should be a reminder of the crucial importance of both strategic planning and delivery. Study after study has emphasised the need to devolve power, and cut cross sectoral as well as professional boundaries. So, Labour must be bolder. Towns and cities are where most people live. The case studies in these articles show that the ingredients for real change are within our grasp provided we use the right tools.

Nicholas Falk May 2026

[Profile of Dr Nicholas Falk, BA MBA Hon FRIBA Hon MRTPI](#)

Dr Nicholas Falk, Executive Director of The URBED Trust, is an economist, urbanist and strategic planner with degrees from Oxford, Stanford Business School and the LSE, where his doctorate was on the planning and development of London Docklands. He was a management consultant for McKinsey and a product and market analyst for Ford.

A Fabian pamphlet on *Inner City: Local government and economic renewal* attracted the attention of Lord David Sainsbury, leading to setting up URBED (Urban and Economic Development) as a not for profit research and consultancy company in a former warehouse in Covent Garden in 1976. The company's first commission came from the government on reusing redundant buildings. Subsequent contracts included working with 24 towns and cities and the Office of the Deputy Prime Minister on implementing an urban renaissance. URBED has advised local authorities all over the UK.

Publications include books on *Planning the Social Services*, *Sustainable Urban Neighbourhood: building the 21st century home* with David Rudlin, and with Professor Sir Peter Hall, *Good Cities Better Lives: how Europe discovered the lost art of urbanism*. His blog *Postcards from the Future* draws on the experience of cities throughout the world that have transformed themselves.

why not here?

Following on from articles in the preceding two issues on learning from the best in European urban development and regeneration through TCPA study tour trips to Germany and the Netherlands, [Nicholas Falk](#) and [Peter Hall](#) distil and compare the lessons offered and consider how European experience can best be applied in British cities and towns



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Study tour group members exploring Ecolonia, Alpen aan den Rijn, in the Netherlands

We in the UK need urgently to start learning from Europe: specifically, from mainland European best practice in urban development and regeneration, which in some cities is far in advance of ours. That was the inspiration behind the two TCPA study tours last September – to Amersfoort and other growth areas in the Netherlands, and to Freiburg in Germany, with side visits to tram systems in Karlsruhe and the French city of Strasbourg. The TCPA plans to continue them this spring, with a visit to Scandinavia.

Meanwhile, we have reported to *Town & Country Planning* readers on the lessons to be learned so

far: from Freiburg (in the article by Peter Hall in the November 2008 issue) and from Amersfoort (in the piece by Nicholas Falk in December). One of us (Nicholas Falk) has also co-authored a major report, published last October,¹ which presents observations from a wider array of European examples, including Stockholm's Hammarby Sjöstad, Hamburg's HafenCity, Hannover's Kronstadt, and Dublin's Adamstown. Here, we try to distil and compare those lessons – and, in particular, to consider the difficult question of how we can best seek to apply them in British cities and towns.

The lessons

The lessons can be summarised under three headings:

- I First, what kinds of development work best, in what kinds of places?
- I Secondly, what kinds of administrative structures will best deliver the desired development?
- I Thirdly, and associatedly, what kinds of financial mechanisms will be needed to achieve this delivery?

What kinds of development?

Freiburg and Amersfoort present remarkably similar pictures. Both are medium-sized cities (populations: Freiburg 218,000, Amersfoort 139,000), comparable to a typical county town in England. Both have developed sustainable urban extensions, closely integrated with the existing urban fabric and well connected to their city centres by excellent public transport systems: Amersfoort also features a completely new station on the Dutch national railway system.

The internal design of these new neighbourhoods differs somewhat between the two cities: in Freiburg's Vauban and Rieselfeld there is a rather conventional grid pattern of streets bisected by a wide main boulevard carrying a central tram route; in Amersfoort's Kattenbroek, Nieuwland and Vathorst a series of small neighbourhoods closely resemble

'At Freiburg the city owned the land and exercised total control over the process. At Amersfoort, the local authority intervened with private landowners to ensure that public and private land would be combined and planned as a coherent whole'

those in British new town designs of the 1940s. Both, however, share a similar street structure, with roads that give priority to walking, cycling and public transport over the use of the private car. All were designed as mixed-development communities, combining different kinds of tenure close together, even in adjacent blocks. All seemed to achieve high standards of community involvement, both in the initial design process and then in management; more on this below.

It goes without saying that all these new communities are designed to very high standards of environmental sustainability. None aims to be zero-carbon; that would have been regarded as unrealistic. But, in all, homes achieve high standards

of insulation and good levels of air tightness, and allow use to be made of industrialised methods of construction with rapid build-out rates, meaning that it proves possible to achieve a complete low-energy community relatively quickly.

Are these conditions reproducible in our cities and towns? Almost certainly, in the medium-sized towns which loom so large in the Department for Communities and Local Government's (CLG's) Sustainable Communities strategy. Developments like Northampton's Upton or Peterborough's The Hamptons are the UK equivalents, albeit not designed to the same standards. Similar developments could be achieved in the East Northamptonshire towns of Wellingborough, Kettering and Corby, all designated for major growth in the Milton Keynes-South Midlands Sub-Regional Strategy – or in North Harlow on the M11 growth corridor.

But there is a problem here: most of the proposed eco-towns in the CLG's list – in fact all but Pennbury-Stoughton, just outside Leicester – do not follow this model. They are isolated garden cities recalling Howard's original 1898 proposal – but even then, he proposed that they should be developed as parts of much larger clusters, linked by a public transport system, which these proposals for the most part lack.

One or two eco-towns, close to medium-sized cities like Oxford and Cambridge where growth is constrained by green belts, could perhaps be developed on Howard's 'Social City' pattern, as satellite garden cities linked to the central city by busways and bikeways: Northstowe, north of Cambridge on the new guided busway, provides a model. Likewise, Marston Vale in Bedfordshire, a linear eco-city that effectively links Bedford with Milton Keynes via a new bus rapid transit system, could be justified as a special kind of urban extension. But most of the proposals are much more isolated than that, and hence their problem is that however high their aspirations, they may too easily degenerate into car-dependent commuter dormitories: Cambourne, the new community west of Cambridge, provides a dreadful how-not-to example. Significantly several schemes are emerging with local authority support, including one to the north of Norwich, and another outside Bicester, which could show the way forward.

What kinds of administrative structures?

Freiburg and Amersfoort are crucially similar in another respect: in both, the development process was strongly led by the city planners. Freiburg's is the stronger model: in both Vauban and Rieselfeld the city owned the land (the first was an old French army barracks acquired by the German government and sold on to the city; the second was a sewage works) and exercised total control over the process.

Amersfoort's model might be more relevant for the UK: here, the local authority had intervened with private landowners to ensure that public and private land would be combined and planned as a coherent whole. It set up the Vathorst Development Company as a joint venture. All this was helped by the fact that key decisions were taken locally, at city level, or at a sub-regional level, making them independent of the vagaries of national funding programmes. Also, the joint venture was able to access low-cost loan finance for putting in infrastructure. The local authority had the financial capacity and the skills to manage and direct such large projects – a process that would deter all but

for ourselves, resulted in some outstandingly high-quality and family-friendly environments.

In contrast, with one or two exceptions, our eco-town proposals have almost all come from private developers – sometimes with the support of the local authority, quite often in direct opposition to them. Apart from the obvious danger that they will be trying to deliver a superior (and therefore, at least initially, relatively expensive) model of development, difficult to sell in a bleak economic climate, the obvious question must be how committed they are to the model in the first place. The Eco-Towns Challenge Panel felt that some were, some weren't. Probably, the parting advice to us from Freiburg's chief planner



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In Amsterdam, a boat trip provided an opportunity for the study tour group to consider new perspectives

the largest and best-resourced English cities. Although the private sector was involved, it was on the city's terms: they had to work within a framework controlled by the city planners, working towards an overall vision. And it seems to have helped that – in contrast to the overwhelming role of the big volume-builders here in the UK – many of the builders and investors in Amersfoort and Freiburg were relatively local.

Finally, particularly in the Freiburg model, local communities were actively involved with architects in designing the details of their homes and the communal open space, through so-called 'design groups' (Baugruppen), working closely with their own architect-designers. This process, as we saw

Wulf Daseking – 'Don't let the developers near. They won't develop.' – may have been too harsh. But his preferred model, which is to admit the developers only on the city's terms, has to be the right one.

What model of finance?

That last conclusion is intimately connected with the question of finance. In Freiburg and Amersfoort, as in other best-practice examples across Europe, the city finances major up-front infrastructure investments itself, in advance of construction – in public transport, in sustainable water recycling and sewerage systems, and in waste collection and recycling. This is more effective, and in particular more economic, if these

investments are made on a relatively big scale – in fact area-wide – covering thousands of new homes.

Such investments are more easily made if the city itself has direct control over financing of investment. In mainland European countries this is possible because municipalities have retained direct control over such services, over a 60-year period during which we in the UK have successively nationalised them under Labour and privatised them under the Conservatives. Even when a UK city has some semblance of responsibility, more often than not it is at the whim of central government financing programmes which are subject to protracted delay and even cancellation. A classic example is the regional transport investment programme, which the Department for Transport first announced it was devolving to the Regional Assemblies to prioritise projects, and then promptly proceeded to second-guess their choices. Coherent planning and delivery in these circumstances is virtually impossible.

And this is doubly unfortunate in comparison with continental cities, which are then able to enlist the private sector into a rapid co-ordinated construction programme which delivers entire new neighbourhoods quickly, thus recouping the return on their investment and also obtaining additional benefits in the form of developer agreements, especially for the provision of social infrastructure like parks, playgrounds and swimming pools.



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Study tour participants examining a model of the Vathorst development – such models are a feature of Dutch development visitor centres, helping prospective residents to visualise what it will be like to live in a place before it is built

Applying the lessons

So what difficulties can we foresee in applying these lessons here; and how might we overcome them? Our two tours taught us one salutary lesson: where Britain once led the world, we now lag far behind. It is simply unrealistic to call on our local authorities to ‘leapfrog’ over other countries, as

John Callcutt did in his report,² because in comparison with their European counterparts they suffer from four critical constraints. First, they lack the powers. Second, they lack the resources. Third, they lack the professional competence. And fourth, they lack the necessary knowledge of best practice. Each of these constraints needs urgently to be remedied.

Powers

It is unrealistic to ask local authorities to produce home-grown examples of best practice without a major increase in their freedom to act and to spend. Either the Government has to state openly that it thinks they are not up to the job (as effectively the 1945 Labour government declared when it handed the new towns programme to the New Town Development Corporations or the 1979 Conservative government did when it gave the job of urban regeneration to the Urban Development Corporations), or it has to accept that cities are now fully competent to act, either alone or – in circumstances where it is appropriate – in co-operation, through city-regional Multi-Area Agreements.

This points to a lesson: in one important way, the question of location is secondary. The ‘Social City’, the idea of ‘eco-neighbourhoods’ and the European examples are all equally good models. Just as in the 1950s and 1960s we renewed our cities while building new towns outside them, so now there is room for different ways of achieving the basic goal of sustainable urbanism. Indeed, in the eco-towns programme the Government should deliberately encourage more than one model, in order to assess how well each works.

The key question is not where to build, but rather how we get there from here, and on a scale that would make a difference. The current crisis could well see the rebirth of ideas such as co-housing and co-operatives generally to enable groups of people to secure a better quality of life than they can on the open market, along with new forms of ‘mutual’ tenure that go beyond the crude distinction between owner-occupation and renting. But such breakthroughs cannot flourish unless local authorities can see their role as midwives for change, and not just as regulators.

Resources

The implication is radical: it is that local authorities should take the lead not just in commissioning masterplans, but in again writing such plans themselves, and further – given the chronic current weakness of the private sector – in raising funds for the necessary supporting infrastructure. This means an end to the nonsense where government devolves investment decisions and promptly takes them back again. It cannot be too strongly stressed that without this guarantee in place early on in the



Above

Open space at Freiburg's Rieselfeld, with pond fed by natural drainage

'In comparison with their European counterparts our local authorities suffer from four critical constraints. First, they lack the powers. Second, they lack the resources. Third, they lack the professional competence. And fourth, they lack the necessary knowledge of best practice. Each of these constraints needs urgently to be remedied'

development process, there can be no hope of achieving exemplary sustainable development.

Professional competence

We should remember that the success of the UK new towns was not just due to the forceful theories of a few idealists or the urgency of the need for better homes, but to a climate in which government encouraged innovation and experimentation. New Town Development Corporations were set up to manage the complex tasks of preparing sites for development, and were loaned the funds to put in basic infrastructure. Dedicated design and

implementation teams were built up and maintained over many years, not subject to government whims or dependent on consultants who come and go.

In contrast, British planners today have increasingly been reduced to the role of development control box-tickers. Strategic visions are not encouraged. Even if they were, it is not at all clear that the average local authority planning department could manage the kind of role we saw in Amersfoort or Freiburg. Training has little status, and tends to be limited to helping individuals to understand statutory requirements, or achieve professional qualifications, rather than enabling teams to work together better on complex issues involving many different specialised skills. There is an army of potential support ranging from ATLAS and CABE to Regional Centres of Excellence, but planning committees – who increasingly and whimsically override the advice of their own professional staff – tend to rely on the prejudices of neighbourhood voters, or on what the Daily Mail and Daily Telegraph (congenitally hostile to eco-development) have to say on the subject.

There are a few encouraging signs. The recent emphasis on Regional Spatial Strategies and their successors, along with the Sub-National Review and the Government's support for Multi-Area Agreements, suggest that some politicians and officials in key positions in the Treasury and CLG actually want to see the UK following best European practice.

Of course we still need further research into what works and why, but this needs to feed directly into

Thinking along different lines – a participant’s view

One study tour participant afterwards wrote:

‘thank you for such an interesting and diverse study tour... It has changed my view – though I like to think that I always was interested in promoting different environments and more interesting living areas – in as much as I now feel more able to make suggestions about thinking along different lines. This country has very set outlooks and I think planning officers need to think outside the box a bit more... perhaps more officers as well as members should be included, particularly some of the younger ones, as it is they who are more receptive to new ideas and will perhaps get round to implementing them in the future. We are still very backward with energy efficiency and in introducing new building methods etc.’

And coming up in 2009...

TCPA Study Tour to Malmo, Sweden

The TCPA is currently planning a study tour to Malmo in Sweden, often known as the ‘City of Parks’ and rated by some as one of the world’s greenest cities. The tour is planned for the end of April – provisional dates 28 April-1 May, inclusive.

The tour to Malmo and its surrounding areas will provide first-hand experience of how planners, politicians and communities in the city are working to tackle a variety of environmental and social issues, many of which face us here in the UK. It will focus on how the city’s communities and leaders are continuing to help transform a once industrial sea port into a knowledge-based city and an exemplar of sustainable development.

If you are interested in joining the TCPA tour please contact Chloe Theobald, Education & Events Manager, at chloe.theobald@tcpa.org.uk, or call 020 7930 8903

groups that are responsible for implementing major projects, and in a form they can easily digest. The so-called Egan ‘wheel of skills needed’³ was a great start, but it has more dimensions than most people can manage. In Cambridgeshire, and now in research on eco-towns,⁴ a simple classification into four or five ‘Cs’ seems to help – under the themes of connectivity, character, community and climate-

proofing, with the cross-cutting themes of connectivity and possibly cash flow.⁵ Learning has to be made much easier and more fun.

Knowledge of best practice

We found that successful European cities were far keener to learn, and communicate their experience, often in excellent English, than their British equivalents. This reduced the risks and enabled them to secure efficiencies by climbing the ‘learning curve’ – whereas we seem to have a ‘forgetting curve’, where experience is discarded as irrelevant, and where an initiative like Millennium Villages is dismissed as merely one of John Prescott’s creations.

This is why the old TCPA tradition of study tours was – and is – so important. Study tours are all about learning together. The success of what is called ‘action learning’ or ‘experiential learning’ lies in changing attitudes and behaviour. This can only happen if people see things for themselves, rather than relying on the printed word or the internet. As the Prince of Wales has often argued, ‘seeing is believing’. Yet in the UK we are very bad at providing enough space or time for what URBED calls ‘looking and learning’.

In particular (and here the TCPA should declare an interest) the new Homes and Communities Agency really needs to make it a condition that the local authorities they support should set time and money aside for learning, not only for attending conferences, but also for taking part in study tours, and joining learning networks. Public bodies have not yet woken up to the fact that most people suffer from information overload, and that you need a toolshed to house all the toolkits that have been produced!

So, dear reader, why not use Eurostar, the French TGV and the German ICE, plus their linking network of light railways, to discover how our European neighbours are starting to live, and to ask yourselves: why not here too?

1 Dr Nicholas Falk is the founder director of URBED. Sir Peter Hall is Professor of Planning and Regeneration at the Bartlett School of Planning, University College London, and President of the TCPA. The views expressed here are personal.

Notes

- 1 Beyond Eco-towns: Applying the Lessons from Europe: Report and Conclusions. PRP Architects, URBED and Design for Homes. PRP Architects, 2008
- 2 Callcutt Review of Housebuilding Delivery. Department for Communities and Local Government, 2007
- 3 The Egan Review: Skills for Sustainable Communities. Office of the Deputy Prime Minister, 2004
- 4 Regeneration in European Cities: Making Connections. URBED for Joseph Rowntree Foundation, 2008. www.urbed.co.uk
- 5 See Beyond Eco-towns (see note 1), or Google the HCA Academy showcase for eco-town case studies developed by ERBEDU (European Regional Business and Economic Development Unit) and URBED

funding large-scale new settlements

Nicholas Falk proposes a way forward in funding the development of large-scale new settlements, drawing on European experience of using state investment banks



Nicholas Falk

Above

Vathorst in the Netherlands – the development model has enabled high-quality local infrastructure to be built in advance of people moving in

Despite a barrage of articles on the merits of Garden Cities, including the March 2014 special edition of *Town & Country Planning*,¹ surprisingly little has been produced on how to tackle the underlying economic issues of building large new settlements. Letchworth may not provide an ideal model, as it soon ran out of funds, and was later taken over. The New Towns responded to the special circumstances of a post-war Britain, when for a period we believed planning could build utopia.

Now that we are once again constrained by austerity, we surely need to be realistic about the scale of investment required, where the funding is going to come from, and what needs to be done to ensure that investors get their money back.

In the March 2014 issue of *Town & Country Planning*, David Lock reminds us that there has been no shortage of visionary plans, and that combined authorities might even agree on the best locations for growth (as in Cambridgeshire). Hugh

Ellis rightly calls for organisations that can overcome local inertia and lack of capacity to deliver the initial investment. But as Peter Hall points out in a recent book,² we should also look to Europe for inspiration. Building urban extensions where the infrastructure allows – or ‘smarter growth’ – is both more intelligent and looks better than scattering small housing estates all over the land. The unresolved question, which the Lyons Housing Review is intended to resolve, is how to break the stranglehold of the volume housebuilders in order to double housing output, something that neither Letchworth Garden City nor the New Towns had to contend with.

How a British Investment Bank would help

The *Beyond Ecotowns* report,³ which was based on case studies in four European countries, found great similarities in the way that housing was being supplied, with local authorities playing a much more proactive role in the provision of serviced sites. State investment banks made this possible by supplying long-term finance at lower costs than developers would have had to pay. As a result, instead of occupiers having to move into half-finished sites with no amenities or public transport, as is often the case in the UK, developments were completed in a fifth of the time, with infrastructure provided upfront.⁴ Private landowners and developers were keen to collaborate, as many of the risks had been removed; and sufficient land was pooled to achieve the scale needed for essential community facilities such as schools, playgrounds, and some basic shops.

‘A large part of the continental success in creating attractive new neighbourhoods and keeping housing affordable is due to the role played by state investment banks’

Beyond Ecotowns concluded that a large part of the continental success in creating attractive new neighbourhoods and keeping housing affordable is due to the role played by state investment banks. In Germany there is KfW and its equivalents in the various *Länder* or regions, now focusing on environmental initiatives to address climate change. In the Netherlands there is the BNG Bank, set up by local authorities and central government in 1914. Significantly, BNG is rated along with KfW as one of the two soundest banks in the world by *Global Finance* magazine. In Sweden there is Kommuninvest, now being used a model in the Local Government Association’s initiative to set up a Municipal Bonds Agency.

A new pamphlet published by the Smith Institute, *Funding Housing and Local Growth: How a British Investment Bank Could Help*,⁵ shows how creating a similar institution to mobilise bond finance for housing and local growth would transform housebuilding in the UK, and also help in upgrading local transport and energy systems. This would enable the Government to mobilise private finance, as some larger housing associations are already doing in a big way, and hence succeed in doubling output. A new institution should overcome the Treasury’s resistance to making funds available on the scale needed.

The British Investment Bank would fund the upfront land assembly, masterplanning and local infrastructure. It would have the skills to decide which projects (and areas) are worth backing, and which are not. It would focus on areas where major transport investment is planned, thus securing full benefits from limited public investment. It would outlive politicians and civil servants and help to rebuild capacity to deliver sustainable urban neighbourhoods and not just housing estates. Its costs would be covered from a margin on issuing bonds to long-term investors for specific areas and projects. Interest on the bonds would be covered through the disposal of sites to a wide variety of builders, including self-builders, and the strength of the proposed British Investment Bank would enable it effectively to underwrite returns.

The availability of a clear source of long-term finance for high-quality schemes should also motivate local authorities to release land for designated growth areas that were agreed with local stakeholders, as is happening in the southern fringe in Cambridge. It would help overcome the problem of developers sitting on land with planning permission by providing an incentive for early action. And it would encourage collaboration across boundaries, as in Oxford, where the city needs to expand into neighbouring areas, to make the most of its economic potential and the public investment going into improved transport links (see Box 1). It might even help to fill the gap in funding social housing: in France Caisse des Dépôts funded 133,000 social housing units in 2011 – as many as the total number of new homes built in the UK last year – and has helped to avoid volatility.

