



Spatial Economics Research Centre

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The irresistible pressure of economic fundamentals: Radical planning reform moving into the mainstream – but still need to get the details right

[Posted by Prof Paul Cheshire]

It was excellent to see concern and rational debate about the English housing crisis and its causes getting coverage in the mainstream press over the weekend. There was an 'exclusive' in the [Sunday Express](#) on 6th July, linking concerns about housing supply and the shortage of land produced by two generations of 'urban containment' with the Deputy Governor of the Bank of England's warning that the housing market now posed the greatest single threat to economic recovery. Much of the piece was based on a phone conversation I had with the Whitehall correspondent, Marco Giannangeli. No concerns about his representation of my basic message. But there were some issues with the details! Maybe it is the academic's inner pedant; or the form of Chinese whispers which a phone conversation to a reporter, however skilled, who then writes his story which is then edited and subedited by people who have not heard the original conversation and finally cut to fit the space available given daily news pressures. Maybe the problem was that the season is not yet silly enough so there is still an awful lot of serious stuff happening in the world squeezing out other subjects.

Whatever. Here is a blog to alert readers to the interest of the Sunday Express in SERC research and correct a few misrepresentations in the story as appeared in the paper compared to the conversation with Marco!

1. The first was a classic confusion. There are 1.6 million hectares of Greenbelt land in England, not 1.6 billion. I think that 1.6 billion hectares is a good bit bigger than the entire USA.
2. The published piece had me condemning the Help to Buy scheme out of hand as just inflating house prices. I was a bit more nuanced about HTB but these got lost. There are 2 separate schemes or elements to HTB. The first is aimed only at those buying new build houses. This may slightly increase supply. So it will not only have the effect of increasing house prices. But there is another separate scheme supporting anyone buying a house costing less than £600 000. That will have the effect of mainly increasing house prices. Together they certainly have the effect of increasing house prices and it is possible – we do not yet know because we do not have the evidence – that the net effect will be to make housing yet less affordable (i.e. not help, but hinder, buying; that depends on whether overall the increase in house prices the two schemes generate outweighs the help to the particular people who take advantage of the schemes). I [first blogged about HTB](#) immediately after the 2013 Budget.
3. The published piece suggested I was arguing that we should release land for housing along the line of the proposed HS2. I hope I was being more immediate and practical than this. HS2 will not increase the supply of land with good access to jobs in London much because – if built – it will have few stations. It might increase commuting from Birmingham to London of course. As SERC has warned 'roads run two ways'. In the phone discussion about housing land I was talking about Crossrail. This is costing enough – around £18 billion to expect some community gain and is actually being built. From its opening in 2018 places like Iwer or Taplow in Bucks or Shenfield in Essex will move to within 30 to 40 minutes of central London compared to the present journey times of 60 to 75 minutes. All three of these stations are within London's Greenbelt. This means despite the vast investment in a useful piece of infrastructure – no houses can be built close to them. So a potentially very useful and major piece of infrastructure will generate much less gain for the community than it should in any rational world. And this is despite the fact that there is plenty of environmentally pretty useless land close to the stations and the fact that the reduced journey times to London will substantially increase the value of houses close to the Crossrail stations. [By the way I plan a blog shortly on where exactly one should be thinking about building houses in the Greenbelt and these three will certainly feature.]
4. The Sunday Express piece did correctly report me as saying that 20% of the GLA area is covered by Greenbelt designation. But the idea we could build 1.6 million houses on this area of Greenbelt within London is far too mechanical. The total area of Greenbelt within the GLA boundary is 32,500 ha. Currently expected densities (which are too high) are 50 houses to the ha so if every single m2 of Greenbelt land within the GLA was built on that would add to about 1.6 million houses but it is not at all reasonable to think that every available ha could or should be built on. We do need green spaces!
5. There was also a confusion between Greenbelt area within the GLA (32,500 ha) and London's Greenbelt. This stretches out to Aylesbury and Southend and covers about 514,000 ha in total – i.e. most of the Home Counties. It is this much bigger area (514,000 ha) that contains nearly 20,000 of Greenbelt land within 800 metres of a station not built on and not in an Area of Outstanding Natural Beauty or covered by a Site of Special Scientific Interest protection or any other indication that it is land which is environmentally valuable or amenity rich. Thanks to Barney Stringer for [this statistic](#).

Posted by [Prof Henry G. Overman](#) on [Monday, July 07, 2014](#)

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