

# Strong Suburbs



Enabling streets to control their own  
development

Dr Samuel Hughes & Ben Southwood

Foreword by Ben Derbyshire





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*Policy Exchange has led the debate on empowering communities, winning support for development, and creating beautiful popular homes. The Government supports enabling communities to set their own rules for what developments in their area should look like, ensuring that they reflect and enhance their surroundings and preserve our cherished local heritage, and Policy Exchange is continuing this vital conversation.*

Rt Hon Robert Jenrick, Secretary of State for Housing, Communities and Local Government

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## About the Authors

**Ben Southwood** is Head of Housing, Transport, and Urban Space—three things that he believes inherently move together in lockstep. He intends to continue Policy Exchange’s paradigm-setting work in the housing area as part of an integrated plan to make British towns and cities clean, beautiful, and functional. Before he joined Policy Exchange he was a management consultant at KPMG, an economics correspondent for City A.M., and for five years Head of Research and Head of Policy at the Adam Smith Institute. He has written for academic journals, every major newspaper and magazine, and appeared on every major radio station and television news programme.

**Samuel Hughes** is a Senior Fellow at Policy Exchange and a Research Fellow at the University of Oxford. He took two degrees at Oxford and a PhD at Cambridge, and has spent time as a visiting researcher at the University of Tokyo, the Humboldt University of Berlin, and the School of Architecture at the University of Notre Dame. He was the research assistant of the chairs of the Building Beautiful Commission, Sir Roger Scruton and Nicholas Boys Smith. Samuel’s focus at Policy Exchange is on understanding why the quantity and quality of new homes and neighbourhoods is so inadequate, and on developing policy instruments to improve them.

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The cover illustration is by Michael DeMaagd Rodriguez.

## Endorsements

*This is an excellent proposal, which could make an immense contribution to resolving the housing shortage. When land values rose during the Georgian era, they built up, bequeathing us many of our most prized streets. This powerful and sophisticated proposal offers a way of doing this again, letting us create beautiful streets that we treasure for centuries.*

Christopher Boyle QC, Landmark Chambers, Chairman of the Georgian Group

*By devolving planning powers to the street level, the proposals have the potential to resolve the tension between residents' desire to protect their immediate environment and landowners' desire to realise development opportunities, to the benefit of all.*

Neil Cameron QC, Landmark Chambers

*The suburbs of Britain's towns and cities have immense potential to deliver much-needed homes in a sustainable and attractive way, yet too often they have fallen behind in their duty to help in providing homes for all who need them. Presented with the tools that this document proposes, communities will be able to make a meaningful contribution to housing delivery whilst also giving them greater agency in the decision-making process – as well as an opportunity to shape their neighbourhoods to suit their collective needs. It deserves serious consideration.*

Russell Curtis, Director of RCKa architects, Mayor's Design Advocate

*The proposed Renewal areas present the biggest challenge in the Government's reform agenda. The areas covered are so extensive and diverse. One solution in some areas could be some kind of community creation of codes for gentle densification, such as seen in this report.*

Richard Blyth, Head of Policy, Royal Town Planning Institute

The 'street votes' approach advocated in this report offers a community-led route to suburban densification that could overcome much of the opposition sparked by developer-led initiatives. I welcome the report, and would be very interested to see trials of these ideas at sufficient scale to test them thoroughly.

Peter Eversden MBE, Chairman of the London Forum of Amenity and Civic Societies

Residents often feel left out of a planning process that treats them as an afterthought.

The 'street votes' approach will ensure that they are intimately involved in, and benefit from the changes in their immediate environment and also help deliver the homes that Londoners so desperately need.

Andrew Boff, GLA, Chair of the Planning and Regeneration Committee

Neighbourhood Planning has proven that local communities can engage positively in shaping their community and permitting growth. This paper takes that a step further – recognising that 20<sup>th</sup> century suburbia has been frozen in time, because there is no way the people who live there can choose or benefit from the evolution of suburban streets. Street level democratisation of development is a profoundly important idea that could have a key role to play in addressing both the housing shortage and creating more sustainable and attractive communities. The Government should give careful consideration to these important proposals.

Lord Taylor of Goss Moor

The White Paper is the greatest opportunity in living memory to build the homes we need, and these imaginative, fully worked, detailed proposals for street votes will help it deliver on its aims.

Anya Martin, Director of PricedOut

I am genuinely excited by a radically new approach to get residents to go from being BANANAS (build absolutely nothing anywhere near anybody!) to YIMBYs! I am still scarred by experiences from trying to 'place shape' and provide much needed homes in Watford. It's tough on everyone involved in the chain. It's so important that we change this anti development culture. This proposal is brave, it's challenging, it's definitely 'outside the box' - but let's give it a go.

Baroness Thornhill MBE, Former Liberal Democrat Mayor of Watford

Fast-growing firms play a crucial role in the British economy, creating innovative solutions to seemingly intractable problems. In recent decades, however, the UK's planning system has largely locked them out of the housing industry. By devolving planning powers to communities, this outstanding scheme may give entrepreneurs a chance to deliver the housing we need in the places it's most needed.

Philip Salter, Founder of the Entrepreneurs Network

It is important that people have proper control over their immediate surroundings: it is they who should define beauty, for it is they that will live with it. This kind of control can unlock the negativity to local development arising from a feeling of a lack of control and support the established historic process of intensification to the benefit of those who live there. By putting the future of streets in the hands of the inhabitants, this proposal could unlock the construction of many new homes.

Prof. Robert Adam, Robert Adam Architectural Consultancy

These fascinating proposals will not solve the housing shortage alone, but they could make a major contribution to doing so, creating many high-quality homes and neighbourhoods, and helping to make house prices and rents more affordable.

Sir Robin Wales, former Labour Mayor of Newham

Community-led suburban intensification can make a valuable contribution to creating more homes and better neighbourhoods. This important report outlines a way of making this happen, and it deserves careful attention.

Ben Bolgar, Prince's Foundation

This is a tour de force. Finally, an English planning reform that is practical and politically feasible, but nonetheless has the potential over time to add many more beautiful homes where most needed. Seventy years of planning reform failure demonstrates that we need innovative thinking that also learns from the past. Southwood and Hughes have done just that.

John Myers, YIMBY Alliance

HTA has long argued that suburban intensification offers huge opportunities to improve our cities and create badly needed new homes. This report from Policy Exchange offers a powerful way to achieve this through empowering local communities to agree to the forms of intensification that they want.

Dr Riëtte Oosthuizen, Head of Planning at HTA Design LLP

One of the biggest barriers to growth in the modern world is our failure to build enough houses in places where people want to live and work. But most proposals to fix it end up failing, because they ignore the thorny politics of the issue. This proposal is different - by providing an incentive for homeowners to support new building, it offers a credible solution to one of the biggest economic problems the UK faces.

Stian Westlake, author of *Capital Without Capital*

The UK needs more homes. One crucial and often overlooked way of getting them is suburban intensification. This carefully thought out and detailed proposal provides one way we might enable more suburban intensification, with community support.

Nick Hutchings, A2Dominion

The well considered proposals appear an excellent opportunity for multiple stakeholders to deliver high quality development in substantial numbers to aid the national housing crisis. In our experience bringing the local community together to form a coherent plan with the agents of delivery can stymie development. The Strong Suburbs proposals could overcome this challenge and unlock the country's enormous potential.

Matthew Rosson, Landhold

This fascinating proposal provides an updated and democratised version of the traditional building regulations that created so many of our best streets. It constitutes an important opportunity to create the beautiful homes that the country needs, and to do so with the support of existing residents.

Francis Terry, Francis Terry and Associates

We are delighted to see one of the key recommendations of Sir Roger Scruton's *Living with Beauty* report developed with such care and detail. If it is implemented, it would create perhaps the greatest opportunity for beautiful architecture and urbanism in Britain since the Second World War. The Government should give the utmost attention to this profoundly important report.

Fisher Derderian, Executive Director of the Roger Scruton Legacy Foundation

If London is to have any chance of building the homes it needs then suburban densification must be one of the many steps that are taken to increase housing supply. This report is a welcome contribution to the debate about how our suburbs can maintain their character while also providing more homes.

Jonathan Seager, Executive Director of Place at London First

Britain needs not just more houses, but a rethink in how we think about housing. Beauty should not merely be an afterthought, and local communities should not merely be consulted, but take the reins in proposing development and controlling the form they see. These careful proposals are major steps towards achieving this rethink.

Rt Hon Sir John Hayes CBE, MP for South Holland and the Deepings

Top down housing reform has been tried, tried again, and found wanting. If we are to make a robust change to the UK's housing market and planning regime we need to take on the insights of political economy. Street votes, by drawing on the insights of Ostrom and Olson, may just be that.

Prof. Mark Pennington, Professor of Political Economy and Public Policy, King's College London

We are excited about these proposals and see the potential for a practical and inclusive plan for urban development. We can create more liveable and sustainable cities through suburban intensification, while providing badly needed homes. This important report illustrates a path to how this could be achieved by engaging local residents

Karl Sharro, Partner at PLP Architecture

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## Foreword

Ben Derbyshire

Dip, Arch, Cantab, IPPRIBA, FRSA, HonAIA Chair, HTA Design LLP Immediate Past President, RIBA Historic England Commissioner

I welcome the Strong Suburbs report by Policy Exchange and urge policy makers to take note of its detailed proposals to address long-standing obstacles to the well-being of our suburbs, contributing at the same time to the solution of wider urban issues:

- Many urban and suburban communities suffer from a sense that urban regeneration is being done TO them. These proposals are a practical guide to how such communities can benefit from development inspired and approved BY them.
- Not all suburbs live up to the vision of leafy, thriving neighbourhoods sold by the developers of Metroland – undermined by poor stock condition, unsustainable population densities, declining local services, congestion and environmental degradation caused by motor cars.
- In five years' time, London is called on to deliver 93,000 new homes per year, double the present target. To urbanise neighbourhoods around existing suburban train stations is a strategic opportunity when the SHLAA of available development sites has long been exhausted.
- The London Plan is founded on the principle of Sustainable Intensification. If we are to deliver on the legally binding target of a net zero economy by 2050, we must find ways to accommodate its burgeoning households without urban sprawl and with improved energy efficiency.

HTA Design has been developing the Supurbia concept for suburban intensification for some years. We know from our successful air-rights project in the Primrose Hill conservation area that neighbours on both sides of a street can come together to add value to their neighbourhood when benefits accrue to individual households from collective development. The ideas in these pages are a significant step towards scaling up the implementation of the Supurbia concept.

This Policy Exchange research shows us a practical application that can be accommodated in the planning reforms currently under way. Suitable neighbourhoods with adequate access to transport infrastructure can be

zoned as 'Renewal Zones' proposed by the reforms. The thoroughgoing process leading to 'Street Votes' proposed here will be a reliable indication that the development proposals are 'Provably Popular' in the terms envisaged by the reforms.

Once in place, a policy framework such as this will be a terrific stimulus for popular housing development and local economic activity. The development process will transform many equity rich, cash poor households, enliven local services and provide opportunities for SMEs to deliver a hassle-free development process for communities with potential to improve the lives of many in declining suburban areas.

## Executive Summary

- Many parts of Britain suffer from an acute housing shortage, manifested in enormous gaps between prices and construction costs. Previous schemes aiming to resolve this issue have often failed, because the homeowners who make up two thirds of the British public have generally seen development as placing large burdens on them without any corresponding benefits.
- We need a scheme that creates more good homes and better places in a way that shares the benefits with existing residents and communities, so they may become enthusiastic advocates of building rather than vigorous opponents.
- We propose that residents of a street should be able to agree by a high majority on new strict rules for designs to make better use of their plots. A street of suburban bungalows, for example, could agree on the right to create Georgian-style terraces. In many cases, an adopted 'street plan' would greatly increase the value of residents' homes, giving them strong reasons to agree on it.
- These proposals will foster gentle intensification within about half a mile of existing transport and town centres, creating better and greener places with more customers to support struggling local high streets. More people will be able to live in neighbourhoods that pass the 'pint of milk test', living in walking distance of somewhere they can buy a pint of milk, along with other essential social infrastructure. Older residents can agree to permit the creation of generously-sized and stair-free new homes that will meet their needs in retirement for decades to come, with supported living options as they age.
- Our modelling suggests that, even with extensive constraints and extremely conservative assumptions about build cost and aversion to change, this policy could create a further 110,000 homes each year for the next 15 years above current estimates, all with the consent of the existing residents, and none requiring a single inch of greenfield or greenbelt land. On streets that agree to allow typical forms of gentle intensification, the average participating homeowner would make £900,000, while the local authority would get an average of £79,000 for every new property delivered. The boom would mean an extra £34bn spent on construction each year, and it may generate as much as 0.5pp extra annual GDP growth.
- Our proposals include limits on the development rights that

streets can allow themselves, designed to minimise impact on neighbouring streets: light plane rules, rules stopping ‘garden grabbing’, rules on height, and rules restricting how much on-street parking new residents could use. Redevelopment of listed and pre-1918 properties would be prohibited, as would development in National Parks and Areas of Outstanding Natural Beauty. Each scheme will need to ensure that residents who wish to return are rehoused in a high-quality home for the interim period of the construction on the original plot; the large economic potential should make it easy to fund such provision.

- We suggest reforms to ensure generous provision of social infrastructure, including schools, buses and GP surgeries, so that the needs of any new residents are met without placing pressure on existing communities. We propose Capital Gains Tax (CGT) be levied on the value uplift resulting from a street vote, and its revenues hypothecated to local authorities, as well as Stamp Duty Land Tax (SDLT) being partly redirected, temporarily, also to local authorities.
- Modelling indicates that these measures would generate huge revenues for both local authorities and the Treasury, providing plentiful resources to improve services for the whole community. Revenues would also be hypothecated to the street for greening and public space improvements.
- A net-zero whole life carbon condition would be imposed on all redevelopment of homes through street votes. Since existing housing stock is often poorly insulated and normally heated through gas, redeveloping into net-zero homes would constitute a huge improvement in environmental standards. Denser settlement patterns would support a shift away from car dependency. As future governments phase out gas boilers, street votes could provide the funds for existing homeowners to pay the costs of insulating and re-plumbing their homes to adapt them for heat pumps.
- Unlocking community support for development could arrest the steep fall in homeownership among younger generations. It could yield beautiful and popular streets in the best traditions of British urbanism. It could relieve pressure on greenbelts for a generation to come. And it could generate an economic boom built on outdoor jobs that would reinvigorate the economy after Covid-19, just as the 1930s housing boom pulled Britain out of the Great Depression.



*A possible vision for a suburban street in Outer London. Reproduced by kind permission of Michael DeMaagd Rodriguez*

# Introduction: the UK's housing shortage

1. Much of Britain faces an acute housing shortage, with house prices soaring far above build costs as a result.<sup>1</sup> Millions of young people now lack the capital they need for a home of their own, causing a vertiginous fall in home ownership relative to previous generations at the same age.<sup>2</sup> In the long run, this will threaten Britain's character as a property-owning democracy. It is also an enormous economic burden, preventing millions of people from moving to where economic opportunities are greatest. Economic historian Nicholas Crafts has estimated that removing regulatory obstacles to housebuilding would add two percentage points to annual GDP growth for a decade.<sup>3</sup>



*Intensification over many centuries in the City of London*

The source of this shortage lies deep in the postwar housing settlement. Before the 1940s, development in Britain was regulated by a relatively

1. Myers, J., 2020., *Fixing Urban Planning with Ostrom: Strategies for Existing Cities to Adopt Polycentric, Bottom-Up Regulation of Land Use*. Arlington, VA: George Mason University, Mercatus Center.
2. See e.g. *The Decline of Home Ownership Among Young Adults* (Institute for Fiscal Studies, 2020). Build-to-Rent-to-Buy and Shared Equity schemes can only have a small impact with the current level of funding.
3. Crafts, N., 2013. Liberalise Planning and Housebuilding Can Revive Growth. *City A.M.*, 1 May.

simple system. Property owners were allowed to build on their land and to extend or replace existing buildings, provided that they abided by building regulations, normally including height limits and light planes to protect neighbours and preserve the character of the neighbourhood.<sup>4</sup> The lack of mechanised transport constrained the outward growth of cities, so when the populations of cities grew, property owners soon found it worthwhile to build up to those limits. Countless areas of British cities evolved this way. The immensely rich urban fabric of the pre-war City of London had developed over many centuries, on a site where at the time of the Conquest there had been just a few thousand wattle-and-daub huts.

