

PLANNING FOR SMARTER GROWTH

This paper deals with securing a better balance between employment and housing, especially in the suburbs and smaller towns where most people actually live, and how to use planning to boost productivity. It addresses questions 1, 3, 4, 6, 14 and 15 on the terms of reference. At present there is a danger of new housing squeezing out employment. The answer is not less planning, but better planning, and at sub-regional and neighbourhood as well as district levels. The paper first shows how improvements could be secured under the present system. The second part explores how to achieve sustainable development in smaller towns, which so far have been neglected in reports on city regions such as *State of the Cities*, and recommends what the Barker Review of Planning could do to unlock the potential for 'Smart Growth', which I define as development that does not, literally, cost the earth.

The paper draws on research URBED have done for CABE on *Better Neighbourhoods: making higher densities work*, case studies from the *24 Towns and Cities Initiative*, and more recent research for the South East England Regional Assembly on councillor attitudes to higher density housing, and the prospects for suburban areas, published as *Neighbourhood Revival*. Other sources include ongoing research for the Joseph Rowntree Foundation on *Making Connections*, which is investigating what English industrial cities can learn from their counterparts in Sweden, the Netherlands and France, and our report *Learning from Dutch Cities* www.urbed.com. My TCPA pamphlet *Smart Growth and Intelligent Local Finance*, deals with the funding of sustainable communities, and sets out the arguments for linking planning with fiscal incentives for development. The paper also has benefited from consultations with members of Action for Market Towns, and the English Historic Towns Forum, who are both concerned about the issues addressed in this paper.

Why smart growth matters

Over the last decade or so, there has been an astonishing turnaround in the centres of our major cities, and an upsurge in the numbers of people living in apartments at relatively high densities, as the *State of the English Cities* report confirms. Many of the developments have won design awards, and are attracting a new class of people to live close to their work, often in flats rented from investors. The trend stretches from Basingstoke and Reading, through London and Birmingham, and on to Manchester and Salford or Leeds. Given the supposed resistance of English people to living in cities or at high densities, this is an astonishing transformation.

However, once a broader perspective is taken, as for example CABE has done in their two *Housing Audits*, a very different picture emerges. Most of the new housing looks unattractive because it is dominated by car parking, and we are spending ever more time getting to work, and sitting in traffic jams. The health and wealth of cities depends not just on their centres, but also needs to embrace the inner and outer suburbs, through to the market towns and villages, where many of their higher paid employees choose to live. European research shows that with increased mobility, it is essential to think in terms of networks of towns, or **polycentric conurbations**. Travel to Work Areas where most people live in Britain embrace a large number of towns

and cities, which need to complement each other if their economic potential is to be realised.

You only need to compare travelling along a suburban railway line with the same experience in mainland Europe, and the picture of urban Britain looks far less sustainable and attractive. Far from providing a good choice, and offering places where people '*live out of choice not necessity*', the housing situation is one of increasing polarisation. Instead of a series of rungs on a housing ladder, there are vast gaps between social housing (accessible only to those on housing benefit), low cost terraced housing, often in neighbourhoods that look forgotten, a sprinkling of inter-war suburbia, and the look alike estates on the edge produced by the volume house-builders in places that are inaccessible without a car. Not only is housing increasingly unaffordable, but people are driving ever further to work, and the resulting loss of leisure time and congestion is unsustainable and intolerable. At the same time good development sites, such as around railway stations, are going to waste, or being used for superstores, which weaken already fragile centres.

Despite market differences, in both the North and South of the country, major changes are required to the housing stock to:

- Respond to the changing demographic profile (older, and more alone)
- Reduce energy and other occupancy costs
- Cut travel times and congestion
- Create a stronger pride of place and 'empowered neighbourhoods.'

Changing priorities

The government has responded to this situation with a host of initiatives which are largely aimed at developing so-called brownfield sites left behind by industrial decline. A list of ten measures would include:

1. the formation of the Commission for Architecture and the Built Environment to raise design standards
2. the extension of English Partnerships role to take a lead on boosting housing performance, including taking over key sites such as former hospitals and barracks, as well as work to reclaim derelict land
3. the Housing Market Renewal Pathfinders in areas where the local economy has collapsed
4. the Barker Review of Housing, which proved how far we lagged behind other countries, and highlighted the importance of providing a means of funding infrastructure out of Planning Gain
5. the new Spatial Planning system, and in particular the Regional Spatial Strategies which are supposed to allocate development where it will be most sustainable
6. the revised version of the Housing Planning Guidance PPS3, and its distinction between urban and suburban areas as far as densities are concerned, along with proposals such as identifying Growth Points, where demand exceeds supply
7. proposals for devolving power not only to local authorities who meet certain conditions, and also to neighbourhoods, with the aim of reinvigorating local democracy
8. City Growth Strategies, and attempts to learn from US approaches to identifying clusters with growth potential

