

## **Aspects of the Land Use Planning System in the U.K. : With Special Reference to Housing**

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### **Abstract**

In this paper the basic principles behind the UK land use planning system are set out and the changes in legislation since the 1947 Town and Country Planning Act and the mechanisms for implementation discussed. The ways in which the benefits of planning have been allocated between different groups over the last fifty years are then examined. Finally, the paper looks at the specifics of planning for housing and the impact of the system on output and prices.

### **1. Introduction**

The form of the land use planning system in the UK has remained fundamentally the same since its introduction in 1947. However, there have been significant changes in terms of the ways that the benefits are allocated between government, the community and land owners, as well as in the relative powers of different levels of government in implementing the system. (It should be noted that, although the principles are the same, there are significant differences in the mechanisms employed between the different countries that make up the UK. What follows relates mainly to England and Wales).

The most important questions in examining the ways in which the land use planning system operates relate to its objectives, to the relative powers of different actors in the system and the extent of associated discretion, and the allocation of the increases in land values associated which arise as a result of obtaining planning permission.

From the point of view of the economist the objectives of any land use planning system can be seen in terms of efficiency and equity, both with respect to the regulatory framework itself and the use of the resultant betterment. Markets can be expected to fail to generate the highest possible levels of community benefit both at a point in time and over time - particularly because of the large scale externalities, both positive and

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negative relating to spatial patterns of development and the long term nature of much of that development. The market also finds it difficult effectively to provide local public goods. Equally, market allocation will normally mean that the benefits of development go mainly to the owners of resources in scarce supply-notably owners of urban land or other land with unique attributes. Finally, there are often conflicts between distributional and efficiency objectives, for instance where existing owners wish to maintain the quality of their environment in the face of the need for additional development for industry, commerce or housing.

The role of the planning system is therefore to attempt to ensure that the maximum overall benefit to the society is generated and in so doing to provide as much certainty to the actors involved about the ways in which the planning system will operate both to generate the required development and to distribute the benefits from that development. Some systems emphasise legal and contractual arrangements, others involve detailed regulation through formal plans, still others nationalise one or more element of the development process. The UK is generally thought to be strongly interventionist in its approach to land use planning and development - with a particularly strong emphasis on limiting urban sprawl and maintaining the economic viability of existing development.

## 2. Planning Legislation: The Changing Framework

There are a large number of texts that give detailed descriptions of the development of the land use planning system in England. For a range of approaches see for instance, Grant (1982 and subsequent updates), Reade (1987) and Rydin (1993). Here we provide an overview of the more important elements in that development.

### The 1947 Act

The 1947 Town and Country Planning Act nationalised not the land itself, but the development rights relating to that land. This meant that the owners of the land could not develop that land or change its use without permission. Agriculture was regarded as the basic use-so controls on agricultural buildings etc were very limited. Any of change of use was subject to government controls operated through local government. The mechanism for achieving such change of use was for the owner or developer to put forward proposals for development, which might be accepted or rejected at the discretion of the local authority, but applying centrally determined general principles. Owners or developers could appeal against the authorities' decision, ultimately to the Secretary of State. Once permission was given, development could go ahead within the agreed proposal subject to building and other regulations. On the other hand there was no compensation for refusal of permission as the property rights now lay with the government.

The planning system of the 1940s was based on a tripartite division of powers between central government, local planning authorities and public authorities, such as new towns, with planning powers. Central government has ultimate responsibility for the system derived from its duty imposed, not in 1947 but in 1943, to secure 'consistency and continuity in the framing and execution of a national policy with respect to the use and development of land throughout England and Wales'. In this context government issued circular setting out policies which were to be followed by all those involved at the local level.

Local authorities were the workhorses of the system, preparing development plans, processing and deciding on applications for planning permission and enforcing the law. These development plans were not policy plans, nor were they usually formal mappings. Rather, they were plans indicating 'the manner in which the local authority proposes that land should be used whether by carrying out thereon of development or otherwise and the stages by which any such development should be carried out'. Similarly, development control was expected to be based on the development plans and the element of discretion would be minimal.

