Creating the Conditions for New Settlements in England
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Consultation at St George’s House, Windsor Castle, 21-23 May 2013

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Foreword

The issue of housing supply is crucial to the economic and social wellbeing of our country. The undersupply of housing impacts negatively on individuals, families, communities, businesses and the wider economy. At the Building and Social Housing Foundation (BSHF), we have investigated these issues in recent years.

New settlements provide an opportunity to contribute to our lack of housing and at the same time could help us to address some of the other key challenges we face as a society. New settlements can act as exemplars of what is possible, raising our aspirations for development. Creating a new generation of settlements will not be easy, but the creativity and potential are there; with the right conditions we can achieve something remarkable.

In May 2013 BSHF held a consultation at St George’s House, Windsor Castle to assess the potential for delivering new settlements. A group of individuals representing government, academia, industry, landowners, developers and local communities sought practical solutions. Our discussions clarified the key issues and identified possible ways forward. While participants came from a wide range of perspectives and had many differing opinions, there was considerable agreement on many issues. We have endeavoured to reflect both the areas of consensus and the variety of positions represented within this report.

Our discussions can be split into three main areas:

- Creating the conditions for new settlements. Government policies need to provide a stable and supportive environment for new settlements to develop.

- Delivering locally planned large-scale developments. New settlements will only work if local communities are fully involved in the process at every stage.

- Developing a vision for better places. New settlements need to offer a vision for why people should come and live there. They also have the potential to promote a new way of living and raise aspirations for all new developments.

This report looks at the first of these areas in more detail and will focus specifically on the English context. This is partly a matter of clarity due to the increasing divergence of housing and planning policy in the devolved administrations of the United Kingdom. More importantly, however, our
discussions at Windsor Castle suggested that there was a particular need for a new approach in England. The report contains a set of recommendations to create the conditions necessary to deliver new settlements. These recommendations are based on the discussions held during the consultation. While there are other factors that play a part in the feasibility of new settlements, this report focuses on the issues identified by participants as central to the process.

In the coming months BSHF and consultation participants will be developing work that seeks to address the other two areas of discussion: delivering locally planned large-scale developments and developing a vision for better places.

Darinka Czischke, Director of BSHF, August 2013
Executive summary

Current challenges facing policymakers

The English housing system is in crisis. For decades the country has not built a sufficient number of homes for its population. The reasons for this undersupply are numerous and the consequences are severe. The inability to address undersupply creates a range of social and economic problems that are adversely affecting the lives of millions. Rising and volatile house prices, worsening affordability and poor quality, inefficient homes are just some of the outcomes of the failure to create an effectively functioning housing market. Our housing also forms the basis of the places where we live and work and has a huge impact on our personal and social health and wellbeing.

England is also facing considerable social, economic and environmental challenges, including a growing and ageing population, the effects of climate change and an economy that is still recovering from the global financial crisis. Housing is a crucial part of our response to each of these interconnected issues.

The case for new settlements

This is not the first time that England has faced challenges of this scale. Our society has faced the slum conditions created by the Industrial Revolution and the devastation of the Second World War. Out of these difficult times came new visions for how we can live and work together. These were embodied in new places such as Model Villages, Garden Cities and New Towns. These novel approaches have been influential around the world and are still being studied today. The achievements of the past can inspire us to raise our aspirations today.

New settlements could help us to address the current crisis in the supply of new housing. They can be an important component in the portfolio of measures required to respond to housing need and demand. More fundamentally, new settlements provide an opportunity to respond to some of the wider problems in the housing system and society. New settlements offer the opportunity to create better places, which not only deliver housing, but provide a range of social, environmental and economic benefits that will help to address the challenges facing England today. These include a growing and ageing population, climate change and weak economic growth.

Delivering the next generation of new settlements is an ambitious but achievable goal. Each new settlement will need to consider the specific requirements of its
location. This means that some might be separate settlements whilst others could be connected to existing places. The common feature is that they represent better places to live at a scale that no single actor – developer, community or local authority – will be able to deliver on their own. Therefore, new settlements on this scale will need to be locally planned partnerships.

**Policy context**

However, if this vision for new settlements is to be realised, the right conditions must be in place. There has been some political support for the development of new settlements with Garden City principles and government policy identifies this as a desirable means of delivering new homes and associated infrastructure. This political support, however, has not been translated into any concrete action. Recent planning reforms have the capacity to make new settlements a more viable option but investors and developers need assurances of long-term continuity in planning. Localism has created the potential for communities to be involved in the creation of places in which they want to live but also presents difficulties for working at the larger-than-local scale necessary to deliver new settlements. Equally, although some government financial support is available for large-scale development, there is a lack of coherence and financial certainty for local areas to take on new settlements.

**Creating the conditions for new settlements**

Despite some reforms conducive to large-scale development, there has been insufficient action to drive forward locally led new settlements and many barriers remain. The set of recommendations presented here would do much to improve the conditions for new settlements to be delivered and would benefit housing supply more broadly.

**Recommendations to government and key stakeholders**

- **Recommendation 1.** The Department for Communities and Local Government should commission a full audit of previous new settlements in the UK.

- **Recommendation 2.** The Department for Communities and Local Government should publish a prospectus on the development of new settlements.

- **Recommendation 3.** All political parties in England should advance practical policy proposals on the delivery of successful new settlements.

- **Recommendation 4.** The Government should oversee a national strategic spatial plan for England that incorporates housing.
Recommendation 5. The Department for Communities and Local Government should strengthen mechanisms supporting the Duty to Cooperate. Improved guidance should be issued that clarifies the requirements and incentivises closer working.

Recommendation 6. A regulating body with appropriate authority and powers to sanction should be appointed to manage disagreements between local authorities.

Recommendation 7. HM Treasury should ensure that sufficient finance is available for upfront development of infrastructure through loan guarantees or revolving funds.

Recommendation 8. HM Treasury should investigate proposals for tax deferral to encourage the release of large areas of land for development.

Recommendation 9. The Department for Communities and Local Government should endorse and actively promote New Settlement Partnerships as a means to achieve locally planned new settlements. Resources should be made available for the training and support of communities to contribute to this process.

Recommendation 10. The Department for Communities and Local Government should work with local authorities to develop mechanisms and statutory guidelines for involving communities in planning beyond the local level.

Recommendation 11. The Department for Communities and Local Government should set the terms of the debate on housing need at a national level through clear and consistent communication of key messages.

Recommendation 12. organisations with an interest in housing provision should coordinate information and resources to effectively communicate the scale of the housing supply problem in England to the wider public.

This report identifies the current challenges facing policymakers, presents the case for new settlements and discusses the policy context for large-scale development today. A detailed discussion of the recommendations can be found in Section 4. BSHF would like to see relevant organisations raise these issues in the appropriate forums and support the government to take practical steps to create the conditions for new settlements.
Section 1: Current challenges facing policymakers

There is broad agreement that England is suffering from a chronic undersupply of new housing. Alongside this lack of quantity, there is concern over the quality of new build homes and places. Housing can have a profound impact across a range of social indicators and sufficient good quality housing can positively influence individual and social health and wellbeing. England is also facing a set of major interconnected demographic, economic and environmental challenges. Each of these issues is associated with the housing system and the type of places in which we live. It is in this context that new settlements – as a means of delivering new housing and infrastructure and creating new places – have much to offer. Large-scale development of this kind has the potential to address many of the challenges outlined below. How new settlements can achieve this is outlined in Section 2.

Housing undersupply

While demographic and social factors have increased housing need, building rates have sustained an overall decline over a number of decades. Although around 158,000 households were formed annually between 2001 and 2011, on only three occasions in this period were this many homes built (Figure 1) and this does not take into account the need to demolish and replace some existing stock. Since the 1980s, the total number of homes built has been insufficient given the country’s needs.
The position has been exacerbated by the global financial crisis. Since 2007, the number of houses started on site each year has dropped dramatically from a peak of 180,000 units in 2007, to an average of 100,000 units, well below the number required.³

How many homes do we need?

In addition to housing need arising from new households, there is the backlog of constrained need, due to insufficient supply over previous decades. Leading academics have estimated that there are:

“…one million sharing or concealed households that would prefer their own homes. While some of those living arrangements may be temporary this still leaves very substantial numbers unable to secure their own homes in the current pressured housing market.”⁴

To further take into account natural vacancies in stock and growth in second homeownership, modelling suggests that 261,000 net additions (absolute change in housing stock, including completions, changes of use, conversions and demolitions) to the English housing stock are required annually to address housing need and demand.⁵
Reasons for undersupply

England’s chronic undersupply of housing can be attributed to a variety of interconnected factors (Figure 2). Some of these factors are summarised below.

**Figure 2  Some reasons for undersupply**

- **Land and planning**
  - Land availability
  - Land prices
  - Unviable Section 106/Community Infrastructure Levy payments
  - Planning delays
  - Opposition to development
  - Reduced housing targets

- **Development finance**
  - Availability of private finance
  - Local authority borrowing restrictions

- **Construction industry**
  - Current trader model
  - Risk

- **Demand**
  - Mortgage availability
  - Affordability

Planning delay is most frequently identified as a major issue for developers, closely followed by land prices, land availability and development finance. For developments to be viable, land needs to be available at the right price so that the end product can be sold at a profit sufficient to attract house builders to enter the market. The provision of land at the right volume and the right price has been identified as “the greatest challenge facing housing supply policy today” and a number of reforms have been proposed to resolve this issue.

Delays in the planning system also create difficulties for developers. A variety of studies have measured the time taken between submitting a full planning application and receiving permission, with a recent study identifying an average of 43 weeks, with substantial variation between local authorities. This adds cost to the development and increases risks to developers.
Furthermore, since the replacement of Regional Spatial Strategy housing targets with local housing need assessments, the level of identified housing need has dropped dramatically in some areas, with only the North East of England increasing targets.\textsuperscript{10} This will reduce the amount of land allocated for housing through the granting of planning permission.

In addition, planning decisions often reflect “what is politically feasible rather than what is socially optimal”, with opposition to development playing a significant role in undersupply.\textsuperscript{11} Local opposition to development can be for a whole range of reasons and may be valid – as in the case of insufficient infrastructure provision – but there is also a risk that it prevents much-needed housing.