9. the new interest in city regions, and the Lyons Review of local government finance and structure.
10. the new Barker review of Land Use Planning, which is intended to identify barriers to improved economic performance, and what planning could do to help us match European levels of productivity

With so many changes underway, and a barrage of often conflicting advice, it is not surprising that planners have tended to neglect local economic development, and many places feel as though they are losing their balance. The challenge for the emerging city regions is how to link the growing focus on producing the right kind of housing in the right place with measures that will generate the resources needed to upgrade local infrastructure. The emerging Regional Spatial Strategies, and Regional Economic Strategies, are still far from integrated, and well-briefed developers can easily argue their way round current development policies. The tendency has been for government to focus on the big cities, who are now well organised as a lobby, and to ignore the smaller places that could provide sustainable or 'smart growth' at lesser cost. Yet this is where the market for growth is strongest.

Four key issues limit progress towards the goals set for **Sustainable Communities**, and need to be addressed by any review of the planning system:

- **catering for families in city centres** Research has shown that most of the new residents are young professionals or students. There is a question of whether to try to provide the facilities needed to attract young families, or instead to see talent move out and polarisation continue. Rowdy late night drinking and lack of quality open space could easily halt the renaissance that seems to be taking place. Securing the right mix or balance is more difficult than on the Continent, where renting is more common, and where local authorities can exercise more control.
- **proving the market for quality housing in industrial towns** Most industrial towns and cities face huge difficulties in getting developers to go for quality schemes, rather than playing safe with standard house types. Yet until it is proved there is a market for something different, it is impossible to persuade financial institutions to invest. There is a danger of English cities following the American pattern of a glitzy downtown, surrounded by areas of desolation, and of jobs being driven out to the edges where they can only be accessed by car. Unchecked this is a formula for growing racial conflict.
- **designing appropriate housing for suburban areas** The suburban semi has served us well, but something different is needed, not only to give young households a start, but also to enable older households to move and realise some of their equity. There are major opportunities for blocks of flats on the edge of many suburban town centres and railway stations, but difficulties exist in getting landowners to collaborate. Unless major landowners, like Network Rail have an incentive to see their land holdings put to better use, car use and congestion will continue to grow, and local centres will lose their vitality and viability.
- **retaining employment in market towns** The strong demand for moving out to the country, and the weak state of many manufacturing businesses, means that many sites are being bought up by developers. Local people then complain about their towns turning into dormitories, and of traffic dominating their towns. Regional Development Agencies tend to concentrate on larger

towns. District Councils lack the design expertise and capital budgets to take any initiatives, and are finding it hard to cope with all the pressures on them, as experienced planners are in short supply. I return to this theme in the second part of this paper.

As the subject is complex, and clearly the situation differs from place to place, it is vital to get away from standard policies and standards, the 'one size fits all' approach. Positive planning should take account of the range of opportunities in areas where there are pressures and opportunities for development. As resources are limited, attention needs to focus on **arcs of opportunity** - the transport corridors along which most settlements developed, which often have under-utilised transport facilities as well as under-used sites and buildings.

Tools for Smart Growth

By looking at a number of settlements together, as, for example, has happened in various of Yorkshire Forward's Renaissance Towns programme, it is possible to identify a host of sites that would otherwise have gone to waste, and to create an appetite for something much better. Key tools include:

- **Market assessments** As Kate Barker recommends, it is important that local authorities identify hot as well as cold spots. This can be done using readily available statistical data, which needs to be mapped. Local authorities need to make more use of commercial sources of data, such as Mosaic, and to set up property forums to consult with landowners, developers and agents. This was one of the recommendations from the property workshops for *Partners in Urban Renaissance*.
- **Planning briefs and Strategic Development Frameworks** As well as specific briefs for major sites, policies are called for that encourage the right balance to be struck, for example locating new housing aimed at those without children next to town centres (ideally above shops or health centres), while family houses can then be released to accommodate growing families. This could have a much faster and more sustainable impact than relying on either the demolition of terraced houses in the North or the building of new homes in the South, both of which have encountered strong resistance. Local authorities need support, and the Regional Centres of Excellence could fill the gap.
- **Masterplans and charters** Since the Urban Task Force, there have been a spate of grand three dimensional plans. But it is not always necessary to go to leading architects to come up with good ideas. Planning for Real exercises of different kinds can be used to engage local people in the process of improving their neighbourhoods, and the results are often just as good. In the Netherlands far more use is made of intermediaries like Architecture Centres to build consensus, while in the USA the Congress for New Urbanism has published a Charter setting out nine sets of principles for smart growth for the block, the neighbourhood, and the region.
- **Design guides and training** One of the best ways of raising standards is to name and praise good examples, and shame the poor performers, as CABE have recently done for housing. ¹ If householders know they can get away with sloppy layouts and standard house types they will, while multiple retailers impose their standard formats without much regard to context. Councillors have a key role to play in raising standards, but first need to understand what good design looks like, and how different kinds of uses can