The development of mechanised transport – trams, tubes, trains, and then, later, cars – altered this situation. Because travel became much faster, it was easier for cities to grow outwards rather than upwards. Initially, this meant close-knit suburbs around tram stops and train stations, but the development of the car generated much more diffuse patterns of building. This process accelerated in the interwar period, creating extensive low-density suburbs around virtually all British towns. It continued into the postwar period until it was slowed by green belt regulations. For many decades, governments reinforced this process by mandating low densities, usually by setting an upper limit of 30 homes per hectare – a stark contrast to older areas of British towns, such as Notting Hill with around 100 homes per hectare, or Pimlico with around 175.



The present planning system was introduced in a series of mid-twentieth century laws, the most notable of which was the 1947 Planning Act. The right to develop was nationalised, with most new building requiring specific permission from the state. Since, even as prices rose, the state rarely permitted suburban homeowners to add floors or use more of their plots, most of suburbia became frozen in place. Of course, the protection of beauty and amenity was valuable; but whereas the old system had allowed suburbs to gradually evolve into a denser urban fabric as land

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4. For a detailed review of Victorian and Edwardian regulations, see Roger Henley Harper, *The Evolution of English Building Regulations 1840-1914* (PhD thesis, University of Sheffield, 1978), 2 vols. Cf. Banister Fletcher, *The London Building Acts* (London, 1914). *The Building Acts* are publicly available online, e.g. the 1930 London Building Act at <https://www.legislation.gov.uk/ukla/1930/158/contents/enacted>.

values rose, the new system preserved streets indefinitely in the condition in which they were first built. Although the outward expansion of cities initially continued in the postwar period, it too was later curtailed by the imposition of green belts, a crucial measure to protect the countryside and prevent further sprawl.

In preventing outward expansion and suburban intensification, the 1947 Act precluded both of the ways in which cities have historically met rising demand. The postwar era saw governments explore alternative possibilities. Between 1946 and 1970, the state built a series of 'New Towns', planned settlements on what had previously been countryside: Basildon, Stevenage and Milton Keynes are well-known examples. New Town powers fell out of use in the 1980s, and subsequent greenfield development has often been controversial.<sup>5</sup> Similarly, the postwar programme of tower-block building proved contentious, both because of its sometimes uncomfortable relationship with the existing urban fabric, and because of the problematic effects of high-rise living on community and child development.<sup>6</sup> This left the UK planning system without a mechanism for delivering large quantities of new housing.



*Dense traditional urbanism is widely popular*

2. The enormous rise in demand over recent decades in many parts of the UK has placed this system under great strain, as it has struggled to deliver homes in the numbers the country needs. Policy Exchange has produced a series of reports arguing for the reforms that are necessary to fix this, most recently *Rethinking the Planning System for the 21st Century* (2020). This has shaped the Government's current proposals for fundamentally reforming the planning system, manifested in its planning White Paper, *Planning for the Future*, together with its reforms to housing need targets.

Although we do not yet know exactly what the new housing need targets will be, a draft formula published by the Government suggests

5. See Brian Lund, *Housing Politics in the UK: Power, Planning and Protest* (Bristol: Policy Press, 2016).  
6. For a review of empirical research on high-rise, see Gifford, R., 2007. The Consequences of Living in High-Rise Buildings. *Architectural Science Review*, 50(1), pp.2-17.

that they will be both more ambitious overall, and also more focussed in the areas in which the shortfall is most acute. Both of these changes are welcome, assuming that the new homes will be built without risking irreplaceable amenities. The White Paper gives the local authorities new instruments with which to deliver those targets, most notably introducing a new system of designations, in which all land will be classified as for ‘Growth’, ‘Renewal’ or ‘Protection’.

Much of the debate surrounding the White Paper has been focussed on whether the more ambitious housing need targets will lead to controversial forms of greenfield development, potentially even to the release of greenbelt land. This report has a different focus. In the medium to long term, we argue, the most important opportunities created by the White Paper lie not in greenfield building, but community-led suburban intensification – in the ‘Renewal’ designation rather than the ‘Growth’ one. The White Paper states that the Government is keen to investigate allowing ‘very small areas – such as individual streets – [to] set their own rules for the form of development which they are happy to see’.<sup>7</sup> This is a profoundly important idea, and this report expands it into a developed policy plan.

A large majority of the ground area of UK cities is made up of low density suburbia, largely from the interwar or postwar periods.<sup>8</sup> Allowing even a modest proportion of this to evolve into the urban forms typical of Georgian or early Victorian neighbourhoods would provide ample housing to meet our needs, without building on green belt areas or introducing very large quantities of high rise to historic towns. This sort of intensification was, historically, the norm, and many celebrated neighbourhoods developed this way, like Covent Garden, Soho and Hampstead. In Japan, it remains normal today, and has contributed to very high levels of housebuilding, in spite of Japan’s high population density and scarcity of usable land.<sup>9</sup>

Extensive empirical research has shown that this sort of relatively dense urbanism facilitates walkability, mixed use, public transport and shorter commutes, with correspondingly improved outcomes in terms of health, happiness and environmental sustainability.<sup>10</sup> Dense traditional urbanism brings more potential customers into walking distance of high streets, and makes their walk to that high street easier, safer and more pleasant. It not only outperforms low-density suburbia in these respects, but also, frequently, high-rise. Nearly all our most celebrated streets follow these traditional patterns, with their strong sense of enclosure and the rich urban life they foster.<sup>11</sup>

For all these reasons, suburban intensification has been championed by Policy Exchange for many years, starting with the 2011 report *Cities for Growth*.<sup>12</sup> In the years since, the importance of suburban intensification has been stressed by the Royal Town Planning Institute, the Outer London Commission, and the Government’s Building Better, Building Beautiful Commission (itself set up after the Policy Exchange’s report on building beautiful).<sup>13</sup> HTA Design, one of Britain’s leading residential architecture

7. MHCLG, 2020. *Planning for the Future*, p. 42.

8. Piddington, J. et al., 2020. *The Housing Stock of the United Kingdom*. BRE Trust.

9. <https://japanpropertycentral.com/2020/02/new-housing-starts-drop-4-in-2019/>

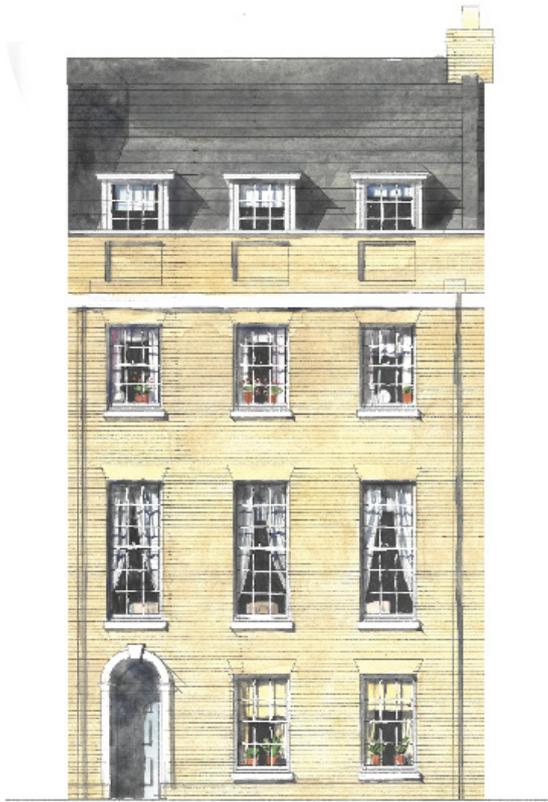
10. For a review, see e.g. Place Alliance, *Ladder of Place Quality*; cf. Place Alliance, 2020. *A Housing Design Audit for England*.

11. Cf. Massingale, *Street Design*; Jacobs, *Great Streets*.

12. Policy Exchange, 2011. *Cities for Growth*.

13. Royal Town Planning Institute, 2016. *Where Should We Build New Homes?*; Outer London Commission, 2016. *Sixth Report - Removing the Barriers to Housing Delivery*, London: Greater London Authority; Building Better, Building Beautiful Commission, 2020. *Living With Beauty*, pp. 79-80.

practices, has run a powerful and influential campaign for 'Supurbia', highlighting the ways that suburban intensification can improve the neighbourhoods in which it takes place. Our report draws on this tradition of policy thinking to provide the details for the Government's 'street renewal' proposal.



*A rendered elevation for a three-storey house with a mansard. Reproduced by kind permission of Francis Terry and Associates*

In particular, we argue for allowing streets **to agree by supermajority on design rules to allow buildings with more storeys that use more of their plots**, within constraints to protect neighbours and careful controls to ensure overwhelming support on the street. The enormous value uplift that the resultant 'street plan' would often bring homeowners means that this opportunity could have massive uptake. If so, street votes could therefore become the principal instrument for meeting and exceeding the Government's housing targets. They would relieve pressure for controversial green belt and high-rise development. And they would achieve all this not through forcing housebuilding against local protests, but through development that local people had agreed on in order to enjoy their share in the benefits it brings.

This report also draws on a second strand of recent policy thinking, stemming from Policy Exchange's 2018 report *Building More, Building*

Beautiful.<sup>14</sup> One reason for local hostility to development is that local residents expect that new buildings will be ugly, damaging the appearance of their neighbourhood and undermining their property values. They believe this because much development is in fact ugly. A priority for any government that seeks to win local consent for development is thus to raise the aesthetic standards of new building.

This thinking led the Government to establish the Building Better, Building Beautiful Commission in 2019 under the chairmanship of Sir Roger Scruton. The Commission's widely acclaimed report, *Living with Beauty*, included a range of recommendations, but the central theme was the need to empower local people over the design of the buildings that they would be obliged to live with. The need for this is heightened by the fact that the tastes of planning authorities often diverge from those of the public as a whole – the 'design disconnect' – meaning that popular design can only be secured by empowering local communities themselves, not by relying on officials to deliver it for them.

The street votes proposal outlined in this report fulfils this need. We argue that when a group of residents submit a proposal for a street plan, they must include a design code prescribing the form that the development must take. They may even include a complete design specification defining a 'fast-track to beauty', automatically granting permission to building that corresponds to the specification. Since the residents preparing a proposal are seeking to maximise their chances of securing a qualified majority, they will be incentivised to prepare the most popular designs possible, and their proposals will only be accepted if they have succeeded in preparing something that meets with the approval of their neighbours.<sup>15</sup> Street votes thus offer us the possibility of a generation of popular beautiful design, such as we have not known since before the First World War.

There is a further reason to think that street votes would foster beautiful design. The beauty of a building gives pleasure to all who pass it, and adds value to every other building nearby. In this sense, beauty is a paradigm of a good with positive externalities: it has benefits that affect people not involved in paying for it. This is why many of the most beautiful areas – the New Town of Edinburgh, Grainger Town in Newcastle, Mayfair, Marylebone and Notting Hill in London – were developed and maintained by single landowners ('the Great Estates'), who factored in the positive effects that each beautiful building would have on the value of all the other buildings they owned in its vicinity.

As we explain in detail in later sections, our street votes proposal replicates much of the same incentive towards beauty, without the highly unequal land ownership that generated this historically. Because the external design of buildings is determined at the level of the street, not that of the individual building, residents will benefit by factoring in the effect that each building's appearance has on its neighbours, as well as on the individual who owns it. In this way, a kind of democratised Great Estate is created, though on a somewhat smaller scale, with neighbours incentivised to carefully curate their shared home. In this respect too, our

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14. Policy Exchange, 2018. *Building More, Building Beautiful*.

15. Cf. the extensive polling evidence in Policy Exchange, *Building More, Building Beautiful*.

proposal draws on celebrated historical precedents, updated for our times.

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The housing crisis is often presented as a zero-sum conflict. More houses must be built to avoid rising homelessness, falling home ownership, and wider economic stagnation. But they can only be built by forcing them through against the will of local people, either by imposing high-rise on our historic centres, or by concreting over our countryside with more suburban housing estates. On this analysis, the interests of those who already own homes are fundamentally opposed to the interests of those who do not, and policy is simply a matter of choosing which interest group will triumph over the other.

This analysis is profoundly mistaken. The appearance of opposed interests is the result of a defective system, which excludes existing communities from the benefits of development while imposing on them its adverse effects. If existing communities are allowed to control the form of development and to share in the benefits that it brings, they can become enthusiastic supporters. This report explains how this can be achieved. The next three sections explain the source of the housing shortage, outline the core principles of our proposed solution to it, and highlight some of that solution's key examples. We then give a detailed statement of our proposal, including the constraints that need to be included to make sure that intensification works for the whole community. In the closing sections of the report we explain the model we have developed to assess the effects of street votes, and look at a worked example of how it could work on a given street.



*After a street vote? By Sandy Morrison. Reproduced by kind permission of HTA Design.*

## The Source of the Housing Shortage

Almost all goods, services, and inputs to production are scarce: that is, we want more of them than we can get. Scarcity implies rationing. Various mechanisms have been developed for rationing these scarce resources: queueing, lotteries, and, most commonly, market pricing. The scarcer things are, the longer the queues, the lower the chance of winning the lotteries, and the higher the price. We can judge the relative scarcity of different goods by comparing these. Classical economists puzzled over the fact that a one-gram diamond may cost £10,000 – as much as one may spend on water in a lifetime, even though water is vastly more useful to everyone. The price difference comes from the fact that diamonds are scarcer than water, even if they are less useful.

In the UK, around 17% of households live in housing rationed chiefly by queues (waiting lists in the social rent sector), and around 83% in housing rationed by market pricing (either rents or house prices in the private sector).<sup>16</sup> In some places in the UK (e.g. rural Wales), property goes for under £1000 per square metre; in others (e.g. Chelsea) it goes for well over £10,000.<sup>17</sup> This of course indicates that property – floorspace and rooms to live and work in – is scarcer (relative to demand) in Chelsea than it is in rural Wales.

In most cases, the scarcity of a final product, such as a house, reflects the scarcity (or otherwise) of its inputs: bricks, the time and skill of bricklayers, and the land underneath it. Diamond rings are expensive because diamonds are rare. Bottled water is cheap because both plastic and water are easy to get hold of.

Sometimes, though, there is a gap between the cost of an output and of its inputs. In many neighbourhoods in the UK, especially around Oxford, Cambridge, and London, knocking down a house and building a much bigger one (or multiple dwellings) on the same lot would cost perhaps £1m, but add several million pounds to the value of the property. For example, two of these elegant new-build North Oxford town houses selling for around £2m each fit neatly on the plot of a 1950s bungalow selling for £800,000 fifteen minutes' walk up the road.<sup>18</sup> Since they cost perhaps £1.8m to build, this uplift is worth around £1.4m.

