

Housing Addressed:

Freeing up land, while protecting
the environment

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FREER

Contents

Acknowledgements	04
Summary	05
Introduction: the homes we need	07
How we got here: the not-so-Green Belt	12
The costs we face: individuals, society, the environment	22
Twin proposals: Green Belt reform and the 'Green Land Guarantee'	33
Conclusion: time to be brave	40
About FREER	43

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On behalf of FREER, I would like to thank Simon for this excellent paper, which we are proud to publish. It goes a long way to addressing one of the most difficult issues of our time, in an ever thoughtful, principled, and rigorous manner. We are extremely grateful, too, to the many people who have offered advice about housing, or commented on draft versions of this paper, particularly Paul Cheshire, John Myers, Kristian Niemietz, David Van Rooyen, Reuben Young, and Roya Zadeh-Koochak. (Rebecca Lowe, Director of FREER)

Summary

Addressing the housing crisis head on, this paper exposes the truths of the supply-side problems we face, and proposes sensible liberal solutions, which would free up land for at least 1.5 million new homes, while increasing protections for the environment.

The paper underlines the severity of the crisis, emphasising the nationwide shortage of affordable housing, and the way in which both rents and asking prices are highest where the demand is greatest: in and around our great cities, and particularly in London and the South East. It explores the origins and development of the Green Belt, and reveals how it has more than doubled in size since the late 1970s, worsening its distorting effects on the housing market. It is emphasised that Green Belt does not, as most people might reasonably assume, correlate with ‘green’ or ‘environmentally protected’ land, and that much of it is far from being a valuable natural habitat. The costs of its impact, and the impact of other regulatory distortions—regarding the increased cost of living, other direct and indirect costs to individuals, curbed labour mobility, reduced quality of life, and environmental costs—are detailed and explained in depth.

The first of the paper’s twin policy proposals is to free up Green Belt land for development within a half-mile radius of stations, where no special environmental protection exists. Across England, this small release of land would create enough land supply for at least 1.5 million new homes—and potentially many more, were the radius to be widened even slightly—while leaving

98 per cent of all existing Green Belt land entirely untouched. Indeed, the remaining area of the Green Belt would still be over 115 per cent larger than it was in 1979.

The second of the paper's twin proposals, which are intended to be taken as an unbreakable package, is to establish a 'Green Land Guarantee', which would stipulate, in primary legislation, that land designated under a ranging set of environmental categories, would not drop below 35 per cent of land in England.

Additional suggestions include a caveat to the first proposal, in which the half-mile radius for development around stations where no special environmental protection exists would apply only where a designation had been made to clarify that the area was under housing stress. A further idea, also building on the paper's key twin proposals, relates to ensuring local public park provision, to be incorporated into the process of obtaining planning permission on released Green Belt land.

The paper concludes with a political call to arms. It acknowledges how housing policy represents an area in which obvious short-term political sensitivities have played a large part in preventing more rational policies from being developed. It also reiterates that releasing Green Belt land is not the only tool available to us to improve access to the housing market. As such, this paper's proposals should be read as a complement to other sensible proposals, and not at their exclusion.

The proposals presented in this paper would not solve our housing crisis overnight, but freeing up our outdated system to allow room for the construction of 1.5 million more homes, while enhancing the quality and accessibility of green spaces by establishing a 'Green Land Guarantee', would clearly be an extremely good place to start.

Introduction: the homes we need

Our homes lie at the centre of our lives. We shape them, but they also shape us: the security a home provides, and the pride and pleasure that come with ownership, are key pieces of our identities. Therefore, it matters a great deal that Britain's housing market has become so hard to access for so many people. For a generation, demand for new homes has far outstripped supply, and the consequences have been as depressing as they are inevitable, with rising house prices, rising rents, and too many people priced out of the market altogether.

The problem we face is intensely spatially concentrated. There is a nationwide shortage of affordable housing, but both rents and asking prices are highest where demand is greatest: in and around our great cities, and particularly in London and the South East. The problem is also accelerating at alarming speed. Analysis by the Office for National Statistics (ONS) in 2015 showed that the most expensive area of the whole country was part of Westminster, where the median house price was £3,400,000. This was almost one hundred times higher than part of my own hometown of Middlesbrough, which had the least expensive housing, and a median house price of just £39,000.¹ Compare this to data from 1995, the start of the ONS time series, when house prices in the same area of Westminster were also the most expensive in the country, but with a median of £327,000.

1 Office for National Statistics, www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housepricestatisticsforsmallareasinenglandand-wales/2015-06-24#house-prices-for-parliamentary-constituencies

That was ‘only’ 24 times as expensive as part of Sheffield, then the area with the least expensive median house price at £13,500.²

These statistics shed light on some hugely important issues. It is a major social concern that home ownership in parts of our country is fast becoming a vanishing dream for millions of people, and that the homes they can afford to live in are often cramped and uninspiring. The political consequences are even more far reaching. It is no surprise whatsoever that Generation Rent is disenchanted with a housing market that offers its members little realistic chance of bringing up their children in homes of their own—however hard they work to do the right thing. Nor is it surprising that they resent a system that concentrates ever-appreciating assets in the hands of older generations.

It takes only a small step to conflate a ‘broken’ housing market with a ‘broken’ economic system. At the last general election, we saw how powerful the siren call of socialism seemed to be—not only for 18-24 year olds, but also for a majority of people under the age of 40. If that does not prompt urgent action from those of us who believe in personal and economic freedom, and the huge benefits that flow from these, then nothing will. It is the better part of a lifetime since Winston Churchill tasked Harold Macmillan with building ‘houses for the people’. He recognised that support for popular conservatism simply could not survive if people could not earn a decent home as a reward for their efforts in life, and his insight is as true today as it was in 1951.

To its credit, the government has identified housing as its number one domestic policy priority in this parliament. In 2017, builders registered plans to start 160,606 new homes, up 6 per cent from 2016, and the highest number since the start of the financial

2 This should also be considered relative to median incomes, e.g.:
<http://www.demographia.com/>

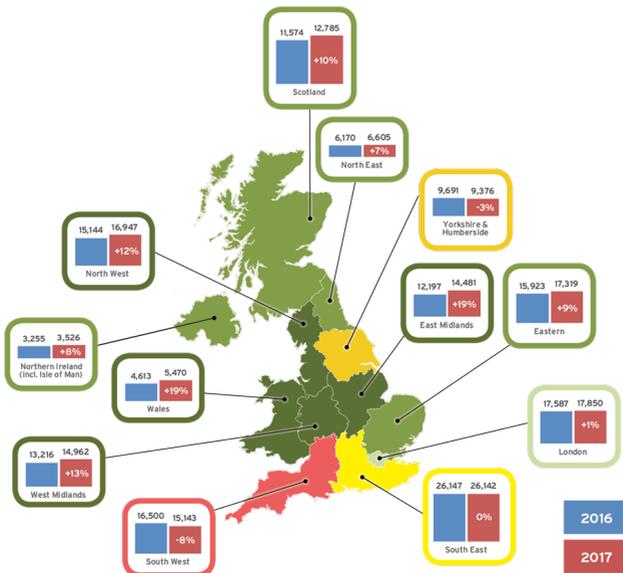
crisis in 2007.³ However, progress remains painfully slow. The government's own target is to build 300,000 homes a year, and every year that that target is not met only adds to the pressure for the years ahead. More importantly still, it is far from clear that these new homes are being built where they are needed most urgently. Last year, housing starts rose by nearly 20 per cent in Wales and parts of central England, but only crept up by one per cent in London—and this was the first increase in the capital since 2014 (see Figure 1). In the wider South East, there was no growth at all.