be mixed together successfully. Unfortunately the planning system has become so legalistic and adversarial that concerns such as enabling independent businesses to compete with superstores with monopolistic powers tend to get ignored, further impoverishing local communities.

Measuring progress

Because people concentrate on what can be counted, there is a tendency for urban quality to get lip service, but no resources. Quality does cost, but much less than the resulting improvements in social capital and well-being, and in environmental sustainability. ² In turn, if people were under less stress and had more time, then our productivity would pick up, and we could start to match Continental standards of performance.

We therefore need to measure success not just through population or employment figures, but through changes to attitudes to living in urban areas, and to monitor trends over time. House values are a good market indicator, but equally important is neighbourhood stability. Similarly employment levels matter, but so too does the rate of business formation and survival, as this is crucial to long-term wealth creation. . The most interesting measures are whether investment in new housing or liveability is boosting the economic performance of the city region. This could include being able to attract and retain skilled staff, including graduate retention,, and reduce the time spent commuting to work and increase the amount of time spent walking and cycling. While it is tempting to go for simple measures of output, like house starts, a more sophisticated monitoring system that looked at the gaps between supply and demand would encourage private investors to respond to demand, and not just to what is easy to build.

Smart growth and historic towns

In all the debate on the future of urban areas, the places that have been most ignored are the smaller market and industrial towns, which form an important part of our national heritage. Competing demands for space and limited financial resources make it essential to find better ways of managing urban change in areas that are environmental sensitive. ³ Many historic market towns, like Bradford on Avon in Wiltshire, or Selby in North Yorkshire, are not only under pressure from escalating house prices, as they are very attractive places to live, but also the decline of traditional industries and loss of local employment. On the positive side this can provide appropriate sites for high density, high quality housing, often overlooking water, or near a station. On the negative side, it can add to congestion and pressures on the social infrastructure of schools and medical services. It can turn towns into dormitories, and reduce footfall and trade in local shops, particularly when the new residents have a car based lifestyle. At its worst it can destroy the very character of the town that made it attractive in the first place. Research by Wiltshire County Council on *Travel to Work Flows In and Around West Wiltshire* reveals a picture of people commuting further to larger towns by car, declining bus use, and the replacement of jobs by residents in the smaller towns.

Creating balanced communities

How are the conflicting priorities to be resolved in ways that will create places that are truly sustainable and help reduce regional disparities? Recent planning guidance

is only a partial help. The draft PPS 3 on housing distinguishes between city centre, urban, suburban and rural areas in recommending density levels but does not recognise small or historic market towns as facing special issues. 4 It proposes the idea of Growth Points, as well as town extensions and new settlements, but does not say how these are to work. PPS6 on retailing encourages diversity, and recommends seeing town centres as a network, but does not address the crucial issues of what should happen to their fringes.. Regional Economic Strategies distinguish between urban and rural areas, but tend to put their priorities and resources into failing urban areas and poor rural areas. Smaller towns are left largely to largely fend for themselves. Of course there are a plethora of studies, but not the resources or mechanisms to turn the visions into reality, or to achieve and maintain the full mix of uses and people that give town centres their vitality and viability

One solution would be to recognise suburban towns in urban conurbations or market towns that are satellites of other larger towns as opportunities for what the US Congress of New Urbanism calls 'smart growth'. By concentrating higher density housing development in locations that are well-connected to the motorway system, and that are also close to railway stations, it should be possible over time to secure a more sustainable pattern of settlements. Instead of the 19th century town with industry at the heart and housing on the edge, the 21st century town should provide new employment at the edge, quite possibly extending into the green belt, while people live at higher densities in the centre. The higher densities considered appropriate for urban areas might also apply in many market towns, which would fit in with their historic character before Victorian clearances left their mark. It would make them look more attractive, and enable them to attract and retain a broader population. It would also make alternative forms of transport, such as walking, cycling, and buses much more viable.