Why do property owners in places like Oxford, Cambridge and London ignore this apparently gigantic financial opportunity? Many homeowners, of course, do not wish to redevelop their own home to replace it with more homes. But even if literally no homeowner were tempted by such an opportunity to transform their own or their children's lives, every

16. MHCLG, 2012. *English Housing Survey data on tenure trends and cross tenure analysis*. Available at: <<https://www.gov.uk/government/statistical-data-sets/tenure-trends-and-cross-tenure-analysis>>

17. <https://www.zoopla.co.uk/press/releases/average-square-foot-costs-up-per-cent-in-five-years/>

18. See <https://www.rightmove.co.uk/property-for-sale/property-96410036.html> and <https://www.rightmove.co.uk/property-for-sale/property-89839277.html>

home changes hands at some point: if there were huge opportunities for profitable intensification, small builders would buy properties and redevelop them whenever they came on the market. The fundamental answer is that homeowners would need planning permission to redevelop their properties, and getting planning permission for that scale of change is normally prohibitively difficult. Indeed, since they know that the process of applying would be expensive, long, arduous, and likely to result in failure, property owners rarely submit applications for this kind of building in the first place. They know the huge potential reward is unlikely to be achievable in the current system.

Planning permissions are the principal point of real scarcity in the system. There are other bottlenecks, especially the reduced number of small builders: partly due to the scarcity and high cost of small sites where development is allowed, the number of small builders has declined hugely since the 1930s.<sup>19</sup> But the scarcity of planning permissions is the most significant. One assessment by the Department for Communities and Local Government (now the Ministry of Housing, Communities and Local Government) found that a hectare of land in the outskirts of London would be worth around £21,000 as agricultural land, and around £2.5m with planning permission for development.<sup>20</sup> This means that when the landowner is granted permission to build houses on their hectare of farmland, their hectare instantly becomes 119 times more valuable, because of just how scarce such permissions are.

In general, existing suburban development is not parcelled up like this. That means it is not possible to make an identical comparison to the one above. In Barnet, a specific 1.2 hectare area we surveyed has 26 small properties that would together sell for around £14m now, but would fit properties that could together fetch £140m after the construction that street votes could enable to take place. This implies, taking into account construction costs of around £45m, uplift per hectare of around £40m. This suggests that permission for suburban intensification can sometimes generate even larger absolute value uplift than permission for greenfield development, if the location and transport links are better than they are on the greenfield site. Giving these homeowners permission to move towards a more traditional urban form by adding floors and using up more of their plots would add a great deal to the value of their properties.

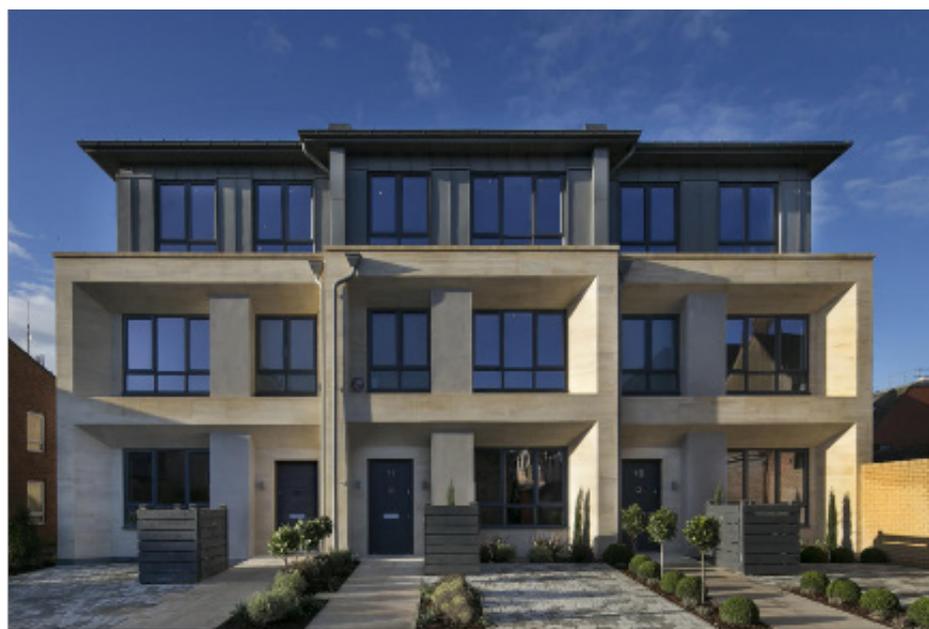
Why are planning permissions scarce? Local Planning Authorities (LPAs) are not to blame: in nearly every case, they make strenuous efforts to reach the new homes targets the Government assigns them, and most succeed in doing so.<sup>21</sup> The fundamental reason is that new development is normally intensely unpopular with existing residents. Every attempt to create a wave of greenfield development in the countryside or high-rise in cities has been met with massive pushback.<sup>22</sup> Governments have been understandably cautious to do something so contentious. The current Government's ambitious targets for new homes are extremely welcome, but to sustain this level of building in the long run, over many future governments, will be very difficult without durable local support.

19. Decomposition of the price of properties in high price areas shows that the cost of materials such as bricks, by contrast, is generally a tiny fraction of the final price. Even high-quality bricks are cheap compared to the price of a home.

20. DCLG, 2015. *Land value estimates for policy appraisal*. Available at: <[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/407155/February\\_2015\\_Land\\_value\\_publication\\_FINAL.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/407155/February_2015_Land_value_publication_FINAL.pdf)>

21. Heasman, D., 2020. Five-year housing targets - how are Local Authorities doing? (Heatmap). Available at: <<https://blog.land.tech/five-year-housing-targets-heatmap>>

22. See Lund, Housing Politics in the UK for discussion.



*Different uses of similar plots*

Existing residents oppose development partly because it imposes adverse effects on them – ugly buildings, noisy construction, traffic congestion, fewer places at GPs' surgeries and in schools. At the same time, they are given no share in its benefits. If the Oxford local authority granted permission to the bungalow owner to build three substantial townhouses on their plot, the owner would instantly become an asset millionaire, but their neighbours would gain nothing and suffer some of the costs. What is more, local residents are risk averse, and cannot exercise control over even those developments that seem positive, after they have been approved.

Having seen many of these developments turn into eyesores or become run-down, they are wary of allowing more nearby. Our planning system thus gives local residents powerful reasons to oppose development, and it is hardly surprising that they usually do so.<sup>23</sup> Local support will help the White Paper deliver on its aims by creating a durable political basis for creating enough homes. And there can be no durable local support until we address the powerful reasons that people have to oppose development in their neighbourhood.



*Residents could choose to retain and extend existing buildings. Reproduced by kind permission of Francis Terry and Associates*

23. Cf. Glaeser, E. L., Gyourko, J., and Saks, R., 2005. Why is Manhattan so expensive? Regulation and the rise in housing prices. *The Journal of Law and Economics*, 48(2), pp. 331-369; Glaeser, E. L., and Gyourko, J., 2002. *The impact of zoning on housing affordability* (No. w8835). National Bureau of Economic Research.

## Winning Support for Building Homes

One way to mitigate local opposition to development is to reduce its adverse effects on local people. For example, developers of many London buildings give up the right for future residents to claim parking permits in local authority-controlled parking spaces. This means that despite new neighbours moving in, existing residents will not find themselves losing their access to parking spaces. Another example is the strain that new residents can put on limited local services such as schools and buses. The planning system tries to address such problems through the system of developer contributions, whereby the developer pays the local authority to cover the cost of expanded public services. The Government's new flat rate tax on development, as proposed in *Planning for the Future*, will also function to reduce the negative effects that locals bear, and thus the objections they express, to development.

Clearly, however, not all of the harms that development imposes on residents can be completely ameliorated. One reason for this is that many impacts of development are hyper-local: they fall not on everyone in a given LPA, but on a much smaller number of people who live in the development's immediate vicinity. This is true above all in the case of suburban intensification, where development takes place on existing settled streets. Those living on the street may lose access to parking on their street; they will endure the noise and bother of construction work; they may see more shade on sections of their garden. Those living on the street are also those who will have to see any new building every day – if its facade is an eyesore, they are the ones who will bear that cost. One option is to have individual compensation for those affected, analogously to the developer contributions mentioned above. But working out the details of each particular case would be an unworkably complex and fraught process, and many people are understandably reluctant to accept cash in return for what they see as a worsening of the place. It may seem, then, that winning local support for suburban intensification is impossible.

To understand why this is not so, it is helpful to consider some of the most celebrated cases of suburban intensification, those that took place in the Great Estates of London in the nineteenth century. The Great Estates were large areas of West London, each owned by a single landowner. Since a single owner both bore all the costs (in terms of the lower rents people will pay for property in more densely built up areas), and all the benefits (the extra rent that more usable floorspace attracts), they were well placed to choose the optimal level and design of development. Much of Knightsbridge, Chelsea and Mayfair was redeveloped in the late

nineteenth century in very much the way that we are advocating here, with added floors, highly efficient plot use, and beautiful facades designed by some of the leading architects of their time.

It would not be possible to reorganise the more egalitarian ownership pattern of modern British cities and suburbs into Great Estates, and nor would it be desirable. There are many good reasons for celebrating the communities of homeowners that have, in most places, replaced the cities owned by a handful of magnates. However, there may be ways to coordinate our more democratic pattern of ownership so that it functions more like a Great Estate, with locals absorbing more of the benefits of local development, as well as the negative effects.



*Intensification in the Great Estates*

Our proposal is that we turn each street into a miniature ‘Community Great Estate’, by giving it collectively the right to develop within an agreed

design code, through a pre-specified decision mechanism established by the government. This has promise because, in combination with levies that cover or compensate the negative effects on non-street local communities, it will mean that those bearing the disadvantages of any redevelopment would also enjoy its benefits. If a street would become far more valuable by intensifying, as Kensington did in the 1880s, its residents would be able to choose this, thereby benefiting in the same way that the Earl Cadogan did. Of course, many suburban residents enjoy their tranquility and will choose to maintain the street unchanged, at least initially; we believe that as the high quality design and the benefits of the first schemes become apparent, a growing wave of residents will find enthusiasm for such projects.

There are two key points here. The first is that, if a street chooses development rights collectively, all its members enjoy the value uplift that those rights bring, regardless of whether they choose to use them in the short-term. If an LPA grants the owner of a given bungalow in Outer London permission to replace it with a four-storey terrace, they would enjoy huge and instant value uplift, but their neighbours would gain nothing, incentivising them to vigorously oppose such permissions. But if the whole street community opts in to the right to develop this way, then all of them would enjoy the value uplift, whether they chose to use it in the short-term or not. They may team up with local builders and redevelop, striking a deal for a new and better house mortgage-free when the redevelopment is completed; or they may simply wait until they are ready to resell and take the large uplift in value at that point.

The second is that setting the design of streets at the level of the street incentivises beautiful design. The beautiful design of a given building raises the value of every property on the street, but the costs of it are borne only by its owner. This is why placing all power over design in the hands of individual property owners leads to an undersupply of beauty: beauty's positive spillover effects on others are given no weight. If the choice takes place at the level of the street, however, then most of these effects are factored in. Advocates of development will be incentivised to set design codes that ensure popular and beautiful buildings, firstly in order to win the support of their neighbours, and secondly because they will maximise the value of their own properties by ensuring that the whole street is built to a high standard.

In many places, of course, such a 'Community Great Estate' will choose not to develop. Residents will judge that they do not need the extra space, they do not want a lodger, a flat to rent out, or another bedroom for their children – or they will judge that although they do, they would rather not if it meant letting their neighbours do so too. But when the rewards are great enough, as they manifestly are in many cases around the UK, residents may be able to reach a broad consensus to allow all to make more ambitious use of their plots. In key locations, this will sometimes be worth over a million pounds to each property owner, even given the rules that we suggest later in this paper on the sort of development that communities

are allowed to permit. In a much wider range of circumstances, this will be worth tens or hundreds of thousands of pounds to them. In some cases development will happen through demolition and rebuilding; in other cases it will be more effective to keep the existing building and add to it.

An illustration of the interest there would be in such opportunities is provided by the case of Fitzroy Road in Primrose Hill. The Council's policy no longer permitted mansard floors to be added, but a mansard had been built on one house before the policy came into effect. So the owners of the neighbouring houses submitted a collective planning application to Camden Council for permission to add matching mansards of their own. After a long process, the Council granted permission, on condition that every house add an identical mansard, and that they do so simultaneously. Despite these extremely stringent requirements, the owners agreed, and every household entered a joint contract to build the extra floor in 2012. Our proposal enables far more streets to agree to mutually beneficial changes like this, by creating a clear mechanism for doing so, and by setting conditions for such changes that - while still strict - are not so wildly strict as the total unanimity and total simultaneity of this example.

The proposal is related to the recently announced Permitted Development Rights (PDRs) to add two floors to detached postwar suburban houses. This is a highly significant step, and shows that the Government is rightly interested in suburban intensification. Nevertheless, such PDRs are controversial, and there is a limit to how far they can go without arousing local opposition. We believe that our proposals, by placing control over building in the hands of streets, could enable intensification to go much further in a more popular way. To have a street plan adopted, supporters of development must organise, speak out, and persuade their neighbours. They must tailor the development rights to the character and needs of their particular street and to the tastes and priorities of its residents. The building rights that result have a powerful democratic mandate, supported by a local grassroots movement of supporters. For precisely this reason, they can also be more ambitious: we argue that the maximum that streets should be able to grant themselves goes well beyond existing PDRs, extending in many urban areas to the 'Georgian norm' of three- or four-storey terraces, and perhaps a little more in some already highly urban areas. Urbanistic ambition and local democracy are allies, not opponents.

Street votes are also related to Neighbourhood Development Orders (NDOs), development rights that neighbourhoods can create through a local referendum. Indeed, the principle behind NDOs and street votes is essentially the same, namely that local people should be able to enable the kinds of development they would like to see in their neighbourhoods. In practical terms, however, there are a number of important differences. To create an NDO in an urban area, residents must establish a Neighbourhood Forum, effectively a whole new tier of government with no pre-existing organisation or core funding. They must then run a referendum campaign across a vastly larger area than a single street, typically covering thousands of households. These requirements are extremely demanding, and in

practice they have been difficult to meet, meaning that few NDOs have been created. Our proposal brings democracy down to a far more local and more intuitive level, requiring coordination with tens rather than thousands of neighbours, many of whom may already know one another. At this level, it is far more realistic to expect groups of enthusiastic residents to be able to build a local consensus around the form that they want their neighbourhood to take.



# The Promise of Reform

Allowing community-led suburban intensification offers immense opportunities. There are several aspects of this: homes built, economic and personal opportunities created, and economic growth generated. These are not, ultimately, different events: they are different ways of describing the same process. But it is worth outlining each of them, better to understand the tremendous benefits that housing reform would bring.

1. We have built a simple model to give us a rough and conservative estimate of how many homes our proposals would generate, and what the value of these new homes would be. The details of our proposals are given in the next section, and the model is described in the section after: in this section we outline the key results. We assume for ease of exposition that all new homes are 85sqm (the national average), that building follows all of the detailed rules and constraints set out below (especially no replacement of pre-1918 homes and limits on height and plot use), and that building goes ahead when it makes the homeowner at least £500 profit per square metre of resultant floor space.

We assume conservatively that building costs are £2,700 per sqm, although in many areas they are probably lower (see appendix 3).<sup>24</sup> We assume that Stamp Duty is priced into current house prices, along with normal council tax obligations. The extension of Capital Gains Tax that we propose is paid out of the profits received by the current homeowner, and the model deducts that payment from the value uplift that permissions would create. We assume a house price elasticity of supply of 2. This means that for every 1% increase in housing supply we get a 2% fall in house prices. Here we are following the conservative assumptions of Ian Mulheirn.

This, in our model, results in around 140 million new square metres of usable floorspace being built over 15 years, or just under 2m homes, generating around £1.1 trillion of gross value. Of this, £505bn is spent on construction, £479bn to homeowners, and £118bn to councils. Of course, that does not include the immense benefit to tenants, which we consider below.