Funding associated infrastructure

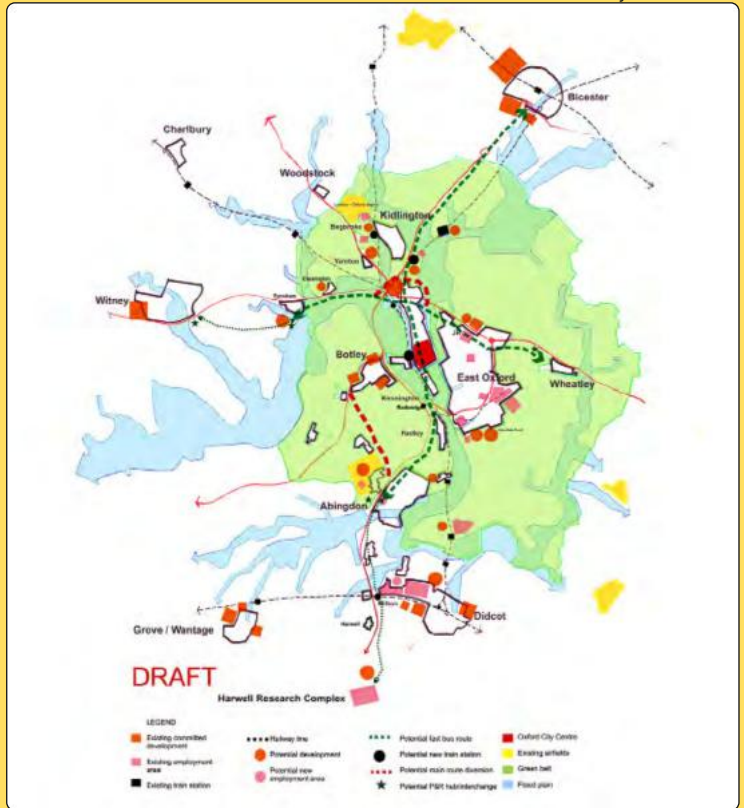
Housing growth depends crucially on local infrastructure, an area in which we in the UK have lagged far behind the rest of Northern Europe. It is the curse of congestion that lies behind much of the opposition to new housing in the southern part of the UK. The failure of supply to match demand has led economists such as Kate Barker to blame the planning system.⁶ The LSE’s Paul Cheshire goes further in attacking the green belts around our cities

Box 1 Oxford Futures– achieving smarter growth in Central Oxfordshire

Plan by Jon Rowland

The report of a year-long series of consultations on how Oxford might grow^a recommended concentrating development around the spine of the railway from Didcot to Bicester, which is due to be electrified. By expanding the hub faster than the periphery, and investing in upgraded public transport and cycling, the congestion that usually follows housing growth can be avoided. New Garden Cities on the edge of historic cities where the demand is strong would help to fund associated infrastructure and ensure that it is well utilised. The economic and social benefits would be huge, and in carefully chosen locations the environmental costs can be minimised. The starting point is setting up the organisational mechanisms for strategic planning so that development and infrastructure investment are joined up.

a N. Falk: *Oxford Futures: Achieving Smarter Growth in Central Oxfordshire*. Oxford Civic Society, Mar. 2014. www.oxfordfutures.org.uk/



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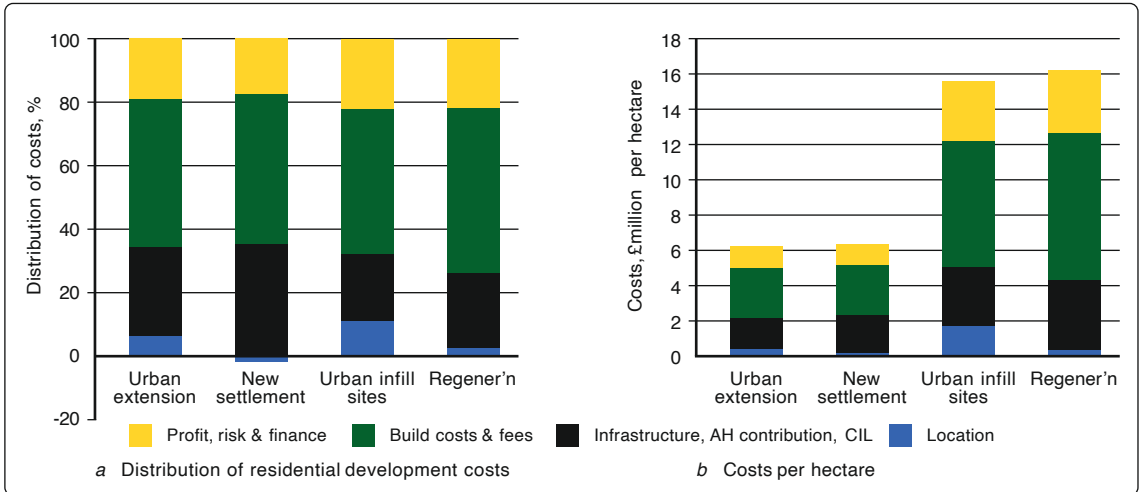
Development opportunities in Central Oxfordshire, as set out in *Oxford Futures*

for pushing up the value of housing land, and hence house prices.⁷ He compares the value of a hectare of land with planning permission for housing in Oxford – £4 million – with industrial land selling for £1 million in 2011. As he has shown, land values have outpaced house prices, and because there is no holding cost for land they tend to go ever upwards.

But it is the infrastructure that makes a location valuable. At average house prices and densities, land accounts for a third of the price of a typical new house, more if it is detached. As agricultural land often sells for only £10,000 an acre, it is understandable that housing developers spend time securing options on land all around our cities, which they hope to profit from after numerous applications and appeals. With limited supplies and relatively few large housebuilders, it is also easy to see why housebuilders prefer to make sales of around one a week from each active site, and to stick with their standard products, even though only one in four house-buyers considers buying a new home,

according to market research by MORI.⁸ We are stuck with a fundamentally flawed development system for housing that no amount of tinkering with auctions or loan guarantees will resolve.

The position in the UK is in stark contrast with that in Germany or the Netherlands, both of which have far stronger planning systems but much lower house prices. They are able to build much bigger homes with a higher quality of infrastructure.⁹ Some of the explanation lies in different forms of tenure, as a larger private rental sector enables new developments to be occupied faster (rather as has been happening through buy-to-let investors in some parts of London). But the differences are also due to the greater supply of serviced sites with planning permission in locations that are close to motorways, railway stations and rapid transit corridors. Many more housebuilders then compete to meet the needs of a much wider market. With plots being sold as a proportion of the expected sales value, housebuilders compete in terms of



Above

Fig. 1 Residential development costs by development type
 Source: Pete Redman¹²

quality, not price (as happens in Britain). Serviced plots are sold for 25% of the expected sales value or on a sliding scale of between 20% and 30%.¹⁰ Profit levels are lower on individual homes, but probably greater overall, thanks to a steady and predictable level of building.

Planners need to understand the real economics of development (and not be fobbed off with what housebuilders tell them). Research into the cost of infrastructure has found that this can be greater than the new homes cost to build. For example, the new town of Milton Keynes involved an original public investment of £700 million, which allowed it not only to 'start with a park', but also to lay down a grid of kilometre squares. This made it possible for people to drive rapidly to work (but worked against making public transport unviable, as the housing was dispersed). Figures produced for the Homes and Communities Agency found that the 'roof tax' or tariff of £18,500 on each new home will only yield a fifth of the total infrastructure costs.

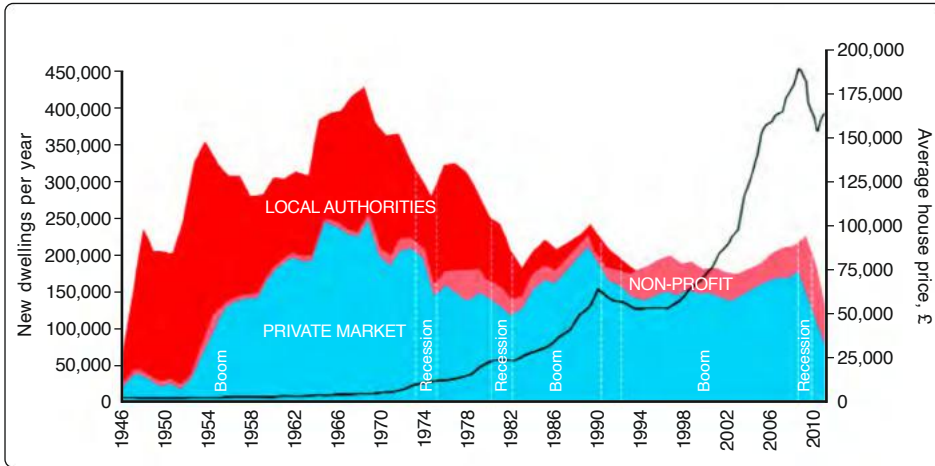
An analysis of Milton Keynes tariff expenditure showed that transport accounted for a third, followed by schools, and then landscaping, making two-thirds in all. Other factors such as leisure and waste facilities were far less important and could be lumped into a general community charge. A similar analysis by Deloitte for the growth of Cambridge established that the infrastructure cost worked out at £55,000 per new home, of which only a third could be expected to come from the private sector. In this case 57% of the cost was for transport, 14% for health, 12% for utilities, and 10% for education.¹¹ The programme of infrastructure investment for the period was costed at £4 billion, and the plan was to build 73,000 new homes to

increase the housing stock by 40%, far more than anywhere else in the UK.

These two sets of figures are both for areas where most of the development land will be in the form of green fields, usually intensively farmed, and therefore with little biodiversity. A very different set of figures would result from expanding where there already is social infrastructure, and where the scheme can piggy-back on existing roads – for example by building outside a ring-road and making use of an existing park-and-ride scheme, or by upgrading a railway line where there is currently an infrequent service. Such locations would appeal far more to residents than isolated housing estates. Housebuilders welcome building in places where there is evident demand and agreement on both infrastructure plans and the kinds of housing that are required.

The Community Infrastructure Levy plus section 106 contributions are resented by developers because they add to uncertainty or risk, and have to be paid before the value is realised, which is when homes are sold and occupied, and registered with the Valuation Office. As charts produced by Pete Redman, shown in Fig. 1, suggest, building away from existing settlements is wasteful so long as there are sites within easy reach of places where people want to live and work.¹²

A report on economic issues involved in building eco-towns,⁴ produced in support of the *Beyond Ecotowns* report, sets out a series of proposals for breaking the barriers in developing exemplary new settlements. These proposals were supported by an action research project funded by the Joseph Rowntree Foundation to share experience between 12 new communities in different parts of England (which informed the building of Derwenthorpe). The



Above

Fig. 2 Post-war housing supply and average house prices

Source: A. Parvin, D. Saxby, C. Cerulli, T. Schneider: *A Right to Build. The Next Mass-Housebuilding Industry*. University of Sheffield School of Architecture, 2011. http://issuu.com/alastairparvin/docs/2011_07_06_arighttobuild

research also included a short visit to learn from the Dutch approach to building new settlements.¹³ The solutions combine strategic spatial planning – deciding what is to be built where – with decisions on funding infrastructure so that development and infrastructure are properly joined up. It requires local authorities to take the lead, not simply respond to proposals from developers.

By raising private funds through a state investment bank, as in the examples of Vathorst in the Netherlands or Rieselfeld in Freiburg, and taking over the land at close to existing use value, developments have been able to fund superb local infrastructure in advance of people moving in – such as district heating schemes and electric trams, which cut energy costs and reduce carbon dioxide emissions, and open spaces that encourage walking and cycling. Money that would have gone to the landowner or consultants in the UK has been invested in infrastructure that adds to the ‘common wealth’. In turn, private investors have secured higher returns on their savings.

Controlling land values

Of course, the issue of bonds to pensioners cannot transform the situation on its own so long as land values are so high. It therefore needs to be linked with ways of mobilising land, through tapping into the uplift of land values on designated strategic sites (ones that can yield more than 1,000 units). We must also get land values down if houses are ever to be affordable. For whereas housebuilding has been stuck, house prices have soared, as Fig. 2 graphically shows, and land values have fluctuated even more wildly.

While the challenge of sharing in betterment seems to have defeated the British, continental

countries have largely managed to escape house price inflation, and all the problems associated with it. One answer is to copy the Danes, and tax land with planning permission for housing, which is an excellent way of stimulating development (and could form part of long-overdue updating of property taxation). Another method is to adopt the German approach of ‘freezing land values’ in areas designated for development, which is said to be the real secret of the success in growing cities like Freiburg and its exemplary urban extensions of Vauban and Rieselfeld. The policy would help to simplify a process which would otherwise result in complex and time-consuming negotiations over section 106 agreements or the Community Infrastructure Levy. An explanation by Wulf Daseking, the former Director of Development at Freiburg, of how the system worked is given in Box 2.

Even if land values were greatly reduced, there would still be the problem of incentivising enough activity to double output. A rough estimate of the amount to be raised through bonds, assisted by a British Investment Bank, suggests raising some £10 billion a year, which is significantly less than is required to replace our worn-out infrastructure (costed at £500 billion) but significantly more than the £3 billion allocated to the Green Investment Bank.

This could well be made available if it were secured against land with planning permission for housing, as UK pension funds have very little investment in property, and almost nothing in housing, unlike their continental counterparts. A commitment from central government to make £1-2 billion available each year for affordable housing (as the Homes and Communities Agency has requested) would not only boost private investment, but would also help build

Box 2

German policy for developing unused land

Under German Building Codes 165-171, the urban planning law enables the speedy procurement of unused land. It is used to mobilise land for development and to finance municipal development costs in situations where there is an increasing demand for housing, workspace, or public facilities. The measure is financed from the uplift in land values following development.

The municipality buys land at existing use value, and then sells the land when it has been planned and serviced for the price of undeveloped plots. The difference is used to fund social infrastructure such as schools, parking and green areas, and other costs involved in planning and development. Owners can fend off the purchase if they are willing to carry out development in accordance with the plan, in which case the municipality gets some compensation.

the balanced communities that are needed. Furthermore, it should not have to count against Public Sector Borrowing if we followed European public accounting practice, as cities elsewhere do.

Conclusions

Currently, almost any proposal has to survive an ordeal of criticism because there are no agreed rules for where development should be taking place. By identifying and assessing appropriate sites, and then adopting a charter, as in Cambridgeshire, faster progress could be made and better results for all secured. By pooling land in development sites and capturing the majority of the uplift in values, sensible decisions can be taken on what community benefits to provide, such as affordable housing for local people. By selling off sites to many more small housebuilders, the speed of development can be accelerated through offering greater choice. All this is possible without changing the system. But something must also be done to fix our broken financial system.

Using a British Investment Bank would be the simplest method of breaking all the barriers and building neighbourhoods fit for the 21st century. A British Investment Bank would ensure that good projects get funded, that risks are minimised, and that local authorities do not abuse the promised freedoms they are grudgingly being offered. It would also help give pensioners, and those who manage their savings, the confidence to invest in building new homes, not just in buying existing ones to rent. Combined with a reform of the system for valuing land (perhaps by charging the equivalent of council tax on housing sites in designated growth or regeneration areas so that holding costs reflect opportunity costs), it would help turn visions into reality – and in our lifetimes.

•Dr Nicholas Falk is the founder Director of URBED, and co-author with David Rudlin of *Sustainable Urban Neighbourhood: Building the 21st Century Home*. He worked with Sir Peter Hall on *Good Cities, Better Lives: How Europe Discovered the Lost Art of Urbanism*. This article is adapted from evidence he gave to the Lyons Housing Review. The views expressed are personal.

Notes

- 1 *Town & Country Planning*, 2014, Vol. 83, Mar. Special Issue: 'Making New Garden Cities a Reality'
- 2 P. Hall, with contributions from N. Falk: *Good Cities, Better Lives: How Europe Discovered the Lost Art of Urbanism*. Routledge, 2013
- 3 *Beyond Ecotowns: Applying the Lessons from Europe*. PRP, URBED and Design for Homes, 2008. www.futurecommunities.net/files/images/1_3_Beyond_Eco-towns.pdf
- 4 N. Falk: *Beyond Ecotowns: The Economic Issues*. URBED, 2008. <http://media.urbed.coop.ccc.cdn.faelix.net/sites/default/files/Beyond%20Eco-towns%20-%20the%20economic%20issues.pdf>
- 5 N. Falk: *Funding Housing and Local Growth: How a British Investment Bank Could Help*. Smith Institute, Jun. 2014 (forthcoming)
- 6 K. Barker: *Delivering Stability: Securing our Future Housing Needs*. Review of Housing Supply. HM Treasury, 2004
- 7 See P. Cheshire: 'Greenbelt myth is the driving force behind the housing crisis'. *The Conversation*, 12 Sept. 2013. <http://blogs.lse.ac.uk/politicsandpolicy/archives/36445>
- 8 *Building the Homes and Communities Britain Needs*. Report of the Future Homes Commission. RIBA, 2012. www.architecture.com/HomeWise/News/FutureHomesCommission.aspx
- 9 S. Monk and C. Whitehead: *Making Housing More Affordable: The Role of Intermediate Tenures*. Wiley-Blackwell, 2010
- 10 N. Falk: 'Masterplanning and infrastructure in new communities in Europe'. In S. Tiesdell and D. Adams: *Urban Design and the Real Estate Development Process*. Wiley, 2010
- 11 *Cambridge Sub-Region Long Term Delivery Plan*. Deloitte, for Cambridgeshire Horizons, 2007
- 12 Pete Redman at TradeRisks provided statistical information for URBED's submission to the Wolfson Economics Prize competition
- 13 M. Carley and N. Falk: *How Can Local Government Build Sustainable Urban Neighbourhoods?* Joseph Rowntree Foundation, 2012. www.jrf.org.uk/publications/local-government-sustainable-urban-neighbourhoods

intra-city transport links too. The full range of options or scenarios for 'smarter urbanisation' need to be assessed. The best returns will come through the public sector buying up land before plans have been worked out, as the World Bank has argued in its excellent recent book on land value capture.³³

The potential uplift in land values, which is the government's preferred method of assessing value for money, should help us make better investment decisions, such as where to locate a new generation of Garden Cities or sustainable urban extensions.³⁴ Influential research by Thomas Piketty, and also by Tony Atkinson, has revealed how much of the wealth in the UK is bound up in housing – this has been illustrated in the useful chart produced by Michael Edwards, shown in Fig. 2.³⁵ Escalating house prices are blamed for reinforcing inter-generation inequalities and diverting funds from investment in industry.

Areas with high land values could raise bonds to 'pool land' on complex sites (as the Housing White Paper suggests) and hence contribute to upgrading local transit systems that would improve life for all.³⁶ They could make serviced plots available on a leasehold basis, like London's 'great estates', so that long-term investors such as pensioners could share in ground rents on rising values, and small builders could have a better chance of playing their part in the housebuilding market. Community land trusts could then act as stewards of the public realm (like the prototypes in Letchworth and Milton Keynes).

The National Infrastructure Commission, through its role in assessing major projects and infrastructure capacity, may hold the key. Techniques such as agent-based modelling offer a possible way forward,

and certainly deserve to be tested.³⁷ So, too, does policy-led multi-criteria analysis.³⁸ Multi-criteria analysis in a historic city like Oxford would consider not just time saved in getting to work, but also the impact of different transport investments on the growth of jobs and housing, which would be reflected in land values. A full analysis would also assess the social benefits to be gained through increasing the earnings of people living in the poorer parts of East Oxford, and in improving air quality and health more generally. This would require further research to support 'judgement in establishing objectives and criteria, as well as estimating the relative importance of weights and in judging the contribution of each option to each performance criterion.'³⁹

Fixing broken delivery systems

The challenges that the UK faces in upgrading its worn-out infrastructure are technically and politically complex. But tackling them is crucial if the country is to respond to the likely loss of confidence and community wellbeing after Brexit. This will require more than just a few grand projects such as High Speed 2; instead, it means, as the Eddington Transport Study recommended, enabling a range of small projects to go ahead that offer better value.⁴⁰ For this we need a planning and development system which addresses local constraints through action plans or strategies that mobilise private investment and community enterprise for inclusive growth and 'smarter urbanisation' at a sub-regional scale.

With the government starting to recognise the need for radical change, the time should be ripe for a breakthrough in planning and assessing projects

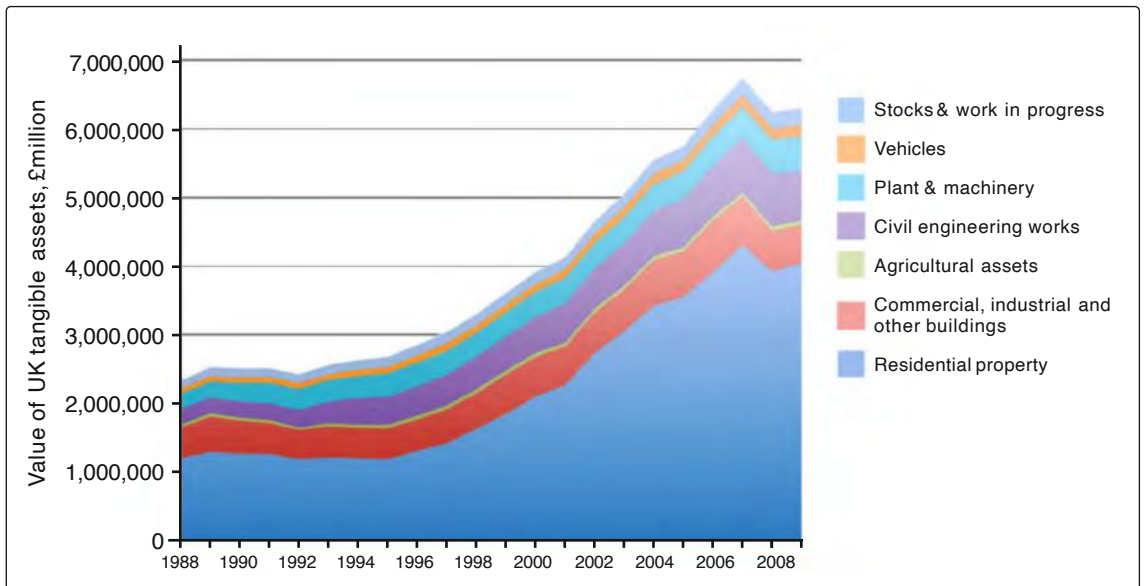


Fig. 2 UK tangible assets, 1988-2009

Source: M Edwards: *Prospects for Land, Rent and Housing in UK Cities*,³⁵ based on ONS non-financial balance sheets

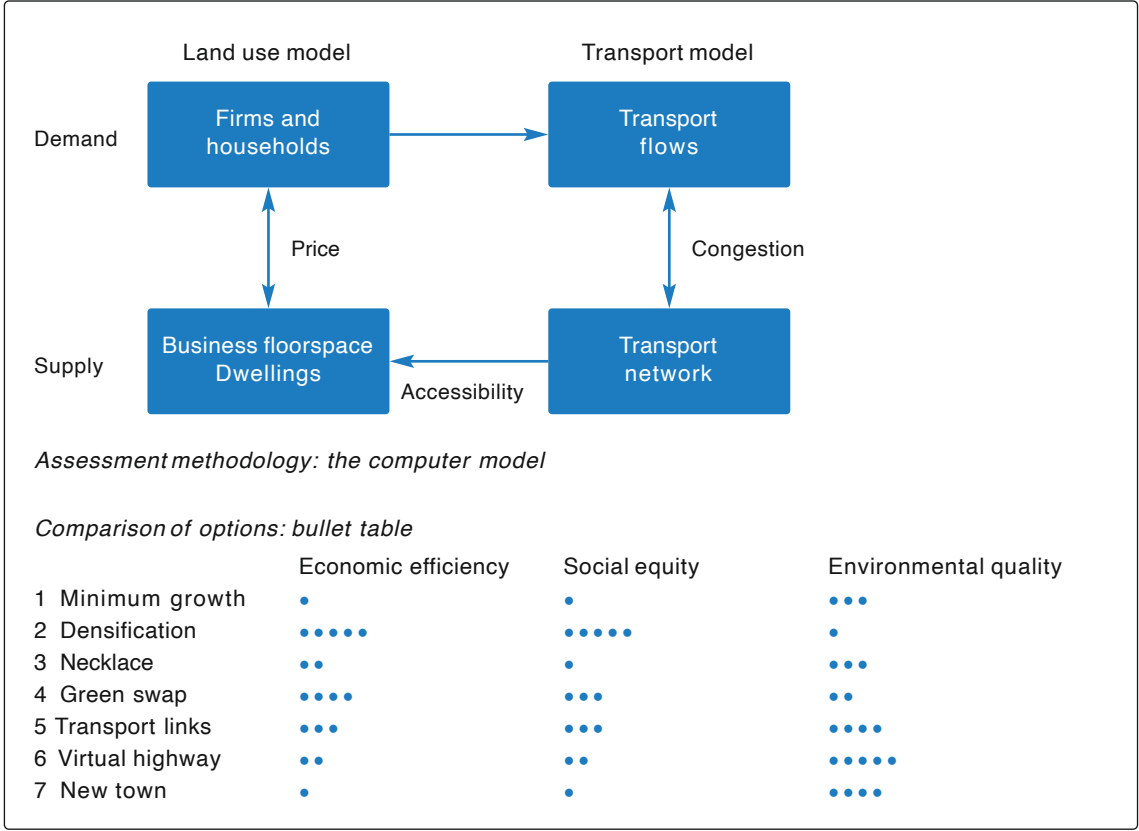


Fig.3 Cambridge Futures methodology and evaluation of options
 Source: Cambridge Futures⁴⁴

against the ‘three Es’ by which strategic planning can be judged:⁴¹

- *Effectiveness and environment*: Does it work (to produce desired results)?
- *Efficiency and economy*: Is it being delivered economically (to minimise waste)?
- *Equity*: Is it fair to all concerned (to promote social inclusion)?

