

WebMemo



Published by The Heritage Foundation

No. 2601
September 1, 2009

Will Obama's "Livability" Program Bring Britain's "Hobbit Homes" to America?

Ronald D. Utt, Ph.D.

Shortly after taking office President Obama announced his intention to develop federal policies to induce states and local communities to embrace "smart growth" land use strategies that would deter growth, crowd development, and discourage automobile use.¹

Dubbed the "Livable Communities Program," several of the President's cabinet departments have proposed a series of early initiatives to implement the plan and establish long-term strategies. As part of this effort, the Administration provided funding support to the transit industry's *Moving Cooler* study, which argued that their greenhouse gas reduction proposals "may result in higher housing prices, and some people might need to live in smaller homes or smaller lots than they would prefer."²

As the evidence from other countries reveal, the creation of a federal land use policy will likely lead to a decline in housing quality, including house size. To prevent this outcome, Congress should ensure that land use policy remains exclusively the responsibility of state and local government.

Similar Policies Imposed in the United Kingdom. Residents of the United Kingdom have indeed experienced a dramatic shrinkage in the size of their homes as a result of restrictive land use and housing regulations enacted in 1947 to discourage suburbanization and preserve the rustic countryside.

Recent studies reveal that these regulations have led to shortages of land available for housing, and this in turn has caused the U.K. to have the smallest and most expensive housing in the developed

world. London Mayor Boris Johnson refers to these tiny units as "hobbit homes," and he promises to change the situation.³

As earlier reports by The Heritage Foundation have pointed out, the smart growth strategies President Obama proposes for the U.S. have led to high home prices in states and communities where elements of such programs have been imposed.⁴ And the ensuing affordability problems there have contributed to the mortgage default and foreclosure epidemic that has battered the nation's financial markets for the past two years.

The Experience in the United Kingdom. Whereas some communities in the U.S. did not impose smart growth regulations until the early 1970s, the U.K.'s experience with strict land regulation dates to the Town and Country Planning Act of 1947, which confined residential development within existing urban areas. By freezing the supply of land for new housing, a growing population was forced to compete for what little was available, and house prices soared as a consequence.

According to the 2009 Demographia housing cost study,⁵ which covers the United States, Ireland, New Zealand, the United Kingdom, and Australia,

This paper, in its entirety, can be found at:
www.heritage.org/Research/SmartGrowth/wm2601.cfm

Produced by the Thomas A. Roe Institute
for Economic Policy Studies

Published by The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002-4999
(202) 546-4400 • heritage.org

Nothing written here is to be construed as necessarily reflecting
the views of The Heritage Foundation or as an attempt to
aid or hinder the passage of any bill before Congress.

not a single British urban area managed to make it into the “affordable” or “moderately unaffordable” categories. Of the 16 U.K. urban areas covered in the report, six were rated “seriously unaffordable” in 2007, and 10 were rated “severely unaffordable,” meaning that all homes in these areas cost more than four times a household’s annual income. Those rated “affordable” sell at or below two times average annual income.

On top of these high costs, the British are also forced to get by with less housing, and a series of new reports show just how severe the decline has been. According to one report compiled and published by *The Times* and the BBC, new housing built in Britain is now among the smallest in the developed world. This reflects a notable retrenchment from past international comparisons, when the Japanese were at the bottom of the list.⁶ As Chart 1 reveals, new British homes are a little more than a third as big as new U.S. homes.

Another report found that the U.K. also has the smallest average room size compared with other member states of the European Union. For example, the average-size room for a newly built dwelling in France is 289 square feet, compared to 170

Sizes of Newly Built Homes

Comparisons from Select Nations, 2004–2008

Country	New Housing, Square Feet per Unit
United States	2,303
Australia	2,116
Denmark	1,474
France	1,216
Spain	1,044
Japan	1,022
Ireland	947
United Kingdom	818

Source: BBC Magazine, “Room to Swing a Cat? Hardly,” August 15, 2009, at http://news.bbc.co.uk/2/hi/uk_news/magazine/8201900.stm (August 31, 2009).