However, there are many sites available with planning permission that are not being delivered due to a lack of available development finance. According to the Local Government Association, planning permission has been granted for 400,000 new homes that are not being delivered due to constraints on finance for developers to build the properties or concern that the properties will not sell because of insufficient demand.\textsuperscript{12}

A further hindrance to viability comes from excessive planning obligations on developers. When land receives planning permission it increases significantly in value.\textsuperscript{13} Section 106 (S106) payments and the Community Infrastructure Levy (CIL) are designed to capture some of this uplift for community benefit. However, if such payments are too high, development can become unviable. This has been a particular problem since the depreciation of land following the global financial crisis. Payments negotiated on the basis of previous (higher) land values are still required of developers, even when current land values are significantly lower.\textsuperscript{14} The government has therefore permitted the renegotiation of S106 agreements made prior to April 2010 to unlock stalled sites.\textsuperscript{15} Nevertheless, S106 and CIL payments remain a significant barrier to development in some cases.

Financing new build properties within the public sector is also highly constrained because of the cap on local authority borrowing limits as part of the Housing Revenue Account settlement.\textsuperscript{16} There are strong arguments against such a cap given the low levels of debt attached to council properties. It is argued that even with relatively modest levels of borrowing, local authorities could deliver an additional 60,000 new homes.\textsuperscript{17}

There has also been a long-term decline in the rate in the building of council houses, limiting the supply of social housing “particularly since the housing association movement has been unable to make up the shortfall”.\textsuperscript{18} In 2012 public sector registrations for new housing fell by 28 per cent.\textsuperscript{19} In recent years
there has been a move from supply-side capital grant funding and a greater reliance on increased rents and private finance.\textsuperscript{20} This model has been criticised, particularly within the context of welfare reforms, for failing to take a long-term approach.\textsuperscript{21}

Furthermore, the structure and operation of the construction industry creates a number of barriers to increasing supply. The current trader model used by the housebuilding industry is based on margins rather than volumes, making it more viable to build a smaller number of homes for a greater profit than a larger number of homes for a smaller profit.\textsuperscript{22} Housebuilding, due to the nature of the planning system, is already a risky activity. Additional risk-taking, with regard to volume, is therefore minimised: developers want to be sure that they will be able to sell all the properties they build at a profit.

Alongside these supply-side factors, there is the problem of effective demand. Homeownership remains the preferred option for the majority of households.\textsuperscript{23} However, the unaffordability of housing along with mortgage constraints reduces the extent to which demand can be expressed. This is demonstrated in the sharp decline in mortgage lending following the 2007 financial crisis (from 110,000 approvals per month in 2007, to 50,000 approvals per month in 2013).\textsuperscript{24} In particular, stricter rules to limit self-certification mortgages will make it more difficult for the self-employed to get a loan.\textsuperscript{25}

**Impact of undersupply**

Undersupply has serious and wide-ranging impacts on the economy, individual households and wider society.

**Impact on the economy**

- Rising house prices over the last two decades (a more than two-fold increase in real terms\textsuperscript{26}) are closely linked to a shortage of supply.\textsuperscript{27} This causes a greater share of personal wealth to be expended on housing, lowering investment in productive enterprises.\textsuperscript{28} More recently house prices decreased substantially between the end of 2007 and 2009 due to the financial crisis.\textsuperscript{29} In the last year there has been a marked recovery in house prices although this picture is complicated by strong regional variations.\textsuperscript{30}

- The UK housing market has repeatedly experienced significant **volatility** of price cycles over recent decades. This volatility is closely associated with restricted housing supply (as well as the planning system and taxation schemes such as stamp duty).\textsuperscript{31} This increases macroeconomic instability.\textsuperscript{32}
• **Housebuilding** is a significant part of the UK economy, making a significant contribution to GDP. However, between 2007 and 2010, production halved, meaning that undersupply restricts economic growth. Evidence indicates that each additional £1 spent on construction contributes an additional £2.84 to the UK economy. This ‘multiplier effect’ compares favourably to most other sectors.

• **The construction industry** is a significant employer in the UK, employing about four per cent of the total workforce. The size of the construction workforce follows the activity of the sector, such that undersupply prevents job creation and impacts on job stability.

• Rising house prices have also been linked to increased consumer spending in the UK in recent decades. Conversely, negative equity is linked to higher rates of savings. This effect is strongly pro-cyclical, funding significant spending during economic booms and contracting rapidly during recessions, contributing to instability in the wider economy.

• Low housebuilding rates contribute to significant regional differences in house prices and price expectations, which reduces labour mobility and constrains productivity.

**Impact on households**

• Undersupply and high house prices may be restricting choices about when and how to start a new household. There is evidence that more young adults in their twenties and thirties continue to live with their parents than in the past.

• Undersupply of housing is contributing to a reduction in tenure choice. There are increasing access constraints to all three of the major tenures, for example, through stricter eligibility criteria for social housing and unaffordability of homeownership.

• Some areas with relatively high availability of jobs also have high housing costs. This means that individual households may not be able to move home to improve access to work.

• There is evidence that overcrowding is increasing in both the social and private rental sectors as a result of constrained supply. This problem is most common in areas with greatest affordability problems. Research has linked overcrowding to physical and mental health problems, behavioural problems and lower educational outcomes.
Rising house prices are linked to **worsening affordability**: the proportion of local authority areas in England where the ratio of house prices to incomes exceeded 7.7 increased from 6 to 44 per cent between 2000 and 2010.\(^5\) High housing costs **decrease households’ disposable incomes**, and in severe cases lead to **eviction and repossession**.

The undersupply of housing may also contribute to households living in **lower quality homes**. It has been noted that “within the housebuilding market as it is today, the incentives for quality are weak”.\(^6\) The options of suitable existing accommodation available for households are also constrained by undersupply, leaving some households in unsuitable housing.

**Impact on society**

The problems of housing affordability and supply have a negative impact on the **affordability and delivery of public services** such as healthcare, education and social care.\(^7\) Problems recruiting and retaining key workers in high cost areas also increase the cost and difficulty of delivering services.\(^8\)

The number of people with severe housing problems such as **homelessness and overcrowding** is likely to increase with undersupply. Recent figures for rates of street homelessness show an increase of 23 per cent between 2010 and 2012.\(^9\) Housing associations predict an increase in evictions due to the various welfare reform policies.\(^10\)

Growth of the private rented sector places greater **pressure on Housing Benefit expenditure**. Spending in this area has grown rapidly in recent years.\(^11\) This is due to increases in both rents and the number of claimants in the private rented sector, both of which are related to undersupply.\(^12\)

Undersupply may also have a longer-term impact on the affordability of public services and welfare. Households that own their homes outright are able to manage with lower levels of pensions.\(^13\) The shift away from owner-occupation and social housing may **require greater state support with housing costs in retirement** for an increasing proportion of households.

Undersupply undermines the **economic and social sustainability of a range of communities**. For example, villages that do not develop new housing become “increasingly exclusive communities of the retired and of wealthy commuters”.\(^14\) Local services, and therefore jobs, are often lost in these situations. In cities, high housing costs are prohibitive to those in low-paid and insecure work, yet these types of job are vital to the functioning of those cities.\(^15\)
• Undersupply is leading to a polarisation of housing wealth. Younger generations are unlikely to be able to build up property wealth to the same extent as the baby boomers. As wealth constraints (i.e. access to a deposit) continue to form the major barrier to owner occupation, this polarisation is likely to increase with access often dependent on the wealth of parents or other relatives.

Further details of the impacts outlined above can be found in BSHF’s report More Homes and Better Places.

In considering these impacts of housing supply, it is important to acknowledge the substantial variation between geographical areas in England. Affordability and levels of supply and demand differ depending on location, with “some parts of the North and Midlands showing over-supply and high-demand areas in the South suffering chronic under-supply”.

Development quality

In addition to the challenges of quantity, there is significant concern about the quality of both individual new build homes and the nature of the large housing developments that are typically built.

As highlighted above, incentives for quality in the housebuilding industry are weak. There are also “growing concerns that design standards may deteriorate” given the economic downturn. However, research demonstrates the negative impact of poor housing on individuals and society. Building poor quality housing is a false economy in the long term, “leaving us with homes people don’t want to live in and don’t want to have in their neighbourhood”. Equally, high quality design and construction may not necessarily increase costs.

However, it should be noted that the quality of design alone does not necessarily lead to negative outcomes. For example, Milton Keynes has been criticised for its layout and car dependency but has nonetheless become a popular place to live and work. In addition, the success of any development is heavily influenced by geography and social and economic policy.

Homes

The Royal Institute of British Architects (RIBA) has highlighted poor standards of space and light within the home, with many new build properties being “too cramped for household members to live together peacefully”. Overcrowding has been shown to contribute to a range of negative health outcomes.
children, the effects of growing up in overcrowded housing can have a life-long impact.68

There is greater recognition of the impact of housing across a range of key personal and social outcomes. Research suggests that poor housing is associated with an increased risk of a range of physical and mental health conditions.69 There is also some evidence to suggest that children in poor housing have lower educational attainment with greater likelihood of unemployment.70 Poor quality housing can also result in higher costs to the public purse. Hazards within the home result in a direct cost to the NHS of more than £600 million per year.71

There are no minimum space standards for new homes in England (although London does have space standards). Space is vital to “maintain health, safety and wellbeing, and to enable working, social and family lives”.72 The UK, however, has some of the smallest homes in Europe.73

Finally the construction and housebuilding industries have been criticised for a lack of innovation, particularly with regards to production techniques and modern methods of construction such as offsite manufacturing.74 These techniques are more widespread in other countries and can result in a faster, more efficient build.75

Places

There has been widespread recognition of the poor quality of some housing developments in England.76 The government has called for local planning authorities to tackle unattractive developments with a lack of individuality and character, which are seen as the norm.77 Poor planning and design can affect social wellbeing. For example, “crime and the fear of crime have a considerable impact on the lives of individuals and their wider communities. The role good planning and design have to play in both reducing crime and giving people peace of mind [shouldn’t be underestimated]”.78 Secured by Design is a scheme intended to provide advice and tools for architects and planners to design features which minimise the risk of crime.79

There is also a relationship between health and spatial design. Pollution, green and open space, transport connections, access to food and community participation have all been identified as having a “significant impact on health”.80

Building for Life 12 is a government-endorsed, voluntary scheme designed to help local planning authorities assess the quality of new developments and to generate discussion between the various stakeholders involved.81 A regional audit
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of new build developments based on Building for Life criteria assessed a large majority of developments as either average or poor. 82

Addressing issues of poor design

In addressing these issues of poor design, there are further challenges to be overcome, including the operation of the construction industry and the availability of the necessary skills within local authorities.