Strategic planning could be as simple as ‘ABC’:⁴²

- *A: Ambition – creating a vision for quality growth*: The first stage in creating spatial growth strategies is for groups of adjoining local authorities to work together to plan to build housing where the infrastructure is adequate, or can be improved economically. The London Society’s recent White Paper, *Re/Shaping London*,⁴³ shows how that can be done in Outer West London, where Hounslow, Ealing and Brent need to collaborate with Hillingdon and Slough to make the most of the opportunities.

For example, it makes sense to take over large brownfield and under-used sites such as the Northolt airfield, which could become a Garden City for the 21st century. This is a location that already has three London Underground stations

and will benefit from the spare transport capacity released when Crossrail opens. Fig. 3⁴⁴ shows how the initial planning was carried out within the ‘Cambridge Futures 1’ study and then release appropriate sites.

- *B: Brokerage – mobilising enough resources*: The next stage is to harness land values. Unless land can be mobilised in the right locations and at the right cost, the numbers will never add up, and good sites will lie dormant. ‘Charging’ property-owners for their share of the cost of upgrading local infrastructure is probably the best way of raising enough public finance in the current political climate.⁴⁵ It would also seem fair to charge those who ‘sit on’ land with planning permission for the opportunity costs of delay, as is done in Copenhagen. This needs to form part of a proper reappraisal of our anachronistic council tax and business rate systems.

The justification for rethinking property taxes is that our major cities will face tougher competition in the wake of Brexit, with institutions putting investments on hold and companies expanding elsewhere. So, if full value is to be secured from transport investment in and around Heathrow, for example, then resources also need to go into

landscaping and opening up access to areas currently scarred by gravel pits and monoculture. Upgrading the Colne Valley Country Park that runs from Rickmansworth through to Heathrow could compensate for taking land out of the green belt and extending the airport runways.

- *C: Continuity – rebuilding local capacity*: Finally, as the Housing White Paper rightly recognises, planning needs to be positive and strategic, not just regulatory and defensive. Combined authorities should be taking the lead, using their powers to establish joint ventures or development corporations. ‘Charters for quality growth’, as used in Cambridgeshire,⁴⁶ can unite warring authorities and help to build a ‘shared vision’ between communities and developers who might otherwise waste time fighting.

But plans or charters will only be trusted if there are bodies with the necessary skills and resources to turn visions into reality. This means hiring the necessary staff to provide a degree of certainty. Interestingly, Croydon Council has gone from using a joint venture with a major builder to building its own homes through a wholly owned subsidiary company, Brick by Brick, that employs 12 people and uses low-cost finance and land that the council owns to make affordable housing viable.

Meeting the aspirations of the Housing White Paper requires appropriate delivery mechanisms and funding sources. For example, development corporations or joint ventures could use ‘growth bonds’ to leverage public investment in related infrastructure. But given all the uncertainties in the world, we need real leadership to overcome vested interests.

The housing crisis (and Brexit) should be used to overcome some of the disparities in our society through integrated development and transport planning. Such an approach should ‘trump’ property interests by sharing the uplift in land values more fairly.⁴⁷ If, on the other hand, we fail to build housing in the places they are most needed, the nation will lag ever further behind, as inequalities deepen and hope for a better life dissolves.

- Dr Nicholas Falk founded URBED in 1976, and is now Executive Director of The URBED Trust, with major projects in Oxford and India (www.urbedtrust.com). This is the last in a series of articles by the author in *Town & Country Planning* on strategic planning. The views expressed are personal.

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urban policy and new economic powerhouses

Nicholas Falk looks at how we might develop an urban policy for the 21st century based on agglomeration economies, devolved power, and smarter growth that links development with transport



Nicholas Falk

New housing at Paris Rive Gauche, a major regeneration scheme undertaken through public-private partnership

The idea of a 'Powerhouse for the North', based on the value of joining up cities in Yorkshire and Lancashire, could be the big idea that urban policy has so far lacked. However, as the 'project' is likely to trail far behind commitments to upgrading

transport and other infrastructure in the South, not to mention funding social services, it is worth considering the potential benefits from agglomeration, the impact of improved transport infrastructure, and the critical issue of where the funding is going to

come from. Without adequate answers to the very different issues of managing growth in the South and securing regeneration in the North, urban (and regional) policy will continue to be empty statements.

The benefits of agglomeration

While the idea of ‘agglomeration economies’ is centuries old, it was Professor Michael Porter from Harvard who brought it up to date, with his notion of ‘clusters’; while Ed Glaeser has shown how ‘smart cities’, such as Boston and Milan, have made the most of human capital.¹ An attempt was made to apply the cluster principles in one of Gordon Brown’s initiatives, but it ran out of steam, as did many other attempts to promote enterprise in areas that had lost their traditional role. The problem perhaps is that the very people who run successful enterprises, particularly the entrepreneurs involved in making products that are traded elsewhere, prefer to live in smaller towns and cities near their work.

Cities in the UK underperform compared with their continental rivals because there are far fewer independent firms left employing over 100 people; a rapacious City of London has encouraged mergers and takeovers, while a shortage of land for building has no doubt led many businesses to close and sell off their sites for out-of-town retailing or warehousing.

Each recession not only kills the vulnerable but makes others more risk-averse. So where is the growth of the ‘real economy’ going to come from, and would it make any difference for a business to feel part of a wider Northern economy, as opposed to owing its loyalty to, say, Manchester or Hebden Bridge?

The most compelling argument is the ‘law’ put forward by the American physicist Dr Geoffrey West, who argues that each doubling of population leads to a 15% increase in GNP per capita (and also crime rates and other less positive effects). So if Manchester were a city not of 500,000 but of 1 million, or even 4 million, perhaps graduates would choose to stay and set up in business, while other businesses would grow faster. Certainly ‘Zipf’s law’, which posits an interrelationship between the size of things, suggests that England’s major cities are far too small.

In 1999 another economist, Xavier Gabaix, showed how Zipf’s law related to cities. He demonstrated how in most countries the largest city is twice the size of the second city, three times the size of the third, etc. England, however, does not fit this rule because London is more than three times larger than any other city. If the problem is not that London is too large, then England seems to be missing its second city; and indeed all its cities are

Table 1
Population of England’s major cities and regional hinterlands, 1911-2011

	1911	1931	1951	1961	1971	1981	1991	2001	2011
Greater London	7,161	8,110	8,197	7,977	7,529	6,806	6,809	7,322	8,174
Inner London	4,998	4,893	3,679	3,481	3,060	2,550	2,627	2,859	3,232
Outer London	2,162	3,219	1,518	4,496	4,470	4,255	4,263	4,463	4,942
West Midlands	1,780	2,143	2,547	2,724	2,811	2,673	2,629	2,568	2,738
Birmingham	526	1,003	1,113	1,179	1,107	1,021	1,007	985	1,073
Greater Manchester	2,638	2,727	2,716	2,710	2,750	2,619	2,570	2,516	2,683
Manchester	714	766	703	657	554	403	439	423	503
West Yorkshire	1,852	1,939	1,985	2,002	2,090	2,067	2,085	2,083	2,226
Leeds	430	446	483	505	710	749	718	716	752
South Yorkshire	963	1,173	1,253	1,298	1,331	1,317	1,302	1,266	1,344
Sheffield	450	455	512	513	581	579	548	513	553
Merseyside	1,378	1,587	1,663	1,711	1,662	1,522	1,450	1,368	1,381
Liverpool	745	856	789	741	610	517	481	442	466
Tyne & Wear	1,105	1,201	1,201	1,241	1,218	1,155	1,130	1,087	1,105
Newcastle	112	267	286	292	336	312	384	266	280

Based on UK Census data

smaller than they should be if jobs and homes are to be kept in balance. This is largely due to the shift of population away from the crowded inner city areas when urban extensions and new towns were built in the post-war period, as the figures in Table 1 indicate.

But enterprise development depends above all on access to markets, and the internet has shrunk space. Public procurement policies of buying where it is cheapest favour the large – and often foreign – supplier. The loss of manufacturing giants makes it harder for the pygmies, as most business comes from sub-contracting. Back offices and call centres will never pay the wages needed to retain the most capable. So although it should be possible for areas to specialise, as Michael Porter suggests, the creative economy of Manchester will always be a small fraction of its London (or Berlin) equivalent, while many of the ties that linked the different textile towns together may have dissolved for all time.

Without a high quality of life, cities will lose the talented people that offer their best hopes of acting as powerhouses. As commuting time has a major impact on people's happiness, we need to rethink the relationship between where people work and where they live.

The impact of better transport links

While the appeal of HS2 is considerable, it is by no means essential for progress. Neither the Netherlands nor Germany are building new high-speed rail lines, relying instead on much more integrated transport systems. The exceptions of the French and the Spanish have much greater distances between their cities, and have profited from building both railway systems and tram lines.

The real challenge in the 21st century is not getting from London to Manchester faster, particularly as current trains are so frequent, but inducing people to switch from their cars to mass transit or bikes for local journeys, and encouraging them to spend time (and money) in town centres. Half the car journeys at peak time are said to be parents taking their children to school, while mail order and home deliveries are growing fast. While we in the UK have pruned back our railway system instead of converting rural lines into tram trains (as in Karlsruhe in Germany, for example), there are still lots of railway lines running across the Pennines or around cities in the South that could be readily upgraded, as well as a multitude of streets where cars need to be tamed.

So why do we always go for the big projects and omit the many small projects that the Eddington Transport Study argued offered much better value? The answer is that a centralised financial and governmental system run from London will always prefer the big projects that appear easier to fund and

Table 2
Growth cities in the East of England

Local authority	Population, 2008	Change since 1991, %
Cambridge	122,800	15
Chelmsford	167,100	9
Colchester	181,000	24
Ipswich	122,300	3
Luton	191,800	10
Norwich	135,800	9
Peterborough	164,000	6
Southend	164,300	2
East of England	5,728,700	12
England	51,446,200	7

Source: *Growth Cities*³

manage and that get the most media coverage. The current 'system' simply cannot join up investments to secure added value. Any progress towards making our cities more sustainable, or simply healthier and happier places in which to live, depends on devolving not only powers but also the means of financing local infrastructure and better connectivity.

Furthermore, with wages in the UK being so low, it is also vital both to keep transport costs down so that those on lower incomes, such as health workers, can afford some kind of a life, and to cut travel times so that people have some time for themselves or their families.

Powerhouses or greenhouses?

In searching for ways of boosting both economic growth and wellbeing, the UK needs to look beyond London and the 'core cities' to some of the smaller cities that have exhibited the greatest growth in recent years. In a global economy, the future of 'knowledge cities' like Cambridge or York is of more than local importance. The mechanical or electrical model of large cities as 'engines of growth' or 'powerhouses' no longer holds. Instead, what matters more is the ability of organisations that compete internationally to hold on to and attract good staff, and to extend the markets for their products and services.

Having examined 'growth cities' in the East of England (see Table 2), where cities such as Ipswich or Peterborough were falling behind the region as a whole, I believe strategic planning needs to pursue 'smarter growth' in which development and infrastructure are carefully matched, and where the obstacles to business growth are removed. What is needed is something far more akin to the art of gardening than the old mechanical sciences.³

Achieving smarter growth

In *Good Cities, Better Lives*,⁴ Peter Hall and I sought to show how other European cities have done a better job, and we looked to Germany for inspiration on how to promote economic growth. But it was in the ‘how’, rather than the ‘what’ that continental cities really beat those in the UK. Cities as different as Montpellier, Freiburg and Utrecht show us how to link new suburbs with new forms of work.

While the centres of the UK’s major cities have largely been upgraded over the past three decades, their edges are fraying. So the real task for urban policy over the next few years is to set out the steps for how resources of all kinds (including savings) can be better utilised, and the population rebalanced. The forgotten key is *strategic spatial planning* that links development to infrastructure, and that spreads the benefits to outlying areas.

We also need new sources of investment finance. With strong resistance to higher tax rates, it is going to be vital to tap into the development uplift in land values through ‘smarter growth’ to pay for related infrastructure up front. New Garden Cities are one means, as David Rudlin and I argued in our winning submission to the 2014 Wolfson Economics Prize, based on York and Oxford.⁵ More widely, we also need what David Rudlin and I call ‘Sustainable Urban Neighbourhoods’ in locations that are well served by public transport.⁶ This means rethinking our reliance on private developers to identify opportunities and reinventing agencies to do what the private sector never will.

By learning from planning (and financing) systems that work better, for example those in France (as

outlined in Fig. 1), and comparing differences in approach, we should regain the courage to go beyond simply setting targets and mouthing platitudes.

If we are to replace our broken planning machinery with proactive approaches that reflect local circumstances, we need inspiration. Of course, we can draw on the analogy of wars, where changes have to be made to mobilise and make best use of resources, but we also have the successes associated with the staging of the Olympic Games. Clearly, if enough resources are directed at a few simple goals, we can not only transform an area but also improve our competitive performance against the rest of the world. We can also learn from countries in Europe that have successfully devolved power to their cities, as France most notably has done, or from the rebuilding of Germany since reunification after the Berlin Wall came down.⁷ City Deals, which drew inspiration from the French *Contrats de ville*, are an important first step, but there are many more that need to be taken.

Of course, France has traditionally been pilloried by the English (perhaps because of Napoléon, who threatened our Empire, or because of our difficulties with the language). But undoubtedly the most modest and poorest French town enjoys a better-quality public realm than many of England’s richer market towns. French provincial cities such as Montpellier and Bordeaux have outperformed Paris since power was devolved to them under President Mitterrand, and are being extended around superb light rail systems.⁸ In turn, investment in new energy and transport systems has boosted French companies and opened up export markets. We

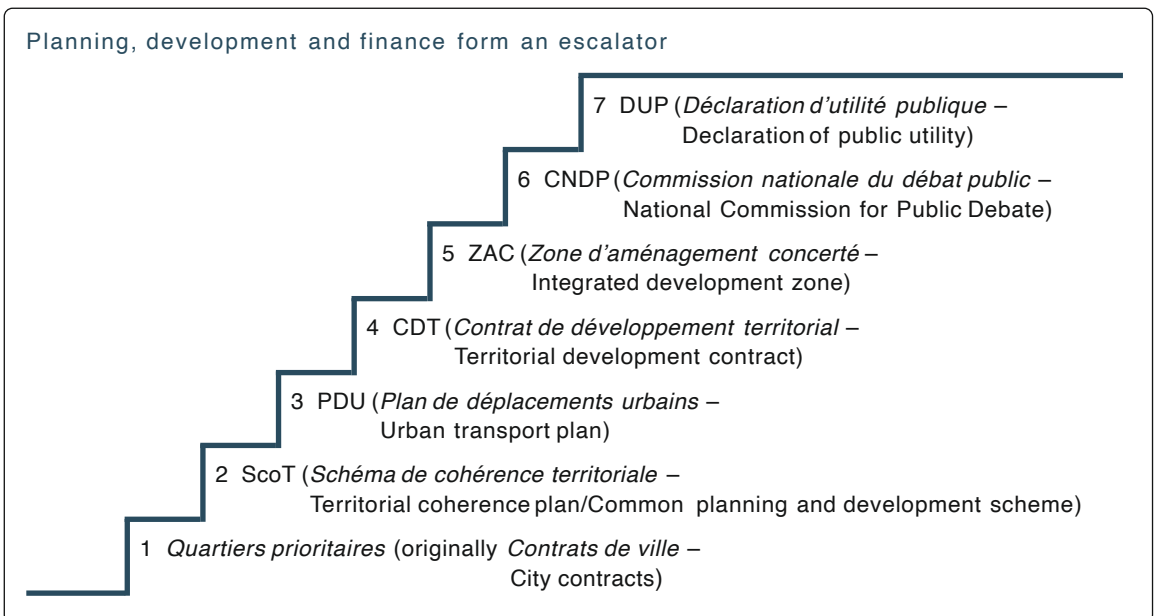


Fig. 1 The French model of smarter growth

could learn from the way that the French approach planning, and three lessons are outlined below:

- *Co-ordinated strategic plans*: In what is essentially a sequential, seven-stage process the local plans of the many thousands of local authorities are knitted together with regional plans. In considering progress in a poor part of North Eastern Paris, planners on a recent TEN Group⁹ visit were struck by the way that funding was made available for feasibility studies once the local plan had been accepted into the plan for the region of Île de France.¹⁰ Five local authorities had combined to give themselves greater influence in relation to Paris, and new metro and tram lines are being built to link up poorer areas with jobs and services, encouraged, no doubt, by periodic riots in the *banlieues* that surround the outer suburbs.
- *Local action plans*: Co-ordination is also secured at a more local level by designating *Zones d'aménagement concerté*, in which public funding is channelled to stimulate private investment. Private investors have confidence in development plans that link with transport, and in spatial planning decisions that link with public investment, so that spatial planning still has a kind of magic that has been lost in the UK. It may help that in France a distinction is made between *urbanisme*, or place-making, and *l'aménagement du territoire*, or what we might call spatial planning, while we in the UK use planning to cover the whole range of activities.
- *State investment bank*: Planning leads to action because the delivery mechanisms are less adversarial, helped by a better functioning system of public finance. *Sociétés d'économie mixte* or public-private partnerships are used for major regeneration schemes, such as Paris Rive Gauche. This huge mixed-use development, which is many times the size of the King's Cross railway lands, stretches between the Gare d'Austerlitz, where the tracks have been covered over to create development sites, out to the Périphérique, or inner ring road. A combination of a charge on employers for transport schemes (*taxe versement transport*) and the huge state investment bank, the Caisse des dépôts et consignations, helps to channel funds into the infrastructure projects that build great places, and to get regeneration going. Similar arrangements are to be found in Germany and the Netherlands, where greater economic and environmental progress has been made, as case studies have shown.¹¹

Conclusion

One of Peter Hall's main contributions to spatial planning was to promote the idea of containment, and of polycentric conurbations, as a new edition of *Built Environment* clearly demonstrates.¹² In wars, changes have to be made to mobilise resources, and in England we face a similar scale of challenges

now, as government funding is progressively cut while the population continues to increase. Climate and demographic changes are working against us.

In particular, we need to mobilise private investment behind building new homes and local infrastructure in places with real growth potential rather than sustaining inflated house prices, or subsidising vanity projects that will never pay off. The current regional boundaries stem from the Second World War and are no longer appropriate. Instead, we need to empower both city-regions and dynamic counties to undertake projects that build for 'posterity, not austerity'. Alternatively, we can expect our 'common wealth' to dissolve as economic decline, riots and despondency set in.

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achieving smarter growth in london and the south east

Nicholas Falk considers the challenges facing London's suburbs, and suggests that London could grow better if development efforts were to be concentrated on transport nodes and corridors



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New housing at Brentford Lock, alongside the Grand Union Canal



An indication of the extent of 400 metre (dark blue) and 800 metre (light blue) 'ped sheds' – areas encompassed by the walking distance from a local centre or rail station

London is dynamic and – whatever plans say – will continue to change and grow. The issue is *where* growth should take place, and how the environmental and social as well as economic impacts should be shared between the people and property owners that make up the wider city. Commissioning a new London Plan under a new Labour Mayor provides an opportunity to overhaul the planning toolkit and draw some lessons from places that seem to have succeeded in tackling the problems that concern most people living and working in London.

Over the past ten years I have led study tours for planners to learn from European cities, as well as revisiting New York on a number of occasions. We have been impressed by how the most successful places balance development and infrastructure, and ensure that housing is affordable for all. The conclusions are set out in a series of URBED reports under titles such as *Learning from Paris* or *Learning from Berlin*,¹ as well as in a book I helped Peter Hall to write.²

This short article focuses on the challenges facing London's suburbs, revisiting research that URBED carried out for the Greater London Authority³ to suggest how London could do much better by concentrating efforts on the growth corridors covered elsewhere in this issue of *Town & Country Planning*.⁴

The density dilemma

Despite all the good intentions and volumes of advice, and some notable developments, planning has failed to deliver on some key objectives outside Central London. House prices have outstripped average incomes, congestion has increased, and environmental quality is worsening in the hearts of our communities. Nowhere are the problems more acute than in the many smaller district and local centres afflicted by a combination of retailing trends, demographic shifts, and a lack of public

investment to reconcile cars and pedestrians or cyclists.⁵

With competing proposals, from densifying suburbia to building wherever land is available, and with painfully slow progress on building out the larger brownfield sites, there is an urgent need to reconsider the *shape* of London – in what could be crudely characterised as a debate between those who accept 'fat' cities, where people travel long distances to work, typically by car, and those who aim for 'fit' cities, such as Freiburg, which promotes itself as the '*City of short distances*', in which only a third of trips to work are made by car. In winning the 2014 Wolfson Economic Prize, David Rudlin and I showed⁶ how building new settlements at the edge of existing settlements on sites not yet allocated for housing could achieve what Ebenezer Howard was proposing in his famous diagram of the 'Social City'.

Of course, London is much larger than award-winning cities such as Copenhagen or Stockholm, attitudes to property are very different from those prevailing in German cities, and most London land values are extortionate. Nevertheless, if London is to live up to its claims of being an 'exemplary World City', the new London Plan would benefit from providing policies, as well as tools, for applying best practice. For example, density guidelines on the lines of the well-proven Dutch ABC model would encourage the highest-density developments at locations where transport accessibility is greatest or could be improved. Land value capture could then be used, as the advocates of 'transit-oriented development' suggest, to achieve higher-quality development than is usually feasible, with a mix of uses and tenures.⁷

Smarter growth

The following outlines four proposals that apply such an approach, and which should be tested

against social and environmental as well as economic objectives:

- *Building above railway lines:* While the construction difficulties of working near the railways deter private developers, there are sites – for example west of Ealing station or north of Euston – where property values could support such an initiative. Paris Rive Gauche is a very large mixed-use development on a new structure above the lines running from the Gare d’Austerlitz out to the Périphérique, the equivalent of London’s North Circular.

