

Town & Country Planning
Tomorrow Series Paper 20

sharing the uplift in land values

a fairer system for funding and
delivering housing growth



ConnectedCities
unity in diversity



FINANCING METROISATION

Dr Nicholas Falk
www.urbedtrust.org

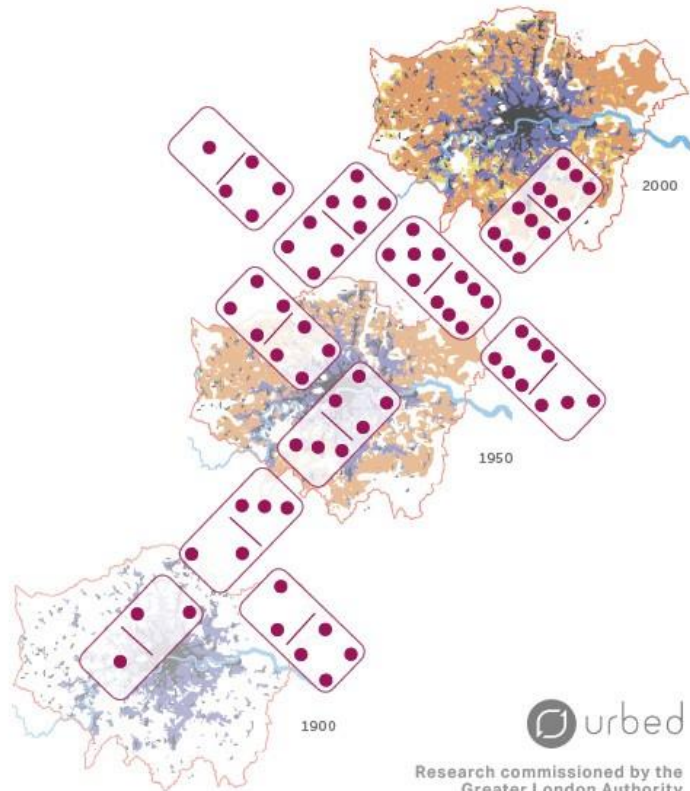
October 5th 2020

Some other URBED reports on land



CAPITAL GAINS:

A BETTER LAND ASSEMBLY MODEL FOR LONDON

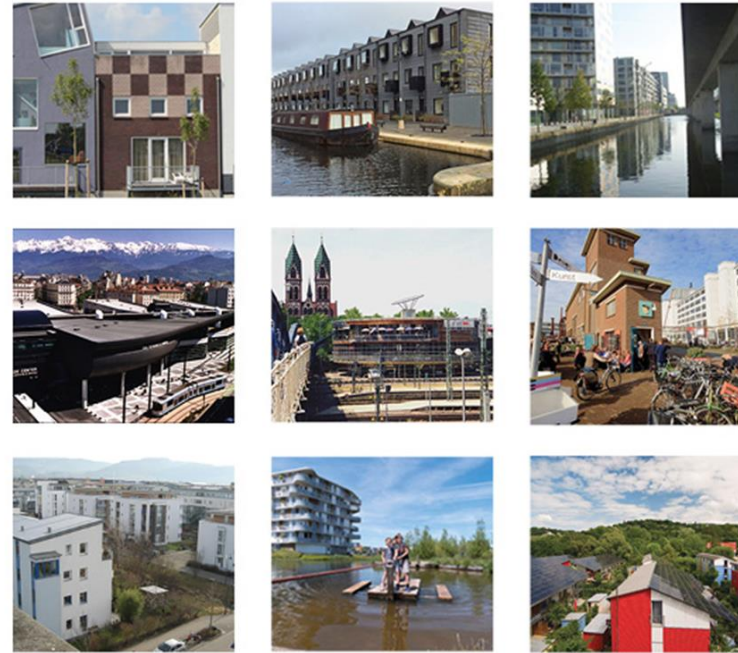


LAND FOR HOUSING:

