Better housing outcomes through co-decision

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... another for suburbia.
Some historical context

Some of the reasons

- Demand
- Bad tax system
- Interest rates, finance
- Help to Buy
- Failure to invest in regions:
  - Infrastructure
  - Skills
- Insufficient devolution
- Supply

For today: looking at supply.
Residential Analysts

Gross & Net Change in Dwellings, England & Wales

Source: Census, Weber, Parry Lewis, Riley, Holmans, DCLG
Would more supply help?

Glaeser and Gyourko (2018)
An apology
Apology – II

The South East exports the pain from its housing crisis:

- Higher rents elsewhere
- Long distance commuting and congestion
- Not building enough homes restricts worker movement
  - Lower overall average wages and growth due to restricted mobility of workers (Hsieh & Moretti 2018)
  - Other attempts to ‘rebalance’ through restricting worker movement rather than positive investment:
    - *Hukou* system, China
    - Statute of Labourers 1351, England
Why don’t we build more homes?
Politics - I

So the British people want our homes to go up in value, but also remain affordable; and we want more homes built, just not next to us.

George Osborne, Mansion House speech, 2014


[...] meeting that Gordon Brown held with his staff to review housing policy. One adviser said that there was a serious housing crisis and an urgent need to build more ‘social’ housing, to which another trusted aide responded, ‘If we did that it would hit house prices and lose the election’ [...]  

Brian Lund, Housing Politics in the UK: Power, Planning and Protest, Policy Press, 2016, at 236
Politics - II

Criticised for his Help to Buy boost to the housing market, George Osborne allegedly told the Cabinet: ‘Hopefully we will get a little housing boom and everyone will be happy as property values go up’

*Brian Lund, Housing Politics in the UK: Power, Planning and Protest, Policy Press, 2016, at 236*

These steps should support an increase in housing supply consistent with a stable housing market in the short term and **so that over the long-term, house prices rise** slower than earnings.

*Terms of reference for the Letwin Review (emphasis added)*

Build where? Green belt?
Densification?

Source: https://emu-analytics.maps.arcgis.com/apps/View/index.html?appid=a69b6f69271d4065b58fe9b3309fbd9b
Green belt: unlikely without change

‘Planning rules already say that Green Belt boundaries should be changed only in “exceptional circumstances”. But too many local authorities and developers have been taking a lax view of what “exceptional” means. They’ve been allocating Green Belt sites for development as an easy option [...] we’re strengthening existing protections so that authorities can only amend Green Belt boundaries if they can prove they have fully explored every other reasonable option for building the homes their community needs.’

Theresa May speech, 5th March 2018

‘the Green Belt is the lungs of the capital and must be protected [...] Since I took office I have refused a number of developments which would have caused harm to the Green Belt. With my new London Plan I’m sending a clear message to developers that building on or near the Green Belt must respect and protect this vital natural resource’

London Mayor Sadiq Khan, GLA press release, 27th November 2017
Densification has been really hard...

Houses and flats built, England
(& Wales pre 2002; social housing only pre 1961)

Holmans; MHCLG Live Tables 209 and 254
... not just in England

Kevin Erdmann, Shut Out, Fig. 7-9; BEA Table 5.4.5
‘Pockets of dense construction in a dormant suburban interior’

Issi Romem, BuildZoom
Double standards:

- Current double standards for low- vs. high-income areas
  - Social housing tenants/leaseholders may get a vote with 50% threshold before being forced out of their home
  - Suburbia sees little or no construction on nearby plots if there is the slightest opposition (often achieved through conservation areas), and no threat of displacement whatsoever
    - CPO and displacement of wealthy suburbia: politically impossible.
- Social tenants face risk of being forced out of their home
- Suburbia has low risk of even having bothersome construction nearby
Towards a better system

- Better system: more similar rules for different demographics and tenures
  - Minimize involuntary displacement
  - Increase construction and diversity in wealthy areas
  - More facility for co-decision to allow beneficial change
  - Make building more high-quality homes politically easier

- Mechanisms?
  - Supermajority thresholds?
  - Separate votes of people affected differently? (Cf company law)
  - Protect those outside the site who are affected?
  - Community-driven, not imposed from outside
Hypothesis

There are more community-driven ways of building homes that can achieve much broader community approval and also get more and better homes built, without displacement.
Apology – III

In much of SE, rent on council housing would easily cover cost of building if land with right to build were cheap.

Various ways to reduce or cover that cost including taxation, land value capture

Extremely high value of right to build in South East (often 50-80% of dwelling value) means that there are plenty of benefits to be shared.

- Mainly go to landowner/consultants at present
- Current s.106, CIL do not work well

Sharing those large benefits may be an important aspect of getting to more consensus for homebuilding.
Convergent sources of new ideas

- Planning theory: co-decision
- Archon Fung: deliberative democracy
- Elinor Ostrom: ‘polycentricity’
- Robert Ellickson: street-level democracy
- Common theme: bottom-up, participatory democracy – allows benefits to be shared
Examples I

Other countries: supermajority vote of occupants before displacement

- Japan (80%, if everyone will be rehoused onsite)
- Singapore (‘en bloc’ – was 90%, now 80%)
- Israel (‘pinui binui’ – 75%)
- Some US private associations (2/3rds for amending rules to allow construction; much higher for forced sale)

Non-US examples: https://nextcity.org/daily/entry/a-condo-is-forever-except-when-its-not
Examples II

Green Belt – England

As we had suggested, parishes may now approve more homes in their own green belt via neighbourhood development order, even if the county or other higher authority is opposed – NPPF §146(f)

Problem: requirement of ‘openness’ caps number of homes and makes NDO too costly, risky and slow.

Case study: one village

‘How many homes would you like to build?’

‘150-200 please’

‘Ah... we were thinking you might do six to eight.’
Examples III

Ellickson – not yet tried

How to densify existing streets in fragmented ownership with consent? (‘Better Streets’)

- Allow supermajority (2/3rds?) vote by residents of a single stretch of street to set design codes and grant each plot permission to extend or replace
- Can increase housing density by factor of five in 1930s suburbia
- Limits on height, overshadowing
- Provide funding for social housing, infrastructure, street improvements
- Improves walkability, viability of local shops/services and public transport
- Permission cannot be used where there has been an existing tenant within [2] years, unless that tenant has consented, had a year rent free or been refunded a year’s rent (adapted from California YIMBY SB50)
- We have yet to find anyone who strongly objects
- Scope to add literally millions more homes
Questions?

Other ideas?

Thank you!

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