#### The 1968 Act

By the 1960s the relative powers of central and local government was beginning to change, as the nature of development planning broadened. The 1968 Town and Country Planning Act introduced a clear and specific sub-national policy element and the development plan was split into two: the structure plan and the local plan. The structure plan was a policy document produced at the county level but agreed by local authorities and central government. The local plans made by local planning authorities were to 'conform generally' with the structure plan but could include a locally based policy element and were to be the outcome of widespread public participation. Central government also lost some power with respect to development controls as the decision making process was opened up to appeal and therefore to the courts and legal interpretation. As a result a relatively simple hierarchical system was transformed into a wide ranging multi-faceted political process, within the framework set by the 1971 Town and Country Planning Act.

#### The 1980s

The main objective of changes in the 1980s was to reduce the scope of the planning system and thus move it back to be more in line with its original intentions and, at the same time, to bring certain of the powers back to central government. Structure plans were first reduced in status and non-land matters were clearly excluded from their remit. The abolition of the GLC and metropolitan county councils in 1985 allowed the government to replace them with local plans in these areas, while the 1986 consultation paper proposed their formal abolition and sent the clear message that policy was to

revert back to the centre while local development plans, made by local authorities, were to set out in strictly land-use terms how these policies were to be implemented at the local level. At the same time there was some liberalisation of development controls together with clear advice that planning permissions were to not to be unreasonably withheld rather than placing the onus on the developer to make a case for that development. Public participation was also reduced, and a range of public authorities took over powers from local authorities in important locations for development and particularly redevelopment. At the same time government introduced a set of Planning Policy Guidance documents (PPGs), which set out the government's policy with respect to the planning system overall and each element within it and the mechanisms by which local authorities were to use to achieve these objectives.

One important result of this changing emphasis was the increasingly central role played by the appeal system, and thus of national rather than local policy. This appeared to split the planning system into two discrete parts: areas of environmental concern, such as national parks, green belts, areas of outstanding natural beauty and conservation areas, where development plan policies were generally supported and upheld and normal local authority areas where the emphasis moved away from control. In these areas where the local authority refused planning permission the owner or developer had a strong incentive to appeal against that decision, usually on the basis that the presumption must be in favour of development. By the end of the 1980s there was some concern that the system was rapidly moving towards 'planning by appeal' and that local government was losing its capacity to ensure development in line with local objectives. There was also concern about the costs and uncertainties about this type of approach to planning.

### The 1990s

The Town and Country Planning Act 1990 and the Planning and Compensation Act 1991 once again reformed the development planning system reaffirming in particular the role of the plan in development control. For the first time, all district councils were required to produce local plans (including maps) for the whole of their areas setting out their policies and guidance for the control of the development of land in their area. Approval of the structure plan within which these plans were to be set was transferred to the county, with central government only exercising a general supervisory role. Equally local authorities were enabled to receive and consider their own reports, subject to the Secretary of State's right to be consulted, to object to direct modifications and to call in all or part of each plan to ensure consistency with national and regional policy. (Figure 1, taken from the Joseph Rowntree Foundation report *Planning for Housing* gives a simplified statement of the system as it operated in 1994).

Planning Policy Guidance note 12 issued in 1992 set out the procedures in more detail for

all three levels of planning:

### How planning control works

- Town and country planning is a task that has been primarily entrusted to local government. District and Metropolitan District Councils are largely responsible for local planning policy and its day-to-day implementation. The responsibility for overall planning strategy in the shires rests with County Councils.
- In the case of planning for housing, County Councils set broad policies, particularly for the number of dwellings for which land should be supplied, with which District Councils must generally conform. Districts make most decisions on individual proposals for housing development. Metropolitan District Councils fulfil both functions.
- The role of central government is to set a framework of national policy within which local policies are determined. Policy is set out in Department of the Environment Circulars and Planning Policy Guidance notes (PPGs). The Secretary of State for the Environment also exercises a quasi-judicial function in local decision-making as an arbitrator of last resort on Development Plans and planning applications.
- In addition to determining national policy, the Environment Secretary also issues Regional Planning Guidance for the eight standard regions of England and strategic planning guidance for London and the six major urban areas served by Metropolitan Districts. This guidance includes house-building requirements at a county or district/borough level.
- Policies for a number of years ahead are set out in a Development Plan for each local authority area which indicates the use of land for different purposes and the criteria by which individual development proposals will be judged.
- In shire areas, each County Council must produce a Structure Plan setting out the broad policies to be applied, alongside a diagrammatic map showing their approximate extent.
- District councils must produce Local Plans with more detailed policies and a map on an Ordnance Survey base showing, as far as possible, the exact boundaries within which the policies will operate.
- Taken together, the Structure Plan and Local Plans form the Development Plan for an area. However, in Metropolitan Districts and London Boroughs the Structure Plan and Local Plan are, in effect, combined into a Unitary Development Plan.
- The Planning and Compensation Act 1991 introduced a number of changes which strengthened the role of the planning system. New legal requirements inserted into the main legislation, the Town and Country Planning Act 1990 now mean that:
  - \* Planning decisions must "be made in accordance with the plan unless material considerations indicate otherwise". Previously, the Development Plan had been only one of the material considerations.
  - \* Each District Council must prepare a single Local Plan for the whole of its area. Local Plans had previously been optional and need only have covered part of the authority's area.
  - \* County councils may now approve their own Structure Plans, rather than obtain approval from the Secretary of State. It is too early to predict what effect this will have on the planned supply of land for housing.
- Development control is achieved mainly by the decisions which individual authorities reach on planning applications for specific developments. Planning permission, when granted, usually imposes detailed conditions which must be met. Legal powers for the enforcement of planning controls are available as a back-up, to discourage the procedures from being abused and to remedy breaches of control.
- There are opportunities for public involvement in the planning process, especially in the preparation of Development Plans. There are also facilities for prospective applicants refused planning permission to challenge decisions by appeals to the Secretary of State. These may lead to public inquiries held in front of an independent inspector.

There are small variations in the planning system in Scotland and Northern Ireland.

Fig. 1

Regional guidance is to cover 'those issues which are of regional importance or which need to be considered on a wider geographical basis than that of individual structure plans' including, for instance, the scale and distribution of provision for new housing to be made over a fifteen year period. This is agreed by county councils in the light of national policy and guidance and in consultation with other local authorities and interested parties.

Structure plans are to be prepared by the county councils to provide a strategic framework for planning and development control activity, maintain the link between national, regional and local policy and to ensure consistency between neighbouring local plan areas.

Local plans became mandatory for all districts. They set out local policies for development control and make specific land use development proposals for the entire district, detailed both in writing and on a map. Local plans must conform to structure plans, with a certificate from the structure planning authority.

Finally, Unitary Development Plans are to apply to all metropolitan areas. These are made up of two parts: a written statement of the authority's policy towards development and land use, and a statement of proposals accompanied by a map. The same approach applies to London boroughs, overseen through the London Planning Advisory Committee (LPAC).

PPG12 also specified the content of plans and included for the first time a specific requirement to examine the relationship between planning and the environment, concentrating on the impact of traffic flows and the preservation of landscape and good quality environment.

#### Section 54A: a Plan-led System?

The most important substantive change in policy lay in section 54A which states 'where in making any determination under the planning Acts, regard is to be had to the development plan, the determination shall be made in accordance with the plan unless material considerations indicate otherwise'. Thus where before the plan had been one material consideration among others section 54A appears to give it pre-eminence.

This statement was reflected in changes in PPG1 'General Policy and Principles' between 1988 and 1992. The 1988 version stated that 'there is always a presumption in favour of allowing applications for development, having regard to all material consideration, unless the development would cause demonstrable harm...'. The 1992 version states 'in effect (section 54A) introduces a presumption in favour of development proposals which are in accordance with the development plan. An applicant who

proposes a development which is clearly in conflict with the development plan would need to provide convincing reasons to demonstrate why the plan should not prevail'.