In the last historical example of a building boom in the 1930s, economic historians believe 1pp was added to GDP growth every year through enlarging the housing stock by around 20%. Here we expect the housing stock to rise around 10% which would correspond to around 0.5pp added onto GDP growth annually, but, unlike that 1930s boom, would be driven by densification rather than sprawl and ribbon development. This

24. Cf. Georgie Cosh and James Gleeson (2020), *Housing in London: The evidence base for the London Housing Strategy* (GLA Housing and Land), p. 47.

roughly £1 trillion of net value is by no means the total amount of value that improvement on such a scale would allow: due to externalities not captured by our model such as the deeper division of labour and more specialised skills and employment relationships that agglomeration allows, overall benefits could be much larger. But it is nonetheless an immense figure, which corresponds to a vast reservoir of hopes and aspirations we can fulfil.

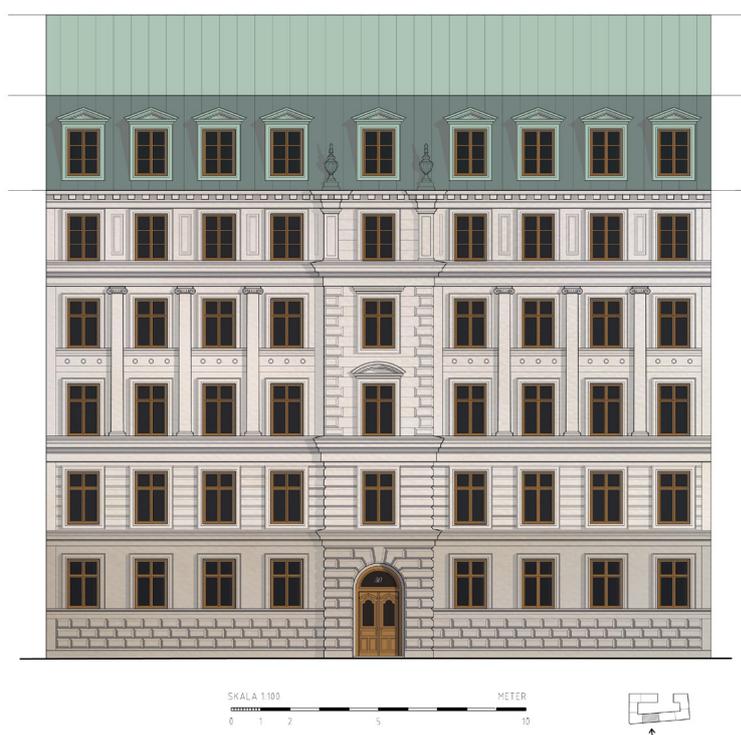
2. A second way of conceptualising the benefits offered by our reforms, and the cost of the present restrictive system, is by thinking about why people want this housing. There are three broad reasons. One is the economic opportunities that homes allow people to pursue. Historically, economic booms in specific cities tended to lead to housing booms there as well. When Manchester, Liverpool, Glasgow, and Birmingham boomed during the 18th and 19th centuries, millions of houses were built around them, enabling workers to move closer to job opportunities. These houses were frequently of poor quality, especially before the introduction of bylaw regulations in the Victorian period, but people paid for them nonetheless as the only available way to escape the still greater poverty of the countryside. Rural areas saw huge net population loss; cities saw huge net population gain. Similarly, in the early twentieth century we built over 800,000 homes in under twenty years to accommodate the huge economic boom London was experiencing at that time.



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Today, we do not do this to anything like the same extent. Scarcer housing means that for those in many jobs it is often not worth moving to get a better gross wage – once housing costs are taken into account, their net wage is actually worse. So one cost is that people have worse jobs than they otherwise would due to the expensive housing.

Another category is family related. Many people have fewer children than they would like to, and one of the main reasons for this is that they cannot afford the space that children would need.<sup>25</sup> This can be profoundly frustrating for would-be parents, and it has ripple effects on society at large, with an unbalanced age pyramid holding back living standards, and an ageing population leading to or worsening many social ills. More spacious houses, attractive mansion block flats and maisonettes would help to address that.



*Reproduced by kind permission of Eric Norin and Elise Wiklund*

A further category is simply the effect that expensive housing has on the good life. Those who do move to London and similar expensive cities often live far from the city centre, commuting long distances in order to do the job they came or stayed for. Studies find that commutes take a considerable toll on physical and psychological well-being, and the premium that homes in central locations command over homes of similar

25. Aksoy, C.G., 2016. Short-Term Effects of House Prices on Birth Rates. EBRD, Working Paper No. 192; Kulu, H., and Vikat, A., 2007. Fertility differences by housing type: The effect of housing conditions or of selective moves? *Demographic Research*, S6(26), pp.775–802; Livingstone, G. 2014. Birth rates lag in Europe and the US, but the desire for kids does not. Fact Tank, Pew Research.

size in outer suburbs suggests that this is reflected in home buyers' and renters' priorities.<sup>26</sup>

More generally a lack of housing space often simply means insufficient room to pursue hobbies and enjoy life as much as one could. You might not be able to get a large bed, to fit in a dishwasher, or give the children a playroom. Your disposable income is cut by high rent and mortgage payments. The majority of new homes have nowhere for washing to dry and little storage for the clutter of family life, such as children's bikes, buggies and scooters. These material goods may not be as important as getting the right job or having the children you want, but they are important for well being. They are the sort of material prosperity that amazed inhabitants of communist-ruled Europe when the Iron Curtain fell.

3. A third way of conceptualising the benefits offered by housing reform is in terms of GDP and output. Various models look at the impact of relieving restrictions on our main measures of economic activity. Hsieh and Monretti's canonical paper finds that American growth was 36% lower between 1964 and 2009 due to restrictions that prevented houses from being built where they were most needed.<sup>27</sup> Other research finds similar results.<sup>28</sup>

Equivalent estimates for the UK imply that Britain's GDP per capita could be around a fifth higher if better planning achieved the optimal housing supply. Nicholas Crafts estimates that this would come through growth that was 2pp higher (i.e. more than double as fast) for an entire decade. The evidence from international and historical examples of releasing pent-up housing demand shows that the magnitude of these figures is realistic.<sup>29</sup>

Indeed, it has been argued that Britain's attempts to plan activity around the country were one reason for its decline from being Europe's richest major country in the course of the twentieth century.<sup>30</sup> From the 1700s to the early 1950s, Britain was Europe's most advanced, productive and richest country. Despite its reputation for being relatively laissez-faire, however, in the post-Second World War period Britain instituted much more restrictive spatial policies than any other major European state. These raised the cost of factories, offices and homes, and thereby played a contributory role in its falling behind Germany, France and Italy, a position from which it has only partly recovered since.

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The opportunity offered by housing reform can, then, be calculated in three ways that ultimately measure the same thing from three different directions. A housing shortage means a failure to deliver things we are happy to pay dramatically more for than they would cost to produce. It means people having worse jobs, longer commutes, fewer children, more stress, and worse homes (and related goods) than they want, with less to spend on non-housing goods. And it means lower output per capita

26. See Strum R. and Cohen D., 2004. Suburban sprawl and physical and mental health. *Public Health*, 118, pp.488-496; Frumkin H., Frank L. and Jackson R., 2004. *Urban Sprawl and Public Health*; Stutzer, A. and Frey, B., 2008. Stress that doesn't pay: the commuting paradox. *Scandinavian Journal of Economics*. pp.339-366. On price per sq ft, see GLA Economics (2016), *The Economic Evidence Base for London* at <https://www.london.gov.uk/sites/default/files/chapter4-economic-evidence-base-2016.pdf>.

27. Hsieh, C., and Monretti, E., 2019. Housing Constraints and Spatial Misallocation. *American Economic Journal*, 11(2), pp.1-39

28. Herkenhoff, K.F., et al., 2017. *Tarnishing the Golden and Empire States: Land-use Restrictions and the U.S. Economic Slowdown*. National Bureau of Economic Research. Available at: [https://cla.umn.edu/sites/cla.umn.edu/files/herkenhoff\\_land\\_use.pdf](https://cla.umn.edu/sites/cla.umn.edu/files/herkenhoff_land_use.pdf)

29. Crafts, N., 2013.

30. Myers, J., 2020. The Plot against Mercia. *Unherd*. Available at: <https://unherd.com/2020/09/the-plot-against-mercia/>

relative to where we would be without the restrictions, pushing us behind our continental neighbours. The programme outlined in the next section offers a way of addressing this, unlocking an immense opportunity for the British people.



*By Nerea Bermejo. Reproduced by kind permission of HTA Design*

## Detailed Proposal

The Planning White Paper includes a number of outline proposals, on whose detailed implementation consultees were invited to comment. One such proposal is Renewal areas. Our view is that one means of designating Renewal areas should be on a street-by-street basis, on the basis of street votes held in line with the detailed proposals below. These Renewal areas should allow local residents genuine control over design. This should include freedom to control building heights (within limits), and to decide on acceptable ranges for facades and massing. Residents should also be able to define a ‘fast-track to beauty’, agreeing to permit building on their street provided that it corresponds with approved elevations.

If the White Paper proposals on measuring housing delivery ex post are adopted, street votes will help LPAs meet their housing targets. If not, then, crucially, the increased number of homes envisaged by each successful street vote should be counted towards a local planning authority’s five-year land supply.

One further note, before going into the policy detail, is that while street votes integrate very neatly as part of the Planning White Paper, they can also be deployed stand alone. This would be appropriate if, for example, the government decides not to implement Renewal areas exactly as proposed.

### Agreeing on a street plan

1. A proposal must be submitted to the Local Authority by **20% of residents** or persons resident in **ten different homes** on the street, whichever is more.
  - 1.1. In the case of streets of fewer than fifteen homes, special regulations should apply. Residents from every home should be required in streets of up to five homes. A sliding scale should then apply in streets of between five and fifteen homes. See Appendix 1 for details.
2. If the proposal complies with the rules applying to street votes, the vote is conducted by the Local Authority. At least two months in advance of the vote, a letter must be sent to each voter and posters must be prominently displayed locally informing residents about the upcoming vote. A second reminder letter must be sent no less than one month in advance of the vote. Except where otherwise specified, votes should be conducted in accordance with existing procedures for Neighbourhood Plan referendums.

The introduction of the possibility of holding a street vote should be widely publicised nationally to ensure streets are aware of the opportunities they may have.

3. All street residents on the electoral roll are eligible to vote. Each commercial property<sup>31</sup> also has one vote, exercisable by the ratepayer. Nobody apart from street residents and ratepayers is eligible: absentee landlords are thus not included.
4. The street plan is adopted if (1) at least **60% of votes cast** are in favour, (2) residents from **at least 50% of households** have voted, and (3) a resident in each of at least half of the voting households voted in favour.<sup>32</sup>
5. If a proposal fails to pass, no new vote may be held for at least three years.<sup>33</sup>
6. For present purposes a ‘street’ is defined as each stretch of road starting or ending at a crossroads or as a minor road at a T-junction.<sup>34</sup>
  - 6.1. The ‘street’ includes the buildings on the corner (which thus belong to two streets: we explain the ramifications of this below).
  - 6.2. A street is treated as terminated if the continuous stretch of buildings is broken by a bridge wider than 3 metres. This applies to both the street running beneath and over the bridge.<sup>35</sup> In the absence of this, street votes would be extremely difficult to arrange on long arterial roads like the North Circular.
  - 6.3. A house is counted as being on a street if any part of its plot boundary runs along the street.
7. The Local Planning Authority may by order specify the exact boundaries of streets that will thereby be excluded from street votes for five years from the date of the order, if:
  - 7.1. The 200 metre radius around a dwelling on the road has 12 dwelling houses or fewer; or
  - 7.2. Either side of the relevant street has on average less than one dwelling per 30m.
8. Any stretch of more than 50 metres along a street between one building and the next is not eligible to be developed through a street vote. Such a stretch can define the end of a ‘street’ for the purposes of deciding a voting unit, creating two stretches eligible for their own street votes, if it faces another such stretch or a minor road so that there is a buffer between the two voting units.
9. The costs of holding a vote will be **reimbursed to local councils** by the Treasury. The cost to the Treasury will be greatly outweighed by increased revenues from stamp duty.
10. Although the cost of preparing a proposal should be low, residents will often wish to consult with local architects or commission architects to prepare drawings for them (see below). The Government should consider creating a fund to cover modest

31. The number of separate premises should be assessed in the same way as for business rates.

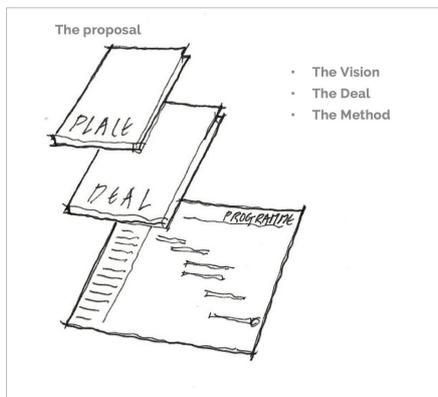
32. A third rule could be applied that at least 50% of those who have been resident for more than three years must vote in favour.

33. Rights granted through a street vote cannot be revoked through a subsequent vote, but, if they so choose, residents may hold further votes on extending those rights. To avoid tactical gaming, any proposals submitted within one month of the first proposal (at the start of each three-year period) should also be included in the referendum as a separate proposal, to be approved or rejected separately.

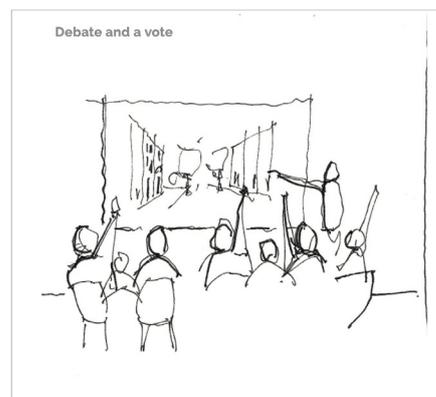
34. The aim is to define as a ‘street’ for these purposes any segment of street that is interrupted by an intersecting roadway at each end of the segment, so that residents on another street segment along the street beyond the intersecting roadway do not suffer adverse effects from a street vote; the intersection forms a helpful buffer so that small groups of residents can make decisions without affecting their next door neighbours.

35. So long as there are no houses underneath or on top of the bridge, respectively.

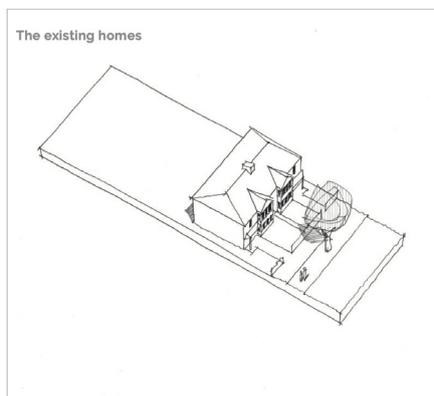
costs involved in this. This fund could be accessed by application from the same number of residents required for a valid proposal.



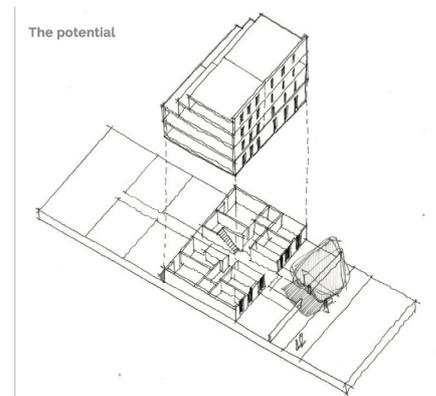
A vision for the new place, a deal for the existing people and a method of delivery are all set out for discussion.



The residents vote. If there's a yes vote the project can proceed.



The change happens on a plot by plot basis. The potential is huge and existing residents are able to unlock equity that is tied up in their homes.



New, better performing, homes are created, up to five storeys in height.



A new place is created, fit for the next sixty years.

