Conflict in the land development process : the role of the private residential developer

A Thesis submitted for the degree of
Doctor of Philosophy
in the University of Kent at Canterbury,
by

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July, 1970.

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PREFACE

The main arguments of this thesis are as follows.

Residential expansion is a major feature of London's metropolitan growth. The classical ecological approach tends to stress the inevitability of such expansion under the impact of major environmental changes. However, it is argued that the city region is characterized by overt conflict about the use of land, not unconscious consensus. Such conflict is partly a reflection of a societal dichotomy between market and plan; in the South East, such conflict is crystallized into the relationship between the local planning authority with its restrictive policies as regards land release, and the land-hungry private residential developer. Because of the negative nature of planning policies and machinery, the developer has become a major agent of change and a key decision-maker in the urban system.

A sample survey of planning applications showed that the physical pattern of development created by the developers was strongly associated with the changing structure of the housebuilding industry: the large regional developer has become much more important, through the building of large estates, than the small local developer since the middle fifties. However, a basic requirement

of all developers is to obtain knowledge of essentially local housing, "planning" and land markets, the latter being especially important due to the shortage of land. An interview study of developers was undertaken to show how different types of developer related to these local markets, with particular attention being paid to how the large developer, organized at a regional or sub-regional scale, was able to obtain knowledge of such local markets.

Three types of developer were distinguished: the stagnant entrepreneur operating at the most local level; the growing company which was attempting to expand out of local markets, and the regional developer. The organization of the company and the attitude of the entrepreneur to organizational change more important variables in this classification. For the stagnant entrepreneur, problems were associated with staying inside known local markets with which his organization is ideally suited to cope. For the growing company, organizational change had to be accepted in order to get outside local markets in the process of growth. For the large regional developer, the problem was to get inside local markets yet still retain the advantages of large-scale operations. The study suggests that one of the major processes behind the residential expansion of the London metropolitan region has been the success of the large developer in this respect.

Particularly important in this success were a growing reliance on the local estate agent, on forward buying of white land, routinization of data-gathering, a regionalisation of the organizational structure, and an increasingly professional input into its relationship with local planning authorities.

Finally, it is suggested that the examination of key decision-agents such as the private developer is a fruitful approach to understanding urban growth and a necessary prelude to any study of urban development in a specific local context. Moreover, the findings have direct implications for controlling urban growth, both for sub-regional urban form and for the success of policies of concentration at a regional scale.

However, certain modifications to the market/plan concept are needed as a result of the empirical research. The small local developer is as much a risk - avoiding organisation as one dedicated to rapid growth and maximum profits. Moreover, the local district councils often define their interests narrowly in terms of the local community and as such are as much market actors as the developers themselves. Also, the regional level in the planning hierarchy has been virtually absent for much of the 1950's and 1960's. This has limited the scope for the enforcement of the wider public interest on to lower levels in the hierarchy.

ACKNOWLEDGEMENTS

My debts to various people for help in the preparation of this thesis are legion.

The work on which the thesis is based was made possible by a grant from the Kent County Council. I am indebted to Mr. R.G. Clarke and Mr. W. Deakin, the County and Deputy County Planning Officers. Their permission to use planning application records was especially appreciated.

Discussion with my colleagues at the Centre for Research in The Social Sciences at the University of Kent and with members of the Urban Studies Seminar, particularly Alastair Tod, helped me to clarify many of the problems of approach and analysis. The same can be said of my contacts with The Centre for Urban and Regional Studies at the University of North Carolina. I am grateful to Mr. W. Boardman of Gough Cooper Ltd. and Mr. N. Wates of Wates Ltd., for comment on early drafts of questionnaires. Gratitude is particularly due to Dr. Ray Pahl, who, as supervisor and friend, provided academic guidance and social support at all stages of my work. My wife Judith gave invaluable help in preparation of the manuscript.

Lastly, I am in debt most of all to the developers themselves. The generosity with which they gave their time and their trust in providing confidential information allowed this study to take place.

INTRODUCTION

It is a commonplace that the city of concentration has given way in many industrial societies to the city of diffusion. The rapid rate of concentration in the nineteenth century gave rise to many social and economic problems, both in the city and in the rural areas which were being depopulated. Likewise, the diffusion of urban growth creates problems but of a different order. In the central city a delapidated and socially polarised urban core can be created, and the "invasion" of the "countryside" also presents "difficulties". It was the awareness of these difficulties, voiced particularly by planning authorities and amenity societies in the South East, which was a starting point of this research.

A second was the fact that residential development was the most striking physical expression of metropolitan growth. The need for housing for Londoners as well as locals has been met, especially in the O.M.A., by the new, large, privately-built estate at relatively low densities. Usually these have been added to the periphery of many towns and villages and only recently, with the development of New Ash Green, has any flexibility in urban form in the O.M.A. been introduced, at least for

the private developer. Many of the problems of the local authorities and the amenity societies mentioned above were associated with the development of such estates in rural counties around London.

In the search for a perspective which would provide an insight into the processes of growth in the expanding metropolitan region, an approach which sprang immediately to mind was an examination of the spatial patterns of growth as they had developed over time. My geographical training suggested the importance of changing spatial relationships as an explanatory factor, and of spatial patterns as giving a clue to social processes in general. Robson was very emphatic on this point: "Spatial patterns are ..... a reflection of social processes which are at once highlighted and better understood by the identification of the spatial distribution and spatial associations". (ROBSON, 1969, p. 33)

Robson, who was attempting to fuse sociology and geography to provide a valid framework for analysis, deduced by component analysis a series of sub-areas or milieux in Sunderland and then tried to relate these to attitudes to education. He concluded that: "The urban sub-area is of great importance ... as an active agent in the formulation of his (the individual's) beliefs and

attitudes". (ROBSON, 1969, p. 241) The study, to a certain extent, begs the question concerning what processes produced the urban sub-areal pattern which he so carefully describes. However, his work builds on a long tradition of intra-urban spatial analysis.

Similar types of explanation have been used on a metropolitan scale. Central to geographical, as well as ecological and economic studies, have been attempts to understand the determinants of location [whereas Robson takes location as given and examines the effects of location on social structure]. A number of these studies emphasize the impact of technological change, especially in transportation, and social change, such as a general increase in income, upon the relationship between the individual or organization and its spatial context. These relationships, postulated or proven, can be woven via location theory and a Haggett model into a presentable garment.

However, it can be argued that such a garment would have been rather thread-bare if what was considered important were the processes of urban growth. Geographic, ecological and economic man does not respond automatically to technological and social changes. It is significant that what first became apparent about the development of

London's metropolitan region was the problems it caused. What was striking was not the inevitability of urban growth but that there was active resistance to such change, and that resistance was successful in stopping or diverting it. It is clear that there was a process at work more complex and less certain than deterministic models would lead us to believe.

The problems encountered by planning authorities in the rural counties were due to a number of factors. House-building took place so fast that the growth of jobs locally could not keep pace. As a result, commuter trains, especially in the south of London, were over flowing. The countryside was being placed under severe pressure. Estate and house design were monotonously regular and many feared the destruction of traditional villages.

Awareness of such problems focussed attention firstly on the conflict context: the planning authority's problem, in the form of the new estate, is the private developer's living. Secondly attention is focussed on those decision-making agents who are in conflict. Classical ecology suggests unconscious consensus, not overt conflict in the city's development. Cultural ecology recognizes different values but does not proceed to examine how

they are articulated and used, and by whom, to shape the development of the city. If spatial patterns are examined it is important to discover who created them, how, and why.

The emphasis of this thesis, therefore, will be upon the decision-makers and their context for action, which in the case of residential development in the South East is one of conflict. Some actors are more strategic in the process of urban diffusion than others. The agrument will suggest the importance of the private residential developer in playing the most positive role within general rules designed by the planner. The emphasis on decision-makers and on conflict between them is particularly relevant to planners themselves. The latter, it can be suggested, are inescapably caught up in deciding between conflicting interests. If the conflicts can be made more explicit by research, and if a major interest is explored in depth, the formulation of planning policy can be conducted on a more realistic basis. It can be argued that what is of importance to planners is not so much the analysis of "objective" facts revealed through survey and analysis, but more importantly, the changing configuration of interests which create the "real" context in which planners work.

CHAPTER I

URBAN GROWTH : THE ECOLOGICAL PERSPECTIVE

INTRODUCTION

The rapid growth of towns and cities under the impact of the Industrial Revolution in Europe and North America became a major focus of attention as the nineteenth century progressed. The scale of urban growth at the time must have appeared dramatic if not horrific. Growth rates were phenominally high: towns of over 20,000 in Lancashire had a decennial increase of over 30°/o between 1811 and 1851. Across the Pennines, the growth of the wool rather than the cotton textile industry resulted in a 65.5°/o growth in Bradford and one of 47.3°/o in Leeds in the decade 1821-31. There were 13 cities in England and Wales with over 100,000 inhabitants by 1871: in 1801 there was only one, London. [WEBER, 1899, pp. 40-47]

Basically rural societies were changing very quickly into urban-based ones and the scale of this change produced social and economic "problems" both in the city and in the countryside. The changes and their results were defined as "problems" because they threatened the

existing political economic, social and moral order. Not surprisingly it was these problems and their practical solution which gave rise to the first systematic studies of the city in the nineteenth century. Booth and Engels stand strongly in this tradition in Britain, as too do the large number of government reports on conditions in industrial cities. [BOOTH, 1891; ENGELS, 1845]

Even though the main emphasis was on problems and solutions, attempts were made to explain why and how the cities were growing. Weber's study at the end of the nineteenth century tried to put the industrial city in its societal context, by emphasising the changing needs of the economy in the machine age, migrational flows and the development of individualism and private profit. [WEBER, 1899] These early studies did describe some of the patterns and processes involved in the development of industrial cities. The spatial segregation of the rich from the poor was noted by Engels and Booth (and confirmed by recent historical studies of the growth of Sunderland and Glasgow) [ROBSON, 1966; KELLETT, 1961]. Also, the process of invasion, described by twentieth century ecologists, was clearly at work in Inner London in 1900:

> "The case of overcrowding in London [in 1900] is the conflict for room which is always going on between the inhabited house and the business premise. There is not room in central London

> for the two, and the one or the other must go to the wall. The test as to which is the weaker is, of course, a rent one and so far, victory remains with the business, which is slowly pushing the other out. The area of conflict is extending and, if London continues to grow, the inhabited house will be pushed further and further from the centre". [FABIAN SOCIETY, 1900]

Thus, in this early problem-oriented approach to the city, a good deal of information was also revealed about the internal organization of the city, and the processes which produced it. However, consideration of the city in a theoretical rather than primarily social policy context had to await the work of Park and his colleagues in Chicago. Their study of human ecology was intended to discover the general principles underlying the patterns and processes that they observed in the physical growth of Chicago.[1] As this thesis is concerned with the residential development of the London metropolitan region, it is necessary first of all to examine the attempts of the human ecologists to produce a set of concepts concerning the development, residential and otherwise, of cities in general. Definitions of ecology are numerous and the scope of the subject has been extended considerably since its early beginnings in Chicago. However, a basic theme of all ecological explanations is the importance of "environment". Unfortunately, environ-

ment means different things to different ecologists: some define it as being basically space, some as population, some as technology or natural resourses or physical environment or even levels of income. Whatever definition of the environment is accepted, ecologists assert that there exist impersonal, non-cultural "forces" in the environment: changes in these forces are the prime movers of the growth of cities and ecology is concerned with examining these changes and man's adaptation to them.

> "There are forces at work within the urban community . . . which tend to bring about an orderly and typical grouping of its population and institutions. The science which seeks to isolate these factors and describe the typical constellations of persons and institutions which the co-operation of these forces produce is what we call human, as opposed to plant and animal, ecology" (PARK, et al. 1925, p. 1).

Man has little choice, they suggest, but to respond to these ecological forces, which exist independently of him: the basic process in city growth is the enforced response to changes in the environment.

If the importance of the environment is one common theme of the ecological perspective, this definition of Park's reveals a second. The effects of changes in the environmental forces can be most clearly distinguished in the <u>spatial</u> ordering of population and institutions. As a result, there has been a strong

emphasis in ecological studies upon mapping the spatial structure of the city, which is regarded as a reflection of the ecological forces at work in shaping the cities' growth. Studies in urban morphology by Burgess (1923) and Hoyt (1939) and in social area analysis by Shevky and Bell (1955) are part of this spatial tradition. Indeed, for many, ecology has become synonymous with a spatial technology which has proved so useful in the initial stages of inquiry into social phenomena in the city; the theoretical element has been widely neglected.

A third common element in ecology, even though not explicitly recognized by some ecologists, is the importance of economic competition and the market mechanism. Competition between individuals and organizations is the modus operandi of ecological change. Classical ecologists such as Park suggested that competition, as a basic, blind and unthoughtful process in the struggle to survive, was more important than economic competition which was a "cultural" rather than "biotic" trait, and thereby less significant (PARK, 1936). In fact, specific ecological studies of cities such as Chicago never made use of biotic competition, although economic competition was greatly emphasised. It was through the market that environmental changes made themselves felt. Environmental

forces were seen as producing changes in the demand for and supply of land and buildings for different urban purposes. The competitive power of various groups in the urban community varied with changes in the ecological environment, and it was through the market that the re-grouping of the city's population and institutions, in response to ecological change, took place.

The simple answer then to the simple question provided by the ecologists is that the growth of cities can be seen as an adaptation to environmental change, either by the city itself as a total "organism" or by various groupings or "constellations" within the city. The elaboration of this simple theme into the sophisticated theory of the Chicago School or the complex statistical studies of the neo-classicists does not hide a strong element of environmental determinism.

THE IMPORTANCE OF SPACE

Space was of central importance to the Chicago School, led by R.E. Park and E.W. Burgess. Competition, the basic process of the city, was for the scarce resource of space. The socio-spatial structure depended upon the ability of groups or individuals to obtain scarce space within the city. City space was a continual restraint

and was the environment in which human organisms worked. The debt to plant ecology is clear. It was vital for a plant to obtain a patch of soil in an ecological habitat and it struggles with other plants to obtain sufficient space. However since plants depend upon each other for survival as much as upon the physical habitat in which they grow, co-operative competition for space is involved. Similarly, space within a city is necessary for a city "organism" to exist, whether it sells clothes, produces motor cars or provides educational instruction. It struggles with other organisms to obtain space but again, becuase of the interdependence of the organisms, it is a co-operative struggle where the relationships are "symbiotic". (PARK, 1936). This unplanned, symbiotic competition took place at a biotic level according to Park. As already suggested, in reality competition is a social process and takes place in the economic market.[2]

Given the neglect by ecologists of the "biotic level" of their prophet, as regards competition, classical ecology relies heavily on Ricardo's theory of economic rent (RICARDO, 1817). Simply stated his idea was the price economic activities were prepared to pay for a particular site varied with their ability to benefit from the location of that site. This price or economic rent is

calculated by assessing the net profit possible from utilization of the site after production costs and movement costs had been taken into account. Some types of land use therefore are at an advantage in the competition for the most favourable sites because they can afford to pay a higher economic rent as the ensuing profits would be higher.

In terms of the city, the most favourable sites are those which are most accessible and the most accessible sites are those which are nearest the city centre. It is at this point that the importance of space becomes apparent. Since the city is essentially a system which depends upon movement and interaction between its highly specialized parts, the tax of space is the effort of overcoming distance in making these movements and contacts. The input of effort required varies, dependent upon location in relation to the centre where contact is most easy. Certain places are more accessible to the centre than others and it can be said that accessibility declines at a roughly constant rate from the centre in all directions. The land use pattern is said to be controlled by this gradient of accessibility which creates certain places more favourable for investment than others and brings the competition, associated with economic rent, into play. The

land uses which can make "the highest and best use" of the most accessible areas tend to occupy them in the face of competition as they are willing to pay the high rent concommitant with high accessibility. According to their ability therefore to profit from accessibility, the various land uses become arranged around the centre of the city. At one end of the land use spectrum are commercial uses of land which pay the highest economic rent; at the other, residential land uses which pay the lowest economic rent. Homer Hoyt has been a leading writer on land values in the United States and strongly emphasises their explanatory value in assessing past and future growth of cities. [HOYT, 1933].[3]

Here then was a basic economic concept which was used, explicitly or implicitly, by the ecologists to produce static descriptions of the city and to construct the dynamic processes of change. Following Von Thünen's use of economic rent to develop his model of agricultural land use around cities, Burgess applied much the same principle within the city. His concentric zone model needs little elaboration except to emphasise the principle underlying it. The land use arrangement, with the CBD at the centre and other land uses ranged around it, indicates an economic core and a residential skin explainable only in terms of economic rent and economic competition. The

processes which create the land use patterns also rely on this principle. Segregation and specialization occur when individuals or organizations are sorted according to their ability to pay for urban space. Dominant individuals are those best able to compete for scarce space resources. Invasion is the product of one type of category being able to pay more for urban space than others. Succession occurs when such categories have taken over a zone or a "natural area".

Using some of these concepts, the human ecologists at Chicago studied some of the effects of "disorganization" in the zone of transition caused by the invasion of business and commerce. The analyses of the slum, the hobo, the ghetto are still relevant and vivid ethnography.[4] However, as has already been suggested, these studies are somewhat remote from some of the theoretical principles in ecology and in fact represent an interesting and significant sociological gloss on a basically economic concept.

Perhaps McKenzie most nearly recognizes the importance of the economic element in ecology as he suggests that the difference between economics and ecology was "mainly in the direction of attention" (McKENZIE, 1926, p. 141). The basic ecological process by which

the city changes and grows described in the 20's and 30's springs essentially from the differential ability of various land users in the city to compete in the market for space as a scarce resource. Without this concept, classical ecology becomes little more than descriptive social geography or social reporting. The ecological city is the economic city. Ecological man is strikingly similar to economic man, and ecological competition means little more than the market. Surprisingly, the environmental factors which change the competitive power of various groups and the socio-spatial structure of the city were not extensively examined by the classical ecologists. This had to await their successors and the ecological complex.

THE ECOLOGICAL COMPLEX

Classical ecology had been criticised for its emphasis on spatial patterns, for its determinism and for its theoretical insistence on the two levels in society. Neo-classical ecologists certainly disowned the "split-level" society and tried to move away from the spatial bias. However, the environmental determinism remained and in fact was made more explicit and pronounced. Human ecology in the 50's was concerned with "the functional

organization of a population in process of achieving and maintaining an adaptation to its environment" (DUNCAN AND SCHNORE, 1959, p. 145). The population consisted of "aggregated individuals" between which there emerged "an organization of interdependencies which constitute the population a coherent and functional entity" or the community in the city. The particular organization of these aggregates observable in a city results from "an inescapable compulsion to adjust" to changes in the environment. The organization of aggregates however should not only include their spatial arrangement within the city: perhaps more important were social stratification, bureaucracy and the division of labour, changes in which were important responses to the ecological environment. (HAWLEY, 1944).

The environment which occasioned these responses was "the ecological complex". This complex is indeed complex! It involves not only the physical environment as such, which is external to the city but also elements of the city itself. Which are the dependent and independent variables in the relationship between the ecological complex and the organization of city life is difficult to disentangle. In essence, the complex defined by Duncan and Schnore differs little from the environmental factors mentioned by both Park and McKenzie:[5] it consists of the

population, environment, technology, and the organisation of the aggregates itself. A change in the birth rate, or in transport technology for instance would produce automatic responses in the way the urban community organized itself. This response might involve a physical expansion of the city as occurred with the development of cheap private transport, changes in social segregation, the growth of large-scale bureaucracies or changes in the division of labour by the creation of new occupational groups. Furthermore, competition, while recognised clearly as a social process, was not given such a prominent place in the theoretical statements of the new ecologists: "competition is not the pivotal conception of ecology: in fact, it is possible to describe the subject without even an allusion to competition". (HAWLEY, 1944, p. 401).

However, closer examination of the empirical work of the neo-classical ecologists shows them clearly to be in the classical tradition: only the spatial organization of the urban community was seriously studied and reliance was placed on economic competition for scarce urban space as a basic process in the formulation of them. One group of empirical studies, while clearly more sophisticated statistically than earlier work (largely one presumes due to improvements in the census data) concentrates on the spatial segregation of the urban population,

and gives a spatial dimension to social stratification within the city.[6] In these studies there is little attempt to explain how or why the patterns of residential segregation described have emerged. Only Robson in his study of Sunderland, suggests clear processes at work. He suggests that the growth of Sunderland was dominated by two forces: the attraction of the CBD and the repulsion of the industrial areas along the river, besides "a host of other factors" (ROBSON, 1966). In default of explanation, we can only assume that the emphasis on spatial segregation assumes a similar conceptual framework to earlier studies, namely, economic competition for land resources in the city. Indeed Hawley himself, the main exponent of the new ecology, states this explicitly, and in contradiction to his remark quoted earlier: "the distribution of interrelated activities over the area comprised by the community is controlled in the main by the friction of space and the character of competition, the effects of the latter expressing themselves as rental charges on land" (HAWLEY, 1950, p. 264). Not surprisingly then the study of land values in the city provides a second set of empirical studies.[7] Similarly, ecological studies of the growth of suburbs (SCHNORE, 1957) and the expansion of the city into the rural fringe (MARTIN, 1958)

imply that the basic process was technological, demographic and organizational change in the city making itself felt through increasing demand for land for specific urban purposes in rural areas surrounding the city.

For the classical ecologists therefore, city growth either physically or in its internal organization, was a direct response to changes in the impersonal environment. Definitions of the environment vary considerably, but demographic and technological change seemed to be most significant. The changes occurred through the process of economic competition for the scarce resources of land which could be used for various urban purposes. The market then was set squarely as the basic mechanism. The response was enforced: the city or parts of it had no choice but to adjust and to adjust in the direction indicated by the particular force to which they were responding. It was this element of determinism which occasioned the first significant modification to the ecological approach to the city.

CULTURE: THE INTERVENING VARIABLE

Ecologists who tried to apply Burgess's Concentric Zone model of urban growth to cities other than Chicago in the United States soon found that, in its totality, it did not fit the facts they observed. After

his study of New Haven, Davie observed that "there is no universal pattern, not even an ideal type" (DAVIE, 1938, p. 161). However, ecology had to await Walter Firey's analysis of another New England city, Boston, before a new conceptual framework was to emerge (FIREY, 1947). Firey noted that the existence of Beacon Hill in Boston as a high class residential area close to the centre of the city and a lower class Italian neighbourhood in North End suggested processes which defied a strictly economic analysis. If the principles of economic rent had applied, Beacon Hill would have been invaded by departmental stores or offices. As it was, the high class residents were willing to pay high rents and to resist encroachment by non-residential uses, and had been successful. Similarly, in North End, there was little outward movement by Italians whose economic position was such that they could either have afforded higher living standards elsewhere or could have improved their life chances by emigration to other parts. However, they chose to stay and live in dilapidated conditions in order to remain part of the Italian community: emigration would mean repudiating that community. Firey concluded that space was not being used at its "highest and best use" and thus must have an attribute other than "an impeditive and cost-producing one". Space, he suggested,

had another important attribute: certain spatial areas were seen as symbols for prevailing, non-economic cultural values. The most obvious of such "spaces" are churches, art galleries and parks in the centre of cities whose economic returns are minimal or non-existent in areas of high land values.

The importance of "culture" in the spatial arrangement of population and land uses in the city become increasingly evident to the cultural ecologists. "Culture" was defined as "a system of ideas shared by at least several individuals to give interpretive significance to human behaviour and objects" (WILLHELM, 1962). The "object" in question for the cultural ecologist was city space and "a system of ideas" involved values in groups of the population of the city concerning its use. Furthermore, the fact that there could be more than one set of values about the development of urban land meant that man had a clear choice: "human volition", the absence of which was so prominent in classical ecology, could now play a prominent part. The use of urban space was not determined by environmental forces directly but was dependent on which value system was adopted. These sets of values were seen as the intervening variable between the environment and the city's adjustment to it. In the theoretical

statements however, culture becomes more than values as such, and includes knowledge and organization as well. Culture in this all-inclusive sense becomes the selector and filter of environmental change: thus cultural ecology becomes "the study of relationships between cultural patterns and environmental conditions" (FORDE, 1949, p. 464).

One of the best empirical studies by a cultural ecologist is Willhelm's study of the zoning process in Austin, Texas.[8] He suggests that the process making for land use changes is not so much competition between individuals for urban space either in the market or at the biotic level, but more a clash of different value systems concerning the use of land. He isolates two as being especially important: economic values which involve bowing to the inevitability of impersonal economic forces within the city, allowing a property to be utilized according to the dictates of the market. Businessmen, especially real estate firms, held these values. Secondly, there were protective values which aimed at maintaining the existing land use pattern, especially in residential areas, against any encroachment by commercial or industrial uses which would "lower the tone of the area" or the value of residential property. Individual householders and

residents' associations were the main proponents of this view. These value systems emerged from examining the attitudes and decisions of appellants, defendants and decision-makers in the process of obtaining zoning changes. The members of the Planning Commission had much the same goal in mind in deciding on applications for zoning changes: they all indicated that the land use pattern must be such as "to benefit the public and people who live in the city" and "to foster the health, welfare and safety of the community". The very vagueness of this goal however allows a range of alternative choices as means of attaining it and this results in a series of competing value orientations within the Commission itself. The development of the city thus depends on which of these two dominant value systems is successful.

ECOLOGY AS A VALUE SYSTEM

The importance of values in the growth of cities became particularly clear when a historical dimension to city growth was added and when studies of urban expansion were undertaken in countries other than the United States. It is significant that the first serious challenge to the Chicago School should result from studies of old New England cities, which were founded in the seventeenth

century and have had a continuous history of growth since that time. Their initial development in 'pre-industrial' times in the United States contrasts sharply with Chicago and other Mid-West cities where growth occurred almost entirely in the nineteenth and twentieth centuries under the impetus of modern industrial change. Not unnaturally, given the city which was the classical ecologists' laboratory, the historical dimension had been neglected and this was to prove a serious omission. Many cities, especially in Europe and Asia, were historical cross-sections of a number of distinct historical periods between which cultural values, not just about the use of land but the organization of society as a whole, were significantly different. Their physical form and socio-spatial arrangements are an amalgam of parts, each created at different periods in the past. Similarly, ecological studies in other countries emphasised this historical dimension (since many of them were much older than Chicago) and indicated the wide range of cultural values which exists in the contemporary world and which shapes the form of cities.

Three examples will illustrate the cultural ethnocentricity of the Chicago School. Caplow shows that in Guatemala City, there are considerably different

spatial patterns compared with those indicated by Burgess in Chicago. (CAPLOW, 1949). The centre of the city was dominated by the plaza, the cathedral and the palacio rather than by departmental stores or financial institutions. The upper classes lived close the the central plaza rather than in the outer suburbs, and social organization characteristic of the zone of transition was found in lower class areas on the outskirts of the town. The city was not in functionally linked concentric zones or in sectors organized about and dependent on the commercial core, but in a number of barrios each with its own plaza, forming a number of sub-cities within the larger city. Caplow suggests that these spatial arrangements are due largely to the influence of Spanish colonial rule in planning the cities' growth in the seventeenth and eighteenth century and to the existence within the city of rural values concerning the use of land. The possession of land was a mark of high social status and very little was sold on the open market. The form of the city, so clear still today, was a response to the function of the city as defined by the Spanish in colonial times: it was not primarily a centre for industrial production and commercial exchange but an administrative and religious centre for the colonial rulers. The particular socio-

spatial arrangements of Guatemala City are "determined in part by conscious planning and in part by the pressure of custom, rather than by the exigencies of the land market". While Guatemala City during Spanish rule was in part shaped by the market, the market reflected different values as regards the use of land than the market in the United States in the nineteenth and twentieth centuries.

Secondly, Kuper's study of Durban illustrates other processes and values at work in shaping the city and its social organization. The policy of apartheid is enshrined in government regulations concerning the location of different ethnic groups within Durban, as within most cities in South Africa. The population is divided into ethnic groupings - European, Indian, Coloured: members of these ethnic groups can only purchase land and buildings in areas set aside for the ethnic group to which they belong. The use of urban space according to North American ecological "forces" was subordinated to a strict system of racial zoning: the city council "laid strong emphasis on the avoidance of interracial contact, and indeed extended this principle well beyond the legal requirements . . . The insistence on effective, preferably natural, barriers between residential areas, and on

direct access to place of work, imposed the main outlines of a radial plan . . ." (KUPER, et. al., 1958, p. 184). The processes and patterns of city growth in South Africa cannot be understood except in the context afforded by the racial policies of the society as a whole.

Lastly, Musil's study of the development of Prague during the twenty years after 1945 shows the startling effects of strong state control in the new socialist state of Czechoslovakia (MUSIL, 1968). The segregation of the population into a concentric zone pattern, so evident in pre-war Prague, gave way to a growing homogeneity within the city. Ecological differentials between one part of the city and another quite quickly began to disappear. There was less differentiation in 1955 between different parts of the city in respect of age, fertility, household size, marital status and occupational grouping. This he suggests was due firstly to the powers in the hands of the central government to direct industry and employment generally. Prague's population was not allowed to grow and the in-migration of young people almost stopped in the first two post-war decades. The zone of transition became much less pronounced as a result. Secondly, since there was not a market in urban land, land values and rents do not act as a social sorter of the population and there is no

relationship between quality and location of residence, and ability to pay. The state heavily subsidized housing and introduced bureaucratic rules to replace market rules in its allocation. As a result of these policies, there are "socially mixed neighbourhoods or districts, and an almost complete disappearance of the social status of some areas of the city . . ." (MUSIL, 1968, p. 258).

These three studies have been chosen and examined in some details for two reasons: firstly, because they illustrate that the development of the city depends upon its cultural context. The cultural context of Guatemala during the Spanish colonial rule in the seventeenth and eighteenth century, in apartheid South-Africa today, in socialist Czechoslovakia in the two post-war decades and in the United States during the growth of Chicago were different and thus produced different ecological patterns and processes. The cultural context which the classical ecologists sought to incorporate into their theory as impersonal environmental forces working through biotic and economic competition was in reality an ideological predisposition to allow the urban land to be developed according to the dictates of the market: "The conception of laisser-faire was built into the ecological image" (GREER, 1962, p. 21). Classical ecology was a reflection

of the dominant cultural values concerning the organization of society in the United States. The market philosophy allowed cities to develop through the unfettered personal initiative of individuals acting as freely as possible within the market. Thus land was allocated according to the ability of individuals to use and pay for it i.e. economic rent. Classical ecologists were unaware that they held "a particular social value system that appears to dominate land-use development in our society at the present time" (WILLHELM, 1962, p. 216). However, even though they failed to see the particular cultural content within which they worked, they could not avoid incorporating its basic element, economic competition and the market, into their ecological framework.

Secondly, these studies show the specific importance of government action. Park, in 1927, could state that, notwithstanding the city plan, the city authorities "cannot fix land values, and we leave to private enterprise for the most part the task of determining the city's limits and the location of its residential and industrial districts. Personal tastes and convenience, vocational and economic interests, infallibly lead to a tendency to segregate and thus to classify the populations of great cities. In this way, the city acquires an organization and distribution of population

which is neither designed nor controlled". (PARK, 1925, p. 5). It is clear from the ecological studies mentioned that it was government action in trying to design and to control the city which gave them something of their characteristic form. Government action in affecting the development of cities takes a number of forms. Control over the activities of private institutions is perhaps most widespread. Less common, but more important, are positive government measures in undertaking land development. The criteria used in decision-making about such developments are often non-economic. London itself affords many examples. For instance, using Burgess' framework, it is clear that zoning regulations severely limit the invasion of the zone of transition by the CBD, which was seen as such a problem in 1900. Parts of the "zone" have become stable through the building of local authority estates and as a result, parts have become more like the zone of working men's homes. The pressure for rented accommodation and the lodging house character of the zone of transition has thus been shifted further out, into boroughs such as Enfield. (ENFIELD STUDY, 1968). The significance of government action based often, though certainly not necessarily, on non-economic, non-market criteria will be discussed more fully later.

THE ECOLOGICAL HERITAGE

Any approach to the growth of cities then must examine the total cultural context in which it occurs, as the values of the society have a significant effect on the processes of expansion and the patterns that result. The cultural ethnocentricity of the Chicago School has long been attacked as its greatest weakness: in fact, paradoxically perhaps, it is also its greatest strength.

Chicago was a city the basic function of which was to organize as efficiently as possible the production of goods and services. It was primarily an economic unit whose raison d'etre sprang from modern industrialization: its internal spatial and social organization was a response to the vast social ripples industrialization produced. The city itself was the creation of modern industrial production and it was the effects of the new industrial system on urban patterns and processes that Park and his colleagues were studying. All societies, regardless of their cultural attributes, which have undergone industrial growth in the last two centuries, have also had an increasing proportion of their population living in urban areas. The imperatives of industrialization are such that they can rarely be denied. One requirement is large numbers of people living in large urban agglomerations. It is

upon this basic proposition that Reissman based his theoretical discussion of urbanization which clearly draws heavily on convergence theory. (REISSMAN, 1964). The development of an urban industrial society, he suggests, whether in Europe 100 years ago or in Africa today, involves certain demands which society has to face. The ways of meeting these demands in old Europe or new Africa appear very similar. There are four basic components in urbanization - the emergence of a middle class, industrialization, nationalism - and urban growth.

> "The industrial city, whether built or rebuilt, seems to have been very much the creation of economic demands, at least in the beginning . . . with the rise of the factory . . . there was the need for many people to be in the city and to remain there more or less permanently. Even the cities in the West that were great before industrialization, had to be refashioned to fit the newer demands of an industrial society". (REISSMAN, 1964, pp. 171-2).

This doesn't only apply to old Western cities. Caplow stresses that Guatemala City is taking a form typical of many American cities - the commercial and business areas are becoming more concentrated, the barrios/system is breaking down and high class residential suburbs are springing up on the outskirts of the city. (CAPLOW, 1949, p. 132). Industrialization then, used in its broadest sense to include new transportation technology,

seems to be associated, not only with urban growth as such, but with particular characteristics of urban organization, most usually observed in the socio-spatial arrangements by the ecologists, but extended by Reissman to the wider industrial society. Therefore, through concentrating their studies on the growth of cities in North America, expanding under the impact of industrialization, the classical ecologists were studying a social process with world-wide significance.

However, while industrialization is invariably accompanied by urban growth and by a distinctive social impact upon the population, the organizational means the society adopts for dealing with the consequences of industrialization can be different. This is where the insistence of the cultural ecologists on the cultural context is important. Man has choice, depending on his particular values, in response. Firstly, it can be argued that he can decide whether to industrialize or not. Perhaps more important is the nature of his response. In much of the Western world, an economic and social system for producing and distributing the wealth of the new economic order has developed, which relies largely on the market and economic competition. In other parts, other systems have grown up, especially the system of

state control in socialist countries. Quite new forms of societal organization might well develop in the new nations in Latin America, Africa and Asia. Even Schnore, a long-standing ecological determinist, has suggested that the new nations have a choice between capitalism and communism as ways of dealing with industrialization. (SCHNORE, 1961). This differentiation between societies is paralleled by conflicts within societies concerning the principles of societal organization. As we have already noted, different systems produce different social and physical forms in the city. Musil pointed out the changes which occurred in Prague under state control. It is perhaps significant to note that he adds that "market elements" and the growing importance of "economic factors" as opposed to social factors, are returning and that "there is no doubt that they will result in new social differentiation in the districts of Prague" (MUSIL, 1968, p. 259).

Whether this movement towards the market and economic factors in Czechoslovakia and many other Eastern European States is a "free" choice of the society or a response determined by the inexorable development of a modern industrial society is too wide an issue to be discussed here. It could be argued that modern industrialism requires and produces an "optimal" social value

system which will bring about its most rapid development and that system is the market and economic competition. Suffice it to say that the growth of cities and their organization can be greatly affected by the social value system of the society in which growth takes place. The Chicago ecologists were examining the growth of cities in a society which had devised a system of economic competition and the market mechanism and in which economic values were predominant. It is because urban growth is now taking place in many societies which have "adopted" the same or similar systems that the work of the ecologist is valuable. We can agree with Theodorsen when he suggests that "its (classical ecology) principle may be regarded as an essentially valid analysis of at least a certain cultural value-context - the context of large industrialized communities in which economic values are predominant. This is certainly an important type of community in the world today. Indications are that it may become more important as industrialization spreads". (THEODORSEN, 1961, p. 134).

* * *

The ecological perspective sees the development

of cities as a response to "environmental" factors in all their multivarious forms and suggests that the adaptation of the city can best be seen in the socio-spatial arrangements which result. The Chicago School, correctly in the circumstances, emphasised implicitly the importance of the market and economic competition as the means by which the adaptation took place. The importance of the market and economic competition in modern industrial society in the West, was made explicit by the cultural ecologists who insisted that the culture of a society which was responding to environmental change was an important intervening variable and had significant repercussions on the patterns and processes of adaptation. They further pointed out that the cultural context consisted not only of one basic value system (e.g. economic values in the United States) but a number of value systems; the final form which the city takes depends upon which system was adopted.

However, at this point ecology leaves unanswered a number of important questions. Given the importance of different values in society and their effects on the use of urban land, how is one value system adopted and another rejected in any particular city or site? Does the existence of different value systems produce conflicts and if so, how are these conflicts resolved? Is not the basic

process at work in shaping the development of cities the periodic articulation and resolution of such conflicts? The isolation of different value systems as regards land-use is meaningless unless there is some understanding of how these value positions arose historically, what is the connection with the values held in the wider society and, perhaps most important of all, what is the distribution of power amongst groups who adhere to them. Values, without groups who hold them and power to pursue them, are rather empty as explanatory tools. It is this aspect of urban growth which ecologists neglect: because of the strong element of determinism in all ecological approaches, factors such as the differential distribution of power between groups in a society are disregarded.

Urban growth is the product of conflict between groups in society which hold different values and who possess different power resources with which to pursue their ends. Chapter 2 examines the question of conflict and power in the development of cities.

CHAPTER 1: Footnotes

1. The impetus for examining urban growth came however not only from an academic interest in what appeared to be a dominant characteristic of contemporary society, but also from strong ideological views on the effects of the growth of cities on "the American way of life". Cities were the stage for rapid social change. Rural depopulation on a large scale was accompanied by the concentration of population at high densities in the industrial cities, especially in the North East and the Mid West. These changes emphasised the strong aversion in America to the city, its size and its problems, an aversion which had its roots deep in American philosophical thought (WHITE, 1962). Scholarly investigation of urban growth then had more than a purely academic component: a second element involved basic questions about "the good life" and the fear that the cities were destroying it.

2. One important element in Park's theoretical approach to the city was his distinction between two levels in society. First, there was the "biotic" level where relationships were symbiotic i.e. characterized by competitive co-operation in an instinctive, unconscious struggle to survive. Second, there was a "cultural" level which supplements the biotic level and is less important in shaping the organization of society. This level is characterized by "communication and consensus". Conflict and competition are restricted, more or less, by the "conventions, understandings and laws" which are the basis of the economic, political and moral superstructure. [PARK, 1936]

3. Stone quotes average auction prices in Britain 1960-62 to illustrate this also. Land for commercial uses was sold for £25,000/acre on the average, whereas land for residential use sold for only £5,000/acre on the average (STONE, 1965). The relationship therefore is that location in respect to the city centre controls economic rent and economic rent controls the land use. This bare outline was elaborated at great length by land-use economists in the 1920, especially Haig, Radcliff and Chamberlain.

4. See for example, Anderson, N., The Hobo, University of Chicago Press, 1923; Zorbaugh, H., The Gold Coast and the Slum, University of Chicago Press, 1929; Wirth, L., The Ghetto, University of Chicago Press, 1928.

5. Park, for instance, suggests that the "elements" of the human community are (1) population (2) artifacts [technological culture] (3) custom and beliefs [non-material culture] (4) natural resources [PARK, 1936]

6. See for example, Duncan O.D. and Duncan, B., Residential Distribution and Occupational Stratification, American Journal of Sociology, Vol. LX, 1955, pp. 493-503; Schmid, C.F. et al., The Ecology of the American City; Further Comparison and Validation of Generalizations, American Sociological Review, Vol. XXIII, 1958, pp. 392-401; Collinson, P., Occupation, Education and Housing in an English City, American Journal of Sociology, Vol. LXV, 1960, pp. 588-599.

7. See, for example, Danserean, H.K., Some Implications of Modern Highways for Community Ecology IN Theordorsen, G.A., Studies in Human Ecology, Harper and Row 1961; Hawley, A.H., Land Values in Okayama, Japan, 1940 and 1952, American Journal of Sociology, Vol. LX, 1955, p. 487; Knos, D.S., Land Values in Topeka, Kansas, Centre for Research in Business, University of Kansas Press, 1962.

8. An early and eminent British study in this field was Jones, E., A Social Geography of Belfast, Oxford University Press, 1960 [reprint 1966: London Microfilms].

CHAPTER 2 URBAN GROWTH: THE CONFLICT CONTEXT

INTRODUCTION

A central feature of any conflict is dissensus among those involved. The interests of the individuals or organizations who are in conflict are defined by themselves as being opposed. If this was not so, conflict would not arise. Classical ecology was in part rejected as an approach to urban growth because it assumed a consensus among groups within the city about the values governing the development of the city. It was assumed that all accepted that land should be used according to the dictates of the free market and economic values. For them, given this single core value system, certain patterned and recurrent processes created a functionally integrated city. Each organization, each natural area, each concentric zone had a clearly defined part to play, similar to the organs of the body, in maintaining the city as an effectively functioning organism.

However, the cultural ecologists themselves discovered, even in the United States where economic values are widely believed to be dominant, that there was no consensus about the use of land. Different groups held different values which in turn were based on different interests. The shopkeeper and the house-

holder, the church and the government department certainly did not in reality share a common value system as to how the city should change and grow, and, in light of ecological determinism, this is not too obvious a point to be made explicitly. Conflict between such groups is ever-present and the basic process in city growth is the creation and resolution of it. Individuals and groups are not prepared to accept, as the ecologists assumed, the inevitability of change dictated by impersonal ecological forces. The development of a housing estate, for example in any town or village in the London Metropolitan Region is clearly in the interests of certain groups or organizations, especially those directly concerned with the development, such as the landowner who wants to sell his land, the developer who wants to develop, or the potential householder who wants to buy. Just as clearly however, it might well be against the interests of other groups and organizations, such as other local landowners whose crops might be threatened by the new population, local residents whose homes may fall in value or local preservation groups which consider that the estate will destroy Local 'amenity'. The outcome of this conflict is not at all inevitable, nor does it rely on non-social processes.

It cannot, however, be assumed that the conflict

of interests concerning the development of a particular city or a particular site spring from the specific local context. Clearly, the local context, especially the history of the city's or area's development and particularly the local distribution of power, will be of great significance. But just as important is the general context in which the struggle takes place, and which is the product of conflicts in the wider society. This is the case not only with land development for residential purposes, but for any study concerned with a specific case. The study of industrial unrest, for instance, in a particular factory would be unwise to concentrate solely on the local origins of the conflict such as the history of labour relations in that factory, the personalities of key individuals involved, or the working conditions in the factory. It would also be necessary to examine the history of labour relations in the industry as a whole and to discover those factors from the societal level which had an effect on the specific case being studied.

Conflicts involved in residential development in the London Region then require both a national and a local perspective in order to be fully understood. The range of interests surrounding the development of land for housing, as indicated earlier,,is large: the metropolitan region is characterized by complexity rather

than simplicity. There are many cross-cutting conflicts of interest which change both from time to time and from place to place. It is more than difficult to assign to any group or organization a set of values and interests which will be consistent in time and space. All that will be attempted here is to try to isolate some of the more significant and consistent.

MARKET AND PLAN

The impact of industrialisation does not require a determined and specific societal response either in terms of the values of that society or in the means of societal organization. Different societies at different periods have devised varying systems of organization. In the late nineteenth and early twentieth century in the United States, the free market, competition and economic values were paramount; in post-war Czechoslovakia, state systems involved were concerned with the production and distribution of societal resources. Some societies rely on private ownership and parliamentary institutions in the economic and political spheres: still others on state ownership of resources and a totalitarian party system to achieve the same. It has been possible to distinguish two major types of system, which can be described as the market and the plan, the former with an emphasis on private ownership and private enterprise; the latter on public ownership and public enterprise. While ideal types of

these two systems can be constructed, in reality they cannot be seen anywhere. Most societies have developed a complex combination of both. The particular balance at any one time within a particular society is the product of an on-going historical process of change, and the history of Britain since 1945 is apt testimony of this. The balance depends upon shifts in power between groups in society who conceive of their interests being favoured or otherwise by particular combinations of the market and the plan components. These interests both define and are defined by the values or ideology of those groups, which is often a part of the political expression of their interests. It is this conflict between the market and plan system which provides the major societal context for residential expansion in Britain.

Historically the conflict between the market and the plan originated in the nineteenth century in Britain and took the form of resentment of state interference in the free workings of the market and control over or substitution of market institutions by the state: it is in this resentment that the conflict lies. "Interference" is a value-loaded word and certainly implies action by the state which is detrimental. Indeed, the fact that state action today is still couched in these terms suggests the continuing strength of the market ideology, if not the market system.