The current trader model is the predominant model of market housing provision in the UK. This “consists in essence of a cycle of land acquisition, development and outright sale. Profit is the margin between sale price and acquisition and development costs; the developer retains no long-term interest in the property”. 83 This approach does not encourage high quality development, as builders do not maintain an interest in the property and so quality has less impact on profitability. Because of this lack of a long-term interest “There is ... no particular incentive to design to any higher quality than that needed to achieve the initial sale: aspects such as public realm and long-term maintainability assume less importance than features such as a double garage”. 84 In fact, investing additional resources in increasing the quality of property may even be seen as a threat to viability. The Callcutt Review noted that “within the housebuilding market as it is today, the incentives for quality are weak.” 85

There is also concern that some planning departments lack the necessary professional skills and capacity to effectively tackle design issues. 86 Equally, it has been suggested that considerations other than the appropriateness of developments have an increasing impact on planning decisions. Planning decisions are often highly politically sensitive issues, meaning that political sensibilities may affect the ability of planning departments to freely exercise their professional judgement. 87 As planning department budgets are further constrained, there is a risk that planning becomes increasingly marginalised.

Opposition to housing development

Despite the severity of housing undersupply and its negative effects, public opposition to development remains a problem. While 80 per cent of people agree that there is a housing crisis in Britain, 88 45 per cent of people would actively oppose housing development in their local area. 89 However, there is significant regional and local variation in this picture, with some actively in favour of new development. 90

There are also significant variations by current housing tenure, level of income and socio-economic group. Renters are significantly more likely to support new
housing development than home owners;\textsuperscript{91} while those on higher incomes and from higher socio-economic groups are more likely to oppose local development than others.\textsuperscript{92} From this, it can be suggested that it is those who are themselves more likely to be well housed that are less supportive of local development, even though at a national level there is recognition of a housing crisis amongst this group.

While this opposition may in some cases be justified – such as where insufficient infrastructure is planned for a development or in cases of poor quality design – local opposition presents a significant barrier to addressing housing need.

**Demographic, environmental and economic challenges**

**Demographic**

The population of England has been growing steadily for many years, with this trend projected to continue. In 2011, the population of England was 53m,\textsuperscript{93} up from 49m in 2001.\textsuperscript{94}

The main drivers of this growth are higher birth rates, longer life expectancy and net migration.\textsuperscript{95} At the same time, households have been decreasing in size. The average household size in 2011 was 2.36 people, which is projected to decrease further (to 2.33 people) by 2021.\textsuperscript{96} This, along with other demographic factors, means that between 2001 and 2011 the number of households in England increased from 20.5m to 22.1m, an increase of 158,000 households per year. This growth is projected to accelerate, reaching 24.3m households by 2021, an increase of 221,000 households per year.\textsuperscript{97} Figure 3 summarises these changes.
The profile of the population is also changing, particularly with regard to age. The current life expectancy of people living in the UK today is 79 years (men) or 83 years (women). Children born in 2013 have a life expectancy of 91 (men) and 94 (women). These changes will affect both the amount and type of housing that we need. For example, an ageing population has wide-ranging implications for housing in relation to health and social care, pensions and affordability and household composition.

**Environment**

England, along with the rest of the world, is facing the challenges of climate change and the need to reduce both the consumption of natural resources and the emission of carbon dioxide. The government has highlighted a range of policies in this area, including: greater use of low carbon technologies and renewable energy sources, improving household energy efficiency and reducing transport energy consumption. Furthermore, if we are to respond effectively to the threat of climate change, there is a need for places to adapt and become resilient to issues such as flooding. Alongside these pressing concerns, preserving the natural environment for current and future generations is an important goal. Not only does this maintain the aesthetic and social benefits of access to
the countryside but also protects biodiversity, which is vital for ongoing environmental sustainability.¹⁰²

Currently there is some uncertainty regarding the government’s commitment to meeting the housing zero carbon standards in 2016.¹⁰³ At the moment the UK fares poorly on energy efficiency of homes compared with many European countries.¹⁰⁴ For example, in terms of the thermal efficiency of walls, the UK was ranked seventh out of eight countries tested.¹⁰⁵ Not only does this increase carbon emissions but also puts households at greater risk of fuel poverty.

**Economy**

The global financial crisis, which began in 2007, has had a profound economic impact on England. In 2013, the UK narrowly avoided a triple dip recession and growth has been sluggish.¹⁰⁶ The construction industry has contracted more sharply than other areas of the economy (Figure 4). However, there is substantial regional variation, with significant growth in London and the South East, while other areas continue to stagnate or decline to varying degrees.¹⁰⁷

Economic uncertainty is affecting different aspects of the economy, including the labour market. Nearly eight per cent of the economically active population were unemployed in the second quarter of 2013.¹⁰⁸ Although this is not as high as in previous downturns, this has been masked by increases in self-employment¹⁰⁹ and underemployment.¹¹⁰ Those who are self-employed have less protection than employees and there is concern that the growth in self-employment is due to people “undertaking false self-employment, doing the same work as contracted employees but on poorer terms and conditions”.¹¹¹ Underemployment measures those who are currently employed but would like to work more hours.¹¹² In 2012, this accounted for more than 11 per cent of workers.¹¹³ Youth unemployment (those aged 16-24) is also particularly high, at 20.5 per cent in the first quarter of 2013.¹¹⁴
Finally, the declining economic vitality of local places, such as town centres and high streets is another symptom of the uncertainty facing many local communities. The Secretary of State for Communities and Local Government has stated that:

“High streets are recognised as important hubs of social interaction and cohesion, as well as providers of local jobs. They’re a visible indicator of how well, or how badly, a local economy is doing.”

The problems with high streets and town centres are indicative of issues with local economic viability.

In summary, undersupply of new housing is closely interrelated to a wide range of challenges faced by society. Although it is clear that greater investment in current housing stock is vital to deliver increased flexibility and efficiency of all housing, this report focuses on the potential of new settlements to manage these issues. Section 2 considers the case for new settlements as a means to address some of the many challenges highlighted in this section.
Section 2: The case for new settlements

The scale and range of the challenges highlighted in Section 1 is daunting. This section seeks to put them into a wider context and reflect on how previous generations responded to the profound challenges that they faced, which include the impact of the Industrial Revolution and the Second World War. In the past, new settlements responded effectively to a variety of challenges. New settlements can also provide the opportunity to confront these issues today and allow England to balance competing concerns and futureproof communities and places from the challenges outlined in Section 1.

What is a new settlement?

New settlements may take a variety of forms, from entire new towns or cities, to substantial urban extensions closely linked with an existing settlement, to a large-scale new place within an existing urban area. What connects these different approaches is the scale of delivery and strategic planning that incorporates a range of infrastructure and enables the creation of place. The exact size and type of each new settlement will be highly dependent on the local context, including connectivity, demography, economy and location. New settlements represent a scale of development beyond the current ability of any one actor. The private developer-led model (even with more than one developer involved) is generally unable to deliver at scale beyond 5,000 homes at present. Therefore a range of actors is likely to be involved in the creation of any new settlement.

Contribution of existing new settlements

In England, there have been three main ways in which new settlements have been delivered over the last 150 years. In the late 19th and early 20th centuries some wealthy and philanthropic industrialists sought to provide decent housing and local facilities for their workers, which became known as Model Villages: examples include Bournville in the West Midlands, built by George Cadbury and New Earswick in North Yorkshire, built by Joseph Rowntree. Many were inspired by the plight of workers living in inner cities in slum conditions. New Earswick was designed as a mixed community with homes and factories for both factory workers and managers. Green space was seen as particularly important, with gardens for each home and land for allotments.
In 1898, Ebenezer Howard published To-Morrow: A Peaceful Path to Real Reform, which contained the blueprint for a new type of settlement called the Garden City, which was designed to combine “the advantages of the most energetic and active town life, with all the beauty and delight of the country”. 119 Two of these Garden Cities were subsequently founded, Letchworth (Box 1) in 1903 and Welwyn Garden City in 1920.

Howard saw the Garden City as the solution to the social and environmental problems created by industrialisation. 120 In fact, for Howard, the Garden City was part of a planned movement away from cities, rather than an additional means of housing supply. 121 Garden Cities were designed to be walkable, with workplaces in close proximity to residential areas, to reduce the need for commuting. They were also to be built at low density with large amounts of green space, both private gardens and public parks. However, perhaps the defining feature of Garden Cities is that the land was to be held in trust for the benefit of the community, enabling the provision of additional local services. 122

**Box 1: Letchworth Garden City, UK**

Letchworth Garden City, founded in 1903, was the world’s first Garden City. It has played a proactive role in the promotion of an alternative model of community living by supporting the vision of people being ‘citizens’. It is a city that provides numerous examples of good practice.

**Ownership model.** Letchworth is owned by Letchworth Garden City Heritage Foundation, a “friendly society”. 123 Unlike other cities, in which an organisation owns or manages tracts of land, in Letchworth the Foundation manages the city as a whole. 124 The Foundation has a clear community focus and has extensive powers. It has an annual income of £7.5m from its assets, which are reinvested in the community, providing, for example, leisure facilities. 125

**Self-sustainability.** One of Letchworth’s original aims was to become self-sufficient in food. To this end, the practice of selling off gardens in order to allow further homes to be built was outlawed and the town was designed with a ring of farms surrounding it, which are farmed in a way to promote bio-diversity. 126 Although the goal of self-sufficiency is far from being achieved, the principle remains at the core of Letchworth’s vision. 127

**Citizenship.** In addition to generating a valuable income to be re-invested in the community, the community land ownership has also been foundational in establishing a sense of citizenship among Letchworth’s residents. This sense of citizenship does not rely solely on tangible goods but also on a shared vision. 128
Following the Second World War, there was the most significant development of new settlements ever seen in the UK. New Towns, implemented by central government through powerful Development Corporations, delivered on an unprecedented scale. The New Towns were built in two waves: the first was intended to alleviate the housing shortages that had arisen by the end of the Second World War. They were built primarily around London and followed Abercrombie’s County of London Plan, which called for, among other things, greater green space within London and reduced suburban sprawl, enforced through the creation of the green belt. The second wave – built between 1961 and 1970 – had a wider geographic scope and aimed to improve the economic health of the regions.

The New Towns were centrally funded through a mixture of loans and subsidies. The very scale of the New Towns programme made it unthinkable, particularly given the financial context of the post-war period, that private enterprise or philanthropic organisations could have made the primary contribution. Development Corporations received the necessary funds in the form of loans from central government, at an ordinary rate of interest and repayable over 60 years. Development Corporations also “enjoyed exceptionally favourable arrangements for land purchase at existing (or close to existing) use values and were effectively able to acquire all the land needed to build the New Town”.129 Following a legal case, the Lands Tribunal ruled that this value should also include the ‘hope value’ based on the potential for the land to gain planning permission at some stage in the future.130 Nevertheless, the Development Corporations were able to purchase land on very favourable terms.

