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Spatial Economics Research Centre

Friday, 5 September 2014

Garden Cities

[Posted by Prof Henry G. Overman]

I'm fairly ambivalent about Garden Cities. We clearly need additional housing. The idea of finding some fast growing urban area, taking a bit of greenbelt land and building decent housing on it with good transport links and open spaces would probably help (such a suggestion won [the Wolfson Prize](#)). Whether it's the solution to our housing supply problems is another matter. I'd certainly want to see whether such a development proved attractive to people in general (rather than to the people who designed it) before rolling it out across the country. I'm also a believer in properly incentivising local people to agree to development - so I don't like the idea of a blue print that we'd impose on lots of places.

However, while I may be ambivalent about Garden Cities, I find our [housing minister's response](#) to the Wolfson Prize deeply depressing. According to Independent: "the Housing minister, Brandon Lewis, has now condemned the scheme as "urban sprawl" that would build nothing other than "resentment among local people and has said the Government would have nothing to do with it."

We have to stop this knee jerk reaction - that *anything* built on the green-belt is urban sprawl - if we are going to have a proper debate about increasing housing supply. Historically, towns and cities have had to accommodate some of their growth by expanding outwards. A sensible housing policy would allow for this, while also ensuring that huge amounts of countryside are not swallowed up by very low density housing (the real urban sprawl that we see in so many US cities)*. You would hope that a sensible housing minister would recognise this and try to do more to encourage considered debate about how to meet our housing needs. On the basis of his reported comments (assuming accurate) our current housing minister fails that test.

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* Interestingly, even in the US, some of the claims about urban sprawl may be overstated. For example, in a [2005 paper in the Quarterly Journal of Economics](#) we found little evidence that urban sprawl was increasing at the metro level. Using remote-sensing data to track the evolution of land use on a grid of 8.7 billion 30 x 30 meter cells, we measured sprawl as the amount of undeveloped land surrounding an average urban dwelling. Our findings suggested that the extent of sprawl remained roughly unchanged between 1976 and 1992 (although it varied dramatically across metropolitan areas). Of course, new development does tend to be less dense. But when you zoom out to the metro level you find that infilling of what used to be the urban fringe tended to leave a very similar pattern of development - just one that occurred on a larger scale to house new population.

Posted by [Prof Henry G. Overman](#) on [Friday, September 05, 2014](#)

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Anonymous said...

Lewis's response was indeed depressing. But you'd have to wonder if Wolfson might have been a bit naive to announce the result of his competition in the months approaching a General Election.

The Conservatives are under serious attack from both the NIMBY element (indeed, often they are the NIMBies!) and from UKIP who are making great headway with their "if it weren't for the immigrants" line. A lot of people seem to believe that everything will be better if we stop hard-working, well-educated, young, healthy people coming to the UK. And these people have votes.

Internal migration, and the trend (until recently) towards diminishing household size are much too subtle for the current narrative.

The constant search for a single, all-encompassing solution is also a bit depressing. I'm sure that the public can get their heads around a sequential approach, drawing from a small range of options, and that local planning authorities can use such a thing appropriately.

8 September 2014 at 12:05



Ben Jamin' said...

It is widely reported that we have 1 million empty homes, 25 million empty bedrooms and 400,000 homes worth of banked land. So, when the Prof Overman says "clearly" we have a shortage of homes, it sounds more like an ideological position than a factual one.

Does Prof Overman really mean we don't have enough of an oversupply? If so, I find that puzzling because I thought economics was about finding answers to how we could make things more efficient, not less.

Equally puzzling is the fact that those recommending supply side reform, acknowledge that land rent or "regulation tax" is a defacto State subsidy to land/homeowners.

Land rent in the UK is a considerable sum. Somewhere between £250-300bn per year. A subsidy that size would distort the property market I'd have thought. Inevitably leading to huge distortions.

But instead of asking what would happen to housing affordability, allocational efficiency, urban sprawl, NIMBYISM, planning incentives and regional inequality if this subsidy were to end (a land tax), economists seem only obsessed with simplistic supply side recommendations.

Supply side reform work at treat where goods and services are elastic. Applied to anything and everything, the results are a disaster.

We are, yet again, in the UK about to make yet more mistakes because our politicians and media are being given the duff policy advice by economists.

I'm all for liberalised planning myself. But only when the market is operating on a level playing field. We need radical tax changes before that happens.

18 September 2014 at 17:52

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