

How we can make our new garden cities grow

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Building New Bedford and New Bicester will pull jobs and growth north of London

The UK has about 60 million acres of land, 91 per cent of it undeveloped. Nick Boles, the Planning Minister, has proposed building homes on a further 2-3 per cent of that land.

Mr Boles, a Conservative, and Nick Clegg are both in favour of creating new garden cities. The case for these projects is overwhelming. Four cities, of only 20,000 acres each, could comfortably deliver more than 200,000 new homes, add more than £60 billion to our economy and create tens of thousands of new jobs. So, Mr Boles, 2-3 per cent may well be more than is actually required.

New garden cities are an economically viable, aesthetically pleasing alternative to cramming even more houses into existing urban cordons. All too often this results in dense estates of box-like homes, the loss of urban parkland, and stretches local infrastructure to breaking point. In place of destructive, piecemeal development, new cities offer the chance to build proper homes, with landmark architecture and planned transport and services. Sites can be limited to agro-industrial land of limited environmental merit so that the best countryside is better protected.

New cities would harness the incredible economic power of pent-up demand for housing. One acre of agricultural land in South East England is worth about £10,000; the same land with planning permission has a value approaching £1,000,000. Harnessing this gain would not only allow new cities to be beautiful, properly built places, but also to be privately funded, avoiding additional strain on the national debt.

The most intelligent way to get started would be for the Government to set up independent city development corporations that would own and develop the allocated land. They should be public limited companies, controlled through state regulation, but owned and financed through the private sector.

A vital step would be to give them the powers of a local planning authority. This is not without precedent — the London Docklands Development Corporation, which has transformed Canary Wharf, was able to act as landowner and planning authority. Unifying planner and developer would dramatically speed up construction and is much more likely to deliver a truly great city.

It is no coincidence that some of Britain's most treasured urban areas have been controlled for generations by a powerful single owner. The Grosvenor and Cadogan estates in London are among the best developed and most valuable in the world.

A patchwork of small independent developers will each seek to maximise the profit from their small plots of land, regardless of the effect on their neighbours. In contrast, the owner of a large estate must balance the profit on each individual

project with its effect on his surrounding assets. The corporations would also have a strong incentive to keep standards high, as poor-quality development would be financially self-defeating. In this way the ambition and energy of private enterprise can be liberated from the petty politics of local government and rapidly deliver the quality homes that people most want and need.

If it's so simple, you might ask, why haven't we done this already? One answer is that many farms, homes and businesses already exist on this land and their owners may be loath to move. The answer is to make it a legal requirement to offer them very generous compensation.

Agricultural or business assets would have to be bought for double market value, residential property at three times market price. The planning gain is so great that such generosity is both fair and affordable.

The scale of this development brings one big financial challenge — acquiring all the land at the start would mean a vast upfront investment, incurring high borrowing costs. Even if it took only 15 years for the investment to mature, the accumulated interest costs (at, say, 5 per cent) would be slightly more than the original outlay.

There is a neat way round this. The development corporation could be granted compulsory purchase options, giving it the right to acquire parcels of land at a fixed price on a future date. The options on land nearest the centre would have to be exercised first, with development gradually extending outwards, giving the corporation the certainty of capturing all the land value without the interest costs of owning it from day one.

Ideally these cities would be built to the north of London, helping to pull the capital's wealth up into the Midlands and beyond. I would place two garden cities on a new fast road connecting Oxford to Cambridge, linking, say, New St Neots or New Bedford with, say, New Bicester in Europe's answer to Silicon Valley.

We live in difficult times and need big and ambitious plans. Enabling the construction of new cities would provide a huge boost to growth without costing taxpayers a penny. We must hope that the bold words of Nicks Boles and Clegg turn into reality.

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