This is not least because our housing market suffers from a major distorting effect: the Green Belt. The Green Belt is not simply part of the problem; as currently constituted, it has become the central obstacle to enabling the building of the volume of houses we need, where we need them. Introduced in the post-war years by a socialist government running a planned economy, it represents an arbitrary division of our country. While housing affordability is, of course, also an issue in places without Green Belt land, this arbitrary division has left us with areas where new building is at least possible, if subject to constraints, and areas where it is virtually impossible. It serves massively to constrain the supply of new housing in our major cities. This paper explores the origins and development of the Green Belt, and reveals how it has doubled in size since the late 1970s, worsening the artificial problem we have created for ourselves. It also emphasises that much of the Green Belt is far from being a valuable natural habitat, but, rather, is often either intensive agricultural farmland or devoted to exclusive economic use, ranging from utilities to golf courses.

3 The Independent, (online) <https://www.independent.co.uk/news/business/news/uk-homes-new-numbers-high-construction-a8177061.html>

The paper goes on to propose the most far-reaching changes to the Green Belt since it was introduced. It is argued that we should lift restrictions on new housebuilding within half a mile of existing stations (railway, underground, and trams)—while protecting environmentally valuable land—so that we can address our homes crisis with the seriousness it deserves. New properties could then be built in areas that not only have high demand, but also already have a significant element of the infrastructure they need, avoiding the costs and disruption involved in creating a whole new transport network from scratch.

Figure 1: Regional breakdown of total new homes registered for 2017 compared to 2016.⁴



4 Reproduced with permission from the National House-Building Council.

Reforming the Green Belt does not, of course, mean abolition, however. Access to nature is one of the things that truly makes life worth living. I am keenly aware of the enormous value of our natural capital, and any clear-sighted economic analysis about the need for more homes must also recognise the corresponding need for green spaces. It is made very clear in this paper that, alongside freeing up land for housing purposes, we must also enhance the quality and accessibility of the vast majority of Green Belt and other protected land that would not be eligible for development under these proposals. New nature reserves, wetlands, and woodland—open to the public, and improved by investment from developers, and the government, alike—would be of far greater benefit to people than lines on a map delineated in Whitehall. And, were this paper’s proposals to be enacted, those same visitors would also be much more likely to have the homes they need and want.

This is the prize that is open to us. It will require serious political courage to bring it to fruition. But it is beyond time that we had this debate, and I am delighted that FREER is at the forefront of the battle.

How we got here: the not-so-Green Belt

What is the Green Belt?

Towards the end of the Second World War, attention was directed to the post-war reconstruction of Britain's towns and communities. In line with the centralising statism of the Attlee government, the 1947 Town and Country Planning Act established that ownership alone would no longer confer a right to develop land. Instead, land development would require planning permission. The right to develop was thus transferred from the individual to local authorities, which were, in turn, bound by various directives from central government. House purchasing was discouraged, for example, and council houses could only be rented. In addition, local authorities had to approve all private construction, which, in itself, was not permitted to exceed one-fifth of all building work.⁵ Most importantly, however, under the Town and Country Planning Act, every local authority in the country was required to produce a 'development plan', showing how each area was either to be developed or preserved. As part of their development plans, local authorities were permitted to include areas of 'Green Belt' land.

Green Belt consists of land on which the construction of new building is highly restricted. Notwithstanding specific exceptions (such as buildings for agriculture, forestry, and

5 Murphy, L.R. (1970) 'Rebuilding Britain: The Government's Role in Housing and Town Planning, 1945-57' *The Historian*, Vol. 32, No. 3 (May, 1970), (pp.410-427), p.415.

mineral extraction)⁶, development on the Green Belt is essentially forbidden. Although it has multiple purported functions, the fundamental aim of Green Belt policy is to prevent building, by keeping land permanently open.⁷ The status of Green Belt land has remained largely unchanged since the 1950s. The current National Planning Policy Framework (NPPF) states that that the construction of new buildings should be regarded as ‘inappropriate’ for the Green Belt:

Inappropriate development is, by definition, harmful to the Green Belt and should not be approved except in very special circumstances. When considering any planning application, local planning authorities should ensure that substantial weight is given to any harm to the Green Belt. ‘Very special circumstances’ will not exist unless the potential harm to the Green Belt by reason of inappropriateness, and any other harm, is clearly outweighed by other considerations.⁸

One thing that has changed since the 1950s, however, is the size of the Green Belt. Indeed, it is rarely appreciated how much the Green Belt has swelled beyond the original scope of the 1947 legislation. In 1979, the total size of the UK Green Belt was 721,500 hectares. It has now more than doubled to over 1.6 million hectares,⁹ representing around 13 per cent of the land area of England.¹⁰

6 National Planning Policy Framework, paras. 89-90.

7 *ibid.*, para. 80.

8 National Planning Policy Framework, paras. 87-88.

9 Grimwood, G.G. (2017) ‘Green Belt’ *House of Commons Library* [Briefing Paper], p.11.

10 Wilson, W. & Barton, C. (2018) ‘Tackling the under-supply of housing in England’ *House of Commons Library* [Briefing Paper], p.54.