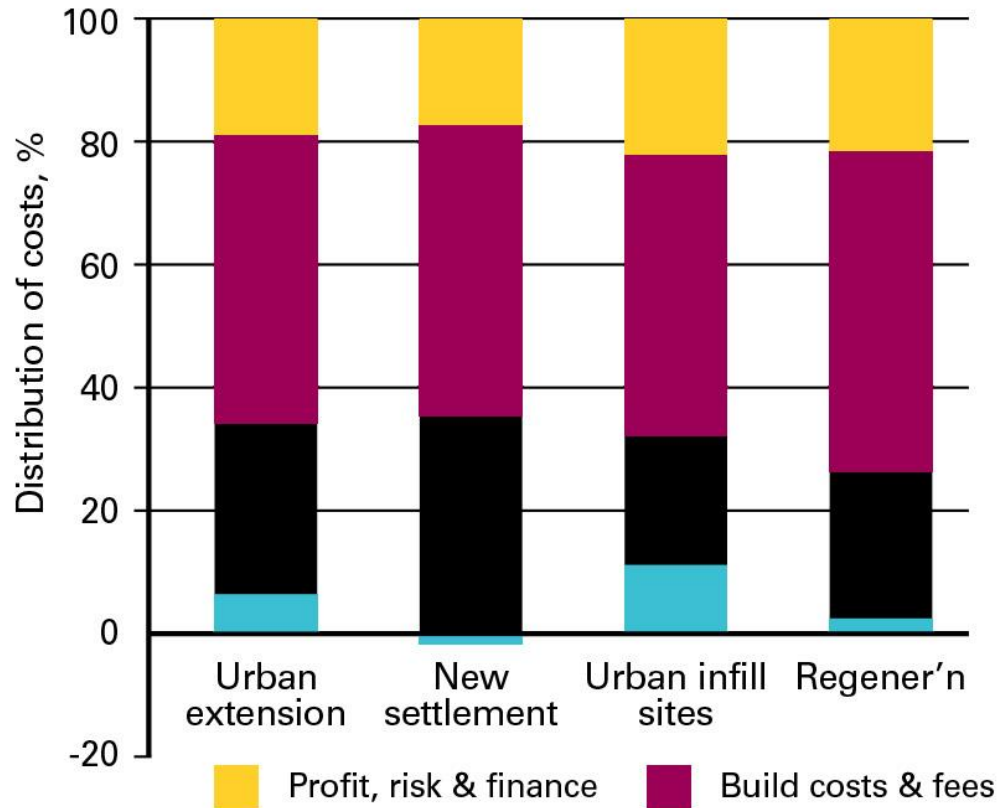
Sharing the uplift in land values
from growth and regeneration