State "interference" also implies, correctly, that the market system was in operation and preceded any significant action by the state. The Industrial and French Revolutions brought about major changes in the economic and political order both in Britain and on the Continent. (NISBET, 1967) Medieval corporatism and authority cracked under their impact; the communalism of societal organization and the constraining, semi-feudal bonds of custom and sentiment gave way to "individual liberty in the sense of freedom to privately appropriate the means of production." (WEBB, 1889) Such liberty was seen as a "necessity" if the opportunities for increased wealth offered by the technological innovations of the Industrial Revolution were to be grasped. Traditional institutional order slowly broke down and a new one was constructed in which the individual became the basic unit of society: the church, the guild, the village became secondary. The private individual pursuing his own self-defined interest in free competition with his fellows, unfettered by traditional ties became the basis for classical economics, philosophic individualism and utilitarian liberalism and also a dominating feature of the market system.

In land development, it was the private developer himself who assumed any responsibility for "the public welfare" both by regulating construction and design and

by attempting to provide for the urban proletariat. Some factory owners were active in founding model villages for their workers. Whatever their motives(which seemed to have been a mixture of philanthropy and self-interest) their creations such as Saltaire, Bournville and Earswick, became showpieces of capitalist benevolence. More common however were covenants attached to building leases and feus which involved, in theory at least, a comprehensive system of controls aimed at ensuring high standards in construction and estate design. (CHALKLIN, 1968) The ducal estates in North London are good examples of estates which were built within such a framework of controls. (OLSEN, 1964) Furthermore, the developer occasionally undertook the provision of a wide range of amenities, including inns, markets, parks and gardens, on their larger developments, as Kellett describes in Glasgow. (KELLETT, 1961).

However, as the nineteenth century progressed, the failings of the market system became fairly clear. This was perhaps most visible in the great industrial cities of northern England. None could deny the appalling physical conditions of the slums in which the new urban proletariat was living. The large estate was exceptional, as too was the introduction of and particularly effective enforcement of high construction and design standards by ground landlords. While a multitude of small developments and small builders produced a haphazard and piecemeal

physical structure, many dwellings, especially in nineteenth century suburbs, were soundly built with tolerable environmental standards. In the centre of the large cities however, standards were not as high and the familiar detrimental efforts of a shortage of housing in high cost locations soon became evident.[1] Nor was a system perfect which created such vast inequalities of wealth and reduced significant proportions of the population to destitution. It was clear that freedom for the few meant poverty for the many. A system which required free choice was unworkable when so many did not possess the resources with which to choose.

The problems of the slums, as with the model settlements, aroused both the social conscience and the self-preserving instincts of the middle class. While they were concerned with the moral depravity and bad housing conditions of the working class, they also saw the dangers which the primitive or non-existent sanitary conditions presented, as well as the economic costs involved in the provision of welfare services and the loss of labour in the factories. The ghost of 1848 was also of some concern:

> "Some measures are urgently called for, as claims of humanity and justice to great multitudes of our fellow men and as necessary not less for the welfare of the poor than the safety of property and the welfare of the rich".[2]

The only means of either controlling the market or of superceding it altogether was by state action. The concentration of wealth through the enshrinement of the principle of private property was considered as unjust and dangerous to some degree, first by the radicals and then by the socialists. The intellectual arm of the Labour Movement, the Fabian Society, adopted as its main aim "to satisfy the ordinary man, not merely that most of the existing arrangements of society are fundamentally defective.... but also that the main principle of reform must be the substitution of Collective Ownership and Control for Individual Private Property in the means of production." (WEBB, 1908, p. 54) There was great faith in the power of the state to rehabilitate man and his institutions.

Local government institutions until the end of the century, however, were quite inadequate to perform a positive role. The system was still largely based on the vestries which were ill-equipped to regulate land development and even less to take the initiative in removing slums. These, together with the ad hoc public bodies such as the Commissions of Sewers, Highway Boards etc., formed a disorganized and fragmented local government structure, as Dyos indicates in Camberwell. (DYOS, 1961) Not surprisingly, few local government institutions took advantage of the powers conferred upon

them by permissive acts of Parliament, to build, and control. (The fact that costs would be charged against local rates was also a strong deterrent!) But by the end of the century, local government structure became considerably rationalized and took on much of its present form, and there was a more realistic hope that government institutions might perform the role wished upon them by the Fabians and others. Even so, private initiative still preceded public powers in land development: the 1909 Town and Country Planning Act was built firmly on the ideas of the Garden City Movement which was conceived by Howard as a private and profitable affair.[3]

However, state action has to be based on quite different principles from the market. Even though the market system emphasised the individual, the political philosophy which supported it paid attention to the community and to the public interest. It is not surprising, given the importance of the individual, that the community represented little more than a collectivity of them. The public interest, then defined as the maximum happiness of the maximum number at the minimum cost, was an emergent property of the workings of the market. The unconscious unco-ordinated activities of many free competitive individuals was the best way to achieve it: competitive self-interest produces communal or social interest: "the single competitor pursues his own purpose; he uses his energies for asserting his own interests.

The competitive struggle is carried on by means of objective accomplishments, usually yielding a result which is somehow valuable to a third party. The purely social interest makes this result into an ultimate goal.. This social interest thus cannot only admit but may even directly evoke competition." (SIMMEL, 1955, p. 72) This principle is seen by Dyos to dominate the development of Camberwell in the early part of the century at least: "The conviction was still widespread that most of the requirements of a suburban community, as of any other, would be provided by unseen hands. The pursuit of self-interest was still thought to be the best mandate for the public welfare." (DYOS, 1961, p. 138)

The proponents of the plan system rejected the unco-ordination, the unconscious rationality of the market. If society were to be reconstructed an alternative means had to be devised: this was the plan. Here the public interest was to be made explicit, and distinct courses of action were to be devised, usually by the state, for achieving the goals which the public interest dictated. Individuals had a pre-determined part to play in the plan and competition thus was reduced to almost nil. Direction and organization of individual efforts by the state was the key to the plan system. (DAHRENDORF, 1968)

It is clear that in Britain the plan system is more

characteristic of some spheres of activity than others. Nationalisation of certain key industries is perhaps the most extreme case of the plan system being adopted. For the most part, a dual system has evolved in most sectors, in which the state's role is one of controller of the market rather than substitution for it. The market component then acts within certain rules and conditions laid down by the state. Conflict between market and plan lies in the possibility that the principles underlying such rules are seen to be opposed to the interests of the market institutions which have to act within them.

THE IDEOLOGICAL CONFLICT

State action in laying down rules for the operation of the market need not necessarily produce conflict. It will only do so if the rules are based on principles which clash with those of the market institutions. It can be suggested that there exists a large element of consensus about many of the roles of the state. Very few would argue that the State should not provide services or products which the market is unable or unwilling to provide. A private seller would find it impossible to charge a price for roads, for a defence system or for street lighting: he would have difficulty in deciding exactly which consumers should receive the benefit and if he could do so, how to exclude non-paying consumers from

receiving benefits. Nor would there be much opposition to the state's role in regulating competition so that it is made fairer for consumers and producers: enforcing minimum standards for goods and services produced by the private sector is seen as a legitimate role. However, it has become increasingly clear of late that there is considerable ideological difference of opinion about the role of the state and the market in many fields.

The proponents of the market, while recognising its limitations and assigning a closely defined role for the state in controlling it, suggest that the balance between the market and the plan, private enterprise and state control has been weighted in favour of the plan, and wish to see market principles re-introduced into areas of activity long the monopoly of the state. This is particularly so in "welfare" activities such as education, public housing and the medical services. The Institute of Economic Affairs has been in the vanguard of this market risorgimento and has waged a campaign which even its opponents recognise "must be respected for the quality, consistency and rigour of its approach." (COLLARD, 1969, p. 3) In the sphere of regional land-use planning also, the liberty through free choice which it is thought the market offers, is proving worthy of serious attention. The economic and the political market places, it is suggested, are the most useful means of discovering

what is required, and, perhaps more significant, what is the right kind of requirement - the market makes the value judgment itself: "whether we are considering art museums or automobiles, the political forum and the market together provide the sensitive testing instruments for detailing the amounts, types and quantities of public goods or private goods that should be supplied." (WEBBER, 1969, p. 292) A similar re-definition of the roles of the state and the market in land-use planning is contained in the suggestion that planning permission should be auctioned and sold to the highest bidder. (PENNANCE, 1967)

Criticisms of the plan system in Britain are numerous and much of it relates to specific cases, but three inter-related themes emerge. First, individual liberty has been supressed by the heavy hand of the state, and it is necessary to preserve liberty for the individual at all costs. (DAHRENDORF, 1968) Individual liberty is best achieved through the market. However, the fact that freedom of choice is possible only for some and at the expense of others has been recognised by the "New Right", and state aid to the less-privileged members of society has become an important appendage to the market philosophy. In Dahrendorf's terms, the rules of the game devised by the state must endeavour to make all players of the game equal. Second, the plan system substitutes bureaucratic decision

making for the decision of the sovereign consumer or elector. Can we, it is asked, rely on "the coarse thumb and finger" of the bureaucrat to mould the good society? Bureaucratic wisdom, it is suggested, is far inferior to the collective wisdom of the political and economic market in deciding on the kind of society that should emerge. Thirdly, the principle of the plan itself is attacked. The plan is based on the assumption that through the application of human effort a series of actions can be consciously devised to bring about a desired state of affairs. This series of actions however is often distinguished because it is future-oriented: is it possible to devise a scheme in the present which will bring about the desired result some time in the future? Opponents of the plan system suggest this holds an assumption about the future that is false, namely that there is a strong element of certainty about the future. The future is uncertain, they suggest, and if it is so, the plan is a very inflexible instrument for dealing with it. Hayek puts this view quite clearly: "the critical fact of our lives is that we are not omniscient, that we have from moment to moment to adjust to new facts which we have not known before, and that we can therefore not order our lives according to a preconceived, detailed plan." (HAYEK, 1967, p. 90) In ideological terms then, the market/plan conflict is still very significant in Britain which, historically, has seen initiative passing more and more to the state and the plan, and away from the

market.

There is clearly still a meaningful distinction between market and plan: the values upon which market proponents comprehend a situation and choose appropriate courses of action are in conflict with those held by plan proponents. To what extent is the ideological conflict today a hangover from a time when the conflict of interests was more real? If we accept Marx's premise that ideologies are a reflection of the interests of different groups, could it not be suggested that while the interests of groups have changed, there has been a time-lag as far as the ideologies are concerned? In time they will change too, to reflect more accurately the new alignment of interests. This is certainly a conclusion which can be drawn from Galbraith's analysis of modern industrial society. (GALBRAITH, 1967) He suggests that the displacement of entrepreneurial capitalists by the massive corporation as the major unit of economic production in many sectors of the economy in the United States has made redundant the conflict between private enterprise and state control. The interests of the large bureaucratic corporation and the state converge on the need for planning by both. The policies of the state are vital for the new industrial system. In order that the technologically-based corporation can function effectively it needs the state to plan and control a range of activities: it must regulate aggregate demand; it must maintain a large sector

a large sector of public expenditure so that regulation of demand can be effective; it must invest in high-cost technological innovation carried out by the corporation, and it must provide the trained manpower which the corporation needs to undertake technological innovation. For its part, the mature corporation plans "the free" market out of existence because its control over both capital and consumer frees it from the uncertainty of the market. The goals of the corporation are survival and growth not the maximisation of profits as with the traditional entrepreneur. The convergence of the interests of state and corporation means that "there is no sharp line separating government from the private firm ... each organization is important to the other ... each organization accepts the other's goals; each adapts the goals of the other to its own." (GALBRAITH, 1967, p. 314) Has the market system disappeared and are market institutions becoming redundant? Are there no clashes of interests in the relationship between the state and private enterprise?

THE CONFLICT OF INTERESTS

In this chapter, we are concerned with the general case of conflict between market and plan, but, as has already been suggested, part of the answer to these questions lies in the particular circumstances surrounding the specific case being studied. This aspect will be dealt

with in Chapter 3 when the relationship between market and plan in residential expansion in the South-East will be analysed. However, certain points can be made here which will qualify Galbraith's statement and suggest some of the general clashes of interest which are likely between market and plan institutions.

Some sectors of the British economy are dominated by a few large companies and competition in these sectors is replaced by oligopoly or even monopoly. His analysis of the relationship between the state and the "market" in these sectors is probably correct and it is thus not surprising that it was the Federation of British Industries, being dominated by the large company, that encouraged the Conservative Government in 1960 to "assess plans and demands in particular industries for five or even ten years ahead." (BRITTAN, 1965, p. 218) Similarly, in the United States, it has been reported that the large corporations are developing "a widespread faith in the potentialities of and urgent need for 'big government'" in many spheres of national life.[4]

However, many sectors of the economy in Britain are not dominated by the large company: they are dominated by the small and medium-sized firm. Most of the service sectors, which are the growth areas in employment terms, are in this category. In these sectors, the entrepreneur rather than the manager/bureaucrat is in control and it is more likely that the goals of such market institutions

conform to the traditional model of "pecuniary self-interest", and operate in a market characterized by competition rather than oligopoly. The building industry is a good example and is particularly relevant to our concern with residential development. The industry is composed largely of the small firm: 80.8% of the enterprises in construction in 1963 had less than 10 employees and 99.5 less than 100 employees.[5] The industry is at the opposite extreme to the new industrial system: it is distinguished by having not only a large number of small concerns but also by being technologically backward. It is in such areas as this that the market system is still operative and in which market institutions are likely to feel that they have much to lose, in terms of personal gain, from state regulation.

Within such sectors, the market institutions respond to demand from their consumers, who are exercising "free" choice among the range of products from a range of producers. The raison d'etre of the market institution is to satisfy this demand and if it is not able to do so, and is thus uncompetitive, it is likely to disappear. Meeting this demand requires immediate action; demand makes itself felt at a point in time and however much the market institution would like to control the demands of its consumer and to reduce market uncertainty in the future, it must continually adjust: the imperative of the market (in an ideal form)

requires a narrow time perspective. Plan institutions however, as already suggested, are often future-oriented. The plan is devised so as to present a fairly long-term solution to current problems. Immediate and short-term considerations, including those of the market institutions, must sometimes be sacrificed. The plan institution sees itself as much the custodian of future generations as the hope of the present.

Secondly, the market is dealing with a narrowly defined "public", both in terms of the public's requirements, and often its spatial distribution. Its requirements may concern a particular product or a particular range of products. The market institution is not only meeting a demand at a particular time, but is meeting a demand which is limited, precise and specific. The plan institution, on the other hand, is dealing with a public which is often varied in its requirements and often spatially much more widely distributed. It has to meet not a single specific requirement for a product, but has often to interpret, define, rank and attempt to satisfy a variety of its public's requirements. For instance, the plan institution in regional land use planning has to attempt to assess the needs of the regional public, a public which is extremely heterogeneous. An industrialist seeking to meet the specific demand for a particular product such as bricks, pipes or confectionery might well be "hindered" by the plans devised to meet the regional requirement. He might

be stopped from expanding production altogether, or be allowed to expand only in certain areas or his workers might not be able to find houses at appropriate prices in appropriate locations.

Lastly, it is important to re-emphasise the different techniques which the market and plan system employ to achieve societal goals. The market institution, it is argued, is serving the interests of the community through its pursuit of self-interest and pecuniary gain. The public interest is best served by the market institutions being free to pursue their own, narrow interests, interests defined solely with reference to maximum profits at minimum costs for the firm. The plan institution is also concerned with the public interest, however much cynicism of late has been attached to planning activities. However, public interest for them involves a conscious definition of goals which they believe are vital if the public interest is to be met. Whereas the market institution can serve the public interest by defining its policies in terms of its <u>own</u> interests, the plan institution must formulate its policies <u>explicitly</u> in terms of its <u>public's</u> interests or its assessment of them. These policies often obstruct the activities of the market institution. It is not surprising then, as we have seen, that a major point of criticism of the state is its inability to explicitly and accurately assess the public interest. The conflict between the market and the plan in this respect can be seen, again in the case of land-

use planning, in this clear statement by a leading residential developer: "administrators come to see its (land-use planning's) role as almost a crusade to thwart the workings of commercialism for the sake of higher things ... they regard economic and financial considerations at best with grudging tolerance and at worst, simply an obstacle to good planning."[6]

This brief review of the general relationship between the market and plan system does not do justice to its complexity. It has concentrated on certain features which seemed particularly relevant to our study of residential expansion and has omitted others. It has emphasised the market in the economic sense, since the private sector is so important in the provision of housing. It has emphasised the state in the plan system as it is local and national government which is the major plan institution in this case. It has omitted detailed discussion of the political market place and of the private bureaucracy as a major plan institution. Even so, it has been possible to suggest that the market/plan dichotomy provides an important cleavage of interests and ideology in British society. This conflict provides the context for study of most spheres of national life which incorporate a market and a plan component. Residential development is clearly one of these. Not only is it characterized by small entrepreneurs for the most part, but also by a

comprehensive system of state controls. It now remains therefore to examine the development of the dual system in residential development and discover what forms the relationship between market and plan takes.

LAND USE CONTROLS AFTER 1945

Brief reference has already been made to the changing role of government in the nineteenth and early twentieth century. Government control over land development has clearly expanded considerably in many spheres. The state has progressively become more active as a land developer in its own right; it now provides housing for groups of the population formerly catered for by the private developer and has built and owns a substantial proportion of the nation's housing stock. Public money has been invested in a number of new towns around many of the large conurbations. If the state now caters for some housing needs, it also restricts the private housing market by a number of financial regulations. This is especially effected through the tax system which has stimulated home-ownership and depressed the private rented sector. The market also operates within a comprehensive system of land use controls set up by the 1947 Town and Country Planning Act and subsequent Acts. All these, and other aspects of the dual system have been thoroughly examined in a number of publications.[7] It is through measures aimed at controlling the individual's rights to

use land, however, that the state has tried most systematically to arrange urban growth according to planning principles, and this aspect of the relationship between market and plan in a general sense will be examined here.

The 1947 Town and Country Planning Act, modelled on many of the Barlow and Uthwatt recommendations, seemed to provide planners with sufficient powers to control and channel urban growth and to take over the initiating role in land development from the market.[8] This certainly was the aim of its supporters in 1947. The basic provisions of the Act were:

(i) private development rights in land were vested in the state, and permission to develop land had to be obtained by the owner from the local authority.

(ii) permission or refusal to develop would in most cases be given in accordance with development plans for every part of the country. Responsibility for drawing up development plans was given to 145 county and county borough councils, not to the 1441 local authorities which had been responsible for planning up to that time.

(iii) Development plans were subject to central control by the Minister of Housing and Local Government, whose approval was necessary.

(iv) Development values in land accrued to the state not the owner: land values were frozen in 1947 and a 100% betterment levy would be charged on increases in value after that date. Compensation for loss of development value would be paid out of a £300m fund.

(v) Local authorities could purchase land compulsorily at existing use value rather than market value as previously. (HEAP, 1960).

The provisions of the Act made planning comprehensive in the sense that it covered all parts of the country, mandatory on the local authorities concerned, and did appear to give positive powers of action. Some element of co-ordination of plans was possible through the smaller number of larger authorities involved and through the fact that the final decision on plans rested with the Minister. The financial provisions attempted a "once-and-for-all" solution to the compensation/betterment problem, by substituting the plan and the local authority for the market and the landowner in allocating land to its "best" use.

However, the financial provisions of the Act were changed during the 1950's. It was considered by the

drafters of the Act that public acquisition of development rights, if not of the freehold, in land, if need be by compulsion, was the only satisfactory answer to the problem of comprehensive planning and of securing betterment: owners who withheld land or put it on the market to secure maximum profits from its sale were not only profiting from values created by the community but could also frustrate plans for the development of an area. However, the 1947 Act, while collecting the whole of any development value, relied on private sales in the market to bring land into development. This reliance was ill-founded, as with 100% of any development value going to the state, there was no incentive for the seller to sell: he received only existing use value. Furthermore, it was considered that the £300 million allocated by the central government to the Central Land Board was not sufficient to meet the size of development value lost, especially as claims would be inflated by those who never seriously considered development. (PARKER 1965, p. 66) Not surprisingly therefore, the Conservatives abolished the development charges in Acts of 1953 and 1954 and private sales took place in a resurrected market, where development values went to the seller. However, compulsory purchase of land by local authorities still took place at existing use value: this inequality was removed in the 1959 Act when local authorities again had to pay full market value. As a result of the 1953 and 1954 Acts, speculation

in land again became a possibility and probably distorted development plans and local authority planning policies during the late 50's and 60's. A free market in land within the planning system was deplored by some:

> "That intention (to preserve a free market in in land) is a direct contradiction in terms of the meaning of planning. When we accept the need for town planning, we reject the concept of a free market in land. The issue we are discussing is the problem which arises when we accept the need for planning, but still try to apply the principles of a free market."[9]

The Land Commission is the latest attempt to collect betterment in a system which incorporates a free market. Unlike its predecessor, the present Labour Government, as in the case of housing, seems to be more realistic in its approach to the market sector, as only 40% of the development value goes to the state. It is hoped by this means to provide enough incentive to keep the market working yet collect a significant sum as betterment for the community.

While planning became comprehensive in that development plans covered the whole of the country after 1947, its scope on the whole was still limited to physical planning in the locality. While the county and county borough councils were a great improvement on the fragmentation of the 20's and 30's, their concern was still primarily with the arrangement of land use, to cater for increases in population and employment in the years ahead. Furthermore these essential constituents "are considered for localities with only a modest regard for the wider area of which the

locality is a part or of the national economy as a whole." (LICHFIELD 1967, p. 14) On the whole, local plans are prepared in isolation from those being prepared in adjacent areas. However the 1947 Act gave the Minister the job of seeing that local development plans were compatible with each other and with the broad lines of policy for which he was responsible. One problem here was that the Minister could not cope quickly enough with the mass of detail that each development plan contained, although the 1968 Act aims at remedying this situation.[10] A second and more fundamental problem is that the original conception of planning in the 40's saw local plans as a physical supplement to national and regional plans which would control the distribution of population and employment; local plans would then ensure that the land development that resulted was ordered "efficiently". However national and regional plans have on the whole been non-existent.

Attempts to this end have been made through industrial location controls and certain incentives such as industrial building grants, tax concessions and clearly the government can influence the distribution of employment and population radically by its investment in infrastructure. Action by the central government has never been convincing or successful: "techniques have been ad hoc pressures on the decisions of individual firms, and the only criterion

has been the relief of unemployment." (SELF 1967, p.5) Encouragement, as a substitute for direction, is of limited value unless conceived in a rational and compatible framework of national and regional planning. The National Plan of 1965, while indicating only the broadest outlines of growth was produced, along with a new department for national and regional planning and a number of regional bodies. However, these regional bodies now work in something of a vacuum with the quiet departure of the National Plan ten months after its launching.[11] Now, as before 1945, planning at a national level takes place through the "co-ordination" of five Departments of State: co-ordination is not always successful![12] Not only is the fragmentation of responsibility at national level a problem, but fragmentation at the local level has increased since 1947, especially after 1959 when county districts with 60,000 population or more had delegated powers as of right.[13] In theory the county has the final decision in any application contravening the development plan, but the possibilities of both changes in the plan and of conflict between the local authorities is increased.[14] The effectiveness of the planning system then is reduced by the fragmentation of responsibility at local and national levels and a virtual absence of an economic and social superstructure to the physical planning system locally. In the absence of government intervention in effectively ordering the

distribution of population and employment, local development plans are buffetted by economic and social forces and it is more by luck than management that development plans are appropriate to meet them.

One of the points raised in the 1947 White Paper was that planning must be made more positive. The major way in which this was to be achieved was through allowing the local authority to purchase land compulsorily with great ease by allowing them to purchase at existing use value: then "plans need no longer be rendered abortive because the owner of land required for an important project refuses to sell".[15] We have seen already that full market value on compulsory purchase was re-introduced in 1959 and Parker makes the point (p.67) that local authorities were unwilling to exercise their compulsory purchase powers after 1954 in order to avoid being unfair to landowners who would suffer under the dual price system. Therefore, the positive side of planning through land purchase has proved abortive and the role of the Land Commission in buying land, compulsorily if necessary, is an admission of this. The planning machinery is designed not so much to <u>instigate</u> land development in accordance with the plan, but to <u>control</u> the pressures for the use of land once they arise. It is very difficult for the public authority to take the initiative in the system; its role is to regulate, not to create. Land use planning tends to be "better as a negative

control on undesirable development than as a positive stimulus to the creation of a good environment."[16] The similarity of this statement in 1967 with a statement made by the government twenty years before is striking:

> "The system (pre-1947) is to a large extent negative. It can with difficulty prevent bad development, but it cannot secure good development apart from any which a local authority can undertake in the exercise of statutory functions."[17]

Then, as now, the planning system depends upon the action of private individuals and organizations to achieve its goals: this is true both of local physical plans and industrial location policies. The development plan requires the initiative of the market to make it effective:

> "Development plans represent what the local planning authorities would like to see, but until now their implementation depended exclusively on the initiatives and capabilities of private developers."[18]

The balance between the market and the plan components in residential development, as in most other spheres, can be altered by means of legislation at a national level. Legislation since 1945 has tended to alter the balance by giving power to or taking power from government. The balance changes owing to the ideologies of the political parties in power, which in part reflect the interests of the groups who support them. The Conservative Party on the whole favours the market and private enterprise; the

Labour Party the plan and state control. The legislation lays down rules within which the market must operate. The operation of these rules however often lies at the local level and it is the local authority which uses the power conferred upon it to intervene and control the market in the development of land. Power is passed down from the national to the local level and is exercised through the development and implementation of planning policies. Clearly our structure of government gives the central government considerable powers to oversee local planning policies but a good deal of devolution of power to the local level is built into the legislation. Therefore, one important product of the national conflict between market and plan is varying amounts of power being given to local authorities by means of legislation, to control the market.

Moreover, it is at the local level that the conflict between market and plan takes place and is worked out. The devolution of power to the local plan institution alone ensures this. Because the interests of the market and the plan institutions at a local level are likely to be opposed in a general sense, the clash of market and plan values will structure power relationships between groups in a specific case. Reverting to our example of the housing estate in the London Metropolitan Region, a major cleavage in the alignment of the groups will be between those who support market values and those who do not. A great deal

depends upon the content of planning policies. It is clear from the United States that government planning policies at the local level do not oppose but rather reinforce the economic values of market institutions. (DELAFONS, 1962) Therefore it is necessary to examine the values of the actors in the specific context in order to assess the specific validity of the market/plan dichotomy. It is to the values and the actors involved in the residential development of the London Metropolitan Region that we now turn.

CHAPTER 2: Footnotes

1. Engels' work in the 1840's gives some indication of the conditions in many industrial cities. He makes reference to a number of official documents relating to the physical conditions in slum areas and the detrimental effects on health which they produced. The translation by Henderson and Chaloner for the 1958 edition is particularly useful however for correcting Engels' zealous inaccuracies.

2. Report of The Select Committee on the Health of Towns, British Parliamentary Papers, 1840, XI, p. xiv-xv.

3. For an excellent, brief account of the history of town planning in Britain; together with a full biography, see Ashworth. W. The Genesis of Modern British Town Planning, Routledge and Kegan Paul, 1968.

4. See Jay, P, Look who's moving Left-big business, The Times Business News 6th Feb., 1969. p.22.

5. Census of Production, 1963.

6. See Wates, N, On Builder's Problems, Guardian 24th March, 1969.

7. The following provide good documentation of the development of the dual system in Britain in these fields: Cullingworth, J.B., Housing and Local Government in England and Wales, George Allen and Unwin, 1966; Donnison, D.V., The Government of Housing, Penguin Special, 1967; Merrett, A.J., Sykes, A., Housing Finance and Development, Longmans, 1965; Nevitt, A.A., Housing, Taxation and Subsidy, Nelson, 1966; Richardson, H.W., Aldcroft, D. H., Building in The British Economy between the Wars, Allen and Unwin, 1968.

8. The Barlow Report (Royal Commission on the Distribution of Population, Cmnd. 6153, 1940) pointed to the failures of the planning system in the 1930's which they considered permissive, negative and unco-ordinated. Its greatest failure was that it did not prevent suburban sprawl during the pre-war period. They were also alarmed at the problems associated

with the inter-regional imbalance created by the excessive growth of London and the South East and the inter-regional problems of over-crowded cities and depressed areas. They urged the adoption of a comprehensive, mandatory planning system which involved not only greater powers for land authorities, but also a significant role for central government.

The Uthwatt Report (Final Report of Expert Committee on Compensation and Betterment, Cmd. 6386, 1942) felt that local authorities had been constrained in the 1930's by the level of compensation payable to landowners whose development rights were adversely affected by planning decisions. Their solution was to nationalize development rights in land.

9. Desmond Donnelly, M.P., Supply Debate on Land (Use and Price) Hansard, Vol. 627, Col. 67, 1960.

10. See The Planning Advisory Group, The Future of Development Plans, H.M.S.O., 1965, on which the Act is based.

11. Department of Economic Affairs, The National Plan, Cmnd. 2764, H.M.S.O. 1965.

12. This was written before the departmental re-organisation announced in October 1969 which, aimed in part at reducing the difficulties of co-ordination by the re-grouping of responsibility into two "super-departments".

13. See Town and Country Planning (Delegation) Regulations 1959. In 1968, a Ministry of Housing estimate of the number of councils with delegated powers to some degree or another stood at 900, with a further 150 participating in decentralized schemes with no delegated powers (unpublished source).

14. The Town Planning Institute recognised some of the difficulties associated with delegation:

"Delegation from county to county district councils by inefficiently organized procedures, or, in some cases, to councils under-equipped to administer development control effectively (may cause local delays in decision-making.). This may encourage unwillingness to make, or

lack of confidence in making, unpopular decisions and "buck-passing" between authorities". See Journal of The Town Planning Institute, Vol. LIII (7), 1967, p.302.

15. Ministry of Town and Country Planning, Town and Country Planning Bill 1947: Explanatory Memorandum, Cmd. 7006, H.M.S.O. 1947, para 13.

16. Ministry of Housing and Local Government, Town and Country Planning, Cmnd. 3333, H.M.S.O. 1967, para 4.

17. Ministry of Town and Country Planning, Cmd 7006, op. cit., para 8(d)

18. Report and Accounts of Land Commission for the year ending 31st March, 1968. H.M.S.O. July 1968, p.4. Again, the similarity of this quotation to the following from the 1947 White Paper is striking:

"Outside this limited class of development (by local authorities themselves) the scheme (pre-1947) indicates merely what development may be carried out if and when someone is willing to develop". (para. 8(d)).

CHAPTER 3

CONFLICT IN THE RESIDENTIAL EXPANSION OF THE SOUTH EAST

INTRODUCTION

While there is likely to be a conflict of values and interests in the development of land, and while this conflict is likely to be resolved through the use of power, such conflict is only made operational through the interaction of various actors in specific cases. The action of individuals or organizations concerning the development of land can be seen as an attempt to achieve goals which are defined in part by the values and interests of the actors concerned, and in part by the limitations imposed upon them by the situation in which interaction takes place, especially the structure of power relationships. The goals of a residential developer, for instance, would vary according to the type of local authority with which he is dealing and with the strength of local pressure groups: whatever the goals of the actors involved, the power relationships between them determine the balance of goal achievement.

It was the realization of the importance of conflicting interests and the differential distribution of power among those who held them that occasioned W. H. Form to call for the abandonment by ecology of its "sub-

social, non-organizational orientation" and to substitute instead a sociological perspective which aimed at "isolating the important and powerful land-interested groupings in the city" (FORM, 1954, p. 317). He suggested four such groupings and saw the urban pattern created by the interrelationships between them: local government agencies; real estate and building firms; home owners and small land consumers, and the larger industrial and commercial concerns. However, he was concerned with the American situation and, not surprisingly, directed his attention to "the sociological analysis of economic behaviour": the land market and its workings were to be the major focus of his approach. Even so, his concern with the actors, their interests and their power has general applicability to the residential expansion of the South East, where, as we have seen, the market is but one component of a dual system. This approach has been particularly fruitful in the United States: political scientists and sociologists have been investigating not only the development of land in cities and metropolitan areas, especially through detailed analysis of urban renewal, but also the community power structure of a number of towns and cities. It has already been suggested that the system of land development in the United States differs significantly from our own, yet an analysis of residential development in the South East and the

the conflicts which produced it, is likely to be sharpened by comparison with the American situation. Clearly the American model cannot be transferred in toto but it does provide a contrast which will be of value in assessing the validity of the market and plan dichotomy in the South East.

LAND DEVELOPMENT IN THE UNITED STATES

Much of what follows must of necessity be generalizations about land development in a country of immense contrasts. There is, for instance, no uniform, nation-wide system of planning controls as in Britain. Each local authority not only has the right to devise the system of planning controls it thinks most appropriate, but also has the right to dispense with planning altogether. Therefore, there is great variety in the standards which are imposed, in the extent and content of zoning and in the type of master plan which is found. In general however, the system of land development in the United States is dominated by the market system. However great the growing role of Federal agencies, in the provision of funds, and however much pressure is exerted by professional bodies such as the AIP for stronger planning powers, the plan component of the land use system is relatively weak.

This reliance on the market system is partly a product of American attitudes towards land as a commodity

(COWAN, 1968: DELAFONS, 1962). Land has never been a scarce resource in a country of continental proportions: there has been little need to conserve it. Land has always been available by merely pushing out the frontier whether on a national scale by pushing westwards or by extending the limits of individual towns into the countryside beyond. Land has been seen, in terms of the "prairie" philosophy, as a means to producing wealth through its exploitation by adventurous and enterprising individuals. The log-cabin homesteader in the Far West last century and the real estate operator in the towns and centres of the Eastern Seaboard today conform to a traditional ideology about personal achievement and the use of land. Towns and villages throughout the United States retain the pioneering spirit by wishing to grow as rapidly as possible, an attribute which fosters loyalty and committment to one local community in its competition with others.

Moreover, the best way to expand, it is thought, is through allowing private individuals every opportunity to use their property to the best advantage, which is possible only through the free market. The principle of private property and its exclusive use by its owners becomes a second cornerstone to the land development system. While the importance of the private use of property is reflected in the expansionist and economic values described by Wilhelm in Austin, it is also

reflected in the second value category he isolated, protective values. Protectionism is the opposite side of the private property coin. Indeed, the zoning system was first instituted as a means of protecting private property rights from the actions of others. The use of such methods by middle class residents of new suburbs to halt the influx of working class householders is well-known (VERNON, 1962). Economic values are likely to be held most strongly in those communities where business interests are powerful: Malieski has shown the importance of local business, especially real estate pressure groups in New York and Prestus a similar situation in New Haven (MALIESKI, 1968: PRESTUS, 1964).

The market operates in the political as well as the economic sphere, due to the fragmentation of local government units and to planning powers being exercised almost exclusively at the local level. Market principles underlie the whole system of government as it affects the development of land. The jealous guarding of local autonomy has retained a good deal of planning control with the smallest government units. Local government bodies with planning powers are controlled by local and sectional interests, rather than being concerned with the wider public welfare, which is an important characteristic of an effective plan institution. The fragmentation of

planning power results in uncontrolled public enterprise which militates against the wider public good in much the same way as uncontrolled private enterprise as Martin shows in Syracuse (MARTIN, 1965). The absence of planning power with any larger government unit than the borough or country in most metropolitan areas of the United States is a major cause of the weakness of the planning component. This fact has been recognised and there is a strong movement in favour of some form of metropolitan or regional government. Such support however comes largely from those with neither distinct interests nor power in the metropolitan region, especially the academics. There is, in fact, a vested interest in retaining the fragmented system as it now stands and, conversely, an absence of any powerful or clearly defined interest in favour of metropolitan control: "there are very few actors whose particular institutional interests parallel, in any complete way, the metropolitan area. Just as there are no institutions, public or private, whose interests and organization cover the metropolitan territory, so there are few, if any, whose interests extend to any considerable number of the problems of the metropolitan area" (LONG, 1962, p. 158).

A corollary to this dislike of "big government" is a distrust of any government at all! Intervention by government is still often seen in traditional liberal

terms as an infringement of personal liberty. This is particularly so when government action which affects the "value" of a site to its owner results in no compensation to the owner under the system of police power (rather than eminent domain). Clearly this has limited the scope of action which local authorities might have been prepared to take. The role of government in land use is seen as an umpire to sort out conflicts over the use of land, and even this power should be carefully exercised. Understandably, government officials are employed in a purely advisory capacity: their lack of organization and expertise at the local level ensures that they are generally sub-ordinate to the political system. This point is particularly important as the professional planner, as opposed to the political planner, can provide much if the initiative in making the plan component effective.

The market then, in both the economic and political sense, dominates land development in the United States. Zoning and sub-division controls, which are exercised very flexibly, are normally the sum total of planning instruments. Private institutions enforce more regulations concerning this development and use of residential areas than the public authority, a situation reminiscent of the ducal and Church estates and the widespread use of restrictive covenants in Britain in the nineteenth century.[1] There is a virtual absence of

overall, comprehensive planning which is enforceable. In New York City, in the 1930s, there was great resistence to the removal of planning power from the local ward to the city as a whole. Control at the local level allowed both political and economic interests to manipulate the system of public controls in their favour. A more comprehensive planning system based on the needs of the city rather than the ward was forced through only after a highly organized political campaign (MALIESKI, 1968). Regional or metropolitan plans, even if they exist, are largely advisory and without political teeth.

Not surprisingly, no discretion is given to local government bodies in decision-making. Each case cannot be considered on its merits by the administrative officials and elected members. Administrative discretion is kept to a minimum. There is a reliance on public investment to direct growth rather than on any comprehensive system of public land use controls. Public investment in transportation and urban services however does not attempt to change the nature or direction of growth, but to make it more orderly and healthy. Most planners, whether professional or political, subscribe to what Foley calls "adaptive" planning (FOLEY, 1963). Delafons describes this planning "philosophy" as follows: ". . . the process of expansion or change is not to be radically re-directed . . . (this view) is grounded in the belief that the

development of cities is shaped by influences too powerful to or too complex to be controlled. Therefore control is best directed at promoting a healthy environment, while not restricting private initiative or removing the profit motive from developments. Controls are adapted to the natural processes of growth . . . " (DELAFONS, 1962, p. 36).

The importance of the market is particularly well-illustrated by the depressing history of urban renewal in the United States. The rules laid down by the Federal Government concerning the allocation of funds for renewal ensured that the market and the private developer had a central part to play. While sites could be acquired, assembled and cleared by the local authority, they then had to be sold to private developers for re-development. As a result, as Kaplan shows in the case of Newark, the first concern of the Newark Housing Authoirty was forced to be the economic viability of the sites from the developer's point of view: the desire to clear the worst slums had to take second place (KAPLAN, 196). Moreover, the dwellings that were built on the cleared sites by the developer were far too highly priced for the poorer sections of the population for whom, in theory, they were supposed to cater. Low-priced slums for the poor were replaced by middle-priced dwellings for the better-off (ANDERSON, 1964). Thus the ideological commitment to

the market and private enterprise was a major disaster for the social potential of urban renewal schemes. This emphasis on private enterprise in residential development extends to all schemes in which it is proposed that public bodies should provide new housing. Public housing as such is generally regarded unfavourably. Government money should be used to provide finance as mortgages to those able to buy privately-built houses or to give low income families more purchasing power so that they can participate in the market (EICHLER AND KAPLAN, 1967).

MARKET ACTORS IN THE UNITED STATES

Given the market system in residential development in the United States, it is not surprising that studies of residential land development have focussed upon market actors and have used a basically market model in understanding their behaviour. The three main market actors are the landowner, the land developer and the housing consumer. Morrill's study of the metropolitan growth of Seattle emphasises the role of the landowner in deciding to sell his land for development. (MORRILL, 1965). Chapin and his colleagues working in the Piedmont Crescent in North Carolina examine the private developer (WEISS et. al., 1964). Numerous studies of household choice have been undertaken, particularly with reference to the trade-

off between journey to work costs and costs of housing space. (WINGO, 1964). The assumptions of most of these studies see the actors as Economic Men, rationally maximising their gain in the free market. In the light of the importance of the private developer in this present study, it will perhaps be worthwhile examining the North Carolina work in more details.

Schnore, in 1957, suggested that it might be fruitful to investigate "the motives of contractors, real estate operators and financiers, rather than . . . those of individual householders" (SCHNORE, 1957, p. 172). These motives he considered of significance in the growth of suburbs. After constructing a probabilistic model to simulate the residential development of a city, it was this suggestion which was taken up by Chapin and his colleagues. The original model attempted to simulate the ways in which land development decisions were made by assigning to each cell, in a matrix of cells covering the city and its fringes, values based on their attractiveness for residential development. The attractiveness of such cells depended on their possession or otherwise of factors which are basically the decision variables of market actors. In Greensboro, for instance, the major factors were nearness to elementary schools, availability of sewerage, travel distance to nearest major street and access to work areas. (CHAPIN, 1962, p. 43). The model then

allocated available development (calculated according to economic and population forecasts for the area) to competing cells. Initially, however, certain cells had been sterilized by the introduction of constraints such as topography. One other constraint was zoning regulations which eliminated certain cells and affected the density allowed in others. It is significant, however, that at a later date, it was suggested that the flexibility of zoning regulations reduced the value of this constraint considerably (DONNELLEY, 1964, p. 36). Furthermore, it is important to note that, as already suggested, plan institutions affect the growth of the city in Chapin's scheme largely through "priming" decisions such as new roads or services which affect the attractiveness of various cells. Chapin concludes the model of urban growth by stating that "it would be germane to the conceptual scheme being followed here to investigate the various decision-making networks that produce the effects we have been measuring" (CHAPIN, 1962, p. 48-9).

One of the "decision-making networks" which was subsequently studied was the "producer" network, as it was clear that, in the first instance, the factors which Chapin isolated were assessed by those producing the housing rather than by the consumer.[2] It was thought that the consumer was often led by the producer and at least had his choice as far as housing was concerned

limited to the housing available at any one time (WEISS, 1966). This point was also stressed by Clark in his study of Toronto (CLARK, 1966). It was the residential developer who took the key decisions concerning the development of land and he is the central actor in the land development process as he links, in a processual sense, the seller of the land with the buyer of the house, besides making contact with the majority of "supporting" actors such as mortgage sources and public agencies. An explicit micro-economic framework is used in the developer study within which to explain the locational behaviour of developers in Greensboro. Three groups of factors affecting behaviour are isolated: contextual factors such as public policy and regional growth trends; characteristics of the sites available, especially their locational attributes; characteristics of the decision-making agents themselves, especially the size of the development company involved (KAISER, 1967). It was thus possible to produce a second model of urban growth, a model which emphasised the role of the residential developer. This work also illustrates the general point made by both Martin and Wheaton, that there is an interdependence in decision making between public and private institutions: each relies on the other if the development of a site is to progress (WHEATON, 1964; MARTIN, 1965).

These studies, like their counterparts in the

investigation of landowner and consumer behaviour, certainly emphasize the actors involved in the land development process and understandably stress the market actors. The study of the private developer is particularly important as it provides an examination, albeit in the United States, of one of the important actors in the market component of the land development system in Britain. It assesses the motivations of the developer within a micro-economic framework, which in terms of the developer's institutional limitations, is a reasonable model to take. However, the American developer is acting in a cultural context which supports the assumptions of Economic Man and in a land development which is characterized by weak public planning controls. Conflict over the use of land is absent in the models which assume, as Chapin indicates, that land will be used "in the highest and best use" (CHAPIN, 1962, p. 42). As far as the residential developer is concerned, the other actors including the public authorities, merely provide alternative or negative decisions in the process of land development. Why they are negative or positive or what the developer can do to influence their decisions is not investigated. The external social situation in which the developer has to act is neglected, perhaps because the constraints imposed by the external situation are relatively unimportant in a society which encourages the developer to achieve his own, personal

goals. In Britain and especially in the South East, the external social situation with actors holding values which conflict with those of the developer, is significantly more important.

MARKET AND PLAN IN THE SOUTH EAST

In the same way as it is possible to identify a set of market actors in the American context, so too in the South East the market component of the residential land development system is characterized by actors acting under the stimulus of the market. In the economic market place these actors consist again in the main of the landowners, the land developer and the housing consumer, supported by the estate agent, the building society, the banks and many professional groups. These actors form a quite distinct system in that the relationships between them are, on the whole, conducted according to commonly held norms and values. Most of these actors accept in principle the basic motivation in action to be the pursuit of self-interest, which normally takes the form of monetary gain. The pursuit of self-interest and profit is regarded as legitimate and competition is accepted as the means of achieving it. Prestige is accorded to those most obviously successful. Direct relationships are regulated according to the laws of supply and demand and the price mechanism based upon them. The sale of land or of houses to buyers are

exchange relationships which are seen as benefitting both parties. Since both benefit from the exchange, the only conflict likely is that concerning the distribution of benefit between the two. Yet this conflict is reduced to a bargaining process as the laws of supply and demand more or less determine the price at which the exchange takes place. Quite clearly, market games are often non-zero sum games (BOULDING, 1962). The basic value of the market actors is self-interest and the nature of market relationships are laid down through the price mechanism.