11. Street votes may be held in streets of socially owned homes just as they may be on streets of privately owned ones. As with streets of privately owned homes, proposals can only be submitted by residents. See also the provisions on tenant protection below.

## Exclusions

12. Listed building protection remains: modifications to **listed buildings** are not permitted.
13. To preserve architectural heritage, **pre-1918 buildings** are excluded: streets may not propose modification to buildings built before 1918.<sup>36</sup> There are also additional height limits for streets in the vicinity of pre-1918 buildings, discussed below.
14. Building on **undeveloped Green Belt land** or on **Metropolitan Open Land** is not permitted using these provisions.<sup>37</sup>
15. To protect natural heritage, **National Parks, Areas of Outstanding Natural Beauty** and **Areas of Special Scientific Interest** are excluded.

## Legal effect

16. After a successful vote, a street is designated as a **Renewal Area**, an idea the Government has already outlined in *Planning for the Future*, paragraph 2.33. If it is in an existing renewal area, then it becomes a distinct renewal area from the existing one, governed by the content of the proposal.
17. If streets choose, they may create a **fast-track to beauty** by approving a full design specification that publicly visible areas (defined below) of that new or extended buildings are required to comply with, thereby creating the equivalent of a local development order or neighbourhood development order, automatically granting permission for developments that comply with the approved street plan. That will benefit residents by simplifying the process, while benefiting local planning authorities by relieving them of the burden of many small applications. Legal provision should be made to ensure that national or local rules on construction management apply to restrict working hours and deal with construction, traffic and other spillover effects. For further details about the fast-track to beauty, see below.
18. We anticipate that specifying a full set of elevations will be a popular option that will also help to relieve the burden on local authorities of multiple small site applications. Not all streets, however, will take that option. Where they do not, it will be key to ensure local authorities have the resources to deal with the additional planning applications that will result.

## Content of proposals

19. Proposals must include a **design code** governing, (a) the **number of floors**, (b) **plot use** and (c) the **facade treatment** (e.g. materials, window-to-wall ratio). For example, residents could require that new buildings be set back from the road behind front gardens of

36. Residents in high-amenity areas typically expect to continue living on the street for many areas, and they are much less likely to support disruptive change unless a very strong case can be made that it will improve the area's amenity still further. We can best trust the residents themselves to guard the quality of where they live. If more protection is desired for conservation areas, it could also be required that Historic England should approve any proposed street plan in a conservation area before it is put to vote.

37. This does not affect other present or future provisions bearing on building in the Green Belt.

five metres in depth, that the new buildings be no more than three storeys high, and that their facades be faced with a traditional local brick. There will be restrictions on the maximum number of floors and on the maximum plot use that residents can propose, discussed below.

20. A **template** design code should be provided by the Government. Proposals may be based on this template, or they may work from a template of their own. The Government should investigate all possible opportunities for facilitating the coding process through the latest advances in digital technology.
21. The proposal may include a **fast-track to beauty** (in addition to or instead of a design code) by approving **full design specification, including elevation drawings** for all facades of new or extended buildings that face public spaces. If this is done, the street plan will be given legal effect equivalent to a local development order or neighbourhood development order, automatically granting permission for developments that comply with the street plan.
  - 21.1. Submitted elevations must cover the **range of possible plot widths**. If plot widths on the existing street vary, proposals must include rules on how the elevations should be adapted to deal with such variation. In the case of streets with detached or semi-detached houses, permitted elevations must include provision for what is permitted when neighbours do not consent for building up to lateral property boundary (see below).
  - 21.2. If they wish, residents may also choose to include permitted elevations for **wider buildings** created by merging plots subsequent to the adoption of a street plan, e.g. a permitted elevation for a small mansion block created by merging three existing plots. Note however the requirements on minimum numbers of doors laid out below.
  - 21.3. Proposals may offer a number of **different permitted elevations** if residents would like to have a choice of facade designs, resulting in a varied streetscape, or they may offer only one (subject to the above qualifications), resulting in a more unified one.
  - 21.4. For facades that do not face public spaces, full elevation drawings are optional, but if a full specification is not provided, a design code is required. The code must be sufficiently precise and unambiguous that whether or not it has been complied with can be determined in a mechanical fashion without application of taste or judgment.
  - 21.5. The Government should consider funding the RIBA and the new national Design Body to run a series of **competitions** for elevations that are (1) tailored to different regions, (2) in different architectural styles, (3) of different floor heights and (4) complying with the regulations governing street plans.

Winning elevations could then be made available for use in street plans at no cost. Streets should however remain free to modify these elevations or to prepare entirely new elevations of their own, potentially in collaboration with local architects, with the sole proviso that these elevations must comply with the national regulations governing street plans. On no account should a style be imposed by the state.

- 21.6. The Government's new Design Body should be available to support streets in preparing codes and elevations.
- 21.7. Note: If they wish, residents may partner with a local architect to prepare elevation drawings. Architects could charge a fee, but they would also have an incentive to provide drawings pro bono, given the opportunities for work they could receive after their drawings were approved.
22. Subject to the protections for other residents set out below, the proposed elevations or codes may supersede design codes and other specifications set out in other applicable development plans, excepting rules on facade design (but not rules restricting built volume) in neighbourhood plans.
23. Proposals may include other rules governing the size and number of dwellings.
24. For the avoidance of doubt, proposals will only comprise the proposed code, (optional) fast track to beauty and rules. No evidence base or statement of reasons is required.
25. Proposals may set out a **code of construction practice** to be imposed as a planning condition.
26. Proposals may include the establishment of a **street association** with responsibility for public space improvements. This must satisfy the same requirements as a neighbourhood forum in terms of openness and representativeness.<sup>38</sup> The street association will receive tax revenues hypothecated from the Treasury for these improvements (see below).
27. Proposals may include **public space priorities**, e.g. street trees, paving tiles etc. These will govern the activities of the street association, should residents choose to establish one. If not, implementing these priorities will be the responsibility of the local authority, using revenues hypothecated from the Treasury (see below).
28. If they wish, streets may simply set a design code governing future development on the street without permitting further floors or increased use of plots. This will not create major value uplift but it will help residents to defend features of streets that they value. Such 'defensive' coding is not the main aim of street votes, but it is a further benefit. Importantly, whether full elevations are provided or merely a design code, that must not provide any new planning grounds to approve other planning applications in respect of properties covered by the street vote that violate

38. A default or template constitution should be made available, to which streets may make reasonable modifications.

the designs approved in the street vote. Residents must have full confidence that there will be no ‘slippery slope’.<sup>39</sup>

29. To ensure high-quality design, the relevant parish or neighbourhood forum (if any) shall be given notice by the local planning authority of the proposal within two weeks of the proposal being filed. The parish, neighbourhood forum or local planning authority may each give notice no later than one week after the street vote is held that they intend instead to adopt a replacement set of permitted elevations for that street. If they do so, the legal effect of the street vote is suspended for six months to allow such replacement elevations to be adopted by referendum in the case of the parish or neighbourhood forum and by decision in the case of the local planning authority. No evidence base for such elevations shall be required. The alternative elevations must not be more restrictive as to the permitted vertical and horizontal extent of building permitted than the proposals approved in the street vote. An appeal will lie by the proposers of the street vote on the grounds that the replacement elevations are unreasonably restrictive or unreasonably expensive to implement compared to existing materials used in buildings in the area.

### Floor limits

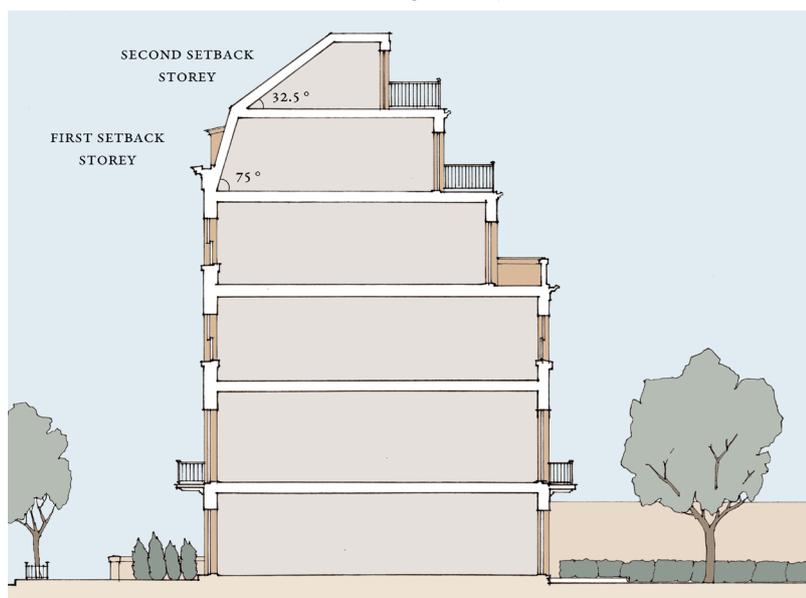
30. The **number of floors** that residents may propose is capped with a view to ensuring that intensification involves a gradual evolution in the character of the neighbourhood rather than a radical break with it. This formula has a double threshold, where the limit is picked as the lower of the storeys given by either the density of the Middle Super Output Area (MSOA) any property on the street falls within, or any MSOA within 200m of any point on the street in question.<sup>40</sup>
- 30.1. In areas with fewer than 20 inhabitants per hectare, it is capped at **two storeys**;
- 30.2. In areas with between 20 and 60 inhabitants per hectare, it is capped at **three storeys**;
- 30.3. In areas with between 60 and 120 inhabitants per hectare it is capped at **four storeys**;
- 30.4. In areas with more than 120 inhabitants per hectare, it is capped at **five storeys**.<sup>41</sup>
31. In addition to these totals, a **further storey** may be added provided it is **set back** under a light plane angled at 75 degrees from the horizontal, starting from the top of the highest permitted floor at the front of the building. All building over this light plane should be forbidden, excepting parapets, balustrades, dormers, chimneys and purely ornamental structures. This rule was a standard part of British building codes before 1947, being responsible for the

39. Of course, the local planning authority remains able to grant permissions for developments consistent with the local development plan in the normal way.

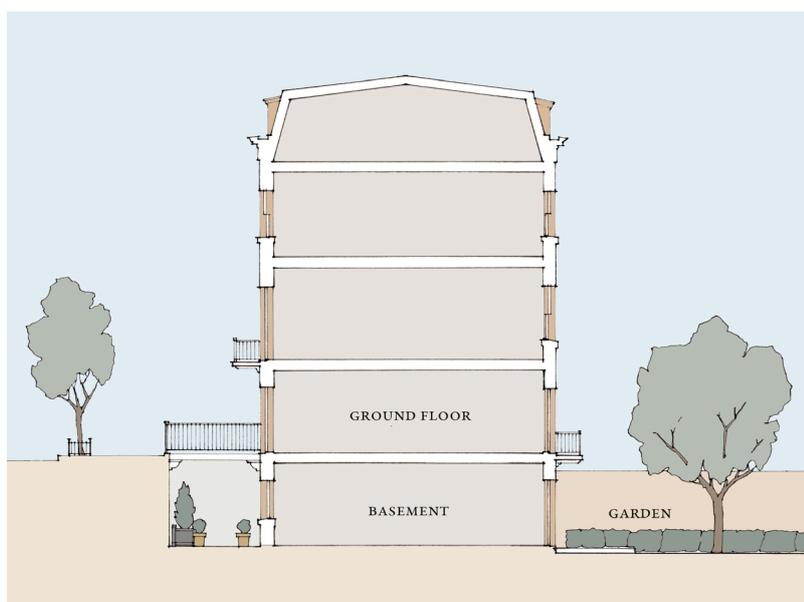
40. For these purposes the ‘street’ is defined as the public part of the street, bounded at each end by a line drawn tangent to the outer edges of the plots on each corner.

41. As an illustration, central Hounslow falls just above the 120/hectare threshold – the area between Preston and Hollingdean falls just below. Buttershaw and Wibsey, inner suburbs of Bradford, fall just above the 60/hectare threshold – the areas just outside the centre of Basildon fall just below. Stourport-on-Severn (a suburb of Kidderminster) and the less dense parts of the Poole seaside fall just above the 20/hectare threshold – the outer Stockport suburb Marple and the quieter bits of Nottingham suburb Hucknall fall just under it. Across all MSOAs, the highest density is 287 people per hectare in Westminster 022 (which includes much of Pimlico), and the lowest is Northumberland 019, a huge quiet swathe of Northumbria North of Hexham which has 0.06 people per hectare – or almost 17 hectares for every person.

- mansards of many Victorian and early twentieth-century buildings.
32. In addition to these totals, residents in areas where four or five storeys are permitted may propose a **second setback storey**. All parts of a proposed second setback storey must also remain under a 32.5 degree light plane above the horizontal from the top of the previous floor at the front, again with the exception of parapets, balustrades, dormers, and purely ornamental structures (both setbacks are illustrated in diagram 1).

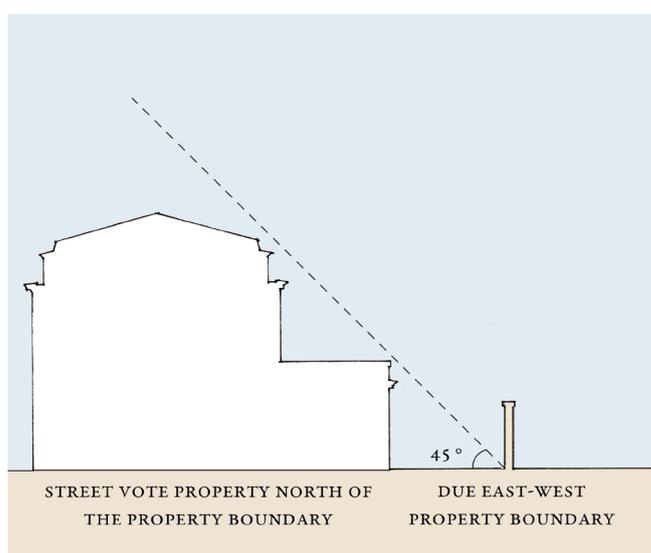
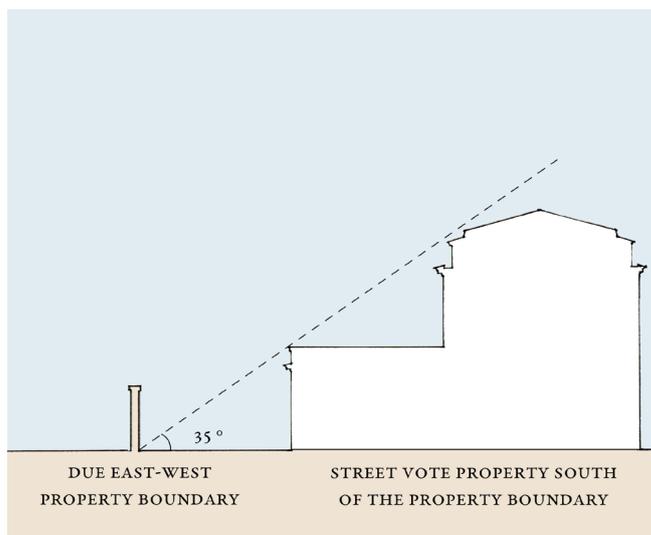


*Diagram 1: Setbacks. All diagrams in this section are by Michael DeMaagd Rodriguez unless otherwise stated.*



*Diagram 2: Basements*

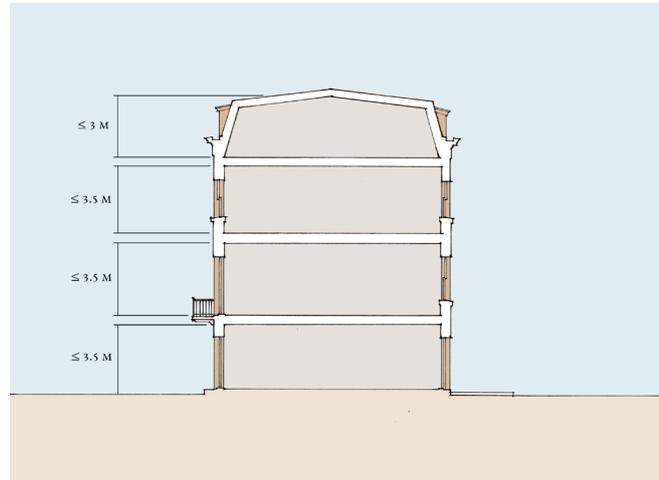
33. In addition to these totals, residents may propose a **basement** within the permitted footprint, lit by excavated 'areas' and/or a lowered ground level on the garden side of the building, similar to standard practice in Georgian and Victorian terraces. Areas must be at least 1.5m in width. Areas with fewer than 20 inhabitants per hectare should be excluded from this provision, given the lack of precedent for such forms in rural areas. There should be special provisions for compensating neighbours for the inconvenience of digging basements, detailed in the section on protection for street residents below (see diagram 2).
34. The local authority has the discretion to designate areas where proposals for further floors are permitted, up to a limit of seven floors plus the two setback storey described above. This is in line with existing powers, under which local authorities may permit indefinitely high buildings if they so wish.
35. All buildings must be under light planes (the angle of which is given below) starting from the property boundary of **neighbours living on other streets**. These rules confer a private right on the owner of the affected property, similar to rights against trespass. Affected neighbours should have the power to waive this right for each specified development (possibly in exchange for consideration) by a signed declaration in standard form as specified by legislation.
  - 35.1. The rule should run that the building must not be capable of being hit by a line from the boundary of a non-street vote property as follows (illustrated in diagrams 3 and 4):
    - 35.1.1. If on a plan view the line runs from the boundary in a direction to the north of due east or west, the line shall rise from the boundary upwards at 45 degrees;
    - 35.1.2. If on a plan view the line runs from the boundary in a direction  $x$  degrees horizontally away from due south, where  $x$  is less than or equal to 90, the line shall rise upward from the boundary at an elevation of  $(35 \text{ plus } (x/9))$  degrees. The reason for this distinction is that buildings to the south of a given location affect the light that reaches it more than those to the north.