Dr. Nicholas Falk

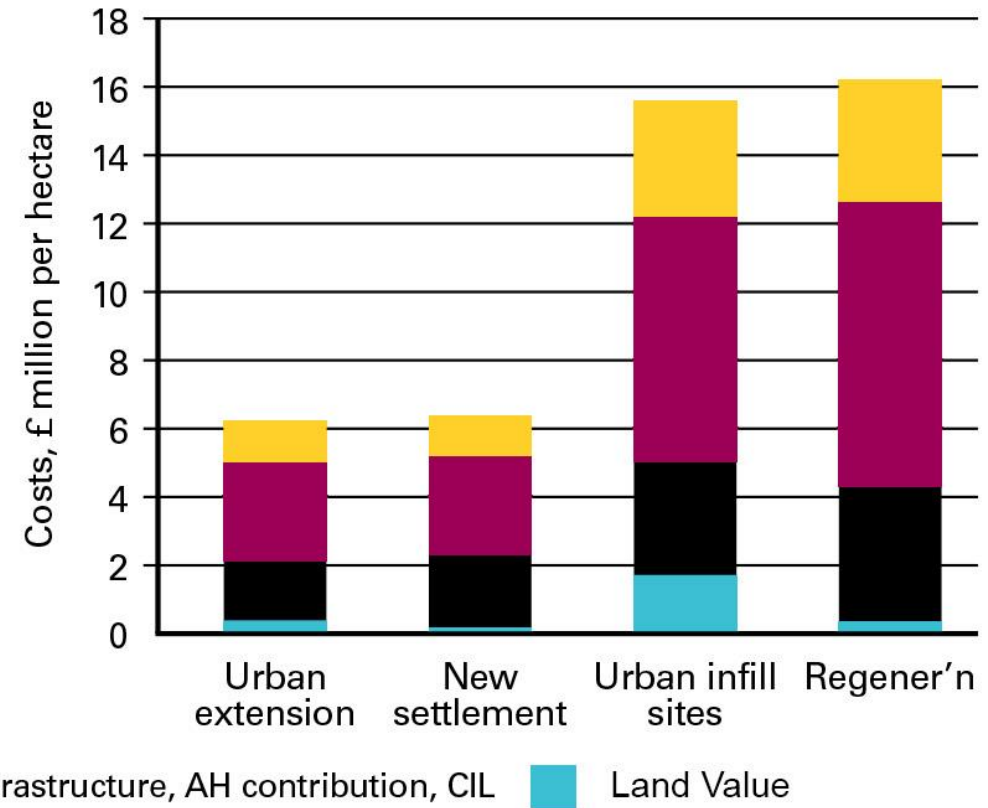
February 2019



Land value is a key variable

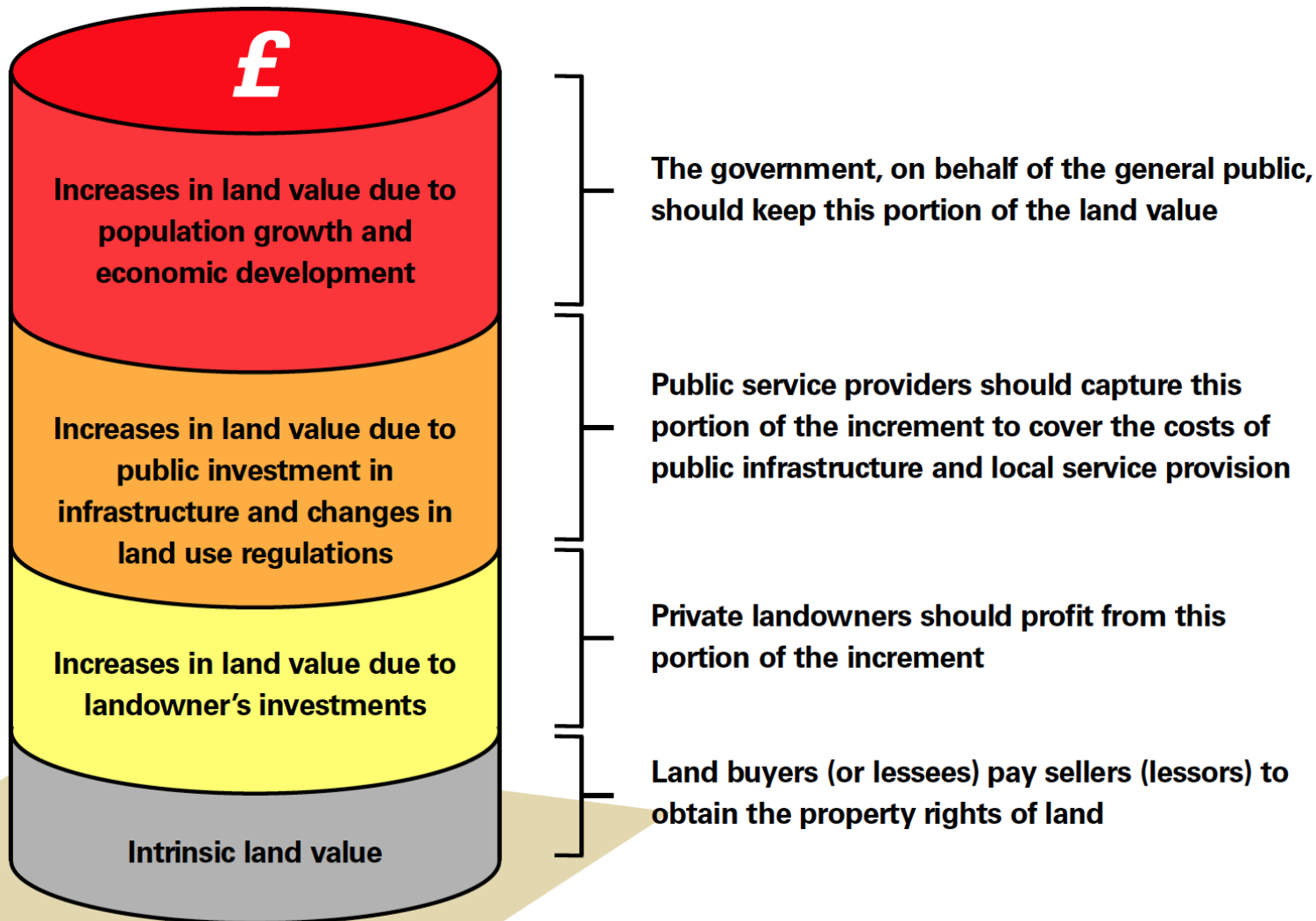


a Distribution of residential development costs



b Costs per hectare

Land Value Capture (LVC) should fund local infrastructure



Source: H Suzuki et al.:
Financing Transit-Oriented
Development with Land
Values. World Bank Group.
Jan 2015

Most livable cities use LVC e.g.



- ▶ Reducing sprawl, congestion and pollution (*environmental balance*)