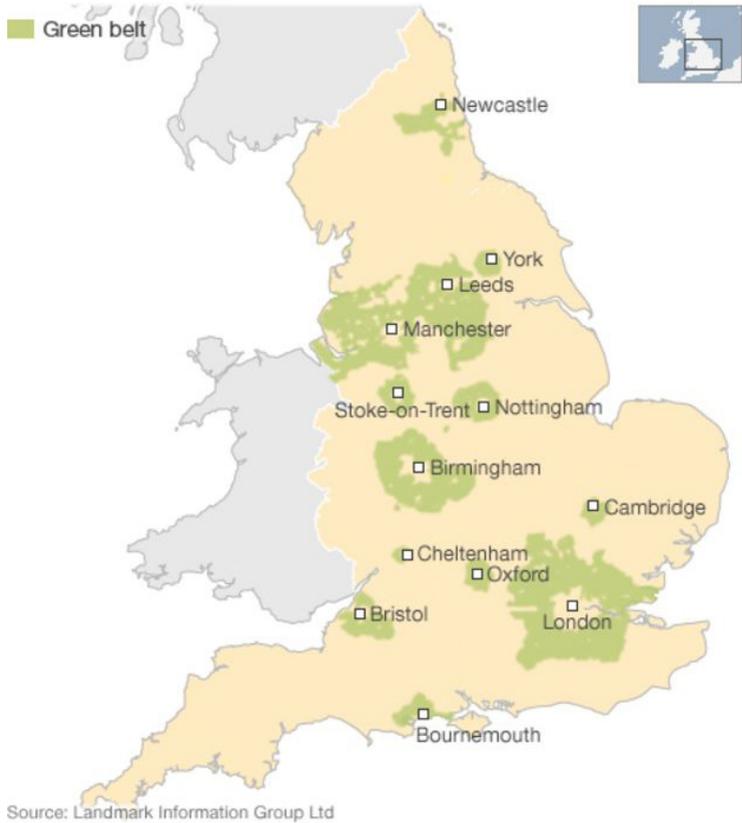
The not-so-Green Belt

As shown in the map below (Figure 2), the Green Belt is clustered around 15 urban cores, with the vast majority surrounding London, Manchester, Liverpool, West Yorkshire, and Birmingham.¹¹ Most importantly, however—and as made clear by comparing this map with the adjacent map (Figure 3)—the Green Belt does not, as most people might reasonably assume, correlate with ‘green’ or ‘environmentally protected’ land (e.g. National Parks, or Areas of Outstanding Natural Beauty). In fact, up to 11 per cent of the UK’s brownfield land (over 4,000 hectares) is within Green Belt designations.¹²

11 Grimwood, G.G. (2017) ‘Green Belt’ *House of Commons Library* [Briefing Paper], pp.11-12.

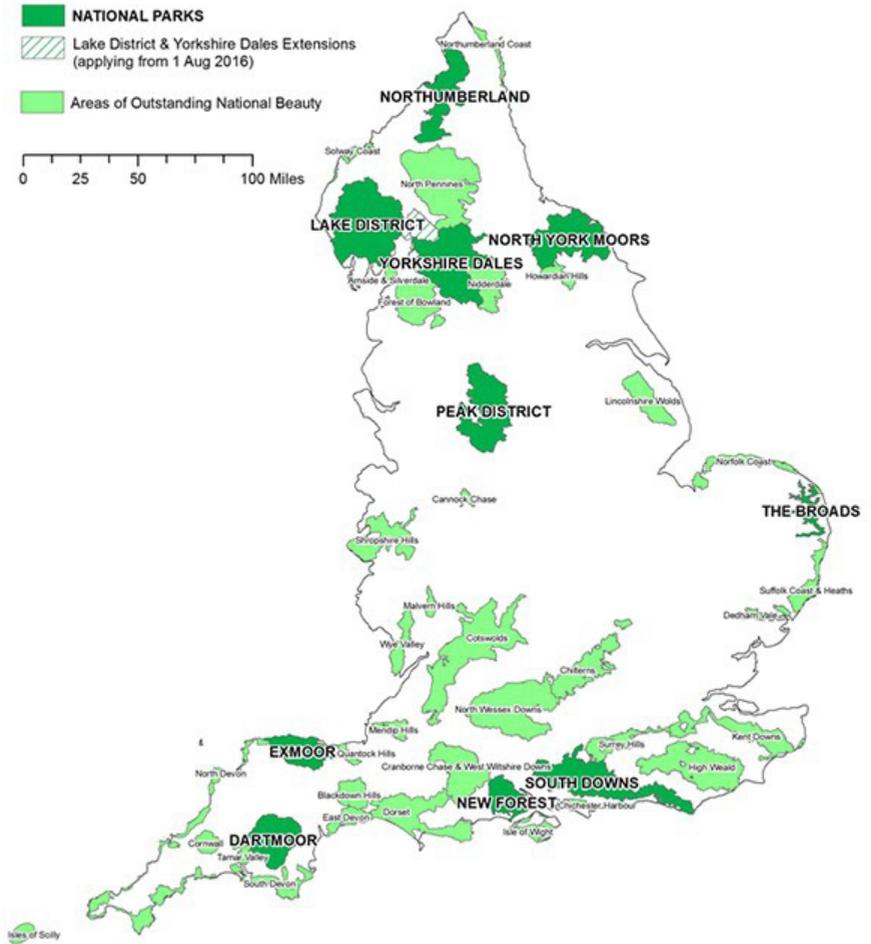
12 Barker, K. (2004) *Review of Housing Supply (Final Report – Recommendations)* [Online Report], p.44.

Figure 2: England's Green Belt¹³



13 <https://www.winfieldsoutdoors.co.uk/blog/uk-green-belt-disappearing/>

Figure 3: England's National Parks and AONB¹⁴



14 <https://www.gov.uk/government/publications/national-parks-8-point-plan-for-england-2016-to-2020/title>

This reminds us that the Green Belt was not introduced as a designation to preserve beautiful and highly valued countryside; it was introduced to prevent urban sprawl.¹⁵ (Moreover, this ‘sprawl’ was never properly defined. In practice, it simply means ‘outward growth’; all development was ‘sprawl’ at some point. It might be expected that a better policy would focus on preserving open space and environmental assets.) This is why, for example, only 22 per cent of Green Belt land in London is public access and environmentally protected. Much of the rest of it is used for other purposes, such as golf courses and utilities. It is also why 35 per cent of all of England’s Green Belt is actually intensive agricultural land.¹⁶ Intensive agricultural land is of low environmental and amenity value; it has very low levels of biodiversity, and is not generally accessible to the public.

In other words, much of the Green Belt is not that ‘green’ at all.

15 Barker, K. (2004) *Review of Housing Supply (Final Report – Recommendations)* [Online Report]: p.44. Also, see below for how Green Belts fail to prevent sprawl.

16 Papworth, T. (2015) ‘The Green Noose: An analysis of Green Belts and Proposals for Reform’ *The Adam Smith Institute* [Online Report], p.34.

Example 1) Green Belt land in Kent¹⁷



Example 2) Green Belt land in London¹⁸



17 Used under license from Shutterstock.com.

18 <http://www.siobhainmcdonagh.org.uk/newsroom/newsroom/local-news/news.aspx?p=105294>, used with Siobhain McDonagh's permission.