*Diagrams 3 and 4: Light planes*

- 35.2. New buildings may exceed the rule only to occupy volume already occupied by existing buildings or approved in an existing permission at the time of the street vote. That is, if there is already a building on a site that passes these light planes, it can be replaced with a new building of up to the same height and breadth.
- 35.3. ‘Affected neighbours’ are normally defined as property owners; in the cases of residential rental properties with secure tenancies, or leaseholders with more than twenty years of the lease remaining, consent must be sought from both the owner of the freehold title and the secure tenant or leaseholder.
36. The **maximum ceiling height** should be 3.5 metres. The ceiling height of the higher setback storeys should not exceed 3 metres. The minimum ceiling height should be 2.5 metres (see diagram 5).

- 36.1. Ceilings may exceed these limits only if and to the extent that the existing ceiling height prior to the street vote does so. A street vote may thus grant a building with a pre-vote first floor ceiling height of 4 metres with permission to build a new building on the site with a first floor ceiling height of up to 4 metres.



*Diagram 5: Floor heights*

- 36.2. If a vote grants permission to add floors to existing buildings (rather than permission to replace buildings), the ceiling height of the added floors may not be greater than that of the highest existing floor.
37. If there are ten or more pre-1918 buildings that are within 100 metres of the street then the number of floors should be restricted to 3+1, except when at least half of the buildings on that stretch of street have more floors than this already, in which case it should be restricted to the existing total. This will prevent obtrusive development on infilled streets within historic areas.
38. Note: because some houses on a given street may have deeper plots than others, the permissions created through a vote may be greater for some plots than others. The residents are of course free to agree a different distribution of these gains between them through a trust or by contract agreed prior to the vote.



Sample elevations By Reuben Higgins. Reproduced by kind permission of Ben Pentreath Ltd.

## Plot use limits

39. Permission granted by the proposal for building in the direction of another **property not on the same street** (down the back garden, for example), if any, should be limited to a maximum of 25% of the distance from the built footprint<sup>42</sup> to the boundary of properties on other streets (see diagram 6). Again, each affected neighbour on another street should have the power to waive this right for each specified development (possibly in exchange for consideration) by a signed declaration in standard form as annexed to the guidance. Proposals may include further limits on how far residents may build back even with the consent of neighbours on other streets. ‘Affected neighbour’ is defined as above.<sup>43</sup>

42. Excluding hard surfaces, and at the time of the first street vote to be passed on that street, so as to exclude successive street votes advancing progressively down the garden.

43. Note that for buildings with short or no gardens, the light plane rule above acts as a further effective limit on plot use, since using more of the plot will often be effectively impossible while staying under the light plane.

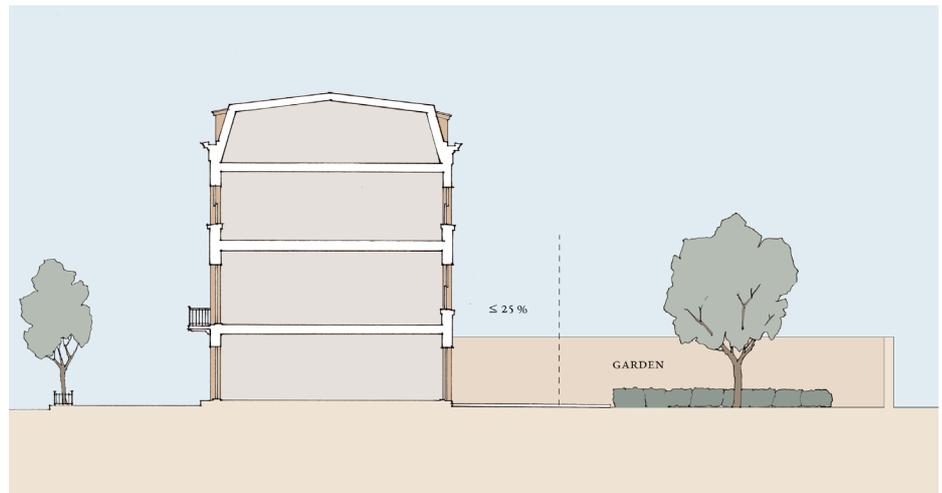


Diagram 6: Plot use limits

### Other regulations on building form

40. Existing legal **rights to light** are unaffected. The Government should implement the Law Commission recommendations on rights to light.
41. To preserve an active facade for pedestrians, there may be no more than 15 metres between any two front **doors**. These must be real doors, though they may give access only to ground-floor flats.
42. **Windows in the side walls** are not permitted unless the windows are at least 2 metres from the plot boundary towards which they face,<sup>44</sup> or unless consent is granted by the neighbour onto whose property the windows face (see diagram 7).
43. Some streets back onto non-residential plots, like fields or car parks. To eliminate the risk that a distant landowner will accept a sum in return for consenting to ugly development contiguous with such plots, special provisions should apply in these cases. Any property that borders a plot with no dwellings should be required to wait for twelve months after a street vote before implementing permissions, to allow the local neighbourhood forum, parish or LPA to set a design code (not altering floor numbers or plot use) for the elevation facing onto the plots with no dwellings.

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44. Such windows are discouraged and should be excluded from consideration in any future assessment of sunlight and daylight impact of development on the adjacent plot

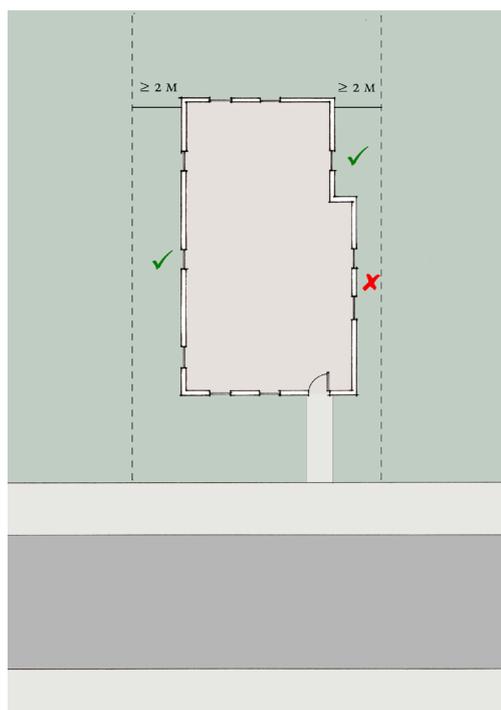


Diagram 7: Side walls

## Funding local services

44. In the long run, increases in the number of dwellings will lead to increased Council Tax and business rate revenues, with which the cost of local services for a larger population can be met, and it will be critical that the Government should expand funding promptly for increased running costs of education and healthcare that are not covered by increases in local taxation.<sup>45</sup> Expanding local services also involves one-off capital investments, such as new school buildings and local transport infrastructure. In this section, we explain how this should be provided for.
45. Properties extended or created through this policy will sell for a substantially greater value than the original property. This value uplift should be taxed to support investments in local infrastructure. Sites with fewer than ten properties are not expected to be subject to the planned Infrastructure Levy, the instrument by which local governments will raise revenue to support expanded local services. Since post-vote developments will normally fall into this category, two new instruments should be developed for this:<sup>46</sup>
- 45.1. The local planning authority should send to HMRC a list of the properties covered by any successful street votes. 30% of the total SDLT on the next transfer of the property should be hypothecated to local authorities to cover investment in local priorities, including expanded schools, GP surgeries, transport services and social housing.

45. In most cases existing mechanisms for allocating funding on the basis of capitation will lead to this automatically, but the Government should monitor closely any exceptions to this.

46. In our North Oxford example, the £800,000 bungalow would face £32,000 in Stamp Duty Land Tax; the two £2m properties would each face a £100,000 bill, for a total of £200,000. 5% of this, or £10,000, would go to the street association. 30%, or £60,000, would go to the local council. And the remaining 65%, or £130,000, would go to the Treasury. In this example, the Treasury would net £98,000, despite 20% of the revenues going to other bodies.

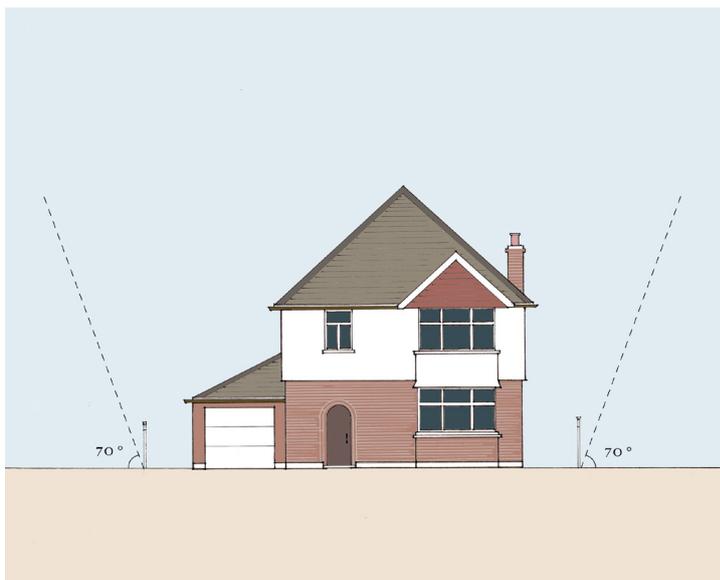
- 45.2. Such properties should lose the private residence relief on capital gains tax (CGT) for additional value uplift generated by the adoption of the street plan. Assessment of value uplift is the responsibility of owners but will be subject to potential audit by HMRC. The levy will be payable on disposal (including gift or inheritance) or on first occupation of any new dwelling authorised by the street plan, to prevent avoidance. All revenue gained through this measure should be hypothecated to local authorities for investment in local priorities. In cases where there are more than ten units, and CIL or the new Infrastructure Levy apply, the properties will be liable for the higher of the two, i.e. CGT will be deductible from the infrastructure levy.<sup>47</sup>
- 45.3. Where the LPA rules on an application for planning permission on a post-vote street, (a) it should be able to certify in its decision that it would not have granted the full permission sought without the street plan having been passed, and (b) in such circumstances CGT still applies as per street vote rules. To minimize litigation, recourse against such certification should be limited to judicial review or, if more litigation is seen as tolerable, to appeal to the Upper Tribunal (Lands Chamber)'.
46. Many local services are provided by local authorities. In some cases, however, they are provided by other institutions, e.g. most secondary schools are run by Multi-Academy Trusts, and GP surgeries are privately run. In these cases the local authorities should collaborate with other local institutions to ensure that any necessary investments are made. Government should consult on whether any new guidance needs to be issued to facilitate this.
47. Local authorities should collaborate with railway providers and Transport for London to provide additional railways services if needed, drawing on the aforementioned revenues from CGT and SDLT. They should collaborate with bus providers to provide additional bus services and designate further bus lanes if necessary.
48. Note: our modelling indicates that, even on highly conservative assumptions, local authorities will be major financial beneficiaries of street votes. This will ensure that local people who do not live on the vote street itself will benefit indirectly from street votes, due to improvements in local services that they will fund. In some cases, we predict that councils could earn hundreds of millions extra every year through expected street votes intensification.

47. This is appropriate at either the 18% or 28% current rates, or the expected 20% rate of the new Infrastructure Levy. Were Capital Gains Tax to be raised above 28%, this rate should not be taken up with CGT, and should instead be at most 28%. We have assumed, in our model, that CGT is charged at 18% - if it were higher, then the amount of building would be lower, and the money to local authorities concomitantly higher. At 45%, for example, most developments would not go ahead. They would provide too little benefit to cover the massive disruption from moving, a non-financial cost that is not deductible before assessing CGT.

### Tenant protection

49. The permissions granted in an adopted street plan may be used on a given building only if:
- 49.1. No tenant has been resident in the building within the last two years; or

- 49.2. Each current tenant, or, in the absence of a current tenant, the tenant(s) in any tenancy in the prior two years has:
- 49.2.1. given their consent;
  - 49.2.2. been paid one year of rent at the highest rent paid by that tenant in the prior year;<sup>48</sup> or
  - 49.2.3. been allowed to live rent-free for one year in that dwelling.
50. Such payments will help many tenants afford down payments of their own, allowing them to become homeowners themselves.



*Diagram 8: Protection for existing residents*

## Protection for street residents

51. For each pair of semi-detached houses, both must consent before the development of either can occur.<sup>49</sup>
52. Between houses that are not attached to each other, each owner shall not build above an angled light plane stretching up at 70 degrees above the horizontal from the border with an adjacent neighbour, without the consent of the owner of the freehold of that adjacent property and of the owner of any leasehold with greater than ten years to run (see diagram 8). The only exception to this is where there is existing building over this light plane, in which case there can be no new building beyond the space in which building already exists or is approved through another planning permission.
53. There should be an index-linked liquidated damages provision for construction inconvenience if a neighbour chooses to excavate a basement within 2 metres of the boundary. It could be set at a fixed percentage premium over the cost of renting a replacement for the inconvenienced neighbour's house for the duration of the

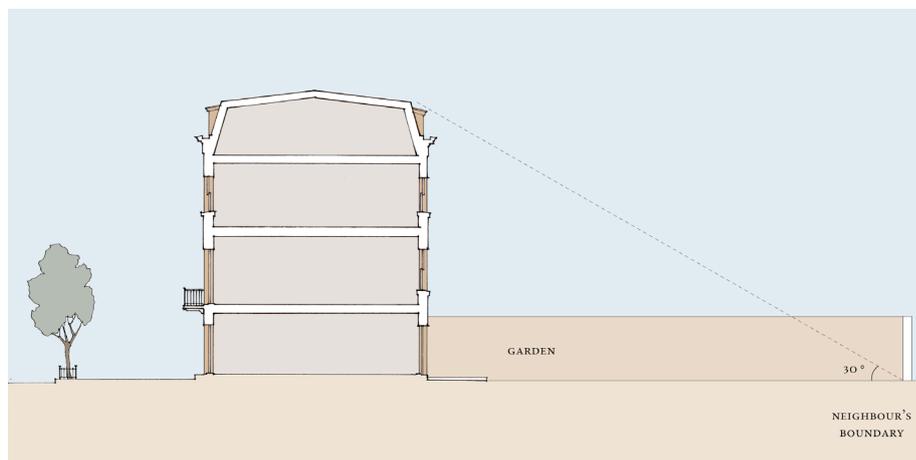
48. Assessed monthly or weekly, depending on how the rent is paid.