A major objective of the new legislation was to make the planning permission system rather more certain from the point of view of developers and authorities alike. In this way those putting forward proposals in line with the plan could be reasonably sure that permission would be granted without the significant costs of appeal. In practice what it appears to have done is to make the plan making process itself far more time and resource consuming - in that developers have much more incentive to be involved in that process to ensure that their sites are included in the plan. It is too early to say how important the change will be in terms of the extent and type of developments that actually take place, particularly because the new system was introduced at a time of recession when there were anyway many outstanding permissions available.

### 3. The Allocation of the Benefits of Development

#### Taxation of Increased Land Values

It was inherent in the concept of the nationalisation of development rights that the benefits of that development should lie with the community. To this end the 1947 Act envisaged that private owners should receive existing use value, while any increase in value arising from the receipt of planning permission should be transferred to the State through a 100% tax on that increased value of land. This was also consistent with equity considerations, in the sense that it could be argued that the increase in value was not the outcome of the owner's activity and was therefore a windfall gain.

In practice this was not a viable policy: owners were at best indifferent between development and leaving the land in existing use and its development-and there only had to be some slight expectation of future relaxation of policy for developers to choose to keep land off the market. Nor was it possible to make a clear distinction between the increases in land values arising simply from the permission to change use and those which arose from the effective organisation of the construction and development process. The first were seen as unethical and taxable; the second were necessary and legitimate. Finally there was no general political acceptance that owners had no rights to increased land values. For all these reasons the chance of legislative change were high.

Over the next quarter century there was indeed continual pressure to reduce, and then increase again the extent of the taxation of increased land values. The tax was abolished by the Conservatives in 1953 (although they did still not include any compensation for loss of value arising from the refusal of permission). The Labour

governments reintroduced specific taxation on gains both in 1967 (when a 40% tax was introduced) and in 1976 (60% and 80% rates with small developments exempted). When the Conservatives came to power in 1979, they first reduced the rate again in 1980 and finally abolished the tax altogether in 1985. Land value increase are now simply taxed as any other capital gain. In the current environment even if there were a change in government this position will probably not be significantly modified.

### Provision in Kind

Instead, a rather different approach to reallocating the benefits of planning permission so that the community as well as the owner and developer gains has taken centre-stage. This involves obtaining some of the planning gain in kind in that the owner or developer is required to undertake certain investments, or payments, as part of the agreed permission. The original system did not see this as a suitable mechanism for transferring betterment to the community. Instead, developers could only be required to provide investments directly related to that development. For instance, they could be required to provide drainage, access roads and other infrastructure which would not otherwise have been necessary, but they could not be asked to contribute to infrastructure costs if those would anyway have been incurred.

This position has changed significantly in the 1980s and 1990s as the direct taxation of gains has declined. First, charging for the provision of infrastructure has become far more widespread and developers can expect to pay for all infrastructure costs which can be associated with that development. Second, it has become part of government policy that authorities may ask for contributions from the developer as part of their application for permission. This means that a developer may offer to provide additional infrastructure, community investments of one sort or another or even payments towards provision of amenities in other localities as compensation for any costs that the community incurs as a result of the development. This implies a fundamental change in attitudes, which traditionally emphasised the 'purity' of the system which related permission only to development plans and not to the distribution of the value generated by that permission. As such it is an important change in ethos as well as having practical implications for developers, authorities and communities alike.

Affordable housing has been specifically targeted in this context. PPG3 on 'Housing' issued in 1992, replacing 'Land for Housing' issued in 1988 incorporated guidance on the provision of affordable housing first issued in Circular 7/91. This stated that 'A community's need for affordable housing is a material planning consideration which may properly be taken into account in formulating local plan policies. The guidance goes on to qualify this statement in a number of ways including that the need for affordable housing in the area must be documented, authorities may negotiate the inclusion of affordable housing in all substantial residential developments, that



willingness to provide affordable housing can be regarded as a material consideration, that it should not be done by quota, and the housing should remain affordable - which by implication means should normally be in social ownership.

In addition to these general powers there is specific mention of the 'rural exceptions policies' -by which authorities may allow the release of additional sites in rural areas as long as these are developed for low cost housing, environmental considerations are taken into consideration and the need for housing for low income local residents is established. The current draft circular gives more emphasis to the need for low cost housing in all tenures, to taking account of local conditions and ensuring that the requirements do not provide too great a disincentive to general development.