By stopping HS2 at Old Oak Common, and rethinking Crossrail 2, resources could be released to build highly connected commercial centres similar in scale to Canary Wharf. Development Corporations, as at Old Oak Common, could then ensure the right mix of public and private funding and secure a long-term and holistic perspective. The important message for strategic planning is to evaluate strategic alternatives or scenarios before too much is committed to detailed work, taking up the recommendations of, for example, Foresight or the Eddington Review.

- *Developing under-used land near stations:* There are still under-used sites near suburban railway stations, for example at Surbiton, where proactive planning briefs are called for to achieve a mix of uses and tenures. Some of the best opportunities lie along the Paddington Arm of the Grand Union Canal, which runs out to Uxbridge, and where much of the land alongside is degraded. Similar sights can be seen along the old Great Eastern railway lines running out from Liverpool Street. Developments such as Chiswick Park and South Acton show how quality can be achieved, as a report from the London Society shows.⁸ But too often speculation and the difficulties of reaching agreement lead to such sites being under-used for decades – good examples being provided by Southall Gasworks and land alongside the Grand Union Canal in Hillingdon and by case studies set out in a new report from the Centre for London.⁹

In some cases, the threat of using compulsory purchase powers may be effective, but better still would be the introduction of a form of site value rating, as in Copenhagen. Significantly, the uplift in land values from a new town at Örebro has been used to fund the first line of Copenhagen’s Metro. Many of the best opportunities lie near town centres and suburban stations, where planned intensification should provide the kinds of homes needed to attract older people out of under-occupied semis and into small apartment blocks with parking below and large balconies. Not only would this help to cater for the growing elderly population, but it would breathe new life and spending power into failing centres. The

houses that are released might usefully be acquired by a housing association and used to house young families, possibly through the kind of intensification recommended in the *Supurbia* report.¹⁰

- *Opening new railway lines:* There are parts of London, particularly in the west, where car usage and congestion is high, and public transport accessibility levels are relatively low. Yet these are near the very areas with most private sector jobs and economic growth potential. A new ‘West London Orbital’ light railway could expect to repeat the success of the Overground, which has increased usage by at least four times. An easier starting point is the freight-only line from Southall to Brentford, where a lot of high-quality housing is already being built overlooking the Grand Union Canal basin.

But a more ambitious scheme would utilise what is left of the disused railway line from West Drayton to Uxbridge and then running to Rickmansworth through the wastelands of the Colne Valley, and might be linked to a redesigned ‘West London Tram’ to tie isolated areas together.

If such a scheme were to be linked to developing a new country or water park to match that developed along the River Lea, support could well be secured for planned development in what is currently the Green Belt. By capturing the uplift in land values from building new housing, London could achieve the quality of development found in places such as Hammarby Sjöstad on the edge of Stockholm or HafenCity in Hamburg.¹¹ Such developments could form a ‘string of pearls’ that would boost the image of what is currently a largely ignored area around Heathrow, and thus appeal to existing residents as well as newcomers.

A new orbital rail project is likely to yield far better returns than some current ambitious rail projects, such as Crossrail 2, without all the disruption involved in digging up the Euston Road. The important point is that the new London Plan needs not only to consider different growth scenarios, but also to evaluate transport and development options using multiple criteria analysis, not just crude cost-benefit ratios. Inspiration can readily be drawn from the plan for Grand Paris, with all its new tram and metro lines, or the new park planned to run alongside the right bank of the Seine to the east of Paris to supplement all those that have already been developed on former industrial sites, such as the Parc de Bercy.

- *Creating a new Garden City for London:* The final idea applies the thinking that won URBED the 2014 Wolfson Economics Prize⁶ by proposing a site for a new Garden City within London’s boundaries. Of course, this should ideally be part of a new string of settlements aimed at bringing



Nicholas Falk

Örestad new town near Copenhagen

Howard and Abercrombie's visions up to date, but a start needs to be made somewhere. Airfields, while offering sites that are large enough, often suffer from poor accessibility. But Northolt Aerodrome in Hillingdon is served by three Underground stations, and the A4 runs alongside. It is no longer considered safe to use, and it should be relatively easy to find another airfield for use by visiting dignitaries and the royal family.

The benefits of a highly visible site where all the principles that the TCPA has drawn up for building sustainable 'eco-towns' could be applied would be enormous.¹² The experience could be used to promote British expertise to other countries, as well as illustrate to housebuilders what they should be aiming for. Indeed, such a scheme might be part of the compensation required for any further development at Heathrow.

By creating new lakes as part of the development, as for example Vienna has done in redeveloping its old airport, the problems of occasional flooding could be relieved. Indeed, by holding on to more of the water that flows into the River Colne and the Thames through extensive tree planting, the Thames Tunnel may no longer be needed to cope with occasional 'water events', thus saving every London household around £80 a year. This example shows the importance of the new London Plan having an economic as well as social and environmental dimensions to it.

Leading the way

The next London Plan should be a model for strategic planning in the 21st century. Planning in the UK has been widely discredited as an obstacle to good development. Hence it is important that the

new London Plan shows how proactive planning can be made to work for everyone's benefit, while facing up to the realities that any collapse in investment confidence will entail. This depends on cracking the fundamental obstacle of land by identifying *strategic sites* where different rules would apply.

Study tours such as those to Stockholm and Helsinki have shown that it is not so much the excellence of the architects as the way that land is brought forward that leads to high-quality or sustainable development. The Greater London Authority should add its support to changes already under consideration as far as land values are concerned, starting with sites that Transport for London owns. It could then propose a new approach to rating that penalises those who hold key sites vacant or in under-use. Finally, it could work with long-term investors to provide low-cost, long-term finance for local infrastructure and affordable housing, thus avoiding over-reliance on government largesse.

London owes it to the rest of the UK to release limited national funds for schemes that rebuild the economic base of Northern cities, and that help to restore the nation's worn-out infrastructure. The way that this could be done has already been set out in a previous article in *Town & Country Planning* that advocated some kind of 'Municipal Investment Corporation'¹³ to assess projects before they were funded through bonds. A report published by the Smith Institute illustrates how the idea works in France, the Netherlands and Germany.¹⁴

If this approach were linked, as in Paris, to the funding of feasibility studies for projects put forward by the London boroughs for incorporation in the London Plan, we could see the revival of strategic



Nicholas Falk

Wild landscape at Paris Rive Gauche

planning without the need for further legislation. By evaluating projects against multiple criteria, not just travel savings, we can make limited investment funds go further. Indeed, by requiring projects to apply the kinds of principles or tools needed for sustainable development, London could once again be leading the way.¹⁵

•Dr Nicholas Falk is the founder of URBED, a research and consultancy firm specialising in masterplanning and sustainable development, and is an economist and urbanist. The views expressed are personal.

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- 15 The Toolkit URBED prepared for the last Labour administration in June 2006, *Tomorrow's Suburbs Best Practice Guide: Tools for Making London's Suburbs More Sustainable*, has seven themes and plenty of examples and references to good practice to help overcome the shortage of experienced planners. It is available from the URBED website, at <http://urbed.coop/sites/default/files/GLA%20Sustainable%20Suburbs.pdf>

planning for posterity

Nicholas Falk looks at how to plan strategically to join up infrastructure capacity with new development, with the aim of making the lives of future generations better

How can we rebuild our capacity to invest for the future and think ahead? This article suggests how to make city- and county-regions work through strategic planning that joins up infrastructure capacity with new development.

It follows on from an earlier article on 'Urban policy and new economic powerhouses' in *Town & Country Planning*,¹ and the TCPA's Tomorrow Series Paper *Cities Are Crucial: Four Scenarios for a 21st Century Urban Policy*.²

Filling the gaps

With unprecedented cuts in council services and staffing and low housebuilding figures, planning is no longer trusted. Hard-pressed local authorities, barely coping and focused on scraping the financial barrel, are being asked to sell off land and release bigger sites for building houses to meet continuing shortages without proper spatial plans or mechanisms to ensure that the houses produced are truly affordable.

This policy of austerity cannot succeed so long as the handful of major housebuilders left after the last recession concentrate on the easy pickings, or bank land with planning permission for 'better days'. Strategic planning has virtually been abandoned, and planners end up on the defensive. We have an alphabet soup of unco-ordinated aspirations and are relying on foreign investors to rebuild our worn-out infrastructure.

As many have convincingly argued, we need *more* planning, not less. We should learn from what works elsewhere in Europe – planning for posterity, not austerity. This means joining up decisions on where new housing should go with transport capacity.³ It means tapping into the uplift in land values to help fund improved local infrastructure.⁴ Yet instead of 'transit-oriented development' we are getting car-based sprawl, based on the convenience of motorway junctions rather than the creation of living, working communities along integrated transit systems that favour walking and cycling.

As the Conservative peer Lord Wolfson argued in a House of Lords debate on the economic case for HS2:

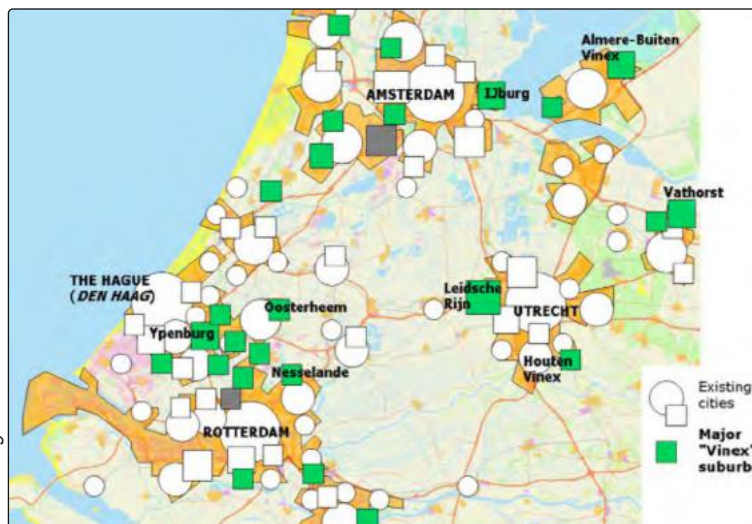
*'The alternative to HS2 is not another grand project; it is myriad small, high-return projects that would deliver benefits in the near future: bypasses, flyovers, underpasses, ... commuter line upgrades, carriage improvements, platform improvements and more. Such projects ... would serve the many rather than the few.'*⁵

Neighbourhood planning and localism cannot resolve the strategic challenge of deciding where we want growth to go, as most local communities are unable to work together at the larger and longer-term scales that are needed.⁶ Many of the best sites for growth lie on or near organisational borders – for example North Harlow, which is on the edge of both Essex and Hertfordshire, divided by the River Stort. There are simply too many interests that can block development, too many statutory organisations to reach agreement, and too little trust – for example, six local authorities have very different ideas for the future of Central Oxfordshire, and similar problems occur in most tightly bounded county towns. So-called Strategic Economic Plans operate in a vacuum and are not joined up with housing or infrastructure decisions.

Having abandoned all the regional machinery, and with little left in the Exchequer, what should be done to fill the gaps? How can the spirit of municipal enterprise, which underlies the success of so many continental European cities, be reignited in the UK?⁷

Making city-regions work

Attention is particularly needed in the areas with the greatest potential for economic growth, and where house prices are highest. In the North and Midlands at least, city-regions, such as those around Manchester and Birmingham, seem to be convincing the Government to delegate important powers, such as over local transport and health services. Alas, some may be taking on responsibilities they come



The Dutch increased their housing supply by 7.6% in just over a decade, largely through urban extensions

to regret: there is simply not enough profit from development to develop all the brownfield sites with large subsidies. A few cities, such as Sheffield, are showing that they can prioritise where development should be concentrated, having analysed housing capacity in the functional urban area.⁸ But these Northern cities are large enough to employ effective planning teams, with councillors who are concerned about the longer term and who support the 'Northern Powerhouse' (the sparsely resourced successor to the Northern Way) as a means to that end.

In the South, and especially outside London, the situation is quite different. We need to match the standards found in most European cities, and apply what in the USA is called 'smart growth' and 'transit-oriented development'. Often there is not the experience of positive planning to put effective briefs together, let alone the capacity to join up infrastructure with development. Combined Authorities may help in sharing skilled staff, as the experience of Cambridge City working with neighbouring South Cambridgeshire shows. But too much time has to be spent dealing with planning targets and unwanted proposals, so there is virtually no time left to consider the big picture, let alone think creatively, and 20 or so years ahead.

The British planning system builds on strong traditions but needs updating if we are ever to plan strategically and minimise waste. Planning Inspectors will take seriously only those applications that have gone through a series of expensive hoops, while better options are often ignored. Landowners and developers will not spend the time needed when the risks are high, while the 'issues and options' stage encourages speculation and inflates land prices.

Inspectors dismissing plans for not being ambitious enough send all the wrong signals. Combined Authorities that are running social services on falling

budgets can hardly be expected to manage urban change as well. Even where the Government provides funding for housing growth the sums involved (around £20 million) are quite insufficient to provide the advance infrastructure needed.

It is not surprising therefore that in fast-growing cities, such as Oxford or Cambridge, employers complain of the difficulties of attracting skilled staff. Skilled staff cannot find suitable and affordable housing near their jobs, while existing residents are squeezed out and complain of congestion. The very places that might help to rebuild our economy and tackle the housing crisis are hobbled. Government measures to simplify the system are cutting red tape lengthwise.

New Garden Cities and sustainable urban extensions

If we are to double housing output, and build better neighbourhoods, we need to think and work at scale. The old planning system is broken and never worked very well in resolving regional issues. So in response to the difficulties of implementing large-scale schemes, which include new planned Garden Cities, the five Wolfson Essay finalists agreed on three simple proposals:⁹

- As agreeing sites for growth was so controversial, they first proposed a new mechanism to select strategic sites – some kind of Commission to arbitrate in situations of conflict. Only an outside body can resolve conflicts at local authority borders. We need to start with infrastructure capacity, existing or planned, and respond to market signals as Kate Barker proposed, instead of local authorities having to contend with whatever applications are submitted.
- Second, appropriate land must be assembled at close to existing-use value – as happens, for example, in Germany, where there has been

Box 1
Oxford Futures – a tale of two cities

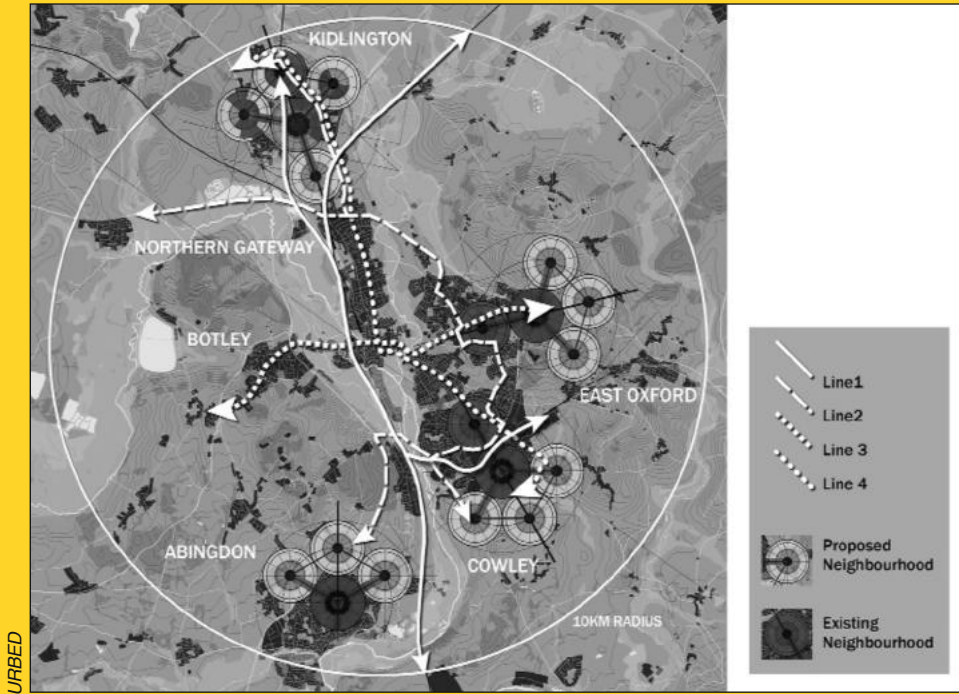


Fig. A Oxford Metro diagram showing how local transport could be progressively upgraded

Oxford, with its historic centre and unrealised development potential, is one of the country's least affordable cities to live in, and is the subject of rival bids for various unitary status options. Reorganisation is needed to resolve where new development is to go, and how the necessary local infrastructure is to be funded to maintain the city's position as an intellectual and economic 'greenhouse'. Lord Adonis and the National Infrastructure Commission have been tasked by the Government to look at the best way of connecting Oxford with Milton Keynes and Cambridge; but to many local people more urgent questions include how different parts of Oxford might be connected to resolve intolerable congestion on the north-south A34, and how to make housing affordable for all, not just for first-time buyers.

Oxford, like many British cities, suffers from extreme spatial polarisation between older areas and newer council housing estates, and from deep-

seated political differences between the City Council, which is Labour, and the surrounding Conservative councils, who understandably focus on country towns such as Bicester, Didcot and Witney. The city is tightly constrained by administrative boundaries that hem it in, and by a large green belt, which has been fiercely defended. As a consequence Oxford University is finding it hard to attract or retain junior lecturers and research staff, which threatens its world standing. Private sector jobs are not growing as they should. One of Britain's greatest economic assets is under-performing.

Yet, as URBED's Uxchester Garden City proposal showed,¹ Oxford could double in population by 2050 if just 5% of the tight green belt were reallocated, if development were allowed on the city's edges, and if Ebenezer Howard's principle of tapping the 'unearned increment' were applied. The submission that won the 2014 Wolfson Economics Prize showed how

virtually no house price inflation.¹⁰ Tapping land value uplift to help fund local infrastructure should be non-controversial. There is a degree of agreement among economists from the political left and right that the cost of land is the crucial variable that can pay for the local infrastructure needed for development to be viable. It is unfair for landowners to pocket all the uplift in values (what Ebenezer Howard called the 'unearned

increment') when permission is given for development.¹¹

- Third, and as the TCPA has long argued, special-purpose delivery vehicles are needed, ranging from city-developer partnerships to development agencies with New Town Development Corporation powers.¹² Management capacity as well as capable planners will be crucial to ensuring not only that development is located

forecast housing demand over the next 30 years or so could be met through sustainable urban extensions, applying Garden City principles. The differences in land values between housing and agricultural land was sufficient not just to build high-quality and affordable housing, but also to build the first in a series of tram lines, and a new country park.

The arguments were summarised in an article in the April 2014 edition of *Town & Country Planning*,ⁱⁱ which called for a 'Municipal Investment Corporation' modelled on the Dutch and German state banks such as BNG and KfW. Subsequent research drew on experience in Oxford's twin city of Grenoble and German university cities of how transit-oriented development could help tame the cars that currently dominate the city. An integrated system of local rail services, new light rail, and bus rapid transit along the A40 that runs past the old city would enable the centre to be given over to pedestrians and cyclists, and carbon dioxide emissions to be greatly reduced (see Fig. A). The proposals for 'Swift Rail' could re-energise local government by providing a new funding source from development in the right places.ⁱⁱⁱ

Oxford Central West, the recent report of a high-level workshop held at Nuffield College, shows that some 200 acres are available to support the rebuilding of Oxford station, possibly on a site closer to the new Westgate Shopping Centre.^{iv} The opportunities have become available through Oxford City Council acquiring the former railway yard site at Oxpens, with support from Nuffield College, which now controls the land between the college and the station. Network Rail has deferred electrifying the line until 2024, by which time a new station with four platforms to handle a much greater number of services should be up and running. The event, which brought together local stakeholders and the Oxford Civic Society, with outside experts from the Academy of Urbanism, came up with an agenda for resolving the strategic issues and creating the necessary delivery mechanisms.

In a subsequent visit to learn from Cambridge, a number of differences became apparent. The pace of development there has been much faster. In part this is because of initiatives by some of the colleges and latterly the University – which, for example have raised £350 million through a bond to build exemplary homes and facilities on land which has

been taken out of the green belt. But there has also been much greater collaboration between the local authorities so that the whole area around the station has been redeveloped, even when the original developer collapsed.

Credit was given to the role played by Cambridgeshire Horizons, which helped maintain the vision set out in the County's Structure Plan – for example supporting study tours and the creation of the *Cambridgeshire Quality Charter for Growth*,^v until it was abolished in the 'bonfire of the quangos'. The County has also played a key role in funding the guided busway, which is the spine along which new developments were proposed.

Although every city is different, the problems of joining up development with infrastructure are common, as experience in Colchester, Gloucester and York has revealed. While the City Deal process goes some way to focus public investment on growth 'hot spots', it does not overcome the forces of inertia, such as colleges hanging on to land, or the complexities of dealing with Network Rail and other public agencies, who have their own agendas and priorities. If the UK is to match the standards achieved by its main competitors, it surely needs to adopt similar approaches to strategic planning and infrastructure funding? The pent-up potential in Oxford, as well as ancient rivalries with Cambridge, should provide the stimulus for introducing long-awaited changes to dealing with land, and creating smarter cities, and could create a model for other British cities.

Notes

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- iv *Oxford Central West. Summary of Workshop Findings on Development around Oxford Station*. Oxford Futures, May 2016. www.oxfordfutures.org.uk/uploads/Oxford_Central_West_Report.pdf
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in the right places, but that communities grow rapidly with the necessary social as well as physical infrastructure, such as schools and leisure facilities.

URBED's proposals went further by arguing that new Garden Cities are feasible only in places where demand is strong, and that they should be located as urban extensions, not free-standing settlements,

to take advantage of existing infrastructure. Such an approach wins support even from free-market economists, who conclude from a review of all the evidence that urban policy should focus on 'improving skills in declining places and on investing in infrastructure and housing in more successful places.'¹³ Further support is provided in the World Bank study of the use of land value capture to fund transit systems.⁴

No more muddling through

The Government's commitment to devolution follows international trends, with the striking difference that the UK, almost uniquely, has no constitutional framework for sub-national control. With Brexit in the air, we need to rethink how we plan. Other countries have formal rights of devolved decision-making within a context of legally

binding subsidiarity.¹⁴ Here, the opportunities now presented are important, but ephemeral. For there needs to be overriding common purpose and leadership before collaboration across boundaries can work.