Moreover, as in the United States, a corollary of this basic value system is a desire by market actors especially the developer for growth and development within the South East. The developer's profit, for instance, depends upon meeting the demand for new houses which, as we have seen, is so strong generally, but especially so in the South East. This will be examined in detail in Chapter 4, but suffice it to say here that the economic and demographic characteristics of the region have produced a demand for new housing which the market actors are eager to meet. Thus the market actors exert pressure for the growth of the region and require the necessary resources, especially land, in order to meet the demand.

However, unlike the United States, a distinct plan system also emerges. The plan actors are generally

government bodies which have power to exert control over the market. Power is distributed between government bodies at all levels in the region and relationships between them are governed by bureaucratic rules as laid down by statute, rather than by market laws. The responsibilities of the various government bodies at each level are clear-cut and rationally organized into a hierarchical structure with the Minister at the top and the local districts at the bottom, with the county councils and county borough councils in between. Also, at each level of government, relationships between separate departments are conducted according to bureaucratic rules and regulations. The basic value underlying government action is not, as we have seen, self-interest but explicitly defined public interest.

This hierarchical arrangement, whatever its weaknesses, distinguishes the British system from the American. The "plans" of all local authorities have, in theory, to link into a wider plan due to the existence of "outside power", in Gans's terms, in the form of the authority hierarchy (GANS, 1966). While urban districts and rural districts can and do behave as their American counterparts by pursuing their own narrow and local interests, some effort is made to enforce a wider public interest upon them. The control by county councils over the activities of local districts as far as planning is con-

cerned, is the best example. Ministerial supervision and "directives" together with the requirement for county councils to devise plans within centrally-produced population forecasts for their areas, ensures some element of co-ordination at the higher level.

Furthermore, planning controls are not only more co-ordinated and designed to meet the needs of a wider public than in the United States, but the planning powers as such are much stronger. The county development plan, together with town maps and village envelopes gives the local authority a good deal of control. Powers to enforce the provisions of the plan and to ensure "high" standards in development have no counterpart in the United States. Development plans also have a long-term scale built into them, being devised to co-ordinate public and private activity within the county for a twenty year period. Moreover, the planning system is characterized by strong professional planning staff. While in theory the professional officers are subordinate to the elected members, in practice they have a good deal of independent power. They provide not only the expertise for devising and implementing the plan, but often provide the continuity and stability of the plan in the face of political changes.

However, the role of the professional planner raises an important issue concerning the relationship

between the professional planner and his political "boss". The politician, as we have seen in the United States, is fundamentally a market actor responding on a short-time scale to narrow, usually local interests. Yet in theory, the planning system in Britain which has been described is under the control of these political market actors. It is also clear that the hierarchical system of planning powers does not work effectively. Both county and local district councils have much more autonomy than the formal description would suggest. Indeed, the increasing devolution of power to local authorities in the 1968 Town and Country Planning Act increases the likelihood that market principles will underly the actions of local authorities in the future. Local autonomy allows local political processes to have more influence than they might have otherwise. Do these points not cast doubt on our distinction between the market and the plan system in land development in the South East?

Two points can be made here. Firstly, the character of the planning system in Britain, especially as it has developed since 1945, has tended to reduce the power of politicians at the local level. Local authorities have a statutory duty to conform to future-oriented plans which are concerned with a wider public interest than the particular political base of the local politician. This ensures, to some extent, that non-political decision-making is more

likely at the local level. The technical complexity of planning requires professional staff. The plan is a blue-print for action which is administered by the professionals who understand its intricacies and have the required technical knowledge. The very existence of the plan and the professionsals who administer it destroys a good deal of the flexibility for purely political action. Secondly, and perhaps more importantly, it is clear that in the South East, the dominant values on which planning policies are based, are quite clearly opposed to those of the market system. Whether these policies spring largely from the politicians, or from the professional planners, or, as Lee suggests in Cheshire, from a "ministerial group" made up of chief officers and committee chairmen is obviously important (LEE, 1963). However, whatever the source of such policies, they re-inforce the general conflict between the market and plan system. This is the major contrast with the United States. In the latter, the values underlying planning policies are, on the whole, similar to those of the market actors: in the South East, they are significantly different.

PLANNING POLICIES IN THE SOUTH EAST

The policies employed in planning the South East since 1945 have their origins in three government reports which were published in the early forties. These reports

have had a great effect in shaping specific planning policies and on the ideology of those concerned with the development of the region.

The Barlow Report[3] in 1940 presented a general statement of the problems facing Britain and the South East which arose from inter and intra-regional inbalance. The report pointed out the "economic, social and strategical" disadvantages of the concentration of population and employment both in the South East, when compared to other regions and within the South East, in London itself. This concentration, which had occurred largely in the two inter-war decades, created problems of congestion and poor living conditions in London and also deprived other parts of Britain of a share in increasing wealth. The prevalence of unemployment in such areas was of particular concern to the Commission. The solution, Barlow suggested, lay in decentralizing population and employment out of the South East and also in re-distributing population and employment within the region so that the growth of London would be halted.

Abercrombie's plan for Greater London,[4] published in 1944 dealt specifically with London and the South East, but still within the context of Barlow's recommendations. He proposed that London's problems of high residential densities and peripheral suburban sprawl should be solved

by a general lowering of densities in the conurbation and by strengthening the Metropolitan Green Belt. This would result in the re-distribution of just over 1 million Londoners into other parts of the region. Treading firmly in Ebenezeer Howard's footsteps, he suggested this should largely be done by building new or expanded towns at relatively low densities, twenty or thirty miles from London. A constant theme of the report was the poor quality of living conditions (in a physical sense) in London. A corollary of this was his insistence that the countryside should be protected so that it could provide "recreation and enjoyment" for the Londoner, amongst others. It is this theme also, together with the importance of agriculture, that is dominant in the third report, by the Scott Committee in 1942.[5] Scott emphasised that the English countryside was a heritage which had to be protected as a first priority. This lent a good deal of support to Abercrombie's plans for the Green Belt and for concentrating population in a few, fairly large new towns. In this way encroachment upon the countryside, which was so obvious in the "unplanned" South East of the thirties, would be reduced to a minimum. Its perhaps excessive preoccupation with the conservation issue was significant for the development of planning policies for the Region during the following 25 years.

The Abercrombie plan saw the London Region as a

whole. The "unitary" features of the plan, in Foley's sense, were made operational through the hierarchical system of planning already described, particularly in the Development Plans produced a few years later by the county councils around the metropolis (FOLEY, 1963). The plan was also distinguished from its American counterparts in that it sought to change the direction and nature of growth as dictated by "natural" forces. Natural forces would have produced even more peripheral suburban growth of London and numerous other settlements in the Region. The tendency towards urban sprawl and congestion was to be reversed by the strangthening of the Green Belt and the creation of new settlements. Part of the strategy, which would bring about this reversal, was state control over the location of industry: the state, it was believed, could defy the economic advantages of London and direct new jobs elsewhere.

The plan was also characterized by suggesting physical solutions to often imexplicit and at times rather vague social problems. Unemployment is an exception and its importance in the overall scheme is clear. The growth of suburbs and the high residential density of the inner parts of London resulted in "poor" living conditions it was thought. The processes described by Johnson and others at work in the 20's and 30's were destroying "community"

and increasing the journey to work (JOHNSON, 1964). Congestion was rampant and the countryside was being spoiled. The basic solution was re-distribution and containment. The task was to limit London's growth and re-distribute population and employment: in this way living conditions would be "improved". To Abercrombie and his generation in the 1940's then, London was not only the Great Wen but also the Great Why! There were no adequate reasons, it was thought, for London to continue growing as its growth produced so many problems for the country and for Londoners themselves.

However, the policy of containment was based on certain assumptions about the future. In the event, three out of the five assumptions on which Abercrombie based his plan, proved disasterously false.[6] Firstly, it was assumed that the population of the Region would remain the same, at about 10 million, or would decline. This assumption was based on population trends in the 1930's which showed a static or declining birth rate for Britain as a whole. In fact, the population of the South East after 1945 increased rapidly and now stands at well over 17 million. Increasing birth rates and a high net in-migration accounted for this demographic change. The in-migration was largely explained due to the inaccuracy of the second assumption.

Secondly, it was though that "no new industry shall be admitted to London and the Home Counties except

in special cases". Government control over the location of industry was certainly attempted through a variety of measures to discourage and encourage employment growth in certain areas, such as Industrial Development Certificates, investment grants, subsidized office building and so on. Barlow recommended control over new factory floor space only but the growth in employment in the South East has been characterized by white collar jobs in manufacturing and in service industries especially office employment in the centre of London. The loopholes in government control, even over new industrial floor space, are too well known to be rehearsed here.[7] The consequence of the "attractiveness" of the South East and especially London, together with inadequate government controls, was a rapid increase in new jobs in the Region. Since 1951, the annual rate of increase of new jobs in the South East has been well over 50% higher than in England and Wales as a whole. The ability of the South East to attract new employment was one "natural" force that planning could not deny.

Thirdly, it was assumed that there would be adequate planning machinery, especially planning control over land values. The 1947 Act provided administrative machinery with a good deal of power to implement planning policies but, as we have seen, no control over land values. The 1947 Act provided administrative machinery with a good

deal of power to implement planning policies but, as we have seen, control over land values was not successful up to 1953 and was virtually non-existent thereafter. Thus the rapid rise in land values stimulated by population and employment growth in the main and by the policy of containment itself, created severe pressures upon planning authorities.

The policy of containment therefore was based on false assumptions about the future of the Region. Understandably, as the pressures built up, planning policies came to be seen as not only negative but also restrictive. Plans had to be formulated in such a way that they were ill-equipped to cope with massive expansion. It is clear however that the policy of decentralization of population from London and the containment of London's physical growth have been successful. Over 1 million people have moved out from the inner areas of London between 1939 and 1961. The new towns have been built to accommodate a significant proportion of them (WESTERGAARD, 1964). The containment of the region as a whole has not been accomplished, as Powell showed quite clearly in 1960 (POWELL, 1960). Growth took place not so much in London but in the Outer Metropolitan Region and increasingly the Outer South East. The growing possibilities for personal mobility provided by new transportation links and the spread of car ownership

led Powell to call for a new definition of the area which came under London's influence, especially of its central job market. The expansion of the South East in the past and probably in the future was accepted as the basic context of the successors of Abercrombie's Plan, the "South East Study" and "A Strategy for the South East".[8] Even though the containment of London and the creation of new settlements figure prominently in the new plans, they have taken Powell's advice: "the continued economic expansion of South East England as a whole is a basic economic fact which must underlie all realistic planning for the future. Planning cannot be negative in this respect; they must provide for expansion - controlled as tightly as possible, but expansion nevertheless - of general economic activity within easy reach of London's geographical advantages" (POWELL, 1960, p. 179).

It is fair to describe planning policy in the South East since 1945 as anti-urban. "The big city", according to Mumford, with special reference to London "remains the least successful environment for reproducing men". (MUMFORD, 1947, p. 175). Both Ruth Glass and Donald Foley have shown that the anti-urban ideology is as strong in Britain as in the United States (GLASS, 1955: FOLEY, 1960). One aspect of the anti-urban ideology was the preservation of the countryside and good agricultural land,

which takes its most striking, if least convincing form in the Metropolitan Green Belt. It was the preservation policy which was most eagerly taken up by the County Councils around the metropolis. The preservationist content of regional plans suited the political system in the counties admirably. They were very willing to implement restrictive policies and plan for very limited growth.[9] An important base of political power lay in the traditional rural population, who were strongly supported in their desire to stem the urban tide by the new urban-based but rural resident middle class. The latter were particularly important in forming preservationist pressure groups which became an important feature of the political scene for most local councils. The preservationist movement concentrated not only on the countryside per se but on traditional villages, historic townscapes, and a plethora of ancient buildings. Such groups interpreted "reduction of amenity" very broadly indeed.

The anti-urban ideology of the rural counties, as reflected in the Development Plans for such areas, was probably re-inforced by the professional planners and by the farming interest. Policies were subtly shaped by middle class values of beauty and "the good life" which the middle class planners could hardly avoid bringing to bear on the formulation of policy. Urban "problems" were defined by professional planners in their own terms and

these coincided with urban problems as defined by those who felt most threatened by urban growth in the rural counties. Moreover, as Self points out, the preservationists were augmented by the farming interest, with the result that the conservation of good agricultural land became unjustifiably linked with the issue of recreation, amenity and enjoyment of the countryside (SELF, 1961). The conservation of good agricultural land has been given a very prominent place in county development plans and seems to have become the sine qua non of development refusals. Best has shown quite clearly that fears of large-scale losses of agricultural land to urban uses are unfounded: in the region as a whole in the decade 1950-1960, only 2°/o of agricultural land was lost and in some parts, especially Kent, this figure fell well below 1°/o (BEST, 1968).

The county councils, then, in the South East had to bear the brunt of the unexpected pressures for growth and expansion. Their reaction has, on the whole, been negative and restrictive, although this policy was in complete accordance, in the early stages at least, with national plans for the region. The failure of government controls over employment and the undeniable attractiveness of London and the South East has resulted in the counties trying to hold down the lid of a pot which was rapidly coming to the boil. There has been severe pressure on

"protected" areas, especially upon the Green Belt which, as Mandelker suggests, the counties have been resisting most doggedly if not, at times, successfully (MANDELKER, 1966). The functions of the counties in the accommodation of population growth are to provide for new and expanded towns, to provide land for the "normal" growth of settlements and to provide the necessary services for such growth. Resistance to new and expanded towns by rural areas surrounding conurbations is well known. More than half of Abercrombie's suggested expansion around London was eliminated on agricultural grounds alone (STAMP, 1950). The strained relationship between Cheshire and Manchester as regards overspill was repeated in the London region, especially in the case of the proposed new town at Hook in Hampshire (CULLINGWORTH, 1960). Plans for new or expanded towns at Faversham, the Isle of Grain, Maidstone and the Medway Towns suffered an understandably swift demise in the Garden of England.

However, perhaps less studied, but probably more important for the South East than resistance to new settlements, has been a general "underplanning" by the counties for the normal residential expansion of existing settlements. The normal expansion of settlements was to account for over 70°/o of population increase up to 1981 in "The South East Study". Over half of the one million people who moved out of London from 1938 to 1960 did so "volun-

tarily" and bought homes in new peripheral estates contiguous to old settlements throughout the region. It is at this point that the conflict between market and plan emerges once more, for it is the residential developer, the market actor par excellence who is to provide new, owner-occupied housing for the bulk of this 70°/o. While "underplanning" can take the form of a lack of necessary services, it usually involves a shortage of land allocated for residential development in town maps and village envelopes and the reluctance of county councils to re-zone white land to be used for residential purposes. It is thus over the issue of land availability that the conflict between market and plan becomes most potent.

LAND AVAILABILITY IN THE SOUTH EAST

A quantitative assessment of shortages of residential land in the South East is a difficult task. The availability of land varies greatly from area to area and a statement on a regional scale would certainly mask local differences. Land shortages are initially assessed by the land developer and land shortages to the developer relate not only to the level of demand but also to the character of the firm involved. There are problems involved in using "excess" economic demand for new private housing as a guide to land shortages as there are a number of intervening factors between housing demand and land supply; the

availability of capital for the developer and the general efficiency of the housebuilding industry are particularly important. On the supply side too many problems arise. It is difficult to quantify exactly how much land has been released by local authorities and even more important to judge how much of that is developable. Aggregate figures of land release are in some cases available: Kent County Council in its recent review of the Development Plan produced figures to show that it had released enough land, given average residential densities and average household size, to cater for the population the county was expected to receive up to 1981.[10] Yet aggregate figures are of only very limited value, as they say nothing about the nature of the land which has been released.

In the first place, a large proportion might be unavailable to the developer because of the ownership characteristics of the sites. Much of the land may be made up of small plots, especially back gardens, These clearly are not as 'available' as virgin areas on the edge of town in which the need to assemble a large number of small sites is probably not as great. This is particularly important when the trend in private house building is towards larger developers requiring larger sites (see Chapter 4). Moreover, areas of fragmented ownership might also have problems with establishing the identity of owners.

Walderslade in Kent is a good example. An area of 450 acres at the village of Walderslade has appeared in the Medway Towns Town Map since 1947 and has been zoned for residential purposes. It has a splendid location in the Outer Country Ring and close to a main commuter line to London. However, the fact that the land consists of numerous small plots of land, the owners of which in many cases are unknown, has sterilized the land as far as development is concerned.[11] Yet this area appears in the aggregate figures of available land in the county as being able to take up to 5,000 homes and 15,000 people. Walderslade also illustrates a second set of factors which affect the availability of land for development. Sewerage and water lines were not within easy reach of the site which must have deterred many would-be developers. A further problem on the supply side involves the amount of land released which is being held either by the original owners, land speculators, bona fide land developers or even the local authority, and is thus not "available" to meet housing needs. There is no data on the ownership of land released by planning authorities, especially in pressure areas such as the Outer Country Ring. In light of these points, it is not surprising that most planning appeals revolve around the differences of opinion between the developer and the planning authority concerning the meaning of "available".

TABLE 3.1: Number of years supply represented by land allocation in development plans in the Outer Metropolitan Area, 1967

	West	East	S. East	North	S. West	South
No, of years supply	6	6	7	8	13	15
Balance (in acres) to be added or subtracted for 10 year supply	+4,282	+3,586	+2,592	+2,234	-2,706	-3,124

Source: Ministry of Housing and Local Government [unpublished]

However, a certain amount of evidence can be presented to indicate that there is a "shortage" of residential land and a shortage due to insufficient allocation in Development Plans (although exactly how "shortage" is defined is not clear). The Ministry of Housing produced data, presented in Table 3.1, which shows the availability of land in various sectors of the Outer Metropolitan Region at the end of 1967. The author, H.S. Phillips, suggests that a 10 year supply at 1966/7 building rates is needed to allow enough flexibility for developers and local authorities to meet demand. The table shows that only the Surrey/Sussex parts of the Outer Metropolitan Region had over 10 years supply and it must be remembered that these are "gross" figures as they do not take into account the factors already discussed. They represent what local authorities "considered available for development". In reality the amount of land available probably approaches more closely the 3 years supply of residantial land reported to be available by Thomas in 1960 (THOMAS, 1961). A scarcity of land in the O.M.A. was also indicated by the recent exchanges between the Minister and local authorities responsible. The private residential building rate in the areas has been approximately 30,000 a year: the Minister asked the local authorities to release enough land for a rate of 35,000 houses over a 7 year period.[12] The Minister clearly considered there was not enough land available to

TABLE 3.2: Availability of land to house builders, February 1966

	Replies	Availability of land	
		Acute shortage	Reasonable supply
Number	466	298	152
%	100	61	39

Source: Trade Enquiry: Federation of Registered Housebuilders, Feb. 1966.

meet immediate need.

Secondly, there are the builders themselves. The builders make the first assessment of the land market and their insistence on the lack of land suitable for development has been fairly consistent throughout the sixties. A survey carried out by the Federation of Registered Housebuilders in February 1966 (Table 3.2) indicated that in Britain as a whole, 61°/o of builders faced an acute shortage of land. For the South East alone, the figure rose to 76°/o. Anticipating a later part of the study, all the builders interviewed had some degree of difficulty in obtaining land.

Perhaps the most knowledgeable and disinterested body concerned with this issue is the Land Commission. It too provides corroborating evidence of land shortages in the counties surrounding London. In its first report in July 1968, it is pointed out that "what did become obvious (from its investigations) were shortages of land allocated in development plans for immediate development. This was particularly true of areas around major urban complexes in the South East, West Midlands and North West".[13] Indeed the supposed shortage of land for development was one reason for the creation of the Commission. The 1966 White Paper hoped that it would ensure that "the right land is available at the right time for the implementation of national regional and local plans".[14] The Commission

with its compulsory purchasing powers was necessary because land was being withheld by owners in the hope of higher prices. In fact the Commission found that the land shortage was not due to hoarding, but, as we have seen, to insufficient allocation. In the event, the scope of the Commissions' activities in this respect has been considerably broadened beyond preventing speculation and it is helping developers to acquire "problem" sites of various kinds, especially sites with fragmented ownership.

It is reasonable to assume then that the supply of residential land allocated in development plans is not sufficient to meet the high demand for housing, which as Wray points out, is largely stimulated by the availability of mortgage money (WRAY, 1967). The continued rise in house prices is a product of the imbalance between supply and demand, and the rise in land values at an even faster rate suggests land shortages play an important part in maintaining this imbalance. The planner has the problem of meeting a variety of demands for the use of land and his task is not an easy one. However, it does appear that the release of land for private residential development has not had as high a priority as the preservation of the rural counties around London. Housing needs and preservation policies must be in conflict to some degree as was recognised by Niall McDermott in the House of Commons

Debate in February 1969 on the Land Commission: "it is extremely unlikely that out of any re-organisation of local government we will see resulting any kind of planning authority which at one sweep will cover all conurbations and the surrounding countryside related to and dependent on that conurbation. This struggle, this conflict between conurbation and the rural areas is, therefore, bound to continue . . . the planning authorities (in the rural areas) must take a positive and constructive attitude to releasing land once the need and demand has been established".[15] Moreover, whether a land shortage in an objective sense exists or not (and all evidence suggests it does) the private developer feels and believes that the local authorities are not releasing enough land and this in itself is important in the conflict between the developer and the planning authority.

* * *

In the South East, the dominance of the preservationist ideology and interests has resulted in mainly restrictive planning policies since 1945. This is especially so as regards the Development Plans of the rural counties around London. Therefore, whereas in the United States, the values on which planning policies are based accord with those of the market system, political and

economic, in the South East they are fundamentally opposed to the values of the market system. The conflict between town and country, between urban development and agricultural land use, between regional housing requirements and local protective interests are thus often subsumed by and reinforce the general conflict between market and plan. This conflict is most apparent on the issue of land availability and the actors most involved are the residential land developer and the local planning authority.

While a good deal of work has been done on the planning authority in this conflict situation, the private residential developer has been neglected. This is surprising, given the fact that the private sector provides such a large proportion of new housing in the South East each year, and given the lack of initiative in land development shown by the local authorities. The negative character of planning controls and the restrictive nature of planning policies means that the initiative for change comes from the developer and the market, not the planner and the plan. Only since 1966 has anything other than the most rudimentary data on the private sector been available.[16] Although we know something about the location and timing of private residential development, there is little information on the type of dwelling being built, the size of sites being built upon and the type of developer involved: we do not know what is being built

or by whom. These fundamental questions relating to the patterns of private residential development in the counties surrounding London remain unanswered. Secondly, we know very little about the effects of the conflict situation just outlined upon the activities of the private developer. How does he relate to the market/plan context? How does he reconcile the demands of the market with the constraints of the plan? Obtaining planning permission is just as important a factor of production to the developer as capital, labour and raw land. Yet he cannot obtain it through normal market exchange. Therefore, a second set of questions concerns the developer in the market/plan context. It is to the patterns of private residential development in the South East that we turn first.

CHAPTER 3: Footnotes

1. See Chalklin, op. cit.

2. Only the residential developer is discussed as a "producer" here. Other studies at Chapel Hill have also looked at the landowner: see Smith, E.J., Toward a Theory of Landowner Behaviour on the Urban Periphery, University of North Carolina at Chapel Hill, 1967.

3. Report of Royal Commission on The Distribution of Population, op. cit.

4. Abercrombie, P., Greater London Plan, 1944, H.M.S.O. 1945.

5. Report of the Committee on Land Utilization in Rural Areas, Cmd. 6378, H.M.S.O. 1942.

6. The two assumptions which did not prove false were a projected decentralization of approximately 1 million people from London, and an assumption that London would maintain its position as a major world port. See Abercrombie, op. cit., p. 5.

7. For a brief review of legislation in the 60's see Dowie, R., Government Assistance to Industry, Centre for Research in the Social Sciences, Ashford Study Paper II, University of Kent at Canterbury, 1968.

8. Ministry of Housing and Local Government, The South East Study, H.M.S.O. 1964. South East Economic Planning Council, A Strategy for the South East, H.M.S.O. 1967.

9. It should perhaps be added that restrictive policies by county authorities were considerably encouraged by the absence, during the 1950's and early 1960's, of any regional strategy to cope with the heavy pressure which Abercrombie did not forsee.

10. Kent Development Plan, Report of Survey and Analysis, 1967 Revision, Kent County Council, Nov. 1967, Section 3, p. 43.

11. This area, like others in the region, was sold off in small plots at the infamous champagne parties at the end of the last, and the beginning of this century.

12. For the Minister's explanation of the request, see Weekly Hansard, Issue 782, Col. 680.

13. Report and Accounts of the Land Commission for the year ended 31st March, 1968, H.M.S.O., July 1968, para. 14.

14. Minister of Land and National Resources and Secretary of State for Scotland, The Land Commission, Cmnd 2771, H.M.S.O., 1966, para. 7.

15. Niall McDermott, M.P. Land Commission Debate, Weekly Hansard, Issue 782, Col. 689.

16. It was at this time that a good deal of data became available in Housing Statistics published three times a year by The Ministry of Housing and Local Government.

CHAPTER 4

PATTERNS OF PRIVATE RESIDENTIAL DEVELOPMENT IN THE SOUTH EAST

The most striking physical expression of metropolitan expansion in the South East is the large number of new private estates which have been attached to towns and villages in the Outer Metropolitan Area and the Outer South East since the war, but particularly since 1955. These new estates can be seen as the end product of a complicated process of metropolitan growth, in which changes in population, employment and technology play a prominent role. As we have already seen, these changes are the context for action of both the private developer and the planner; the actions of both are in large measure responses to them. However, because of the different institutional limitations of the private developer and the planning authority, their interests and values in dealing with such changes are significantly different. For the developer, such changes represent market "forces" which, in the South East, make for a high demand for new, owner-occupied housing and it is his business to provide for this demand. For the planner, the demand for land for new homes is just one of a number of conflicting demands for the

use of land and his job might be seen as ranking these demands, using either professional or political criteria or both, and taking action accordingly.

Some of the factors affecting the demand for housing work at a national level. Government encouragement of home ownership, the availability of mortgage funds, the cut-back in public housing in the fifties and early sixties and the decline in privately rented property are all national trends which are important in the residential development of the South East. However, these are specific regional factors which need to be examined to complete the analysis. It is clear that private residential development both in the Outer Metropolitan area and in the Outer South East is in part the product of certain factors, which, although imperfectly understood, seem to have their origin in London itself. London seems to pose the problem, and the rest of the South East is seen by some as providing the solution. The solution of London's problems, clearly creates difficulties for the rural counties in the Outer Metropolitan Region and beyond, especially as regards land for private housing. They have, on the whole, chosen to deal with this situation by negative and restrictive planning policies which has led to almost a planning vacuum in those areas which, because of their speed of change, require an imaginative planning approach. However,

private residential development has taken place at a rapid rate beyond the metropolis and the last part of this chapter attempts to describe the changing patterns of private residential development which have occurred. These patterns suggest that it is necessary to distinguish between different types of developer if we are to understand the dynamics of metropolitan growth.

PEOPLE AND JOBS IN THE SOUTH EAST

Up to 1951, the conurbation was the most rapidly growing part of the South East: after that date, the population of the metropolis became static and has lately declined. The growth in the Conurbation before 1951 was concentrated in the outer suburbs, the character of which provoked the aesthetic wrath of middle-class planners in the 40's. They were characterized by large "monotonous" private developments at low density. This outer suburban ring surrounded a core of depopulation, roughly corresponding with the old Administrative County which lost 24°/o of its population between 1931 and 1951 while the outer suburbs saw an increase of 31°/o. (WESTERGAARD, 1964). After 1951, however, the zone of depopulation and decentralization extended to cover almost the whole conurbation, including the outer surburban ring: centrifugal forces making for this decentralization resulted in population growth beyond the conurbation altogether. The planning

TABLE 4.1: Population Levels and changes in England and Wales, the South East and its major divisions, 1951-68.

millions

	1951	1961	1964	1968	Total increase % change
England and Wales	43.8	46.2	47.4	48.8	+ 5.0 11.4%
South East	15.2	16.4	16.8	17.2	+ 2.0 13.3%
Greater London	8.2	8.0	8.0	7.8	- 0.4 4.8%
Outer Metropolitan Area	3.5	4.5	4.8	5.2	+ 1.7 48.5%
Outer South East	3.5	3.8	4.0	4.3	+ 0.8 22.8%

Source: Annual Abstract of Statistics, 1968

G.R.O. Mid-Year Estimates, 1968

policies of the Abercrombie Plan were to some extent responsible for this through encouraging overspill from London into the ring of eight post-war new towns around London which took almost half of the 1 million overspill from the metropolis. However, there was even more voluntary migration from the metropolis. The effects of migration from London and from outside the South East also, have "rippled" first into the Green Belt and the Inner County Ring which experienced a 46°/o increase in population between 1951 and 1961, and then into the Outer County Ring and finally into the Outer South East. This centrifugal movement then distributed existing population and new families coming into the South East away from the metropolis itself and into the "fringe" areas contiguous to the metropolis. (Table 4.1).*

London's population remained static only in an absolute sense therefore. There was continuous natural increase, movement out of and movement into the conurbation. One effect of this large-scale movement was that the age structure changed considerably. The net outflow tended largely to be of young families so that the age structure of the conurbation is weighted more heavily than other

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* Numbered tables appear in the text: lettered tables appear at the end of the Chapter.

parts of the region in favour of small 1 or 2 person households. Table 4.D shows the decline in family size since 1951. Not surprisingly, the only age group to grow between 1961 and 1966 were the over 60's. Whereas the population of the G.L.C. area fell by 71,000 in that period, the over 60 age group increased by 64,000.[1] It is the changing age structure of the conurbation as much as the absolute decline in population which is important in contributing to London's severe labour shortages. Migration was selective not only of the age structure but also of the social structure. London's net loss was composed of the relatively affluent. While all socio-economic groups were leaving London, it was the skilled manual and clerical workers who left in the largest numbers.[2]

The Outer Metropolitan Area took a considerable number of the migrating young families from London, and as Table 4.A suggests, migration was more important than natural increase in contributing to the phenominal growth of the area since 1951. Even so, the age structure of the area was such that it had a higher birth rate than any other part of the region between 1951 and 1966. Nor surprisingly, the average family size in the O.M.A., while falling generally, in line with the national trend, is still much higher than the rest of the region. A somewhat similar picture emerges in the Outer South East, although

growth was not on the same scale as in the O.M.A. (Table 4.1): migration was again very important, although a much higher percentage was voluntary due to the absence of planned expansion schemes of a similar size to the new towns. However, the area is distinguished, like London, in having a significant increase in the over 60 age group. Many elderly people entered the region to retire in the coastal resorts of the east and south.[3] Therefore, 36°/o of the Outer South East's population growth between 1961-66 was in the over 60 age group, compared with only 10°/o in the Outer Metropolitan Area.

These broad population changes are to some extent linked with the creation of new jobs. The South East as a whole has been attracting a considerable proportion of the country's new jobs for some time, as Barlow pointed out in the late 30's. Even after a decade of government attempts to encourage industrial growth elsewhere, the South East took over 40°/o of the new jobs created between 1960 and 1964.[4] Not only has there been a rapid increase in new jobs, but particularly of new jobs in growth industries. While the "South East Strategy" suggests that "it is not easy to be positive about the reasons for this", it is clear that the region's large consumer market, both in terms of numbers and purchasing power, its excellent internal and external communications, the concentration

TABLE 4.2: Employment growth in the South East and its major divisions, 1951-66

'000's

	1951-61		1960-64		1964-66	
Greater London	167	28°/o	114	29°/o	53	28°/o
Outer Metropolitan Area	444	72°/o	181	45°/o	96	50°/o
Outer South East			103	26°/o	44	23°/o
South East	591	100°/o	398	100°/o	192	100°/o

Source: Standing Conference on London Regional Planning [S.C.L.R.P.], Technical Paper 721.
A South East Strategy, Annex C, Tables 9 and 7

of a wide range of labour skills in the region and the "attractions" of the capital city have a large part to play.[5] A corollary to the dominance of growth industries and the resulting labour shortages, is the high income levels and good career prospects in the South East, which, notwithstanding the generally higher cost of living, especially in housing, have been a continual attraction for workers from other parts of the country.[6]

The attraction of high wages and career prospects is particularly important in the case of the conurbation itself, which, in total, has had approximately a quarter of the new jobs in the region since 1951 (Table 4.2). Most of these new jobs however have been in the service industries, especially banking, insurance and finance and, to a lesser extent, in professional and scientific services. Office growth in Central London as been most striking, although employment growth appears to be declining there slightly now.[7] Service employment also occurred in the surburban fring of the conurbation, especially in Croydon. On the other hand, manufacturing jobs have declined quite considerably, although this still leaves London the major manufacturing centre in the South East and in Britain as a whole (Table 4.B). Government controls over factory floor space and then, in 1964, over office floor space have succeeded to some extent in diverting new employment to

the Outer Metropolitan Area and to the rest of Britain. This movement through negative control has been augmented by the positive help in office relocation by the Location of Offices Bureau. Moreover, as Keeble shows, factors other than government action have been "pushing" jobs out of London. Lack of space for expansion and the high cost of space that is available are particularly important. (KEEBLE, 1968).

As with population, it is the Outer Metropolitan Region which has received most of London's "overspill" in the employment field. There has not only been a rapid increase in service jobs, especially in distributive trades and in professional and scientific services, but also in manufacturing. (Table 4.B). Electrical and engineering goods have dominated new manufacturing growth.[8] As a result, almost half the new jobs in the South East and about 20% of the new jobs in Britain between 1951 and 1966 were located in the Outer Metropolitan Region (Table 4.2). The O.M.A. has all the advantages of London as regards the consumer market and communications, together with more and cheaper sites for expansion. Moreover, another important factor in the growth of industry in the area was the relatively large quantities of female labour. Rates of increase in employed women rose much faster than the rate for employed men.[9] A further consideration from the point of view of labour in an area of labour shortage

was the fact that a large proportion of skilled managerial staff were living in the towns and villages of the O.M.A. A short journey to work is an obvious attraction when comparing jobs.

However, this latter point does not deter large numbers of workers from commuting to London from the O.M.A. and increasingly from the outer South East. The growth of jobs in London, together with the declining work population in the conurbation and the severe housing shortage, has meant that many of those who work in London do not live there. The extent of the influence of London's job market has been growing quite rapidly (LAWTON, 1968). Whereas in 1951, 10°/o of workers in Central London came from outside the conurbation, (WESTERGAARD, 1964, p. 107) in 1966, the figure has risen to 17°/o (JORDAN, 1968): 400,000 travel into Central London each day from the O.M.A. alone and a further 64,000 from the O.S.E. The conurbation, as a whole, because of its "job surplus" gains 10.6°/o of its work force from outside London.[10] Movements on this scale are largely accomplished by public transport, particularly the railways, although movements by car to work in London have been increasing. Electrification of railway lines is particularly important, as Powell pointed out as early as 1960. (POWELL, 1960). Even so, the scale of commuting over long distances in the region can be over-exaggerated.

The pattern of long-distance trips to London from the O.M.A. is overshadowed by an intricate and complicated pattern of numerous short trips within the O.M.A. itself, centred on local industrial centres such as Luton, Reading and Slough in the north and west, Guildford, Maidstone and the Medway Towns in the south and east. Over 80°/o of resident O.M.A. workers are employed within the O.M.A. itself. (JORDAN, 1968).

The result of these population and employment changes over the last twenty years has been to concentrate jobs and people in the Outer Metropolitan Area. It has had to provide homes of family size for those who work in the area and for those who work in London. However, not only have the O.M.A. and now the O.S.E. attracted many of those in search of new and better jobs, but also many in search of new and better homes.

THE HOUSING PROBLEM

As with employmnet and population it is impossible to look at housing in the O.M.A. in isolation from the rest of the region. The interdependence of various parts of the South East, especially in terms of the solution to London's housing problem, has been a major feature of all government reports from Barlow to "The Strategy for the South East". Within the conurbation itself, the Enfield

study clearly shows the effects of housing policy in the inner areas on the re-development of suburbs further out. Likewise, the housing "shortage" in London as a whole has been of major importance in "pushing" people in search of houses beyond the metropolis altogether. Some however cannot escape through mobility and it is important to distinguish between the social need of those who cannot escape through the housing market and those who can use the market to acquire a decent home. The Milner Holland Report thoroughly investigated London's housing shortage in 1964, a shortage to be seen in overcrowding, multiple occupation and sub-standard housing, especially in the former London boroughs of Hornsey, Hackney, N. Kensington, Eillesden, Islington and Stoke Newington. The more recent development plan for Greater London also pinpoints specific areas in Inner London in which there is very high housing stress. The plan indicated that such areas contained 279,000 households in 1967.[12]

It is clear from the former report that the lack of an adequate distinction being made between social need and economic demand was one reason for the existence of housing shortages in 1964; even though the housing situation had ostensibly improved between 1951 and 1961 in London as a whole, (the overall net deficiency of households over dwellings fell in the period from 479,000 to 297,000), the

position had in fact deteriorated in the inner areas. A significant amount of new building in London in the late 50's and early 60's was done by the private sector, in the outer suburbs in particular where a limited amount of building on virgin sites was accompanied by a good deal of re-development of low density residential areas [Table 4.6]. Consequently, such dwellings were let or sold at economic rents so that those in greatest need in the centre had little hope of obtaining them. It was over the role of the private developer in London that the Milner Holland Report was particularly severe with the "South East Study". The latter had suggested that the provision of 200,000 new dwellings in London between 1961 and 1981 would make good the shortage for those families forced to share with others. However, since 135,000 of these dwellings would result from "private re-development and subdivision", "neither of these sources of supply is likely to contribute much towards needs of those living in multi-occupied dwellings. Both will provide largely for the middle and upper income groups".[13]

Moreover, local authority house building in the fifties not only declined due to an emphasis on slum clearance, but also re-building on cleared sites was at lower densities, thus actually increasing the amount of multiple occupation. The housing problem was further

exacerbated by an increase in the number of households, even though total population declined. (Table 4.D). Many of these small household occupied "excessive" amounts of living space so that there was a maldistribution of housing space from which the large families suffered considerably. One important reflection of these factors is the relationship between incomes and housing costs in London. Even though the average household income in London in 1968 was about 17°/o higher than in Britain as a whole, housing costs were 42°/o higher. Moreover, it is the lowest household income group who is paying the highest proportion of its income for housing, often for the worst quality housing available.[14]

Solutions can be found within London itself through slum clearance, renewal and renovation of existing property and in new house huilding by local authorities: in 1961, it was calculated that land for about 200,000 new dwellings was or could be made available up to 1981, especially if vacant sites such as at Erith, where Thamesmead is being built, were fully utilized. However, a large proportion of these would have to be built by local authorities: reliance on "filtering" in the private sector was notoriously inadequate. This would still leave 350,000 families or 1 million people who could not be adequately housed in London itself and a second

solution, as we have seen, was to be found outside the metropolis. The planned expansions are expected to take up to 75°/o of this overspill, and the rest are expected to move voluntarily.

Those who move voluntarily, however, into the O.M.A. from London and from other parts of Britain are by definition capable of participating in the housing market rather than needing to rely on public authorities. However, even though they have more "choice" than many in the centre of London, many still act within significant constraints. The absence of housing in London itself is one and the decline in privately rented property another: 20°/o of those who "freely" moved into owner-occupied housing in The Rowntree Study of 1962 would have preferred to rent. (DONNISON, 1967) 12°/o of a sample of new owner-occupiers in West Kent Estates would also have preferred rented accommodation.[15] Further constraints are applied by the income levels and work situation of the potential householders and also by the spatial distribution of differentially priced residential packages. Households are likely to be distributed regularly into houses at varying locations, according to their ability to compete for housing resources, an ability which springs largely from their position in the social structure, especially the work world. Rex and Moore's concept of housing classes implicitly recognised

the importance of Pahl's formulation of those constraints into the "socio - ecological" system. (REX AND MOORE, 1967: PAHL, 1968). Particularly important in defining the ability of households to compete for scarce resources, in our case, of housing are certain "gatekeepers" who are important in allocating these resources. Barbolet has shown that the Building Societies act as such gatekeepers. Not only do they lay down rules determining the income levels required to obtain a mortgage, but can favour certain groups at the expense of others by using non-income criteria. White-collar workers for instance consistently obtained more mortgages than manual workers, even though the latter had the same and often higher levels of income (BARBOLET, 1969). A second group of "gatekeepers" in this sense are the planners themselves. By restricting the supply of residential land, houses are not as available and are higher priced than they would be otherwise. Thus, those sections of the aspirant homeowners who are least competitive are excluded.

One facet of the socio-ecological system which is of particular importance, is the spatial arrangement of differentially priced dwelling space. Houses are not only scarce in London, but also extremely highly priced. Given the requirements of the Building Societies and other mortgage institutions many households could not afford a

TABLE 4.3. Changes in average land costs/acre for residential purposes at varying distances from the centre.

	Distance from the centre						
	1 mile	1-5	5-10	10-15	15-20	20-40	Over 40
1960-62[1] %	100	87	73	61	51	25	12
1966-7[2] %	-	100	45	38	24	26	-

1. At constant densities. See Stone P.A., The Price of Building Sites in Britain IN Hall, P. [ed.] Land Values, Sweet and Maxwell, 1965.

2. At varying densities. See National Building Agency, Land Costs and Housing Developments, 1968

house in London. This problem is re-inforced by the difficulty of obtaining mortgages on older property which makes up such a large proportion of available dwellings in the conurbation.[16] Detailed evidence on house prices is difficult to obtain, and that which is obtainable refers to very broad geographical areas. However, some indication can be seen in figures published by the Co-operative Permanent Building Society. Average house prices in London in 1967 was £6338: in London and the South East, £5474. In 1966, a three-bedroomed house sold in London cost £6020: in the O.M.A., £4730 and in the O.S.E., £4730.[17] Another indication is prices paid for residential land. (Table 4.3) Land forms roughly 20-25°/o of the total cost price of the house and it is clear that land prices fall off considerably away from the centre of London. Clearly, developers might attempt to even out house prices by increasing densities or lowering standards of finishing and structural furnishing. However, it is clear that in terms of housing value for money, purchasers are better off in the O.M.A. and beyond. This applies even more so to general environment. Therefore besides often being unable to get a mortgage on dwellings in London and thus being "forced out", the householder might well be positively attracted by the better housing and environment per pound spent out of London.

The availability of housing in the O.M.A. at prices which those at the bottom of the home-owning pyramid can afford would seem to be an important factor in explaining the development of private housing in the area (Table 4.C). The Kent County Council Social Survey in 1962 certainly illustrates this point; availability of housing was given most frequently as the reason for movement to the area, especially by immigrants from London to West Kent.[18] However, housing "choice" is much more complex than this - even among this "forced-out" group, other factors are important. Journey to work is clearly one. For many commuters, not only must they obtain the right house at the right price but obtain it in a location most suitable for travel to London. Locations along commuter lines in the O.M.A. and the O.S.E. would be ideal. On the other hand, many more households who move into the O.M.A. are job-orientated: the housing decision might well be of secondary importance. Others are not as constrained in their housing choice as those in the group just described. While the price of the new house has implications for all but a privileged few, the attractions of "rural/village" living might be just as significant. The Hampshire Village Survey is clear evidence of the romantic pull of the village stereotype.[19] For many, the village in the O.M.A. represents a higher standard of environment

than would be available to them in the town, especially London. Tod's work on new home owners in the O.M.A. shows quite clearly that, even given a common housing situation, the households in the new estates are characterized by a lack of homogeneity. Not only were they heterogeneous in terms of their socio-economic characteristics, but even more so when factors affecting the residential location were examined: there was variety in the reasons for making the move, their expectations of it and their satisfaction with it (TOD, 1969). Spiralists and the upwardly mobile who are transients in the O.M.A. are grouped together in a common housing situation with the contented retired couple or the disgruntled downwardly mobile. New private developments in the O.M.A. serve a variety of purposes for a variety of households and, important for the growth of the region, a large number of households.

THE PLANNING VACUUM

This brief review of population, employment and housing has indicated the scale of development which has taken place in the South East beyond the metropolis and some of the reasons for it. One response of the planners has been to create new settlements and to plan large additions to existing ones. The post-war ring of new

towns and overspill agreements under the Town Development Act have been followed by the plans for much larger "counter-magnets" in the future. However, by far the majority of new population has been accommodated not in planned expansions, but by "normal" allocation of land for housing in the Development Plans of the counties around London. In the decade, 1951-61, 29°/o of population growth in the region was in planned expansions, 71°/o in new developments on land allocated through the "normal" procedure (Table 4.E). The vast majority of this 71°/o were housed by the private developer in new owner-occupier estates.