- ▶ Boosting productivity (*economic growth*)
- ▶ Redistributing wealth (*social justice*)

*Metro Rail Transit,
Singapore :-*



:- Ørestad, Copenhagen.

Three main options for LVC



1: Tax developers

VINEX, Amersfoort, NL

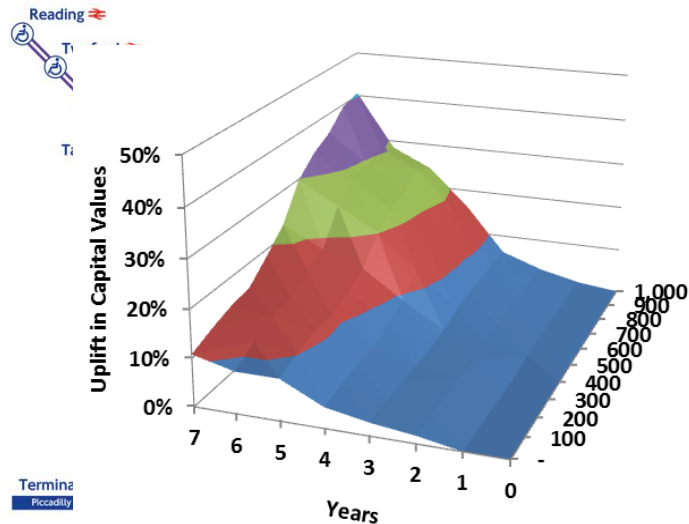
- **Community Infrastructure Levy (CIL)** raises only 10-25% of costs, perhaps half of uplift in all.
- **Viability Tests** make it hard to fund Affordable Housing
- Dutch **‘First Choice’** and German **‘Urban Development Measures’** work better ...