49. Alternatively, development could be required on both simultaneously. This does not apply to terraces.

basement works. It could be mutually waived by two adjacent neighbours.

### Compensation for neighbours on other streets

54. Generous compensation provisions should be put in place for neighbours on other streets in the rare circumstances where they lose asset value due to the implementation of street vote permissions. Neighbours on other streets should be eligible for compensation if the implementation of a street vote causes building over a 30 degree angle of elevation from the boundary of their plot (see diagram 8). Below this losses in asset value will be negligible.
55. An owner implementing street vote permissions should be required to make an initial compensation offer on the basis of annexed final proposed designs or the completed building. That offer should correspond to 150% of the loss of market value caused by development using the additional permissions granted by the street vote.
56. If recipients believe the offer is too low, they can require that a surveyor nominated by the RICS make a second assessment of that value, acting as a valuer and without giving reasons. Both parties are then legally required to accept the result of the second assessment, whether it is lower or higher than the original one. It is treated as a finding of fact from which no appeal lies.



*Diagram 9: Compensation*

57. The fee of the RICS surveyor is fixed at £2000 (possibly varied by region), increased annually by the Secretary of State on the advice of the RICS. If the RICS surveyor's assessment is less than or equal than that corresponding to the initial compensation offer, the neighbour bears the cost of the RICS surveyor. If it is greater, the party implementing street vote permissions bears the cost.

58. We expect that those implementing permissions will normally make generous offers to avoid delay, and thus that neighbours will not normally have any incentive to require a second assessment. Their power to do so, however, will ensure that initial compensation offers are normally generous.

## Environmental provisions<sup>50</sup>

59. Development as the result of street votes would be a valuable opportunity to improve the sustainability of a significant proportion of the UK's domestic building stock. Most of the housing stock covered by these proposals will ultimately require a 'deep retrofit' anyway to achieve the Government's net zero greenhouse gas emission target, as well as to provide resilience to the impacts of climate change. Disruption associated with comprehensively retrofitting a home can act as a deterrent for residents, so it is vital that points of scheduled disruption, such as major renovations or reconstruction, are exploited to reduce the potential disruption to households of the net-zero transition.

60. A 'zero net whole life carbon condition' should be imposed on all building work, meaning that builders will have to minimise gross carbon emissions in construction, optimise energy efficiency in buildings, and offset any emissions that they do produce.<sup>51</sup>

61. The redevelopment of existing housing stock into net zero homes would have a massive impact on reducing emissions. Two points should be stressed here:

61.1. Existing suburban housing stock is, by modern standards, typically very poorly insulated, meaning that it requires enormous amounts of energy to heat. To meet modern standards, as well as their net zero condition, homes redeveloped through street votes will have vastly better insulation.

61.2. Existing suburban housing stock is nearly always gas-heated, and retrofitting without comprehensive development is expensive and unusual. Under current Government policy, conventional gas boilers will no longer be installed in new homes from 2025, meaning that all or virtually all homes delivered through street votes would have to be heated by a low-carbon heat source. Electric heating is already more environmentally friendly than gas heating, both in relation to emissions and air pollution, and its relative advantage will grow steadily greater as power generation moves towards carbon neutrality: in three of the four future energy scenarios modelled by the National Grid, this is reached by the mid 2030.<sup>52</sup>

62. Furthermore, denser settlement patterns and the measures discussed below to discourage car ownership will lead to lower

50. We are grateful to the UK Green Building Council for its advice on this section.

51. See UKGBG, *Net Zero Carbon Buildings: A Framework Definition* (2019) for discussion of this definition.

52. NationalGridSEO, 2020. *Future Energy Scenarios*. Available at: <<https://www.nationalgrideso.com/document/173821/download>>.

levels of driving and higher levels of walking, cycling and public transport use. Given the vastly lower greenhouse gas emissions involved in these transport modes, this constitutes a crucial further environmental benefit.<sup>53</sup>

63. Wherever possible, bricks, tiles and other materials from any buildings that are demolished should be reused or otherwise recycled. The carbon impacts related to the product and construction stages of a building are significant, accounting for half of a new building's whole life carbon impacts in some cases.<sup>54</sup> The UK Green Building Council stresses that the integration of circular economy principles is a crucial means by which both carbon emissions and waste can be reduced; and has provided detailed guidance and best practice examples on how this can be achieved.<sup>55</sup>
64. New developments should not install heat sources that are in breach of local air pollution standards, or inconsistent with decarbonising the street more broadly.
65. The Government's new national Design Body should be both mandated and funded to provide residents with full appraisals on how their proposals can promote local nature recovery plans, carbon reduction targets and climate resilience, so that residents can be confident that they will achieve the environmental gains that they seek.
66. Redeveloping existing streets would help address growing concerns over the resilience of older homes, and any vulnerable residents, to the impacts of climate change. Such a major point of intervention would be a vital opportunity to future-proof homes against both rising flooding, damp, and overheating risks. Likewise, it would be a chance to preemptively address growing pressures on both local water supply and drainage networks, which are otherwise set to become points of concern over coming decades.

### Regreening and public space<sup>56</sup>

67. 5% of SLDT should be earmarked specifically for investment in public space improvements on the vote street, such as street trees, green spaces, benches and paving.
68. Regreening streets offers a chance to improve public health and give people more access to greenery in urban areas.
69. If the vote established a street association (see above) then this revenue shall be hypothecated to the association. If it did not, it shall be hypothecated to the local authority in addition to the aforementioned 30%, but earmarked for public space improvements on this street in particular.
70. This opportunity to deliver 'regreening' will help urban councils meet the ambitions of their local nature recovery strategies, to be

53. Cf. Bento et al., 2005. The Effects of Urban Spatial Structure on Travel Demand in the United States. *Review of Economics and Statistics*, 87(3), pp.466-478; Brownstone and Golob, 2005. The impact of residential density on vehicle usage and energy consumption., *Journal of Urban Economics*, 65(1), pp.91-98.

54. UKGBG, 2019. *Net Zero Carbon Buildings: A Framework Definition*.

55. Cf. UKGBC, 2019. *Circular economy guidance for construction clients*.

56. We are again grateful to the UK Green Building Council for its advice on this section.

required under the provisions of the Environment Bill.

71. New developments should be required to comply with the national minimum requirement of 10% biodiversity net gain, enforced through a planning condition imposed on each development implemented using street votes. This should be expanded in time to formally encompass the Government's broader 'environmental net gain' approach, currently under development. This will formally require a broader array of environmental benefits be delivered, such as air pollution mitigation and climate resilience.
72. Where biodiversity net gain would not yield a substantial increase in greenery, Urban Greening Factors, such as currently used in London for large sites, should be considered as a means to generate additional greenery.<sup>57</sup>
73. Nature-based solutions, such as sustainable urban drainage systems (SUDs), street trees and reducing artificial surfaces should be promoted to enhance streets' resilience to the impacts of climate change, and deliver wider co-benefits for both residents and biodiversity.<sup>58</sup> Flood resilience measures should be specified and installed in accordance with the industry Code of Practice for property flood resilience.
74. Residents can, and often will, require greening of individual plots as well as public areas, such as introducing front gardens, roof gardens and green roofs. This is provided for in the design code described above.

## Parking

75. Any dwelling extended or rebuilt using the permissions granted through the street vote should be entitled to a maximum of one resident parking permit if a controlled parking zone exists or is created in future. In the case of properties that are subdivided after street votes, the developer will nominate which dwelling will hold this permit, failing which they are all car-free. Residents of properties that have not been altered using the new permissions retain existing parking rights. Car-free requirements are common in urban apartment developments, so this model is well-tried. The street plan may eliminate this allowance altogether if the residents so choose, meaning that dwellings created through street votes would not be entitled to parking permits in an existing or future controlled parking zone.
76. In areas in which controlled parking zones do not already exist, local authorities will be encouraged to introduce them should a need to do so arise. The SDLT and CGT revenues hypothecated to local authorities will cover the cost of doing so.
77. A further possibility is to allow individual streets the right to make themselves controlled parking zones by a supermajority vote. In

57. Landscape Institute, 2019. What does the Urban Greening Factor mean for London? Available at: <<https://www.landscapeinstitute.org/blog/urban-greening-factor-london/>>

58. See *Policy Exchange Bricks and Water* (2020) for discussion of relevant climate resilience measures.

most cases local authority action should make this unnecessary, but such a right would provide a further guarantee against parking overspill.

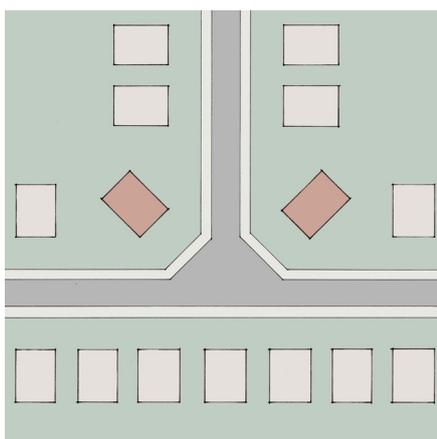
78. Streets should be encouraged to establish car clubs and ride-sharing schemes, and the Government should consider ways in which it could actively support this. The Government should support the use of bicycles, electric bicycles, and electric scooters as alternatives to car use on post-vote streets.
79. Note: one implication of this is that intensification through street votes will normally initially only be possible in areas with good existing public transport: in car-dependent areas, car-free redevelopment will simply be unviable. The revenues that street votes generate for local authorities will enable them to improve transport links, making intensification viable in further areas in the future.

### Special cases

80. Special provisions apply to houses at street corners:
  - 80.1. Corner houses receive permissions only if both streets on which they sit make an application, and can only use the more restrictive of the two permissions with respect to floor height and plot use.<sup>59</sup>
  - 80.2. With respect to elevations, facades facing the street that passed a plan first must comply with the design codes in that plan. Facades facing the second street may either (a) comply with the codes of the second street; or (b) comply with special provisions in the plans of the second street written for corner houses, providing for a more natural segue between the two streets. Corner houses may also of course (c) seek permission for an alternative design through the normal planning system.
  - 80.3. Corner houses receive the same compensation rights as houses not on the street, except that they must refund that compensation if the second street also has a successful vote and the corner house goes ahead with development using the resulting permission.
  - 80.4. They will retain protection of the party wall legislation. This provision will ensure no-one's property will be significantly affected without them either benefitting through increased value of their property or receiving cash compensation.
  - 80.5. Houses facing onto 'chamfered corners' (see diagram 10) are treated as corner houses, and the above regulations apply to them.

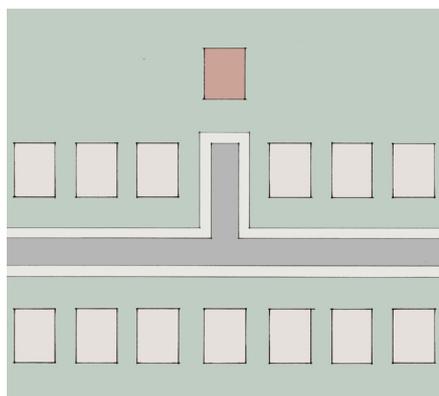
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<sup>59</sup>. If the corner plot is divided diagonally into two plots, with the plot division running to the physical corner of the street, then the house on the street in question should still be granted full corner status.



**Diagram 10: Chamfered corners**

81. There may be buildings that are obviously closely related to the street but that are not covered by the street vote permissions (for example, a house that has a driveway on the same street but sits behind the main row of houses, as in see diagram 11). These buildings do not get a vote and will usually be subject to the protections offered to buildings not part of the street in question. LPAs should generally allow these properties to densify in line with their street, subject to the usual rules, based on local context as judged by LPAs. If these properties do densify, they are judged to be rescinding their special protections. This should be stated in central guidance to planning authorities.<sup>60</sup>



**Diagram 11**

## Pilots and reviews

82. All of the above can already be achieved by a Neighbourhood Development Order, so in many respects these proposals have already been tested through the NDO system.<sup>61</sup> Furthermore, it will take streets time to begin holding votes, and initially only a small number of pioneers will do so: there will thus be ample time for the Government to address any problems that emerge. A

60. A house on a street might also not be able to benefit if, for example, it has already reached the maximum height or been extended as much as possible laterally. But in those circumstances it is hardly fair for that single house to be able to block all the others from doing the same.

61. Cf. <https://pimlicoforum.org/july-2019-reg-14> for an example of suburban intensification through NDO.

formal pilot should therefore not be necessary, provided that the details of the rules are implemented as easily adjustable secondary legislation. However, if it were felt necessary to run a pilot, a suggested scheme is provided in Appendix 2.

83. The policy should be reviewed formally after ten years to assess whether it should be continued and how, if so, it should be optimised.



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### Addendum: Mews votes

A variant of this policy that would also respond to the relevant portion of the White Paper is ‘mews votes’. For much of the twentieth century it was common for suburban developers to run back alleys behind gardens, lined with garages and dilapidated sheds. Partly due to improvements in car security, these have tended to fall into disuse, with residents preferring driveways or on-street parking. Many back-alleys are now deserted and overgrown, creating security risk to residents by letting burglars slip into back gardens unseen.

In traditional cities, back alleys like these were normally built up into small pedestrian streets or courts, providing many additional homes. This is another kind of development that the modern planning system has effectively prohibited. But here again, there is an opportunity to allow communities to choose development that will benefit them, while helping to alleviate our national shortage, and to build more sustainable and humane cities.

The Government should investigate the possibility of allowing the

residents of blocks to agree by a qualified majority for the right to put their back alleys to a new use. They could simply absorb them into their gardens, improving security and adding to green space. Alternatively, more radically, they could build mews cottages giving onto their back alleys. As with street votes, there would be restrictions on the maximum floor height and plot area that residents could utilise, with protections for other residents. Residents would also agree on permitted elevations or codes to ensure a high standard of design. A successful vote would provide substantial value uplift, providing residents with a powerful incentive to support the proposal.

This a complex proposal, of which many details remain to be investigated, such as rights of way existing home owners might have acquired over time with back garden gates and garages fronting onto these alleys. However, it is likely that it would be a powerful complement to street votes, helping to further alleviate our national housing shortage.



*Back alleys are often neglected and unused*



*Beautiful close-knit urbanism is still possible. Recent development in Ludlow designed by James Wareham, by whose kind permission this image is reproduced.*

## Complementing Further Priorities

**Conserving green space and the skyline.** One of the questions at the heart of modern housing policy is how we build homes while avoiding contentious forms of greenfield development. The tension here is obvious: new homes have to be built somewhere, and unless we find ways of using our existing urban areas more efficiently, that means taking over what is now rural land. Although there are of course contexts in which urban extensions are justified, we need a long-term strategy to allow us to deliver very large numbers of homes while preserving our celebrated countryside for future generations. This theme has been reflected in the controversies surrounding the Government's revisions to the housing need formula.