Chart 1 • WM 2601  heritage.org

square feet in the U.K.⁷ These calculations and their recent publication in the British media were in part spurred by a 2009 report published by the Commission for Architecture and the Built Environment (CABE), an official advisor to the British government on housing issues. The CABE surveyed 2,249 new homebuyers about their new homes and concluded:

1. Ronald D. Utt, “President Obama’s New Plan to Decide Where Americans Live and How They Travel,” Heritage Foundation *Backgrounder* No. 2260, April 13, 2009, at <http://www.heritage.org/Research/SmartGrowth/bg2260.cfm>; see also Ronald D. Utt, “Obama Administration’s Plan to Coerce People out of their Cars,” Heritage Foundation *WebMemo* No. 2536, July 10, 2009, at <http://www.heritage.org/Research/SmartGrowth/wm2536.cfm>; Ronald D. Utt, “Slouching Toward a Huddled Masses Housing Program,” Heritage Foundation *Backgrounder* No. 2281, June 1, 2009.
2. Among the report’s many provisions is one that would *require at least 90 percent of new development to be in compact, pedestrian- and bicycle-friendly neighborhoods with high quality transit*. The report notes that the land use measures “may require strong regional land use planning and oversight agencies ... [and] may result in higher housing prices” and that “some people might need to live in smaller homes or on smaller lots than they would prefer.” See Ken Orski, “A Tendentious Report Has the Transportation Community Up in Arms,” *Innovation NewsBriefs*, August 18, 2009, at <http://www.innobriefs.com> (August 31, 2009).
3. Mira Bar-Hillel, “Boris Johnson Calls for End to Cramped Living Conditions,” *The London Evening Standard*, August 11, 2009, at <http://www.thisislondon.co.uk/standard/article-23730705-details/Boris+Johnson+calls+for+end+to+cramped+living+conditions/article.do> (August 31, 2009).
4. Wendell Cox and Ronald D. Utt, “Don’t Regulate the Suburbs: America Needs a Housing Policy That Works,” Heritage Foundation *Backgrounder* No. 2247, March 5, 2009, at <http://www.heritage.org/Research/SmartGrowth/bg2247.cfm>.
5. Demographia, “5th Annual Demographia International Housing Affordability Survey: 2009,” at <http://www.demographia.com/dhi.pdf> (August 31, 2009).
6. Rebecca O’Connor, “New-Build Dwellers Get That Shrinking Feeling,” *The Times* (London), August 11, 2009, p. 37. See also BBC Magazine, “Room to Swing a Cat? Hardly,” August 15, 2009, at http://news.bbc.co.uk/2/hi/uk_news/magazine/8201900.stm (August 31, 2009).
7. Alan W. Evans and Oliver Marc Hartwich, *Unaffordable Housing: Fables and Myths* (London: The Policy Exchange, 2005) at <http://www.policyexchange.org.uk/publications/publication.cgi?id=46> (August 31, 2009).

Many residents do not believe that the space provided in their homes is sufficient for basic everyday activities. This has implications for storage of personal possessions, the arrangement of furniture, food preparation, recycling, socializing in the home, privacy, social equity and adaptability... And the findings show the pressures of space impact disproportionately on those who are more economically disadvantaged.⁸

Preventing America from Adopting this Strategy. Although the Obama Administration has yet to produce many details of its forthcoming housing and land development strategies, the Secretaries of HUD, EPA, and Transportation have generally described their goals as encouraging denser housing arrangements to deter automobile use, accommodate the transit industry, save land and energy, and clean up the environment.

And under Transportation Secretary Ray LaHood, the government has also provided financial and political support to organizations that favor using the federal government to force Americans to change the way they live and travel, most notably the *Moving Cooler* report funded by the transit industry and environmental groups.

Congress, too, has joined the effort, and the recent House version of the highway reauthorization bill includes livability provisions to encourage communities to adopt smart growth strategies.

Keep the Federal Government Out of Land Use Regulations. Both the President and the bipartisan leadership of the House Transportation and Infrastructure Committee have committed themselves to an unprecedented expansion of the federal government into new areas of responsibility to limit how American's travel and how they live.

Currently, these are responsibilities of states and local governments. Some states and many communities have used their land use authority to impose counterproductive and exclusionary housing policy, but most have not. This gives all Americans the opportunity to escape oppressive regulation by voting with their feet. Members of Congress should reject any effort by the President or the congressional leadership to force all Americans into these misguided policies.

—Ronald D. Utt, Ph.D., is Herbert and Joyce Morgan Senior Research Fellow in the Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation.

8. Commission for Architecture and the Built Environment, "Summary: Space in New Homes: What Residents Think," 2009, p. 8, at <http://www.cabe.org.uk/publications/space-in-new-homes> (August 31, 2009). It is important to note that 90 percent of the households surveyed by CABA had a spare bedroom, so overcrowding was not the source of space constraints.