2. Charge those who benefit

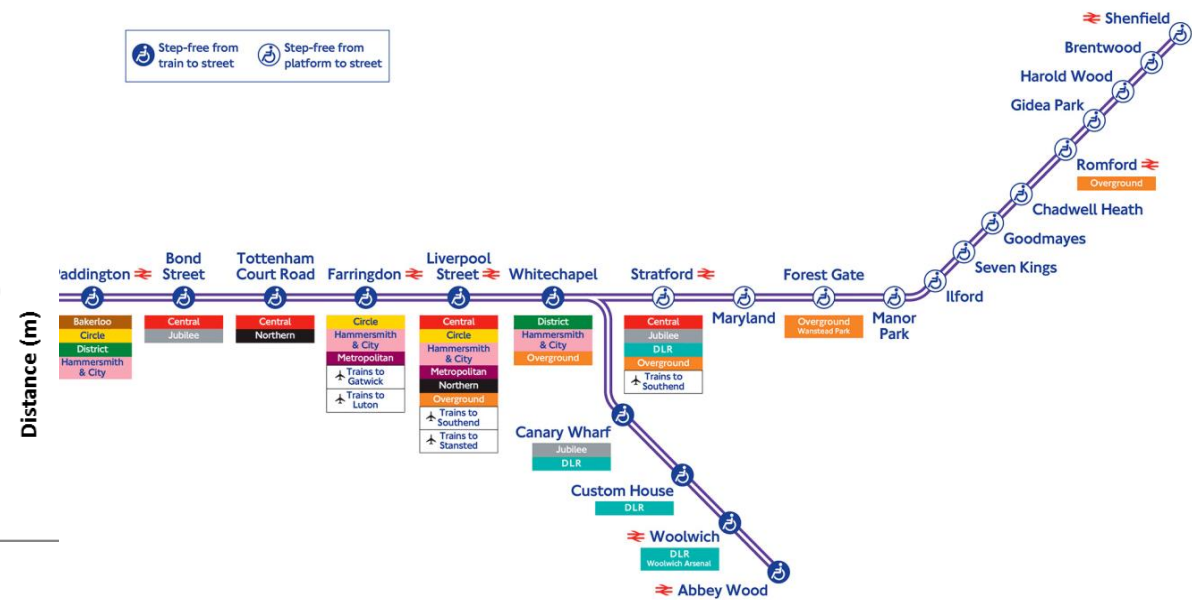
- ▶ Business Rate supplement helped fund CrossRail (TIF)
- ▶ But residents benefit more than businesses
- ▶ Property owners in Green Belt are 'free riders'