While outcomes for New Towns have varied widely, there have been significant success stories, most notably Milton Keynes, which has a strongly performing economy, with consistent growth, high levels of employment and relatively affordable housing.131 However, the greatest achievement of the New Towns programme was its scale, delivering homes for more than 700,000 residents in just over two decades.132

However, new settlements have not been without controversy or shortcomings. In addition to many positive features some new settlements have experienced a range of negative outcomes due to the way in which they were planned or delivered. For example, the Garden Cities movement was hampered by the lack of private investment required and never achieved its proposed scale. The layouts of some New Towns have contributed to more car-dependent living or created areas where anti-social behaviour is more prevalent.133 Neither have some issues of long-term management and investment been adequately resolved.
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Rather than discouraging the development of new settlements per se, this highlights the importance of learning from existing planned settlements and working to ensure that the successes of the past, rather than the failures, are repeated.

In addition, there are new planned settlements all over the world of varying scales and types. This includes the major satellite cities around Shanghai, which will house millions of people, visionary European new towns such as Vathorst, Almere (Box 2), and Freiberg and a range of sustainable new communities in Scotland.

**Box 2: Almere, The Netherlands**

Almere is one of the major towns in the Amsterdam Metropolitan Area. Its population is around 190,000 but recently the Dutch government approved a large plan for expansion. This plan is expected to lead to the town’s population increasing by 176,000 inhabitants in the next 20 years.

Initially, the new development of Almere was created as a response to the combined pressure of two key factors: potential for uncontrolled urban sprawl and increasing housing need in the Amsterdam area. Today, nearly 40 years after the first inhabitants moved to the town, Almere is a desirable city to live in and is expected to be one of the driving forces of the Netherlands’ future development. Almere’s achievements include:

**Economic growth.** The rate of job growth in Almere is among the highest in both the Netherlands and Europe: during the past decade, 5,000 new jobs have been created on average each year. The city has also performed well in attracting and retaining resources within the urban area: 57 per cent of the jobs in Almere are held by local people.

**Local public transport.** Almere has experienced a considerable improvement in the local public transport system thanks to the implementation of an innovative project based on an extensive network of free bus lanes.

**Mixed housing and sustainability.** The construction of the city of Almere was characterised by an “unusual degree of attention” given by planners to the open landscape and green areas. Green and blue belts equipped with a wide range of amenities have been placed as buffers between both the six urban centres that constitute the city and its different neighbourhoods. Low-density housing has been developed “within walking or cycling distance of business, educational, transport nodes and recreational facilities.”
The potential of new settlements

New settlements have often provided a vision for a different type of place in which to live. Model Villages were designed and built as an alternative to the Victorian legacy of urban poverty and poor living conditions. They were constructed as mixed communities for people from all walks of life and provided secure and appropriate housing, as well as cultural and educational facilities. Likewise, the Garden Cities were intended as a way out of the over-crowded, polluted city of London. The importance of green space, a walkable town and community ownership were all emphasised. These features have meant that Garden Cities remain highly desirable more than 100 years after their creation. More recently, the post-war New Towns were built to address acute housing shortages, as well as decentralise industry and encourage economic development outside of London. This project was an ambitious undertaking and represented the creation or significant expansion of more than twenty towns and cities across the UK. Each of these new settlements was a response to profound problems facing society at particular moments in time and each embodied visions of better places to live and work.

No single measure will be sufficient or appropriate to address the scale of the challenges outlined in Section 1 but rather a portfolio of approaches is needed, including urban regeneration, small-scale sites and new settlements. However, given the extensive heritage and experience of creating new settlements, there is real potential for England to take an innovative and leading approach to new settlements. Ways in which new settlements could address the challenges facing England today are outlined below.

How new settlements could respond to the challenges

Potential to meet housing need

Recent analysis demonstrates the contribution that new settlements could make in meeting the minimum number of homes required in England each year (Figure 5). New settlements are clearly identified as a significant potential additional contributor to achieving the required numbers of new homes, as part of a portfolio of measures to increase housing supply.
The creation of new settlements has a track record of delivering housing at scale in the UK: two million people now live in New Towns\textsuperscript{147} and a further 80,000 live in Garden Cities.\textsuperscript{148} As well as delivering new housing, they have the potential to be an attractive investment prospect, encouraging new finance to the delivery of housing and allowing true additionality of supply rather than simply diverting resources from other housing development.

Development quality

New settlements also provide an opportunity to draw together good practice and develop homes and places that are socially and environmentally sustainable, overcoming many of the challenges of development quality outlined in Section 1.

Homes

There are calls for the government to set space and light standards across England.\textsuperscript{149} A recently released government consultation on housing standards includes this aspect for discussion.\textsuperscript{150} This may have an impact on the quality of future new homes and could result in clearer guidelines for developers.
Design codes also provide an opportunity to build better quality places and buildings. These are detailed, technical instructions on “constructing buildings within a certain geographic area [and] based on a specific vision for place-making”. The use of design codes has been shown to lead to better quality housing at the same time as speeding up the planning process.\textsuperscript{151} Four main benefits of design codes have been identified:\textsuperscript{152}

- They encourage higher design standards.
- They, almost always, require the input of qualified architects rather than relying on design technicians.
- They foster a collaborative relationship with local authority planners, leading to swifter planning consent.
- They allow smaller house builders, more accustomed to building at a higher specification, to compete on a more equal footing with volume house builders.

Design codes may be particularly useful for new settlements, especially sites in “multiple ownership” or with a range of developers.

Currently the Lifetime Homes scheme provides a set of design criteria to be applied to new housing to make it accessible for residents throughout a lifetime. Individual homes should be constructed to provide accessible and adaptable spaces for a variety of people including wheelchair users and young families.\textsuperscript{153} However, these guidelines are not compulsory.

**Places**

Both the practical and aesthetic aspects of good planning make places more desirable to live in. Starting from scratch allows those designing new settlements to take a coherent approach to road and pedestrian layouts, the creation of green space and the provision of local amenities and infrastructure, as well as ensuring good connectivity with existing settlements. A planned approach, learning from existing examples, will allow for the creation of safe, accessible and attractive neighbourhoods.

In contrast to the criticism levelled at much edge-of-settlement and infill development, new settlements provide the opportunity to plan infrastructure that will be appropriate for the wellbeing of future residents.\textsuperscript{154}

By engaging local communities from the outset, those involved in the creation of new settlements have the potential to create places that meet the needs and aspirations of prospective and neighbouring residents. This can involve communities at all levels of the development process, including long-term
community ownership. With an entirely new settlement there will probably not be a community in situ. However, by engaging residents from the surrounding areas (and other prospective residents) it is possible to reflect local wishes in the process.

When land receives planning permission, there is a significant uplift in its value. Capturing some of this additional value not only assists with upfront infrastructure provision but also enables the long-term viability of a new settlement, such as is the case with Letchworth Garden City Heritage Foundation.\textsuperscript{155} If this uplift is not properly managed, the benefits will go to a minority of land and property owners rather than be distributed throughout the community for longer-term gain. An example of this was the substantial uplift in property value ceded to private (often absentee) landlords from tax-payer investment to extend the Jubilee underground line in London.\textsuperscript{156}

A part of developing new settlements is the ability to plan entire communities, including the mix and type of housing. Mono-tenure developments are associated with a number of adverse individual and neighbourhood effects.\textsuperscript{157} Tenure-blind developments allow for quality of design and construction throughout a neighbourhood or community and prevent the stigmatisation of areas.\textsuperscript{158} Mixed communities also allow households to move between housing tenures and types, without having to leave their communities.

**Opposition to development**

By meeting many of the country’s pressing needs, incorporating sympathetic planning and design and considering the needs of residents, there is considerable potential for new settlements to offer a fresh approach and create better places. By addressing many of the concerns that residents have with new schemes, such developments have the potential to promote a more positive view of development. The use of design codes with local buy-in, for example, has been shown to reduce local opposition to development.\textsuperscript{159}

In particular, opposition to development at a local level is often prompted by a fear that associated infrastructure to support new housing developments will not materialise.\textsuperscript{160} A new approach to large-scale settlements offers scope to plan infrastructure provision alongside new housing. Furthermore, the development of better places has the potential to be more attractive to existing and nearby local residents, particularly if they bring economic or social benefits to the wider local area.

Equally, given that “all development proposals, of any significance, are subject to intense and sometimes lengthy political scrutiny”\textsuperscript{161} larger-scale new settlements...
may be a more efficient way to secure additional housing, in contrast to multiple, comparatively smaller, projects. In terms of public consultation, it may also be more beneficial to manage opposition towards one large-scale development rather than several smaller schemes.

Demographic, environmental and economic issues

**Demographic**

As well as increasing supply, new settlements allow for the incorporation of housing and amenities that will address wider demographic change, particularly an ageing population.

- **Lifetime Homes.** As previously identified (page 29) this scheme considers the needs of residents over their lifetime. A range of features are identified to help with accessibility, including greater circulation space, accessible bathrooms and a minimised number of internal steps. Such measures allow people to remain in their own homes for longer and improve quality of life, as well as delay or reduce the need for additional care support and associated costs.

- **Lifetime Neighbourhoods.** On a larger scale, the creation of new settlements also allows for the layout and location of amenities to be designed so as to be accessible to parents with pushchairs, older people and others with mobility difficulties. Creating Lifetime Neighbourhoods requires a range of features, including:
  - Accessibility of the local area, including easily navigable pedestrian areas and suitable public transport provision
  - Local amenities to meet a full range of needs including healthcare and banking

**Environmental**

- **Climate change and resilience.** An important part of the creation of any new settlement is its ability to adapt to environmental pressures. Considering the impact of climate change from the outset of the development enables the creation of resilient settlements. This can involve a wide range of features, from low carbon buildings, to flood-resistant planning and extensive availability of cycle routes and public transport.

- **Biodiversity.** Although the countryside might be seen as a haven for wildlife, there has been a dramatic decline in the biodiversity of farmland in
recent years as a result of intensive farming techniques.\textsuperscript{165} Equally, gardens in urban areas can be very attractive to a wide range of species.\textsuperscript{166} By developing gardens and green spaces with appropriate plants, new settlements can actively contribute to the biodiversity of an area and support wildlife.

- **Preventing urban sprawl.** Urban sprawl is widely recognised to be detrimental to both the natural environment and the health of urban areas.\textsuperscript{167} The green belt is designed to prevent such sprawl\textsuperscript{168} but this can create problems of excessive densification (including destruction of urban green spaces) as towns and cities grow.\textsuperscript{169} New settlements provide a long-term strategic approach to this problem by relieving pressure on existing urban areas without resorting to unsustainable edge-of-settlement development.

- **Access to the environment.** If the natural environment is to be enjoyed, then easy access to it for communities is vital. Existing residents may be negatively impacted by edge-of-settlement developments which impede their use and enjoyment of the countryside. New settlements, however, can incorporate design features, such as “green fingers”, which bring the natural environment right into the centre of settlements.