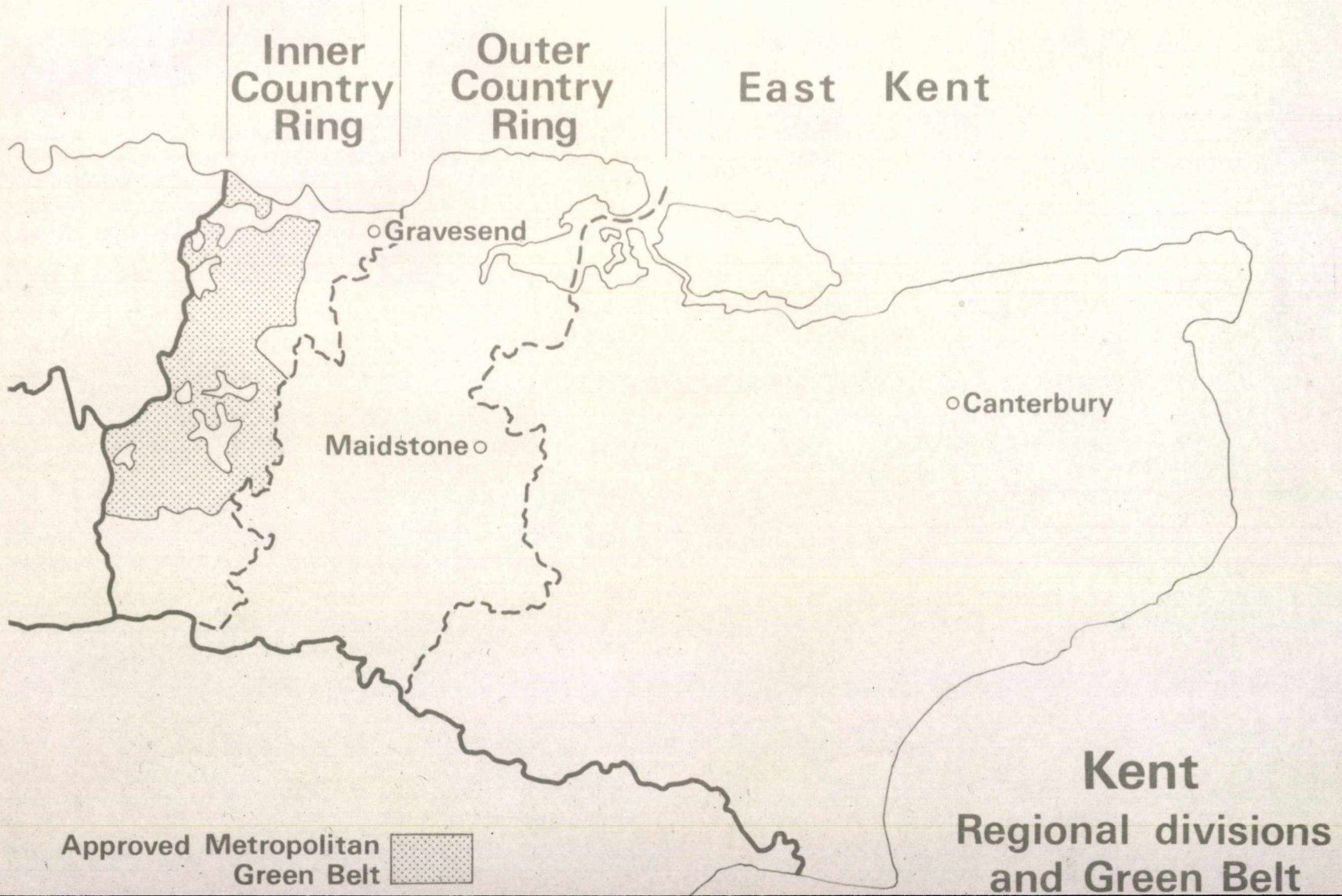
Notwithstanding the ring of new towns in the Outer Metropolitan area, the rapid growth of population and employment in the area did not occur in planned expansions. It had to be met through normal allocations which were based on a restrictive planning policy. The forces of growth proved far too strong to be resisted and target population laid down by Abercrombie for the O.M.A. were greatly exceeded, especially in the Green Belt. Abercrombie planned for a growth of about 30°/o in the Green Belt up to 1961. In fact an increase in population of almost three-quarters of a million between 1938 and 1961 resulted in a 70°/o increase. The rural counties in the O.M.A. had thus to accommodate great changes in population without

the aid of any really large-scale new developments. The new towns were clearly important but their rate of growth was relatively slow due to the difficulties involved with accommodating overspill population from London. The reliance on the normal machinery has led the T.C.P.A. to bemoan the "chaos of Commuterland" in the fifties and sixties: "the tragedy is that this ring (the O.M.A.) which is an integral and dynamic part of the London region, has been left without any proper planning of the new development on a comprehensive scale.....the consequence is that the ring has become a sort of planning no-man's land..." Similarly, the "Strategy for the South East" suggests that in the future growth in the O.M.A. "needs to be much more carefully and comprehensively planned".[20]

In proposed plans for the area, the pattern will be fairly similar. A good deal of the new planned expansion will be located outside the S.E. Region altogether. (Table 4.E). The planners have their eyes fixed on the distant horizon, even though the area of maximum growth is again to occur in the O.M.A. (although not to the same extent as previously). Only 19°/o of new population growth in the O.M.A. is to take place in planned expansions according to the latest plan (Table 4.F). This percentage was much higher in the original "South East Study" but was cut considerably in the review through the rejection of

schemes at Maidstone, the Medway Towns, Reading, Chelmsford and Southend; these alone would have accommodated 150,000, which is almost half of the 320,060 in planned expansions envisaged in the "South East Study".[21] The T.C.P.A., while in favour of long-distance counter-magnets, suggests that there should be the positive creation of new major secondary centres in the O.M.A. which would "consolidate and improve the pattern of dispersal" by "the planning of large blocks of development for both private and public purposes".[22] The "South East Strategy" also recognises the need for such centres (although they would have second priority and would be developed after rather than before 1981) and suggests Maidstone, Medway Towns, Reading, Basingstoke, Luton, Chelmsford and Harlow as "study areas". Both recognise that the dynamics of industry in the O.M.A. and the resulting labour shortage might be linked with the shortage of housing in London and the social need of Londoners.

Even so, it has been and will be the private developer who dominates in the provision of housing for the majority of new households in the O.M.A. and O.S.E. The inexorable pressure for the release of land for housing which has been a major problem for planners in the past, is likely to continue in the future. Yet we know little about the patterns of development and even less about the



Kent

Regional divisions and Green Belt

TABLE 4.4: Population and employment increases in sectors of the South East, 1951-66.

	Population		Employment	
	Total change ('000's)	% change	Total change ('000's)	% change
O.M.A. West	274	44	116	50
O.M.A. North	381	52	197	69
O.M.A. East	350	63	129	69
O.M.A. South East	148	25	57	26
O.M.A. South	160	37	73	68
O.M.A. South West	189	34	61	33
Berks-Oxon	97	25	61	40
Beds-Bucks	39	18	17	37
Outer Essex	57	19	32	38
Outer Kent	71	14	36	23
Sussex Coast	131	17	46	19
Solent	264	20	136	32

S.E. Economic Planning Council, South East: Study of Sub-Divisions, 1969.

processes involved. A first step is to examine the changing patterns of private residential development in a segment of the South East.

PRIVATE RESIDENTIAL DEVELOPMENT IN KENT

(i) THE SETTING

The administrative county of Kent was taken as the study area.[23] It has the advantages of including all the major rings of the South East outside the metropolis (Map 1), which facilitates inter-area comparisons. Furthermore, since Kent County Council was supporting the research, county data was easily available.

However, like any other segment which might have been chosen, Kent has certain distinctive features. Table 4.4 shows the main features of population and employment growth in the county since 1951. While Kent, with over 1.25 million inhabitants in 1966, is one of the giants of the South East, it is clear that is has experienced much less growth than comparable areas within the region. Industrial growth in particular has been lacking, which accounts in part for the rapid increase in commuting to London from the county. In company with other areas to the south of the Thames, Kent is clearly a dormitory for many of its residents. The proportion of workers resident in the county but working in Greater London has increased

TABLE 4.5: Housing provision by private sector in sub-divisions of the South East 1951-68

	°/o private sector	Total ('ooo's)
O.M.A. West	58	124
O.M.A. North	45	151
O.M.A. East	53	140
O.M.A. South East	63	91
O.M.A. South	58	69
O.M.A. South West	68	88
Berks-Oxon.	50	52
Bucks-Beds.	59	27
Outer Essex	68	44
Outer Kent	60	55
Sussex Coast	72	107
Solent	56	163

Source: Ministry of Housing and Local Government, Housing Statistics, No. 5 (April 1967).

from 8°/o to 11°/o between 1961 and 1966. This change is higher than in any other part of the Region (although 11°/o is still quite low when compared with 27°/o in Surrey, 14°/o in Essex and 17°/o in Hertfordshire).[24] This increase has created problems of overcrowding on commuter lines which have very little potential for increased capacity. As a result, a major planning policy for the county has been to restrict or try to restrict development in the O.M.A. so that population increases can be kept in step with the availaibility of local employment. The county is concerned that the new jobs which have been created in the county are of the wrong kind. A large proportion of immigrants is in professional and managerial occupations which are not readily available in the county. Thus the county suggests that "the situation (of "excessive" commuting to London, loading the overcrowded trains) could be greatly eased if suitable employment, particularly through the advent of a major office development at Maidstone, cane be provided".[25]

Table 4.5 indicates the housing situation in the county, compared with the rest of the Region. The increase in new housing in the county, like population and employment growth, was relatively small compared with the counties to the north and west of London. However, these

figures do not include conversions, and sub-divisions of existing dwellings. A large number of conversions and sub-division has taken place in the county, especially in the coastal towns of East Kent in order to cater for the influx of the retired and for temporary holiday accommodation. Table 3.1 suggests that the countyhas not experienced the intense pressure on land that the rapidly growing parts of the Region in the North and West have. However, land release policies are coloured by the high proportion of good agricultural land in the county and by large areas of landscape value such as the Downs. Over 50°/o of the county is under tillage, especially of intensive horticultural crops. This compares with a national average of well under 40°/o (BEST AND GASSON, 1966).

Private residential development in "normal" land allocation is particularly prominent in the provision of housing. The proportion of new housing being built by the private developer between 1951 and 1968 in West Kent was one of the highest in the South East, being exceeded only by the South West sector of the O.M.A. in West Surrey and Hampshire (Table 4.5). Moreover, there has been no planned expansion in the county except for a small overspill scheme at Ashford, where a total of 1,081 dwellings had been

built by June, 1968,[26] and a similar scheme in the 50's at Ebenbridge.

(ii) THE SURVEY

There were two possible sources of data which could be used in order to examine the historical and spatial patterns of private residential development in Kent. One was the private developer himself, the other, planning applications. Published data, as noted already, were inadequate. While they enable a temporal and spatial description of new housing to be made, housing increments are aggregated and are differentiated only according to which sector, public or private, built them. Collecting data from the builders themselves was rejected for a number of reasons. Small builders in particular keep inadequate written records or no records at all of their developments. This would place reliance largely on memory. Moreover, not only would we have great difficulty in defining a universe of builders who had been active in the county over the last decade, but also there would be practical difficulties in collecting data from builders located throughout Kent and the South East. A better source was residential planning applications submitted to local authorities in Kent. Here there were distinct advantages: there was a permanent written record of each planning application; the

applications were submitted on a standardised form and were ordered systematically on the shelves of the planning department by year and local authority, which made sampling easier and more accurate; lastly, applications were concentrated in only three centres, Canterbury, Maidstone and Gravesend. The ease of collection of data from planning applications distinguishes this method from a third which could have been used. It would have been possible to gather data by sampling the cells of a regular, close-limit grid covering the whole county. Even if this method had been adopted, it would have involved reference to planning applications at one stage or another.

The survey consisted of a 20°/o sample of planning applications in each of three sample years 1956, 1959, 1964 which correspond roughly to the beginning, middle and end of the period in which the private sector established its dominance over the public sector in Kent. It was decided to gather detailed information from residential applications for 5 dwellings or over; for applications of less than 5 dwellings, the number of dwellings involved and their locations were recorded. In all, 8350 applications were examined, 2035 were residential and 138 of these were for developments of over 5 dwellings. Three new variables were available from this source:

I size of development in dwellings

II type of development; i.e. house type and number of bedrooms

III developer type: (i) local developers (ii) non-local developers with headquarters in the county (iii) non-local developers with headquarters outside the county.

The first two variables are straightforward and present few problems except for the fact that house price was not available, which is one of the main drawbacks of the data. 'Local' developers were defined as having their headquarters within 10 miles of the site, 'non-local' as beyond 10 miles. A correspondence between these geographical categories and size groups is assumed throughout; the extra-county developers would tend to be the largest, the local developer the smallest. This is obviously in many ways unsatisfactory and crude as an indicator of size but the second part of the research project proved the assumption to be correct in the vast majority of cases.

Certain difficulties in this source of data had to be faced. The size of site in acres was required from applicants only after a change in the application form in 1962. Therefore information on density would apply with reliability only to 1964. On some forms the full range of data was not available especially in 1956 and 1959. For example only the agent's name appeared on the form rather

than the developer for whom he was acting. Applications had in some cases therefore to be recorded in truncated form and not used in tabulations involving its missing variable. There was also the danger of double counting i.e. two applicants submitted at different times for development on the same site. This was overcome in two ways; first, many local councils physically attached subsequent applications for development of a particular site to the initial application; secondly, a precise grid reference for each site was recorded so that, by constant checking, no two applications with the same grid reference would be included. Also, we had the problem of the variability of the number of dwellings involved in each 'large' residential development. One application might represent 5 or 150 houses and their relative importance is obviously unequal. Therefore it would be misleading to use numbers of applications alone in tabulations and each application was 'translated' into the number of houses it represented for all tables.

Even though the source of data was planning permissions to develop issued by Kent County Council, the results will be presented in terms of developments which have taken place and are visible on the ground. It is however obvious that permission to develop does not

necessarily lead to the development of any site either at once or at any time in the future. (In the absence of any checks, it could be suggested that the acute land shortage in the South East at the time would ensure fairly speedy development). In the case of developments of 5 dwellings or more, an attempt was made to eliminate sites which had not been developed in three ways. First, any sites with outline planning permission but without detailed planning approval were excluded from the tabulations. In such cases, it was assumed that the site had not been developed for a variety of reasons varying from difficult physical conditions for building to change of ownership. Secondly, it was often clear from the files relating to the detailed approval of estate layout, house design etc. that the physical development of the site had started. In many cases, there were a series of detailed approvals corresponding to changes in the developer's plans for the site while he was in the process of building. Thirdly, even though it might be reasonable to assume that developers submitting costly detailed plans would in all probability develope the site as soon as possible, a visit to the site was undertaken if it was not clear from the files that development was under way. As far as developments of under 5 dwellings were concerned, only the first two

checks were employed: the large number of developments involved made visits to the site impractical. It is quite likely therefore that there are included a number of sites in this size category which have not been developed. This would tend to overestimate the importance of small developments in the tabulations which follow.

(iii) THE RESULTS

In this section, the basic findings will be presented.[27] Certain qualifications of data, made necessary by the distinction between developments of more or less than 5 dwellings, are to be found for each major subsection.

SIZE OF DEVELOPMENTS*

(a) in 1956, only 19°/o of all houses were built in developments containing 36 or more dwellings; by 1964, the proportion had reached 57°/o. This is a clear illustration of the remarkable increase in the size of developments. It is made all the more remarkable by the speed of the change as the average size of developments alone rose from 29 to 63 in less than 10 years. While there was an

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* Figures include all residential applications for development regardless of size.

TABLE 4.6: Size distribution of developments in Kent by year

Size of development (dwellings)	Under 5	6-15	16-35	36-75	76+	Total
1956 No. of dwellings	444	146	77	161	0	828
%	54	18	9	19	0	100%
1959 No. of dwellings	562	185	239	352	266	1604
%	35	11	15	22	17	100%
1964 No. of dwellings	537	322	438	555	1194	3046
%	18	11	14	18	39	100%

TABLE 4.7: Size distribution of developments in Kent by area, 1956-64

Size of development (dwellings)		Under 5	6-15	16-35	36-75	76+	Total
Inner Country Ring	No. of dwellings	188	89	212	250	0	739
	%	25	12	29	34	0	100%
Outer Country Ring	No. of dwellings	359	180	220	524	1281	2564
	%	14	7	9	20	50	100%
East Kent	No. of dwellings	996	384	322	294	179	2175
	%	46	18	15	14	8	100%

absolute increase in the number of houses being built in the small development, its relative importance decreased steadily. (Table 4.6)

(b) It was in the Outer Country Ring of Kent that this trend was most pronounced. In this area, developments were significantly larger than in any other, with 70°/o of all houses in the period being built in developments of over 36 dwellings. Indeed, by 1964, 70°/o were built in developments of over 76 alone. In East Kent, developments did tend to increase in size but not spectacularly. Even in 1964, developments of 15 dwellings and under accounted for over half of all houses built. (Table 4.7)

(c) The large development was much more common in urban than in rural areas of the county.** In the former, 56°/o of houses were built in developments of over 36 dwellings, in the latter 53°/o were built in developments of under 15 dwellings. (Table 4.G)

TYPE OF DEVELOPMENT*

(a) There has been a marked change in the type

** 'Urban' refers to Urban Districts and Municipal boroughs; 'rural' to Rural Districts.

* Figures refer only to developments of 5 or more dwellings.

of house being built in Kent. 3-bedroomed semi-detached and terrace houses accounted for 35°/o of all houses built in 1956; by 1964, the figure had almost doubled to 60°/o. The striking dominance of these 'middle-density' house types seem to have occurred at the expense of the semi-detached bungalow. Even though the semi-detached house was by far the most important single house type being built, it was the terrace house which most rapidly increased its absolute and relative share of the total. (Table 4.H)

(b) It was in the Outer Country Ring and, to a lesser extent, the Inner Country Ring, that the semi-detached and terrace house were most prevalent. In East Kent, due to its attraction as a retirement area, bungalows were much more important although the trend towards the middle-density house types was appearing strongly in 1964. In the Inner Country Ring, detached houses were significantly more important than elsewhere, probably due to the high price of land. (Table 4.I)

(c) On the whole, urban areas in Kent saw a much higher proportion of middle-density dwellings than rural areas. This applied more to East Kent than West Kent. In the latter, rural urban differences in house types being built were much less significant. (Table 4.J)

TABLE 4.8: Dwelling types built by size of development in Kent, 1956-64

Size of development		6-15	16-35	36-75	76+	Total
Detached house	No. of dwellings	129	125	171	60	485
	%	27	26	35	12	100%
Semi-detached house	No. of dwellings	100	208	550	435	1293
	%	8	16	43	34	100%
Detached bungalow	No. of dwellings	149	120	128	61	458
	%	33	26	28	13	100%
Semi-detached bungalow	No. of dwellings	94	120	155	186	555
	%	17	22	28	34	100%
Terrace house	No. of dwellings	59	103	26	207	395
	%	15	26	7	53	100%
High density	No. of dwellings	122	54	38	22	236
	%	52	23	16	9	100%

(d) There is a strong correlation between the size of development and the type of housing being built. The large development tends to consist of semi-detached and terrace houses (or semi-detached bungalows;) the small development of detached dwellings or high density flats and maisonettes. This is especially true of semi-detached houses; 76°/o of those appearing in the sample were found in developments of over 36 dwellings. Detached dwellings which were built in large developments tended quite often to form a minor part of an estate dominated by semi-detached or terrace houses. This sprinkling of detached houses was included presumably to increase sales through raising the potential social status of the estate. (Table 4.8)

DEVELOPER TYPE*

(a) Over the decade, there has been a striking growth in the percentage of housing in any area built by developers from outside it. By 1964, the non-local developer accounted for 60°/o of all houses built, compared with 48°/o in 1959 and only 10°/o in 1956. A

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* Figures are calculated on the assumption that all developments of less than 5 dwellings were built by the local developer. This assumption would tend to underestimate the importance of the non-local developer.

TABLE 4.9: Type of developer operative in Kent 1956-64

Developer type	Non-local	Local [over 5]	Local [under 5]	Total local	TOTAL
1956 No. of dwellings	80	304	444	748	828
%	10	37	54	90	100%
1959 No. of dwellings	787	292	558	850	1637
%	48	18	34	52	100%
1964 No. of dwellings	1756	648	541	1189	2945
%	60	22	18	40	100%

good deal depends upon the definition of 'local' and 'non-local'. The definition of a 'local' developer taken here is arbitrary. However, the position of the non-local developer can also be judged without facing the difficulties of the arbitrary definition, through examining the importance of developers whose headquarters are outside the county altogether, in the metropolis itself. In 1956 these London-based developers accounted for 7°/o of houses built, for 26°/o in 1959 and for 42°/o in 1964. The importance of the non-local developer is one of the strongest trends of the survey. (Table 4.9)

(b) The dominance of the non-local developer was least marked in East Kent and in rural areas in general. The non-local builder has least influence in rural areas in East Kent where he built only 40°/o of all houses. However, even in East Kent, he had become much more important by the end of the period. The local builder in the Outer Metropolitan Region and in urban areas generally was totally over-shadowed by the non-local builder. For instance, in the towns of the Outer Country Ring in Kent, over 75°/o of all houses were built by the non-local developer. (Table 4.K, 4.L)

(c) 75°/o of all houses built by the non-local developer were in large developments of over 36 dwellings:

TABLE 4.10: Type of developer operative by size of development in Kent, 1956-64

Size of development		6-15	16-35	36-75	76+	Total
Non-local	No. of dwellings	244	420	663	1296	2623
	%	9	16	25	49	100%
	No. of applications	24	17	12	8	61
	%	39	28	20	13	100%
Local	No. of dwellings	381	334	365	164	1244
	%	31	27	29	13	100%
	No. of applications	51	14	7	1	73
	%	70	20	10	1	100%

only 42°/o of the local developer's houses were in this size group. There was a strong relationship between type of developer and size of development. On the whole, the non-local developer built in relatively large developments and the local developer in small developments. So strong is the correlation that this pattern is observable using numbers of applications alone. (Table 4.10)

(d) It is the non-local developer therefore who is largely responsible for the majority of the middle-density semi-detached houses: almost half of all houses he built during the period were of this type. The local developer does not tend to specialise in any one particular house type in the same way as the non-local developer, although he tends to build proportionately more detached houses and bungalows.

(e) However, when the non-local developer does build in small developments, there is concentration upon detached houses, detached bungalows and high density developments, i.e. a pattern more similar to that of the local builder. This reinforces the view that small sites and small developments have a distinctive pattern associated with them. (Table 4.M)

PRIVATE HOUSE BUILDING IN TRANSITION

The pattern of private housing in this segment of the South East has been changing considerably over the years, In the middle of the fifties, house building took place in the relatively small development of 30 dwellings or less and no one house type dominated production as it did later. By the middle of the sixties, large developments accounted for a much higher proportion of new housing and middle density, semi-detached or terraced houses had grown considerably in importance. This change was closely associated with the changing balance between the small local and large non-local developer in the provision of housing in many areas. In 1956, just after building licensing had been abolished and when the new housing policies of the Conservatives were beginning to work, new housing was built by the local developer. By 1964, the larger building firms had expanded their house building activities and new development firms had been created.

This transition has progressed furthest in the western parts of the county in the Outer Metropolitan Area which is much more a part of the London Region as a whole than East Kent. In West Kent, the large non-local builder, often based in London, has been building large estates for the "mass" market. We have seen some of the

factors which have made the cheap, mass-produced semi or terrace house so "attractive" to many housing consumers. To immigrants in particular, who are either unable or unwilling to find privately rented or council accommodation, the semi or terrace on the large estate is the most likely means of meeting their housing requirements. For the developer, the growth of this mass market has allowed him to expand geographically and in terms of output. Furthermore, the economies of scale which can be gained from the mass production of a reasonably standardized product are most easily achieved inthe large estate which is the housing "factory" of the Outer Metropolitan Region. It is the large developer, who by buying land for large developments in the Outer South East, pushes out the frontiers of the Metropolitan region and especially along the commuter lines. This has clearly happened of late in East Kent, especially along the North-Kent line. A study of private residential development in Thanet shows clearly the impact on the housing market and on land prices that the influx of the large developer produces (de LANGE, 1966). The large non-local developer is a major invader of the non-metropolitan periphery of the South East Region.

It seems clear then that the patterns of private residential development in the Region cannot be adequately

understood without differentiating between the different types of developers involved. The two types isolated in the sample study produced different and distinctive patterns of development. It it also likely that different developers perceive and react to their environment differently, especially an environment made up of market forces and plan constraints? If so, the context of the market and plan conflict will vary from developer to developer. Do all developers feel constrained by planning policies? Do all developers experience severe land shortages? Do all developers overcome the problems posed by the market/plan context in the same way? However, as this chapter has shown, a first step in answering these questions is to try to answer another: "who are the developers?"

CHAPTER 4: FOOTNOTES

1. South East Economic Planning Council, A Strategy for the South East, H.M.S.O., 1967, Table 3, Annex C, p. 87.

2. Registrar General, Census 1966: Migration Tables, H.M.S.O., 1968.

3. Ministry of Housing and Local Government, Coastal Retirement Areas, unpublished report, July 1968.

4. South East Economic Planning Council, op. cit., Annex B, p. 78.

5. Ibid., p. 24.

6. Central Statistical Office, Abstract of Regional Statistics, No. 5, 1968: Part VIII Income and Expenditure.

7. Central London as defined in A Strategy for the South East, p. 48.

8. Ibid., p. 79.

9. Ibid., p. 78.

10. Standing Conference on London and South East Regional Planning, Journey to work, 1966 Census, L.R.P. 1139.

11. Report of The Committee on Housing in Greater London, Cmd. 2605, H.M.S.O. 1965.

12. Greater London Council, Greater London Development Plan: Report of Studies, 1969, p. 25.

13. Report of The Committee on Housing in Greater London, op. cit., p. 106.

14. Department of Employment and Productivity, Family Expenditure Survey 1968, H.M.S.O. 1968.

15. Sample survey of 363 households on new estates in six villages in West Kent conducted by A.R. Tod for Span Developments [Kent] Ltd., 1966-9.

16. Building Societies Association, Building Society Statistics No. 14 [special issue] December 1966, Table 3.

17. Ministry of Housing and Local Government, Housing Statistics No. 9, April 1968, Table XXV.

18. Kent County Council, Kent Development Plan Quinquennial Review 1963: Report on Survey and Analysis Part 4, Vols. 1-4.

19. Hampshire County Council, Village Life in Hampshire: A Report 1966 [with Mass Observation Ltd.]

20. Town and County Planning Association, Planning and Housing in London and South East England, Policy Statement 1967, p. 6.

21. Standing Conference on London Regional Planning, Review of the South East Study, L.R.P. 600, Appendix A and B.

22. Town and Country Planning Association, Town and Country Planning, September Issue, 1968, p. 401.

23. Kent refers to extra metropolitan Kent both before and after London's boundary changes.

24. Standing Conference on London Regional Planning, Journey to work, - 1966 Census, L.R.P. 1139, Table 2, p. 4.

25. Kent County Council, Kent Development Plan: County Plan 1967 Revision, Employment Table 10, p. 41.

26. Town and County Planning Association, Town and Country Planning, March Issue, 1969, p. 116.

27. The statistical reliability of the following tables is indicated in Appendix I.

TABLE 4.A: Percentage population changes due to natural increase and migration in the South East and its major divisions, 1951-66.

	Natural+ increase	Net migration	Total population change
South East	69	31	100 (+2.0m)
Greater London	-	-	100 (-0.4m)
Outer Metropolitan Area	32	68	100 (+1.7m)
Outer South East	28	72	100 (+0.8m)

Source: A South East Stategy, Annex A

+ Population increase due to the rundown in armed forces is included in this column.

TABLE 4.B: Employment structure of job changes in the South East and its major divisions, 1960-66.

'ooo's

	Extractive	Manufac-turing	Service	Construction
Greater London	- 4	-163	+232	+20
Outer Metropolitan Area	- 12	+138	+200	+23
Outer South East	- 17	+ 65	+ 83	+21
South East	- 33	+ 40	+515	+64

Source: A South East Strategy, Annex C, Tables 6 and 7.

TABLE 4.C: New housing provision by public and private sectors in the South East and its major divisions, 1951-68

	1951-61	1961-66	1966-68	Total
Conurbation	256,000	120,000	70,000	446,000
(i) °/o public	67	57	67	
(ii) °/o private	33	43	33	
Outer Metropolitan Area	413,000	203,000	92,000	708,000
(i) °/o public	50	29	38	
(ii) °/o private	50	71	62	
Outer South East	239,000	171,000	80,000	490,000
(i) °/o public	42	25	40	
(ii) °/o private	58	75	60	
South East	908	494	242	1,644

Source: Ministry of Housing and Local Government, Housing Returns and Housing Statistics

TABLE 4.D: Percentage changes in population and households in major divisions of the South East, 1951-66

%

	Conurbation	Outer Metropolitan Area	Outer South East
1951-61			
Population	-2.2	+28.8	+ 9.2
Households	+3.4	+38.1	+21.7
1961-66			
Population	-1.2	+12.0	+13.7
Households	+4.4	+14.3	+12.9
Average household size			
1951	3.04	3.45	3.40
1961	2.85	3.22	3.05
1966	2.71	3.15	2.91

Source: S.C.L.R.P., Technical Paper 1240

TABLE 4.E: Population increase provisions in planned expansions and normal allocations in the South East

'ooo's

	Planned expansion schemes	Normal allocation	Total in South East	Planned expansions outside South East
1951-61	350 (29)	850 (71)	1,200(100°/o)	17
South East Study, 1961-81	986 (33)	1,969 (66)	2,955(100°/o)	334
South East Study Review, 1964-81	600 (25)	1,791 (75)	2,391(100°/o)	334
South East Strategy, 1964-81	500+(23)	1,642 (77)	2,142(100°/o)	500

Source: The South East Study
S.C.L.R.P., Technical Paper 600
A South East Strategy

+ This figure includes population increase at Ashford. Plans for development at Ashford were rejected by the Government in 1968.

TABLE 4.F: Accommodation of population growth in major divisions of South East and beyond, 1964-81.

'ooo's

	Planned expansion	Normal allocation	Total
Conurbation	*	+ 30	+30
Outer Metropolitan Area	200 (19)	870 (81)	1,070 (100)
Outer South East	300‡(28)	740 (72)	1,040 (100)
Outside the South East	500	*	*

Source: A South East Strategy, Table A8.

+ This figure includes population growth at Ashford. Plans for the growth of Ashford as a major expansion centre were rejected by the Government in 1968.

TABLE 4.G: Size of developments in rural and urban areas of Kent, 1956-64

Size of development (dwellings)	Under 5	6-15	16-35	36-75	76+	Total
Urban No. of dwellings	878	445	376	772	1373	3844
%	23	12	10	20	36	100%
Rural No. of dwellings	665	208	378	296	87	1634
%	41	13	23	18	5	100%

TABLE 4.H: Dwelling types built in Kent, 1956-64

Dwelling type		Detached houses and bungalows	Semi-detached and terrace houses	Semi-detached bungalows	High Density*	Total
1956	No. of dwellings	139	142	108	13	402
	%	34	35	27	3	100%
1959	No. of dwellings	246	352	313	101	1032
	%	24	36	30	10	100%
1964	No. of dwellings	538	1174	134	122	1988
	%	28	59	7	6	100%

* Flats and Maisonettes.

TABLE 4.I: Dwelling types built in Kent by area, 1956-64

Dwelling Type		Detached house	Semi-detached house	Detached bungalow	Semi-detached bungalow	Terrace house	High density	Total
Inner Country Ring	No. of dwellings	119	225	71	60	54	22	551
	%	22	41	13	11	10	4	100%
Outer Country Ring	No. of dwellings	272	778	82	238	246	76	1692
	%	16	46	5	14	15	5	100%
East Kent	No. of dwellings	94	290	305	257	95	138	1179
	%	8	25	26	22	8	12	100%

TABLE 4.J: Dwelling types built in rural andurban areas in Kent, 1956-64

Dwelling type	Detached house	Semi-detached house	Detached bungalow	Semi-detached bungalow	Terrace house	High denisty	Total
Urban No. of dwellings	286	1004	353	319	297	218	2477
%	12	41	14	13	12	9	100%
Rural No. of dwellings	199	289	105	236	98	18	945
%	21	31	11	25	10	2	100%

TABLE 4.K: Type of developer operative by area in Kent, 1956-64

Developer type		Non-local	Local [over 5]	Local [under 5]	Total local	TOTAL
Inner Country Ring	No. of dwellings	307	244	188	432	739
	%	42	33	26	58	100%
Outer Country Ring	No. of dwellings	1634	571	359	930	2564
	%	64	22	14	36	100%
East Kent	No. of dwellings	682	429	996	1425	2107
	%	32	20	47	68	100%

TABLE 4.L: Type of developer operative in rural and urban areas of Kent, 1956-64

		Urban		Rural	
		Non-local	Local	Non-local	Local
Inner Country Ring	No. of dwellings	171	77	136	167
	%	69	31	45	55
Outer Country Ring	No. of dwellings	1289	447	345	124
	%	74	26	74	26
East Kent	No. of dwellings	625	346	57	83
	%	64	36	41	60

TABLE 4.M: Non-local developer: Dwelling type built by size of development in Kent 1956-64*

Type of dwelling		Detached house	Semi-detached house	Detached bungalow	Semi-detached bungalow	Terrace House	High Density	Total
Developments of over 16 dwellings	No. of dwellings	182	968	193	317	134	72	1866
	%	10	52	10	17	7	4	100%
Developments of under 16 dwellings	No. of dwellings	70	38	44	32	11	49	244
	%	29	16	18	13	5	20	100%

* Three developments comprising 513 houses could not be included here as reliable information on house types was not available.

CHAPTER 5.

THE DEVELOPERS

INTRODUCTION

Given the dual system of market and plan in the residential development of the South East, the major concern of this study is with the relationship between the residential developer and the market/plan context in which he has to act. However, the content of the market/plan context depends upon the developer's perception of it. This perception varies from developer to developer and is a product of the subjective definition of the situation made by the developer himself. This definition, in turn, originates in the internal characteristics of the company as much as in the "external" environment. Discussing the relationship between management structure and the external world, Penrose suggests that "the environment is treated, in the first instance, as an "image", in the entrepreneur's mind, of the possibilities and restrictions with which he is confronted, for it is, after all, such an "image" which in fact determines a man's behaviour". (PENROSE, 1966, p. 5)

Kaiser, in his formulation of the developer sub-

model did attempt to distinguish analytically between an external world and the internal characteristics of the developer, although at the same time emphasising their close links. He suggested two frameworks for examining the locational decisions of developers, the spatial context and the processual context. The former consists of the spatial distribution of physical, locational and institutional characteristiss which result in sites having unique sets of characteristics which the developer must evaluate: this is the most important aspect of his "external world". The processual context involves a decision-chain within the development process by means of which the developer evaluates alternate sites and strategies. This chain contains both calculations internal to the company about the costs, revenues and profits of alternate strategies and also negotiations with external agents which can modify these calculations. (KAISER, 1966)

It is clear that the calculations about alternate profit strategies and the negotiations with external agents depend to a considerable extent upon the characteristics of the development company. Moreover, not only are the external links more important in Britain because of the conflict between the values and interests of the market and plan system, but also, the "calculations" made by entrepreneurs concerning their land development

activity are certainly not merely economic, profit/loss calculations, as this chapter will show. The residential development company is much more than an economic unit functioning to maximize or satisfise monetary returns, and the environment poses other problems and opportunities than restrictions and possibilities for profit. This chapter attempts to deal with those characteristics of the developer which are most significant in affecting his perception of the environment and his reaction to it.

THE HOUSEBUILDING INDUSTRY

Residential land developers are often, though not necessarily, housebuilders as well. Either they build houses using their own direct labour, or they let out the work to subcontractors while retaining overall responsibility for control and co-ordination and for the sale of the final product. Very few are involved solely in buying and preparing land for development through obtaining planning permission or by providing basic services to the site, such as sewers and roads. Developers do sell a site before its development is complete but generally this is an enforced decision due to unforeseen circumstances. Particularly common in this case are financial problems involved with the repayment of principal and interest on the site itself or with the inability of the developer to obtain sufficient

TABLE 5.1: Construction industry: percentage distribution of firms and value of gross output by size groups in U.K., 1935, 1954, 1963.

Number of employees	% of firms			% of Gross output		
	1935	1954	1963	1935	1954	1963
10 and under	88.6	81.7	80.8	28.5	11.9	-
11-99	10.1	16.5	17.5	31.7	32.0	-
100-499	1.1	1.6	1.7	24.4	24.9	25.9
500 and over	0.2	0.2		15.4	31.2	33.1
	100 [76,112]	100 [88,535]	100 [86,458]	100	100	-

Census of Production, 1935

Census of Production, 1954

Census of Production, 1963

finance or finance at reasonable rates of interest. The housebuilder and the land developer are in most cases synonymous. Sites are usually purchased from the land owner, prepared, built upon and the dwellings sold by one organisation in one continuing process, rather than each stage being performed by a distinct organisation with specialised functions. Almost all sites are purchased freehold. There is an absence of leasehold property development so characteristic of urban growth in the eighteenth and nineteenth centuries. More often than not, the original land owner's role in the development process is as a seller of land, not as a developer.

The housebuilders in Britain are part of the much larger construction industry and data is most readily available about the industry as a whole, rather than the housebuilding part. Moreover, the distinction between housebuilders and the rest is often difficult to make as housebuilding is frequently only one aspect of the building activities of a particular concern. Table 5.1 sets out the changes in the size structure of the construction industry since 1935. It is clear that small firms of 10 employees or less, represented 80% of construction firms in 1963. Over a third of these small firms consist solely of the employer himself (COLCLOUGH, 1965, p. 20). However, the large company of over 100 employees has increased only

TABLE 5.2: Estimate of value of housing output by size of firm, 1965.+

Number of Employees	Housebuilding firms		Value of housing output	
	Number	°/o of total	£ value [millions]	°/o of total
Under 10	14,030	75.4	31.5	13.8
11-50	3,630	21.3	50.3	22.1
51-99	520	2.8	29.5	12.9
100-249	270	1.5	33.2	14.5
250 and over	120	0.6	86.6	36.6

+ This table is based upon data supplied by Alcan Industries, Research Section. Their calculations, based on figures issued by The Ministry of Public Building and Works, have adjusted such figures in two important ways:- (i) The number of builders (i.e. general builders and civil engineering contractors) had to be reduced in proportion to the value of work which was non-housing work. This was done for each size group. (ii) The value of new housing work included the value of work done by non-building firms (i.e. sub-contractors). Therefore, this value was redistributed over the whole range of size groups.

marginally in absolute numbers, but in terms of output, the position is reversed. The large number of small construction firms is producing proportionately less and less; the large firms of over 500 employees have more than doubled their proportionate share of gross output between 1935 and 1963. The growth in the size and complexity of building jobs since the war is largely responsible for the growing importance of the large company. Central area re-development, large public housing projects, huge civil engineering schemes such as motorways can best be undertaken by the really large contractor even though he sublets a considerable part of the work. The ability of the large firm to obtain information about new techniques and materials and to incorporate them into its building activity compounds the advantages of scale which it possesses. Bowley however suggests that the growth of civil engineering and public works in Britain since the war accounts in large part for the increase in the output of the large company. (BOWLEY, 1966) Is the structure of firms engaged in house-building significantly different from the construction industry as a whole?

The growing importance of the large firm seems to hold for the house builders as well. Data is very rudimentary indeed and is available in a reliable form only after 1966. Table 5.2 shows an attempt in 1965 to

TABLE 5.3: Speculative housebuilding: percentage of firms and dwellings started in size groups in U.K., 1966 and 1967.

Dwellings started during year	% of speculative builders		% of dwellings started	
	1966	1967	1966	1967
1-10	66.1	70.0	13.8	13.5
11-30	23.0	19.4	18.8	17.8
31-50	4.8	4.6	10.1	9.4
51-100	3.5	3.5	13.1	13.0
101-250	1.6	1.6	12.8	12.7
251-500	0.6	0.6	9.7	11.1
Over 500	0.4	0.3	21.7	22.5

Ministry of Housing and Local Govt. Statistics Branch

construct the size distribution of firms engaged in house building. Although efforts were made to adjust for firms active across the whole range of building, it was difficult to isolate the relationship between total houses built and the number of houses built by each firm. However, the importance of the small builders in terms of total firms engaged in house building, and of the large builder in terms of housing output is obvious. Table 5.3 is more useful for, besides being relatively up-to-date, size groups are constructed using number of housing starts each year, rather than by number of employees. The builders of over 100 houses per year, while accounting for only 2.5°/o of all housebuilders in 1967, started over 45°/o of all houses being built speculatively. In a qualitative sense, this fact is confirmed by the sample survey of planning applications; generally speaking, large builders will develop large sites.

Analysis of the structure of the house building industry in both Britain and America has concentrated on the size of the firm. Size has normally been the means of classification. Size differences however seem to correlate with other more significant differences in the behaviour, attitudes and internal structure of the company. Size is a reflection of, and a useful classificatory label for

attaching to, clusters of variables which are found in different concerns. American studies clearly indicate the importance of size in this respect. Kaiser, in his empirical study of Greensboro and the locational decisions of developers, was surprised to find a strong association between locational site characteristics and type of developer.[1] Large-scale developers (in this case averaging over 100 lot developments per year) tended "to locate within water, sewer, fire and police protection districts, and close to employment centers and the central business district than other developers". They also tended to build in areas where the zoning regulations were most restrictive. (KAISER, 1966, p. 162). Wolfe's study of Seattle also indicated a relationship between developer size and locational behaviour, although he observed that the relationship was opposite to Kaiser's. The large developer in Seattle tended to develop sites farther from the city than the small developer, partly, he suggests, due to high land prices closer in, and partly due to the difficulties of assembling land in large enough parcels. (WOLFE, 1961)[2]

Size had been used when examining features of the development company other than locational behaviour. Herzog working in the San Francisco Bay area, indicates how the larger firm, due largely to its ability to acquire finance, could withstand fluctuations in effective demand

and in the availability of credit much better than the smaller firm. (HERZOG, 1963) His approach drew heavily upon Maisel's classic study of house builders in the same area a decade earlier. Maisel isolated three size types, small, medium amd large, and then discusses the management structure, the markets being catered for, building methods, and financial managements which characterise each size group. (MAISEL, 1953)

Size then is a useful classificatory label but any analysis of developer must attempt to examine the characteristics which firms of a certain size display. There is a danger that undue emphasis on size can direct attention away from the dynamics of growth of the company. Profit and loss calculations, locational behaviour, management structure and financial linkages are closely related to the attitudes towards expansion and the ability to expand. Expansion involves not only changes in the profit/turnover equation but more importantly in changes in the structure of the company and the status of the entrepreneur. The following analysis of the residential developer active in the South East focuses upon the development company as an organization subject to change, especially change through growth and upon the attributes of companies at various stages in the growth process. The three main

TABLE 5.4: The private developers: operating statistics for 1967

Developer code letter	Number of dwellings sold*	Total turnover (£'ooo's)	Speculative househuilding turnover (£'ooo's)	Housebuilding as °/o of total
A	1,080	4,630+	4,630	100
B	462	2,400+	-	-
C	454	2,000+	2,000	100
D	377	1,600+	1,600	100
E	310	1,400+	1,400	100
F	280	1,000+	1,000	100
G	128	840	840	100
H	76	858	300	35
I	76	438	434	99
J	60	242	-	-
K	60	239	239	100
L	55	376	111	29
M	48	272	140	51
N	47	228	-	-
O	44	220	220	100
P	40	284	184	65
Q	30	-	-	100
R	17	110	80	72
S	17	115	98	85
T	10	89	38	43
U	6	57	34	60

* Houses sold involve only legal completions

+ Estimates by developers in absence of detailed figures

Developers 1, 2, 3 are referred to in the text but did not supply detailed information. They are included in tables where appropriate

TABLE 5.5: The private developers: legal status and dates of incorporation and foundation

Developer code letter	Public* or Private	Status	Date of incorporation as limited company	Date of foundation of building concern
A	PR	P	1958	1958
B	PR	P	1933	1931
C	PU[1935]	SBH	1948	1921
D	PU	S+	1919	1880
E	PU	SBH	1965	N.K.
F	PU[1965]	SBH	1966	1966
G	PR	P	1958	1958
H	PU[1967]		1935	1935
I	PR	P	1938	1861
J	PR	P	1934	1934
K	PR	P	1960	1960
L	PR	P	1923	1923
M	PR	P	1961	1961
N	PR	P	1920	1920
O	PR	S	1959	N.K.
P	PU[1964]	SMH	1964	1964
Q	PR	P	1953	1946
R	PR	P	1947	1934
S	PR	P	1960	1954
T	PR	P	1966	1945
U	PR	P	1964	1750

Key

P Parent company
S Wholly-owned subsiduary of parent company
SBH Partly-owned subsidiary in building, contracting and property investment holding group.
SMH Partly-owned subsidiary in mixed holding group.
\+ One of 15 Regional companies
* Dates on brackets indicate when company became public.

groups in the typology are models and no company exhibits all the attributes of the model.

Residential developers are heterogenous in many ways. Table 5.4 and 5.5 illustrate some features of the developers interviewed in the survey.[3] They vary enormously in size from one who built 6 houses in 1967 to the developer who built over 1000 houses in the same year. Some developers are purely housebuilding concerns, while for others housebuilding is a part of general building activity. Some are autonomous companies, some subsidiaries and some part of holding groups of various kinds. A number of companies are relatively old, having been started before the Second World War: another group of companies dates from the late fifties and early sixties. Notwithstanding these variations, three main groups of developers emerge: the stagnant entrepreneur, the growth company and the regional housebuilder.