Elizabeth line



Capital Gains Gerald Eve

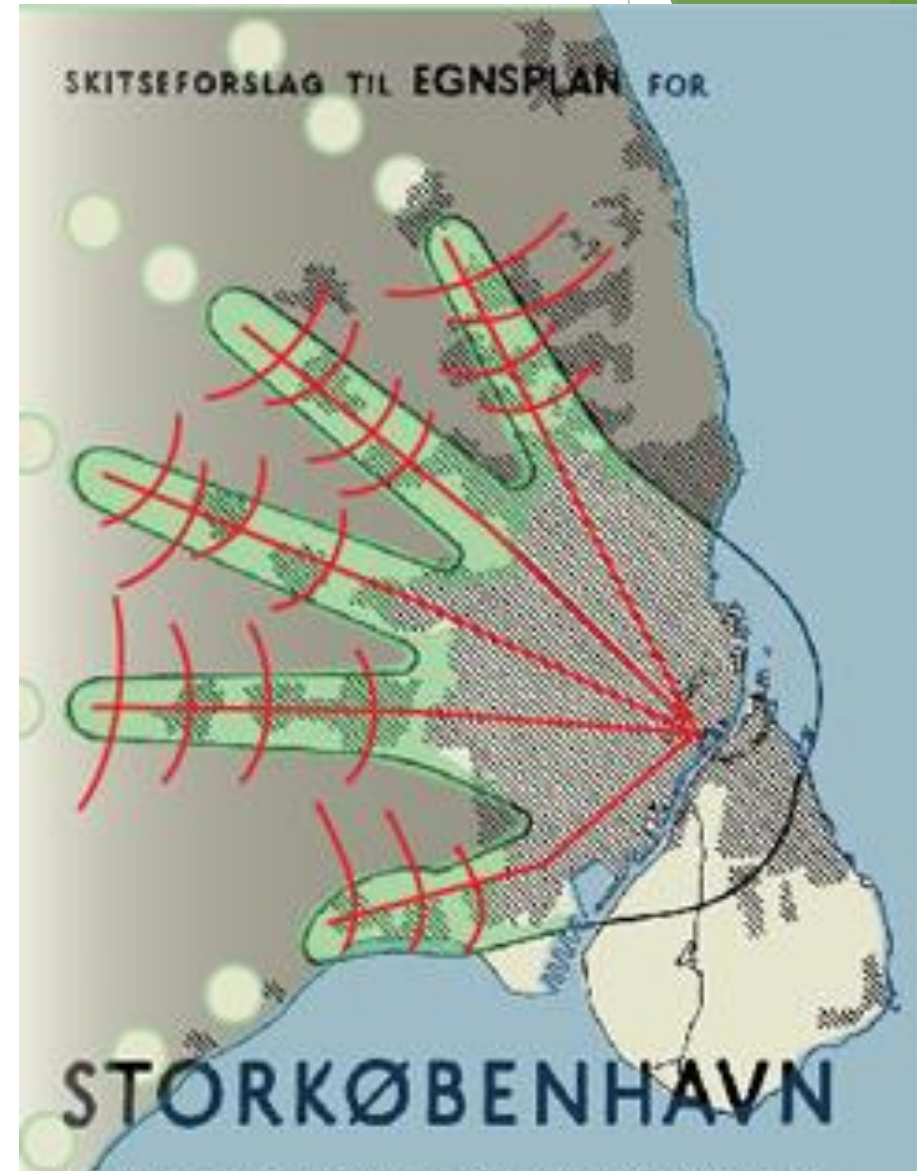
