



LPDF UPDATE

Edition 7 - OCTOBER 2018

Welcome to LPDF UPDATE, prepared by **Tetlow King Planning Limited**. This publication provides an update of the latest publications across the housebuilding and planning sectors from a wide range of public, private and quasi-governmental organisations, which are relevant to the interests of the Land Promoters and Developers Federation.



Members of the LPDF have been busy in recent weeks attending a special briefing hosted by Planning Futures on the new NPPF with Steve Quartermain CBE, Chief Planner. Along with dinner with the Minister of State (Housing, Communities and Local Government), Kit Malthouse at the Wokingham Conservative Association.

We are also pleased to welcome Ainscough Strategic Land to the growing number of members of the LPDF.

Communities and Local Government Committee publishes report on Land Value Capture

The Communities and Local Government Committee has published its report on Land Value Capture. With the Committee establishing that “political interest in land value capture has re-emerged in recent years”, the Inquiry seeks to contribute towards this debate, and consider how land value might be more fairly and efficiently captured in the future.

As an overview, the Committee sets out that the key conclusions from its report includes that “there is scope for central and local government to claim a greater proportion of land value increases through reforms to existing taxes and charges, improvements to compulsory purchase powers, or through mechanisms of land value capture”.

The Committee acknowledges that land values increase for several reasons, but the focus of this study is on the significant increases that arise from the granting of planning permission by local planning authorities and from public investment in infrastructure. Such increases can be substantial and, given that these are significantly created by the powers of the state, it is fair that a significant proportion of this uplift be available to the state with the potential to invest in new infrastructure and public services.

In light of the Committee highlighting that Compulsory Purchase Order (CPO) powers can be especially important in enabling the development and provision of necessary infrastructure on large sites particularly where ownership is fragmented, it calls for a simplification of the CPO process, to make it faster and less expensive for local authorities, whilst not losing safeguards for those affected. For example, the Committee heard that the requirement for the Secretary of State to confirm CPO submissions causes unnecessary delays. The Committee argues that such decisions should be made locally.

The present right of landowners to receive ‘hope value’ “serves to distort land prices, encourage land speculation, and reduce revenues for affordable housing, infrastructure and

local services”. The Committee does not believe that such an approach would be incompatible with human rights legislation, as there would be a clear public interest and proportionality case to do so. The Committee therefore calls for a reform of the Land Compensation Act 1961 – so local authorities can compulsorily purchase land at an even fairer price.

“The Government and local authorities own tens of thousands of acres of land across the UK and there is much that can be learned from Germany and the Netherlands with regard to capturing increases in value from publicly-owned land”.

The Committee sets out that changes incorporated into the revised NPPF, alongside recent court judgements should give assurance to local authorities that developers cannot avoid their local plan obligations by claiming that the price they paid for the site means that this would not be viable. However, further reforms will be necessary if Section 106 is to provide the infrastructure and affordable housing that this country needs.

On CIL, the Committee has set out that this requires “considerable reform”, and that it is far too complex and the extensive range of exceptions need to be removed. There has to be greater certainty that the infrastructure associated with development is actually delivered at the appropriate time, sometimes in advance of development commencing.

Read the full report [HERE](#).

Land - a hidden force driving the UK's unequal economy and broken housing market?

The Institute for Public Policy Research (IPPR) has published a new report arguing that “soaring land values, and the failure of public policy to either regulate the use of land or tax it appropriately has had disastrous consequences for the UK economy and society”.

Published prior to the Communities and Local Government Committee report on land value capture, the left-leaning think tank argues for a “fundamental reassessment of the role of land” within the UK economy.

The IPPR considers that “the broken land market is the driving force behind England’s broken housing market”. In 1995, the price paid for a home was almost evenly split between the value of the land and the property. In 2016, the cost of the land had risen to over 70 per cent of the price paid for a home. New IPPR projections suggest that on current trends this will rise to 83 per cent over the next two decades (by 2036). Since the most significant cost involved in building a new home is the land it sits on, the price of a new home is driven by the cost of land. Where agricultural land is granted planning permission for housing, the typical increase in its value is up to 100 times.