Again this policy has not, as yet, been thoroughly tested. Because of the recession most developers have been happy to provide affordable housing as long as relevant grants have been available and so have readily agreed to its inclusion either on the site itself or in another location in the same area. It is yet to be seen how these negotiation processes will work in a more expansionary period where there is real substitution, and therefore loss of profit, involved.

#### A Fundamental Tension

An important question which has become very clear in the context of affordable housing but which is inherent in the overall approach to planning is the extent of constraint introduced by the permission process and the associated increase in land values. In this context, the better the quality of the development in terms of generating value and meeting both private and social demands, the greater will be the increase in value of the site. Equally, however, although technically totally separable, the greater the constraint on development overall the greater the increase in value of the site associated with granting planning permission.

The rhetoric of the planning system is that permissions should be demand led and that the planning system should simply be there to increase the value of that development and to ensure suitable urban structures and thus increase the efficient allocation of land. This does not in itself involve overall constraint, although it is clear that the outcome, if it effective, will be different than that which would have been generated by the market.

The reality of the system is that there are strong incentives to impose constraints on development overall. From the point of view of existing owners, constraint often helps maintain the values of existing development for their owners while it provides large-scale windfall gains to those who are successful in obtaining permissions. Second, the local community will often be against development in part because there are

no direct payments in the system to those in the community who may suffer serious losses from that development while gaining few of benefits directly. The extent of complaint can therefore be very high, and very political. Indeed, it has its own name - NIMBYISM. Introducing planning gain payments by developers brings with it the possibility of exacerbating this pressure to increase constraint as the authority itself may then be able to obtain more benefits by ensuring higher land values. Equally, letting out 'too much' land for development may make it impossible to achieve these local amenities including affordable housing objectives, as the developer would not be in a position to provide additional investment.

This is a fundamental tension within the system which is mediated in different ways at different periods and under different political regimes. At the present time there are strong lobbies against development, often based on arguments relating to environment and sustainability. These are particularly strong in green belt areas where constraints on development have been in place for many years. There are also considerable arguments against development of out-of-town, green field site development both because of the fear of exacerbating decline in central urban areas and of exacerbating the well-orchestrated objections of existing residents. Regeneration of urban sites is therefore an important part on the planning context - with a government commitment to ensuring that at least 50% of all new residential development should take place on brownfield sites. Indeed the new consultation paper published in November 1996 (Department of Environment, 1996) suggests that an even higher proportion of development should take place within the existing urban area.

#### 4. Planning for Housing

The approach to generating adequate land for housing is set out in the general planning legislation and particularly in PPG3 'Housing'. In principle it is demand led but that demand is not market determined but is rather the outcome of national estimates of housing requirements and negotiation between areas as to the most suitable locations for these requirements (figure 2).

There is no formal national target for the numbers of homes that should be built over a given period of time. In effect however the housing figures provided in Regional Planning Guidance add up to this total which is based on projections of population at the national and sub-national level made by the Government Actuaries Office and converted into estimates of household numbers for each Shire County, Metropolitan District and London Borough by the Department of Environment. In turn these household estimates are converted into regional housing requirements, taking account of the number of existing homes, vacancy rates, second homes, stock repair etc and thus the extent to which these needs can be met within the existing stock. Regional

### **Steps in the calculation of local housing requirements**

- 1 National and sub-national projections of population are produced by the Government Actuaries Department and the Office of Population Censuses and Surveys.
  - 2 The DoE converts the sub-national population projections into estimates of household numbers.\* Household estimates are prepared for each Shire County, Metropolitan District and London Borough.
  - 3 Household estimates are converted to regional dwelling requirements. This aims to take account of the number of existing homes and second homes, vacancy rates in the housing stock, the condition of housing stock (to assess the need for replacement), and the extent to which identified needs can be met within the stock.
  - 4 Regional Planning Guidance and Strategic Planning Guidance issued by the Department of the Environment divides the regional housing requirement between County Councils and Metropolitan Districts. County figures are sub-divided between District Councils in County Councils' Structure Plans.
- \* This uses the 'headship rate' method - the proportion of people within different age groups who form and head households.