Example 3) Green Belt land in London¹⁹



The UK housing crisis

When future historians look back at the defining trends of the UK in the early twenty-first century, population growth will rival technological change as one of the most important stories. At the time of the 1947 Town & Country Planning Act, the UK population stood at 49.5 million. Today, the UK population is approximately 66 million. By 2026, it is predicted to have grown to almost 70 million.²⁰ Population growth is, unsurprisingly, a key driving force in creating high demand for housing. It is not the only driving force, however. Indeed, it should be noted, as convincingly argued by Paul Cheshire, that population increase does not drive rises in demand as much as income

¹⁹ *ibid.*

²⁰ 'Population Projections' *Office for National Statistics* [Online]: <https://www.ons.gov.uk/peoplepopulationandcommunity/population-andmigration/populationprojections>

increases.²¹ That, understandably, is often given as the clearest explanation for why the current planning process systematically underestimates the need for more housing.

Nonetheless, according to projections made by the (former) Department for Communities and Local Government,²² the number of households in England is expected to grow from 22.7 million in 2014 to 28 million in 2039. This would be an average increase of around 210,000 households per year.²³ However, the Town and Country Planning Association and Shelter have each estimated, separately, that the demand for housing will grow at an even greater rate—at an additional 240-250,000 homes per year.²⁴ This far exceeds current supply rates. Although building has increased over the past few years, the number of completed houses in the year 2017-18 was still only 160,470.²⁵

The increased demand for housing, together with the lack of supply, has led to a massive surge in house prices over the past few decades. Today, the average house price is £214,578. Adjusted for inflation, the average house price in 2000 was approximately £131,000, and, if we go back to 1952 (the earliest year for which data is publicly available), it was only £52,845.

21 Cheshire, P (2018) Broken Market or Broken Policy? ‘The unintended consequences of restrictive planning’, *National Institute Economic Review*, No. 245.

22 Wilson, W. & Barton, C. (2018) ‘Tackling the under-supply of housing in England’, *House of Commons Library* [Briefing Paper]: p.10 [<http://researchbriefings.files.parliament.uk/documents/CBP-7671/CBP-7671.pdf>]

23 *ibid*, p.9.

24 *ibid*, p.10 (What is more, these estimates do not take into account the effect of increasing average incomes over the decades, which is what has driven much of the demand for more space and more homes. If we do not take this into account as well, those who are less well off will be squeezed out of housing as others consume more.)

25 <https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building>

Housing costs in the UK are now among the highest—perhaps the highest—in the world, both in absolute terms and relative to average income levels.²⁶ This is even the case in comparison to similarly developed countries with far higher population densities, and therefore relatively less land on which to build. House prices in London are now the second highest in the world; they are second only to Monaco, according to the Global Property Guide, 2014.²⁷ In real terms, house prices in the UK are now about three and a half times as high as they were in 1980. In the US, the current Eurozone, and the OECD as a whole, the figure is closer to one and a half times.²⁸

26 Niemietz, K. (2015) 'Reducing poverty through policies to cut the cost of living' *Joseph Rowntree Foundation* [Online Report], p.8.

27 *ibid.*

28 OECD Stats (2018) 'Analytical house prices indicators', available at https://stats.oecd.org/Index.aspx?DataSetCode=HOUSE_PRICES#

The costs we face: individuals, society, the environment

Increased cost of living

Over the past decade, the UK has made a slow but steady recovery from the trauma of the 2008 financial crisis. Jobs have been at the heart of this recovery—three million more jobs equates to a huge success—but what has not yet occurred is any meaningful increase in real take-home pay. With real incomes inching up only very gradually, the cost of living lies at the heart of the political debate, as we approach the 2020s.

With that in mind, it is hugely frustrating that there are a number of markets in which policy-induced distortions systematically continue to inflate the cost of living. The housing market is by far the most important of these.²⁹ The Green Belt stands out as one of the primary ‘policy-induced distortions’ in the housing market, and has led to a marked increased cost of living for huge numbers of individuals—both directly and indirectly.

Direct costs to individuals

Most straightforwardly, and as detailed in the previous chapter, Green Belts have contributed to massive house-price inflation. As discussed above, there is a huge under-supply of housing relative to demand, and a significant reason for this has been

29 Niemietz, K. (2015) ‘Reducing poverty through policies to cut the cost of living’ *Joseph Rowntree Foundation* [Online Report], p.9.

an under-supply of suitable land on which to build houses. As demonstrated by Kristian Niemietz, the empirical literature is remarkably conclusive: house prices can fluctuate for all kinds of reasons, but, in the long term, the decisive factor is the severity of restrictions on development.³⁰ For example, Christian Hilber and Wouter Vermeulen calculated in 2014 that about 35 per cent of the price of a house in England is directly attributable to planning constraints; a figure that others think is almost certainly an underestimate.³¹

The central importance of the availability of land for building affordable housing is also demonstrated by examining the price of a dwelling relative to the land on which it is built. Discounting inflation, house prices have gone up five-fold since 1995, but the price of land needed on which to build houses has increased in real terms by 15-fold over the same period.³² That is why, today, the land a house is built upon accounts for about 72 per cent of its sale value.³³ In 1995, this was 55 per cent; in the 1950s, it was roughly 25 per cent; and in the 1930s, it was as low as 2 per cent.³⁴

30 Niemietz, K. (2015) 'Reducing poverty through policies to cut the cost of living' *Joseph Rowntree Foundation* [Online Report], pp.14-16.

31 Hilber, C. and Vermeulen, W. (2010) 'The impact of restricting housing supply on house prices and affordability (Final report)', *Department for Communities and Local Government*.

32 Cheshire, P. (2014) 'Turning Houses into Gold' *CentrePiece*, Vol. 19 (1): p.16.

33 Office for National Statistics, National Accounts 2018, National Balance Sheet. [Online]: <https://www.ons.gov.uk/economy/grossdomestic-productgdp/compendium/unitedkingdomnationalaccountsthebluebook/2018/supplementarytables>

34 Green, B. (2013) 'Is it time for housing policy to pay more heed to the costs and the benefits of location?' *Bricknomics* [Online]: <https://web.archive.org/web/20160105210702/http://bricknomics.building.co.uk/2013/07/is-it-time-for-housing-policy-to-pay-more-heed-to-the-costs-and-the-benefits-of-location/>

For those of us who believe in the inherent goodness and vast instrumental benefits of both economic liberalism and a property-owning democracy, the social and political impact of the Green Belt's limiting of the supply of land is disastrous. It is increasingly hard to make the case for any form of popular capitalism when it is increasingly hard for people to acquire such capital in the first place. The poor performance of the Conservative Party in London in recent successive elections has been driven by a variety of factors, but the acute housing crisis has undoubtedly played its part. The capital is probably the most naturally entrepreneurial city in the country, but if people are trapped by a vicious cycle of rising prices and ever-shrinking accommodation for their money, it can be of little surprise when they turn to those offering a perceived radical alternative. Were the situation confined to London alone, with its 73 parliamentary constituencies, that would be significant enough. However, the housing problems we face are not confined to London; the way in which these problems reach into the wider South East, and to other urban centres, has the potential to bring about far-reaching, national political consequences.

