

5-Year Impact Factor:

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Abstract



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1.

1. Established by Gordon Brown in his Budget speech, the Barker Enquiry was into the operation of the British housing market. Its remit specifically related to the potential impact of land use planning on housing supply and the instability of the British housing market. The review produced two reports (Barker, 2003 and 2004). The interim report (2003) provided a great deal of valuable evidence on housing supply and its relation to land availability as well as an analysis of the workings of the planning system. The final report's recommendations (2004) were drawn within the framework of the existing planning system and proposed a stronger regional perspective and the introduction of housing affordability criteria in drawing up land release plans. The proposals required significant further work to be implemented, however, and tended to move in the direction of a master-plan-based system. It was recognised that solving problems created by regulation by the introduction of further regulations was a difficult task and that the speed of change would need to be strategically reviewed within a few years. In fact, the general election expected in 2005 put serious action on hold.

2.

2. This is intentionally a simplified summary omitting some elements which were much discussed at the time (such as 'betterment' and development by the state) in order to focus on essential elements which have remained. In addition, the discussion below, in relation to the differences between the British system where the emphasis is on flexible development control in contrast to other systems which rely on the certainty of a zoning system, overstates the contrast.

3.

3. Since economic theory tells one that the price of housing land will vary systematically with distance from employment centres it is not possible to estimate the price of garden space without also including the exact location of the house with respect to the centre(s) of employment. This also means that in any urban area there is not one price of land but a price function with respect to distance/location. It is consequently far more demanding to estimate the price of garden space in terms of both data requirements and estimation techniques.

4.

4. See <http://www.statistics.gov.uk/STAT-BASE/Data-setType.asp?vlnk=392> for the earnings index and using the Nationwide House Price Index.

5.

5. More precisely, values which could not be reliably separated.

6.

6. An important point to note is that these reported prices are for a quasi market price of land incorporating the capitalised value of all the amenities, expected neighbourhood characteristics and local public goods such as schools. Market prices are to be distinguished from the concept of 'land price' as analysed in the classic monocentric urban model of Alonso, Muth or Mills which refers to the price of land as 'pure-space-with-accessibility-to-the-employment-centre'. This will typically be significantly lower. In the case of Reading, it was estimated for 1984 as being from around £20 000 at the urban fringe, rising to just over £200 000 per acre at the centre.

7.

7. Conversation with Ian Campbell FRICS of Campbell Gordon, 22 August 2003: price quoted for land on the Wokingham/ Bracknell border, then zoned for industrial, if rezoned for residential.

8.

8. There is an endemic problem in the planning process of internalising externalities. The cost of new residential development will include disruption during construction plus loss of amenities for existing residents if-for example, they lose views or access to open space. These are not just losses 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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