Boosting employment and productivity

The benefits of a balanced community can only take place if adequate space is retained for employment uses. These need to comprise both high value jobs of a kind that will cater for knowledge workers, for example in creative industries, environmental technology, or ICT, but also lower value that can enable less-skilled residents to find local employment, such as in shops and hotels. It would greatly help if the new planning guidance for housing recognised that sustainable communities or environmental impact considerations are as much concerned with maintaining economic activity and balance, as they are with saving energy and natural resources. Historic market towns deserve to be treated as special places, and not classed with either urban or rural areas. 5

The incentives needed to encourage small businesses to expand and grow in smaller towns require changes to the way the Business Rate operates. At present small businesses are penalised again and again, and contribute far more in rates as a proportion of their profits than large companies. At the same time they suffer from problems of access, and charges for car parking. The obvious solution is to start charging for parking spaces in out of town retail and business parks, and to reduce the rates in areas with high levels of vacant property. Instead of relying on a regulatory planning system to achieve all our public objectives, we should be using financial sticks and carrots, as they do in cities and countries that have performed much better.

Funding a balance of uses

The key obstacle to both increasing productivity and boosting the quality of life is the cost of improving infrastructure, and the lack of adequate financial mechanisms for collective investment. As new housing in potential growth points like Bradford on Avon is worth five times the value of commercial property, a price could be exacted from the higher land values to support the social and economic infrastructure needed to maintain a balance. This could be achieved under Section 106 or a variant of the Planning Tariff idea, and so does not require legislation. The first step would be for Local Development Frameworks to encourage higher density housing to be built in growth points that are highly accessible to shops and services, which should include virtually all towns that have a railway station. The space that needs to be given over to parking could then be reduced, thus increasing the profit margin, and therefore the contribution that can be exacted when development goes ahead. 6

The second step is for Counties to issue guidance for housing and mixed use schemes that will appeal to under-served markets such as 'empty nesters' who are downsizing, young couples who want a place to start out, and key worker housing. Providing balconies and courtyards would add more to value than cost, and create a sense of identity in the process. They would help broaden the population as well. A growing proportion of people are working at home, and with increasing levels of equipment, we need to be building much larger units, using blocks of apartments to economise on land. If there was more flexibility in the way the rating system was used, and the proceeds went back to the local community, many of the current problems of land hoarding and speculation would be overcome. Local government would also become more proactive and attract better people to work in it.

The final recommendation is likely to be more controversial. Major projects or 'gateway schemes' that use significant former employment sites could contribute to creating as many local jobs as were lost. How could this be done? In some places this could be through employment uses on the ground floor, perhaps a large new retail unit, or a health clinic, or even a restaurant that could also provide a social focus for the new residents. Many developers are already incorporating live work units into their schemes, and it makes a lot of sense for all new homes to provide a spare room that can house a visiting friend or relative when it is not being used as a studio or workshop and junk room. A further option would be to contribute a commuted sum to the Town Council, which could then be used to support local employment initiatives, for example through a development trust taking over and restoring a derelict historic building, or through schemes to foster local training opportunities to give youth a good start. No doubt other ideas would arise through innovation and sharing experience.

Recommendations

Securing a better balance between employment and housing will help boost productivity, and make our towns and cities more sustainable. But this depends on planning being more proactive and strategic at both the city region and neighbourhood levels. The model should not be the USA, where the circumstances are very different, but countries on the Continent, such as the Netherlands, Scandinavia, Germany and France. These have not only achieved consistently higher economic growth rates, but have also achieved more equal societies, and more sustainable patterns of

development, which waste far less energy and time in people driving to work. The key to success has been the devolution of power to local authorities, the negotiation of contracts between different levels of government, a more collaborative approach between the sectors, and incentives for local government to work with and support local businesses.

The Barker Review of Land Use Planning should therefore:

1. Encourage local authority planners to take more account of economic considerations, in order to create a more positive climate for small businesses, and to ensure there is an adequate supply or ladder of premises where enterprises can start and grow.
2. Reinforce planning with fiscal incentives, including incentives for local authorities to embrace smarter growth, such as sharing the proceeds of the Non Domestic Rate with government, in order to devolve decision making, and help overcome infrastructure constraints.
3. Ensure that planning policies respond to the local context, and in particular that small historic towns are not ignored, or simply classified as if they were part of rural areas, but are identified as potential growth points where particular care is needed to balance different uses. ⁷
4. Encourage the integration of spatial planning for development with transport planning to reduce travel times and achieve smarter growth, and also to use existing infrastructure and new investment more efficiently. ⁸

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