It is sometimes said that the solution to this is to introduce far more high rise buildings to our cities. There may be cases in which high-rise developments are justified. However, empirical research has revealed grave difficulties with using high-rise as a normal way of delivering new homes. High-rise does not necessarily raise densities - many postwar highrise developments were no denser than the streets they replaced, due to the large empty lawns in which the towers were often placed. Even when they do achieve higher densities, they remain problematic. Dozens of studies have found that high-rise tends to harm the mental health of residents, and on the development of children.<sup>62</sup> There are also serious issues concerning shadowing, wind tunnels and the enormous visual effect on the neighbourhood.

Street votes offer a way of delivering housing on a very large scale without either of these kinds of development. Instead of expanding our urban space, we should use our existing urban spaces more wisely, building them up the 'gentle density' urbanism of our historic towns.

### Walkability

A key priority for urban design is enhancing the walkability of our cities. Walking is good for health. It fosters the development of local communities as neighbours encounter one another in their streets. If people substitute walking for car journeys, greenhouse gas emissions fall. The Government recognises this and has announced a range of proposals for fostering walkability in its recent document *Gear Change: A Bold Vision for Cycling and Walking*.

Street votes would promote walkability in a whole range of ways. First, they will result in higher housing densities. As a settlement grows

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62. Gifford, R., 2007. The Consequences of Living in High-Rise Buildings.

denser, the number of services that one is within walking distance of grows. In a dense traditional city, one is usually within walking distance of newsagents, pubs, cafes, restaurants, a grocery, a library, a park with a playground, a church, a nursery, a primary school, a post office, a gym, a town hall, a hairdresser's, a GP's surgery, and much more. In a diffuse postwar suburb, one may be in walking distance of none of these things. If one is not within walking distance of any useful services, one is not likely to do much walking.



*By Nerea Bermejo. Reproduced by kind permission of HTA Design*

High densities are a necessary condition for walkability, but not a sufficient one. Tower blocks connected by motorways may be fairly dense, but they are not walkable. This is why it is crucial that street votes also fosters the kind of gentle density urbanism that people enjoy walking in. Street votes create traditional streets, with their strong sense of enclosure. The provisions for popular design coding will lead to active, walkable facades. The provision for hypothecating funding for public space improvements will mean that these streets are well paved and planted with numerous street trees.

Street votes would accord especially well with one of the proposals the Government raised in *Gear Change*, namely the allowing individual streets to close themselves to through-traffic, effectively ending the problem of rat runs.<sup>63</sup> This has been widespread for decades in the Netherlands, where such streets are known as 'woonerven', roughly translatable as 'streets for dwelling'. Since additional properties on post-vote streets are required to be car-free, post-vote residents will be much less likely to be drivers than pre-vote residents were. Their priorities are more likely to be those of pedestrians, seeking quieter and safer streets, and they will be correspondingly likelier to support more pedestrian-friendly streets. More generally, once a precedent for street-based local democracy has been established, the same mechanism could be used to allow streets to

63. Department for Transport, 2020. *Gear Change: A bold vision for cycling and walking.*

make choices about their public spaces, including measures to make them as walkable as possible

### Public transport

The attractiveness of public transport is related to density in a similar way to that of walking. It is efficient for us to travel by train only if train stations are within walking distance of our location and our destination. Something equivalent is true for buses, trams, and other forms of public transport. This is why it is only normally possible to escape car dependence at relatively high housing densities: in Paris, with a housing density of 300 homes per hectare, enormously more people live within walking distance of any given train station than they do in a suburban area with 20 homes per hectare. By bringing more people into walking distance of public transport hubs, street votes will greatly promote the relative attractiveness of public transport.

All new properties on post-vote streets will be car-free, as many new developments in urban areas are already. In the medium term, this will greatly increase the number of people relying on alternatives to the car. This means that street votes would be complemented by other policies to reduce congestion and increase the efficiency of public transport. For example, a flexible road pricing scheme would discourage road use at peak times, markedly reducing congestion – as argued in the 2017 Policy Exchange paper *Miles Better*.<sup>64</sup> This in turn would increase public transport speed and open up the possibility of novel forms of public transport like bus rapid transit. In this way, street votes could form a key part of a platform of policies designed to promote more livable and environmentally friendly cities.

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64. Policy Exchange, 2017. *Miles Better*.



### Building beautiful

When a homeowner builds a beautiful home, only they bear the cost, but the house's beauty gives pleasure to all who pass it. Beautiful building is thus a paradigm of an output with positive externalities, benefitting others beyond those who decide whether it will exist. This is why communities throughout history have regulated the exteriors of buildings, upholding the stake that the whole neighbourhood has in the appearance of each individual's home.

A key feature of street votes is that key decisions about beauty are made at the level of the street through the requirement that elevations or codes be included in the proposals that are voted on. The externalities of beauty are thus internalised – neighbours are able to make their concern for their surroundings count. At the same time, decisions remain within the community rather than being handed over to official bodies. This means that there is no opportunity for a 'design disconnect' to open up – the well-attested tendency for modern design elites to prefer different kinds of building than ordinary people do. The street votes proposal thus strikes the best possible balance, giving a stake to the community without handing over control to a remote bureaucracy.

### Opportunities for the building sector

As we have stressed throughout this report, street votes will create huge opportunities for the building sector, which will deliver the hundreds of thousands of new homes that votes make possible. These opportunities will be especially great for some parts of the sector that the present system tends to disadvantage.

The present planning system has a number of features that tend to favour large developers. This is partly because most homes are delivered through relatively large sites where large economies of scale are available, and partly because the discretionary planning system creates substantial overheads that are more easily borne by larger firms. As a result the British building industry is far more concentrated than most others are. Around 10% of new homes are custom or self-build, versus a European average of 50%. Similarly 34% of the British construction market is made up of small firms, one of the lowest figures in Europe, versus 50% in Germany, 67% in Switzerland, 73% in Denmark and 80% in Belgium.<sup>65</sup>

Development permitted through street votes will be different. The sites created through votes will invariably be small ones, often comprising just a single dwelling, and no planning application will be required to build on them: builders must simply observe the rules that the street has set. The skills most needed for delivering such homes will be flexibility and responsiveness to neighbourhood context, rather than large overheads for dealing with high-level planning process. This offers a huge opportunity to small builders and self-builders, who are naturally strong in this area. It may also create opportunities for community land trusts, if residents choose to establish trusts to be implemented through the vote. In this way street votes will serve the larger objective of supporting a more diverse and competitive construction industry.

Street votes may also promote the uptake of modern methods of construction, in which prefabricated elements are merely assembled on site.<sup>66</sup> Modern methods of construction are an exciting way of standardising high quality and low carbon production. They are gradually becoming more common in large projects, but remain relatively unusual in residential projects, partly because the discretionary planning system makes it difficult to standardise elements to the extent that modern methods require. The regulated development control system we propose meshes much better with modular pre-fabricated models of construction: it means the rules are known in advance, and firms can focus on iterating to reduce costs at high scale. In this way, impressive economies of scale could be realised: German kit house producers regularly pre-build high quality homes for under €500/sqm.

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65. Geoghegan, 2014. Self-build role for local plans. *Planning Resource*. Available at: <[www.planningresource.co.uk/article/1303106/self-build-role-local-plans](http://www.planningresource.co.uk/article/1303106/self-build-role-local-plans)>. The small firm share of the construction market is defined as the proportion of production value of residential and non-residential building construction delivered by companies below 50 employees. Eurostat, 2015.

66. Cf. Royal Institute of Chartered Surveyors (2018), *Modern Methods of Construction: A forward-thinking solution to the housing crisis?*

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## The Model

To work out roughly how many houses in the UK meet our criteria, how much floorspace would be available if they developed in line with our rules and policies, and how many homes this would release to the market, we built a model and randomly sampled UK postcodes, sketching out the possibilities available for each of these randomly selected properties. This involved inputting their existing land usage, their potential land usage (if they and their street agreed on a street plan), their potential floors, given rules about light and density-based maximums and so on. We took the average uplift possible per dwelling unit type in our sample and applied that to all of the post-1918 properties we estimated there were around the country.

In total, we judge that around 15.4m British properties will be technically eligible for street votes in some form, including around 800,000 in Greater London and 3.6m in the Home Counties (at their widest definition). Without impacting on any of their neighbours' light, this would, in the unlikely scenario it was all built up, deliver over 3.4bn extra sqm of floor space. None of this requires a single square metre of building on greenfield, parks, farms, green belt land, or demolishing a single pre-1918 property. At the average home size of 85sqm this would be space for more than 40m homes around the country.

Of course, these numbers are extreme upper bounds. By and large, it simply won't be economic to build in many places – in much of the country it costs roughly as much to build a new house as it does to buy one, and in other places development is extremely costly. But around cities such as York, Harrogate, London, Oxford, Bath, Cambridge and Poole it will be hugely profitable in many cases. Overall, our lower bound estimate is that 2m additional homes will be possible on the properties that will find it worth doing economically. Many, despite the profitability, will not wish to build, and their street vote will return a 'no' answer. But many will jump at the chance to make potentially millions of pounds.

The outskirts of places like Godalming and High Wycombe have many unremarkable post-war and inter-war properties, often poorly maintained, that street votes could transform. Not only could a true street line be established instead of uneven setbacks and gravel driveways, but through the design codes or prescribed elevations street votes enable, some of the less thoughtfully designed parts of these suburbs and suburban villages could be brought into line with their historic character.

## Worked example: New Barnet

One street in New Barnet, in the Borough of Enfield in North London, is a cul-de-sac of 26 postwar bungalows, 15 minutes walk both from New Barnet train station and Cockfosters tube station. It covers 1.2 hectares of land, with around 2500 sqm of usable floorspace. One of the bungalows is currently selling for £530,000: the price per square metre of land is thus around £6,900. Around five minutes away, a two bedroom flat is selling for £6,000 per square metre; a terraced house with a large garden also sells for around £6,000 per square metre. According to the estimate in our model, prices average around £6,500 per square metre in this borough, suggesting these figures are typical.

We assume residents agree on a street plan that gives them the maximum parcel of developable floorspace, i.e. using up their driveways, digging Georgian-style basements, and going up to three storeys plus a roof storey, but keeping below a 37 degree light plane from any land not included within the street vote. This would create around 21,000 square metres in a developable volume shape (including the original footprints), as well as a significant amount of roof terrace space where houses step down in order to avoid throwing new shade into the gardens of those living on neighbouring streets. As required by our rules, the street plan preserves almost all existing garden space.

This small addition to Enfield housing would have negligible impact on overall prices, so usable space would sell for around £6,000 per square metre. In line with our conservative estimates elsewhere, we assume that building costs plus finance are £2,700 per square metre. We also assume that each household must spend 5% of their house price, so £26,500, to house themselves for a year while construction goes on. We assume that even in areas where no additional height is possible, the property is demolished and rebuilt in line with the design codes proposed in the street vote. Though we expect that streets rebuilt in this way to a coherent aesthetic standard will sell for more than comparable properties, we do not assume any value gain from this in our modelling.

These assumptions give us total estimates for the value generated by developing this land.

- Cost of 26 properties:  $26 \times £530,000 \sim £14\text{m}$
- Cost of building sqm, at £2,700 per sqm:  $\sim £57\text{m}$
- Sale price of sqm, at £6,000 per sqm:  $\sim £126\text{m}$
- Cost of housing all households for a year:  $26 \times £26,500 \sim £700\text{k}$
- Subtotal for uplift:  $\sim £54\text{m}$
- CGT to council (18% of uplift):  $\sim £10\text{m}$
- Uplift to homeowners:  $\sim £44\text{m}$

## Appendix 1: Short streets

In most streets, street vote proposals must be submitted by residents from at least ten homes or from 10% of homes – whichever is higher. In very short streets these rules would make proposals impossible, so special rules should apply. The following table specifies, for each given number of homes, the minimum number of residents (from separate homes) required to submit a proposal.

Total homes	No required	% of total
2	2	100%
3	3	100%
4	4	100%
5	5	100%
6	5	83%
7	6	86%
8	6	75%
9	7	78%
10	7	70%
11	8	73%
12	8	67%
13	9	69%
14	9	64%
15	10	67%
16	10	63%
17	10	59%
18	10	56%
19	10	53%
20	10	50%

## Appendix 2: Pilot schemes

As noted above, a pilot ought not to be necessary. If it were found to be so, however, the following outlines how it might be run:

- The implementing legislation for the White Paper should give the Secretary of State powers to implement schemes whereby, within specified areas, residents of small sections of a settlement can vote on whether to adopt rules including proposed design codes and elevations and grant planning permissions, upon such terms and subject to such conditions as the Secretary of State sees fit.
- An enabling body of external consultants, urban designers, those experienced in community consultation, and financiers should be established to run the pilot and support streets in developing proposals. The Ministry of Housing, Communities and Local Government is burdened with extensive duties and is highly resource-constrained, particularly in terms of reform expertise outside the narrow bounds of the existing English planning system, and so in order to jumpstart the process the pilot should be run by an external consultant with demonstrated expertise in applied political economy analysis to solve for consent-driven and market-led improvements in land use regulation.
- Expressions of interest should be invited from streets using a budget provided to the consultant to promote the pilot to local authorities and residents. The consultant should be instructed to select areas with the highest probability of success, taking into account the economic viability, the number of residents who have signed the expression of interest, and the total number of residents on the street; and to randomly select half of those streets to proceed with the trial and half to act as a control group.
- After pilot areas have been selected from among the expressions of interest, the consultant will support residents in developing a full proposal. Once street votes have become established, preparing a proposal will become easier, because an ecosystem of architects, specialist developers and planning consultants will develop to support the process. For the pilot, however, this support is likely to be necessary.
- Optionally, the Government could offer additional support of, say, £10,000 to the first hundred streets who wish to draw up such a scheme.
- Once each full proposal has been developed, it will be voted on by

all residents of each street in question and, if the vote passes, the planning permissions will be granted.<sup>67</sup>

- The enabling body will remain available to offer relevant support to streets in which votes have passed, besides monitoring the results of the vote and creating an evidential basis for a final version of the policy to be rolled out nationally.

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<sup>67</sup>. In advance of enabling legislation, a fund could be established before selection of participating streets, and local authorities wishing to participate in the pilot could be provided with generous funding to adopt Local Development Orders implementing the street votes and to cover possible infrastructure and other mitigation measures to address any spillover effects on other residents.

## Appendix 3: Build costs

Throughout this paper we have used the conservative assumption of a £2700 per square metre based on research by Turner and Townsend. However, a report on build costs at small sites by the Building Cost Information Service of the Royal Institution of Chartered Surveyors gives much lower figures. If these are accurate, street votes will be viable in many more places, and the policy proposed in this paper will be correspondingly more impactful. We have relied throughout on the more conservative assumptions of Turner and Townsend, but we reproduce the BCIS figures here for readers' interest.<sup>68</sup>

All Residential	Mean £/ sq.ft	Mean £/ sq.m	Median £/ sq.ft	Median £/ sq.m	Range £/ sq.m	Interquartile range £/sq.m	Sample size
1-10 dwellings	108	1157	100	1077	623-4539	941-1260	488
5-10 dwellings	101	1083	95	1026	593-4539	906-1181	1075
Over 10 dwellings	95	1025	91	978	522-2943	860-1131	1196

68. Building Cost Information Service (2015), *Housing development: the economics of small sites – the effect of project size on the cost of housing construction*. Available at:

[https://www.chichester.gov.uk/media/25103/REP-04-BCIS-Research-Report-from-Domusea/pdf/REP-04\\_BCIS\\_Research\\_Report\\_from\\_Domusea.pdf](https://www.chichester.gov.uk/media/25103/REP-04-BCIS-Research-Report-from-Domusea/pdf/REP-04_BCIS_Research_Report_from_Domusea.pdf). We are grateful to Lulu Shooter of the Federation of Master Builders for drawing our attention to this research.



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Policy Exchange  
8 - 10 Great George Street  
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