Fig. 2

Planning Guidance and Strategic Planning Guidance then allocates these requirements between areas taking account of discussion at the Regional Conference level. The resultant requirements are then incorporated into structure and local plans and local authorities are charged with ensuring that adequate land is made available.

There are a number of difficult issues contained within this apparently simple procedure. First is the question of the accuracy of the estimates of the projected growth in households. This is of particular importance at the present time because the new estimates suggest that there will be an additional 4.4m households formed over the next twenty years in England alone, arising from longer life expectancy, more net immigration, growing incomes and a continuing increase in the propensity of people to wish to live separately (Department of Environment, 1995). The basis for these projections is fundamentally demographic, taking account of trends over the last twenty years. In the past these estimates, which use a definition of household which includes all those eating separately or not sharing a living room and which is therefore not totally linked (unlike the USA) to the number of occupied dwelling units, have tended if anything to be underestimates. It is therefore probable that, unless there are very significant changes in eg social security provision or in whether young people remain at home while completing their education that at least this number of additional households will form over the next decades (Holmans, 1995).

There is however a very different debate currently raging about the extent to which these households can be expected to generate either demand or need for additional housing units-which is the relevant question from the point of view of planning for housing. This leads to the second question of importance: whether the land should necessarily be made available to enable each of these households to live separately. This is particularly important at the present time as many of the additional households will be single, and often elderly, so that many may not have the resources to pay for that housing themselves. There is currently a great deal of discussion about whether the factors determining household formation are basically demographic or whether they are becoming more economic in nature (House of Commons Environment Committee, 1996). An important research project on this issue is due to report later in 1997. In the meantime, there is strong political debate about whether authorities should be required to provide for all the projected households. If not then either households, as defined, will have to live within another household or share accommodation. This would reverse the trends of the last decades. So far, the government has argued that land should be made available as in the past (Department of Environment, 1996).

A third question, and the most difficult one relating specifically to planning, is how these households should be allocated between areas. The concern of many, especially the Council for the Protection of Rural England, is that at least at the local level supply creates its own demand - so if an authority is required to provide accommodation especially in desirable areas, households will migrate into these areas, leaving as much excess demand as before the new supply is provided. Only in London is the planning process currently formally based on the capacity of the area to take on new supply. In all other areas it is the requirement which at least in principle takes precedence. There is now considerable pressure to extend the capacity approach both to take account of environmental issues and more generally to apply it to particularly pressured areas. All of these tensions tend to reduce the quantity of land that the authorities are prepared to make available.

The government's response to this question at the present time, is that where possible additional housing should be provided within the urban areas, on brown-field sites, that there may be a case for some new settlements but that the green belt policy should remain largely unchanged. The difficulty with this approach remains the clear evidence of continued outmigration from the cities, and indeed larger urban areas, towards smaller centres and the countryside by those who have the capacity to choose (Atkins et al, 1996, Breheny and Hall, 1996, Council for the Protection of Rural England, 1996).

An equally difficult, and related issue is whether the land that is made available in the local plan as a result of this process of allocation, and negotiation, is actually available and suitable for development. It is not surprising that the housebuilders tend to argue

that the allocated land is not suitable - as almost by definition it is not exactly the land that they would choose to develop, nor are the planned outputs those which would necessarily maximise profits. On the other hand, other pressure groups have strong reasons for putting forward less desirable areas, while landowners of particular sites may not wish to develop at the relevant time. To this end local authorities are required to ensure that the land is available, through land availability studies. Even so, there is strong and continuing debate about whether what is in the plan and indeed may have permission will generate development (Rydin, 1986, Tym, 1991, Joseph Rowntree Foundation, 1994).