Indirect costs to individuals

The inflation of house prices also increases the cost of living, indirectly. Most notably, taxpayers have to pay more to subsidise those who are unable to afford to buy their own homes, or to afford the high cost of rent. Using data published by the Chartered Institute of Housing and the Department for Work and Pensions, it is possible to estimate that government spending aimed at creating 'affordable' housing (just in England) is in the region of £26.1 billion per annum. This figure includes government expenditure such as Housing Benefit, the Affordable Housing Programme, and private market support such as the 'Help to

Buy' and 'Lifetime' ISAs.³⁵ This expenditure—which is necessary because of the high level of unaffordable housing—is a huge burden on taxpayers, at an average cost of £1,152 per household per year in England. Therefore, even homeowners, who might otherwise be pleased by inflated asset prices, nonetheless also suffer from the crisis of unaffordable housing. These taxpayer costs seem less surprising when one realises that 18.6 per cent of all rental accommodation in the UK is subsidised to varying degrees. This proportion is one of the highest in the EU.³⁶

Restrictions on land development also create an indirect cost to individuals through higher retail prices for consumers. Commercial property rents have experienced the same escalation as housing, driving up business costs in space-intensive sectors like retail, which are then passed on to consumers.³⁷ It is estimated, for instance, that Town Centre First policies reduce productivity in the retail sector by at least one fifth,³⁸ which probably feeds through directly into retail prices. Relatively high UK commercial rents can also put UK businesses at a competitive disadvantage to foreign businesses, thereby increasing unemployment, or otherwise exerting a downward pressure on wages. In 2007, Alan W. Evans and Oliver Hartwich reported that industrial space was more expensive in Bristol than in Paris, Amsterdam, Singapore, and San Francisco.³⁹ The serious problem of height restrictions should also be noted: in 2008, Paul Cheshire &

35 These calculations are based on data prepared for me by the House of Common Library. Workings can be demonstrated on request.

36 Eurostat [Online]: http://ec.europa.eu/eurostat/statistics-explained/index.php/Housing_statistics#Tenure_status

37 Niemietz, K. (2015) 'Reducing poverty through policies to cut the cost of living' *Joseph Rowntree Foundation* [Online Report], p.11.

38 Cheshire, P et al (2011) 'Evaluating the effects of planning policies on the retail sector: or do town centre first policies deliver the goods?', LSE: <http://eprints.lse.ac.uk/31757/>

39 https://www.gla.ac.uk/media/media_45934_en.pdf

Christian Hilber showed that restrictions on the supply of office space could be equivalent to as much as an 800 per cent tax on construction costs.⁴⁰

In conclusion, therefore, the restrictive nature of the Green Belt and other restrictive planning policies increase the cost of living both directly (by increasing the cost of accommodation), and indirectly (by increasing taxes and the cost of consumer goods). Paul Cheshire has calculated this cumulative welfare cost as the equivalent of a 3.9 per cent tax on urban incomes.⁴¹ Some claim the true amount could be much higher; the ONS has estimated that total house values exceed the cost of building those houses by some £3.7 trillion, or nearly 40 per cent of the net worth of the UK.⁴²

Curbed labour mobility

Higher house prices also have an economic impact on the people who do not live in our cities, but would like to do so. People's ability to move for work is being slowly eroded by the way in which housing in urban centres is so expensive. Chang-Tai Hsieh and Enrico Moretti contended in 2015 that housing supply restrictions had substantially reduced aggregate US growth between 1964 and 2009 by reducing labour mobility.⁴³ As John

40 Cheshire, P. and Hilber, C (2008) 'Office space supply restrictions in Britain: the political economy of market revenge', *Economic Journal*, 118.

41 Cheshire, P. (2009) *Urban land markets and policy failures*. Land Use Futures discussion papers, Foresight, Department for Business Innovation and Skills, London, UK, p.22.

42 See e.g. <https://capx.co/the-housing-crisis-an-act-of-devastating-economic-self-harm/>

43 Hsieh, C. and Moretti, E. (2015) *Housing Constraints and Spacial Misallocation* (Working Paper), NBER <https://faculty.chicagobooth.edu/chang-tai.hsieh/research/growth.pdf>

Myers has argued,⁴⁴ the problem is likely much worse in the UK. It is worth noting, for instance, London boroughs such as Brent and Harrow, where houses now change hands on average just once every 18 and 19 years, respectively.⁴⁵

A 2017 research paper by the estate agents Savills sets out the problem:

Mobility of labour remains one of the major labour markets constraints within the UK. Compared with other European countries, workers are considerably less footloose, which can be partially accounted for by increasing house price disparities between London and the UK regions.⁴⁶

In that people often move jobs to access bigger and better opportunities, a curb on labour mobility represents not only substantial damage to productivity and average earnings, but a curb on social mobility, too. Furthermore, if people cannot afford to move to cities because of housing costs, that represents a serious problem for employers, too. This problem is exemplified by the situation in Cambridge, which is surrounded by Green Belt, and where the average home now costs over £500,000—double the UK average. James Palmer, the Mayor of the Cambridge and Peterborough Combined Authority, commented last year, ‘There have been warnings that if we are not brave and we spend the next 10 years arguing, the cost of

44 <https://capx.co/the-housing-crisis-an-act-of-devastating-economic-self-harm/>

45 BBC [Online]: www.bbc.co.uk/news/business-43541990

46 Savills, ‘Skills, talent and labour mobility’ (November 2017) [Online]: https://www.savills.co.uk/research_articles/229130/224102-0

living in Cambridge will be far too high in 2030. I think there is a significant risk of that'.⁴⁷

Reduced quality of life

As well as increasing the cost of living and having a negative impact on labour mobility, planning restrictions have reduced people's quality of life in various other ways.⁴⁸ Within cities, where Green Belts prevent outward expansion, developers have responded to growing demand by building houses at greater density into the limited urban space available.⁴⁹ As such, the size of accommodation in urban areas is ever decreasing and the space between units of accommodation is ever narrowing.