**Economic**

- **Economic growth.** England is continuing to experience weak economic growth. Large-scale construction, such as the creation of new settlements, has an important contribution to make to address this crisis. It has been noted that England “has never had a recovery from recession without significant investment in new housing”.\textsuperscript{170}

- **Employment in construction.** It is estimated that every completed dwelling contributes to the additional direct employment of 1.5 people, not including additional employment created in the supply chain.\textsuperscript{171}

- **Ongoing inward investment.** Well-planned new settlements create an environment that is attractive to inward investment from businesses, contributing to economic growth and providing local jobs, not only during the development phase but in perpetuity. For example, Milton Keynes has responded to economic challenges and continued to grow.\textsuperscript{172}

As outlined in this section, new settlements have been proven to provide an effective response to a variety of challenges at different periods of history. The potential for new settlements to address specific challenges remains today.
England needs many more homes and these homes need to be suitable for a growing and changing population. Well-planned, locally driven new settlements can be part of the solution, as well as supporting the economy and protecting the environment. Section 3 assesses the current policy context and how existing policies help or hinder this process.
Despite the significant potential for new settlements to address the challenges facing England today, there has been limited progress in recent years towards delivery at any significant scale. The most recent large-scale programme of new settlements was the Eco-towns, introduced in 2007. However, the scale of development has been much more limited than initially intended. To date, there are only three eco-towns still actively being developed: Whitehill & Bordon, Rackheath and Eco-Bicester. A fourth site, St Austell in Cornwall, is currently progressing in a much altered form to the original proposal. In addition to the eco-towns, projects such as Northstowe in Cambridgeshire and Poundbury in Dorset are continuing to develop. These are welcome examples but are limited in comparison with the potential need for new large-scale developments. In fact, there have been no new developments of over 10,000 homes since the end of the New Towns programme in 1970.

This section therefore considers the current levels of political support and the policy context in relation to the development of new settlements and how these encourage or inhibit the delivery of new settlements.

**Political support**

At the national level there is recognition from government that England is facing a chronic housing supply crisis and that more homes are needed. This is reflected in support for the building of new homes from all three major political parties in England. In addition there is an acknowledgement of the role that housing and its associated infrastructure can play in economic growth and job creation.

The government has also signalled its support for new settlements – particularly to the Garden City approach – as a means of addressing housing need and creating desirable new places. In 2011 the government published *Laying the Foundations: A housing strategy for England*. This draws together a range of previously announced government initiatives and highlights government priorities with regard to housing. The strategy notes that “well-planned, large-scale projects can be highly successful and the best examples of these have been a great British contribution to international thinking on planning”. The strategy promised further details from government on how locally driven new settlements might be taken forward. However, to date, this has not been forthcoming.
Planning reform

The government is engaged in extensive planning reform. The English planning system has been widely criticised for reasons including a lack of efficiency and the time and cost involved in planning decisions. This particularly relates to large infrastructure projects where “substantial delays [result in] harmful spill-over effects for the rest of the economy”, discouraging developers.

The National Planning Policy Framework (NPPF), introduced in 2012, has replaced all previous planning policy. It is designed to be a single straightforward planning document covering all key planning policy issues.

Under the NPPF local planning authorities are required to have in place an evidence-based, up-to-date Local Plan, which includes a five year land supply. Alongside this requirement sits the presumption in favour of sustainable development. This not only requires Local Plans to be pro-growth but also – in cases where no up-to-date Local Plan exists – means planning permission should be granted unless there would be significant adverse impacts or specific breaches of the NPPF.

There is also explicit reference to development of new settlements:

“The supply of new homes can sometimes be best achieved through planning for larger scale development, such as new settlements or extensions to existing villages and towns that follow the principles of Garden Cities. Working with the support of their communities, local planning authorities should consider whether such opportunities provide the best way of achieving sustainable development. In doing so, they should consider whether it is appropriate to establish Green Belt around or adjoining any such new development.”

Current planning guidance has also been described as “not fit for purpose” due to the complex array of documents and guidance, some of which may be contradictory or outdated. The government therefore commissioned a planning guidance review, which reported in December 2012. In response, the government is undertaking a comprehensive rewriting of planning guidance due to be published in late August 2013. The aim is to produce a concise set of guidance that will be maintained by the Department for Communities and Local Government (DCLG). The details of this guidance are still being finalised but may have important implications for large-scale development.

Although planning reform has been welcomed by many industry professionals and bodies, the pace and lack of continuity of the process has been criticised.
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...for creating uncertainty. Despite support for new settlements, there has been little progress with regards to any such large-scale development.

Localism

The 2011 Localism Act aims to empower local people to exercise greater control over their communities. The government describes localism as devolving power to the lowest appropriate level (which may be larger than a single local authority or as small as a single neighbourhood). The emphasis is therefore on local decisions, as opposed to top-down intervention.

The Localism Act contains two measures with particular relevance to large-scale development. All local authorities now have a ‘Duty to Cooperate’, which is intended to ensure local authorities work together on issues that are beyond their sphere of responsibility. The Duty also requires local authorities to cooperate with government bodies such as the Environment Agency. This cross-authority working is important for large-scale developments, as they will affect a number of surrounding areas and may also physically cross local authority boundaries.

The Localism Act also introduced Neighbourhood Planning, an opportunity for local residents and businesses to be involved directly in local planning. Communities can approach their local authority and get support to develop a Neighbourhood Plan, which considers housing and other development. These plans can vary greatly in scope but must comply with the NPPF and other legal requirements. Plans are then submitted to a local referendum and, if successful, become binding on the local authority.

Increasing the capacity of communities to make a substantive contribution to local areas is a positive step and should work to allow communities to grow in a sustainable manner. However, communities are likely to consider developments at a relatively limited neighbourhood level. There is currently no support for communities to be involved in larger-scale planning for the wider area.

Finance and economic growth

The government has also introduced a number of financial measures aimed at addressing housing and infrastructure needs (Figure 6). These measures vary in magnitude and include a mixture of debt guarantees, grants and loans. They have met with varying degrees of opposition and support (most notably, the Help to Buy mortgage guarantee scheme has been met with strong criticism). It has also been argued that the approach lacks coherence and does not provide an effective response to the scale of the problem.
The government commissioned Lord Heseltine to review necessary mechanisms to support economic growth. The review was wide-ranging, covering areas such as education, employment and local government. A number of the proposals are of particular relevance to the creation of new settlements.

One of the central recommendations was that all existing budgets within Whitehall designed to support growth should be brought together into a single funding pot, available for local areas and without internal ring-fencing. The review recommends that this funding be channelled via Local Enterprise Partnerships (LEPs) through a competitive bidding process.

The review also recommends that local authorities be given a legal duty to “have regard to economic development” and that where local authorities share a functional economic market area they should be required to collaborate on economic development. This has significant implications for large-scale development and infrastructure provision.

With specific regard to land and planning, there were two particular recommendations: that the Planning Inspectorate be given powers to investigate planning decisions proactively; and that government should work with local authorities to identify and publish details of all unused public land, with the aim that this land be brought back into use to support local economic growth.

Although there is clearly some scope for large-scale developments to seek funding from various channels, the lack of cohesion may discourage these kinds of projects. Developments on the scale of new settlements are likely to require not only political but also financial support from central government. However, such support can represent investment rather than subsidy.

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*LEPs are voluntary partnerships between local authorities and business representatives. They vary in size and geography but cover all of England (with some local authorities involved in more than one LEP).*
Section 4: Creating the right conditions for new settlements

The signs of political support for new settlements are encouraging. However, this support and the relevant policy changes have not yet been translated into concrete progress on developing new settlements. As in the past, England needs to tackle significant challenges, including demographic pressures, housing undersupply, weak economic growth and climate change. In previous decades, new settlements offered a high-quality response to similar challenges; these past achievements can inspire us today.

For this to be achieved, however, there are important changes that need to be made at national and local levels. The following section lays out twelve recommendations that will contribute to the resolution of a number of key barriers to new settlements in England today. These recommendations are aimed primarily at central government but will require the work of a range of other stakeholders.

As well as directly addressing the current barriers to the development of new settlements, government engagement on these issues would indicate a renewed commitment to new settlements, which in turn would reassure and motivate a number of relevant parties including local authorities, developers, planners and communities.

Lessons from the past

Recommendation 1. The Department for Communities and Local Government should commission a full audit of previous new settlements in the UK.

Given the renewed interest in the development of new settlements, the lessons of past practice demand further scrutiny. Britain has a strong history in developing new settlements but a robust evaluation of these experiences has yet to be realised. The government should harness this knowledge and experience to support new development. Earlier in this report, the various successes and failures of the Model Villages, Garden Cities, New Towns and Eco-towns have been highlighted. These examples have the potential to provide a wealth of information on the barriers and success factors to creating a successful new settlement. It is vital for these lessons to be learnt if the next generation of new settlements is to deliver its potential.
Reports for government have previously recommended such an analysis of the New Towns, both in terms of identifying good practice, learning from mistakes and considering long-term reinvestment needs. Although the Labour government (1997 - 2010) did not accept the need for such an evaluation, particularly in relation to an “audit of liabilities” inherited by the New Towns, there was an acknowledgement that a thematic review of a variety of aspects may be useful. No such review was published. Given the worsening of the housing crisis and the current government’s specific interest in Garden Cities, the opportunity and need for such an audit is once again clear. In order to meet the challenges of housing delivery and quality place-making it is vital that a sound evidence base is made available as soon as possible.

A more exhaustive investigation encompassing an in-depth analysis of Garden Cities, New Towns and Eco-towns would provide the evidence needed to support the next generation of new settlements. It would allow new settlements to be original in approach while still incorporating what has worked and avoiding clear policy and practice failures. Box 3 outlines the issues that would be important to address in such an audit.

**Box 3: An audit of new settlements**

A comprehensive audit could be based on a range of different case studies of new settlements since the start of the 20th century. Such an audit should cover both settlements that are generally accepted as successful and those that are considered to have significant failings.

The audit should comprise at least five key components:

1. **Analysis of the objectives of the settlement.** In order to evaluate the successes and failures of new settlements it is important to understand the context (political, social and economic) for their development.