THE STAGNANT ENTREPRENEUR

In this group are found most of the small developers in terms of output, but, as we shall see, the features which distinguish the stagnant firm are also found in relatively large companies. The major feature of this group is the fact that the companies are dominated by the entrepreneur himself. He is not so much part of the

company, as the company is part of him. The organization does not have an independent existence in the way that the larger firm does. It exists and develops often as one aspect of the activities and interests of its entrepreneur as an individual. Not only does the entrepreneur usually own the company but also he controls it absolutely. Ownership and control are united in the person of the entrepreneur.

The founder of such companies often has some experience in building or related fields. In the case of Company T, the founder was a joiner/carpenter; of Company R, an estate agent; the founder of Company M was a retired civil servant from the Ministry of Agriculture whose work had involved him in the land market in various parts of the South East. Their entry into building was facilitated by their experience and also by the absence of heavy capital requirements in the early stages. The prevalence of "experienced" entrants into housebuilding has also been reported by Kenney in Atlanta. (KENNEY, 1968)

Some of the new entrants form building companies which grow quite rapidly into medium-sized or even large concerns. Many others do not last very long in business as the high proportion of building bankruptcies and the rapid turnover in small builders from one year to the next indicates. Many of those builders do not leave through

lack of success however. They may have built one or two houses in a couple of years but are prepared to return voluntarily to work for other builders rather than to continue working for themselves. However, many of the stagnant entrepreneurs entered housebuilding and formed their own firm in order to be "independent" and to be their own "boss". It is their attitude to their "independence" which in large part explains the stagnation of their companies.

Growth in output generally results in what the extrepreneur regards as loss of control over his company and thus of his independence. The stagnant firm is characterized by a high degree of centralization of authority and decision-making in the entrepreneur. His decision is required before almost any action can be taken in the office or on the site. This centralization of authority springs not only from his complete or near complete ownership of the firm, but also from the fact that the organization is so small in terms of personnel that one individual, through personal and direct contact, can control its workings without too much difficulty. Secondly, there is a lack of specialization of work roles. Work roles are extremely flexible and are so normally by design. In this sense, such firms have an "organistic" structure in Burns' and Stalker's terms. (BURNS AND

STALKER, 1961) Developer R was used to "doing a bit of carpentry, driving the lorry and looking after the office in my spare time". Developer Q did not want to put people "into little boxes labelled "Accountant" or "Surveyor" but wanted everyone to do whatever came up".

Not surprisingly, a corollary of this flexibility in work roles in such firms is the embryonic managerial system. Managerial functions, if exercised at all, are exercised by the entrepreneur or by a very small number of managerial staff. The delegation of authority to administrative personnel would be seen as a reduction in the autonomy of the entrepreneur. The absence of closely defined work roles, of a hierarchy of authority, of a developed managerial system are a function of the entrepreneur's desire for independence, for control and for authority within the organization he founded. Growth would involve changes in the entrepreneur's personal status within the company that many are not willing to face.

Company T illustrates some of these points well. This company, operating near the Medway towns in Kent, was founded by Mr. T, who was a carpenter/joiner by trade, in 1945. He started house building when licensing was abolished in 1953 and by the late 50's was building 30-40 houses a year. At this point, Mr. T., according to his

son, "drew in his horns a bit - was overreaching himself in terms of personal control. He had set up in business to be his own boss and my father is still the be-all-and-end-all-of this company: everything depends on him". Mr. T., it is clear, could cut back production from 40 a year to 10 or 12 with relative ease due to the structure of the company and his control over it. Besides owning 99°/o of the shares of the company, Mr. T. had other business, especially property interests, including a hardware shop. The growth of the company depended on "whether my father can find the money". The availability of such money depended as much on Mr. T's other business activities as upon the feasibility of the housebuilding project.

The dominance of such companies by their entrepreneurs in the ways outlined, accounts for many of the outstanding features of their activities. Their rate of expansion is usually erratic, slow or non-existent, and the number of houses built each year is very small. Often housebuilding is characterized by relatively high-priced, custom-built, "quality" dwellings. Developer M. suggests that "we are not a business going for rapid turnover, with all the gray hair that is involved. We tend to look for a little more profit limit. I could build [X estate] in 12 months - all 100 houses, but I can't see the point: I want to build quality houses". Housebuilding is often

confined to a small geographical area. Developer T "will not move outside a range of 15 miles from here" and Developer U "wants to keep things as local as possible". The question of control is particularly important in geographical expansion and this will be discussed in greater detail in Chapters 6 and 7.

Generally speaking, housebuilding for such small companies tends to be only one aspect of building activities (Table 5.4). Jobbing, repair, maintenance and small contract work tend to be the "bread and butter" with the higher profits from housebuilding being the "jam". Housebuilding also involves greater risk and uncertainty. The evidence of risk and uncertainty, which Maisel indicates as a major characteristic of small firms, is in part a function of the low level of managerial expertise. Not only are production methods primitive, but more important, modern methods of accounting, planning and site assessment are absent. This will be examined in greater detail in Chapter 7. Housebuilding is also risky for the small firm in that it involves relatively heavy borrowing of capital which jobbing and contract work does not. This applies particularly to speculative housebuilding amd much less to custom-built housing. While it can be argued that the small builder would have difficulty in obtaining adequate finance even if he wanted it, it is clear that many do not

TABLE 5.6: Developer O: Historical profile of house-building activities, 1961-67.

	1961	1962	1963	1964	1965	1966	1967
£ value of annual turnover ('000's)	140	150	160	200	70	230	220
Number of dwellings sold	40	40	40	47	10	50	44
Index [1961=100]	100	100	100	117	25	125	110
Price range of dwellings (%)							
(i) £2500-£3000	100						
(ii) £3001-£4000		100	100	85		80	45
(iii) £4001-£5000							45
(iv) £5001-£7500				15	80	16	
(v) over £7,500					20	4	10
Type of dwellings %							
(i) detached house	-	-	5	15	100	20	14
(ii) semi-detached house	100	100	95	85		80	86

want to face the problems which borrowing involves.[4] Not only is it a greater risk, but it also involves a propensity towards rapid turnover and growth with all the loss of control and independence which might result.

CASE STUDY I: DEVELOPER O

A close examination of Developer O will illustrate some of the points which have been made. This developer is particularly significant because in terms of size alone he would be classified as a medium-sized builder yet many of the features commonly associated with the small firm are characteristic of the company. The stagnant entrepreneurial type of company transcends size classifications.

The company is a wholly-owned subsidiary of a long-established general construction company and both are located in West Kent, near Sevenoaks. Speculative housebuilding after the war was started by the parent company in 1953 and a separate housebuilding company formed in 1959. This company represents a movement towards diversification by the parent company, whose turnover is four times as great. Table 5.6 shows the slow and erratic progress of the company since 1961. Only in 1963 and 1965 was there a 10% increase on the number of houses built in 1961. The company suffered a severe cut-back in production in 1965

due to the shortage of both building amd mortgage credit in 1964 and early 1965. House building has been all speculative, although a proportion of new housing has been in the higher price ranges. This was especially so in 1965, when all houses sold were over £5000. This is a reflection of the greater ease with which the better-off can buy by using their own capital or by being able to acquire scarce mortgage money in times of shortage. It also shows a positive movement by the company out of the low price ranges. Generally, however, the company builds in the lower price ranges and concentrates on semi-detached houses at around £3000 - £4000.

The internal organization of the company indicates the absence of managerial or administrative staff, the flexibility of work roles and the dominance of the principal of the company. The "administrative" staff consists of the principal, a part-time accountant and a secretary/ typist. On the sites there are site foremen and the chain of command is directly from the principal to the site foreman. The principal combines the roles of site engineer and supervisor, office manager, estimator and programmer, as well as being wholly responsible for the sales side. He, himself, suggests "it all rests on me because there is no one else - I'm chief cook and bottle-washer. I've got a bookkeeper and a typist in the office and that's all.

Each site has its own foreman and I've no difficulty in keeping my finger on all that's happening".

This simple organizational structure however has been sufficient to produce roughly 40 houses a year. One important reason for this is the fact that since the company started, building has not taken place on more than two sites. Between 1961 and 1963, only one site was being developed, between 1964 and 1967, two. With building concentrated in one or two sites, problems of control and co-ordination by "management" were kept to a minimum. Both sites were large: one, at Tonbridge, bought in 1958, was of 30 acres: the other at Larkfield, purchased in 1963, was of 15 acres. The company were "lucky" to get the sites, especially the 30 acre site. Having bought before the land value boom of the sixties at just over £1000/acre, the purchase turned out to be exceedingly fortuitous with rising prices and growing land shortages. Developer R operating on the north coast of East Kent, also bought relatively large amounts of land in the fifties, although he, like Developer O, did not forsee the land situation of the 60's. Developer R in particular is an example of what the Land Commission called "a small number of building firms who have accumulated very large stocks" although "large" depends upon the company's building rate. Having acquired the site, Developer O followed a fairly common

policy among stagnant firms: "we had sufficient land (in the early 60's) and were going along very nicely - not really from our point of view much point in developing quickly at the time. We were going to pay more and more to the tax man".

Finance for the company comes directly from the parent company and the entrepreneur who founded both. His policy of limiting bank borrowing to 50°/o of the land price and financing other requirements internally has retarded the firm's growth. Here again, dependence on the entrepreneur and the avoidance of undue risk by minimizing short-term debt, is apparent. The principal of the house-building company looks for changes when the original founder retires. He hopes the company will expand either in Kent, or, if necessary, through a transfer of housebuilding activities to N.E. London or Hertfordshire. He suggests that if the company is to grow, "I would have to relinquish a lot of detailed things I now do and gradually get more assistance of different sorts". He comments, significantly, that in the past "we could have coped with a wider spread of sites and a bigger turnover. A lot of it is my own fault by keeping too much under my own wing really". Organizational changes of this kind are necessary if the company controlled by the stagnant entrepreneur is to become a growth company.

THE GROWTH COMPANY

In the small firms just described, the entrepreneur was able to control its growth and a positive commitment on his part was necessary for expansion to take place. However, once the decision to expand has been taken, the organization has to change considerably.

7 Growth is accompanied by a delegation of authority, an increase in managerial staff to whom the authority is delegated and a more obvious specialization of work roles. However, the structure of the organization remains relatively flexible compared with the large regional builder and this flexibility is often vital as growth involves greater contact with a "hostile" environment. Growth in housebuilding can take place either through geographical expansion out of local areas, through building in new type and house price ranges, through rapidly increasing production in existing productive spheres or a combination of all three. However, new geographical or productive areas involve greater risks not only due to greater financial insecurity through heavier borrowing, but also due to increasing uncertainty about new markets and conditions in them. Developers have to move from a fairly sheltered local market or a market for a fairly specialized product into new and largely unknown spheres of activity. Not only does coping with this uncertainty require a greater

managerial input, but also the flexibility to adjust fairly quickly to new knowledge. Short lines of control and the absence of "little box" roles facilitate this considerably.

Developer S is a case where the entrepreneur, being committed to growth, had to adjust his organization and his own position in it considerably. He took on another full-time director to deal with the office and with buying and estimating; an assistant manager to help him supervise production on the sites and a number of semi-skilled administrative staff in the office. According to the new director, Mr. S. "wanted to see the phase through where he delegated some of his responsibility from the stage where he did most of everything that had to be done. This delegation phase held up expansion: now we can start growing again". However, even though responsibility is now shared more than previously, the original entrepreneur is still in the dominant position.

Growth often takes the form of movement into cheaper price ranges. Turnover and profits can increase most rapidly in this sector which is vital if the growing overhead bill associated with extra staff is to be met. If the company was previously engaged in high quality, semi-custom built housing, the movement into the mass market will result in the gradual disappearance of personal

attention to the needs of the individual customer. Developer L sees expansion away from £7,500 houses and suggests that "custom-building is toopernickity - got to alter things all the time and this puts out programmes of work. Therefore, we are now starting to build in the lower-price range with a take-it-or-leave-it approach - even if they pay for it (alterations to basic design) problems arise in invoicing, ordering, and records - we need so many staff to deal with it".

There is also a tendency for growing companies to use sources of finance other than the joint stock bank which is the most common source. While bank borrowing does increase enormously, many developers look to the city for additional money. The latter tends to be more generous, in that the proportion of the company's own money which they expect the latter to invest in the project, is less than required by the bank. Developer I is a good example. Its normal source of finance, one of the major banks, could lend only 105°/o of the previous years borrowings and in the middle sixties, this was not sufficient to finance the company's planned projects. The company obtained money from a hire purchase or finance house and from a merchant bank in the city. While the joint stock bank would lend up to 50°/o of the cost of both land and building, the finance house lent 75°/o of the land cost and 66°/o of

development cost. The merchant bank was even better: it would lend up to 80°/o of the total land and development costs. Moreover, this particular company's growth potential was such that the Industrial and Commercial Finance Corporation had provided a long-term loan which involved an option to buy up to 20°/o of any new share issue should the company become public.

However, such financial arrangements do pose severe problems for the developer which many are not willing to face, and act as a strong deterrent to growth. In the first place, interest ratrs on "city" money are usually much higher than the normal bank rates. Developer I had to pay 1°/o above bank rate to his bank, but 3°/o above to the finance house and 3°/o plus £50 per completed house to the merchant bank. The financial risks are obvious.[5] Secondly, developers feel that financial institutions in the city try to exercise too much control over the developments in which they have a stake. Developer G suggests that "some merchant banks literally try to run our sites for us - they tell us when to begin, when to stop, how to build, etc: you are not your own boss any more".

The first steps in expansion for the small firm therefore seem to be a delegation of responsibility from the entrepreneur to an increased number of managerial

staff, a widening of the sources of finance, an acceptance of the risks which such sources present and a growing development of housebuilding in new markets. However, there appears to be another hurdle at a later stage which this growing company must overcome. This again concerns the personal status of the entrepreneur, and involves the decision about the change from a private to a public company. Due to the regulations governing personal and company taxation, the entrepreneur becomes aware that further increases in production and profit result in only a marginal increase, if not a decrease in his personal income. Developers G, I and N, being all close companies [i.e. those owned or controlled by 5 or less persons] are in this situation. Developer G suggests that "There is really no point in expanding... As a close company, having to distribute 60°/o of my profits and pay 42 1/2°/o corporation tax, if we developed twice as many sites, I personally would be no better off". The fact that all the three principals of these companies owned 90°/o or more of the shares of their companies, results in severe tax problems under the 1965 Finance Act. One alternative is for the company to expand rapidly for a few years and if purely a housebuilding company to diversify through growth, and then for the entrepreneur to capitalize on the company's assets by going public. In this case, tax

would be capital gains tax at the relatively low level of 30%.

However some are reluctant to take this step as it would mean not only the disappearance of "family" businesses, but a loss of control over their own organization. They would be working for the public, not for themselves and thus their independence would be threatened. Developer N states that "I want a relatively tidy life just jogging along without being pushed along by an insatiable public demand for profit: it would be just one great big rat race from then on".

CASE STUDY II : DEVELOPER P

Developer P is an example of "city" money entering the housebuilding industry in a more direct way than through project loans and the company illustrates the importance of adequate sources of funds for expanding companies. The principal of the company had been contracts manager for a housebuilding firm which produced over 1,000 houses a year. He left in 1964 to start his own business with a partner, but soon realized the difficulties of securing enough funds for the scale of expansion which he envisaged. Banks did not provide "sufficient" because "if you hadn't any provable experience of trading on your own", overdraft facilities were severely limited. Therefore the

TABLE 5.7: Developer P: historical profile of house-building activities, 1964-67.

	1964	1965	1966	1967
£ value of annual turnover in:-				
(i) company developments	8	32	120	184
(ii) other private developments			40	100
[000's]				
Number of dwellings sold	1	4	25	40
Price range of dwellings (%)				
(i) £3001-£4000			76	82
(ii) £4001-£5000			4	6
(iii) over £7500	100	100	20	12
Type of dwellings (%)				
(i) detached house	100	100	20	12
(ii) semi-detached house			76	82
(iii) detached bungalow			4	6

principal approached a large mixed holding group in 1965 whose major interests were in tea and rubber plantations in South East Asia. The holding company was obviously interested in realizing the undoubted profits to be made in land development and housebuilding in the middle sixties. The principal provided the building experience, the "parent" company the finance - 50.3°/o of the company shares were held by the latter and the remainder by the principal himself.

Table 5.7 shows the rapid growth of the company since 1964. The availability of finance was clearly a most important factor. In 1965, the parent company provided £50,000 which was used to raise a further £35,000 from joint stock banks. In 1967, the parent company was lending a total of £260,000 and a further £100,000 came from the banks. The company then had used over £350,000 with which to build. Moreover, the scale of provision of funds is likely to continue as the parent company, subject to adequate returns on capital, will provide for a 20°/o expansion in turnover annually for 10 years initially. While there are clearly financial problems for Developer P, there is little chance of this builder "jogging along": he must provide an adequate return if the company is to survive.

The table also shows a second feature common to

many growing companies: the movement out of high into lower price ranges. The first site developed was at Maidstone at a low density and in a high status area: thus the development consisted of 15 detached houses selling at £7,500 - £9,500. Not surprisingly, the sale of these houses was slow and the company moved into cheap semis on larger estates after 1965. The three sites at present being developed are for 40, 70 and 102 units and the company has recently acquired a large site of 120 units.

In terms of organization, the company is acquiring features of the large building concerns or is about to do so. There are three full-time directors of the company in charge of policy and land buying (managing director) accounts and legal requirements (company secretary) and outside building work. Plans are in hand for creating an architectural division within the company and for developing sales staff. Architecture and sales services were, in the past, performed by external organizations. However, the company requires more control over design and sales than this arrangement provides. In the case of house and estate design, "we must try to develop a tight fit between building costs and building problems on the one hand, and the design of our estates on the other. Outside designers have often presented us with designs which are irrelevant to our building experience". The company also wants to

reduce its reliance on estate agents, particularly for mortgages. The Company used one or two agents for all sales activities including the provision of mortgages for customers. It found however, that in time of shortage, estate agents were using their mortgages to sell second-hand housing rather than the new houses of the company, as it is established practice that the R.I.C.S. standard fee for house sales is reduced for new house sales due to the relative ease with which they can be sold. Naturally, when mortgages are short, the agent will use them on second-hand houses first, for the sale of which he receives the full fee. This point was confirmed by Developer 2 who runs an estate agency as well as a building company. Developer P is therefore trying to establish his own sales department and to obtain block allocations of mortgages from the building societies directly to his company. As the company grows then, there is a tendency, as Developer P shows, for the functions which the company perform to expand and to take in activities which were formerly undertaken by external professional concerns.

The contrast between Developer S and Developer P is striking. Contrasts in organization, finance and attitudes towards expansion are clearly reflected in the rates of expansion of the two companies during the sixties.

While both operated in W. Kent, in much the same market and, on size criteria alone, would be classified as medium-sized firms, the past growth and future potential of the two varies enormously.

THE REGIONAL DEVELOPER

Many of the emerging tendencies which characterize the growing company become common traits of the regional developer. Geographical diversification is the most common feature. Most of the developers building over 100 houses per year are prepared to build within 100 miles of London, although, most of their production is within the South East. In order to achieve this scale of house-building, most of the production, as Chapter 4 indicates, takes place in relatively large sites of lower priced housing. "Mass" production of housing becomes more evident and flexibility in design to meet the customers' requirements is minimal.[6] Such companies are rarely effectively dominated by an entrepreneur in the way that their small counterparts are, and the company becomes more of an organization where increasing division of labour and specialization of work roles are apparent. The flexible system of organization begins to disappear.

One reason for the "bureaucratization" of the

organization is the success of the company in coping with a "hostile" environment. The company has established the viability of a particular housing market with a particular housing product and thus the uncertainty associated with growth in the early stages, changes, through experience, into a good deal of certainty. Once the environment becomes "known" effort is made to routinize production procedures and rationalize the structure. Modern methods of scheduling work, specifying the order and type of jobs to be done at various stages of building, establishing feedback and data collection procedures are attempts in this direction and characterize most of the regional developers. Clearly the managerial input to bring about such changes must be relatively large and like all large organizations, the regional developer has a fairly well-developed administrative hierarchy.

However, it appears that a greater managerial input while being necessary for expansion, predisposes or tends to predispose the company to <u>further</u> expansion. By taking on new managerial staff and thus introducing a greater specialization of work roles, the company is often likely to possess what Penrose calls "unused managerial resources". (PENROSE, 1966) In all probability, at any stage of growth, not all the time, skills and energy of

extra managerial staff will be taken up at the existing level of production. Not only will it be more economical for the firm to use up these resources which are being "wasted" by expanding, but also the new managers themselves will perceive productive opportunities for the company and insist that their own income and prestige be increased by the company grasping them. In many ways this tendency confirms the fear of the stagnant entrepreneur that the company might be taken out of his control through expansion.

Developer B for instance has recently been exploring the possibilities of housebuilding in South Africa and Australia. He himself "would be quite happy to go along as we are" but "having taken on the young ones (managers) we have to provide a career for them". Similarly, Developer I suggests "For in my position, I have no incentive to growth, although I have been nagged to do so by my staff". As an alternative to growth as a means of employing "so much management on which you cannot keep your finger", Developer I got rid of over one-third of his management staff and out production from 300 houses a year in 1964 to 76 in 1967. This drastic pruning was made easier by the entrepreneur holding 90°/o of the company shares.

Rationalization is also seen in the company

structure. As the housebuilding company grows, there is a tendency for the creation of distinct legal entities as a device for organizing production. Table 5.4 and 5.5 show that the larger builders are often completely devoted to housebuilding and often part of a larger building group. Whether the group is a loose holding organization or a tighter, more integrated group, the functional segregation of building activities into separate companies is apparent. A further adjustment made necessary by geographical expansion in particular is the regionalization of company structure. This takes the form either of regional companies within the housebuilding concern or the appointment of area managers. This ensures, as we should see in Chapter 6, greater and more effective control over housebuilding activities. It also emphasises the change of role for the entrepreneur, from being in day-to-day charge of most of the activities of the company down to the site work, to being the maker of policy and setting the general, usually financial, limits in which the area managers or regional companies will work.

Finance presents few problems for the regional developer. He had had either enough experience and success to convince financial institutions of his capabilities or has been able to build up large amounts of internal capital through the retention and re-investment of profits.

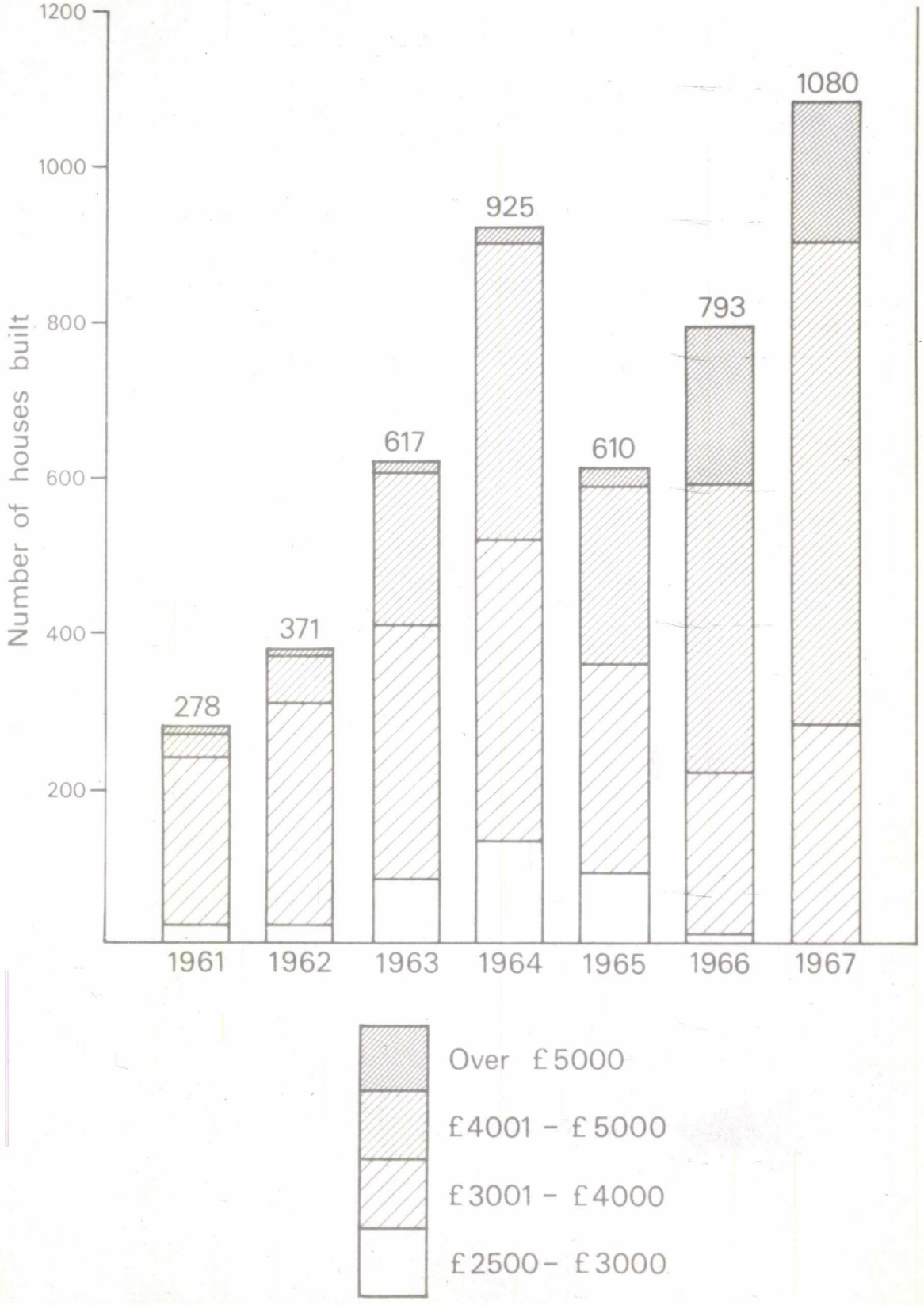
Developer B for example finances almost all of his considerable housebuilding production without resorting to external borrowing. In the holding groups, finance is raised by the holding company from external sources or, as in the case with Developer E, the group has a handsome property investment income with which to finance subsidiary or associated trading companies. Developer 3 "looks forward to the day when I will put forward something so big as to make us go outside the company". On the mortgage side, all the large developers (with the exception of Developer G)[7] have block allocations of mortgages from the head offices of the building societies. Generally speaking, block allocations, negotiated in October for the following calendar year, amount to between 40°/o and 55°/o of mortgages used by the company's purchasers.

While such block allocations rest on "gentlemen's agreements" very rarely are they cut, even in times of mortgage shortage, which gives the large developer a considerable advantage over his smaller rivals.[8] Developer C for example has dealings with three societies, one of which provided 60°/o of the block allocation, one 30°/o and one 10°/o. In total in 1967, the block allocation amounted to £800,000 which, given an average mortgage of about £4,000, would involve 200 mortgages out of a total of 500 required

TABLE 5.8: Developer A: historical profile of house-building activities - turnover and dwellings sold, 1961-67.

	1961	1962	1963	1964	1965	1966	1967
£ value of annual turnover: new housing for:-							
(a) public authorities		5	460	1,108	208	158	
(b) other private developments			37	59	6	3,652	
(c) company developments	1,066	1,377	2,373	3,802	2,372		4,630
['000's]							
Number of dwellings sold	278	371	617	925	610	793	1,080
index [1964 = 100]	100	133	221	332	219	285	388

Graph 5.5 **Developer A** Historical profile of house building activities: price range



Graph 5.6 **Developer A** Historical profile of house building activities: house types

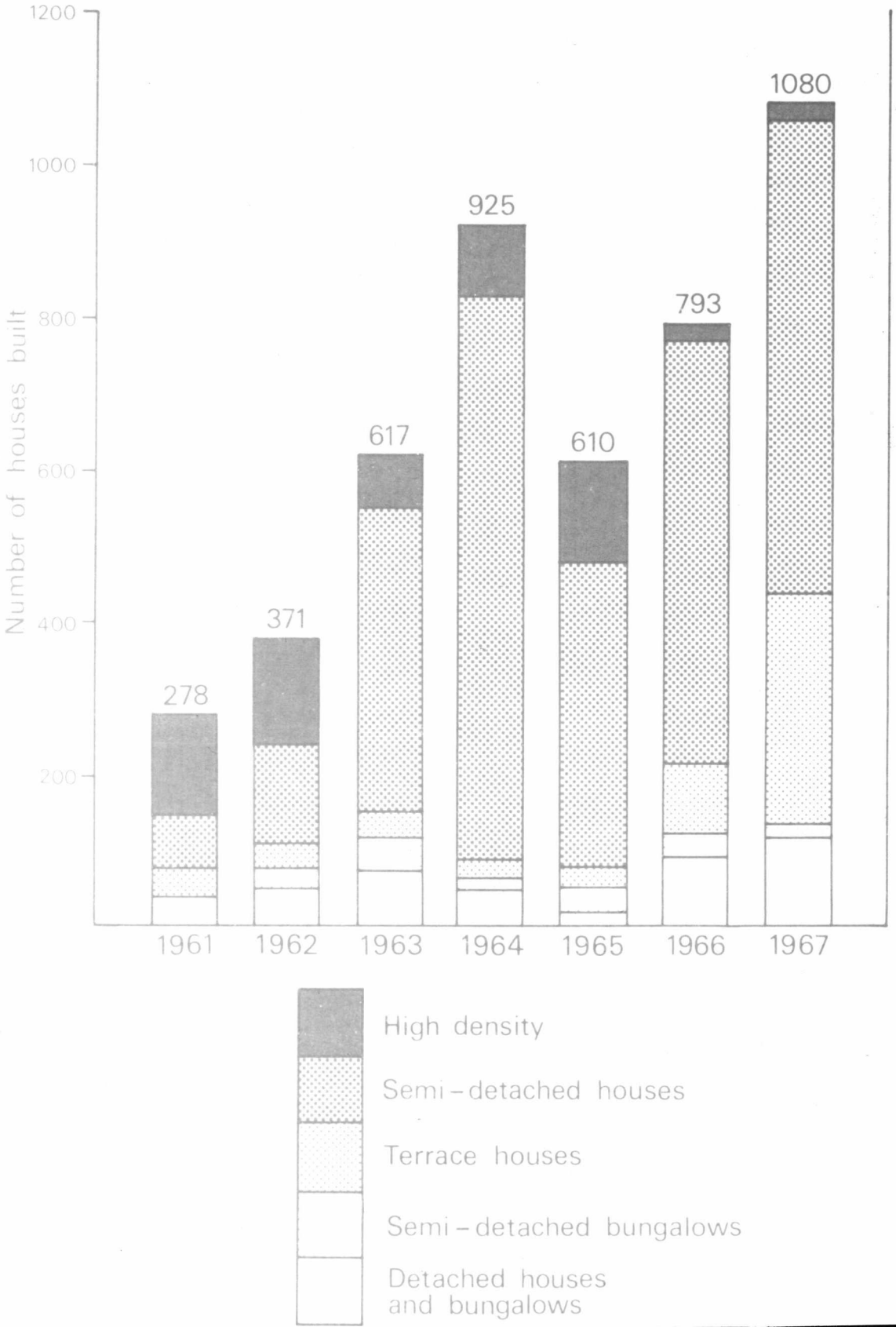


TABLE 5.9 : Developer A: Historical profile of house-building activities: Geographical areas of production [by county]

Year	Areas of production [by county]
1961	Surrey, Kent
1962	Surrey, Kent, Berkshire
1963	Surrey, Kent, Berkshire, Middlesex, Hertfordshire, Somerset: U.S.A., South Africa.
1964	Surrey, Kent, Berkshire, Hertfordshire, Somerset: South Africa
1965	Surrey, Kent, Berkshire, Hertfordshire, Somerset, Middlesex, Buckinghamshire, Sussex
1966	Surrey, Kent, Berkshire, Hertfordshire, Somerset, Middlesex, Buckinghamshire, Sussex
1967	Surrey, Kent, Hertfordshire, Buckinghamshire, Somerset, Sussex: South Africa

by the company, about 40°/o.

CASE STUDY III: DEVELOPER A

Developer A is somewhat exceptional in this group as it is still a private company : most of the regional developers in the survey were part of a public undertaking. However, it does illustrate certain important features.

Table 5.8 indicates the extremely rapid expansion of the company during the sixties. The number of houses produced increased roughly 60°/o per annum on the 1961 figures. Growth as usual was in the lower price range of £3000 - £5000, involving for the most part semi-detached houses but of late, a large number of terrace housing as well (Graphs 5.5 and 5.6). This rapid growth was also accomplished through an ever-widening geographical spread of activities (Table 5.9). Starting in Surrey and Kent, the company soon began to develop sites throughout the South East (excluding Essex), in the South West and overseas.

The company was started in 1958 by an established builder but was soon taken over by his son. The latter, after gaining building experience and management training in this country and overseas, rapidly built up the company during the 60's. Finance, even in the early days,

was no problem, partly due to the links the company had, through the principal's father with the large joint stock banks and these are still the main source of funds today. Finance is available in the form of an overdraft, but it can be drawn upon at any time for any purpose rather than the developer having to conform to the normal practice of submitting each project for approval before money can be used. This arrangement illustrates the confidence of the banks in the company, engendered no doubt by the successful growth of the company over the past few years. The company also has mortgage arrangements with three building societies for block allocations. Three societies are used to cover the company against likely cuts in allocation in times of shortage, as happened in 1967 when one of the companies reduced its allocation. However, as Mr. A suggests, "we had agreed in the previous year (1967) allocations which have seen us through this difficult money period".

Table 5.8 also shows the severe fall-off in sales in 1965. One reason for this, besides the general problem of mortgage shortage at the time, was the fact that the company in 1964-5 "found ourselves in areas which we didn't know very much about and when the squeeze came, we could not sell". As a result of this experience, the policy of the company has changed, it was suggested; the major goal

of the company is no longer expansion as rapidly as possible but "security" for the organization through a thorough knowledge of its market. This search for security as much as growth in the large organization is a common feature of organizational change. The drop in sales threatened the existence of the company and while growth is still important, it will not be allowed to prejudice the "safety" of the company. Therefore, great emphasis is now being placed upon the wants of the consumer. Developments will no longer be estates of cheap housing built as rapidly as possible at the highest densities, but "living environments" involving good layouts (especially through the use of terrace blocks which give so much more scope for imaginative layout than semis) with the intelligent and generous provision of open space.

Developer A also illustrates the problems associated with "unused managerial resources". The principal suggests that the company is going through a difficult period (1968) because the re-organization of the company's structure had made it fairly vulnerable. Re-organization in one form involved the creation of 4 regional companies by the decentralization of a good deal of responsibility, especially in production. Secondly, and partly as a result of this regionalization, the company

was "over-stocked" in terms of management and it would require the sale of 1500 houses a year before these resources could be fully used. The company then, by looking to the future growth of housebuilding, is "carrying" managerial resources, which are not being fully utilized, at the present. Overhead costs are proportionately high and hence the vulnerability. However, in order that "growth barriers" should be overcome, such a policy is clearly necessary.

CONCULUSION

The foregoing analysis represents a model of the stages of change at which many of the developers in the survey find themselves. Not all developers pass through all the stages and in no case were all the features, which characterize a particular stage, evident in any one company. Many companies combined the features of two or more stages at one point in time. Therefore, no attempt has been made to classify each developer rigidly into one stage or another. However, the process of growth for the developer seems reasonably clear and can be briefly stated.

The small developer often becomes established in a fairly specialized productive niche, either in terms

of a local area or a particular, usually high quality housing market. The "environment" is basically unhostile and one of which the developer has complete knowledge. The organization of the company is "organistic" due to the extremely small size of the firm and the lack of complexity in organization and production. Work roles are flexible and there is a minimum of specialization of jobs. The managerial system is embryonic.

At this stage, the company is controlled absolutely by the entrepreneur or his family. They have a clear choice concerning growth and it requires a positive commitment on their part if the company is to expand. Many entrepreneurs decide against growth owing to the risks involved in greater capital borrowing, greater effort and worry, more managerial personnel and the fear of losing control over the concern.

When the decision to grow has been taken, the external environment into which the developer moves will, in the first instance, be hostile, as new markets with new housing products will have to be explored. Specialization of functions, delegation of authority and an increase in the range of functions performed will take place, together with an addition to the managerial staff, but still with an informal flexible system of management. The unknown

environment and the changes in internal structure will make this a most dangerous phase for the company.

Once the firm has established the viability of its new products in its new markets, and the hostile environment changes to one which is known, greater effort will be directed at bureaucratizing the administrative system. Jobs become routinized, bureaucratic rules govern activities of various kinds and a well-developed hierarchy of authority appears. With the increase in managerial resources in order to achieve this bureaucratization, an inherent tendency to expand becomes apparent. The desire to utilize unused resources and pressure from the managers themselves leads to expansion, innovation and diversification in building activities. The role of the entrepreneur changes considerably and he loses "control" of his organization if he defines control by reference to earlier stages of development.

It has been possible to categorise this process of development with three stages and these will prove of great use when considering the relationship between the developer and certain parts of his external world. Little has been said thus far of three important areas of activity for the developer: acquiring land, assessing the potentialities of alternative sites once he has the opportunity

of acquiring them, and his relationship with planners who, in many ways determine the potentialities of the sites. These three are particularly significant given the market/plan context in which the developer has to evaluate different sites and given the fact that scarcity of land is a major problem for the developer. Chapters 6, 7 and 8 will each deal withlone of these areas of activity and it will become clear that the analysis presented here is vital for understanding the behaviour of the developer in them.

CHAPTER 5: Footnotes

1. Kaiser was surprised because he did not expect any difference in costs between the large and small developers due to locational characteristics. The effects of locational site characteristics on costs was thought to occur through the cost of land/unit, which was essentially the same for all types of developer regardless of size [KAISER, 1966]. In a later article, the author suggests that one explanation might be that "large scale developers may align themselves with significantly different non-price consumer markets" [KAISER, 1968, p. 361, footnote]. A second explanation might lie in the production functions of the two types. The large developer, as we shall see, requires a more rapid turnover if he is to grow and to pay high interest rates on borrowed money. Thus he would favour sites where sales were likely to be most rapid i.e. close to the central city.

2. A number of these developers were very much larger than Kaiser's "large" group in Greensboro. Many of them were capable of building their own "locational attributes" in planned private communities at some distance from Seattle itself, but still within the metropolitan area.

3. For details of the Survey, see Appendix II.

4. Experience of trading on one's own is of vital importance in obtaining loans. Developer G, recalling his early years, said that "the first question they [the banks] ask you is 'how long have you been in the business'".

5. Such high interest rates do increase the price of houses to the consumer. On one of Developer 1's estates financed by the finance house, £25/house was added; on an estate financed by the merchant bank, £55/house.

6. "Flexibility" not only varies between the large and small developer. It also varies according to the stage of development of a particular site and the rate of sales. Large developers will often meet individual consumer requirements at the start of a large develop-

ment "in order to get it going". Also, if sales fall off, the developer is understandably prepared to adjust the design and layout of the house.

7. Developer G builds in a higher price range than other developers of comparable size. Thus, he severed links with building societies for block allocations in 1966 as he found his customers could obtain mortgages without difficulty.

8. One of the biggest building societies, in an interview, suggested that allocations to regional offices of the society and to estate agents were generally reduced before block allocations to builders. One reason for this preferential treatment seems to be that the societies rely on the large builder to dispose of their mortgage funds when mortgage money is plentiful. They try to win the loyalty of companies by reducing allocations as little as possible during difficult times. This particular society was well aware of the forecasts of a fall-off in demand for housing in the early 70's and hoped that their treatment of the large builder now, would ensure a good outlet for funds then.

CHAPTER 6

THE SEARCH FOR KNOWLEDGE

INTRODUCTION

The difficulties of obtaining the right sort of land for development are prominent features of the developer's external world. Of all the factors of production which the developer requires to carry on his activities successfully, land is the most difficult to procure. It is the sine qua non of development: any problems or opportunities which arise in house sales, site production, office management or the supply of building materials are largely irrelevant until land becomes available to the company.

Before production begins, there are two basic stages through which the developer has to pass. The first involves the seemingly simple but increasingly difficult task of getting to know about land which is available for residential development. The second concerns the commercial assessment of the site's potentialities once this knowledge is gained. This chapter will deal with the ways in which different types of developer cope with the problems posed by the first stage.

Gaining knowledge of available land is a problem to many developers for two interconnected reasons. First, and obviously, there is a land shortage. In this situation, knowledge of landowners willing to sell, for instance, becomes almost as important as having sufficient funds to purchase his land. In times of shortage, it is difficult even to find land which is available to be bought. This problem has to be overcome before the price of the site can be assessed. Secondly, land becomes available locally in essentially local land markets. Local planning authorities release or re-zone land in village envelopes and town maps at the local level, and individual landowners decide to place their land on the market from time to time at the local level. The problem for the large developer is one of obtaining information about such decisions when he is operating over a wide area without having strong local roots in more than one or two of the areas in which he operates. If he wants to grow, he must acquire sites outside areas which he knows as expansion locally after a certain point will produce a dangerously 'thin' local market in housing and, probably more important, land for expansion on any scale will not be available in any one local area. His problems are similar to those of workers seeking work outside a known area or a household looking

for a house in a strange place: "he [the migrant worker] needs to have an adequate knowledge of the market which he wishes to enter [or thinks he wishes to enter]. But since housing markets are essentially local, this information may be difficult to obtain". [CULLINGWORTH, 1968, p. 42]. Given that land is scarce, it is clear that the large developer must somehow obtain knowledge of local land markets and the small developer must retain his links with local markets, such links being undoubtedly his greatest asset.

COMPETITION AND LAND BANKS

The importance of land to the developer can be gauged from the lack of concern with competition in the sale of houses and the severe competition which is felt by all the developers when trying to obtain available land resources.

None of the developers had any difficulty in selling houses, which arose from the activities of their rivals. Their sales problems were due to national trends in the availability of mortgage money. This fact is clearly a reflection of the seller's market in housing which has existed in one degree or another in the South East throughout much of the sixties. The experience of Mr. B. in the middle sixties is typical of the experience of most of the

developers interviewed:

> "My problem as sales manager was limited to ensuring that large numbers of people queuing up to buy our houses were dealt with with courtesy, efficiency and fairness. In fact, it was largely an exercise in crowd control - and there was no challenge in that. Many keen people came the previous day (the day of commencement of sales) and camped out overnight on the site".

Many of the smaller developers were more than happy to operate very close to the site of a large developer, and positively welcomed the presence of the large regional developer, at least from a selling point of view. Developer U suggests that "his (the large regional developer) advertizing attracts people to their site, so we may be offering something a bit cheaper or more expensive or even the same as him, but you do quite well out of it because the way to sell houses is to get people to your site". All the developers insist that there are, generally, more than enough customers "to go round" and only occasionally had they to worry about competition from other developers. This lack of concern about the consumer in a seller's market is also seen in the absence of consumer research into housing preferences as regards design, fittings etc. Most developers feel that their sales men "are our eyes and ears" and do an adequate job of reflecting the changing preferences of consumers. Four developers did ask a few questions of all prospective and actual

purchasers of their houses but largely as an aid to improving their advertizing. However, given a seller's market, it is difficult to assess the actual preferences of the public through analysing their specific purchases: they have little choice but to accept what is produced. Developer H presents the general view quite well:

> "Basically, when we decide to build on a site, we don't worry about the competition. The risk is minimized in many ways by the seller's market and we have not yet had any houses unsold on our sites. Our customers seem generally satisfied so why should we worry?"

On the other hand, all the developers, with the exception of three operating in East Kent, did feel that there was a severe shortage of land and it was for land that competition took place.[1] The three developers in East Kent were building in non-pressure areas and in areas characterized by the virtual absence of housebuilding by the large regional developer in the sixties. Land was relatively plentiful as the K.C.C. data on land availability in East Kent shows. However, for the rest, land was in short supply and the blame for this was laid squarely at the door of the planning authorities which had not allocated sufficient land for development, especially in the area forty to fifty miles from the centre of London.

One indication of this shortage can be seen by examining the land banks of the development companies.

