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of amenities but financial losses too since these values are capitalised into house prices. As Fischel (2001) argued, the fact that houses are non-liquid, immobile but major components of most individuals' asset structures makes the defence of their value very important. Benefits from development will be widely spread in slightly lower regional house prices and a more competitive regional economy. In some cases (Terminal 5 at Heathrow might be an example), benefits are spread geographically even wider than the sub-region or region.

9. 9. Note the proposal here is quite distinct from that for an Environmental Impact Fee in DETR (1999). The Urban Taskforce argued for such a fee to be added to existing land use controls. Since, however, land use planning is designed to safeguard amenities and is supposed to take into account social costs of development, such a fee added to existing controls would impose an undue burden on development in excess of its true social cost. In the context of the present proposal, it makes far better sense to include these environmental costs of development explicitly in the estimation of the value of land in its present use. Thus if development of a particular parcel of land would impose environmental costs-such as additional costs of global warming compared with present agricultural use-these should be included in estimating the social value of the land in its present use and therefore as a reason for maintaining a given level of price premium through a refusal of planning permission. A major purpose of the present proposal is to make such claims transparent so that the reasons for planning decisions are explicit and challengeable on the basis of the normal criteria used for resource allocation decisions in a market economy. Such a claim emphatically does not carry the implication that decisions made according to the price signals thrown up by markets are always socially optimal. In land markets, this is seldom the case because of interdependencies of neighbouring land use and the importance of local public goods and amenities. Rather, it is that, unless there is a common yardstick, gross misallocation of resources and inefficiency can occur for negligible benefits.
10. 10. These have their counterpart in the US system of 'exactions' which are payments developers are obliged to make in exchange for being granted building permits or variances from existing zoning regulations.
11. 11. Space constraints in other uses should not be ignored and may have significant cost and economic implications. For example, a recent study by JonesLangLaSalle (2001) concluded that, for comparable cities, the total occupation costs of office space in the UK were about twice those in other major EU countries. King Sturge (2004) estimate that total occupation costs for office space are substantially greater per square metre in Birmingham, Glasgow or Manchester than they are in New York, and are almost twice the level they are in Singapore (where land supply might be thought to be truly constrained). The most expensive location in the world for industrial space was estimated to be west of London where it was more than 60 per cent more expensive than in Frankfurt and more than three times the price per square metre than in Chicago.

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