When comparing the space available to households in the UK, Germany, and the Netherlands, Paul Cheshire exposes a staggering differential:

Although the highest density country of any size in Europe [...] housing in the Netherlands (and in Germany) is both of high quality and significantly cheaper relative to incomes than is the case in England [...N]ew build houses were 38 percent larger in the Netherlands and 40 percent larger in Germany than in the UK.⁵⁰

47 Cambridgeshire Live [Online], www.cambridge-news.co.uk/news/cambridge-news/house-prices-new-homes-cambridgeshire-14827865

48 Indeed, the way in which the planning system is premised on the idea that every unit built is subject to a political approval process, as opposed to there simply being a set of rules to follow, is inherently protracted in nature.

49 *Barker Review of Land Use Planning (Final Report: Recommendations)* (2006): p.47 [Online]: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/228605/0118404857.pdf

50 Cheshire, P. (2009) 'Urban containment, housing affordability and price stability – irreconcilable goals' *SERC Policy Paper 4*, SERC and LSE, p.8.

Not only are people being packed into tighter and more miserably overcrowded accommodation, but, in a bitter irony, the green land that is accessible to those in urban areas is having to be used for residential development. As Kate Barker has reported, ‘While higher-income groups have been able to afford to buy houses in protected areas with access to open spaces nearby, lower-income groups in cities have tended to enjoy increasingly little green space in their area due to infill development.’⁵¹

This leads us to the second important way in which Green Belt policy has diminished the quality of living for individuals in urban areas. Green Belt land is often presented as providing a social or amenity benefit for those in urban centres. However, in practice, the amenity value of green space decreases sharply over distance. Studies from around the world suggest that green space ceases to have a positive amenity beyond around 1km.⁵² Therefore, in practice, the Green Belt is enjoyed (to the extent that it is actually enjoyed) by those effectively living within it, and not by most of those in urban centres.

By contrast, given its proximity to where most people actually live, figures show that just under 50 per cent of the population use public urban green spaces at least once a week,⁵³ while just under 90 per cent said they used their local parks or urban open spaces regularly.⁵⁴ The reality, as Paul Cheshire notes, is that:

51 *Barker Review of Land Use Planning (Final Report: Recommendations)* (2006), p.47 [Online]: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/228605/0118404857.pdf

52 Papworth, T. (2015) ‘The Green Noose: An analysis of Green Belts and Proposals for Reform’ *The Adam Smith Institute* [Online Report], p.30.

53 Defra (2009) *Public attitudes and behaviours towards the environment – Tracker study*.

54 DCLG (2008) *Place Survey: England* and Gibbons, S. *et al.* (2011) ‘The Amenity Value of English Nature: A Price Hedonic Approach’ *SERC Discussion Paper 74*, p.3 [Online].

[...] a child in Haringey gets no welfare from the fact that five miles away in Barnet, there are 2,380 hectares of greenbelt land; or in Havering another 6,010 hectares. What [...] research has shown is that the only value of greenbelts is for those who own houses within them.⁵⁵

Therefore, as multiple studies have shown, we derive far more benefit from the urban core public space, which is actually accessible, than we do from the urban fringe Green Belt, which is not.⁵⁶ The Green Belt, then, essentially forces the ‘tarmacking over’ of the green spaces within expanding cities, where green space is actually desired.⁵⁷

Environmental costs

Finally, the designation of Green Belt land has, ironically, brought with it many unintended environmental costs. At a time in which there is both a growing awareness that we need a more sophisticated appreciation of what constitutes natural capital, and a once-in-a-lifetime opportunity to strengthen our environmental policies as we leave the EU, the Green Belt deserves serious scrutiny on this basis alone.

First, it is important to understand that Green Belts—far from stopping urban sprawl, as intended—have led to the ‘leapfrog’ development of ‘exurbs’, which grow on the ‘other side’ of the Green Belt from the cities. For example, the expansion

55 Cheshire, P. (2014) ‘Turning Houses into Gold’ *CentrePiece*, Vol. 19 (1), p.17.

56 See, for example: Barker, K. (2004) *Review of Housing Supply (Final Report – Recommendations)* [Online Report]: p.30; and Cheshire, P. & Sheppard, S. (2002) ‘Welfare Economics of Land Use Regulation’ *Journal of Urban Economics* 52, pp.242–269.

57 Papworth, T. (2015) ‘The Green Noose: An analysis of Green Belts and Proposals for Reform’ *The Adam Smith Institute* [Online Report], p.20.

of Dartford, Guildford, High Wycombe, and Watford (among others) has been rendered necessary because of the limits on the expansion of London boroughs such as Havering, Bromley, Kingston, and Harrow.⁵⁸ This displacement of development beyond the Green Belt necessitates the construction of more extensive transport infrastructure, as commuters ‘jump over’ protected land in order to reach work in the cities.⁵⁹ This leads to more land being ‘tarmacked over’ than would otherwise be necessary. In addition, these longer commutes that result from Green Belt policy obviously require greater energy consumption and fuel, and therefore increase atmospheric pollution and greenhouse gas emissions.⁶⁰

It should also be noted, in addition to the considerations above regarding people’s quality of living, that these longer journeys also add to welfare costs, owing to unnecessary and often unhappy time spent commuting. Indeed, many studies have found commuting to be negatively related to aspects of personal wellbeing such as life satisfaction,⁶¹ and to mental health

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- 58 Papworth, T. (2015) ‘The Green Noose: An analysis of Green Belts and Proposals for Reform’ *The Adam Smith Institute* [Online Report], p.20. <http://www.lse.ac.uk/geography-and-environment/assets/Documents/Green-Belt-Report.pdf>
- 59 *Barker Review of Land Use Planning (Final Report: Recommendations)* (2006), p.46 [Online]: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/228605/0118404857.pdf
- 60 Papworth, T. (2015) ‘The Green Noose: An analysis of Green Belts and Proposals for Reform’ *The Adam Smith Institute* [Online Report], pp. 33 & 45. See also: Cheshire, P. (2014) ‘Turning Houses into Gold’ *CentrePiece*, Vol. 19 (1).
- 61 Stutzer, A. Frey, B. (2008) ‘Stress that doesn’t pay: the commuting paradox’ *Scandinavian Journal of Economics* 110(2), pp.339-366.

wellbeing.⁶² Savills' 'What Workers Want' survey, published in 2017, indicates that workers want to change the length of their commute to work 'more than any other factor'.⁶³

The second major environmental cost of Green Belts relates to the development of environmentally valuable land, as explained by Tom Papworth:

[By] imposing extremely rigid restrictions on land near the city irrespective of its environmental and amenity value, we potentially displace development onto more valuable land beyond the Belt. Green Belt policy is concerned only with the proximity of the land to the urban boundary. It takes no account of the quality of the land itself. As such, Green Belts preserve low quality farmland near towns at the expense of more environmentally valuable land both within, and further removed from, existing towns.⁶⁴

62 Roberts, J., Hodgson, R. & Dolan, P. (2009) 'It's driving her mad: gender differences in the effects of commuting on psychological well-being' *Journal of Health Economics* 30 (5): pp: 1064-76, and Papworth, T. (2015) 'The Green Noose: An analysis of Green Belts and Proposals for Reform' *The Adam Smith Institute* [Online Report], p.46.