Developers' promotion of individual sites, sometimes fiercely contested, creates a patchwork of new development that is hard to relate to any



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Fig. 1 A plan for Uxcester Garden City, showing how cities can grow sustainably on their edges, using the example of Oxford

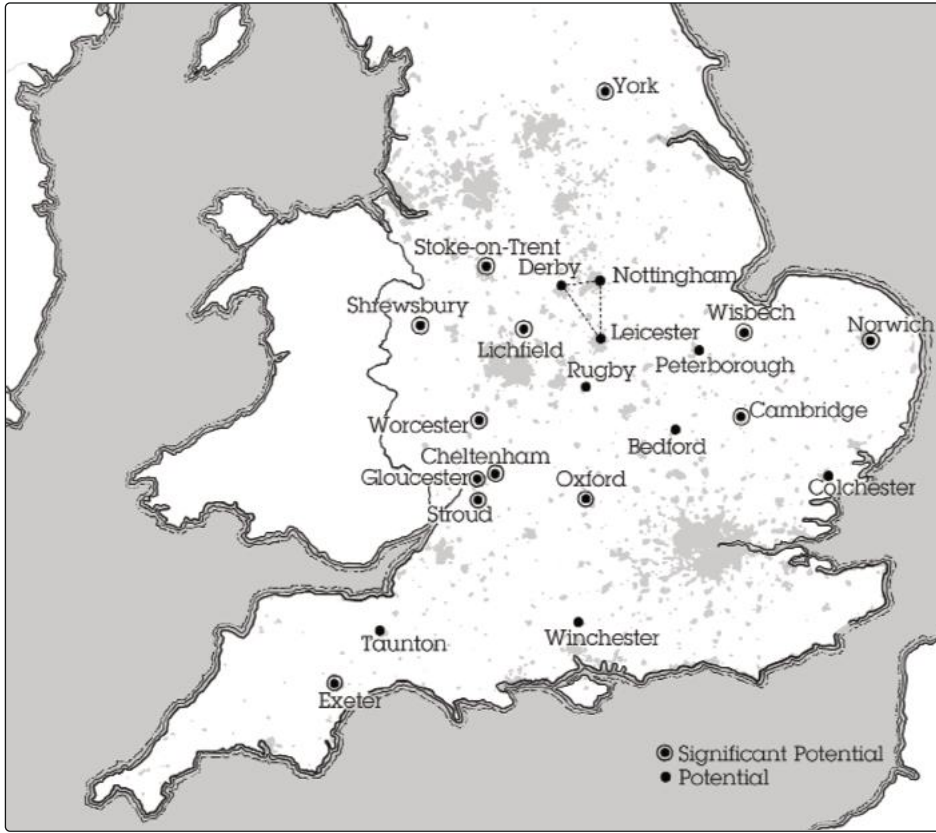


Fig. 2 Possible 'Swift Rail' locations with housing potential

broader vision or to good planning principles. Green belts, Areas of Outstanding Natural Beauty and the rest can obstruct creative solutions to local challenges and restrict local opportunity, and can stop us thinking about the longer term and the bigger picture.

Furthermore, despite so many objectives or constraints, there is no proper evaluation of the full impact of options, as required by the Treasury (and hitherto the European Union), as Ian Wray has clearly shown in his book on British planning, and instead we blunder along.¹⁵ Nationally, green belt policy is under great pressure, not least from the Government's policy of a presumption in favour of 'sustainable development'. The interaction between the two policies is highly uncertain and contested.

So, now, perhaps the central questions are whether the current and evolving planning processes can be used to resolve the conflicts and how better plans can be devised and implemented. URBED's winning Wolfson 2014 Economics Prize submission (see Box 1)¹⁶ showed how local infrastructure could be funded from land value uplift by building new homes in sustainable urban extensions in strategic locations. URBED has followed up these proposals in Oxford (see Fig. 1), as well as in cities such as Sheffield.

Planning for smarter growth

A new approach to strategic planning is needed for the places with most economic growth potential, places where people most want to live and work – 'greenhouses', so to speak. As research by the Centre for Cities has shown,¹⁷ these include many of the historic cathedral cities with universities that attract brain power. These are usually county towns as well, and sit on railway junctions, often with under-used local capacity (see Fig. 2). To succeed in growing ancient cities such as Colchester, Gloucester, Oxford or York in a sustainable way, we will need to draw on European models, such as those used in Montpellier in France and Amersfoort in the Netherlands, as well as, of course, Freiburg in Southern Germany, 'the city that did it all'.⁷

Of course, we cannot predict the future, but we do understand demographic trends, and so should be thinking more than a generation ahead, say to Britain 2050. The Foresight *Future of Cities* reports provide a good starting point.¹⁸ The final report argues that success should not be judged simply by GDP per capita, as cities are also *social hubs* and *environmental beacons*, as well as *economic assets*. It suggests assessing different possible scenarios against multiple criteria.

The available research evidence shows that current patterns of dispersed growth lead to higher

costs per head for service delivery and infrastructure; so urban form really matters. By 2036, the populations of major cities, especially London and in the South East, are forecast to grow by 21%, large cities by 16% and small cities by 15%, compared with 12% nationally. However, housebuilders find it more profitable to build around villages than to take on complex sites. So without changes to urban policy, the natural results in growing cities like Oxford or Gloucester will be gridlock, bankrupt county councils, and quite likely more urban riots. A much better urban policy would therefore follow our Uxchester approach¹⁶ or the Dutch VINEX model, and extend major urban areas where the infrastructure allows – for example, extending Harlow New Town in Essex across the railway line and River Stort into Hertfordshire.¹⁹

Instead of focusing on inter-city links we would get more value and community support and also save costs by concentrating first on cutting commuting times (and consequent pollution), and then promoting transit-oriented development. This could greatly reduce dependence on national taxation by tapping into pension funds, attracted by the higher returns from local infrastructure.²⁰ Research for the World Bank shows that the best returns come from joint ventures that share in the uplift in land values, rather than tax increment financing schemes. Most of the value comes within half a mile of a station or tram stop.⁴ Smarter growth means extending cities in ways that would cut travel times and energy consumption, and would be a suitable topic for the National Infrastructure Commission to take up.

‘By setting the level of infrastructure investment to match international competitors, and then allocating it where it will do most to close the gaps in living standards, we would reduce inequalities and achieve the goal of social justice’

A national strategy for smarter growth could form the basis for a new generation of City Deals between central government, smaller local authorities, and other interest groups. These should then be formalised in Local Investment Agreements, with contractual status to provide private investors with the confidence they need. A ‘Charter for Quality Growth’ (as drawn up in Cambridgeshire) could be used to shape partnerships between the public and

private sectors.²¹ Such a policy would require three basic and relatively simple steps:

- *Upgrading local public transport*, with better services and new stations, would provide easier access for jobs and services in neighbouring cities and help to overcome potential opposition on the grounds of congestion. URBED’s proposals for ‘Swift Rail’, modelled on the German Stadtschnellbahnsystem, show how modal shift in urban conurbations could be secured at relatively low cost.²² Multi-criteria analysis for local infrastructure projects would secure better value from investment with less argument. Improvements early on, as with London’s Congestion Charge, would help overcome the sceptics.
- *Assembling strategic sites* (some already publicly owned) would enable the uplift in land values from development to be channelled into high-quality infrastructure, rather than producing windfall gains for landowners. Reviewing some of the green belts would enable pressurised cities to ‘flex their belts’, and to tap into land value uplift. Organisations as different as the CPRE, the London School of Economics and the London Society seem to agree that development should be along transport corridors.²³ Land value uplift could fund what proponents such as Dieter Helm want by creating a ‘living landscape’ in place of arid fields.²⁴ The required changes to land compensation are quite simple, as Thomas Aubrey shows in a well-researched proposal.²⁵
- *Growing sustainable cities and healthy new towns* would minimise the need to use a car, and maximise the use of cycling and walking to support healthier lifestyles. An intelligent growth strategy would create what Brian Love calls ‘ConnectedCities’²⁶ through the kind of chain or network that Ebenezer Howard envisaged in his diagram for the Social City. Implementing joined-up development will require dedicated forms of governance, such as agencies with New Town Development Corporation powers, with measures for active community engagement, such as Community Land Trusts. Housebuilders should then be chosen on the basis of the quality of what they build, as in the best of developments in other parts of Europe,²⁷ not the size of their financial offer.

Harvesting the benefits

While these proposals may sound ambitious, they are all needed to give younger people a stake in a more sustainable future, and to plan for posterity rather than austerity. Furthermore, by setting the level of infrastructure investment to match international competitors, and then allocating it where it will do most to close the gaps in living standards, we would reduce inequalities and achieve the goal of social justice. By ensuring new housing

is linked to investment in local infrastructure, and taking advantage of low rates of interest, we can also cut the costs of development, and start to make housing both more affordable again and environmentally sensitive.

When these projects then raise productivity, as they should, and help minimise waste (for example by cutting the time taken to get to work, or avoiding the need to build expensive bypasses), we will also score on the goal of boosting economic growth. Of course, political judgements will still need to be made, but at least they can take some account of longer-term consequences rather than short-term electoral arithmetic.

Naturally there is nothing new in this. It is what Ebenezer Howard originally proposed and what the post-war New Towns started to do. All it needs is conversion to the cause of making the lives of future generations a little better – a mission that people from all sides should support.

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location, location and location – funding investment in local infrastructure

Nicholas Falk looks at how planning for housing and infrastructure can be linked together to get better value from public investment, by using multi-criteria analysis to assess strategic options and then by sharing the uplift in land values



Nicholas Falk

Part of Ørsted, a high-density satellite new town at the edge of Copenhagen, where a system of land value capture has been used

The Housing White Paper aims to fix a 'broken housing market', and calls for combined authorities to produce spatial development strategies that will 'join up' housing and infrastructure and 'allocate strategic sites'.¹ There is no shortage of ideas for

addressing the housing crisis² – but where are the funds going to come from to double housing output and make available the necessary land; and how can we make planning more 'proactive' again when so many local authorities are dispirited and under-staffed?

This article suggests how planning for housing and infrastructure can be linked together to get better value from public investment by using multi-criteria analysis to scope out and assess strategic options. It also proposes sharing the uplift in land values through the setting up of development corporations to promote complex schemes. This follows up earlier articles in *Town & Country Planning* lamenting the weak state of sub-regional planning in the UK and arguing that we need to 'go to scale' in building the housing that the UK desperately needs.³

The real challenges

The huge bill of over £500 billion for updating the UK's infrastructure systems set out in reports by McKinsey and Company and the Policy Exchange a few years ago makes it vital to make better choices.⁴ As infrastructure is a necessary but not a sufficient condition for economic growth, it needs to be located in the right places if the investment is to pay off. Every surveyor learns that there only three things that matter in property: 'location, location and location'. Yet short-term political pressures and 'silo thinking' make it hard to focus public investment where it will yield the best long-term value.⁵ This means not just producing simple short-term economic benefits, but also balancing longer-term social and environmental impacts, and tapping private investment where it is viable.

The consultation report for the previous Mayor of London's infrastructure plan provides some useful data on the expected capital expenditure in London over the next three decades.⁶ Even setting health requirements aside, the report still identified a need for capital expenditure on London's infrastructure between 2016 and 2050 of £1.3 trillion. Significantly, housing accounted for 41%, closely followed by transport at 35%, while energy trailed behind at 11%. Studies in both Milton Keynes and Cambridgeshire found similar orders of magnitude of required expenditure, while research into success stories from European cities has shown that they relied on access to low-cost, long-term patient capital.⁷

There is thus no escaping the fact that meeting national objectives such as doubling housing output or raising productivity depends on mobilising much greater levels of local investment than has been achieved in past decades or that government would be willing to fund – and that this will require different delivery mechanisms.

The task is made more complicated by eight 'facts of life':

- Much of the opposition to development, especially housebuilding in the South of England, stems from legitimate concerns over the impact on congestion (and related pollution).⁸
- Private developers and institutional investors will not fund major projects without assurances that infrastructure will be in place.

- Utility companies are also reluctant to commit to new infrastructure until spatial growth plans have been agreed.
- Infrastructure projects in the UK take many years to plan and implement (Crossrail was initiated in the 1940s, for example).
- Existing funding sources, such as the Community Infrastructure Levy (CIL) – which raises between 5% and 20% of the funding required for new infrastructure in an area⁹ – cannot fill the investment gap.
- There is little public appetite for increasing taxes, or trusting in commissions of inquiry.
- Land values are a critical part of the equation, but valuation should also take proper account of 'natural capital' and less tangible factors such as beauty and sustainability.¹⁰
- Rail and cycling suffer in competition with roads when cases are made for investment, owing to the difficulty of assessing the wider benefits (unlike the situation in French cities, for example).¹¹

How housing and infrastructure interact

Despite the obvious truism that economic growth and housing are interrelated, there is surprisingly little clear research on how far one shapes the other. Much of the work on 'urban form', while interesting, has been inconclusive.¹² However, there is evidence that the changing 'shape' of cities affects travel patterns.

First, much of the congestion on the roads and railways is caused by people commuting ever further to work, as David Metz has highlighted in a powerful short book, showing that in recent decades travel times have stayed relatively constant while travel distances have increased as services improve.¹³ As the public transport system is largely radial, suburban residents use their cars to make orbital journeys, and clog up the high streets of poorer town centres in the process.

Second, in the South East, many people take well over an hour to commute by rail into Central London, where bus usage has also risen rapidly over the last 20 years. The smaller the town, the more people tend to commute elsewhere to work. The larger university towns are the most self-contained, with higher cycling and walking levels, but also with roads that are congested from people driving to work from elsewhere.

Third, even within a relatively well serviced conurbation such as London and its surroundings, differences in accessibility (both in time and cost) can trap residents in disadvantaged areas, such as North Kent, while low-paid jobs in the centre are taken by immigrants crowded into inadequate housing.

Finally, much of the impacts or benefits from investment in improved inter-city transport are lost in higher house (and land) values as 'knowledge workers' move further away. House prices are

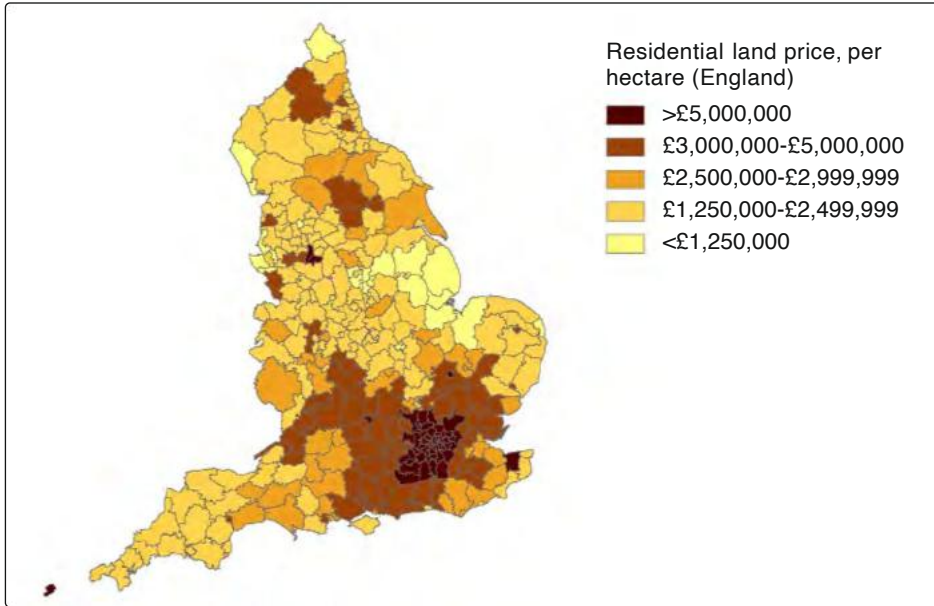


Fig. 1 Residential land price per hectare, England
 Source: Presentation by Paul Cheshire, LSE (Property Market Report, 2007)

affected by travel-to-work times, with a clear gradient as distances from major sources of employment such as London increase.¹⁴ Yet, as De Backer argues in an OECD policy paper quoted in a recent edition of *Built Environment*:

*‘When it comes to knowledge, distance does matter ... proximity is crucial ... Indeed technical knowledge, even in the hard sciences, is highly tacit and therefore far more effectively transmitted ‘face to face’.*¹⁵

In the essay that won the 2014 Wolfson Economics Prize, David Rudlin and I argued that the only practical way of building the number of houses that we need is through sustainable urban extensions or satellites in the places where people most want to live and work, such as Oxford or York.¹⁶ Ebenezer Howard’s ‘Social City’ diagram provided our inspiration. Pete Redman, our financial consultant, has shown that higher returns on investment are possible from urban infill or by extending areas with infrastructure capacity compared with developing new communities from scratch.¹⁷

Taking a holistic approach involves crossing spatial borders. Transport models such as SATURN¹⁸ are typically used at great cost to justify single projects or road options, without assessing the interrelationships of alternative growth scenarios or transport systems. Local authorities no longer have the staff, budget or ambition to explore spatial growth options properly. But improvements in GIS and mapping techniques have revolutionised the possibilities. So, for example, Transport for London has upgraded its online planning tool, WebCAT, to show how well-connected locations are in terms of transport as well as journey times.¹⁹ Prospective, founded by a

team of researchers from the Centre for Advanced Spatial Analysis at University College London, is building software that brings all the environmental constraints together and allows development impacts to be assessed at a sub-national or city region level.²⁰

Work on major national infrastructure projects such as High Speed 2, and work on Oxford-Milton Keynes-Cambridge links, is making clear the importance of local linkages to national projects.²¹ URBED’s work in Central Oxfordshire, following on from the 2014 Wolfson Economics Prize work, identified simple options for making better use of existing transport capacity through ‘Swift Rail’, but which require development and infrastructure planning for cities to be aligned.²² Similar principles can also be used to guide the growth of conurbations such as Sheffield.²³

Planning has to extend beyond local authority boundaries. Despite what politicians may claim, cities are not simple ‘engines’ or ‘drivers of growth’; any strategic growth plan has to take account of the wider functional urban area. Comparisons between British and continental European cities show that while London is in a class of its own as a ‘world city’, the UK’s provincial cities lag behind their continental counterparts in many aspects, including size.²⁴ In part this is because skilled staff and managers live elsewhere. Some of the most dynamic ‘high-tech’ employers, such as Dyson in Malmesbury or Renishaw in Stroud, are based in rural areas.

It is important not only to compare like with like, but also to distinguish between different types of location. The map shown in Fig. 1, taken from a presentation by London School of Economics

economist Paul Cheshire, shows land values for local government areas in England. Data is also available for each local authority area in a recent Department for Communities and Local Government report.²⁵ The two darker brown areas in the map, where land sells for £3 million per hectare or more, can provide enough land value uplift to meet social and environmental obligations, such as making housing affordable to local people.

How much of that land value uplift can be tapped into? Housing policy expert and market researcher Pete Redman is cautious about capturing land value uplift more generally. He thinks that the UK government is already spending large amounts on infrastructure renewal and improvement. He calculates that we need to spend about £88 billion a year, of which half should be private investment, whereas actual expenditure is a little over £60 billion; and the private contribution is about half of what it should be. He suggests that we could squeeze another £2.5 billion a year – to double the current contribution from the private housing sector. But others think that we might be able to tap into much more institutional finance if we took a more radical approach to property taxation, and took a share in the land before connectivity had been improved. For example the Centre for Progressive Capitalism calculates that:

‘The significantly lower figure of public land sales means that the potential incremental uplift for infrastructure investment is now £185bn over the next 20 years, £13bn more than our initial estimate of £172bn. The OECD recommends that countries invest around 3.5 per cent of GDP into infrastructure. Prior to the autumn statement the forecast for public sector net investment for the next five years was only 1.7 per cent of GDP. The autumn statement, which announced incremental financing, has boosted this to 2.1 per cent.’²⁶

So sharing in land value uplift could make a major contribution to funding local infrastructure. Studies for Transport for London carried out by KPMG and Savills suggest that as much as £13 billion-£28 billion could be raised towards the cost of eight transport schemes from the uplift in business rates, as well as from ‘zonal retention of land value increases’ and a ‘transport premium charge’; but clearly the situation in London is quite special.²⁷ URBED’s 2014 Wolfson Economics Award submission drew on Ebenezer Howard’s ‘Social City’ ideas, and proposed taking over land on the edge of cities such as Oxford, using low-cost bonds to fund the development of both a metro system to cut congestion and country parks to reduce flooding. This could be achieved through the use of new town development corporation powers, as promoted by the TCPA.

But this only will help cities where housing land values are high (the two areas coloured brown in the map in Fig. 1). House prices determine land values, and therefore development viability. For example, in Cambridgeshire, land in the Cambridge City Council area (which is 45 minutes by rail from King’s Cross) is valued at £5.7 million an acre before planning obligations, compared with £1.0 million in East Cambridgeshire (where Ely is growing fast), and only £370,000 in Fenland (where Wisbech is currently too cut off to attract good-quality housing development). Table 1, drawn up by Pete Redman, makes the differences clear. Unless a housing site can deliver at least £750,000 a hectare of uplift (about £300,000 an acre) for essential infrastructure and affordable housing, it will not be viable without subsidy.

A further distinction also needs to be made according to the roles of the towns and cities concerned, with industrial towns such as Stoke-on-Trent having quite different needs and potential from

Table 1
Example variations across England in the potential for land value uplift sharing

	Stoke-on-Trent	Peterborough	Reading	Sutton
Average open-market value, £ per hectare	160,000	230,000	300,000	410,000
Density, dwellings per hectare	30	40	60	120
Proportion delivered as affordable housing, %	10	20	25	30
Market sales value, £ per hectare	4,300,000	7,400,000	13,500,000	34,400,000
<i>Less</i>				
Land acquisition and preparation costs, £ per hectare	500,000	700,000	1,700,000	4,200,000
All-in development cost, £ per hectare	3,800,000	5,800,000	10,100,000	25,300,000
Balance for uplift sharing, £ per hectare	–	900,000	1,700,000	4,900,000

Source: Pete Redman, Housing Futures Ltd

metropolitan cities such as Manchester.²⁸ It is in the larger or 'core cities' that metro or tram systems should be viable through user charges. A city such as Leeds is competing in the same league as Lille in France or Leipzig in Germany, but currently lags behind them. Third-tier or metropolitan towns would often benefit from upgrading local transport infrastructure, but the 'whole' impacts on social and environmental capital need to be properly assessed and taken into account.

It can also be helpful to distinguish between central, inner and outer or rural areas, and different shapes of city. Thus linear cities²⁹ lend themselves to high-quality public transit and 'Swift Rail' services. When it comes to assessing major transport and development projects a 'polycentric' approach to spatial planning that distinguishes between growth and regeneration areas in terms of land or house values is essential.

Where can we best learn from?