2. **Identification and measurement of performance indicators to assess the success of the settlement over the long term.** Potential indicators include:
   - **Economic.** Levels of investment (both public and private) and direct returns delivered on investment; Gross Value Added or other measure of contribution to wider economic prosperity
   - **Employment.** Economic profile of range and type of sectors represented; labour market measures (unemployment, wages, etc.)
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- **Social.** Demographic profile and demographic change; community attitudes over time; levels of crime and anti-social behaviour; provision of amenities; quality of public realm including green space

- **Housing.** Affordability; tenure mix; quality and condition of housing; residential turnover; quantity of ongoing housing development

- **Transport.** Travel mode/distance profile including costing (e.g. levels of commuting into or out of the settlement for a range of activities such as education, work, retail); public transport infrastructure

- **Long-term management and continued development.** Ongoing levels of investment; quality and quantity of infrastructure of various types; liabilities (and assets) passed to local authorities by the Development Corporations to provide adequate long-term management funds

3. Identification of key themes for success and failure, taking into account contextual factors such as wider economic performance.

4. Detailed cost analysis including the quantity, time-scales and sources of upfront investments.

5. Analysis of ‘soft’ factors such as residential and employer satisfaction, including a historical analysis of attitudes towards the initial development and the means, if any, used to consult current and future residents.

In addition to a thorough audit of new settlements in the UK, it is important to learn from international examples, such as those highlighted in Section 2. Many countries have had both successful and unsuccessful examples of new settlements, often developed with different approaches from those used in England.

It is essential that government and housing and planning practitioners have the necessary knowledge to build desirable places for people to live in: new settlements that can be held up as international exemplars. There is a concern, however, that certain sectors and organisations lack the necessary professional skills and capacity to manage such a project. The marginalisation of the planning profession has also been highlighted, as budget cuts and the politically sensitive nature of planning decisions impact on the ability of planning departments to freely exercise their professional judgement.
Political support

**Recommendation 2.** The Department for Communities and Local Government should publish a prospectus on the development of new settlements.

In particular the government should publish the prospectus on new settlements promised in its 2011 housing strategy.\(^{206}\) This document is keenly anticipated by those in the planning, housing and development sectors and would provide much needed structure and clarity to the debate.\(^{207}\) To date there is no indication of when this document will be forthcoming.

**Recommendation 3.** All political parties in England should advance practical policy proposals on the delivery of successful new settlements.

All the main political parties are in agreement that there has been an undersupply of housing over a number of years and that the need for housing is a key concern.\(^{208}\) Each political party should recognise the potential contribution of new settlements and provide a costed commitment to their creation. This should include proposals on how new settlements might effectively be delivered both in the current context and the long term. Such proposals should be included in their 2015 manifestos. Not only would this build a clear mandate for meeting the need for housing and infrastructure development but it should also reassure financial backers and potential developers of the political will for these projects.

Furthermore, cross-party support is vital to ensure the ongoing political commitment to supporting new settlements. Investors want stability: “They invest against five to 10 year plans and want to know that the rules of the game will not change.”\(^{209}\) Cross-party support for new settlements offers greater certainty beyond the electoral cycle. Mechanisms for garnering cross-party support for an approach to new settlements would be beneficial to explore. For example, a Parliamentary Select Committee inquiry into the potential of new settlements could be an appropriate forum to investigate this and make recommendations to government.

**Providing a national strategic spatial plan**

**Recommendation 4.** The government should oversee a national strategic spatial plan for England that incorporates housing.

One particular challenge in delivering locally planned large-scale developments is the ambiguity concerning development at a national level. While the Localism Act
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has provided a number of opportunities to engage communities and facilitate a bottom-up approach to planning, there remains a need for a clear overarching spatial framework to allow local authorities and other stakeholders to more efficiently coordinate their responses to a variety of housing and infrastructure challenges.

Restricting planning decisions to smaller units, without a broader framework, risks “generating policy decisions which are only of benefit to a minority of residents and which will, in fact, increase rather than reduce spatial inequality” and increase the challenges set out in Section 1. While the presumption in favour of sustainable development and the Duty to Cooperate may be useful concepts “countering the parochialism of local interest … [This] is not the same as ensuring a coordinated approach to development at a strategic scale”. Local approaches alone may also “fail to contribute to broader social and economic goals, as vested local interest work contrary to regional and even national objectives”. What is needed are spatial plans at a national and sub-national level.

It is therefore recommended that a national strategic spatial plan for England is developed. Ideally, this would allow an independent panel of experts to investigate a broad range of matters relating to planning, infrastructure, design, public space and sustainable place-making, in the short-, medium- and long-term. The recommendations of such a committee would both provide impartial direction for future policies and a focal point for support and collaboration. Given the long-term nature of these issues, cross-party support for any such plan would be crucial.

A national strategic spatial plan would provide a geographical context for national aspirations by planning the “spatial distribution” of a range of development objectives. The government has already recognised the importance of national strategic planning through the creation of the National Infrastructure Plan. However, this lacks a cohesive vision for the future and a plan for implementation. Furthermore, a number of other areas would benefit from a cohesive national framework, particularly housing. Economic growth, employment, connectivity, climate change, energy supply and land use are all areas which could be covered by such a document, as well as a national housing strategy. While the government is opposed to prescriptive top-down targets, there is a need for some form of national strategy to ensure that sufficient homes are built.

A national document would also provide a framework for sub-national planning. This would give local government agencies the knowledge and assurance to be able to develop their own plans. Local authorities are obliged to plan for the impact of climate change, tackle changing demographics and consider the uneven
levels of development throughout the country. However, these are national issues requiring national leadership if they are to be effectively implemented. Equally, planning authorities should be more able to respond quickly and positively for planning approval that fits within such a national plan.

A national strategic spatial plan would also enable the taking of a broader perspective, not limited by a focus on immediate concerns and practicalities. This should include a vision for how England will look in the future and a direction towards achieving desirable new places and communities. This would include the creation of vibrant mixed communities, with healthy economies and strong environmental credentials.

With specific regard to new settlements, a national spatial plan would be beneficial in providing greater clarity on where new settlements might fit local needs. For example, there are two broad strategic roles that new settlements could play: in high demand areas such as the South East, new settlements can ease pressure on existing settlements; whereas in regions such as the North East, new settlements may have a role in supporting economic growth and regeneration. In considering a regenerating role for new settlements, it is vital to ensure that the appropriate workforce skills and customer base, along with the necessary infrastructure, are in place to attract businesses. A national spatial plan could clarify these different roles and take a strategic approach to locating new settlements.

**Supporting local authorities to work beyond the local**

**Recommendation 5.** The Department for Communities and Local Government should strengthen mechanisms supporting the Duty to Cooperate. Improved guidance should be issued that clarifies the requirements and incentivises closer working.

The government’s call for “locally planned large scale development” is encouraging. However, there is also the need for local planning to consider the wider context for large building and infrastructure projects. Sharing environmental resources, planning for retail developments, housing and educational facilities will all need to be addressed at a larger-than-local level. Housing markets may extend over several local authority boundaries. Individual lives are not confined to such boundaries, with people commonly living, working and accessing services in different areas.

The previous means of addressing larger-than-local housing issues was regional planning targets. Regional planning was intended to bridge “the gap between

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local planning issues determined by local planning policies and nationally-
determined policy aspirations, such as housing”. In practice, Regional Spatial
Strategies (RSSs) drew criticism for being overly complex and expensive to
develop. There was also concern around the imposition of housing targets and
little consultation with communities, as the regional authorities had no
democratic accountability.

The government therefore introduced the Duty to Cooperate in the Localism Act
as a means of addressing these issues. Under this legislation, local authorities are
required to work with other authorities, as appropriate, to achieve various goals,
including addressing housing needs.

However, there has been a significant hiatus between the abolition of RSSs and
the introduction of the Duty to Cooperate. This has resulted in deadlocks, which
have delayed some housing construction. This can be a particular problem
where neighbouring local authorities have competing or contradictory views on
planning development. Some urban local authorities are very restricted in
terms of access to land and are “entirely dependent” on working with
neighbouring authorities to find sites for development but there is evidence
that cross-boundary developments are being held back.

The Duty to Cooperate has also been criticised for its lack of clarity, meaningful
sanctions or mechanisms for cooperation and there is concern that the problems
created by the abolition of RSSs will not be effectively addressed. The
Communities and Local Government Select Committee has therefore called for “a
framework for local authorities to work within, outlining what actions local
authorities should take in their duty to cooperate, how they measure success or
failure, how parties may insist on the delivery of what has been agreed and
default options if there is inadequate cooperation”. This recommendation has
been reiterated in the Taylor Review of Planning Guidance.

In particular, the following issues should be clarified by government guidance:

- **Who should cooperate?** The duty should cover functional areas depending
  on the topic under consideration (e.g. employment, transport and
  environmental issues are likely to cover different geographies). In some cases
  the authorities needing to cooperate may not be neighbouring and the need
  for cooperation may not be reciprocal.

- **What does cooperation look like?** It is not currently clear what constitutes
  cooperation or what mechanisms might be appropriately employed to
  facilitate it. This includes clarifying how cooperation is to be demonstrated
  and how it might function in the long-term.
What happens if authorities cannot reach agreement or refuse to cooperate? In cases where local authorities are either not willing to work together or cannot agree a compromise on an issue, it is unclear what the next course of action should be. Without appropriate agreements between authorities, the development of sound Local Plans may be hampered.

Furthermore, the Duty to Cooperate does not currently apply to non-statutory bodies, such as energy or transport companies. Greater clarity is required as to how local authorities should respond in situations where cooperation with other organisations would be beneficial. Additional incentives for statutory and non-statutory bodies to work together may be required. Incentivising local authorities and other bodies to work together could help to resolve many of the issues highlighted. Increased infrastructure budgets or Revenue Support Grants have been proposed as possible mechanisms.

There is also a significant potential role for Local Enterprise Partnerships (LEPs) in incentivising larger-than-local planning. Although their remit is primarily business growth, employment and skills, some LEPs have expressed an interest in mechanisms for developing new housing and a number of LEPs have successfully bid for housing projects. They are also the body through which significant government funding at a local level will be channelled, as recommended in the Heseltine Review and implemented by the government as the Single Local Growth Fund. This funding will enable LEPs to support planning at a larger-than-local level and to incentivise local authorities to cooperate, by contributing funds. However, there are a number of challenges to be overcome if LEPs are to be effective in supporting new settlements (Box 4).

Box 4. Challenges for Local Enterprise Partnerships

There are several challenges to be overcome if Local Enterprise Partnerships are to play an effective role in larger-than-local development.

**Purpose.** LEPs were conceived as a vehicle for delivering economic growth, particularly through enterprise. While housing is an essential aspect of a successful economy, it is much more than that, being a significant contributor to wider individual and societal wellbeing. If LEPs are to be effective in addressing housing need, they will need a redefined remit. There is a risk, however, that in having a wider scope they will lack the focus to deliver any one aspect effectively.