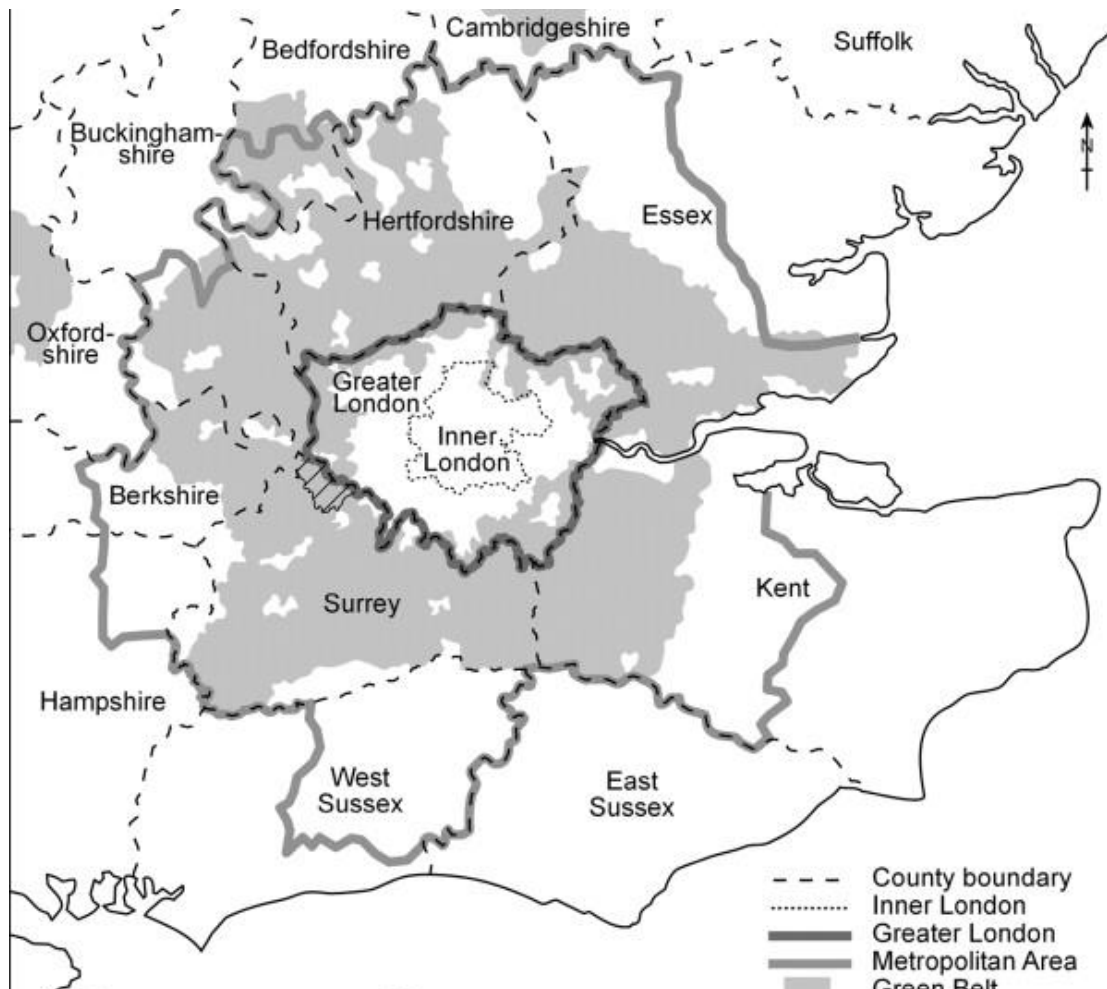
DRAFT July 2017