63 Savills, 'Skills, talent and labour mobility' (November 2017) [Online], https://www.savills.co.uk/research_articles/229130/224102-0

64 Papworth, T. (2015) 'The Green Noose: An analysis of Green Belts and Proposals for Reform' *The Adam Smith Institute* [Online Report], p.45.

Twin proposals: Green Belt reform and the ‘Green Land Guarantee’

In the previous chapters, it has been made clear that, contrary to popular belief, Green Belts were not designed to protect land with high amenity or environmental value. Rather, they were introduced with the aim of containing urban expansion, arbitrarily. They have failed even in that aim, however, as shown by the way in which sprawl has leap-frogged beyond the Green Belt—plus, they produce negative environmental consequences.

Moreover, by restricting residential development in the areas in which people actually want and need to live (in terms of proximity to their places of work, and where they will be most productive), Green Belts have contributed to massive house-price inflation, increased the cost of living for the least well-off in society, and often reduced people’s quality of living. The Green Belt, as it currently stands, is an out-dated and ineffective concept—born of an era of central planning—and is in desperate need of reform, for the sake not only of those people priced out of the housing market, but also for the sake of our environment.

The reforms suggested below are relatively modest in their scope. They are also ‘two-pronged’ in the sense that they should be taken together as a package. In essence, they propose that we should open up specific and limited existing Green Belt for residential development, but that we should also protect,

enhance, and extend the UK's genuinely 'green' and natural capital. Two additional suggestions follow the key twin proposals.

Proposal 1: Green Belt reform

We should unleash a homeownership revolution across England by developing new criteria to require Local Planning Authorities to release Green Belt land that is not worthy of the name. Building on previous proposals in this policy area—not least those found in Siobhain McDonagh's excellent 'London's Non-Green Green Belt' campaign statement—⁶⁵, the criteria would stipulate that land English Green Belt land must be released for housing when:

1. The Green Belt land is within half a mile of a station (railway, underground, or tram)

and

2. The land is not subject to any other protected environmental classification

Across England, this small release of land would create enough land supply for at least 1.5 million homes—and potentially many more were the radius to be widened even slightly— while leaving 98 per cent of all existing Green Belt land entirely untouched. Indeed, the remaining area of the Green Belt would still be over 115 per cent larger than it was in 1979.

This estimate of 1.5 million houses builds on previous work by Barney Stringer of Quod. Stringer has mapped all of the areas of London's Green Belt that are within 800 meters (i.e. half a mile) of an existing tube, tram, or train station. He excluded areas

65 <http://www.siobhainmcdonagh.org.uk/campaigns/londons-green-belt.aspx>

with other protected designations—e.g. Areas of Outstanding Natural Beauty, Sites of Special Scientific Interest (SSSI), ancient woodland, nature reserves, Special Areas of Conservation, and Special Protection Areas. His calculations showed that this would free up nearly 20,000 hectares of accessible Green Belt in and around London.⁶⁶

This paper's proposal, however, extends to the whole of England—not just London. Although London's Green Belt makes up just under one-third of the entire Green Belt area in England, it constitutes approximately two-thirds of all Green Belt land that would be made accessible under our criteria. This is primarily because the London Green Belt has a far larger number of stations in its Green Belt than other Green Belt areas in England.

For the whole of England, therefore, approximately 30,000 hectares of land would be made newly available for house building, by releasing Green Belt land subject to this paper's criteria. If one were to assume that dwellings on this land would be built at an average density of 32 houses per hectare (the national average),⁶⁷ then that would translate into an additional 960,000 houses across England. We believe, however—given the geographical location of the land we are proposing to release for development (i.e. surrounding urban areas)—that house density would be far higher than the national average. Paul Cheshire, for example, argues that the house density on this type of land would be closer to 50 houses per hectare.⁶⁸ This density would result in the potential development of 1.5 million new homes.

66 <https://barneyststringer.wordpress.com/2014/06/17/is-the-green-belt-sustainable/>

67 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/712316/Land_use_change_statistics_England_2016-17.pdf

68 <http://blogs.lse.ac.uk/politicsandpolicy/building-on-greenbelt-land/>

Proposal 2: The ‘Green Land Guarantee’

Proposal 1 will be challenging for many people to accept, not least because they will have understandable albeit unsubstantiated fears that such an approach would lead to the ‘concreting over’ of huge swathes of the countryside, and serve as a cue for the limitless expansion of our cities. It is, therefore, imperative to ensure that this proposal is not taken out of context. At the heart of this paper is the strong belief that a reformed Green Belt policy must lead not only to increased opportunity for house building, but also to more effective environmental policies, which will better protect, enhance, and extend our green spaces.

Proposal 2, therefore, is a ‘Green Land Guarantee’, which would stipulate, in primary legislation, that land designated in any of the following categories, as listed in Siobhain McDonagh’s ‘London’s Non-Green Green Belt’ campaign statement,⁶⁹ would not drop below 35 per cent of land in England:⁷⁰

- a. Land protected under the Birds and Habitats Directives and/or designated as Sites of Special Scientific Interest
- b. Land designated as Local Green Space, or an Area of Outstanding Natural Beauty

69 These categories are taken from Siobhain McDonagh’s proposal [Online]: <http://www.siobhainmcdonagh.org.uk/campaigns/londons-green-belt.aspx>

70 At present, approximately 35 per cent of land in England is protected from development through being, for example, part of an Area of Outstanding Natural Beauty, a National Park or part of the Green Belt. Even though we are proposing to release a small amount of the Green Belt for development, we want the total area of protected land in England to be preserved. (See: ‘Local Planning Authority Green Belt: England 2016/17’ (2017) *Department for Communities and Local Government*) [Online], p.2.

- c. Land within a National Park (or the Broads Authority), or defined as Heritage Coast
- d. Irreplaceable habitats including ancient woodland
- e. Aged or veteran trees
- f. Designated heritage assets (and other heritage assets of archaeological interest referred to in footnote 55 of the draft NPPF)
- g. Areas at risk of flooding or coastal change

The land designations above are all clearly environmentally worthy of enhanced protection, rather than simply having been dictated by crude circles on a map around conurbations.⁷¹ Further to this list, it is quite possible that new areas of woodland and wetland could be created to leave our own legacy for future generations.