**Geography.** In terms of area of cooperation, LEPs are designed to follow an intuitive, “natural economic geography” and may take more appropriate boundaries than other bodies. This geography is an important one for local
creating the conditions for new settlements in England areas considering housing and infrastructure development. however, some LEP areas are more meaningful than others: while some have been actively and strategically defined, others were formed with more political motivations and do not represent a functional economic geography. equally, as indicated earlier, different geographies may be more appropriate for some types of development, so LEPs may not be appropriate vehicles in all situations.

Capacity. Those on LEP boards are mainly members on a voluntary basis. Therefore, there is a lack of dedicated time and resources to commit to the delivery of their objectives. Equally, related to the issue of purpose, few LEP board members will possess the necessary skills to engage in strategic planning. Such skills are vital if viable new places are to be delivered. The additional funding available through the creation of the single funding pot may go some way to address these issues but this is by no means certain.

Disparity. The ad hoc nature in which some LEPs were set up means that, “[t]here is a much greater variety in the integrity and usefulness of different LEPs than among the regions that preceded them”. While many LEPs may be able to drive forward larger-than-local development, this will not be the case in some areas. Among the LEPs there is an enormous amount of variety in levels of wealth, resources, time and experience and therefore, “when interactions take place over different scales, how are stronger places going to be incentivised to cooperate with weaker places?”.239

Power. LEPs do not currently have the statutory powers afforded to their predecessors, the Regional Development Agencies (RDAs), although the Secretary of State does have the means to transfer greater powers to LEPs. It has been noted that LEPs do not “have the remit to deal with large-scale spatial challenges either inside or between the English regions”. This is exacerbated by their voluntary nature, which means that there is no statutory body whose primary responsibility is to work at this more strategic level.

Accountability. LEPs are not democratically accountable to their constituencies, potentially limiting the extent of community involvement. A lack of democratic accountability was a complaint made against previous regional structures. LEPs need to demonstrate that they can respond to this problem. At present they are not included within the Duty to Cooperate (although statutory bodies must show that they have been consulted during this process). This may further confuse the relationship between LEPs and local authorities.
Recommendation 6. A regulatory body with appropriate authority and powers to sanction should be appointed to manage disagreements between local authorities.

In addition to incentivising local authorities to work together, genuine sanctions may be necessary to prevent local authorities from holding up the process of collaboration. Currently, there is no designated format for proving that the Duty to Cooperate has been fulfilled and no specific sanction intended to promote collaboration. As the Communities and Local Government Committee has noted “the Bill does not define a failure to cooperate, does not refer to the resolving of conflicts when local authorities cannot resolve them by themselves and does not specify any sanctions for failure to cooperate”. This situation has the potential to be time-consuming and costly for all partners, leading to legal challenges and stalling development.

The Planning Inspectorate, the authority responsible for reviewing Local Plans, has stated that the Duty to Cooperate is a process that takes place during the preparatory stages of a Local Plan. As things stand, after plans are submitted, the Planning Inspectorate would not, therefore, be able to support local authorities to resolve issues with the Duty. Despite this the Planning Inspectorate would appear to be well-placed to take on this role as they have the knowledge and expertise required. They are currently the reviewing body for Local Plans and could provide sanctions for those statutory organisations which have not consulted widely enough or worked constructively with other authorities. The Planning Inspectorate should receive adequate support and resources to take on this function in a timely manner, in order not to create additional delays.

Financial support

Recommendation 7. HM Treasury should ensure that sufficient finance is available for upfront development of infrastructure through loan guarantees or revolving funds.

So far the government has not indicated that any new or specific funding streams will be made available for new settlements, although some existing financial measures are available (Figure 4, page 22). Instead, the role of private investment is highlighted (along with community ownership) as the most important elements for future new settlements. The government anticipates the use of “creative financial models”, for example, “borrowing on future value of land uplift or against the New Homes Bonus to leverage development capital”. However, the permanency of the New Homes Bonus has yet to be established.
and may only be applicable for certain, less-contested projects. In addition, some professionals argue that “in reality access to low cost borrowing through Government is likely to be one of the essential ingredients to underpin the very high infrastructure costs” necessary to deliver new settlements.

Early development of infrastructure can play an important role in the success of new settlements. Provision of a range of infrastructure from the outset, including transport links and community facilities, is fundamental to developing a connected, liveable place. To this end, the Treasury should consider whether there are more effective means of funding infrastructure to enable its early implementation. This might consist of long-term loans or loan guarantees. This would provide additional reassurance to investors, encouraging inward investment and development.

**Recommendation 8.** HM Treasury should investigate proposals for tax deferral to encourage the release of large areas of land for development.

For a new settlement to be delivered successfully the comprehensive assembly of land is vital. However, the assembly of sufficient land is a particular challenge for large-scale developments. Therefore, mechanisms are needed to support landowners to release land for development. Currently, landowners ready to release large parcels of land face high taxation demands, which, under the present system, must be met within that fiscal year. One option to support landowners to release land would be a system of tax deferral. This would have no impact on the amount of tax paid but rather would allow landowners to manage their payments over a longer period of time, making the release of land more viable.

The UK tax system can also discourage landowners from developing their land for rent. The government is keen to promote institutional investment in the private rented sector and has sought to address some of the barriers to this through the Montague Review. There has been a focus on the release of public land as the vehicle to deliver institutional private rent but encouraging the release of private land offers a new mechanism to meet this challenge. This approach offers the potential for genuinely new developments to contribute to the growing need for private rented accommodation. It also provides such developments with a stakeholder committed to the land and a long-term view for growth in the local area. It is an approach which could prompt higher quality projects.

It is therefore recommended that the government provides a form of roll-over relief relating to Inheritance Tax and Capital Gains Tax to encourage private
landowners to release land for new development or develop their land for private rent.\textsuperscript{258}

Another difficulty that has been identified is that landowners can be unwilling to release land with planning permission due to land value expectations.\textsuperscript{259} In response to this problem the International Monetary Fund endorses “fiscal disincentives for holding land without development”.\textsuperscript{260} There are a number of international examples of such systems of taxing unimproved land, such as in Denmark and New Zealand.\textsuperscript{261}

**Delivering new settlements**

**Recommendation 9.** The Department for Communities and Local Government should endorse and actively promote New Settlement Partnerships as a means to achieve locally planned new settlements. Resources should be made available for the training and support of communities to contribute to this process.

The post-war New Towns were created through development corporations (Box 5, page 52), powerful bodies created by central government to oversee and deliver new settlements. The powers to create development corporations are currently held by the Homes and Communities Agency.\textsuperscript{262} However, development corporations are associated with a number of contentious issues including a lack of accountability and the use of Compulsory Purchase Orders (CPOs). In particular, and within the context of localism, a lack of community consultation is a key element missing from their constitutional requirements. While there may remain a role for development corporations in some circumstances (particularly if local government and community representation were included in the model), New Settlement Partnerships (NSPs) are proposed as a participatory means of delivering and managing new settlements.

The basic premise of NSPs is that organisations and groups can work together to develop the best proposals and solutions to meet the needs of a particular area and to consider the ongoing management needs. NSPs embody the principles of locally led new settlements, which the government is advocating. Decisions are made at the lowest appropriate level, engaging all relevant actors. This ensures local solutions to local concerns while working together across both geographical and organisational boundaries.

A wide variety of actors could play a role in an NSP, reflecting the multi-sector nature of such an undertaking. For this reason it is not possible to stipulate a one-size-fits-all format but Figure 7 outlines a range of potential contributors. The model would allow partners to work in a collaborative manner, securing consent,
resources and commitment from all members. This would allow all interests to be represented and the required processes – such as the provision of planning consent – to take place more quickly than under a more typical model of engagement, where key stakeholders’ interests can be easily overlooked, leading to opposition and delays.263 For example:

- Community groups could address the needs and aspirations of the local population during the early stages of scoping and planning. The desires and fears of local residents could be discussed and addressed in an open forum reducing the likelihood of opposition. A supportive Neighbourhood Plan and Neighbourhood Development Order would result in “communities [giving] planning approval to chosen sites on local land” meaning that “development can go ahead quickly once the plan is adopted, short-circuiting lengthy planning applications and making the system more democratic and efficient”.264

- By ensuring the buy-in of local authorities and local communities, risk for developers would be reduced, as there is greater certainty over planning permission and infrastructure provision. Such benefits may be enhanced by adopting a Strategic Local Infrastructure Contract (SLIC).265 A contribution of funds from developers, land owners and other investors can be used to supplement central and local government funds thus securing “interim funding on better terms by de-risking investment”. The end result would allow for the infrastructure to be delivered in a “timely and predictable” manner. The process means that trust can be built up between stakeholders and greater public sector commitment can be secured.

**Figure 7  Potential members of a New Settlement Partnership**

An NSP should be established early on in the scoping phase. As a result, there may initially be a shortage of local area representatives due to the lack of an established community. To address this, a ‘shadow board’, comprising representatives from all relevant organisations and sectors, would be initiated with the responsibility for the early planning stages and developing a masterplan.
As the community develops, membership of the NSP would change to reflect this, as developers pass control over to the community.

An NSP also allows for long-term involvement of stakeholders in the new settlement. This would include representatives of the community but also other interested parties, such as landowners who may want to retain an equity stake in the community and both contribute to and share in ongoing prosperity. This would also help to ensure high quality place-making in the present and the future. Long-term stakeholders who are committed to sustainable, practical and aesthetic development will work to ensure high quality design, construction infrastructure provision.

In the long term, an NSP should be involved in the management of any new settlement and should be endowed with income-generating assets to sustain civic and practical functions in years to come for the benefit of the community. The endowment of resource-generating assets would mean that liabilities, such as communal parks and gardens, are financially secure. Community involvement in any such work would be a vital component of ensuring community benefit. These management responsibilities may require the provision of training for community members to enable them to take on these obligations. Examples of potential assets for community ownership include the freehold of land to provide ground rent income and taking control of reserve sites for community facilities or enterprises to be developed in response to future needs.

For this to happen, an NSP would need to be a properly articled company, capable of holding community assets for the community in perpetuity. There are a range of different models by which an NSP could do this, including the approaches adopted by the Letchworth Garden City Heritage Foundation (Box 1 page 24) and the Milton Keynes Parks Trust. The latter is endowed with a property and investment portfolio and looks after 5,000 acres of parks and green spaces, so that these communal features can “be managed and protected forever, without having to compete for funds with other council priorities”. Another model to consider is the creation of a Community Interest Company.

Embedding a substantial element of community ownership and governance in the development of a new settlement could also contribute to a more positive response to new settlements. It is anticipated that residents will develop a sense of place and belonging along with a commitment to active citizenship.