TABLE 6.1: The developers: size of "ripe" land banks in spring, 1967+

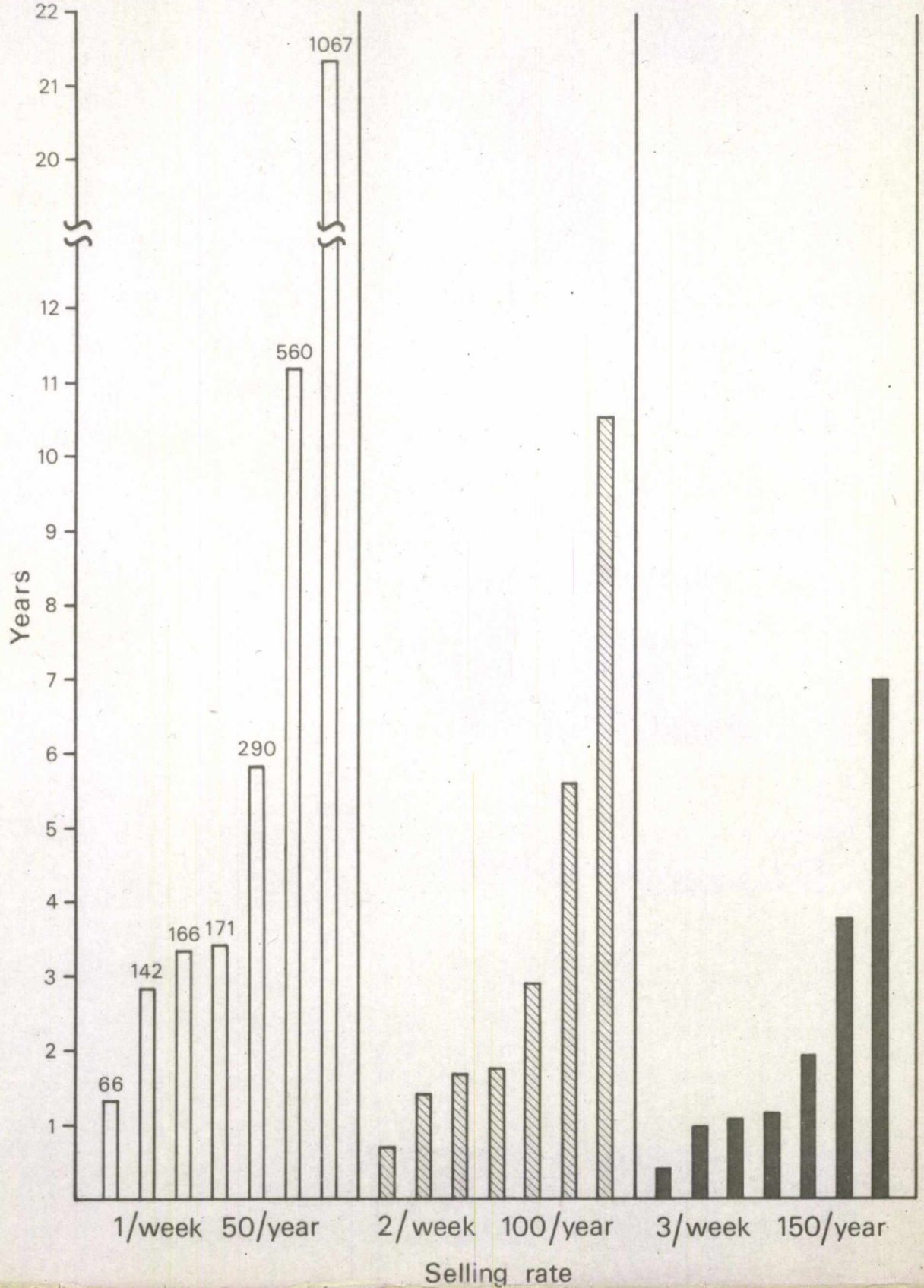
Developer code No.	Land bank (i) acres	Land bank (ii) dwelling plots	No. of years supply at 1967 selling rate
B	216	2032	4.4
D	55	560	1.5
E	47	453	1.5
G	38	370	2.9
H	14	182	2.4
I	18	112	1.5
K	25	175	3.0
L	15	109	2.0
M	24	241	4.8
N	20	196	4.2
O	15	50	1.1
P	8	64	1.5
R	Nil	Nil	Nil
S	8	55	3.2
T	Nil	Nil	Nil
U	Nil	Nil	Nil
(1)	52	N.A.	N.A.
(3)	N.A.	640	N.A.

+ "Ripe" land refers to land with planning permission

Developers A, C, F, J, Q, (2) could not or would not provide information on land banks.

(Table 6.1). The table shows only "ripe" land i.e. land with outline on detailed planning permission or land without permission but scheduled for immediate development. It is clear that very few developers had more than three years supply of land (using 1967 selling rates) at the time the data was collected (Spring 1968). This would confirm the Land Commission's view that there is very little hoarding of ripe land.[2] It is, of course, difficult to decide what represents an "adequate" land bank. Many of the developer's feel the need for a three to four year supply in order to ensure a reasonably smooth flow of production. Two thirds of the developers in the survey had less than three years supply and a considerable proportion had less than two. Against the advantages of a land bank, however, the developer has to balance the cost of carrying, in terms of interest rates and capital invested, relatively large amounts of expensive land. An average price for an acre with planning permission in 1967-8 was about £8,000 to £10,000. Developer P suggests that "the days of the land bank are coming to a close: while I need about 3 years supply to feel safe, the cost of carrying that amount is becoming prohibitive". But the developer is quick to point out that the high land prices which put this limit on land banks, are themselves largely the product of land shortages and planning policies.

Graph 6.2 **Developer C** Length of time required to complete development of sites purchased in 1967-8, using hypothetical selling rates



Three of the developers do have over four years supply. Developers B and M are both able to carry bigger land banks in part because they are largely self-financing. While this does not mean that they can buy land at outrageous prices, which other developers could not persuade external financiers to lend on, it does mean that they can buy more easily in times of money shortage, when the demand for land is reduced. Developer M, which is connected with a private finance company is in this position: Mr M states that "because of the financial set-up of the company, we find that when money is tight, we normally can get all the land we want".

Developer N also has over 4 years supply. Developer N illustrates the problems of calculating the size of land banks using yearly production or selling rates. The company has cut back production in housing considerably in order to "improve the capital structure of the firm by reducing our debts to outside bodies" and to avoid "working for nothing" which Mr N believes his company, being a close company, is doing. Production has thus fallen off considerably and the 4.2 years supply is something of a hangover from a period when production was greater. The "size" of a land bank then has to be partly judged according to the trend towards increasing or decreasing production. A land bank of a certain number of units will not be the

same "size" for a company like Developer P which is expanding production at 20°/o annually as for a company like Developer O whose production is nearly static, even though they both produced the same number of houses in the year the calculation was made.

A second problem in using land banks as an indication of the amount of land available to the developer concerns the size of the sites of which the land bank is composed. This applies particularly to the large developers. Graph 6.2 indicates the land purchases of Developer C in 1967 and 1968, consisting of seven sites ranging from 66 units to 1067 units. The graph shows how long it would take for the company to complete the development of the sites, given hypothetical selling rates. It is clear that if the selling rate on the site of 560 units was 1 per week, it would take roughly 10 years to develop: at 2 per week, about 5 years and at 3 per week just over 3 years. In making calculations about the size of land banks, it is important to realise that a large proportion of the dwelling plots on these sites would not be "available" to the developer for periods of 4 to 5 years, given selling rates of 1 or 2 dwellings per week. The developer, in assessing his land requirements and his land bank, has to discount significant proportions of his sites which he "can't get

at" for a number of years. This applies whether the local authority insists on a "phased" development or not.

This issue is also important for the large developer who wishes to expand production and to obtain sites which encourage fairly rapid growth. He has to decide exactly what kind of sites will suit his purposes best. A relatively large site of over about 250 units has the advantage of relieving pressure to some extent in the developer's search for land. It gives him a certain amount of security in terms of land supply for sometime into the future. It also reduces the overhead cost, as running one large site is cheaper than running two smaller ones in terms of organization on the site and in the office. It also affords a fairly handsome return in the long run as the developer can profit by the steadily rising land values, especially in the second part of the development.

However, there are disadvantages from large sites. There is a tendency for them to "outgrow their market research". Initial calculations on costs and resources can be falsified as time progresses (although again inflationary land values ought to more than compensate for "miscalculations"). Secondly, it means fairly heavy interest payments and a considerable amount of capital tied up in the early stages at least. More

important however is the fact that a large site represents only one "selling point" for the developer. Rapid increases in turnover require a number of sites so that the developer can sell from a number of points. From the point of view of sales, 3 sites of 100 units each, each selling 1/week is better than one large site of 300 units selling at 1 unit per week.[3] Sales are three times as large by having three sales outlets. The capital outlay and number of units involved will be much the same in both cases but the arrangement of the sites is important. Selling points basically means selling locations: by having three sites instead of one, the developer is tapping three local markets. Developer F points to a further problem for the expanding firm in buying one large site: "putting so many of your eggs in one basket means that if competition opens up nearby, it can take 1 dwelling a week away from your site and you lose a year's sales straight off". The important point here is that the need of the large regional developer for a number of selling points in the form of medium-sized sites of about 50-150 units compounds his problem of gaining knowledge of a number of local land markets in which he can find them.

THE LOCAL DEVELOPER AND LAND.

The local developer, operating in a fairly

limited local area, very often has a network of contacts at the local level which provides a good deal of information about available land. He has often been operating in that local area long enough to have formed personal contacts with those who have some control over the dispersal of available land. The range of contacts is immense and varies from developer to developer: some have close relatives in the area, some have contacts with estate agents, solicitors or accountants, some with local government officials, some with local landowners themselves and some with members of the local Council. The web of contacts and the relationships between the developer and the rest of his network would form a separate study, but their importance in obtaining knowledge is recognised both by the local builder and by the large regional developer who must attempt to find a substitute for them.

Developer T illustrates the importance of these local contacts. The main sources of information about developable land for this developer are three. Firstly, there are the cousins of the principal who are farmers in the local area near Rochester in which the company operates. Not only do they provide information about land in general in the area but often sell parcels of land to their cousin's company also. Secondly the officials of the local authority provide information. This information involves

no underhand dealing or corruption in any sense, but is a product of normal, frequent, almost daily, contact between the officials and the local company (especially as the latter undertakes contract work as well). Not surprisingly then, information is passed on "because, over the years, we have got to know each other pretty well - there's trust". Thirdly, a final source of land are the managers of the company themselves. By working and living in the area, they gain a good deal of knowledge about the local land market and "know the history and potential of almost every likely plot in the district".

By confining their activities to a small local area, many local developers become "known" and landowners approach developers directly when having plots of land to sell. This applies particularly to the relatively large local developer, such as Developer 1, whose scale of operations is such that he can afford to buy quite large sites as well as smaller plots. Developer 1 limits his activities to within 20 miles of the coastal town from which he operates and his name is almost continually in front of the general public. Mr 1 suggests that "it is a great advantage to be a known local man. In nine cases out ten, if someone has any land or knows of any, they will come to us or one of the other local builders. (A large

regional developer) hadn't a chance and had to come to us to get land here". Similarly, Developer 2, another large local developer, operating in the former metropolitan suburbs of Kent, knows "that people who have land locally approach us because of our name being known so well in the area". Public knowledge of this builder was increased because of his estate agency activities as well as his land development business.

The smaller local builder therefore has the advantage of "having his ear to the ground" and thus being able to gain a good deal of information about land. Generally speaking, there is a tendency for the local builder to obtain first chance of buying many sites which come on to the market. This does not hold universally. The financial limitations of the small developer put certain sites beyond their scope, even if they did have first chance of buying. Also, newly-established builders find that it takes a considerable time to build up the local contacts which are required. Even so, these contacts are enviously recognised by the larger builders. Mr. A suggests that "he (the local builder) has real local knowledge and contacts. His real strength in life is that he has got jolly good local contacts and these are of immense value".

However, the survey of planning applications showed clearly that the large regional developer was able to grow more and more important after 1955. How then does the large regional developer attempt to obtain sufficient land, given that close local knowledge seems of such significance? How does he obtain information of a number of local land markets, which the scale of his operations and the need for selling points require? To Developer P "it is a mystery how these large boys get their land". How can this "mystery" be explained?

THE PURCHASE OF KNOWLEDGE

In the late fifties and early sixties, the large regional developer was able to search successfully for most of his land requirements. A large proportion of "ripe" land with planning permission or the certainty of obtaining it was acquired by actively exploring many areas of the South East. This search technique, called "bird-dogging" in the United States uncovered many landowners with developable land who, when approached by the developer, were willing to sell. This approach was fruitful largely because landowners were not fully aware of the potentialities of their land and because the land shortage as such was not so severe as later on. Thus, in this period, the

large regional developer was able, to some extent, to substitute an active search for land, for close local knowledge of land markets.

Land scouts were a common feature of most large companies at this time and they bought in a good deal of land. Methods varied considerably. Some land scouts attempted to become part of the local network involved with the land market. Developer F describes one of his land scouts as "a good public-school type; he used to hunt with the hounds in one or two areas and got on with the landowners famously. He played a good game of golf too - just the right sort of chap to ferret out any land that was going". More common however was the systematic search of an area by means of a "saturation survey". A market area with potential for sales was isolated by the sales section of the company which was then systematically searched or "saturated" the area by detailed investigation of every likely site. Developer D describes this well:

> "We started with the town map and them marked on it all areas which had been built up since its publication and marked on it what type of development had taken place - council estates, private estates, industry and so on. Then we looked at the rest of the land zoned residential which had not been developed and tried to contact the owners of the pieces which had not been developed - it's a long slog over a long time. We often had to knock on people's doors to find out who owned what. Then we go through all the white land adjacent to the residential area

> and finish up with a lot of sites which were nearly ripe for development. We finally had a look at land zoned for non-residential uses and assessed the chances of getting re-zoning through the local council".

Nowadays, the position has changed considerably. Land scouts discover very little ripe land and, though still employed, their role involves more land assessment and negotiating than actual search. Very few landowners are now unaware that "they are sitting on a gold mine". Rising land prices means that these "gold mines" are becoming more and more valuable. Land shortages and rising land values have considerably reduced the importance of land search as a source of ripe land. Developer F says that "I still have one land scout who goes out and puts his nose to the ground and he sometimes comes up with the odd flier which makes you some profit. But people are wise these days - they are going to squeeze the last penny out of their land and who can blame them. He rarely comes in with anythimg very much now".

One way of "squeezing the last penny out of a site" is by selling the land, not by private treaty, but by auction or through tendering: 24°/o of Developer D's purchases in 1967-8 were from these two sources: 33°/o of Developer A's land was bought, in the same period, from local authorities who, by statute, have to tender

their sites. In many ways, auctions and tenders reduce the need for knowledge of local land markets: by informing the large regional developer directly of auctions and tenders, such land is removed from a purely local land market and becomes part of a regional one. Developer C, for instance, was invited by a landowner in Sittingbourne with whom he had no previous connections, to tender for a large site in Sittingbourne. The landowner is now approaching the large regional developer in hope of improving the return on his land, rather than vice versa as in the early sixties.

A second means which the regional developer employs of gaining knowledge about land is to advertise. All the large developers advertise in the "Estates Gazette" and in newspapers such as the "Times" and "Financial Times". Developer E "gets quite a bit" that way. Not only do developers advertise for land as such, but also for companies with a sizeable land bank which are willing to be taken over by the larger firm. The following is a typical advertisement in the "Estates Gazette":

> "Wanted: Building land or builders with land. Builders who have land and are interested in the possibility of a takeover are invited to contact us for a confidential discussion".[4]

This method of obtaining land has been quite widely employed. Developer E is a company, which was taken over

in 1965 by a large, national contracting concern, whose land bank "was a great attraction". Bovis Holdings have entered housebuilding by acquiring Malcolm Sanderson (Maidstone) Ltd: W.C. French and Sons by taking over New Homes Ltd., and New Ideal Homesteads bought out Link Homes in Essex. Again, the large regional developer can circumnavigate the local land market through acquiring land bought through the network of local contacts described earlier.

However, perhaps the most important change for the large regional developer and, to some extent for all others, is that much of the ripe land over the past few years has passed into the control, if not the ownership, of the estate agent. The estate agent is now in the most prominent position in the disposal of ripe land: in Pahl's sense, he is very much of a "gatekeeper", controlling the allocation of land resources (PAHL, 1969). Landowners, having become aware of the value of their land, rely more and more on the professional expertise of the agent to obtain as high a price as possible. Most of the large regional developers recognise and to some extent, lament their dependence on the agent. It is necessary for them to become a "favourite" of one or more agents if they are to obtain adequate land. To this end, they have devised a material reward system. This involves paying double

commission to agents on land sold to the developer: sole or almost sole selling agencies on the houses produced on the site and often double commission on the house sales also. In this way, a particular developer can try to obtain first chance of buying land which the agent is able to dispose of through private treaty. Moreover, for the agent, his selling task becomes so much easier if he has one or two builders who are almost always willing to take his land and with whom he has developed a longstanding relationship. Developer G. illustrates the situation well:

> "We get an enormous number of circulars every week from agents, but by the time land gets on their lists, there is usually something wrong with it - price, physical conditions or something. We get most of our land from agents who we know fairly well in certain districts: we have a good understanding and provided we come to some reciprocal arrangement about sales they let us know about sites they get in. They are good because they know the local area so well".

It is quite clear then that the large developer, by paying high commissions and giving sole selling agencies, is purchasing the favours and, through them, the local knowledge and contacts of the estate agent.[5]

The importance of the estate agent can be seen in the changing policies of Developer D. This company, a regional division of a much larger concern, has had a static or slightly declining rate of production since 1965: in the three years prior to 1968, annual production of

dwellings was 396,392 and 377. The 1968 figure was expected to remain well below 400 dwellings. In these years, the regional company has never taken up the full budget allocation from the parent company. This static production rate was "because we have been unable to buy sufficient land". Before 1968, the company had done almost all its own selling and promotion as it was believed that "we have a much better sales service than the agents, and anyway, we would still have a lot of sales activities to do even if we allowed them (the agents) to sell. We would have to deal with alterations and extras so why not go the whole hog and sell as well".

However, in 1968, there was a sharp change in policy. Up to that time, Mr. B admitted that "we don't seem to get as close to these boys (agents) as we would like" and it was thought that this fact accounted for the lack of sufficient land to the company. "Our policy then was to by-pass the agents if we possibly could and this meant no selling commission for them. Because of this, they shied away from us and didn't offer us land. We have now accepted the idea that we must get in with these boys and pay them what they want. Before, they had been trying everyone else before us - only come to us with pieces (of land) other people wouldn't touch. So we now are going to give sole selling agencies and see if the situation

TABLE 6.3: Developer C: Location, size, density and cost of residential sites bought in 1967-8.

Location	Size [dwelling units]	Density [units/acre]	Price of site (£'s)
Basingstoke	66	12	92,500
Woodford	142	14	199,000
Bedford	166	13.5	132,000
Basingstoke	171	7	171,000
Poole	290	8	232,000
Maidstone	560+	11+	784,000
Basingstoke	1067	12.5	854,000
Total	2462	*	£2,464,000

+ estimates

improves".

LAND IN THE LARDER

Chapter 5 pointed out that, for the large firm, obtaining financial resources for land development was not a serious problem. The large company could obtain sufficient capital either internally to the company or group or externally from financial institutions. The previous section of this chapter also illustrated the necessity of having sufficient funds to pay the estate agents the high commissions associated with the latter's role as land disposer. However, the advantages of capital in land acquisition work in other ways to ensure the large regional developer of an adequate supply of land.

Firstly, the large regional developer can almost pre-empt the very large sites which become available. Some sites are clearly beyond the financial resources of many small companies. Table 6.3, for instance, illustrates the land purchases of Developer C in 1967 and 1968. While the sites purchased are rather larger than sites purchased by comparable companies in this period, it is clear that very few of the smaller companies would be able to compete, at today's prices, for any except the smallest site. The inability to compete, however, does not result from the

TABLE 6.4: The developers land purchases from spring 1967 to December 31st, 1968.

Developer code No.	Land purchases: No. of dwelling plots	Land purchases: % "ripe" land	Land Purchases: % "non-ripe"	Land purchases: cost in £'000's
B	1722	38.3	61.7	1,047
C	2462	34.0	66.0	2,464
G	203	89.6	11.4	163
H	265	100.0	0	200
I	98	89.7	11.3	126
L	61	100.0	0	40
M	148	100.0	0	123
O	6	100.0	0	9
P	222	100.0	0	180
S	52	90.3	9.7	41
U	6	100.0	0	8
(3)	534	100.0	0	496

fact that the small developer cannot afford to pay current prices per acre, but from the absolutely large amounts of capital involved. Even if payment on certain proportions of a large site could be deferred, the small developer would be hard pressed to cope with the scale of funds required. Therefore, the "large" site tends to become part of a non-local land market as so very few local developers even though they might have the chance, could afford to purchase them. In such cases, the large developer is often contacted directly by the landowner or his agent.

Secondly, the capital resources of the large developer allow him to acquire interests in non-ripe land, which, it is hoped, will become available in the middle- or long-term and thus help to solve the developer's land problems, at least in the future. Long-term land buying involves, as Developer B puts it, "popping land into the larder for about 10 years". Most of this land is white land in town maps. Table 6.4 shows the land purchases of developers in 1967 and 1968 and indicates the proportion of white land (non-ripe) and land with planning permission (ripe). The relatively large white land purchases by the large developers are fairly clear. However, most of the white land purchases were at normal building prices and usually purchased freehold after a conditional contract

specifying that planning permission should be obtained before contracts were exchanged. In most cases, these were a virtual certainty that the land would be scheduled for development in town map reviews. Therefore, it is necessary to distinguish between white land purchased at building prices which, to the developer, is similar to land with planning permission, and white land purchased at less than building prices as a long-term speculation. Of the developers studied, only Developer B in the 1967-8 period purchased long-term speculative land: 20.3°/of of his land purchases in the period fell in this category.

However, it is clear that the large developer is having to look to white land to meet his needs and, since he is buying it at building prices, such land is a substitute for scheduled land of which there is obviously not enough. Furthermore, it is obvious that many large developers regard long-term white land buying as an increasingly attractive way of solving land problems. Many, while not buying sites freehold, do take out options to buy on sites, ranging from 1 to 5 years (although the ultimate purchase price in such a case would be much nearer building prices than would outright purchase price at the start of the option). Developer C for instance has £100,000 a year for "risk" purchases. Developer F has a

1200 unit site "which we think will receive permission when the arterial road is built". 71°/o of Developer B's land holding in 1968 consisted of white land and 29°/o of ripe land.[6]

Data however was not forthcoming on the exact size of/white land holdings, but certain trends are clear. The large developer is much more likely to buy land for middle or long-term development than the small developer. Secondly, the internally-financed company is more likely to buy long-term white land than those who rely on external sources. Not only is it difficult to raise external finance for "risk" ventures, but the resultant necessity of relying on internal capital for such purposes reduces the financial resources with which the builder can operate. Since the amount of internal capital available to the small builder is so limited, he cannot afford to tie it up in non-productive land investment. This also applies to the growing company. The expansion of output requires the maximum use of scource capital resources. Developer P. states that "I want to use my money to build housing and to grow: I can't afford to lock any of it away in land for any length of time".

For the large companies which do purchase long-term, the land search method is often used, based on

detailed examination of town maps. Developer B, whose long-term land holding is considerable, is largely internally financed. Mr. B states that "there is a tendency for this company to get a legal interest in unplanned land where our judgment leads us to believe that in a measureable space of time - not more than 10 years and usually about 5 years - there is a reasonable prospect of obtaining development permission. If one out of four of our schemes comes off, we really make a killing". This is not surprising as the developer pays, at a maximum £1,000 per acre for such land, and, more often, about £500-£600. The "judgement" is based on the location of the site in relation to existing built-up areas, to land allocated for development and on an assessment of the "logical" physical extension of the town or city. It is perhaps instructive to note that Developer B was recently approached by a private concern which offered the company its services as an estate manager to look after its long-term land purchases. It appeared that looking after such sites was becoming a "widespread problem for developers". It is clear then that the purchase of white land in the middle and long-term is one means by which the larger developer, by using his superior capital assets can try to overcome land shortages and the problem of local knowledge and

contacts. Only the large developer can afford such "land in the larder".

COMPANY ORGANIZATION

The responses of the large regional developers described so far have largely been attempts to acquire knowledge of land through by-passing the local market and by "purchasing" such knowledge from those involved in the local land network, rather than by adapting themselves in such a way as to participate first-hand. However, a second set of responses involve the large regional developer in direct contact with the local market as far as is possible, and are seen in the way in which the developer organises his housebuilding activities.

It has been noted already that there is a trend in the large companies towards the decentralization of responsibility and functions. Organizational structures are created within the company on a geographical basis. Area managers or district regional companies are assigned to control housebuilding in various parts of the region and beyond. One reason for the introduction of regionalization is the desire to acquire more knowledge about the various local markets in which the developer has to operate. Regionalization of company structure is seen as the best means of gaining local knowledge, given the impossibility

of establishing the long-standing contacts of the local developer. Regionalization, as we shall see in the following chapters, is important for knowledge of housing markets and of planning authorities, as well as for land.

The relationship between the regional and the "central" company is very much the same in the cases and closely resembles the relationship between the holding company and a subsidiary in the holding group. Each regional company is allocated an annual budget which it can exceed by about 10°/o in the course of the year. While in one case, the budget covered all the activities of the regional company, in most it has to be used for production in its widest sense but not for land buying. Each land purchase had to be vetted and funds allocated separately by the central company. It is at the stage of land purchase that the viability of the scheme has to be assessed and the central company always insists on examining the commercial appraisal performed by its subsidiary. It also vets the selling price of houses at all stages in the development of the site to ensure that sale prices are "realistically set". The central company, besides retaining control over finance, also provides certain specialized service functions for the regional companies such as legal services, negotiation of block mortgage

funds, senior managerial appointments, architectural services etc.

Developer A, which created four regional companies in 1966, conforms closely to this model. The move towards regionalization was described by Mr. A. as being almost "inevitable" for his company, given its growth and particularly the "nature of the business we perform". The reasons for the change in structure were quite clear in this case:

> "In our type of business, it is local knowledge which is of the greatest importance. By being based here (in London) - and London is a bad address for working in provincial towns: they don't like London - you find it extremely difficult to get in and find out where the developments are going to be and where the land is. This regional division is important as one can't get informed about local conditions by continuing to have a rigidly centralized basis. It has allowed us to find the land in particular by being accepted more as a local concern".

Very much the same point was made by Mr. B, whose company also regionalized its structure in 1966. Like Developer A, the company sees a regional structure as a necessity if growth is to tbe maintained:

> "If the housing side of the business was to grow, it was necessary for the business to plant roots locally in different parts of the country. Getting knowledge of land is part of the process: this is a tangible result (of regionalization). There is no doubt that there is a considerable bias towards the national developer in some quarters.

> This bias can be minimized if the developer becomes a federation of local building companies. If we went on being centralized, our capacity for growth would be curtailed, for however brilliant you are sitting around a table in Kent, you will not have first-hand knowledge of local market conditions in Lowestoft or Anglesey. There is no substitute for first-hand information both on the land and selling sides".

Regionalization then, is in large measure an attempt by the large developer to acquire some of the advantages in land development associated with close local knowledge, especially knowledge of the land market. With land being so scarce due to restrictive planning policies, the developer hopes to obtain a sufficient amount to provide for his continued growth.

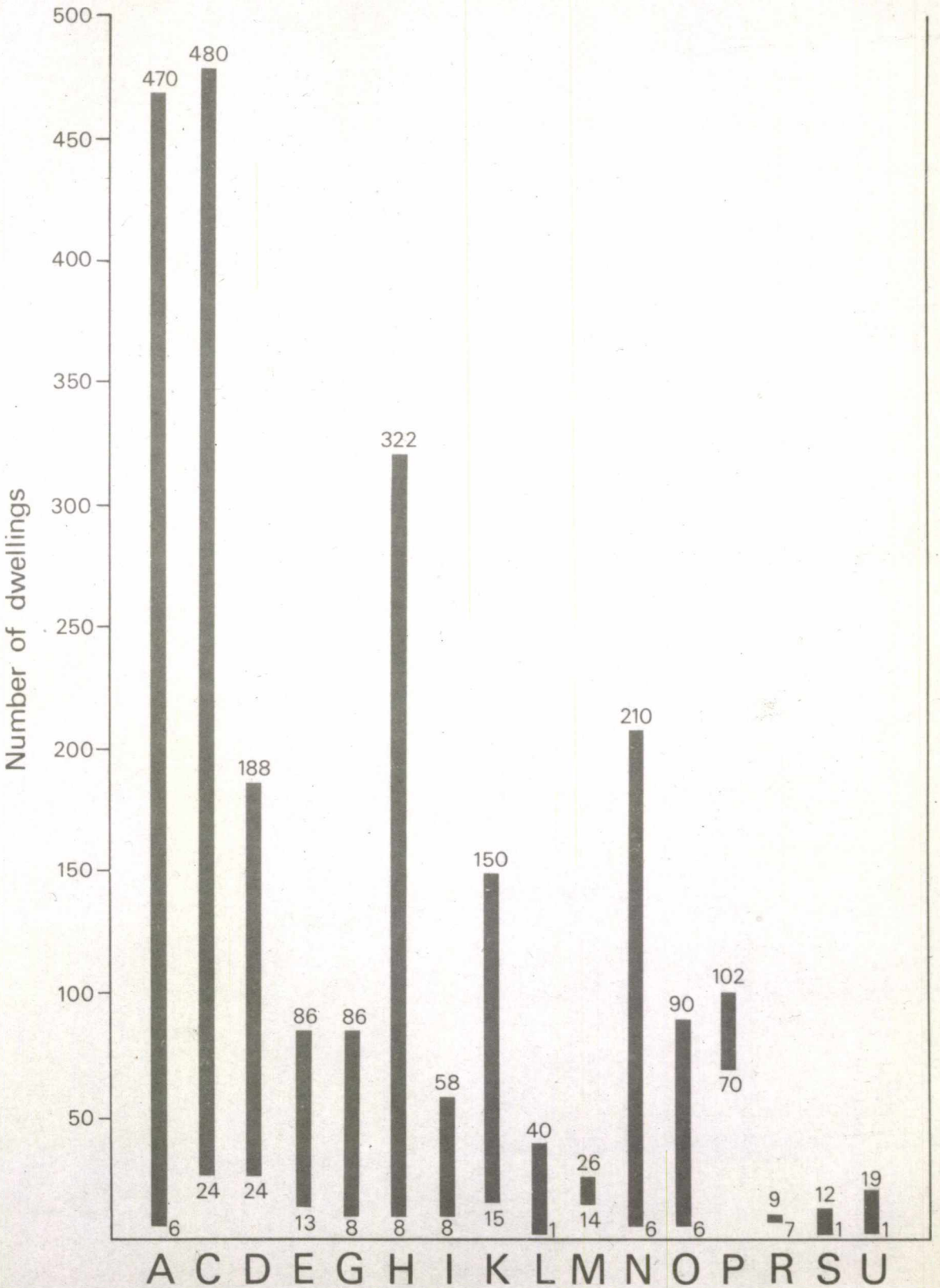
Secondly, many developers whose housebuilding activities are conducted throughout the South East and beyond, in fact, on closer examination, tend to concentrate the bulk of their building in a few local areas. The spread of sites is not uniform but often fairly tightly clustered in a few areas in which a considerable amount of building takes place over a number of years. The "regional" developer then turns out to be a small number of "local developers within one organization. Developer G is a good example. The company has, since 1961, built in six Home Counties: Kent, Sussex, Surrey, Berkshire, Bedfordshire and Hampshire. However, the great majority of his house-

building has been concentrated in three settlements - Crowborough in Sussex: Maidstone in Kent and Weybridge in Surrey. The company has built in Crowborough every year since 1961: in Maidstone since 1963 and in Weybridge since 1964. This concentration of activity in these local areas will continue, as most of the company's land purchases in 1967-8 were in these areas also: 113 dwelling plots in Crowborough: 70 in Maidstone and 24 in Weybridge.

Mr. G. is aware of the advantages of this arrangement: "We like to stick to a few areas we know: it makes things a bit easier all round". In terms of land purchase, the developer becomes a known local man to some extent and thus reproduces the advantages of the well connected local man. By building in an area for a number of years, he becomes known and accepted. Not only does this enable him to develop links with estate agents in the area, but also to take up land which "quite a few owners bring to us straight off". The greater likelihood of acquiring land in an area where it has built before must dispose the company to continue building there in the future.

It is this localization of housebuilding by the regional firm which allows them to build on extremely small sites. Normally, the large developer requires a

Graph 6.5 **The developers:** maximum and minimum size of site started during 1966 and 1967



site of considerable size to justify the costs associated with the site and office overheads involved in preparing the site and building upon it; and in order to achieve the economics of scale which he is able to attain. Developer F for instance, "requires at least a five acre site in a new area: it wouldn't be worthwhile otherwise". However, as Graph 6.5 shows, the size range of sites developed by the large regional developer is very considerable. Developers A, E and G found it worthwhile to develop sites of less than 20 units. While this is in part a reflection of the desire for "shopwindows" or numerous selling points, it is also related to the severe land shortage. The large developer "builds down" to the smaller sites and through developing the smaller sites, enters the high priced housing market at one end of the scale and high density flat and maisonnette development at the other. This "building down" is an enforced response due to the land shortage. However, these small sites are useful to the developer in keeping turnover going at times when production on his main sites is just beginning or just ending.

In general, most of these small sites are bought in close physical proximity to the company's larger developments. Not only is there a greater likelihood that the developer will become aware of these sites close to

his main sites, they must be close if they are to be developed profitably. It would be extremely costly for the large developer to set up a complete site organization on a very small development. If the site was close to a larger one, it could be organizationally developed from the large site and thus become an extension of it. It would not require a separate site foreman, separate site equipment such as telephones etc. or a new labour force: those on the nearby large site would be quite adequate. Developer A states that "I often buy small sites, as long as they are close to one of our existing developments or close to a regional office itself, so that a close eye can be kept on it. It's easy enough to use one "mobile" site foreman for both". So, while a number of medium-sized sites increases the overhead cost for the large company in comparison with a few large sites, he can at least develop the relatively small site fairly cheaply.[7]

This "building down" process by the large developer can have serious effects, however, on the growing company, At the start of expansion, one or two relatively large sites are particularly advantageous. They provide the basis for steady growth over a number of years and achieve this with the minimum of overhead costs. If, as we have seen, office and site overheads tend to increase with expansion, developing a few large sites has the advantages

of reducing these costs considerably. However, the relatively small site of 10-30 units for the large regional developer, is also an ideal "expansion" site for the small builder. Competition for land then would appear to be keenest at the lower end of the site size range. Developer U for instance suggests that "there is no shortage of land at the scale we are talking about. We can always find a couple of plots here or a site of 6 or 7 there. Trouble is finding sites of 10 to 20 dwellings: that's where the shortage is. We need these to grow". If the land shortage continues, the growing company will find the most suitable sites more and more difficult to acquire.

CONCLUSION

The market/plan context poses problems for the developer which he must attempt to solve. One major problem is the shortage of land with planning permission which is available for immediate development. Planning policies on the whole are responsible for this situation. Shortage of land also results in high land prices and thus a tendency for available land to be controlled by estate agents, whose professional skill the landowner requires to obtain the highest return on his land. These factors place a premium on close knowledge and contacts of local land markets in which most of the available land is found.

Furthermore, the problem of land is augmented for the large developer by the need for knowledge of a number of such local markets, if he is to obtain enough selling points to facilitate his expansion.

In the early sixties the large developer could search for land by means of a systematic, rational and routine method of saturation survey. At the time, this was an adequate substitute for local knowledge and contacts. However, with restrictive planning policies, this method is no longer fruitful in uncovering immediate developable sites. The large developer has either to use his superior capital resources to purchase land procured by local actors through local knowledge, especially the estate agent, or, through regionalization and localization of his building activities, attempt to gain first-hand knowledge himself. The systematic search is still employed to obtain long- or middle-term white land which will help to solve the developer's land problems in the future.

The localization of housebuilding by the large developer and the shortage of land leads to development of relatively small sites and to the entry of the large developer into non-mass markets. This "building down" poses serious problems for the small, especially the growing company, as it finds severe competition for suitable "growth" sites.

CHAPTER 6: Footnotes.

1. In East Kent, where population growth and thus pressure for land is much less than in West Kent, there was land "available" for 40,229 dwellings in October 1966. In West Kent at the same time the figure was 33,079. See Kent Development Plan, 1967 Revision : Report and Analysis Section 3.

2. See Report and Accounts of the Land Commission for the year ending 31st March 1968. H.M.S.O. 1968, p. 4, para. 14.

3. When large sites are purchased there is a tendency for them to be in the best selling locations so that the selling rate can be as high as possible. Therefore, large developments will tend to occur closer to London rather than further away and on the main lines of communication.

4. Estates Gazette, Sept. 21st 1968.

5. Developer C used its resources to acquire knowledge of land in another way. In 1961, it started a scheme for its employees [about 30,000] whereby a commission was paid to any employee who introduced land which was subsequently purchased.

6. Kent County Council became aware of speculative activity by developers in 1965:
   "The County Council has evidence of planning applications being submitted speculatively. A newspaper [Kent Messenger May 28th 1965] indicates that some agents are asking landowners in the Weald of Kent about the prospects of buying land for development subject to planning permission being obtained. The report stated that these enquiries are being made on behalf of large development firms. The places mentioned are among those where the County Council feels it must resist development likely to aggravate railway commuting difficulties".
   K.C.C. Press Statement 10091, July 6th 1965.

7. Developer E gave a further reason for small sites although none of the others mentioned this point. Mr. E found it useful to give junior engineers and site foremen training on small sites so that they could gain experience before moving onto large developments.

CHAPTER 7

DEVELOPMENT DECISION-MAKING

INTRODUCTION

Once the important task of acquiring knowledge of land has been accomplished, a second stage concerns the assessment of the site's commercial potentialities. It is this assessment which determines whether the land is "suitable" or otherwise. Many developers reject a number of sites each week because their commercial potential is inadequate or unrealizable. These judgements depend on a considerable degree on the developer's evaluation of the state of the market and the constraints of the plan.

Weiss and her colleagues have indicated that the process of evaluation involves two interrelated elements. (WEISS et al, 1966) First, an internal cost/revenue calculation of the proposed development; secondly, linkages with other actors whose reaction to the proposed scheme might considerably modify that cost/revenue calculation. To those two, it is necessary to add, as was mentioned in Chapter 5, important non-economic considerations which affect development decision-making. These considerations are particularly important when they

affect either the personal status of the entrepreneur, the risk and uncertainty which he has to face or the organization of company activities. Risk and uncertainty as an element in economic calculations often have their roots in socio-psychological factors affecting the entrepreneur, especially during expansion.

The internal cost/revenue calculation, used by the developers, involves basically a more or less accurate assessment of the value of the raw land content in the selling price of the finished residential package. Weiss and her associates, who found the same system in operation in Greensboro, called this the "improved lot value" rule. It involves "working back" to the cost of the land. The developer's knowledge of a particular house price range indicates that the proportion of total costs represented by the land remains fairly constant. Thus, if the developer can discover the likely selling prices of the houses and the costs of developing the site (excluding raw land costs) he can assess whether the price being asked for a site is "realistic" in terms of what he can "afford" to pay. In the South East, Oppenheimer has reported that raw land costs represent about 25°/o of total house costs and the developers in the study give much the same percentage (although the proportion rises to nearer 30°/o in the

higher priced housing ranges.) (OPPENHEIM, 1965) Once the costs and the resources from sales are assessed, the developer can then vary his profit margin or the price he pays for the land in order to approach what he knows to be the correct proportion of land costs in the total.

It is obvious that this method of decision-making based on land price depends ultimately on accurate assessment of costs and revenues. Costs present fewer problems than revenues as so many of the factors controlling costs are in the control of the developer himself. He thus can build up a building system which allows him to assess very accurately the costs of site development. Revenues are a different matter and it is here that he has in some cases to rely heavily on contacts with external agents, both market and plan actors. It is only necessary to mention the density regulations, open space requirements or highway conditions imposed by the local authority to appreciate the effects on both revenues and costs. Similarly, estate agents, building society managers and many others supply important information on local selling prices. In the case of the plan actors, it is clear that they have much greater significance for the developer than do their counterparts for development companies in the United States. Not only do they have greater statutory powers but they are likely

to exercise them in what the developer regards as an "uncost-conscious" way.

Furthermore, the two stages of the decision-making process are performed quite differently by different types of developers, again, as with land, largely due to the localization of both housing markets and external agents. Not surprisingly then, the company which is growing through geographical mobility in production faces severe problems in changing the methods of site assessment used, as well as in organization of activities. The problems posed by mobility highlight the process of development decision-making, and thus form a central part of the chapter.

BACK-OF-THE-ENVELOPE SITE ASSESSMENT

When asked how site assessment was usually attempted, the small, local developer invariably replied "experience", "intuition", "instinct" or "back-of-the-envelope stuff". His calculations were essentially unsystematic and based solely on his experience of the local areas. There was no need to systematically gather data with which to make his cost/revenue calculations: he already had acquired it through long experience of local building. Many such builders had concentrated their activities in one or two small local areas and knew

not only the housing market, but also had intimate links with external agents, especially the planners. He uses his experience to make accurate, experienced-based, intuitive decisions: this is one of his greatest assets.

Mr. O provides a good example of the approach of the small local builder to site assessment:

> "We look to see any obvious drawbacks - like access for instance. We decide a layout, what sort and number of properties fairly roughly: what you can sell them for. Then knock off a bit for profit and building costs and what's left is what you can afford to pay for the site - yes, it's very systematic (sic). Provided our instinct tells us it's right, we go ahead".

Here is a clear illustration of "working back" to the land price, after ascertaining density and selling price. Mr. O thinks that "having worked here (in S.W. Kent) for 15 years I know selling prices pretty well and building costs I can keep tabs of farily well unless there is something exceptional".

Contacts with local government officials are particularly important. Many small developers build up personal relationships with both elected members and officials. They thus, through experience, know what the local authority will accept, who to "see" if they have problems in density, design or layout. (as well as in

obtaining planning permission as such). This knowledge introduces an important element of certainty into the developer's relationship with external agents which increases the liklihood of accurate assessment. Mr. T describes the assessment process and the contacts with local officials well:

> "We have no detailed costing arrangements here - let's face it, we have been in this area with this house so long we could do our calculations in our sleep. It's not worth having theodolites on the site - I just go into the field, look at the four corners from the middle to see what the falls are, and that's good enough. We draw sketches of perhaps two layouts and then pop down to the local council - we can do that: we're well known down there - and say "look here George, what do you think" - he'll put us straight. It's all intuition and experience".

Moreover, the problem of site assessment, for the large regional developer as well as for the small local developer, has been solved to some extent during the sixties due to the seller's market in land and housing. "False" calculations resulting in what was considered too high a land price were not serious as rising land values made such sites "commercial propositions" in a short time. Mr. R, for instance, states that "sometimes I've bought and paid a lot more than I should have done: but quite candidly, on a rising market, you only have to wait a little while and you find that many times you come out on the right side of something you thought was going to be

absolutely catastrophic".

Perhaps it could be added here that some developers, especially the large companies, rely on the rising market in making their calculations. While the normal method is to calculate revenues using current house prices as a basis, some developers are now calculating revenues on current prices plus "an appropriate amount" for inflation of house and land prices before and during the site development. This method of calculation clearly removes the margin of safety which the developer formerly had. If the calculation is false or market conditions change drastically, he can no longer rely on the safety net of inflated values. The developers on the whole do not favour this method of calculation but find it necessary "if we are to get anywhere near the prices being asked for land these days". Only by using "current plus" house prices can the developer often meet his rule of thumb about the proportion of raw land in the residential package costs.

The small local developer then, building in a restricted local area, can depend on past experience. His experience of housing markets and of local external agents, especially the planner, dispenses with the need for systematic site assessment. After developing in a local area for a number of years, "the back of the envelope" is all that is required to produce an accurate

assessment of the commercial potentialities of a site in his area.

THE SYSTEMATIC APPROACH

The large regional developer cannot call on his own local knowledge to the same extent, because only rarely does he have adequate local roots. He has to devise a system of acquiring accurate information about local conditions in order to arrive at a reasonably accurate assessment. The market/plan context is often "local" in nature: house prices, land prices, local authority regulations and preferences, rates of sale, etc. often vary considerably from one area to another. The large regional developer has to take note of such variations if he is to operate successfully. The scale of his operations makes this process a continuous one as he is likely, whether he likes it or not, to be developing sites in new areas every year.

The most important means of gathering such data is through thorough and systematic research into the characteristics of the site and the area where the development is to take place. This is done using a detailed pro forma which has to be completed with a great deal of information before a final decision is taken. Appendix III sets out a compilation of the research forms

of Developers A, B, C, D, E and G. This form is typical of the data which is collected but clearly no one of the developers involved deals with all the items mentioned. While this research activity takes place only after a certain amount of "screening" of sites has already taken place, it is clearly attempting to gather systematically what the small local developer knows through experience.

Appendix III shows that the first stage involves gathering data firstly about the site itself or the "land report", then about the local market or "the market appreciation". The former deals with a great range of points from sewage services to restrictive covenants but is essentially concerned with the costs of the development. The market appreciation on the other hand, deals largely with the revenues, as the main purpose is to decide the house price and the selling rate. This is done through a comprehensive assessment of the local market in the past and in the present. The developer's aim is to discover what has been sold, by whom and how quickly.

A second stage of this systematic approach involves a detailed commercial appraisal of the site and the proposed development. This consists basically of costing the development as precisely as possible. Figure 7.1 shows the first part of this process. When the selling price has been roughly decided upon, it is broken down

Figure 7.1: Estate development in Kent, 1967 by Developer B: detailed commercial appraisal.