As well as examining why cities such as Leeds and Bradford have failed to 'join up' transport and development, the UK should be learning from cities that have used transport to transform their economies and overcome social divides. *Good Cities, Better Lives*,¹¹ for example, highlights a range of continental European cities that could serve as models for how the UK could achieve better or 'smarter' growth. French cities were selected for the chapter on transport, but similar approaches are used throughout Europe, as the following three examples of 'smarter urbanisation' illustrate.³⁰ They are all 'regeneration' areas that lost traditional jobs over recent decades and therefore faced the same challenges as large British industrial towns and cities:

- The conurbation of *Lille* was transformed not just by securing a railway station on the high-speed line from London to Paris, but also by upgrading the area's local transport system at the same time. In what was known as the 'metropolitan compromise', implemented through a kind of 'city deal', some 80 communes supported the Mayor of Lille in return for upgrades to local transport³¹ – including a driverless metro linking the old industrial towns of Roubaix and Tourcoing, an upgraded tram to Roubaix, and an integrated high-quality bus system that knitted the whole agglomeration together. These upgrades were funded in part through the *versement transport*, a charge on the payroll of firms with more than ten employees. The French planning system of *l'aménagement du territoire* starts with consideration of the 'bigger picture' and funds feasibility studies of projects put forward by local councils.
- *Copenhagen*, a city generally reckoned to be one of the most attractive in Europe, has increased cycling rates to 37% by gradually taking space away from cars. Some of the city's growth is

being accommodated in a high-density satellite new town called Ørestad on the way to the airport, and seven minutes from the Central Station. Although growth has not been as rapid as planned, and a major shopping mall had to be built, the uplift in land values was used to fund the first line of the city's metro system. Copenhagen has pioneered land value capture, and sites with planning permission pay property taxes. From 1916 homeowners have paid 2% of the value of their homes, while land rent has ranged from 5% to 10% of GDP. Green fingers are used to concentrate development along transit corridors.

- In *Rotterdam* the old port area of Kop van Zuid has been transformed with stylish housing, connected to the centre by the iconic Erasmus Bridge and fast river taxis.³² The splendid new Rotterdam Centraal railway station symbolises the city's renaissance as a cultural city to rival Amsterdam, and, as well as local metro and tram services, the whole Randstad area (equivalent to Greater London) is tied together through 'Swift Rail' type services. Dutch planning is a model for how to integrate transport and development, with higher densities promoted around the most accessible locations through a simple 'ABC' classification system. Central control is used to ensure that schemes are viable – for example, Rotterdam was not allowed to build a new business park by its airport until the park near Amsterdam's Schipol Airport had been completed. South Amsterdam provides one of the best models of how to integrate transport with mixed high-density development, and should inspire similar efforts at Old Oak Common in London.

Joining up investment plans

With relatively low levels of investment in the UK compared with other parts of Northern Europe, even more difficult transport choices have to be made. This is crucial if 'know-how cities' such as Oxford and Cambridge, or the area of West London around Heathrow, are to compete globally and attract private finance on the scale needed. By contrast, efforts to regenerate older industrial areas such as in Stoke-on-Trent or Bradford cannot be accomplished through major transport projects alone, such as High Speed 2. Instead, a portfolio of public investment needs to be backed up by measures to make urban living much more attractive and create good-quality new jobs.

Making decisions by ranking transport projects using a relatively crude cost-benefit analysis is far too simplistic (although the WebTAG process has tried to take account of different factors). Studies such as that undertaken by the National Infrastructure Commission for the Cambridge-Milton Keynes-Oxford corridor are a great improvement, but there is a need to grapple with the problems of

intra-city transport links too. The full range of options or scenarios for ‘smarter urbanisation’ need to be assessed. The best returns will come through the public sector buying up land before plans have been worked out, as the World Bank has argued in its excellent recent book on land value capture.³³

The potential uplift in land values, which is the government’s preferred method of assessing value for money, should help us make better investment decisions, such as where to locate a new generation of Garden Cities or sustainable urban extensions.³⁴ Influential research by Thomas Piketty, and also by Tony Atkinson, has revealed how much of the wealth in the UK is bound up in housing – this has been illustrated in the useful chart produced by Michael Edwards, shown in Fig. 2.³⁵ Escalating house prices are blamed for reinforcing inter-generation inequalities and diverting funds from investment in industry.

Areas with high land values could raise bonds to ‘pool land’ on complex sites (as the Housing White Paper suggests) and hence contribute to upgrading local transit systems that would improve life for all.³⁶ They could make serviced plots available on a leasehold basis, like London’s ‘great estates’, so that long-term investors such as pensioners could share in ground rents on rising values, and small builders could have a better chance of playing their part in the housebuilding market. Community land trusts could then act as stewards of the public realm (like the prototypes in Letchworth and Milton Keynes).

The National Infrastructure Commission, through its role in assessing major projects and infrastructure capacity, may hold the key. Techniques such as agent-based modelling offer a possible way forward,

and certainly deserve to be tested.³⁷ So, too, does policy-led multi-criteria analysis.³⁸ Multi-criteria analysis in a historic city like Oxford would consider not just time saved in getting to work, but also the impact of different transport investments on the growth of jobs and housing, which would be reflected in land values. A full analysis would also assess the social benefits to be gained through increasing the earnings of people living in the poorer parts of East Oxford, and in improving air quality and health more generally. This would require further research to support ‘judgement in establishing objectives and criteria, as well as estimating the relative importance of weights and in judging the contribution of each option to each performance criterion.’³⁹

Fixing broken delivery systems

The challenges that the UK faces in upgrading its worn-out infrastructure are technically and politically complex. But tackling them is crucial if the country is to respond to the likely loss of confidence and community wellbeing after Brexit. This will require more than just a few grand projects such as High Speed 2; instead, it means, as the Eddington Transport Study recommended, enabling a range of small projects to go ahead that offer better value.⁴⁰ For this we need a planning and development system which addresses local constraints through action plans or strategies that mobilise private investment and community enterprise for inclusive growth and ‘smarter urbanisation’ at a sub-regional scale.

With the government starting to recognise the need for radical change, the time should be ripe for a breakthrough in planning and assessing projects

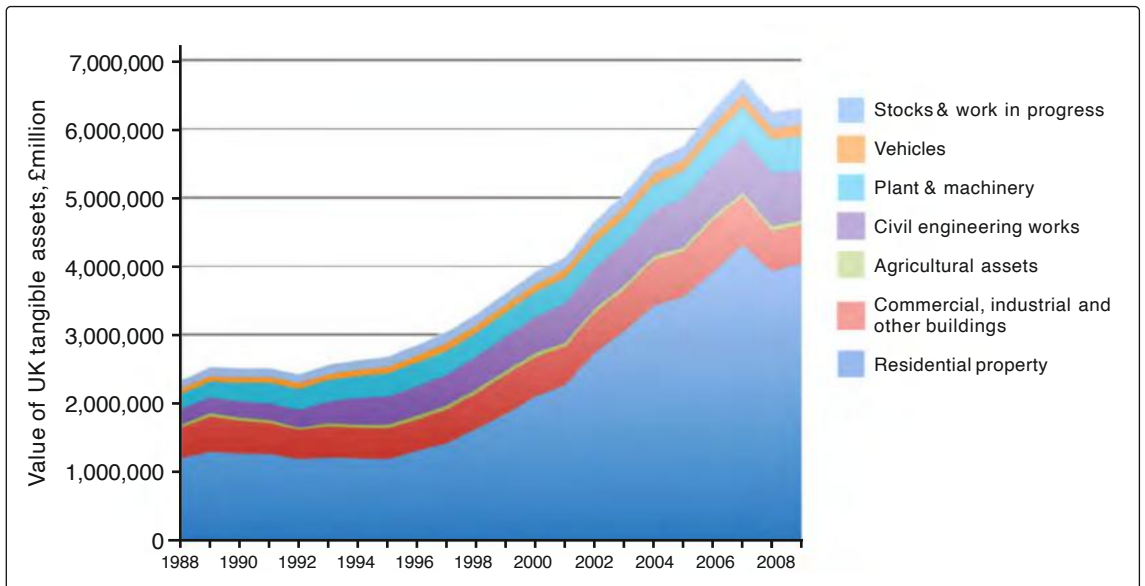


Fig. 2 UK tangible assets, 1988-2009

Source: M Edwards: *Prospects for Land, Rent and Housing in UK Cities*,³⁵ based on ONS non-financial balance sheets

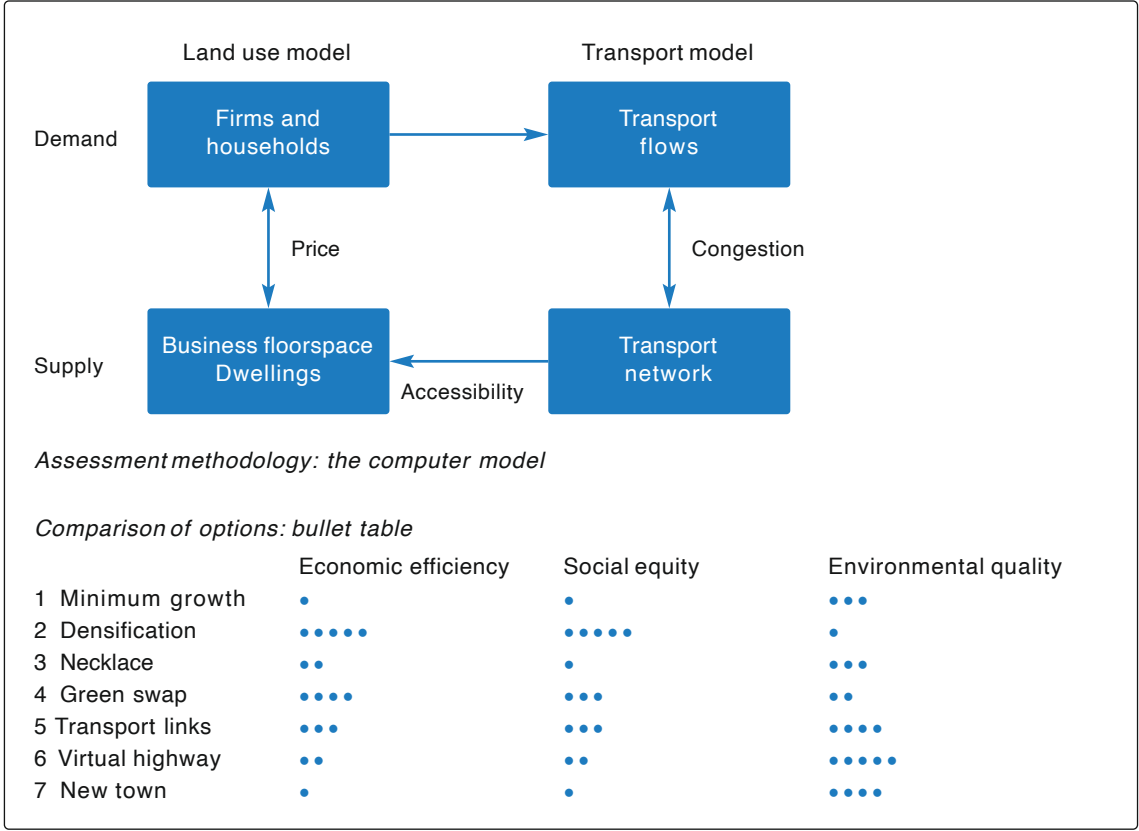


Fig.3 Cambridge Futures methodology and evaluation of options
 Source: Cambridge Futures⁴⁴

against the ‘three Es’ by which strategic planning can be judged:⁴¹

- *Effectiveness and environment*: Does it work (to produce desired results)?
- *Efficiency and economy*: Is it being delivered economically (to minimise waste)?
- *Equity*: Is it fair to all concerned (to promote social inclusion)?

Strategic planning could be as simple as ‘ABC’:⁴²

- *A: Ambition – creating a vision for quality growth*: The first stage in creating spatial growth strategies is for groups of adjoining local authorities to work together to plan to build housing where the infrastructure is adequate, or can be improved economically. The London Society’s recent White Paper, *Re/Shaping London*,⁴³ shows how that can be done in Outer West London, where Hounslow, Ealing and Brent need to collaborate with Hillingdon and Slough to make the most of the opportunities.

For example, it makes sense to take over large brownfield and under-used sites such as the Northolt airfield, which could become a Garden City for the 21st century. This is a location that already has three London Underground stations

and will benefit from the spare transport capacity released when Crossrail opens. Fig. 3⁴⁴ shows how the initial planning was carried out within the ‘Cambridge Futures 1’ study and then release appropriate sites.

- *B: Brokerage – mobilising enough resources*: The next stage is to harness land values. Unless land can be mobilised in the right locations and at the right cost, the numbers will never add up, and good sites will lie dormant. ‘Charging’ property-owners for their share of the cost of upgrading local infrastructure is probably the best way of raising enough public finance in the current political climate.⁴⁵ It would also seem fair to charge those who ‘sit on’ land with planning permission for the opportunity costs of delay, as is done in Copenhagen. This needs to form part of a proper reappraisal of our anachronistic council tax and business rate systems.

The justification for rethinking property taxes is that our major cities will face tougher competition in the wake of Brexit, with institutions putting investments on hold and companies expanding elsewhere. So, if full value is to be secured from transport investment in and around Heathrow, for example, then resources also need to go into

landscaping and opening up access to areas currently scarred by gravel pits and monoculture. Upgrading the Colne Valley Country Park that runs from Rickmansworth through to Heathrow could compensate for taking land out of the green belt and extending the airport runways.

- *C: Continuity – rebuilding local capacity*: Finally, as the Housing White Paper rightly recognises, planning needs to be positive and strategic, not just regulatory and defensive. Combined authorities should be taking the lead, using their powers to establish joint ventures or development corporations. ‘Charters for quality growth’, as used in Cambridgeshire,⁴⁶ can unite warring authorities and help to build a ‘shared vision’ between communities and developers who might otherwise waste time fighting.

But plans or charters will only be trusted if there are bodies with the necessary skills and resources to turn visions into reality. This means hiring the necessary staff to provide a degree of certainty. Interestingly, Croydon Council has gone from using a joint venture with a major builder to building its own homes through a wholly owned subsidiary company, Brick by Brick, that employs 12 people and uses low-cost finance and land that the council owns to make affordable housing viable.

Meeting the aspirations of the Housing White Paper requires appropriate delivery mechanisms and funding sources. For example, development corporations or joint ventures could use ‘growth bonds’ to leverage public investment in related infrastructure. But given all the uncertainties in the world, we need real leadership to overcome vested interests.

The housing crisis (and Brexit) should be used to overcome some of the disparities in our society through integrated development and transport planning. Such an approach should ‘trump’ property interests by sharing the uplift in land values more fairly.⁴⁷ If, on the other hand, we fail to build housing in the places they are most needed, the nation will lag ever further behind, as inequalities deepen and hope for a better life dissolves.

- Dr Nicholas Falk founded URBED in 1976, and is now Executive Director of The URBED Trust, with major projects in Oxford and India (www.urbedtrust.com). This is the last in a series of articles by the author in *Town & Country Planning* on strategic planning. The views expressed are personal.

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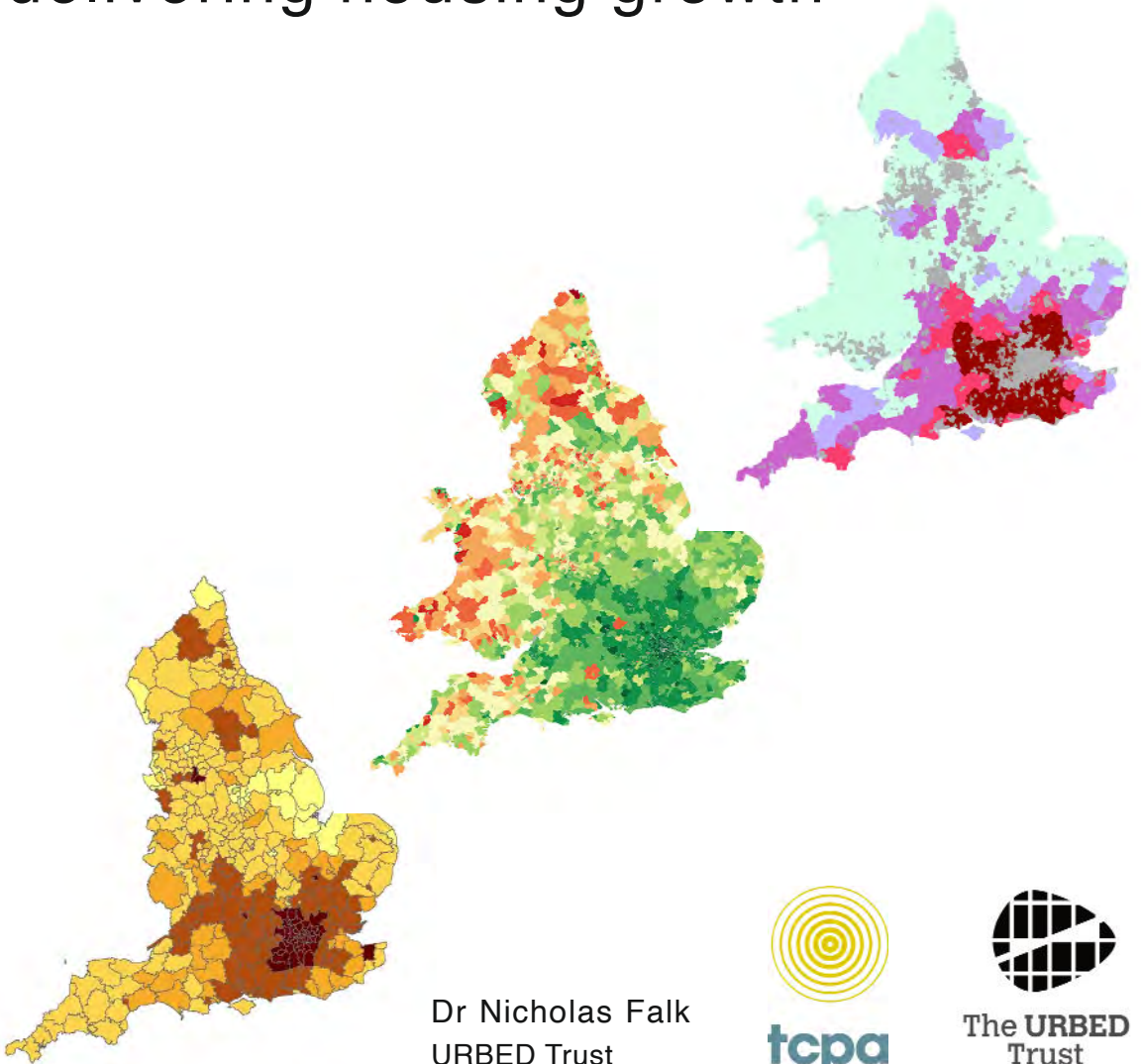
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Town & Country Planning
Tomorrow Series Paper 20

sharing the uplift in land values

a fairer system for funding and
delivering housing growth



Dr Nicholas Falk
URBED Trust



Executive summary

This Town & Country Planning Tomorrow Series Paper considers how we can use land reform to achieve a fairer society while also promoting local economic growth and a better environment. The first version of this paper was produced as a blog for the Royal Society of Arts' Inclusive Growth Commission on disparities in delivering services.^a A second version, incorporating a range of possible solutions, was produced as a think-piece for the UK2070 Commission working under Lord Bob Kerslake, which is concerned with narrowing regional differences.^b Parts of the argument have also appeared in an article in *The Political Quarterly* and in illustrated reports for Shelter and the Labour Party on increasing the delivery of homes that are widely affordable.^c

This Tomorrow Series Paper goes further by considering the wider issues of land value taxation and the funding of the local infrastructure needed to double the rate of housebuilding. Specifically, it shows how previous proposals could be implemented.

Reform of our taxation system is increasingly seen as fundamental to improving planning. The Raynsford Review of Planning in England, carried out for the TCPA, concluded that:

'the Treasury must partially redistribute capital gains tax and stamp duty to invest in the nation's deprived areas – with councils given powers to compulsorily purchase land at a price which allows communities to benefit from the uplift of values created by development.'^d

The UK faces a huge bill if it is to upgrade its worn-out infrastructure to cope with the demands on it – amounting to some £500 billion (and a billion is a thousand million!). There is growing agreement that building the housing we need, and creating a more sustainable (and fairer) society, depends on greatly increasing investment in local infrastructure, especially transport and affordable housing. But no-one can agree on how this should be paid for, or how regional disparities are to be addressed. As over Brexit, the UK seems stuck. So could land value capture offer a way out?

Changing direction

The first Section of this Tomorrow Series Paper deals with why towns and cities need to change direction by mobilising under-used land and making buildings (and people) better connected. Examples such as King's Cross in London or the London Docklands show how a transformation can be secured over time, as does earlier experience with the post-war New Towns or other post-war reconstruction.

The TCPA has a long record of promoting Ebenezer Howard's idea of using the 'unearned increment' of land value uplift to build Garden Cities, in an alternative

approach to taxation or land nationalisation. The Raynsford Review of Planning recommended that councils should be more proactive. And the Planning (Affordable Housing and Land Compensation) Bill put forward by Helen Hayes MP calls for a legal duty to 'capture betterment where it arises'. Yet despite the many reports produced by parliamentary committees and think-tanks of all political colours, land assembly continues to be a political hot potato, unlike in most other European countries, where spatial planning and urbanism are more proactive – as in France, Germany and the Netherlands, for example. A wider and more compelling set of arguments are needed that can gain all-party support – for example rebuilding our 'real' economy while safeguarding our legacy of natural capital.

Many British towns and cities need to change direction if they are to become more inclusive. At the same time, we need to deal with challenges such as climate change by growing well connected, medium-sized towns and cities in more sustainable and fairer ways. The actions required include giving streets back to people, creating better access to green and blue areas, and above all making good housing more affordable – all in what some call a 'Green New Deal'.

Achieving sustainable urban regeneration depends on unlocking hidden or forgotten assets, such as waterfronts, historic buildings or town centres, in order to narrow spatial inequalities and generate financial capital. Place-making needs to be more inclusive, and this will require a massive increase and shift in investment. The case for land reform starts with raising additional finance to help fund local infrastructure, the subject of the second Section of this Tomorrow Series Paper.

Achieving inclusive growth

Section 2 deals with the relationship between land values and housing affordability and hence inclusive growth, and explains why supply fails to respond to demand. If we are to raise the funds needed to upgrade our infrastructure, the risks and costs of development need to be reduced. Imaginative packaging of funds from different sources needs to be replicated much more widely. Joining up development with infrastructure investment will produce places that not only look better but are also fairer and have less impact on natural resources and the environment because development is concentrated where the infrastructure can cope. In this way development should encounter less opposition, and charges on landowners may even win popular support.

It has been argued that too much of our national transport budget is devoted to grand projects such as HS2, without the local infrastructure to support them, and that these projects largely benefit London. By instead focusing capital spending on making



A plan to extend Oxford as Uxcester Garden City won the 2014 Wolfson Economics Prize

urban conurbations or metropolitan areas work better, much greater benefits could be secured for less cost. Such a programme of works could also be used to create better jobs both in building and running local transport. Information technology could be used to differentiate between land and buildings, and to identify areas that have untapped development potential. The results would be more intelligent or smarter than leaving cities to sprawl. Public support could be secured by concentrating changes in taxation on the areas affected by strategic projects.

Funding local infrastructure

Section 3 considers how local infrastructure – the key to providing new housing – can be funded. It reaffirms the value of charging ground rents to cover the cost of utilities, and also of changing the way that domestic buildings are taxed. Previous reviews such as those carried out by Uthwatt (in 1942) and Mirrlees (in 2011), as well as more recent reports such as the IPPR’s *A Wealth of Difference* (2018), have called for reforms to recover more from wealthier property-owners.