Following the establishment of a permanent board managed by the community (with involvement from other stakeholders such as the local authority and landowner) subsequent development could then follow a cyclical process of assessment, planning and delivery to support the needs and goals of the local
community. More details about the potential of NSPs and specific practical recommendations can be found in the associated BSHF factsheet.269

Box 5: Development corporations

New Town Development Corporations (NTDCs) were introduced by the New Towns Act 1946. They were government-established, special purpose bodies designed to deliver entire New Towns. Their capacity to coordinate “planning, housing, infrastructure and social development in a single body was a significant factor in their ability to deliver so much growth”.270 Furthermore, NTDCs could purchase land at present use value.271 Nevertheless, NTDCs still had to liaise with local authorities in order to receive infrastructure support.

Because of their powers, the NTDCs were very effective delivery vehicles and played an important role in “getting major development underway relatively quickly”.272 Furthermore, some of them were particularly successful in attracting employment and creating jobs.

The powers of NTDCs and their capacity to lead development are evident. However, NTDCs often failed to work effectively with local communities and were criticised for a lack of public consultation.273 There is also a perception that NTDCs were “agents of central government”, authorised to override local wishes and decisions.274

More recently, development corporations have featured in the development of the Olympic site. The Olympic Delivery Authority – and subsequently the Olympic Park Legacy Company – was enabled, through strong political will and development corporation powers, to deliver nearly 3,000 residential units along with sporting and recreational facilities. London 2012 provides an example of the development achievements possible in a short period.

However, it also provides a cautionary example of the potential for damage to communities, businesses and the environment through CPOs.275 In addition, while more than 90 per cent of the costs were met through public funds, the legacy of the games is predominantly controlled by private investors.276 The long-term implications of this type of private ownership will only be seen in time and these developments have been criticised in relation to a failure to develop participatory and democratic planning.277
Participatory planning

**Recommendation 10.** The Department for Communities and Local Government should work with local authorities to develop mechanisms and statutory guidelines for involving communities in planning beyond the local level.

The Localism Act 2011 has given the public greater powers for involvement and participation in the planning process. This is a positive model for development and recognises the importance of community-based responses and community planning methods. Other recent initiatives, such as Community Right to Reclaim Land, Community Right to Bid and Community Right to Build work to strengthen the concept of community ownership and engagement.\(^{278}\)

However, there is a risk that communities will be constrained by a narrow concept of ‘the local’. As local communities become increasingly involved in planning, it is important that they are supported to think beyond their immediate area and consider the needs of future generations. The concept of neighbourhood planning should have “regard to potential future needs rather than just the preferences of existing residents”.\(^{279}\) Just as local authorities must be encouraged to tackle housing issues together and consider larger, joint developments, so too must the debate involve communities.

A further consideration when consulting on an entire new settlement is that there may not yet be a local community living there. One way to address this is by consulting nearby existing communities, including those who might be interested in living in the new settlement. The consultation of these proxy communities can ensure a representative spectrum of voices is heard.

The current mechanisms in place to facilitate larger-than-local planning are intended for local authorities, other statutory bodies and, to a certain extent, LEPs. For a truly participatory planning system there needs to be a process for a range of cross-boundary communities and neighbourhoods to engage on an equal footing with statutory bodies and other organisations. There are already concerns that the test for financial viability in the NPPF will be used to “veto [a] local community’s aspirations”.\(^{280}\)

**A national conversation**

As previously highlighted, opposition to development from local populations can be a significant barrier to large-scale settlements. Despite an acceptance of the scale of the housing crisis at a national level, these concerns are not necessarily reflected in support for development at the local level\(^{281}\) and there is often little
local support for large developments.\textsuperscript{282} This may be due to reservations relating to a lack of infrastructure, poor quality design and building and the impact on local housing prices.\textsuperscript{283} It is vital that these concerns are listened to and addressed. However, these issues need to be balanced against the range of problems with the housing system highlighted earlier in this report. Communities need to be aware of the imminent pressure on housing and resources in their local area. This will empower local people to tackle these issues in a constructive manner.

Government and practitioners need to engage with the fears of communities and respond to the challenge of any objections. Thoughtful contributions that do not stoke a divisive rhetoric are needed to further the debate. A pro-housing position is not incompatible with a desire to protect areas of countryside. Similarly many rural populations recognise the need for high quality, affordable housing in their area, along with amenities such as shops and post offices.\textsuperscript{284} A broad coalition of support can be established with cooperation and negotiation.

**Recommendation 11.** The Department for Communities and Local Government should set the terms of the debate on housing need at a national level through clear and consistent communication of key messages.

The government has recognised the problems caused by housing undersupply and the benefits that sustainable new development can bring. However, for this message to result in a locally led pro-growth approach to development, the benefits of new housing and the problems of undersupply need to be effectively communicated to the general public. DCLG is uniquely placed to move the profile of housing issues up the public agenda, through engagement with both the media and Parliament. This includes a clear and accessible presentation of statistics showing the scale of the crisis and the promotion of good practice from local authorities and local communities. Until the wider population is encouraged and inspired by large-scale developments, barriers to meeting housing need will still exist.

**Recommendation 12.** Organisations with an interest in housing provision should coordinate information and resources to effectively communicate the scale of the housing supply problem in England to the wider public.

Professionals in the spheres of housing, planning, infrastructure provision, design, academia and community development, along with landowners, also have a leading role in articulating the needs of current and future communities and
confronting the preconceptions of housing development, particularly at a large scale.

There are already valuable contributions to this effort including the National Housing Federation campaign Yes to Homes and Shelter’s call to build more homes. The construction industry has also developed a Get Britain Building campaign. However, while each of these contributions is valuable, a more coordinated approach is needed, bringing together a range of different actors in a clear and concerted effort to make the public more aware of housing need. The recent coalition of housing representatives in the Homes for Britain campaign is a positive example of cross-sector partnerships but this is targeted at politicians at party conferences rather than at raising public awareness.

To achieve an effective coalition of actors and communicate clearly with the public, there is a need for leadership and commitment to the issues at the most senior level. For organisations representing those in housing need and those working directly with them, this case is perhaps more clear; but for other organisations, including in the private sector, there is a business case for action: increased public engagement with the issues will necessitate a government response and contribute to a more effectively functioning housing market.

Furthermore, an agreed set of messages is required if a coherent debate is to take place. Each organisation involved would, of course, have particular priorities depending on their remit but this does not prevent a coherent message being presented. Such a campaign would require resources in terms of both staff time and direct funding. However, this would not necessarily be new resources but could come from reallocation, as existing communications budgets are adapted to present the key messages. Although the focus on such messages would be housing supply and place-making more broadly, new settlements would be an important consideration.

A key aspect of this work would be effective media engagement at national and local levels. A common media framing of development is to pit the needs of the economy against environmental concerns and the voice of social justice is rarely heard. An understanding of the housing needs of the full range of households (not just those typically seen as being ‘in need’) must be presented for people to understand the scale and nature of the challenges.

However, this must be more than just a one-way communication strategy. A debate needs to take place at a number of levels, in a variety of places and in different ways. People need to have the opportunity to contribute to the debate as well as receive accurate information. That contribution must also have the potential to impact on decisions at the local, larger-than-local and national levels.
Both mainstream and social media can provide a platform and host discussions. Those most affected, and disaffected, by the housing crisis need to be included. Their voices need to be heard and their stories should be a call to action.

At a local level, for example, Swindon Borough Council is reaching out to its residents to create a dialogue on the pressures it is facing due to increasing demand and reduced funding. The Swindon model may be particularly valuable in generating debate. An interesting international example is that of the French Commission for National Debate (Commission National du Débat Public). This independent public body, established to ensure the public participation on the development of projects in the national interest, uses a number of channels to disseminate quality information on a range of topics, including airports, road transportation and energy policies. This is a model which deserves further exploration.

**Conclusion**

Together, these recommendations confront a variety of issues that currently contribute to an atmosphere of caution and inaction, discouraging large-scale developments. A successful new settlement needs the input of a range of actors and these recommendations challenge the government to create the right conditions for new settlements in England. These recommendations are aimed predominantly at central government but the proposals are also intended to support and empower local government, landowners, communities, businesses and other stakeholders. A climate of support, stability and clarity will allow local authorities, communities and investors to meet a range of social challenges and, as in earlier times of crisis, contribute much needed housing for current and future generations.
Participant list

BSHF is grateful for the contributions made by participants at the consultation. This report does not claim to represent a consensus opinion of all those present, although in preparing it we have drawn heavily on the discussions held. As this report is one of a series of outputs from the consultation, the recommendations focus on a sub-set of the discussions held. Responsibility for any remaining errors rests, of course, with the authors.

The consultation was chaired by Lord Richard Best.

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**Grainia Long.** Chief Executive, Chartered Institute of Housing

**Michael Rich.** Assistant Chief Executive, Homes and Communities Agency
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34 Authors’ calculations based on data from:


Creating the Conditions for New Settlements in England


For example:


72 Moreton, R. (Forthcoming) Space in the Home: Public views on minimum housing needs. Coalville: Building and Social Housing Foundation.


79 Secured by Design: www.securedbydesign.com


Creating the Conditions for New Settlements in England


Campaign to Protect Rural England: www.cpre.org.uk


117 This comment refers to anecdotal evidence shared during the Windsor consultation. No detailed analysis could be found on specific volume limitations for private developer-led developments. The lack of research on private developers has been highlighted as an issue by:


124 Letchworth Garden City Heritage Foundation: www.letchworth.com/heritage-foundation


136 The City of Almere: http://english.almere.nl/the-city-of-almere


142 The City of Almere: http://english.almere.nl/the-city-of-almere


Lifetime Homes: www.lifetimehomes.org.uk


Letchworth Garden City Heritage Foundation: www.letchworth.com/heritage-foundation


174 Whitehill & Bordon Eco-town: www.whitehillbordon.com

175 Rackheath Low Carbon Community: www.gndp.org.uk/our-work/projects-map/broadland/?id=rackheath-eco-community

176 Eco-Bicester: www.ecobicester.org.uk

177 Eco-communities: www.cornwall.gov.uk/default.aspx?page=23347

178 Northstowe: www.northstowe.uk.com
179 Poundbury: www.poundbury.org.uk


182 Yes to Homes: www.yestohomes.co.uk


For example:


Creating the Conditions for New Settlements in England


266 The Parks Trust Milton Keynes: www.theparkstrust.com/about-us/about-us

267 Community Interest Companies: www.bis.gov.uk/cicregulator


269 A range of factsheets related to the delivery of new settlements will be published during 2013 and made available on the BSHF website: www.bshf.org


285 Yes to Homes: www.yestohomes.co.uk


287 Get Britain Building: www.getbritainbuilding.co.uk

288 Homes for Britain: www.homesforbritain.co.uk


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