Items	House type A	House type B
Numbers	4	70
Basic building costs	1770	1536
Abnormals		
(i) Foundations	34	30
(ii) Walls	45	41
(iii) Specification variation	5	5
(iv) Current labour increase [9°/o unit labour costs]	43	38
(v) Materials and sub-contractors cost variation	221	192
+ (vi) Maintenance	10	10
* (vii) Preliminaries [55°/o of unit labour costs]	262	230
(viii) Costs of labour transportation	60	52
Overheads	127	110
(S.E.T. proportion)	(37)	(30)
Roads and sewers [at £13.8/ft. run]	436	360
Land [£14/ft. run]	1703	1406
Selling costs	66	66
† Interest (2 1/2°/o)	122	104
Profit	365	377
Estimated selling price	£ 5306	£ 4587

+ This is an average cost of necessary repairs after sale for cracked plaster, plumbing faults etc. The householder in fact pays for this after sales service in this case whether he realises it or not!

* These costs involve preparing the site for building and include site huts, laying on telephones, providing minimum toilet facilities etc.

(+) Though finance was borrowed from the central company by the regional subsidiary, an interest rate of 2 1/2°/o was still charged for the obvious reason that, in this particular case, the development was financed by the central company through a loan from the bank. Given a bank rate of 8°/o and the fact that the company turns over its capital about 3 1/2 times a year, 2 1/2°/o is about right.

into its constituent parts as shown in Fig. 7.1, and it is at this stage that the large regional developer will adjust his land price or profit margin if necessary. This costing example (taken from a 1967 development of Developer B) is interesting in that the basic building cost is not subdivided. This supports the point made earlier that housebuilding costs are one of the most certain elements in the calculation. In this case, the two house types involved had been part of Developer B's range for a number of years and many hundreds had already been built. There then follows a calculation of the phasing of the development (Fig. 7.A). In this particular case, a clear phasing plan was necessary as the scheme relied heavily on borrowed money. The finance company involved not only wanted to see accurate assessments of its total return, but also to see that the timing of the development was satisfactory. The rate of sale is all important in this respect. This accurate costing and phasing calculation is based on careful research into the costs and revenues involved in the development of the site. This thorough and routinized procedure helps the large regional developer to overcome the disadvantage of local housing markets.

Furthermore, Appendix III also illustrates a major means of acquiring information. An important part

of the research process involves contacts with local actors, both market and plan. As with the estate agent in the question of land, the larger developer has to try to obtain information from these local actors. He can, of course, do a great deal himself. He can undertake site tests to deduce soil and drainage conditions; he can tour the area and get information of selling prices from other active developments. The latter is particularly likely if the developer has been active himself in the area in the recent past. In this case he can rely on his own sales experience. This point will prove important when mobility is discussed. However, a good deal of vital data can only be obtained through links with local external actors.

The planner is obviously an important contact. Density, drainage or layout regulations or preference are clearly of the greatest importance to the success of the scheme. Such information has to be obtained "informally" and there is no statutory duty for planners to express opinions on any except formal planning applications. The importance of these informal links with the planner cannot be exaggerated as we shall see in Chapter 8. Unlike the small local developer, the large regional developer often has to set about discovering the preferences, prejudices

and strength of the local authority with which he is dealing in order to produce a development scheme which is at all "realistic" in planning terms. One important part of this exercise involves doing some "market research" on the planning authority itself, to find out "where the power lies"; in this way, the developer is likely to have his "problems" solved more quickly at least! Mr. F illustrates this point well:

> "One has to find out who the power is - the clerk, the official, the chairman? We take a look at council minutes, the Municipal Year Book, to find out the qualifications of chief officers : we find out what jobs the elected members do. If I find the town clerk or the chairman has a T.D., I give him a tinkle and we talk about the Terriers - you never know! These are all tools of the trade. We are in fact doing an appreciation of the market, but the market is not the housing market but the planning authority".

This quotation illustrates not only the need for information from and about the plan actors but that the information is again gathered systematically and thoroughly. Again, the large developer has to evaluate the local authority in order to obtain information which the local builder knows through experience.

The pro forma in Appendix III also indicates the importance of contact with local market actors, as well as plan actors for the large regional developer. The market actors involved vary considerably from developer

to developer, but the estate agent, the bank manager and the building society manager are usually included. From these, the developer hopes to build up an accurate picture of the local housing market, especially the purchasing power of the residents. The estate agent is particularly important as he has his finger continually on the pulse of the market. The reliance of the large regional developer on local agents emphasises their strategic role in land development. His advice to the developer both about selling prices and rates of sales can help to determine the price and type of housing which is built. His opinion is also sought on local "taste" as regards layout of estates and design of individual housing.

The developer, however, is aware of the danger of relying too heavily on the agent's advice and, as we have seen, assesses the market himself through taking second opinions from his own sales departments, by analysing the activities of other developers and by consulting more than one agent.[1] The developer is aware that, if the agent is going to take commission on the sales of houses which the developer might build in the area if he receives "satisfactory" advice about the market, the agent is perhaps likely to suggest a <u>higher</u> selling price and a <u>faster</u> selling rate than is realistic. By increasing his

estimate of selling prices and rates the estate agent will encourage the developer to build. If, at a later stage, the calculations have proved a little "optimistic", the agent still receives commission and it is the developer who suffers.

As with the land market, the large regional developer relies on the local actors to provide necessary information about the state of this market. This is a vital part of the process of systematic data gathering associated with site assessment. In this way, the large regional developer is able to deal with the localization of the housing market. Furthermore, the clustering of building activities described in Chapter 6 also helps provide the large developer with a pool of experience on which he can draw in the same way as the small local man.[2] However, it must be added finally that, notwithstanding the rational, conscious and thorough research undertaken by the large company, a good deal of entrepreneurial "intuition" enters the final decision-making process. It is recognised as being of vital importance. House prices are increased or reduced by £50-£100 due to entrepreneurial "feel" of a market whatever the detailed market research suggests. The following quotation from Mr. F illustrates this element very strikingly:

"When I eventually go and look at the site, I

> don't look at prices or anything else. I go round the area; look at the shops; go to the local cafe and have a cuppa; pop into the newspaper office, labour exchange, railway station to look at train times; look at the bank, the pubs - especially the pubs. I see what they have got on the counter - if they have four different kinds of whiskey - O.K. : they've got money to spend round here. You can get all sorts of things from just a general feel. When my sales manager goes of course he goes into everything in great detail; very systematic. He'll come back with all the calculations to the nearest pound. As far as I'm concerned this is vital - as background. In the final analysis, I do it on feel, quite frankly".

While the basis of the site assessment depends on the systematic research procedure therefore, final adjustments, particularly to selling prices, rest on entrepreneurial intuition.

THE PROBLEMS OF MOBILITY : SITE ASSESSMENT

Geographical expansion of housebuilding activities is very often a major means of increasing output. Developers spread out geographically and start building in a number of local markets. In making the decision to move, the developer is often aware of the changes it requires both in the organization of the company and in the methods exmployed for assessing the commercial potentialities of the site. Chapter 4 indicated clearly that there has been greater mobility in production since the middle fifties.

As already suggested, some of this movement is voluntary: firms are searching for productive opportunities. However, other moves by companies out of local areas is involuntary but necessary due to the alleged absence of enough land locally, even to maintain existing output rates. This involuntary movement is resented, largely because mobility is certainly not a particularly attractive prospect for some developers. There are strong forces of inertia at work which are liable to keep the local developers tied to local areas.

The first of these problems concerns the changes which are necessary in the methods of site assessment. We have seen already that in a known local area, the developer works on intuition based on a long experience of local conditions. His greatest asset, by definition, would be down-valued if he moved out of that local area and he is thus exposed to greater risk and uncertainty. Such movement results in past experience being either irrelevant or positively misleading. There is a good deal of inertia at work which tends to influence the developer when deciding about possible housebuilding outside the local area. This is clearly shown by Mr. G:

> "If the land is in an area we know well, we can usually see at a glance whether it ticks : if not, (in an area which is known) one can't

> necessarily do that.....we have to be much more careful : building costs might vary, selling prices could vary very considerably. This is why we like staying in areas we know because there is less risk - half our sums are done for us".

Developer G then feels that geographical mobility will increase the uncertainty in his calculations (or non-calculations!) about costs and resources, and thus the element of risk in the development if it takes place. This point relates to the fact that many developers are quite content to remain as small enterprises in local areas and they often have no desire to jeopardise their existence by expansion, gepgraphical or otherwise. This, for the small company, is a personal decision if the entrepreneur who, as Mr. O suggests, does not want the extra "psychological troubles" of coping with high risk ventures.

The high risk of many developments which involve geographical mobility is augmented by the increase in overhead costs which is involved. Many developers are aware of the need to transport their workers some distance from their headquarters of the company. Supervision costs, as we shall see in the next section, both in terms of a permanent site supervisor and long-distance visits from headquarters, are also likely to be increased. Moreover, not only is risk, in the sense of chance of loss, increased by geographical mobility, but often also the significance

of the loss that might be involved. This is brought about by the fact mentioned earlier that "expansion" sites tend to be relatively large in relation to the company's previous activities. The site must be large to justify the extra overheads, particularly the supervisory overheads. Developer U for instance developed a site of 14 units in 1966 and 1967. This was four or five times as large as any other site he had developed. The site was beyond the "20-mile limit" which he subsequently placed on his activities. Mr. U suggested that "local labour is no good unless you have a very large site with a good site foreman. Small developments can't be controlled from 20 miles away". Thus many developers feel they are taking a risk not only in moving as such, but in moving to develop a relatively large site in an unknown area.

One element of local knowledge which was particularly valued and would be lost in geographical mobility was experience of the local authority, its policies and personnel. This knowledge both of land use planning and of other departments involved with the physical development of the site, is, like the demand side of the market, often locally based. The existing system of local government units ensures that a large number of government functions which affect the developer are organized at local level.

Thus the responsibilities of municipal boroughs, urban districts and rural districts as regards development assigns to the geographical area of such authorities a good deal of significance for the developer. Chapter 8 will analyse in detail the dislike by developers of the fragmentation of local government units in as much as what is expected of the developer changes considerably whenever movement from one to the other is made. Local government boundaries then are seen as distinct barriers by developers because they mark discontinuities in knowledge and certainty of local government people and policies. The scale of contact which is required of the developer with local authorities ensures that movement to a new local authority area can cause problems. Mr. K illustrates this point:

> "I will probably stay here; I have built up a great deal of knowledge about this area especially of the local authority - I know what it wants and how to go about it; they know me too. It makes life a lot easier".

A similar reluctance to cross local authority boundaries was found in a study of land developers in North California (HERZOG, 1963, p. 30).

If the local developer does decide to grow, then, by geographical mobility, he has, at least in part, to adopt new methods of site assessment and, not surprisingly, he moves towards the systematic approach of the large

regional developer. Information-gathering from external agents becomes more likely and detailed costings are introduced. The growing company has to rely on unknown market and plan actors : his dependence on their knowledge rather than on his own experience is seen by then as a serious handicap. Developer L, located in East Kent, is in the early stages of growth: this mobility has required a clear response from the company:

> "Research will become much more important the further we go from the town. Before we bought outside this area, we would have to go to all the lengths we could to do a bit of careful research. We would rely on local agents in particular for sales advice. Back of the envelope stuff won't work anymore".

A company then often has to become geographically mobile either to achieve growth or by having to move to find sufficient land even to maintain output. Geographical mobility however poses problems as regards site assessment and the element of risk and uncertainty in housebuilding. The advantages of building in a limited local area produce strong forces of inertia. If the developer does "decide" to become mobile, it is likely that he will try to resolve the problem of risk by adopting more systematic methods of site assessment.

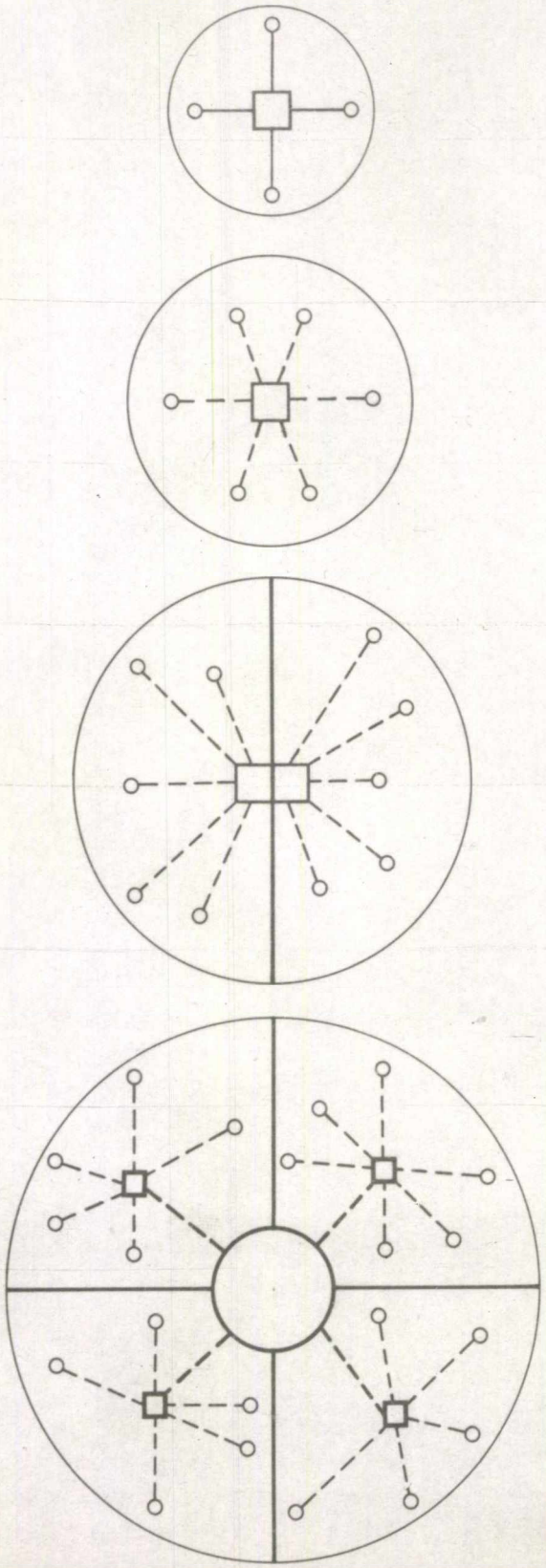
THE PROBLEMS OF MOBILITY : SUPERVISION AND CONTROL

The second major problem associated with

geographical mobility is that it requires fairly radical changes in the organization of responsibility in the company. This factor of course is related to increasing risk and uncertainty very closely. An organizational change, especially if it results in an increase in supervisory staff, introduces a new and uncertain element with the development process. The developer will be unsure of the likely success of the new system in producing a reasonably profitable outcome to the scheme. Moreover, the resistance to such organizational changes for other reasons was indicated in Chapter 5. It is clear that, even if such changes did not materially increase risk, they might well be resisted by the entrepreneur due to his aversion to change in his own position which they entail. Therefore, while the following section will concentrate on the risk element of such changes, the importance of the change in the entrepreneur's status must be constantly borne in mind.

Figure 7.3 sets out a model of the stages in site supervision associated with different sizes of production areas. These four stages can be seen as representing the idealized progress of a small local company when changing into a large regional developer. In terms of the typology outlined in Chapter 5, the stagnant

Fig. 7.3 Stages in the organisation of site supervision during the process of geographical expansion



I Direct supervision of sites from headquarters

II Indirect supervision of sites from headquarters: greater autonomy for site foremen or agents

III Indirect supervision from headquarters but with creation of area managers within control organisation

IV Indirect supervision of sites from regional offices of central parent company

entrepreneur would be in Stage I; the growing company in either Stage II or Stage III; and the large regional developer either in Stage III or Stage IV. Not all developers pass through all the stages outlined. Many developers enter the industry with a supervisory system in Stage II. Increasing geographical mobility often requires a change in organization from one of these stages to another. Severe problems face the companies at two points. Firstly, when changing from Stage I to Stage II; secondly, when changing from Stage III to Stage IV.

The change from the first to the second stage presents the small firm with the chance to grow, but at the same time, with greater risk and difficulties of personal adjustment for the entrepreneur himself. It is at this point that he has to start delegating responsibility and building up some sort of management structure. The major change involves the delegation of responsibility over day-to-day activity on the sites to permanent site foremen. Previously, the entrepreneur had controlled this as all other aspects of the company's affairs. With the growth in the number of sites and with geographical expansion, such close supervision is no longer possible and delegation is vital if the company is to expand. Mr. L states the case quite clearly:

> "In the past, we had four or five sites all in this area. My brother could get round to them all just about every day and keep his finger on what was going on without any problem. I think we now have to change a bit. Site foremen are the key people. Our supervision from headquarters will have to be a bit more overall and a little less detailed. The detail has to be left to them (site foremen)".

At Stage II then, supervision by headquarters consists largely of two or three visits a week by senior management to see that work is being carried out satisfactorily by the site foreman. The detailed supervision of work on the site is left to him. As Mr. G suggests, competent site foremen are most important in achieving a change at this point in the process. However, this might be again qualified by the fact that some entrepreneurs are reluctant to accept the change, even if the availability of the site foreman made it possible. Developer M for instance typifies the attitude of the stagnant entrepreneur at this point:

> "To move outside the area and control things as I control things here would be very difficult .....I'm very much an individualist and don't delegate responsibility very easily: tend to carry things very much on my own shoulders".

A further important point has to be made about the change from Stage I to Stage II in connection with the type of housebuilding undertaken by the small developer contemplating such a change. Some of them, while trying

to move more into the mass housing market, see themselves relying on quality housing in which the reputation as a producer of a good quality house is important in sales. Some developers fear that the quality of their houses and thus their reputation might well suffer from placing too much reliance on the site foreman. Developer S, three-quarters of whose production in 1967 sold at over £5,000 per unit, puts the case as follows:

> "The greater the reliance on foremen you have, the greater the possibility of him doing the thing badly. The smaller we are, the more chance we have of stopping bad workmanship on the site. Our reputation for a good job means a lot to us - it sells us most of our houses".

A second important point is reached when the organizational system of Stage III is seen as inadequate. This problem faces the large developer who is active on a regional or sub-regional scale. Controlling all sites from a single headquarters, with or without area managers, is adequate until a critical distance to the most distant sites is reached, in respect of supervisory visits. It is not thought possible to supervise sites properly if they are "too far away" from headquarters. This is then the same problem as for the small developer except on a larger scale. If the company wishes to buy sites beyond this "critical" distance area a regional office would have to

be established to supervise them, and the company would then pass from Stage III to Stage IV. Again this change is dangerous as the increase in overheads resulting from new offices and staff has to be "carried" by the organization for quite some time. Mr. 3 is fairly typical of developers at the limit of Stage III :

> "We tend not to spread outside roughly the South East, because of the set-up here (headquarters). Everyone gets a bit set in their ways. Everything is run from this office - we have no area offices or anything like that, so a criterion for site selection is whether we can keep an eye on it from here. Generally speaking, if I can jump into my car and get to a site in less than two hours from here (Inner London), I'll buy it; if not, I won't. If we started thinking of areas beyond that, we'd be forced to go in for area offices".

Developers in Stage III then clearly see the need for fairly radical organizational changes if they are to continue to grow. It is important to note the important fact that site selection is undertaken, even by the large company, not solely according to strictly economic criteria. Another variable of importance besides the economic feasibility of the site is the possibility of controlling it, given the existing organizational structure of the company involved.

ENFORCED MOBILITY

So far, movement out of local areas by developers

has been seen as a voluntary action designed to achieve growth. The developer could choose to remain in a local area, or to expand into new areas. However, some developers do not have this freedom of choice: they feel they have been forced to move. This enforced, rather than voluntary movement, is seen as a direct result of local land shortages. Without strong motivation for growth, these companies would much prefer to remain small, local companies, but land shortages (usually attributed to the local authority) force them to look further and further afield for sites. This geographical movement is resented: Mr. Q states:

> "I don't really want to go out of this area but I just can't get the land anymore so what am I to do? The local authority won't let any more (land) go".

Given the disadvantages of movement already described even for those who move voluntarily, it is not surprising that companies which are "forced" to move will feel particularly bitter about losing the advantages of local knowledge and about the increase in risk and uncertainty in new areas.

The point concerning quality and reputation is again important. Companies which rely on a quality image for house sales establish this quality reputation in essentially small local areas; their reputation for

producing high quality housing is not geographically extensive. If the developer has to move out of that local area, not only might the quality of his product fail for reasons already given, but also he is in part "losing" his reputation and has to start building it anew in the areas to which he moves. This increases the sense of resentment at having to move in the first place.

Only two developers in the study felt they were being forced to become mobile due to local land shortages and they were both located in the areas of West Kent. However, it is difficult to say how many other developers were forced into mobility but have subsequently rationalized their action so as to make it appear that the movement was designed to achieve growth. It is perhaps important to note, though, that local land shortages, however caused, can place the local developer in difficulties as mobility most certainly involves him in changes of organization and method which are likely to make him vulnerable.

The market/plan context as it affects site assessment poses different problems for different types of developer. The large regional developer is able to overcome the disadvantages of being an outsider in an essentially local housing market through routinized and rational techniques of data gathering and again he relies heavily

on his contact with local market and plan actors, especially the estate agent. Thus he is able to cope with the problems of building in new areas. The small local developer does not use, nor does he need such techniques. His knowledge is based on long experience of the local area and his calculations can be both intuitive and accurate. The growing company has to face the problems which geographical mobility presents as regards site assessment and it has to adopt methods similar to those of the large regional developer. The change in method of assessment together with the organizational changes which are also necessary increases the element of risk and uncertainty considerably. Furthermore, such problems are likely to be greater for those companies which are "forced" to move due to local land shortages. The speed of and willingness to adapt to new conditions are less and thus they become more vulnerable.

CHAPTER 7: Footnotes

1. One danger of relying exclusively on past experience, whether of other companies or of the company making the assessment, is that selling prices and selling rates of any development must be at least six or eight months out of date when the development begins.

2. The large regionally-organized company always has a built-in second opinion provided by head office. The head office sales manager often does an independent market analysis if he is at all doubtful about house prices and selling rates. Developer C goes so far as to employ a firm of estate agents to carry out an analysis on an area after the company's own sales department has produced its own.

FIGURE 7.A: Estate development in Kent by Developer B, 1967: detailed phasing of costs and revenues

(A) Profit calculation

			£
Total cost of development	(i)	4 x 4941	19,664
	(ii)	70 x 4210	294,700
			314,364
Total revenues from sales	(i)	4 x 5306	21,224
	(ii)	70 x 4687	328,090
			349,314

Developer's Profit: £34,950 or 11°/o of costs

(B) Phased development (£'000's)

Month	Monthly expenditure	Cumulative expenditure	No. of houses sold	Monthly income	Cumulative income
Jan.	72.0	72.0			
Feb.	2.6	74.6			
Mar.	2.5	77.1			
April	3.5	80.6			
May	3.9	84.5			
June	4.5	89.0			
July	5.6	94.6			
Aug.	5.2	99.8			
Sept.	7.8	107.6	2	10.6	10.6
Oct.	5.3	112.9	6	29.1	39.7
Nov.	11.3	124.2	6	28.1	67.8
Dec.	11.6	135.8	6	28.1	95.9
Jan.	11.2	146.0	6	28.1	124.0
Feb.	36.7	182.7	8	38.4	162.4
Mar.	41.4	224.1	10	47.7	210.1
April	34.3	258.4	12	57.0	267.1
May	31.4	289.8	6	28.1	295.2
June	10.8	300.6	6	28.1	323.0
July	8.9	309.5	4	18.0	341.0
Aug.	4.8	314.3	2	9.0	350.0

CHAPTER 8

THE DEVELOPER AND THE PLANNER

In previous chapters, we have examined some aspects of the market/plan context in which the developer operates and seen some of the effects of that context upon knowledge of land and site assessment. It seems that the plan element is significant, although thus far, it has worked usually indirectly through influencing the ways in which the developer acquires land and evaluates its potentialities. In the task of acquiring land, the developer was, generally speaking, dealing with land with outline planning permission.

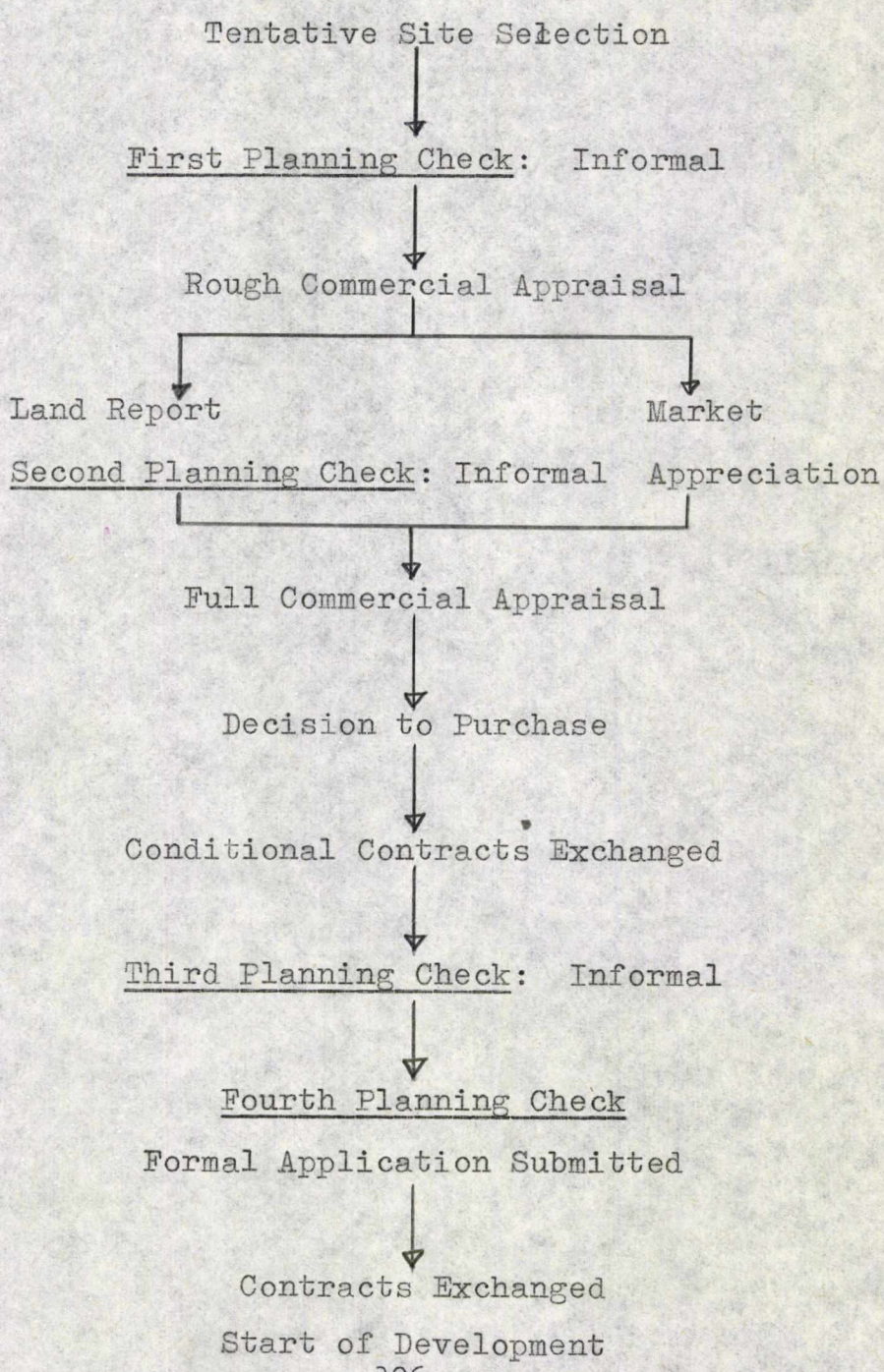
When the developer is in the process of assessing a site area before development can begin, it is necessary for him to come into direct contact with the planner in order to obtain further permission to develop as regards layout, density, house design etc. Planning permission in this sense [and at the outline stage as well] is not a marketable commodity, is not influenced by the price mechanism or the laws of supply and demand; it cannot be bought. It is a factor of supply, just as important as labour, capital or land, which is not obtainable in the

"normal" way. The need to acquire planning permission is likely to involve the developer in face-to-face contact with the planning authority: it is with the nature of this contact, and the ways, if any, in which it varies from developer to developer, that this is concerned. Many of the points in this chapter are tentative speculations rather than definite statements, because of limited data. The validity of some of these speculations remains to be demonstrated by further research.

INFORMAL CONTACT

Chapter 7 showed the importance of contact with local authorities in the successful assessment of a site. Initially the developer wants to extract information from the local authority about the density, design and layout standards, or in the case of a "doubtful site", the likelihood of obtaining outline planning permission. Only when he has such information can he undertake a realistic site appraisal. This data can be gained through submitting a formal planning application to the authority, which is either approved or rejected; the grounds for refusal should provide this information. However, this can be very wasteful process: the developer has to spend a good deal of time and money in obtaining a negative answer.

FIGURE 8.1: Diagram of development process to show importance of informal contacts with planning authority



In practice, the developer does not use the formal machinery until after he has acquired the information he needs. Instead, he approaches the authority informally without submitting a planning application. If this informal contact is successful, it indeed allows the formal application to be a mere formality: the chances of rejection of the application are much less. Moreover, this system benefits the local planning authority as well. The number of contentious applications is reduced and the whole planning machinery works more smoothly. Perhaps a basic reason for the speed with which planning committees deal with planning applications is the fact that informal consultation has resulted in the majority of planning applications conforming with planning policy.

Figure 8.1 illustrates the points in the land development process at which the developer comes into contact with the local planning authority; It is clear from that diagram that the informal links are more common and more strategically placed than the formal application. The first planning check ascertains the planning status of the site. If the information is broadly satisfactory more detailed site appraisal is undertaken, as set out in Appendix III. This involves a fairly firm and specific commitment by the local authority on density, layout and

design as well as on outline permission if that is involved. If the final commercial appraisal is satisfactory, contracts are exchanged with the landowner subject to obtaining detailed planning permission from the local authority. This involves further informal talks before the application is finally submitted. Without fruitful informal contact with planners at these three points in the process, the ability of the developer to assess accurately the site might be seriously impaired.

It is not surprising therefore that developers in the survey attached a great deal of significance to this informal process of consultation: through bargaining and negotiation about the developer's plans, a scheme can be produced which suits both parties. This agreement seems to oil the wheels of the formal machinery to their mutual benefit. Developer I states the typical attitude of many developers in the study:

> "We try to settle everything with the planners before application is submitted - get your final plans in so that you know they are going straight through without any trouble".

If for some reason, this informal contact breaks down and the local authority planners suggest that the developer proceed to the formal application stage at which time judgments of his proposals will be made, the developer faces certain problems. First, it does not allow him to

get the information he requires **speedily** and perhpas it also highlights the developer's dependence on the planning authority and his frustration about the absence of market rules in the situation. The refusal of the local authority to undertake informal contact is seen by the developer as an abuse of power [although the planning authority has no statutory duty to give informal judgments]. The next section will discuss some of the possible explanations for the behaviour of planners in this respect. It is perhaps worth quoting from Mr. (2) who feels he has suffered in the past: generally however, the unwillingness of local authorities to negotiate informally was mentioned only very occasionally by developers in the study:

> "When we got a bit of land, we go to the local authority and say we would like to buy this land and would like to know what you would like on it, what you feel we could be allowed to put on it so we can be in agreement before we start drawing up plans. Often they will tell us 'Go and put in your plans and we will consider'. They won't talk beforehand at all".

UNCERTAINTY AND THE PLANNER

The value to the developer of informal contact with the planner therefore is that it provides him with information about the policies and intentions of the local authority with whom he has to deal. In this way,

the developer seems to hope to remove as much uncertainty about the future as is possible, which is vital if he is to evaluate his schemes effectively. The likely actions of the local authority are as much an area of uncertainty as is demand for his houses in six months or a year's time. Therefore when the local authority is willing to discuss his plans at an early stage, the information is of little use unless it is reliable. If the local authority changes its mind, then the whole discussion from the developer's point of view may have been abortive. The need for reliability in the views expressed at an early stage in the informal discussions was one of the points most frequently made by the developers in the study.

Many developers had a clear idea of what sort of local authority suited them best. They favoured an authority which had strong clear and consistent policies, must be able to state its requirements clearly and must not be liable to change its mind once the statements had been made. Mr. U states the developer's position:

> "All we want to know for sure is what they [the local authority] are after. We would rather be certain that our plans were going to be kicked out than go on in the hope they just might be accepted. We don't particularly want to get away with anything - just want to know exactly where we are all the time - don't like to be messed about: it's difficult to plan anything".

The developers seem much more ready to accept delays especially at the later stages of contact with the authority, if they can be certain of what the outcome will be. Delay, when the outcome is uncertain, is the worst of all worlds for the residential developer.

The possibility that views expressed informally will be changed at a later stage, it can be argued, depends to a considerable extent on the relationship between the planning professional and the elected member. Generally speaking, it is the planning official who conducts the informal discussions. However, the duality of the local government system, with a professional and a political component, is important. The certainty from the developer's point of view depends upon the likelihood of the planning committee accepting its professional planner's views on a particular development. If the professional planner is in a "strong" position vis-a-vis his elected members, then the process of informal contact provides reliable information and removes uncertainty. If the professional planner is in a "weak" position, the information is more likely to be unreliable. It is this relationship between official and elected member which might prompt some developers to discover "who the power is" as described in the previous chapter. The "power" person is likely

to provide more reliable information than anyone else.

Developer F suggests:

> "If you get a planning officer who says 'Yes, I agree with your proposals if you will change them in such-and-such a way; I will recommend them to my members' and then goes to the Committee where someone disagrees and he immediately says 'I've changed my mind, I now agree with you' - what is the point of it all?"

However, no professional planner, however "strong" can dominate to such an extent as to exclude the views of the elected members. To some degree or other, the preferences and prejudices of the elected members must have an important part to play. The developers seem to recognise this and as a result, to build up certain expectations of the professional: during the informal discussion the planner is expected to play a quite definite role. The developer expects the professional to know exactly what his elected committee will accept and what it will not and to take this into account when reaching agreement with the developer. It can be argued therefore that the developer expects the planning professional to play the role of a political filter which removes from the developer's plans any features which, if unchecked, will cause the plans to be rejected outright by the elected members. If the professional will not or cannot perform this role adequately then the purpose of

informal discussion, from the developer's viewpoint, is frustrated. Developer (2) illustrates these expectations:

> "We take our plans to the planning officer who puts them to his committee and then we are told no decision has been reached - it's been referred back to us to get more information from us about something. It's usually something the planner ought to have spotted and told us 'They are bound not to accept this because of so-and-so". The official ought to be able to say that they won't have two storey flats or too many terrace houses. All we want is for them to say 'It's no good putting this to my committee - I know it won't work so don't waste three months trying'".

Two further points can be made. It can be suggested that one reason why the planning official in some cases refuses to negotiate informally is that he is aware that he cannot meet the developer's expectations of him. He is aware that he is not a good political filter and is not "strong" enough to provide reliable information. He knows he cannot with assurance give judgment on the developer's plans without running the risk that amended plans might be seriously changed or rejected by his committee. Thus he is, understandably, unwilling to expose himself to criticism from either or both the developer and the elected members.

Secondly, the ability of professional planners to perform this role of political filter seems, in the experience of some developers, to be related to their

qualifications. "Strong" officials are those with planning qualifications and experience of local government. Small rural and urban district councils, whose quota of qualified and experienced staff is relatively small, are likely to produce more "interference" with negotiated plans than in some of the larger rural and urban districts and, particularly, the county boroughs.

CONFLICT: THE PLANNER AND THE SMALL DEVELOPER

While many of the points made so far apply equally to all types of developer, the nature of the activities and the internal organization of different development companies may well affect their relationship with the planner. Both the degree of conflict and the likely outcome of the conflict may depend to a considerable extent on the type of developer involved.

It seems that conflict between the small developer and the planning authority is less common than between the latter and the large regional company because there are fewer occasions for it. In the first place, as was shown in Chapter 6, the land buying policy of the small developer is such that he rarely possesses any white land or land zoned for non-residential purposes: therefore, he rarely produces proposals which are likely to conflict

with basic zoning policies of the local authority. Most of his land usually has or would receive outline planning policy without difficulty. Secondly, Chapter 4 indicated that the small developer tends to develop the small site. The likelihood of conflict with the planning authority about house design or particularly estate layout is thus reduced. This fact is associated with the third, namely that the small builder tends to concentrate on high quality, high priced dwellings, often custom-built at relatively low densities. Detached bungalows and houses are more important to the small than to the large builder. The fact that the small developer "does something a little above the average" again reduces the chance of conflict. Lastly, there is a likelihood that the longstanding intimate contact between local planning authority and local developer will make each aware of the requirements of the other and that the developer can be more certain of the planning authorities policies. Mr. P. states this point clearly:

"If they [the planning officials] receive a planning application from some man they know, they know how he works, they know the type of houses he puts up, they know he is a reputable builder, they know there will be no trouble. They are obviously going to help him and get things speeded up".

However, when conflict does arise, the small local developer might well avoid prolonging it through protracted and acrimonious negotiations or by using the appeal machinery. Not only does the small developer lack the expertise to argue at length with the planner, he also lacks the financial resources to withstand the costs of a delay which negotiation or appeal would involve. Chapter 5 shows that the small local builder does not have the capital resources to carry a land bank. He develops only a very few sites concurrently. His work programme tends to be inflexible: any site, the plans for which are the subject of disagreement with the local authority, is usually needed almost immediately for the continuation of his business. This forces the developer, perhaps against his wishes, to accept the views of the local authority. Mr. Q cites the following case:

> "We applied for 30 units on three acres just up the road. We got approval for 22. We were desperate to get on with the job and we know very well that an appeal would take anything up to nine months or a year. We just couldn't afford the time so had to accept it".

The small developer seems to be much more hostile to the county councils than to the local district council on the whole. Planning power at the most local level ensures that the potential for developing close

links with officials is realized. The county councils tend to be regarded with suspicion. They are often seen by such developers as "having their head in the clouds" and "far too unaware of the effects of their proposals on the costs of development" and on the availaibility of land locally. Mr. T. States his preferences clearly:

> "I don't get very good service from County Hall. They are generally much slower and because they are not locally based, they tend to be much more æsthetic and unrealistic than the locals. The boys at Maidstone are far too long-haired in that respect - haven't got their feet firmly on the ground. Here I know them [the planners] as Tom, Dick and Harry: they know us and know we are not trying to pull the wool over their eyes - the County are really suspicious usually".

Part of the explanation lies in the fact that county councils now [and unitary authorities in the future] are much more likely to be plan institutions in the sense of Chapters 2 and 3 than the local district councils. Their responsibility for producing plans for large areas and for having to co-ordinate their plans with those in other parts of the region [however difficult this has been] means that they are pursuing a wider public interest than either the local council or the local developer. This is especially so when planning policies at a county level are restrictive. District councils are likely to act like market actors themselves especially if they are

urban districts with ideas of expansion into protected countryside and agricultural land around. Mr. (1) illustrates these points clearly:

> "The local authority here is anxious to see development. We feel that the local authority is very reasonable and will work with you. But the higher you go, the more difficult it becomes. The county planners have no idea of local requirements or about the availability of land. At the local level, the officials and elected members are sensible people with their own community very much in mind. In every case we have appealed except one, we have had the full support of the local authority against the county". [my emphasis]

It is not surprising therefore that most small local developers wished to keep as much planning power as possible at the most local level, and seemed fearful of any change which gave more power to the higher authority.

CONFLICT: THE PLANNER AND THE LARGE REGIONAL DEVELOPER

Very much the reverse situation obtains for the large regional developer. Many large developers pursue land purchase policies which involve the buying of substantial amounts of white land well ahead of their requirements for immediate use. Their white land banks often generate significant conflict with the planner when the developer tries to obtain outline planning permission. Secondly, the large developer tends to deal with relatively

large sites on the whole. The chances of disagreement about layout, density, house design and the provision of services are quite high. Moreover, the large regional developer cannot rely on close, longstanding personal knowledge of local planning authorities to smooth his relationship with them, as the local developer can. He is probably less aware of the preferences and prejudices of the local authority.

However, unlike the small local developer, the large regional developer does not need to rely so much on personal knowledge. The size of his organization gives him considerable advantages in dealing with the various local government institutions. His scale of operations reduces the importance of any one development in terms of his total development activities. He will probably be developing a number of sites at a time; thus the urgency of gaining planning permission is not as great as with the smaller developer. He can more readily afford the time and has the financial resources to withstand the long negotiations and appeals. The knowledge of this fact might well give the large regional developer a stronger bargaining position vis-a-vis the local planning authority. Mr. A. explains:

> "We would very rarely appeal on layout and density, although we often threaten to do so.

> Councils often back down on these issues if you show yourself to be firm. In the end, these people can't really hurt you if you are willing to fight, although the time it takes to do so is appalling".

The large regional developer can deploy skilled manpower in negotiations in a way which the small local developer cannot. His staff seem often as well, if not better, qualified professionally than local authority staff, especially at the most local level. Those experts seem to be able to negotiate "more effectively" with their counterparts in the planning authority. Moreover, the possession of qualified staff by the developer might well result in bonds of common professionalism being created. This seems all the more likely as the professionals in the development company have often seen long service in local government themselves. This common bond of professionalism might well be a substitute for the close personal contact of the small local developer. Mr. C, himself an ex-local government official says:

> "Some of our men have had experience in local government; therefore we tend to think in the same way as the local authority boys and this helps a lot. A lot of local authorities are not unhappy to accept what we put up to them because they know we have a large number of well qualified staff to deal with our developments. I myself had 20 years in local government prior to coming to this firm I can discuss and talk with planning officers and highway engineers on their own terms; I can discuss and talk to them on a proper

> level. I take them out to lunch perhaps and get the ear open. There must be 50 or 60 people like me in this firm. We can usually reach a reasonable compromise. But of course, we never get on first name terms like the local boys can".

It might be added that, whereas the large regional developer sees his expertise and planning knowledge as a way of reaching "a reasonable compromise" the small local developer sees it in a different way. He considers that his expertise allows the larger developer to "get away with murder". The latter can develop sites at densities and with layouts that the small developer never could. Mr. R. has strong views on this:

> "We feel that the big boys and such people go through the council offices with a horse and chariot. They [the local authority] seemed overawed or something. They can get away with what we wouldn't dream of trying".

The large regional developer also had a tendency to favour power in planning at the most local level, although this tendency was not as marked as with the small local developer. There are two conflicting standpoints. First, it can be argued that the greater the fragmentation of local government planning power, the better able is the large regional developer to use his superior resources of skill and expertise. To quote Mr. R. he can use the "horse and chariot" techniques much better as well as gaining the advantages of dealing with much more of a

market actor than are the county authorities. On the other hand, it can be argued that the stronger, better staffed county or unitary authority would allow fruitful relationships between the professionals in the two organizations. The latter point was however very rarely mentioned, and the former mentioned quite frequently. The large regional developer particularly liked the fact that the two-tier system allowed them "two bites at the cherry": if the local authority refused a proposal, there was always the county council to appeal to informally before using the official appeal machinery.

* * *

The more direct contact between the planner and developer needs considerably more investigation. This chapter has only raised a few issues tentatively. Particularly significant in the future will be the creation of unitary authorities and the removal of considerable planning powers from the most local level. This chapter has suggested that this may sharpen the distinction between the developer as a market actor and the planning authority as a plan actor. The smaller local developer ought to be affected most by this change: his regional counterpart on the other hand may adjust much more readily.

CHAPTER 9

CONCLUSIONS

It is necessary finally to draw together some of the findings of this thesis. We have been concerned with the residential growth of an expanding metropolitan region in an advanced industrial society. It has been suggested that residential development can be seen as a product of a conflict situation, conflict about the use of land. Society as a whole is characterized by a dichotomy between market and plan. While conceptually distinct, in reality these two elements combine to provide the general context for action for most institutions. It has been argued that the major actor in the residential development of the South East region since the middle fifties has been the private residential developer and that the conflict between market and plan has been crystallized into the relationship between the developer and the local planning authority. What this thesis has attempted to do is to examine the activities of the development company in the market/plan context. How relevant is the attempt to isolate and focus on key decision-makers whether in residential development or any other field of urban growth?

There are a number of studies aimed at under-

standing the processes of urban growth which examine important actors. The work on the producer model in N. Carolina has already been mentioned and a good deal of micro-economic work has examined firms or individuals. In Britain, similar work has been undertaken but not within a micro-economic framework which can be a strait-jacket. They have been particularly concerned with location or re-location of manufacturing or office firms. By far one of the most convincing chapters in the recent study of the office in London was that dealing with four case studies of companies in the process of searching for new accommodation. [COWAN, 1969, Chap. 3] This study illustrates one point very well: that the decision-making was much more complex than a purely micro-economic framework would allow and that in-depth knowledge of these four companies was required to discover that complexity. It is worth quoting one of the general conclusions:-

> "The most striking [pattern] concerns the lack of knowledge of the general processes of office development and the naivety of even quite large and sophisticated organizations when confronted with the need to acquire office space ... its hunt for accommodation is a very hit and miss affair. Strategies are planned which bear little relation to the facts of life". [COWAN, 1969, p. 263]

We will return later to discuss why strategies seem to bear little relation to the facts of life.