By linking the raising of finance to projects that win local support, as US cities notably do by issuing

bonds, private investment can be increased in new projects that boost wealth generally (and possibly public resistance to them can be reduced), without losing the importance of public finance in maintaining basic standards.

Changes to property taxation are required to raise more funds from areas where land values are highest (basically the Greater South East), thus enabling national funds to be used to rebalance the economy and invest in areas where the social and environmental benefits will be greatest.

Planning for smarter urbanisation

Section 4 considers how to develop strategic spatial plans in ways that use scarce resources better while building the housing we need. Deciding between competing projects requires new forms of multi-criteria analysis that would benefit from changes in the way that property taxes are set and collected.

The benefits of building more housing, or a better planning system, cannot be achieved without tackling the land issue and the related issue of joining up development and infrastructure. Changes to the planning system need to deal differently with

areas according to levels of demand, and hence development economics would guide investment to where it will create the greatest value. The beauty of such an approach is that most of the country would be unaffected, while areas that need to change would be properly resourced.

Different approaches should therefore be introduced in 'growth areas' with high land values, where the economy is strongest, and in 'regeneration areas', where land values are relatively low and development costs can exceed sales value. But in both situations there is an overwhelming case for securing more benefits, such as affordable housing, in areas that will benefit from improved infrastructure. While the subject is complex and controversial, it is fundamental to achieving the national transformation that all political parties say they want – and to helping to restore local democracy in the process.

Implementing a step-change

Section 5 summarises 11 proposals for changing the way that development is planned and funded, put forward with the general aim of investing in projects that will be self-funding over the longer period while producing short-term social and environmental benefits that would command local support.

The proposals are grouped in terms of the reforms to spatial planning, public finance and local government organisation needed to produce the step-change that the UK requires:

- *Spatial planning for better returns:*
 - *Proposal 1: Spatial growth plans* should distinguish between areas in terms of their economic potential and hence land values in order to promote self-funding development in *growth areas* where it will add most value, without penalising areas where *regeneration* is needed or that should be left untouched.
 - *Proposal 2: A better model for land assembly* should tap 'marriage value' from putting adjoining land together and avoid 'free riders' (who hold land back until values have risen), thus opening up sites to a much wider range of developers and occupiers. Development frameworks should be used to help control land values in areas where uncertainties are high.
- *Public finance for infrastructure:*
 - *Proposal 3: A development land charge*, implemented as a levy on the sales value of new housing in growth areas, could replace the Community Infrastructure Levy and possibly other forms of property taxation to provide a straightforward means of funding local infrastructure.
 - *Proposal 4: Land value rating* should be used in growth areas to redistribute wealth and narrow spatial differences, alongside bringing values up to date through rates reassessment. Funds need to be raised from all property-owners that

benefit, not just from developers, while encouraging small businesses or housing development to make use of empty space, such as in town centres.

- *Proposal 5: Property tax reform* needs a Royal Commission to recommend the best ways of rationalising the various sources of funding such as council tax, inheritance tax, stamp duty, and the Community Infrastructure Levy in order to provide local authorities with better and fairer source of funding.
- *Proposal 6: Growth bonds* can be used raise private and institutional finance for the infrastructure needed for strategic new housing in areas with relatively high property values.
- *Proposal 7: Community or co-operative investment banks* should be set up at a regional level to make it more attractive for people to act collectively in tackling common problems such as affordability and climate change, while reducing the need for business-owners to borrow against the value of their homes.
- *Proposal 8: A Municipal Investment Corporation* should be set up to work in areas where there is support for boosting local authority capacity in devising and evaluating good projects, and also to package finance from all sources to help raise investment levels to European levels.⁹
- *Local government organisation to rebuild capacity:*
 - *Proposal 9: Development Corporations* would achieve smarter urbanisation and rapid growth by joining up land and infrastructure where major public investment is required.
 - *Proposal 10: Community land or development trusts* could regulate occupation and create fairer societies with a broader range of tenures.
 - *Proposal 11: Local infrastructure finance trusts* should be used to offer a means of pooling contributions from private investors and government.

Notes

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planning rapid transit for urban recovery

Calls for greater equality or levelling up can never be met without long-overdue changes in the way that we plan and deliver local infrastructure projects, says [Nicholas Falk](#)



NicholasFalk

A Nottingham Express Transit tram in Nottingham city centre

The government's decision to change direction on the plan for High Speed 2, which left major cities such as Bradford out in the cold, is enabling fresh thought to be given to how to connect up disadvantaged places and boost urban recovery. Britain's provincial cities not only lag far behind their continental equivalents in economic terms, but also lack the integrated transport systems that make getting around European cities much easier, as reports from the Centre for Cities have highlighted.¹ Two-thirds of people can reach the centres of the big European cities in which they live by public transport within half an hour, compared with only two-fifths in their UK equivalents. Now that cities are starting to

draw up plans for tackling climate change, it is ever more important to improve public transport, not only to cut pollution and hence improve public health, but also to give a boost to poorer areas and the people who live in them.

What makes a successful city region?

Transport is key to success in building successful city regions. What matters to most people is not the speed of getting from one city to another, but the reliability and cost of getting around the place in which they live and work. However, spatial planning in Britain is weak because development, transport and finance operate in separate silos, and depend

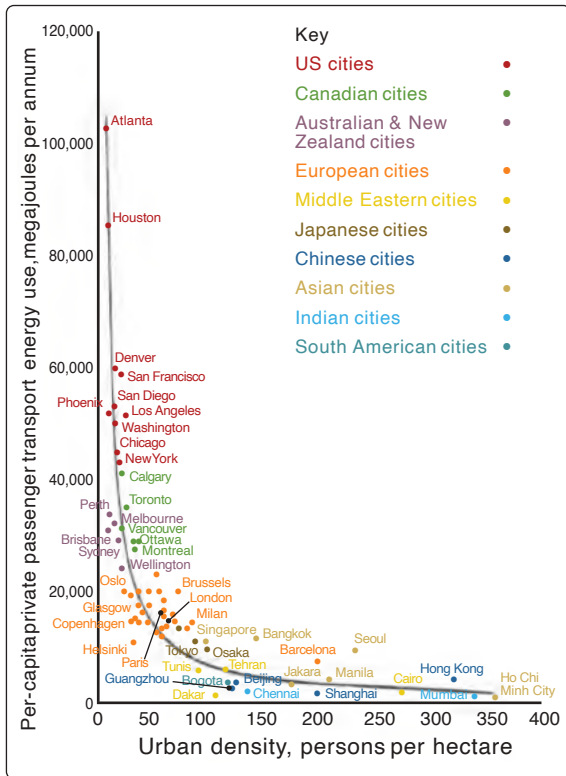


Fig. 1 Per-capita private passenger transport energy use and urban density in global cities

Source: P Newman: 'Density, the sustainability multiplier: some myths and truths with application to Perth, Australia'. Sustainability, 2014, Vol. 6(9), 6467–87

too much on central government. Few see the city as a whole and over the longer term. Higher-density areas consume less energy and hence create lower carbon emissions, as research reveals (see Fig. 1), but British cities are also hampered by low-rise buildings and sprawling suburbs — any expansion will lead to increased congestion and will be capped by the impossibility of increasing road capacity to meet the increased demand. Consequently, their future depends on reducing traffic, not on the introduction of electric or autonomous cars.

To make urban recovery or transformation viable, we need to rebuild at higher densities around railway stations. Under-used land on the edge of town centres can provide ideal homes for those looking for their first or last homes, as international models in good cities such as Vienna and Copenhagen demonstrate.² As I have argued in a series of articles in *Town & Country Planning*,³ this calls for different approaches to spatial planning, as well as measures to tap into land value uplift to help fund local infrastructure.⁴ Simply reacting to proposals from developers will never turn the tide.

Planners are now being asked to consider the impacts of their decisions on climate change as well as on 'levelling up', and the options before

them are ever more complex and of uncertain outcome. Meanwhile, shortages of both finance and capacity are creating interest in financial tools such as land value capture, and even potential reforms to property taxation.⁵

The City Investment Analysis Report report produced by the Climate Investment Commission, backed by the Core Cities, London Councils and the Connected Places Catapult, rightly calls for 'place-based investment demonstrators [...] public-private partnerships [and] more detailed planning to secure investment'.⁶ Interestingly, the contribution that rail could make is virtually ignored, although there is a reference to the Brentford-to-Southall scheme, which Jonathan Manns and I originally promoted as part of a concerted effort to reshape West London.⁷ However, without a focus such as a transport corridor, appropriate delivery mechanisms, and opportunities for investors to share in the uplift in land values from development, it is hard to see how the finance that is potentially available for 'green investment' will ever be tapped, or carbon emissions cut.

How rapid transit can help

The best way of reducing traffic and pollution in the centre of cities is to upgrade the quality of mass or public transport. That allows traffic to be taken out of the centre, and space to be given over to active travel, whether walking or cycling. Public transport needs to be frequent, regular and affordable to compete with the appeal of private cars. To find out how successful cities have funded and organised rapid transit systems, the Academy of Urbanism held an online seminar that highlighted four leading examples — the solutions it demonstrated included upgrading suburban rail, as with DART (the Dublin Area Rapid Transit), building overhead metros, as in Copenhagen, and even street-running trams, as in Aarhus, Nottingham, and Dublin. The full conclusions are set out in a report and series of particularly insightful videos,⁸ but some of the highlights are outlined below.

Light rail systems or tramways can work much better than buses because they offer better performance and carry many more people in comfort. They also have a permanence that will encourage developers to invest. A tramcar follows the narrow street-based path that its rails take it on, and can go round tight corners. And a steel wheel on a steel rail is much less polluting than rubber tyres. The upfront investment is usually greater, but needs to be evaluated as part of a total makeover of the city centre or the regeneration of an isolated area. This is because much of the infrastructure cost goes in upgrading underground utilities and remaking the street (French tramway proponents define this approach as 'façade to façade').

Trams have a particular contribution to make in historic cities, where densities are high, and where there are lots of tourist and students to pick up. Yet

even though cities such as Oxford and Cambridge lag behind comparable cities such as Grenoble or Heidelberg, there is no funding for proper feasibility studies to assess options, let alone pilot projects. URBED's report on a seminar held with experts from University College London in 2015 highlighted the gaps.⁹ A startling chart (see Fig. 2) showed that while Germany had maintained its large number of light rail systems, and France had rebuilt rapidly over the preceding 20 years, Britain had lagged far behind. It is no coincidence that French provincial cities have grown much faster than Paris, with Montpellier being the outstanding example of turning a sleepy university town into the fastest-growing French city, based on a technopole and an extensive tram system.

All the cities in these success stories put particular effort into engaging with communities to overcome possible opposition. Schemes were developed in phases so that people were won over. Partnerships were set up to pool resources, starting with public land in the case of Copenhagen. The uplift in land values from building the new town of Ørestad on the route to Copenhagen Airport was enough to fund the first line of the city's Metro. The public development company used to build Ørestad has gone on to redevelop redundant dockland, accompanied by the implementation of a second line. In Aarhus, Denmark's second city, the local authority acquires land far in advance of future development so that the community can control what happens and fully benefit from public investment.

Financing rapid transit

Because tram systems are expensive, they require major up-front commitments from local authorities. Many of the costs relate to the relocation of underground services and upgrading the public realm — which are not necessarily transport costs. It is hard to reduce costs, although economies can be made by buying systems such as ticketing off

the shelf rather than designing them afresh. However, once completed, most systems make a small operational profit:

- In Dublin initial funding for the Luas light rail system came from the Irish government, plus a loan from the European Investment Bank. When lines running outside the city centre were constructed, developers funded 50% of the cost through a planning levy.
- In Copenhagen the funding for the first line of the Metro came from loans raised by the Copenhagen City and Port Development Corporation, which were secured against the increased value of the land along the line after it had been re-zoned for development.
- In Aarhus the funding came largely from the city council, with other authorities sharing a quarter of the costs. In some cases developers have funded a new station and a section of a line.
- In Nottingham, central government provided 65% of the funding and local sources 35%. The Workplace Parking Levy (the first of its kind in the UK) brings in £10 million a year and is paid by every employer with more than ten staff.

Trams provide a classic opportunity for land value capture. The construction of new lines leads to an increase in property values around stops, and when this uplift is captured it can cover a significant proportion of the costs. Denmark offers the best models and shows how investment in transport can boost urban regeneration and economic growth, as well as creating happier and less polluting cities.

Developing light rail in Britain

Achieving similar results in Britain will be difficult — although land value capture was used in financing the public transport infrastructure developed by the London Docklands Development Corporation, and the Docklands Light Railway offers a precedent in terms of powers of land assembly and funding. Unfortunately, the 'stop-go' and Punch and Judy

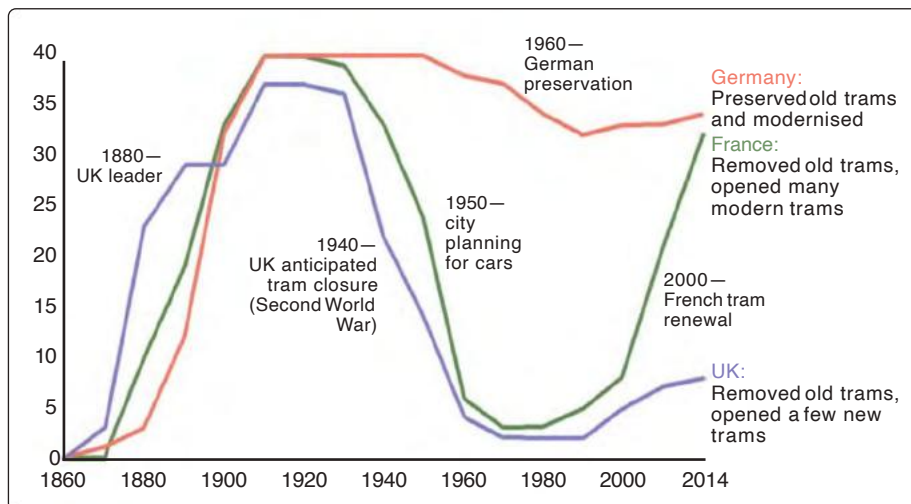


Fig. 2 Number of urban areas in France, Germany and the UK with a tram system (urban areas with more than 200,000 inhabitants — about 40 cities)
Source: SShasiak and C Richer: Appraising the Spatial Impact of Tramway Systems: Phase 2: Comparative Analysis of Six Peripheral Tramways and Conclusion. CTENord Picardie, 2014



The Aarhus Metro—Denmark offers good models of land value capture, and demonstrations of its benefits

system of British politics renders long-term planning difficult, making it almost impossible to develop the markets and expertise found on the European mainland. This leads to unfeasible proposals such as those found in Cambridge and Bristol, where underground tunnels have been proposed as a way of overcoming opposition. Hope is placed on ingenious and impractical ways to cut costs, rather than on integrating transport and development plans and funding.

Building new light rail systems is an excessively lengthy process in the UK, typically taking 15-20 years, during which time plans are all too often hit by political swings and financial upsets. This is where cities should make the most of the public transport infrastructure that they have inherited, and go first for interim solutions, rather than waiting for an ideal system that never gets built. To help revitalise our suburbs, Reg Harman and I devised what we call ‘Swift Rail’, modelled on the Stadtschnellbahnen systems found in many German and Swiss cities. This involves operating high-performance urban trains with rapid acceleration on existing (in Great Britain, Network Rail) lines. Swift Rail could also operate on new and re-opened sections of line, with new urban stations — as proposed for the Cowley freight line in Oxford and possibly even for the old route between Oxford and Witney. Studies suggest that the costs could be covered from the uplift in land values.¹⁰

Voluntary agreement may be possible. The Witney branch route may be funded from agreements made with the four main adjoining landowners, who stand to benefit from a substantial uplift in the value of their land that such a rail service would bring. However, a Development Corporation is probably needed to focus the work and package funds from interested

organisations over the time needed for implementation, and to avoid what economists call ‘free riders’.

The foreseeable financial position in the UK should encourage planners and politicians to rethink local finance, especially given the unfairness of current property taxes and the need to raise funds from those who benefit most from investment, who largely live outside the cities.

For example, the central belt of Hertfordshire has a population of about one-quarter to one-third of a million. It forms a key commuter belt but is also economically strong in its own right, and has high levels of traffic within and between its many towns and local centres. There have long been suggestions for a transit across this area, and Hertfordshire County Council is currently engaging with the public on a possible scheme. Transport planner Reg Harman has set out a project for a ‘Herts Orbital Transit’ tramway, combining existing and abandoned railway trackbeds with on-street running through the main towns.¹¹ This has been supported by a major local landowner, Gascoyne Estates, and was discussed at a charette held in September 2021.¹² Hertfordshire County Council is working on the development of a cross-county transit system as part of its published transport strategy (although no specific mode has yet been defined).

Planning for transformation

Despite the cutbacks in the national rail system during the 1960s there are still 2,500 stations, many close to town centres, but often poorly integrated with other forms of transport. Some of the cities that face the greatest growth pressures, such as Bristol and Oxford, have spare rail capacity thanks to modern signalling systems, and freight lines that are only

occasionally used. Most have space for new housing near existing stations, as Brian Love and others have argued compellingly.¹³ A few cities, such as Coventry and Preston, are considering the potential of ultra-lightweight trams. While each place is different, and therefore requires a particular solution, all could learn from the experience of how mid-sized cities with populations of under 250,000 elsewhere have tackled the difficult and lengthy process of planning, development and finance. This should be a priority in implementing the Levelling Up White Paper.

The Academy of Urbanism online seminar⁸ noted five stages associated with success:

- Vision: Start by clarifying the challenges for urban recovery or growth and how the social, physical and economic aspects of the locality are interrelated. Time must be invested in generating the ambition for transformational change.
- Practical options: Identify the best opportunities for making impacts in the short, medium and longer terms through a mix of transport interventions. GIS should help in assessing against multiple criteria.
- Organisation: Bring together the main stakeholders in partnership to plan how improvements can be resourced. Updated Development Corporation powers would help to reinforce local capacity and help in tapping land value uplift.
- Funding: Raise finance from different sources for each stage and for each element, making use of the uplift in land values to supplement public funding. Green bonds are an obvious option, and there are ample institutional funds waiting to be tapped.
- Stewardship: Deliver and promote improvements in ways that win ongoing community support from property-owners and employers, as well as from residents who will benefit from greater prosperity and wellbeing. The long-awaited reform of council and possibly other property taxes should help here.

Calls for greater equality or levelling up require long-overdue changes in the way that we plan and deliver local infrastructure projects, as the TCPA has long argued. An alliance is needed to share experience and avoid repeating mistakes, which could start with Bristol and Leeds, two core cities that lag far behind their continental competitors. Instead of staggering from crisis to crisis, causing social services and maintenance to be cut, development to stop and plans to be scrapped, we should look to rapid and integrated transport to offer a practical way of tackling both climate change and levelling up. Surely the time is ripe for sharing experience and for organisations such as the National Infrastructure Commission and the Connected Places Catapult to work together with transport organisations and planners to make the available funding go much further?

- Dr Nicholas Falk, an economist, urbanist and strategic planner, is the founder of consultancy URBED (www.urbed.coop) and now runs the URBED Trust (www.urbedtrust.com). The views expressed are personal.

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harnessing towns and cities for better growth

Nicholas Falk and Richard Simmons explain how a 'considered reset of how we do development' could transform the economy and reinvigorate urban life



AECOM

Masterplan for Eddington, North West Cambridge

The next government must tackle low productivity in our cities before it can make real progress on its vital mission to boost the UK's miserable economic growth. We propose four steps to revive conurbations as economic and social powerhouses, creating places that add extra value by promoting wellbeing and sustainable living, not just short-term financial rewards.¹

1. Learning from what works
2. Restoring spatial planning
3. Using stations as development hubs
4. Innovation in finance and tenure

Both major political parties advocate building many more homes faster to solve the housing crisis and boost economic growth. The Conservatives have shifted from mandatory targets and George Osborne's Garden Cities to brownfield development. Labour intends to 'bulldoze' the planning system and build 1.5 million homes in five years.²

Yet neither party seems willing to address the fundamentals. The bulk of UK output comes from cities whose performance is generally poor compared with their continental equivalents.³ Fractured local government; failure to devolve decisions to the most appropriate level, including the abolition of regional planning; the dominance of volume house builders, and a finance system biased

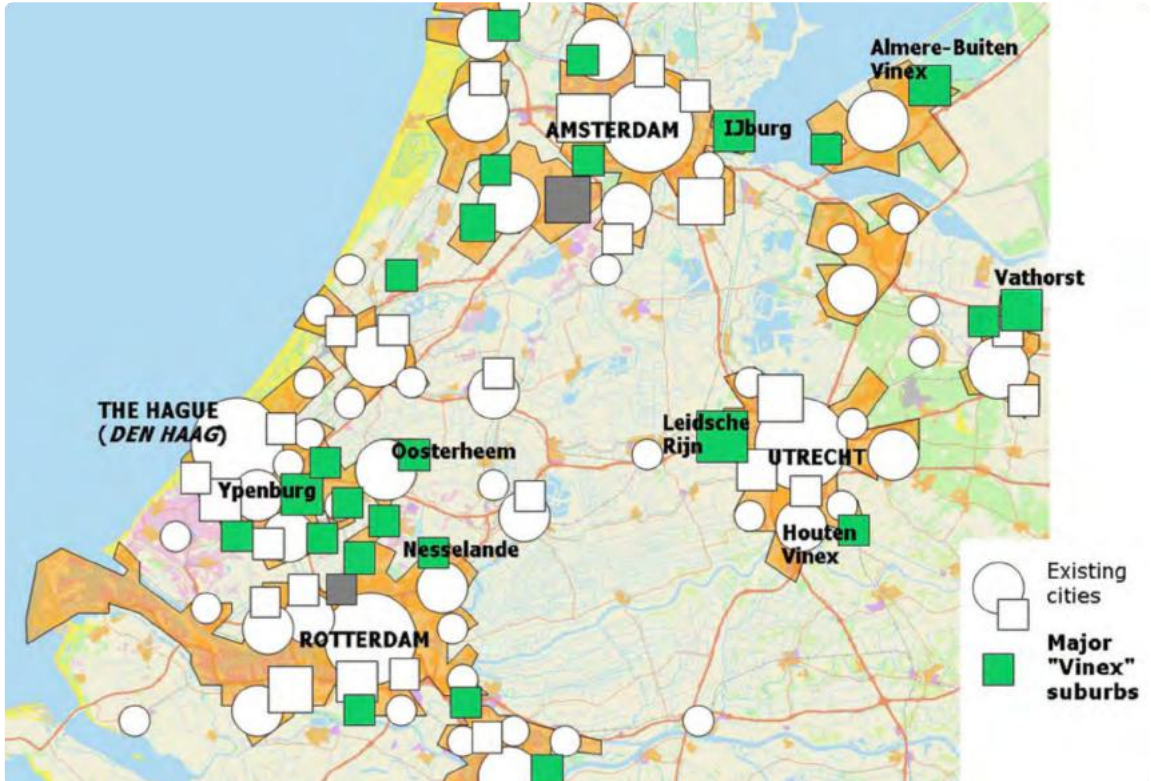
towards property all contribute to the lowest per capita economic growth rate and the highest house price inflation in Europe.⁴ This malaise has persisted for at least four decades.⁵

We need a considered reset of how we do development, especially in areas with the greatest growth potential. Housing can only play a positive role in getting Britain moving if it is combined with measures to improve local infrastructure – with a strategy to intervene where government and its partners can make most difference.⁶ Reinvigorating urban life through targeted investment will boost productivity, promote wellbeing and help us meet environmental goals such as restoring natural capital.