Further, there is the question of the distinction between need, and indeed requirements, and demand. What is made available through the planning mechanism may well not be that which the market wants to see developed. Households may through the market choose to live in different areas and different types of units. Equally the fact that specified land is made available through the plan may modify the negotiation system between landowner, developer and consumer in a way which may both inhibit development, even though there is apparently plenty of land being made available, and increase the price of land, the density of development, the numbers of units actually built and the overall price of housing. These relationships have formed the starting point for a number of studies carried out by our Unit (Gerald Eve et al, 1991; Jackson, Morrison and Royce, 1994; Jackson et al 1994; Monk et al 1996). The general conclusion is that although land use planning does, within its own terms, make adequate land available the outcome is both to increase prices on average and the volatility of these prices.

It is in this context that the evidence on housing land and house prices should be examined. On average, land and house prices have both risen very much faster than general prices and been far more volatile (tables 1 and 2). Land prices in particular have varied very significantly with the economic cycle, with average land prices increasing by over 200% in three years in the mid-1980s as the boom took off, but falling back rapidly from 1989, only to start to rise again in the early 1990s, while the housing market was still in recession, especially in areas where large scale housing production is planned (see for instance the figures for East Anglia as compared to the country as a whole (table 1). House prices also rose, but more slowly, doubling over the four years from 1985 to 1989 and then falling back in both real and money terms. In the 1990s house prices remained roughly stable in money terms overall, but continued to fall in areas where growth had been concentrated in the boom period (again, note East Anglia). Like land prices, but lagging them, house prices are now again beginning to pick up quite rapidly again, following basically the traditional pattern (table 2). The evidence from the 1980s and early 1990s further suggests that the price of land with planning permission for housing is relatively more expensive as compared to its

**Table 1 Housing Land Prices**  
(Private sector, average price, 1985=100)

	England and Wales	Greater London	East Anglia
1983	77	85	56
1984	75	68	64
1985	100	100	100
1986	119	173	103
1987	173	241	183
1988	226	244	303
1989	223	349	367
1990	199	246	272
1991	206	181	158
1992	170	167	176
1993	169	150	203
1994	192		

Source: Housing and Construction Statistics

**Table 2 Housing Prices**  
(1985=100)

	UK	Greater London	East Anglia
1983	84	75	81
1984	92	88	89
1985	100	100 (139)	100 (98)
1986	114	122	116
1987	133	152	139
1988	167	187	188
1989	202	203	220
1990	199	199	196
1991	197	192	191
1992	189	172	181
1993	184	169	172
1994	190	182	176
1995	191	183 (134)	181 (93)

Source: Council of Mortgage Lenders, Housing Finance

alternative use value at the end of the economic cycle than at the beginning suggesting that the market regards the new plan-led system as more constraining than the earlier, appeals-led, approach.

Finally, there is the question of whether the requirements identified through the planning process will actually meet the needs and demands that have been similarly identified. The government's approach is that the market should provide for all those who can afford and want to live separately, that social housing should be made available to those unable to pay for their own accommodation over the longer term and that the social and, to a greater and greater degree, the private sector should provide

for those in shorter term need with financial assistance from government. To this end, they have now published estimates of the need for additional social housing. It is a matter of considerable debate whether these estimates are adequate. It is a matter of even greater concern whether the public finance can be made available to achieve these goals (Holmans, 1995; House of Commons Environment Committee, 1996).

## 5. Conclusions

The British system of land use planning rests on the concept of the public ownership of development rights. On the other hand, there is a strong presumption in favour of development and if that development takes place owners receive a significant proportion of the benefits.

Although the system is seen by planners as one which is simply about organising demands, many commentators, especially from abroad, regard the operation of the land-use planning system as a powerful constraint on development and growth. This tension is currently exacerbated by the emphasis on environmental sustainability and urban regeneration, both of which tend to increase the pressure to maintain development in the urban areas where direct financial costs of development may be very much higher than on easily accessible greenfield sites.

Planning for housing is an important element in the overall land use planning system. It is formally demand, or at least requirement, led. However there are very considerable tensions between the operation of the land and housing market on the one hand and the ways in which the planning mechanisms actually operate on the other. Overall, for all its current plan-led emphasis the British approach remains fundamentally a discretionary system, dependant on consultation, negotiation and discretion.

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