Similar studies, but of manufacturing firms and their locational decisions have been undertaken by a number of writers. Particularly well-known are Keeble's study of re-location from N.W. London and Luttrell's study of 98 manufacturing firms on a national basis. [KEEBLE, 1965; LUTTRELL, 1962] Luttrell found his case studies of decision-makers valuable in that it allowed his team to become acquainted with the people who had planned and operated the new factories, to hear of the problems encountered and to collect many kinds of information especially confidential data.

There have been few studies in Britain of the residential developer as a major decision-maker in urban growth. This is surprising as both Keeble and Luttrell revealed, at least at an empirical level, a good deal about the dynamics of change in the urban system. Those that have been conducted are largely historical studies. Checkland and Kellett both examined the development of Glasgow. The former tries to devise a broader framework for the examination of decision-makers in either a contemporary or historical context. He suggests four models for examining a city - the social, the economic, the spatial and the policy models. A knowledge of the relationships between these models would provide insights into the processes of growth and the actors involved.

Within the spatial model for instance he examines spatial segration of social groups, thus linking the spatial and social model. He suggests that two developers, Harley and Laurie, in nineteenth century Glasgow were the agents whereby the city sought to polarize itself into a spatial expression of class consciousness: "between the sites and their users stood the developers: the men who sought to anticipate and to exploit the spatial trends set up by the city and its citizens".

All these studies see these key decision makers responding to a particular environment; an analysis of their decisions can isolate the significant factors shaping the evolution of the city. Keeble for instance found that congestion, in the form of high costs and shortage of space was "forcing" firms out of London and government inducements as regards location were "pulling" them out. It is clear from these studies that the role of the public authority is of considerable importance. It is significant that Checkland, even in a nineteenth century town, requires a policy model because of the growing role of a "supervisory intelligence" which tried to control events in the public interest, as opposed to the development company or entrepreneur which were "atomistic" [an entity serving it own ends] and "cyclopean"

[its single eye on the conditions of profitability].

This study has explicitly recognised the rôle of the public authority. The private residential developer is a key decision-maker but he acts within a set of opportunities and constraints. This study had indicated the division of interests between the developer as the prime market actor and the local planning authority as the major plan actor in residential development. The constraints therefore often in the form of the elements of the development plan and development control, tend to emanate from the local authority. The shortage of land is outstanding here. However, what this study has shown is that it is not possible to examine developers as an aggregate group of actors. What is significant is that developers perceive their context of opportunities and constraints differently and react differently as a result. This differentiation between types of developer explains to some extent Cowan's comment that his companies did not respond to the "facts of life".

A strong argument for isolating and examining key decision-makers therefore is that only through such an examination can we distinguish between those facets of the external world which really influence behaviour and those facets which the researcher constructs as being "reasonable". It is clear from this study that the

residential developer's response depends as much on the nature of his organization and the rôle of the entrepreneur within it as upon any hypothetical external reality. Particularly important is the degree of congruity between the spatial structure of the developer's organization and the spatial structure of the land, housing and planning "markets". To a considerable extent, the latter are organized locally. For some developers, problems are connected with staying within such local structures as the internal organization of the company requires it. For others, problems are associated with getting outside local markets in the process of expansion which involves changes in the internal organization. For others, problems are associated with getting inside local markets where the organization of the company is designed to operate as a regional or sub-regional scale.

There is often congruity between the spatial structure of the stagnant entrepreneur's organization and the housing, planning and land markets. His problems arise when, perhaps due to a shortage of land locally, he is forced, against his will, to move outside which necessitates unwelcome changes in the organizational arrangements, especially the role of the entrepreneur. For the growing company the problems are the same but there is a willingness to change the structure of the

organization to deal with new situations. The large regional developer has to find ways of coping with the local "knowledge" markets with an organizational structure which is essentially non-local. It is possible to suggest that one of the important processes of residential growth in the metropolitan region has been the ability of the large regional developer both to take advantage of large-scale operations and at the same time to overcome "knowledge" problems, in finding and assessing land in particular.

Such a process of differentiation seems important as a vital first step before analysis of the relationships between actors in the land development process, whether studied in general or as it works in a particular local context. Norton Long sees the local urban system as a series of games. In this case, the residential development game, there would be a number of actors each with his own goals with the rules of the game being set by a higher public authority [especially in this case national legislation governing the sale and development of land]. This thesis makes clear that the developers must be distinguished as separate actors with fairly different goals and certainly with quite different means of achieving those goals. The evidence suggests that the large

regional developer is more often becoming the winner in a large number of local games. [LONG, 1962] Chapter 8 tried to highlight some of these differences in the relationship between the planning authority and the developer.

However, Chapter 8 was tentative about these relationships. This thesis has tried to distinguish, by means of a number of case studies, the general characteristics of significant types of developer. It has suggested that an understanding of the internal characteristics of the developer and his organization is of vital importance and has identified some of the effects of the internal organization on perception of the external world and the developer's behaviour. What now needs to be done is to examine how these developers relate to specific local situations and to specific sets of actors in the land development game at the local level. Such an approach could test some of the general hypotheses set out in this thesis. This might be particularly instructive when the structure of local government, the "planning" market, changes to a unitary basis. How will the small local developer fare when "personal" planning contacts become more difficult? Will the greatly strengthened planning component of the unitary authority affect the activities of the large regional developer?

Knowledge has emerged as a factor of considerable importance. The knowledge boundaries of developers are extremely significant in their locational behaviour. It can be suggested that attempts to identify the knowledge boundaries in a spatial sense of key actors in the urban system could be a fruitful line of approach, especially if coupled with an attempt to discover the factors affecting the delimitation of those boundaries. Just as the knowledge boundaries of different types of developer vary, so too must the boundaries of different groups of the population, especially varying perhaps with socio-economic status. Perhaps the degree of mobility in search of job or home or development site can be changed by public action to affect the knowledge input into decision-making.

A further implication of the empirical work presented here is that certain modifications seem necessary to the market/plan dichotomy which was explored in early chapters. This dichotomy was the major orientating perspective for the developer study. It was suggested that residential land developers were the major market actors, who came into conflict with local and central government bodies, the main proponents of the plan. Chapter three indicated that the clash of values between the two sets of actors was of major importance in understanding how the land development process worked.

Three main modifications should be mentioned. Firstly, the examination of the workings of the small local developer,

the stagnant entrepreneur, indicate that his actions are not entirely directed by the insatiable pursuit of "pecuniary self-interest." His organisation was as much a risk-avoiding organisation as one dedicated to maximum profits. While the small developer was primarily self-interested, his interest was not defined solely in terms of profits. This is, in part, accounted for by the close control of the entrepreneur over his company and the perception of costs in terms of his own personal status and well-being. Rapid expansion was seen to hold significant risks to such companies, which they were at pains to avoid: their attitude to enforced mobility is apt testimony to this.

Secondly, the study suggests that there can be a closeness of interest between the developer, particularly the local developer and the local plan institutions below county level. Their interests can coincide in that the developer wishes to build houses and the local authority wishes to grant permission for this so as to further the interests of the local community, i.e. to increase rateable values and enhance local trade, etc. In this sense the local district institutions are similar to their American counterparts in being as much market as plan institutions: they define the wider public interests in terms of their perception of the local community's interests. The desires of the local districts as regards residential land development may involve a breach in the county council's plans

to control land development in any locality in the interests of the wider public good.

This latter point relates to the final modification. It was suggested that the existence of a hierarchy of plan institutions enabled the wider public interest to be enforced if necessary from above upon the lower levels of the hierarchy. While this does work for the relationship between the county and local district levels, the absence of a coherent regional plan in the South East, for much of the 1950s and 1960s, has meant that the regional level of planning was embryonic for much of the period under review.

These three modifications indicate quite clearly that the description of market and plan values and the actors who hold them, constituted ideal types which in reality require qualification. Market values are not pursued only by the developer or indeed by all developers: plan values characterise most government institutions but to considerably varying degrees.

However, it can still be strongly argued that there is validity in the original approach. It is clear that a basic issue for developers is the shortage of land and the problems associated with obtaining it. It is also clear that it is the county planning authority which has considerable control over the release of land and the amount that is available to the developer. The conflict between the county planning authority and the land developer, especially the large regional developer, over the release of land is not to be doubted. The interests of the former lie in the preservation and conservation of land,

and of the latter in obtaining land to develop in order to meet the heavy demand for owner-occupied housing. Moreover, two points should be made about the planning hierarchy. First, whatever the desires of the local district councils, the power at the county council level severely restricts their ability to exercise independent control over land development in their areas. Secondly, the gap in the hierarchy at the regional level may soon be filled by the "Strategic Plan for the South East", recently produced by a team representing both local and central government interests.

IMPLICATIONS FOR PLANNED DEVELOPMENT

A certain number of implications for planning may be drawn from the results of this thesis, although they must be fairly tentative. Changes in the structure of the housebuilding industry together with changes in the housing market in the future may combine to produce a situation in the rural counties around London favourable to more positive planning action. In the past, the strong seller's market in housing has meant that the developer

has had few selling problems: he could sell all the houses he produced with ease (other things being equal, especially mortgage money). His problems therefore lay in obtaining sufficient land and in the production side of housebuilding. The inexorable pressure extorted by developers on local authorities in the metropolitan region kept them constantly at full stretch. In such a situation positive planning was made very difficult. The problem was made worse by the virtual absence of any realistic and up-to-date regional planning strategy. Because planning objectives on a regional scale were not clear, the market did not operate as it should, within well-defined planning objectives.

In the future, there is every indication that, in areas such as Kent, the market will become more balanced or even become a buyer's market. This might particularly apply during the 1970's. The results of this might be to hasten the polarizationof housebuilders into large and small companies. Growing companies in the past, when they expanded into lower price ranges and new areas, experienced only limited competition. The seller's market minimized competition for customers. In the future however, the growing company will find it more difficult to grow as competition will be more severe. The advantages of the large regional developer will be compounded as he is better

able to meet the requirements of a consumer who is more discriminating and who is not as constrained in his housing choice as he was during the sixties.

Also there will therefore be a greater emphasis on marketing in its broadest sense. The large regional developer has greater access to information about new building techniques, new ideas in house design and estate layout and has greater resources and experience in sales promotion. He possesses the professional expertise to provide a more "imaginative" housing product in terms of the house itself and in terms of the environment provided by the development. Therefore planners may find pressures for sites which are "suitable" for the developer, not only in the existing sense of being physically suitable for building with good service provision, etc. but also "suitable" in other ways which are likely to attract the consumer: access to leisure facilities, particularly on the coasts; sites which have good views over attractive countryside: physically attractive areas might well become pressure points during the 70's. Furthermore, planners might well have to deal with estate layout and house design plans which are increasingly imaginative; artificial lakes may be required, parks become a more common feature, mixtures of high and low rise dwellings replace the monotonous suburban row.

However, there will continue to be a demand for high quality custom-built housing from the upper echelons of the senior salariat i.e. the higher professional occupations, managers, employers etc., and a supply of small often in-fill sites. This specialised market and the smallness of the sites will allow the small local builder to operate even though general market conditions may decrease the likelihood that he could grow. This type of demand may also produce a pressure for new, free-standing, high-quality dwellings outside towns and villages and rural areas may experience a heavy pressure as the proportion of the highly-rewarded senior salariat, able to afford this "rustic seclusion" style of life, grows and as the supply of heritage houses for conversion declines.

While this easing of pressure provides greater opportunities for positive planning, it also places the onus on local authorities to develop clear planning objectives, both strategically (which requires a high input at regional level) and locally, particularly in developing appropriate policies relating to sub-regional urban form. The growth of larger companies, requiring large sites and being prepared to provide a wide range of amenities on their sites, offers opportunities for

channeling development away from traditional additions at the periphery of existing settlements. There will be a chance to build a number of major residential developments which will be sattelite to but semi-independent of existing towns or free-standing settlements in which community will be emphasised. New Ash Green and Vigo in Kent represent cases when the initiative for such developments has come from the developer. Walderslade south of the Medway towns perhaps will be a similar development when the initiative has come from the local authority.

At a regional scale, the findings of the thesis suggest certain problems. The general tendency in recent thinking on planning, even in the Outer Metropolitan Area, has been to try to concentrate growth in a few large centres such as South Essex, the Blackwater Valley, South Hampshire or Milton Keynes. In the past, growth particularly in the O.M.A. has been much more dispersed and many areas with inbuilt momentum have, reluctantly, been allowed to grow. While concentrated growth may be helped by the trend towards large regional developers, which would welcome the opportunities offered by large-scale, long-term developments in a few large centres, such a

pattern of development has serious implications as regards the small or medium-sized builder.

Firstly, it would tend to discriminate against the latter. Only the large regional developer has the resources to develop settlements on this scale. This would apply even if the large regional developer or a public body controlled the sites and let them out under contract to small builders, because only those in the fairly immediate area would benefit. This study has shown the relative immobility of the small local builder; he would probably not consider building in a new part of the region even if he were aware of the opportunities. Secondly, the need to damp down growth in some parts of the region which must accompany the desire for concentration, will again discriminate against those developers who want to go on building locally. This will either limit the opportunities of such builders or make it difficult for the planners to hold down development in certain areas. The pressures exerted by such builders for land, which will presumably become even scarcer in some localities, might well be severe and might partially destroy a policy of concentration.

APPENDIX I

PLANNING APPLICATION SURVEY STATISTICAL SUPPLEMENT+

INTRODUCTION

The sample was sytematic in that applications were sampled regularly, from the shelves of the planning offices, where they were ordered first by local authority areas and then by year. For each set of applications which was sampled, a random number between 0 and 4 was chosen and every fifth application was selected thereafter: this random number was changed with each set of applications. Since there are 47 local authorities in Kent and three sets of applications [1956, 1959 and 1964] were examined in each, the random number was changed 141 times.

In order to calculate sampling errors, it is assumed that the sample was random. There is, from knowledge of the files, no periodic variation which, if present, would make it impossible to construct an estimated variance on the basis of a random sample. Moreover, the size of the sample and the large number of changes in the random selector number would make bias from such periodic variation,

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+ I am greatly indebted to Mr. D. Lury of the University of Kent at Canterbury for help in the preparation of this appendix.

even if it existed, very small. The ordering of the files is essentially random in respect of the items being measured. Therefore, we assume, after Cochran that "the variance formula is the same as that for a simple random sample".*

PROBLEMS IN CALCULATING SAMPLING ERRORS

A major problem arises from the translation of residential applications into the number of houses each one represents. As pointed out in the text, there is considerable variance in the number of houses which applications represent: the full range is 1 to 489. Therefore there are two sources of error (i) a sampling error associated with the number of applications upon which any cell estimate is based (ii) a sampling error associated with the variance of the "translated" items in the cell.

A method for calculating the co-efficient of variation arising from both these sources is to be found in the following:-**

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* Cohran, W.G., Sampling Techniques, Wiley and Son 1953 p. 225.

** See Hansen, M.H., Hurwitz, W.N., Sample Survey Methods and Theory, Wiley and Sons 1953, Vol. I, Sec. 4.15, Vol. II, Sec. 4.17.

$$C.V. = \sqrt{\frac{1-f}{m}\left[\frac{s^2}{\bar{x}^2} + (1 - \bar{m})\right]} \qquad (1)$$

where f = sampling fraction [in this case .2]

m = number of applications in each cell

s = an estimate of the variance of "translated" items in the cell

$\bar{x}$ = average value of "translated" items in the cell.

$\bar{m} = \frac{m}{n}$ where n is the total number of applications examined to arrive at the particular cell estimate e.g. all examined for 1956, or for the O.M.A.

The first element in the square brackets relates to sampling errors associated with the variance of "translated" items in the cells, the second for sampling errors associated with the number of applications. $\bar{m}$ is usually very small, as n is usually very large. Therefore the second element is normally very close to unity. Moreover, since the first element is often much less than one, a rought estimate of the c.v., given m, can be calculated by

$$C.V. = \sqrt{\frac{1-f}{m}} \qquad (2)$$

Therefore $\sqrt{\frac{1}{m}}$ is not an unsatisfactory method for calculating roughtly C.V.'s in tables involving size intervals. However, when results from (1) were compared with (2), differences were consistent and significant in some cases, therefore (1) was used in all calculations.

SAMPLING ERRORS FOR TABLES INVOLVING SIZE INTERVALS [TABLES 4.6, 7, 8, 10, G, M]

The use of size intervals in the above tables allows a fairly quick method of calculation. In (1), it is necessary to calculate s, the standard deviation of the translated items, separately. However, this can be avoided if we use the range of a series of observations to calculate s, where the range is fairly narrow. This will not underestimate s, although it may over-estimate it to some degree. the range (w) of a series is the difference between its highest and lowest values. For each of the 5 size intervals which appear in the above tables, we can discover w by subtracting the lowest from the highest value which falls into each interval. Not surprisingly, these ranges are very close to the size interval range itself. S can then be calculated as follows:-*

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*. See Thompson, G.W., Bounds for the rates of the range to standard deviation, Biometrika 42, pp. 268-9.

$$S^2 = \frac{W^2}{4(\frac{m-1}{m})} \qquad (3)$$

For each size interval, $\bar{x}$ can be estimated either by the mid-point of the range, or by a calculation of the mean of all values falling in that size interval. The latter method has been used throughout. Thus only one value for S [calculated through W] and one for $\bar{x}$ for each size interval is required to calculate C.V.'s for all cells in that size interval: only m varies for any cell.

An example would be as follows: for the range 5-15, W = 10.0 and $\bar{x}$ = 8.3. Take m = 9, then

$$\text{C.V.} = \sqrt{\frac{.8}{9}\left[\frac{10^2}{4 \times \frac{8}{9} \times 8.3^2} + 1\right]} = .358$$

Table 1 sets out the C.V.'s calculated on the above basis. Column 2 shows the number of applications [m]; column 3 the cell estimate of the number of houses; column 4 the C.V. Not all cell estimates are included. Those that are include the largest and smallest cell estimates and the others are chosen so as to provide reference points for assessing the C.V.'s of any other cell in the size interval. Every cell estimate lies close to one of the figures for which a calculation has been

made. The C.V.'s are presented as percentages and at the 68°/o confidence level; they should be doubled to give a 95°/o confidence level. The last column shows the 68°/o confidence interval of the cell estimates used.

SAMPLING ERRORS IN TABLES NOT INVOLVING SIZE INTERVALS

The same basic method can be used for tables without size intervals. However, W if often very large indeed and tends to over-estimate S considerably and is thus not a reasonable proxy: $\frac{S^2}{\bar{x}^2}$ tends to dominate (1) if S is calculated through the use of W. Therefore, for all other tables it has been necessary to calculate the standard deviations directly for each cell. Standard deviation of any cell estimate is found by

$$S = \sqrt{\frac{\Sigma x^2 - m\bar{x}^2}{m-1}} \qquad (4)$$

Where x = observed values. S thus calculated was then used in (1). This method was used for tables involving house types (Tables 4.11, I, J) and developer type (Tables 4.9, K) Tables II and III set out the results in the form as described from Table I. However, in this case, S and $\bar{x}$ vary for each cell as well as m, but since m is again the most important influence on C.V.'s, a

sample of cell estimates has been presented and those included should again be seen as reference points for assessing the C.V.'s of other cells.

CONCLUSIONS

It is clear from the tables that C.V.'s are in some cases very high, even at a 68% confidence level. Much lower C.V.'s could have been obtained by amalgamating size groups and house type groups, in which case most C.V.'s would have fallen to the 5-30% range. However, it was felt that the extra information, which must clearly be treated with great care, in the fuller tables justified high C.V.'s in some cases.

TABLE I

Range	Applications	Houses	C.V.'s[%]	68% Confidence Interval
Under 5	139	188	13.1	163-213
$\bar{x}$ = 1.4	327	444	8.5	406-486
W = 4	470	665	7.1	618-712
	692	996	6.0	936-1056
5-15	5	44	48.2	23-65
$\bar{x}$ = 8.3	9	89	35.8	57-121
W = 11	22	185	22.3	144-226
	37	322	17.2	267-377
	51	455	14.8	388-522
16-35	4	77	48.2	40-114
$\bar{x}$ = 25.8	10	239	30.0	167-311
W = 18	13	322	26.0	239-405
	18	438	21.1	346-530
36-75				
$\bar{x}$ = 54.3	4	161	47.5	85-237
W = 35	6	294	38.1	82-406
	11	555	27.8	401-709
	15	772	24.3	584-956
Over 76				
$\bar{x}$ = 116.3	2	266	70.4	79-453
W = 82	8	1194	33.7	800-1588
	10	1373	30.1	960-1786

TABLE II

House Type	Applications	Houses	C.V.'s [%]	68% Confidence Interval
Detached House	15	94	26.4	69-119
	10	119	43.4	68-170
	25	286	27.1	209-363
Semi-detached House	8	225	38.7	138-312
	23	778	25.4	580-975
	32	1004	22.2	782-1226
Detached Bungalow	7	82	47.4	43-121
	27	305	25.8	226-384
Semi-detached Bungalow	4	60	51.1	29-91
	17	257	30.8	178-336
	18	319	28.5	228-410
Terrace House	3	54	58.8	24-86
	7	98	40.2	59-137
	11	297	52.5	142-452
High Density	2	18	69.8	5-31
	6	76	50.9	38-114
	19	218	25.1	163-273
Detached Houses and Bungalows	17	139	35.3	90-188
	23	246	22.1	192-300
	45	538	17.3	427-629
Semi-detached Houses and Terraces	11	142	33.4	96-188
	19	352	29.5	250-454
	35	1174	18.9	952-1396

TABLE III

Developer Type	Applications	Houses	C.V.'s [%]	68% Confidence Interval
Non-local	4	80	57.4	34-126
	11	307	31.0	212-402
	25	787	21.0	622-952
	33	1756	18.3	1435-2077
Local (Under 5)	As for size category Under 5: see Table I			
Local (Over 5)	12	244	27.9	176-312
	44	429	15.8	361-497
	55	648	25.9	486-810
Total Local	151	432	17.2	358-506
	346	748	12.5	654-842
	736	1425	5.1	1352-1498

APPENDIX II

DEVELOPER STUDY METHODOLOGY

1. SELECTION OF DEVELOPERS

The study of residential developers reported in Chapter V and subsequent chapters should be seen as a series of case studies rather than as a full statistical sample. The aim of the study was to probe in depth the workings of a number of development companies. This was to be achieved by collecting a good deal of qualitative and quantitative data from each. A large sample of developers (assuming a satisfactory universe could be identified) would have required a postal questionnaire or an interview study in which the range and number of topics covered was severely limited. Moreover, response to postal questionnaires might have been very disappointing if experience with building concerns and small organizations is any guide. The response might not have justified the investment of time and money. In depth interviews can be attempted successfully with a limited number of respondents given the financial and temporal constraints of the study.

However, it was necessary to obtain a good

cross-section of developers and particularly to ensure that the large regional developer was adequately represented, even though forming only a relatively small percentage of the total number of development companies. The "universe" was taken as the list of names (and addresses) of developers which had been obtained from planning applications submitted in 1964. These were then divided into two groups: (a) those with headquarters outside the county of Kent and large regional developers with headquarters inside Kent. The latter sub-group was identified through general knowledge of housebuilding in Kent. (b) All other developers. This was a classification of convenience rather than significance as it did allow a selection process which gave adequate representation to the large regional developer without prejudicing the classification in Chapter V.

The structured selection process was undertaken as follows. 63 developers were recorded in the 1964 survey of planning applications; of these 20 were large regional developers i.e. just under 30°/o of the total. However, it was decided that the large regional developer should form 40°/o of the total number selected. The aim was to interview between 25 and 30 developers maintaining a 40/60 split between regional and other. In the event,

24 were interviewed, 40°/o of which were regional developers. The selection process was simple. The developers were separated into the 2 groups and each developer assigned a number; 12 were selected from the regional developer list and 18 from the other list by means of random numbers tables.

The table below sets out the details. The main difference between the groups was in the refusal rate. While only 2 of the large regional developers selected refused, it was necessary to select from the local developer list three times. This was due to the high refusal rate among local developers in spite of the measures taken to minimize this risk (see section III). Since the data was collected after an assurance of confidentiality, the names of companies involved cannot be revealed, nor can the location of companies if related to their code numbers. However, Map 2 shows the location of the 24 companies, and, nor surprisingly, most are in Kent or in Greater London.

	Regional Developers				Local Developers			
	Total Selected	Acceptance	Refusal 1*	Refusal 2	Total Selected	Acceptance	Refusal 1	Refusal 2
1st Selection	12	10	-	2	18	9	8	1
2nd Selection	-	-	-	-	9	4	4	1
3rd Selection	-	-	-	-	2	1	1	0
Totals	12	10	0	2	29	14	13	2

* For distinction between refusal 1 and refusal 2, see section 3.

Developer Study

2. DATA GATHERING DOCUMENTS.

Information was collected from developers using the following documents:-

I Information Sheet A: primarily concerned with obtaining historical, statistical information on the activities of the company between 1961 and 1967.

II Information Sheet B: primarily concerned with statistical data on land purchase in 1967 and 1968.

III. Interview Schedule: concerned with mainly qualitative data on the organization of the company, its historical development, its house building and land purchase activities, and its relationships with other organizations involved in the land development process. The design of this interview schedule was influenced by the work of Weiss, Kaiser and Kenney at the University of North Carolina, Chapel Hill, which the writer had the pleasure of visiting in 1967.

A pilot study of three developers in the Canterbury Area was undertaken in the Spring of 1968 with a first draft of the interview schedule and information sheet A. The documents were revised in the light of this pilot study and of critical comments from a number of people in development companies before the main study got underway in the Summer of 1968. Copies of these documents

are to be found at the end of this appendix.

3. PROCEDURE

All contacts with the developers were undertaken by the writer himself. This was necessary in order to obtain consistency and flexibility. Whereas the information sheets were filled in by the developer as normal questionnaires, the interview schedule was more a guide to the interview than a rigid set of questions which would structure it completely. In every case, the full range of topics in the interview was covered. However, there was a good deal of variation between interviews in the order in which answers were obtained. The developer was given as much scope as possible to expand on any question and to explore areas of interest not specifically mentioned in the schedule. The open-ended nature of the questions in the schedule allowed the developer this scope and gave the study its potential for flexibility.

This potential was in large part realised by the use of a tape-recorder. Even though there was occasionally an adverse effect on the interview in the early stages, no developer refused to co-operate because it was being used (after much emphasis, of course, on the confidentiality of the data and the anonymity of the

developer) and the developer soon forgot its presence. Moreover, it allowed the interviewer to concentrate on what was being said rather than on trying to write it down. He could, therefore, pursue any points he thought of interest. Since the average interview lasted 1 1/2 hours the task of recording the information in writing at the time would have been very arduous. By using the tape recorder the full conversation could be transcribed and edited at leisure afterwards.

In 22 out of the 24 cases contact was made at the managing director/proprietor level. In the other 2 cases interviews were conducted with a director of production and a director in charge of land purchase. There is no doubt that these 2 interviews lacked the breadth which characterized interviews with managing directors. The information sheets were, of course, completed at various levels in the organizational hierarchy.

The detailed procedure was as follows:-

I A letter was sent to the managing directors of the companies selected, giving a very brief introduction to the project, together with a request for a short meeting to explain in more detail the purposes of the work. It was emphasized that this meeting did not involve any commitment for the developer.

II If a positive reply was received a brief meeting took place at the developer's headquarters. If he agreed to co-operate a date was fixed for the main interview and information sheet A was left behind with a request that it be completed and returned before the date of the main interview. 13 out of the 17 refusals reported in the previous table came in the form of a negative reply to the initial letter [refusal 1]; only 4 came after personal contact had been made [refusal 2]. If there was no response to the initial letter 2 follow-up telephone calls were made at 2 week intervals. If there was still no response the developer was considered a refusal and, in the case of non-regional developers, another one was selected.

III The main interview took place using the tape-recorder and interview schedule. Any ommissions from or difficulties with information sheet A were raised. In a number of cases interesting points arose which required the inspection of various company documents which often required another visit.

IV After the transcription and editing of the tapes the writer felt the need for further statistical information on land purchases. Therefore, information sheet B was sent to all developers.

The full range of statistical data was not obtained from all the companies involved. Historical data, for instance, was not available in some cases from the small local company. Secondly, information on land purchases was not released by some large regional developers owing to its confidential nature. The sources of information are set out in the following table.

	No. of developers receiving	Information obtained	No information obtained
Interview Schedule	24	24	0
Information Sheet A	24	20	4
Information Sheet B	21+	15	6

+ Three developers had bought no land in the years concerned [1967-8], therefore were not sent Information Sheet B.

UNIVERSITY OF KENT: CENTRE FOR RESEARCH IN THE SOCIAL SCIENCES

DEVELOPER STUDY SPRING/SUMMER 1968

BASIC INFORMATION SHEET A.

COMPANY CODE NUMBER:

DATE SENT:

1. CONSTRUCTION AND DEVELOPMENT ACTIVITIES

As £ value of annual turnover	1961	1962	1963	1964	1965	1966	1967
New housing							
(a) for public authorities							
(b) your own company's developments							
(c) for other private developers							
Other new work for public authorities							
Industrial/commercial work,							
(a) for other private developers							
(b) your own developments							
Maintenance and repair							
Other							

2. PRIVATE RESIDENTIAL DEVELOPMENT

	1961	1962	1963	1964	1965	1966	1967
Number of dwellings sold							

3. PRIVATE RESIDENTIAL DEVELOPMENT

No. of dwellings in each price range	1961	1962	1963	1964	1965	1966	1967
£2,500 - £3,000							
£3,001 - £4,000							
£4,001 - £5,000							
£5,001 - £7,500							
£7,501 - £10,000							
£10,001 and over							

4. PRIVATE RESIDENTIAL DEVELOPMENT

No. of dwellings in each house type	1961	1962	1963	1964	1965	1966	1967
Detached houses							
Semi-detached houses							
Terrace houses							
Semi-detached bungalows							
Detached bungalows							
Flats and maisonettes (including conversions)							

5. PRIVATE RESIDENTIAL DEVELOPMENT

Please indicate <u>where</u> you were active in private house-building in the following years (towns, counties, regions etc. whichever is appropriate to your scale of operations). Please mention any house-building overseas.

1961

1962

1963

1964

1965

1966

1967

6. PRIVATE RESIDENTIAL DEVELOPMENT

	1961	1962	1963	1964	1965	1966	1967
No. of houses built to order i.e. for a <u>specific</u> customer							
No. of houses built for a <u>general</u> demand							

7. SIZE OF DEVELOPMENTS

In dwellings or acres	1961	1962	1963	1964	1965	1966	1967
Maximum size started							
Minimum size started							
Optimum for company at that time							

8. SIZE OF LAND BANK/ INVENTORY (including partially developed sites) Maximum size in years mentioned

	1961	1962	1963	1964	1965	1966	1967
Acres							
Number of years supply							

9. What proportion of the selling price of the following houses is account for by the following items?

	Average 3-bedroomed Semi-detached 1967*	Average 4-bedroomed Detached 1967*
Raw land		
Site improvement and house construction costs		
(i) direct labour		
(ii) direct materials		
(iii) sub-contractors		
Financing (loan interest)		
Promotion/Advertising/Legal		
Overheads		
Developer's profit		
	*Price = ...	*Price = ...

10. The following is a list of factors that home-buyers might consider in buying a house. Based on your experience, could you rank them from 1 to 7 (1 being the most important) according to the amount of attention given to each by those who buy houses from you?

The design of the house itself and the layout of its exterior space

The price of the house

Easy access to London through good road and rail communications

The 'social' characteristics of the area i.e. social prestige and reputation of the area in which the house is built

The size of the house

Availability of good local services especially schools and shops

The physical characteristics of the estate and surrounding area i.e. width of streets, open space, layout of estate etc.

11. Could you indicate the building and other organizations of which you are a member in connection with your house-building activities?

Please use the rest of the page to mention qualifications or comments, if any, about the information you have supplied.

CENTRE FOR RESEARCH IN THE SOCIAL SCIENCES

DEVELOPER STUDY

SUPPLEMENTARY INFORMATION SHEET B

COMPANY CODE NO:

N.B. All questions apply only to the private residential development activities of the company.

1. LAND PURCHASES IN 1967 AND 1968

Please indicate the sites bought by the company (or specific regional branch of the company) from the beginning of 1967 up to the present time (including any incomplete conditional contracts BUT no options)

LOCATION town or village	SIZE units	DENSITY units/acre	PRICE per acre or per plot	TYPE mark	(when bought) W = White Land p = with planning

** please continue overleaf if necessary

2. LAND BANK

You indicated that your land bank in 1967 was acres/ Dwellings. Please specify the size of individual sites (in dwellings or acres) making up this land bank, the actual or proposed density and whether the site was the remainder of a larger partially developed site.

SIZE	DENSITY (units/acre)	IF REMAINDER, MARK 'R'

3. NUMBER OF SITES DEVELOPED

Please indicate the maximum number of sites being developed at any one time in the years mentioned

61	62	63	64	65	66	67

Please use the remaining space for the completion of questions 2 and/or 1.

Edward Craven,
C.R.I.S.S.,
University of Kent

UNIVERSITY OF KENT: CENTRE FOR RESEARCH IN THE SOCIAL SCIENCES

DEVELOPER STUDY SPRING/SUMMER 1968

INTERVIEW SCHEDULE

COMPANY CODE NUMBER:

DATE:

A. BASIC OPERATING INFORMATION

1. Could you give a brief history of the firm's development up to the end of 1967 especially mentioning how it got started?
   1. Age of company
   2. Changes in business acrivities

2. Would you mind telling me something about your own background and how you got started and progressed in this business?
   1. Age.
   2. Previous occupations before entering building/ construction.
   3. Experience in building before joining present company.

3. How is responsibility organized within the firm?
Is there a functional and/or geographical division of responsibility?
What are your external financial and/or organizational links with associated building or development companies?

4. Who has responsibility for land purchase?
Do you consider this to be the most important job in the company?

5. How do you set about building up your land bank or land inventory?
How do you get to know that land is available?

6. Do you take options on land which you seriously consider buying?
How long are they usually?
What is their purpose? (feasibility study, planning permission)

7. How often do you buy land without planning permission?
i.e. as °/o of your land inventory at any one time.

8. Have you had difficulty in obtaining the right amount and right type of land in the past? Why was this?

9. In what ways has the growing land shortage affected your activities in the last few years? (smaller sites, more expensive housing etc.)

10. What is your policy about mixing price ranges and house types in any one development?
What is your policy about total market coverage at any one time?

11. EITHER You have become increasingly mobile over the last decade in terms of production. Why was this?

OR You have not been particularly mobile over the last decade in terms of production. Why was this?

12. Do you think your company has taken risks in the last ten years as regards new locations and types of developments? If so could you give examples of this?
Has the company taken all its opportunities for expansion and growth?

13. Who do you regard as your main competition in the sale of houses?

How important is the second-hand market to-day in this respect?

Have you experienced growing competition from the large regional developer?

What have been the effects of this competition?

14. When considering a site for development, how do you set about evaluating its potentialities? i.e. How do you decide the site is worth buying and developing?

1. rule-of-thumb based on the price of the land
2. systematic feasibility study (use of large scale population and economic studies)
3. reliance on own sales experience in the same area and/or price range
4. reliance on other developers experience in same area and/or price range

B. THE FINANCIER

1. What arrangements do you have for financing land purchase?

2. What arrangements do you have for acquiring building loans?

3. What arrangements do you have, if any, with building societies for individual mortgages?

4. What proportion of the finance for a typical development comes from outside sources?
To what extent do you use your own capital in develment of housing estates?

5. Have any of the financial contacts mentioned above any basic policy about lending money for developments i.e. do they favour a particular form or location of development e.g. the building societies.
At what stage in planning a development do you contact them?

6. Have these policies changed over the last few years?

C. THE CONSUMER

1. Could you describe the housing market/markets you operate in, especially mentioning the type of consumer you are aiming for?

2. Does the company engage in any kind of consumer research in order to discover the preferences of the potential home-buyer?

3. Do you consider that you are in touch with the potential home-buyer and his needs as far as housing is concerned?
What do you think the average home-buyer is looking for when he considers buying a house?

4. Have you ever built 'community' developments i.e. with facilities other than just housing i.e. open space, schools, shops, recreational facilities, community halls etc. If so what form did they take?

5. Do you feel any responsibility for fostering a community spirit on your estates through the provision of an 'environment' or by helping to establish residents associations?

6. Do you feel that consumers are or will be positively attracted by the facilities of such developments?

7

7. How do you normally sell your houses? i.e. through estate agents, your own sales department.
What methods of sales promotion do you use? e.g. local newspapers, national newspapers billboards, model houses on the site, 'housing' magazines etc.
Have these methods been changing over the last ten years? If so, why?

8. How important are your sales personnel in influencing decisions about land purchase and house type?

9. What kind of image do you think the company has with the public generally?
What kind of image would you like it to have?

D. THE PUBLIC AUTHORITY

1. Are the proposals of the local authority's Development Plan (other than residential zoning) important in your decisions to buy land in any area? (e.g. new roads, sewerage,schemes, industrial areas, etc.)

2. How important are appeals against zoning and density regulations in your development activity? How often are you successful in your appeals? On what grounds do you usually object?

3. In what ways do local authorities lay down standards for house design and estate layout? What is your opinion of these standards?
Do different individual officials such as borough surveyors, have different standards concerning development and design?

4. Have public policies in a local authority area changed in the past which have specifically affected your activities there?

5. Do you experience significant delays in your activities due to planning authorities? Do these delays increase your costs/house? (Examples)

6. Are some local councils more favourably disposed towards the residential developer than others? What sort of authorities are these and why do you think this is? i.e. how much do local politics enter into planning decisions?

7. Do you think some local councils favour <u>certain developers</u> at the expense of others? e.g. the local builder with ties in the local community?

8. Do you find that the attitude of the appointed official and the elected member ever differs as regards development applications? How important do you think the elected member is in deciding policy at the local level?

9. How important is your knowledge and evaluation of a local authority in your location decision? Can you illustrate this?

10. In land use planning, authority is divided between county and local district under the delegation system. Do you favour more or less control at the most local level with the district council? (i.e. R.D.'s and U.D.'s)
What advantages or disadvantages does local district 'autonomy' have for your company?

11. How can the developer make his views about public policy felt? e.g. NFBTE
How does your company try to make its voice heard in policy-making?

12. To what extent do you sound out the professional

planner and the elected member before you decide to select or reject a particular site? How helpful are they in dealing with these informal enquiries?

13. Looking at the planning machinery from the developer's point-of-view, how much confidence have you in it?

E. COMPANY DEVELOPMENT

1. What are the major differences in the policies of the company now and ten years ago?
What have been the periods of crisis, if any, for the company over the last decade?

2. How do you see the company developing over the next 5 or 10 years e.g. greater overseas building, geographical expansion in the South East, more non-residential building, urban renewal, urban rehabilitation etc. Are you keen to see it grow? What are the advantages/disadvantages in growth as you see them?

APPENDIX III TYPICAL RESEARCH PROCEDURE OF LARGE REGIONAL DEVELOPER

I. LAND REPORT

(1) SITE INSPECTION

1. Address of Site:

2. Acreage involved:

3. General Description of Site: (Locality, Shape, Condition)

4. Location and description of roads leading to site:

5. Location and description of footpaths across site:

6. Location and description of vegetation, i.e. trees, hedges, type of grass:

7. Type of top soil and subsoil: any faults or depressions, ponds or lakes.

8. Description of Site Contours and whether high ground or low lying.

9. Location and nature of any water courses and the Controlling Authority:

10. Location and Description of boundaries. Are they defined on the ground.

11. Position of Manholes on Site or approach roads:

12. Location and description of any overhead electricity supply cables and pylons.

13. Type of houses immediately abutting site or nearby:

14. Details of any nearby attraction or adverse feature.

(2.) PLANNING AUTHORITIES

(a) Name, address and telephone number of Local and County Authorities concerned.

(b) If land has Planning Permission state permitted density and whether outline or full Planning Permission has been received (where consent given, copy to be attached), and whether our draft layout has been informally agreed.

(c) If not, state views of (i) Local Planning Office (name of person seen)

(ii) County Planning Office (Name of person seen)

indicating whether our draft layout has been seen and informally agreed.

(d) Are the Local Authority and Planning Officer insisting upon Parker Morris standards.

(e) If so to what extent.

(f) Is the Planning Authority insisting upon full or partial pedestrian/traffic segregated layout.

(g) Does the Highway Authority concur with Planning Authorities proposals - if not what is their attitude.

(b) Will L.A. take over public open space, landscaped areas etc.

3. SERVICES.

(a) Gas State name of officer and address of Gas Authority dealing with site. (Head Office to be seen and not Local Office).

Distance of nearest main to site and on what terms will it be extended to serve the site? What conditions are the Gas Authority imposing to provide connection at nominal charge or is capital payment necessary.

(b) Electricity State name of officer and address of Electricity Authority dealing with site (Head Office to be seen and not Local Office).

Distance of nearest main to site and on what terms will it be extended to serve the site?

(c) Water State name of officer and address of Water Authority dealing with site (Head Office to be seen and not Local Office).

Distance of nearest main to site and on what terms will it be extended to serve the site?

(d) S.W. Sewer State position, size and depth of nearest storm water sewer (to be noted on drawing)

Do Local Authority confirm size and depth adequate for proposed Development?

Where storm water is to be discharged into river or stream, do River Board or Conservancy or Local Authority require any special works? If so, give details.

(e) F.W. Sewer State position, size and depth of nearest foul water sewer (to be noted on drawing).

Do Local Authority confirm size and depth adequate for proposed Development?

What is Local Authority's code of practice for main and house drainage?

(i) Combined.

(ii) Partially combined.

(iii) Separate..

(iv) Are soakaways permissible for roof and/or road drainage?

Will the land drain without excessive cost?

(i) Due to nearness of existing sewers.

(ii) Due to draining with contours of land.

If not, state intended form of drainage and whether Local Authority is prepared to adopt.

(f) Easements Is an easement necessary to ensure drainage? (Position to be indicated on drawing).

If so, state anticipated cost and whether terms have been agreed with Grantor.

4. ROADS

1. Whether roads leading to site are adopted or not:

2. Under which Act the H.A. enter into Road Agreement leading to adoption of proposed roads:

3. Does the L.A. adopt Open Spaces on new Residential Estates:

4. Copy of Private Streets Specification (If Available):

5. Name and address of Street Lighting Authority:

6. Classification of Street Lighting required:

7. Does the Street Lighting Authority insist on carrying out the work themselves. Details of columns and lanterns required:

8. Will additional core be necessary in main cable for switching purposes.

II: MARKET APPRECIATION

1. SITUATION (of site)

State details of location, type of area, surrounding property, distance from shops, etc.

2. COMMUNICATIONS (to site)

(a) Distance to nearest bus stop. (b) State fares and journey time.

(c) Distance to Station (d) State monthly cost of season ticket and journey time to Town or City Centre.

Are the services adequate and likely to remain so?

(e) Distance in miles to schools. (f) what type of schools.

2. OTHER DEVELOPMENTS BY THE COMPANY IN SAME GENERAL AREA

Other site in district	Area Acres	Scope	Distance from Site "A"	Dwellings Unsold	Estimated period of remaining sales.
1.					
2.					
3.					
4.					
5.					
6.					
7.					

If no sites affected state "none"

3. LOCAL INDUSTRY AND COMMERCE

Give details under the following headings:-

(a) Current Local Industry and level of earning.

(b) Future Industrial Development.

(c) Any other major sources of employment.

Note:- Continuation sheet to be used if space insufficient.

4. COMPETITORS

Give details under the following headings:-

(a) Current Development.

(b) Future Development.

(c) Second Hand Market.

Note: When listing current competitors state scope of estate, number sold, number under construction, approximate selling rate, basic description of main types offered together with F.S. and price, e.g. "3 bed semi-detached house (garage space) - 850. F.S. - £2,850 freehold", and brief description of any noteworthy features in specification e.g. Gas Central Heating, Wood Block Floors, etc. etc. (Map or street plan to be attached showing situation of these developments in relation to site).

Is the local practice to sell Freehold or Leasehold?

Note: - Continuation sheet to be used if space insufficient.

5. INTERVIEWS

Give comments received under the following headings:-

(a) Local Estate Agents.

(b) Local Building Society Managers.

(c) Local Employment Exchange Manager.

(d) Housing Manager - Local Authority.

(e) Any other worthwhile source.

Note:- Continuation sheet to be used if space insufficient.

6. SUMMARY

State opinion of desirability of site from sales angle together with recommendation of types, to-day's prices and anticipated selling rate for Estate.

NOTE: A brief summary must be given of the main factors in the foregoing report that justify these recommendations and particularly the price recommendations.

Wherever applicable, details of current or proposed selling prices on comparable Estates must be given.

Types Prices

Anticipated Selling Rate for Estate.

Sales Manager's Signature.....

Date.....

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