The broken land market “has played a key role in the financialisation of the UK economy and is a cause of the UK’s poor productivity”. Financial deregulation from the

1980s saw banks apply a greater focus on creating credit collateralised by property (and the underlying land value), shifting away from their more traditional role of directing savings into productive investments.

“The broken land market and high house prices are feeding macroeconomic instability”. Maintaining house prices is intrinsically linked with securing macroeconomic stability – mortgage debt held by UK households has been consistently highlighted as a risk to UK financial stability and the broader UK economy by the Bank of England.

“The systems for regulating and taxing land do not seek to target or fail to adequately capture the ‘economic rents’ that arise from land”. The IPPR sets out that council tax and business rates are not designed to effectively capture the ‘economic rents’ that accrue to landowners as a consequence of public and private investment.

The report then sets out several recommendations in which the Government should reform the land market. The IPPR recommends that its approach should focus on three broad topics, comprising development-based measures; land and property tax instruments; and regulating the financial sector.

View the IPPR’s report [HERE](#).

UPDATES FROM THE FEDERATION

 www.lpdf.co.uk

 [@THELPDF](https://twitter.com/THelpDF)

LPDF’s response to Housing Minister’s attendance at land value capture inquiry

The Federation has published a brief response into Kit Malthouse’s appearance at the land value capture inquiry, largely welcoming and supporting the Housing Minister’s evidence.

The Government is focused on making sure the current system is working to ensure land and development come forward, supported with the necessary infrastructure, so its benefits are realised and appreciated by local communities. An important piece of this is improving clarity around the whole process, which the LPDF fully supports. Openness from the outset around what the local planning authority is expecting in the way of contributions is a welcome change that the Minister drew the Committee’s attention to.

Other ideas such as the expansion of mayoral CIL for the Combined Authorities were floated. While this and other schemes may have some application in some circumstances, the Minister was right to point out that – as LPDF Chair Paul Brocklehurst said in his own evidence to the Committee – total contributions (including capital gains tax) can already be as high as 50% of the full land value.

Read the full LPDF Response [HERE](#).

Upcoming Dates for the Diaries

On 10 October the Federation will host its Members meeting, where a light working lunch will be provided. This will be held in Birmingham City Centre. For further information, contact Katie Yates (katiey@catesbyestates.co.uk).

In the News



Legal challenge to NPPF:

Environmental action group Friends of the Earth is seeking a judicial review of the revised NPPF, arguing that the Government was required to carry out a strategic environmental assessment (SEA) before its formal publication. See analysis from law firm Pinsent Masons below.

[CLICK HERE](#)



Oxfordshire:

Secretary of State James Brokenshire has issued a Written Ministerial Statement on housing land supply on Oxfordshire. Brokenshire has essentially set out that in light of the existing commitments contained in the Oxfordshire Housing Growth Deal, for the purposes of decision-taking LPAs in this area only need a three year supply of housing

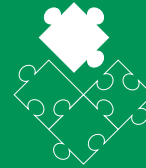
[CLICK HERE](#)



Funding:

Barclays has linked up with the Government and Homes England to launch a £1 billion development finance fund to deliver more houses. Loans ranging from £5m to £100m are available for developers and house builders to boost the pace and volume of housing provision across England.

[CLICK HERE](#)



NHS Land:

24housing reports that the total amount of land sold by the NHS has increased from 545.7 hectares in 2015/16 to 1,749.4 hectares in 2017/18; across 718 different plots of land or sites suitable for housing across England, representing a 72% rise on the 418 plots the NHS deemed as surplus to requirements two years ago.

[CLICK HERE](#)



Root Protection Areas:

New government guidance has been published for calculating the Root Protection Area of Veteran trees. This guidance increases the size of the Root Protection Area of these trees alongside a number of mitigation measures. The Forestry Commission and Natural England have published an assessment guide to help assess the impact of planning development proposals on ancient woodland and veteran trees.

[CLICK HERE](#)