Rather than simply axing planning controls, we must learn from what worked in the past and what still works in much of Europe – focusing on building better, well-connected neighbourhoods, not just new homes, and tapping financial institutions for development partnerships. Finally, to be sustainable, growth needs to follow models closer to those of the foundational economy,⁷ doughnut economics⁸ and the circular economy⁹ rather than the market theories espoused by most think tanks.¹⁰

1. Learning from what works

The immediate solutions lie in rebuilding our capacity to deliver results quickly. Policies like the Dutch VINEX programme prove local leadership and



NicholasFalk

Vinex suburbs, Randstad, The Netherlands



NicholasFalk

Vathorst, Amersfoort, The Netherlands

devolution of powers pay off. Across The Netherlands, 95 urban extensions increased the housing stock by 7.6% over ten years.¹¹

With over 10,000 homes, the urban extension of Vathorst in the mid-sized town of Amersfoort is one of the most popular places to live, kicked off by a new railway station. Amersfoort was the Academy of Urbanism's European City of the Year in 2023.

But we should also learn from closer to home. Historically, both major political parties sparked urban growth using innovative mechanisms. This included Development Corporations under Labour in the post war New Towns – a model adapted by the Conservatives for urban regeneration in the 1980s and now for housing growth. Partnerships conceived by the Tories in the City Challenge programme were adapted by Labour to administer and deliver successive rounds of the Single Regeneration Budget programme. English Partnerships and regional development agencies created thriving housing markets and quality regeneration in places like Ancoats, Manchester and in the centre of Nottingham.¹² Labour's approach to urban renaissance, recommended by the Urban Task Force led by Richard Rogers, was starting to deliver before the financial collapse in the US housing market precipitated a change of government.

A more recent example of smarter growth can be seen at Eddington, North West Cambridge. Inspired by a study tour to the Netherlands and Germany, Cambridge University decided to lead development of its own land into a place 'designed for twenty-

first century sustainable living'. A bond issue raised £350 million, enabling advance infrastructure investment, which included an innovative sustainable urban drainage scheme. The first phase included 700 homes for staff, 700 market homes and 350 rooms for post-graduates – all designed by leading architects – plus shops and community facilities. The scheme shows the value of proactive planning by a progressive landowner in securing innovation.

'Housing can only play a positive role in getting Britain moving if it is combined with measures to improve local infrastructure'

These domestic successes have three common elements: a coherent change strategy; a budget to build confidence, and skilled, dedicated teams. All three are singularly lacking in most places nowadays. Generations of politicians and professionals from the 1970s to the early 2000s had economic, planning and infrastructure delivery skills to broker change. The skills required to work in small multidisciplinary teams; focus upon outcomes not inputs; manage large urban development programmes and build partnerships that engage investors and communities are in short supply. Rebuilding a cadre of energetic and knowledgeable practitioners and leaders is a first priority.

2. Restore spatial planning

It is time to replace our tortuous adversarial planning system with an integrated model of strategic spatial planning for housebuilding and infrastructure linked to a 'green' economic base. This can provide a strong sense of shared ambition, bringing stakeholders on board to ensure smoother delivery of better placemaking. URBED's report for Sheffield's growth as a Garden City illustrates how a well-visualised plan can win support from business, developers, local people and environmentalists, offering a model for spatial planning from city to neighbourhood.¹³

The digital revolution should make it much easier to bring together different sources of data at a sub-regional level in the manner that the Digital Planning Task Force has recommended.¹⁴ The Royal Society for the Arts' Urban Futures Commission recommends strengthening data and modelling capabilities. Spatial science can map social and natural capital and travel patterns to identify the best growth points. It might also be used to assess the extra wealth created through effective strategic plans, rather than relying upon the sometimes dubious claims of site promoters. It helps local partnerships turn plans into places by evaluating the impact of different options and scenarios on a multiplicity of objectives. Cambridgeshire did this in the Structure Plan that has shaped its growth to date. Greater Cambridge is now using Bioregional's innovative carbon calculator to optimise site selection.^{15, 16}

The technology is there. What about the art of urbanism? When it called for an urban renaissance, Lord Rogers of Riverside's multidisciplinary Urban Task Force (UTF) learnt from how European cities like Rotterdam rebuilt themselves after the Second World War.¹⁷ The UTF report drew upon a lot of accrued wisdom about how to shape places for the better. English Partnerships and the Housing Corporation complemented this with comprehensive advice on delivery in a companion to their Urban Design Compendium.¹⁸ Both are still useful.

Whatever one thinks of standard house types, the creation of beautiful neighbourhoods has been a challenge, as housing audits have revealed.¹⁹ Yet there is long history of providing advice for developers and local planning authorities. The Commission for Architecture and the Built Environment (CABE) played an important role before its effective abolition in 2011. Its advice is still available online.²⁰ The 2009 World Class Places strategy, introduced by Gordon Brown's Labour government, was ditched by the Conservative/ Liberal Democrat coalition in 2010.²¹ The de facto hiatus in design policy that followed was, thankfully, ended by the Building Better Building Beautiful report, *Living with Beauty*. This was followed by the National Design Guide, the National Model Design

Code and an updated National Planning Policy Framework mandating design coding.²² If there is a hole in skills, it is in writing effective codes.

Richard Simmons undertook a review of a small sample of developer-written codes in 2023 for a non-governmental organisation and found a wide variation in quality – from detailed roadmaps to justifications for standard estate and house design without even a controlling diagram. The Office for Place, university design schools and architecture and built environment centres are trying to fill the skills gap, but all is dependent upon local authorities having the ambition to raise quality standards.

3. Using stations as development hubs

Even with the growth in working from home, connectivity that cuts travel times remains key to raising productivity. It takes twice as long to get to work in Birmingham as in French cities such as Lyon.²³ Grand projects have inherent flaws, which lead to cost and time overruns.²⁴ They need to be broken into incremental steps where transport and housebuilding can be joined together, and private investment mobilised.²⁵ One opportunity is to make the most of underused railway lines, as Manchester and Croydon have done, by transforming them into tramways rather than pursuing grand projects like HS2.

An outstanding example of connected smarter growth is the London overground railway network. It has raised demand and private property values in previously neglected areas of east London like Dalston. Making better use of what already existed kept the cost relatively low. New trains and improved stations are popular. Compact apartment developments have followed. London, like other capitals, benefits not only from its public transport inheritance, but also from continual 'metroisation'.²⁶ This needs to become the norm within all of our main conurbations, as the Welsh government is demonstrating through the South Wales Metro, which uses smart electric trains to link the more socially deprived valley towns with the economic hub of Cardiff. The Well-being of Future Generations (Wales) Act 2015 helped to bring about this switch.²⁷

Inflexible highways design brings connectivity into conflict with placemaking. The Department for Transport's Manual for Streets promotes circumscribed, pedestrian and cycle-friendly residential roads, discouraging wasting land on over-specified carriageways.²⁸ Yet in 2020, the Place Alliance's National Housing Audit found highway design scored joint worst in new developments. Often, road space was not integral to urban design.²⁹ Risk-averse local engineers continue to apply outmoded regulations that favour the car.

A better way forward is signposted by an alternative plan for Chippenham, Wiltshire, which is led by Sustrans and Create Streets. A 'vision-led'



Transport for Wales

South Wales Metro depot

approach', combining placemaking with investment in sustainable transport:

'could result in a healthier, happier, more productive and sustainable place [and] 'gentle density' [in] a walkable, well-connected and integrate[d] extension of the existing town, with good air quality, less congestion and vibrant neighbourhoods... the same number of homes can be delivered, within the same budget, and with a far smaller land take – simply by reducing the assumed need for a major road'.³⁰

4. Innovation in finance and tenure

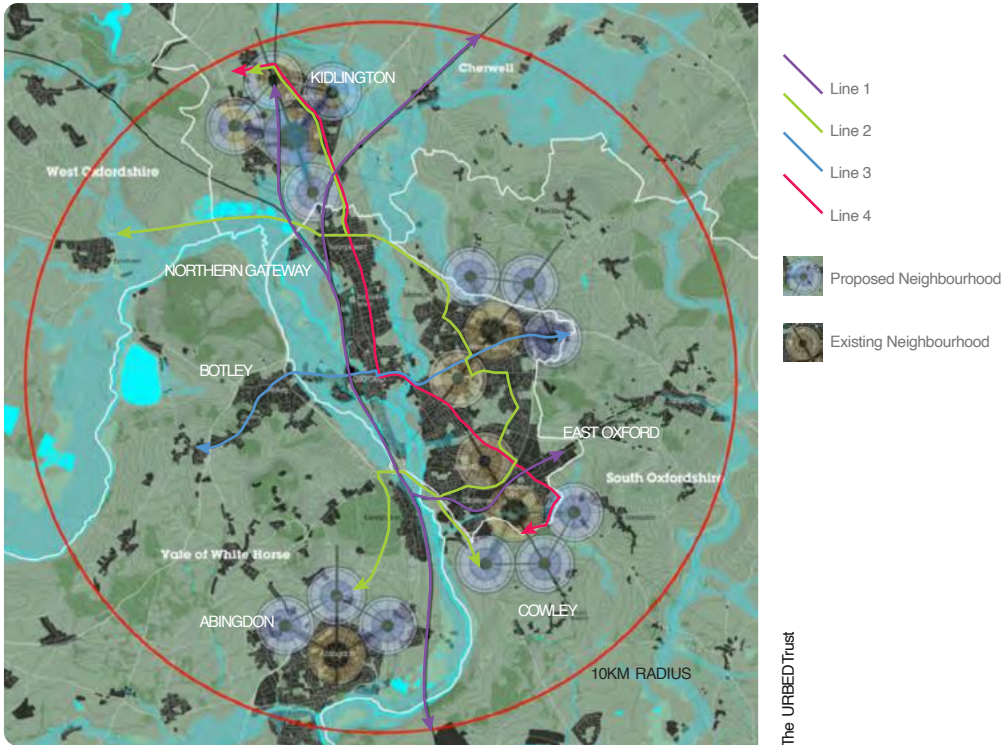
With little spare tax revenue, the next government must be innovative. Rowan Moore uses URBED's 2014 Wolfson Prize Award-winning Uxcester Garden City plan to show 'what else could there be,' if only we disregarded 'property myths'.³¹,³² Building 'visionary, popular and viable' garden settlements is best done by extending existing towns and cities. The uplift in land values could then be shared with the community.³³ Early results could come from intensifying locations with spare rail capacity and under-used land. Transport bodies should act as enablers, helped by streamlined compulsory purchase order powers. Transit-Oriented Development (TOD) would help end economic stagnation, house price inflation and congestion.³⁴ Cities such as Portland, Oregon, USA use tax increment finance (TIF) to raise private investment against the promise of local tax revenues from development. The community banking sector is also strong in Portland, focusing on the needs of local businesses and civil society organisations.

A better model for land assembly could transform stagnant towns and cities.³⁵ Development

corporations set up by groups of local authorities or city region mayors could assemble land and improve local infrastructure before selling serviced sites. Transport bodies should start with spare land they own, as Places for London is doing, backed by the £2 billion property portfolio of Transport for London. They plan to build 20,000 new homes by 2030 through joint ventures with housebuilders.³⁶

'Private investment could come through 30-50 year bonds for providing local infrastructure and rented homes, as in North West Cambridge.'

To scale up development, occupation rates must be accelerated through different forms of tenure and management, rather than relying mainly upon owner occupiers who need mortgages. A high proportion of residents rent their homes in some of the most productive and popular continental cities. Co-housing is common in the Danish cities of Copenhagen and Aarhus. In Vienna 60% live in rented apartments, most owned by the municipality. Some 200,000 homes are managed as co-operatives. The city is regularly ranked as the most liveable and happiest place to work. Zurich, Switzerland is raising its proportion of co-operative homes from 25% to 33% following a referendum. Spending less on housing means more to spend in town, supporting better public transport with more street space for pedestrians and cyclists.



Turning Oxford into 'Uxcester Garden City'

The potential in the UK is there to be grasped, especially with an ageing population in need of more manageable homes. There is demand for some 278,000 new homes in community land trusts.³⁷ Their great economic advantage is in knowing early on who is going to buy the homes, and in having a long-term management organisation. In Orchard Park, Cambridge, the Marmalade Lane cohousing scheme has won many awards and is spawning imitators. Whilst the homes of the future may look familiar, their tenure, finance, and delivery mechanisms are likely to be very different.

Private investment could come through 30-50 year bonds for providing local infrastructure and rented homes, as in North West Cambridge. They would create balanced sustainable urban neighbourhoods, secured against land values. Contractual agreements would give housebuilders large and small confidence to focus on meeting demand rather than engaging in land speculation. They would also help to fill the skills gaps by creating alliances between local colleges and prospective employers. Of course, the mindset of the Treasury would have to switch from anti-spending to pro-investment. But a change at the top would signal a national commitment to reset and replace stagnation with good growth and sustainable prosperity for all.

Achieving the necessary switch depends upon the next government tackling inequalities in wealth that polarise British society, not only between the

regions but also between the young and the old. To win popular (and permanent) acceptance, overdue property tax reforms are needed to mobilise investment that frees up people, not the car. Congestion charges and supplementary business rates have already worked in London. A system of land charges for designated growth areas would encourage councils to respond to local priorities and apply here what works elsewhere in Europe.³⁸

Conclusion: switching direction

Unlocking investment is vital. The UK has been constrained by an over-centralised state. To unleash the potential of our towns and cities, the Treasury must act as a motor, not a brake; as an enabler rather than a regulator. The expertise of the National Infrastructure Commission, Homes England and other experts could be combined in a new English growth commission, working through local offices wherever an ambitious growth strategy has been agreed. A Harvard University research group, led by Ed Balls, Economic Secretary to the Treasury (2006-2007), recommends that:

'a Prime Minister-chaired Regional Growth Delivery Unit should be established, managed jointly by the Cabinet office and HM Treasury. The Unit will be responsible for holding Whitehall to account over delivery of the National Growth and Productivity Strategy, issuing statutory progress reports at each fiscal event.'³⁹

Rebuilding the British economy calls for coalitions at a much larger spatial level, where strategic planning is crucial. Inspiration can come from cities like Rotterdam, Copenhagen or Leipzig that enjoyed a renaissance after periods of decline, and from places in the UK that transformed themselves in the past.⁴⁰

Effort is needed to explain why change is needed and how it will benefit local people. Lessons can be shared through a simple ABC:

- A. Ambition to create better places and override vested interests;
- B. Brokerage, where leaders forge 'quality deals' in which most people benefit and nobody loses, and
- C. Continuity over several decades, allowing enough time to stabilise systems, change travel habits, transform run-down areas, and for infrastructure investments to pay off.

Principles for Smarter Urbanism

- Select places with the capacity for change. The best areas for growth or regeneration need to be identified in spatial plans at a sub-regional level using digital intelligence and community engagement to inform priorities.
 - Development frameworks should specify realistic objectives and desired outputs with the phasing of plans for the short, medium and longer terms.
 - Special purpose vehicles should assemble complex sites and align development with infrastructure plans and share the uplift in land values with the existing community.
 - Design codes should set standards for key sites and thus allow a wider range of builders to get involved in creating balanced and better looking neighbourhoods.
 - Land assembly of neglected land and property should reflect the current planning status of each plot plus a bonus based on the ultimate value, in order to disincentivise 'free riders' and holding land to ransom.
- Dr Nicholas Falk founded URBED (Urban and Economic Development) in 1976 and is now Executive Director of the URBED Trust, which is sharing experience and promoting innovation in placemaking. Dr Richard Simmons is a Visiting Professor in the Bartlett School of Planning, UCL and was the last Chief Executive of CABE (Commission for Architecture and the Built Environment) following a long career in urban policy and regeneration. Both combine practical and academic experience as economists, urbanists and planners. All views expressed are personal.

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Appendix – Great opportunity in Central London

A 1987 proposal for the regeneration of the Kings Cross railway lands

September 1987

... The potential exists to create an interchange between at least three of the lines, making it unusually accessible from every point of the London compass ...

● King's Cross station: does it have great potential?



Great opportunity in central London

Covent Garden, Canary Wharf — and now King's Cross?
Professor PETER HALL and NICHOLAS FALK discuss getting the balance right on a site with enormous possibilities.

SOME of the most challenging problems facing Britain's inner city areas concern the future of the vast areas developed in Victorian times for transport and utilities.

Less obvious and attractive than the docks are the former railway goods yards and gas works, which often adjoin canals. Such areas now often house a mixture of small firms, such as car repairers and transport businesses, as well as non-conforming uses like scrap yards, and, as we are beginning to discover, a surprising variety of wild life.

The general lack of activity creates a kind of black hole in the centre of many of our cities. Yet the areas are sufficiently large and accessible to provide the raw material for whole new quarters or urban villages that could both accommodate new forms of

activity and meet the needs of the surrounding communities. In a sense they provide one last opportunity to get things right for our cities.

It is all a matter of balance.

Unfortunately most of the proposals for such areas have tended to be monolithic and therefore generally inappropriate and highly vulnerable to criticism.

This in turn mainly stems from the lack of appropriate development agencies which can provide the vision, resources, and sustained effort such areas require. Mixed use schemes may be too complicated for most developers, but variety is essential for life.

One such opportunity that presents itself is the area the Victorians called Belle Isle, the 100 acre site of the King's Cross Goods Yard, and other land adjoining King's Cross and St Pancras

Stations.

Built to handle London's vast coal traffic, the area has lain half-vacant and half-derelict since the mid 1970s. Most people are unaware it even exists, as there is no proper East-West road north of the Euston Road. Yet unlike that other mythical isle, the Isle of Dogs, it is not three miles from the City of London but right on its doorstep. And unlike Docklands it needs no new rail system to exploit its development potential!

King's Cross is serviced by no less than four rail lines. The BR electrics from Bedford to Moorgate mark the western boundary. Next year they will be extended via the Snow Hill tunnel to create London's new Crosstown Link, with services from Bedford to Gatwick and Brighton. On the eastern boundary are the Great Northern electrics into King's Cross and it would make eminently good sense to connect them to the Crosstown Link via a short spur across the Belle Isle site.

On the north side is BR's North London line — but the old Maiden Lane station has been long closed. And finally, the Piccadilly Line runs under the site — with, again, an abandoned ghost station: York Road, where trains last stopped in 1932.

So the potential exists to create an interchange between at least three of these lines — the Great Northern, North London and Piccadilly — near the centre of the site, making it unusually accessible from every point of the London compass — and incidentally boosting traffic on BR's Network South East. Via the Bedford electrics, the site will be a mere five minutes from the City.

It thus offers unique potential for the development of activities that depend on good communications, and for providing a model of what inner city development should be about.

For rail links are not the only extraordinary feature of this extraordinary site. Immediately to the south west, the huge structure of the new British Library is at last appearing above ground — and this is only the first half of a development which, when complete in 1993, will allow the full transfer of the whole library complex to the site.

Next door is Sir Gilbert Scott's St Pancras Station, where there are now proposals for creating a first class hotel. The spectacular undercroft, which was once used for storing beer from Burton and is now the haunt of car repairers could become an underground warren of wine bars and bookshops, and indeed St Pancras may close altogether releasing the train shed space for some kind of exhibition centre.

And that is not the end of it. The southern edge of the goods yard is crossed by the Regent's Canal, here bordered by a notable complex of early Victorian warehouses. At one stage it looked as if these would be demolished. But proposals for saving them put forward by URBED on behalf of SAVE

and the London Borough of Camden now seem a step closer to implementation.

The proposals were put forward at a public inquiry in 1985 into National Freight Consortium's application to demolish the GNR Coal Offices. The inspector accepted URBED's evidence that the whole group was worthy and capable of rehabilitation. In order to make Camden's idea of a living museum viable, the proposals envisaged converting buildings into specialist retailing, workspace for small firms, and some residential uses.

By providing space to live, work and play, an urban village could be created, with the historic area providing a valuable 'landmark'.

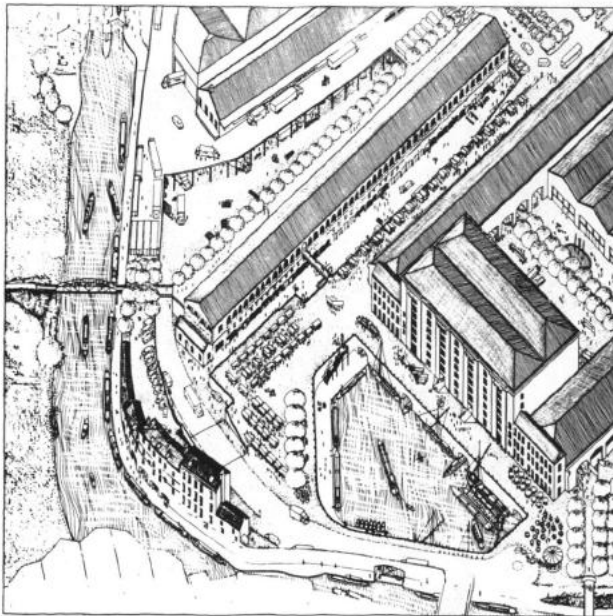
Since the outcome of the inquiry,

waterside views, a living museum, with leisure and shopping uses that will make the most of large Victorian structures, and a business park that can attract growing enterprises without having to demolish existing structures. There must also be a stress on a high quality of landscape, which could build on the pioneering achievements of the Camley Street Natural Park.

King's Cross presents the kind of opportunity that only occurs very rarely.

The question is whether a balanced scheme can be devised that relates the site's unique resources to the needs of both the local community and the wider city. Conventional land use plans and planning gains are no longer seen as the answer, but we have yet to devise satisfactory alternatives.

KINGS CROSS GOODS DEPOT



● Drawing by Berman and Guedes, architects.

COAL OFFICES

Regeneration • Context • Potential

... The message of the American cities is that a far more complex bargaining process is needed, involving elements that can range between employment and training to participation ...

Camden has issued a new planning brief, which emphasises the importance of incorporating a mix of uses and retaining the historic core where possible.

What is required for the site as a whole is a balance of uses that are appropriate for a capital city going into the 21st Century. The industrial revolution based on muscle power and steam has given way to a second revolution based on brain power and electronics.

The uses are therefore likely to include housing, taking advantage of

However the message from those American cities that have succeeded in turning themselves around (see *We Can Learn From US Cities*, T&CP, February 1986) is that a far more complex bargaining process is needed, involving elements that can range from employment and training for local people, to opportunities for participation, for example, through self-build housing.

So instead of Compulsory Purchase Orders, areas like King's Cross need what might be called CPAs — Community Partnership Agreements —

sophisticated deals through which the interests of the many parties involved are reconciled by direct negotiation.

It is time we got the balance right, and King's Cross could provide the opportunity.

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