What also matters, however, is that this green land is accessible to the British public. The Green Land Guarantee must not restrict itself simply to the designation of such sites, but should also provide the means by which they can be enjoyed. It could, therefore, also be made a condition that local authorities that make use of newly released Green Belt land should reserve a proportion of the resulting Section 106 monies for relevant

71 It should be noted that the Government has recently established this principle with a similar proposal. On 5 March 2018, the Government announced that: “We are proposing to create an expectation that loss of land from Green Belt should be off-set by means of compensatory improvements to environmental quality and access on remaining Green Belt land.” (See: Wilson, W. & Barton, C. (2018) “Tackling the under-supply of housing in England *House of Commons Library* [Briefing Paper]: p.54.

infrastructure,⁷² such as nature trails, cycle routes, and public transport links to green spaces. This would help people to enjoy the large proportion of green space that would continue to be set aside around our major towns and cities.

Two further suggestions

a) *Designated areas of housing stress*. In that the main purpose of this paper is to address the current housing crisis—as well as improving environmental protections, and providing educational clarification about the often arbitrary and environmentally unhelpful nature of Green Belt policy—it is worth considering the benefits of adding an extra caveat to Proposal 1. Under this caveat, the half-mile radius for development around stations where no special environmental protection existed would apply only where a designation had been made to clarify that the area was under housing stress. This would address the problem related to those areas where the Green Belt does not serve as the main obstacle to development, and particularly those where the opposite problem applies: the local authority is too willing to sacrifice green land when brownfield alternatives exist. The ‘housing-stress designation’ process could be overseen by the Secretary of State for the Ministry of Housing, Communities and Local Government—in accordance with a defined formula—in order to add a degree of automaticity, and to avoid political pressures from preventing such designations. Or, to completely avoid the political, a new Office for Housing Evidence (analogous to the Office for Budget Responsibility) could oversee the formula.

72 An additional or alternative proposal regarding Section 106 monies would be to stipulate that a proportion of these extra houses should specifically be social housing.

b) *Local public park provision.* Although the second part of Proposal 1 ('the land is not subject to any other protected environmental classification') and the entirety of Proposal 2 make clear that this paper's intention is to strengthen protections for the environment (and people's enjoyment of it), another caveat could be added to these proposals, in order to alleviate further an understandable fear of the 'concreting over' of urban green space. A 'local public park provision' rule could be incorporated into the process of obtaining relevant planning permission. When a landowner applied for planning permission for an area of relevant Green Belt land (it would be most likely that landowners would generally do so for a number of houses at once, in order to obtain economies of scale in design and construction), the local neighbourhood forum or parish (or a local authority consultation process) could be given the opportunity to select which part(s) of the proposed overall area—a set percentage, say 25 per cent—should be designated as public park. In line with existing statutory procedures, the same referendum-based decision-making process could be used as with neighbourhood plans, if the land were greater than a certain area, say four acres. In a similar manner to the proposal above regarding housing stress, this process could be focused on those areas with a lack of public green spaces, again addressing specific need rather than following arbitrary targets.

Conclusion: time to be brave

As it stands, the Green Belt is an arbitrary and increasingly damaging holdover from seventy years ago. It is currently preventing a generation from owning their own homes, pushing up the cost of living, increasing the tax burden, and damaging the environment. As demand for housing steadily rises, the Green Belt ensures that supply will never catch up, and that much of the additional housing that is being built is not in the places where it is most needed.

While releasing Green Belt land is the single most important change we could make, it is not the only tool available to us to mend the ‘broken’ housing market. As such, this paper’s proposals should be read as a complement to other proposals, and not at their exclusion. It is quite clear, for example, that, where such an option exists, available brownfield land should continue to be prioritised for development. It is important to emphasise that this is not always the case.

It should also be noted, however, that, according to a study conducted by the University of the West of England,⁷³ brownfield land across the UK could only accommodate the construction of up to 976,000 dwellings, which would cover the housing demand for less than four years. Moreover, as 976,000 is a national figure, the vast majority of those dwellings would probably not

73 *From Wasted Space to Living Spaces: The Availability of Brownfield Land for Housing Development in England*, University of the West of England, for the Campaign to Protect Rural England, November 2014 [Online]: file:///C:/Users/David/Downloads/From_Wasted_Space_to_Living_Spaces.pdf

be in areas of high housing demand with access to good job opportunities. We should also not assume the only possible, or best, use of that brownfield land to be residential housing. Often, it is more appropriate, for example, to reuse ex-industrial land for industrial purposes.

This paper's proposals would also be complemented by the general liberalisation of planning laws. Currently, people are severely restricted from improving and extending their own houses by the need for planning permission. Provided proposed developments do not adversely affect neighbouring properties (regarding the right to light, for example), the scope for permitted development has the potential to be increased. The planning laws in Tokyo, for instance, could serve as a template for the UK. Yet again, however, the vast scale of the housing shortfall means that such changes could not be enough in themselves. There is no escaping the central problem we face—namely, the distorting and damaging effect of the Green Belt. A conservative estimate would suggest that average house prices are well over 400 per cent more expensive in real terms than when the Green Belt was first created,⁷⁴ and the land on which most houses have been built is now far more expensive than the houses, themselves. That cannot be right, and it is certainly not sustainable.

Good government is about taking decisions for the long term. Housing policy represents an area where obvious short-term political sensitivities have played a large part in preventing a more rational policy from being developed. Ironically, despite its members' traditional faith in free-market economics, this issue is particularly difficult for my own party—the Conservatives—to address. This is largely a matter of electoral geography. The constituencies that make up the Green Belt around London are

74 As per the average house price figures previously referred to in this paper.

overwhelmingly safely Conservative, as indeed they are around most of the conurbations. MPs and council leaders in those areas need to reflect, however, not only on the wider impact of their choices, but also on the way in which their own electoral success comes at a heavy overall political price—namely, the increasing difficulty of selling liberal market economics in urban centres where our policy choices prevent so many people from enjoying affordable rents or aspiring to own homes of their own. A few thousand more votes in strongly Conservative shire areas, premised on opposition to development, should be of scant consolation, if they ultimately render more and more of our cities unwinnable territory for the party that has long represented the values of personal and economic freedom.⁷⁵

This paper, therefore, concludes with a call to arms. For all the reasons set out above, it is beyond time that we fundamentally reassessed the status of Green Belt land. The proposals presented in this paper would not solve our housing crisis overnight, but freeing up our outdated planning system to allow the construction of 1.5 million more homes, while enhancing the quality and accessibility of green spaces by establishing a ‘Green Land Guarantee’, would be an extremely good place to start.

75 It might also be noted, however, that a million new houses in the South East would create many new homeowners—potentially, therefore, contributing to a longer-term electoral advantage for a party committed to free-market values, despite some short-term electoral discomfort.

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