Copenhagen performs better



- ▶ Green Belts can strangle growth
- ▶ Green Fingers may be better



Copenhagen's Metro was funded by LVC



Orestad

Germany develops under- used land to rebalance cities e.g. Freiburg

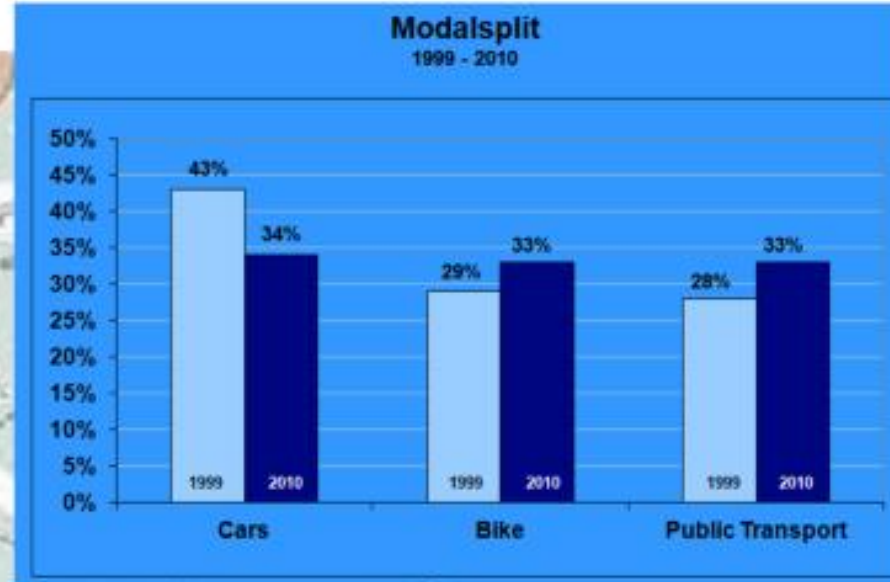
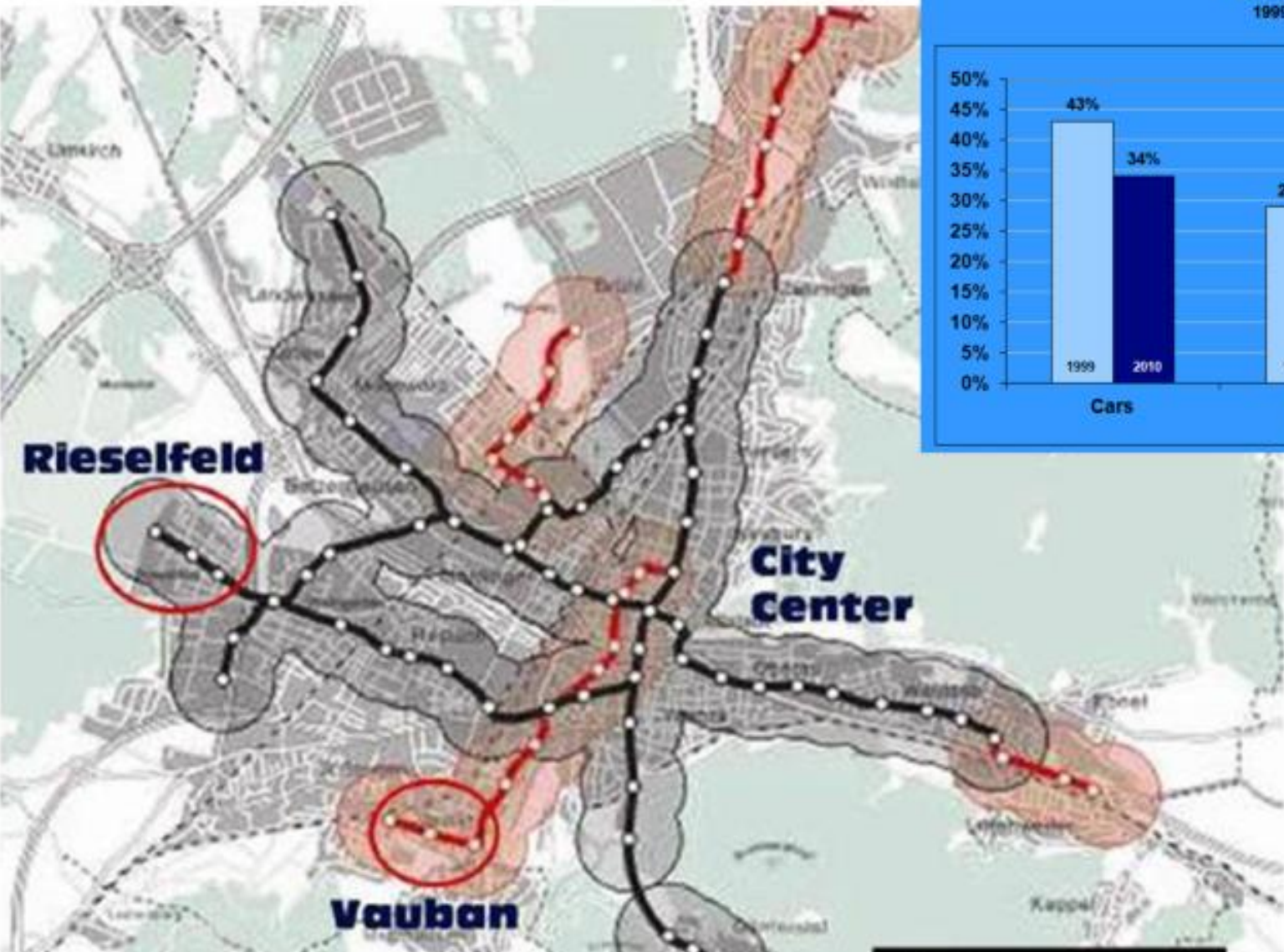


Aerial view of Rieselfeld, Freiburg



Housing built around courtyards in Rieselfeld

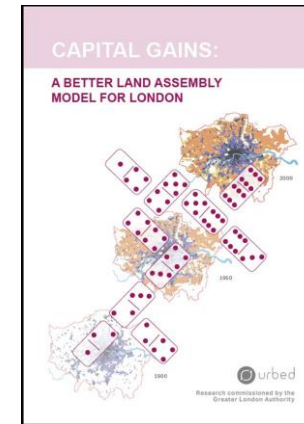
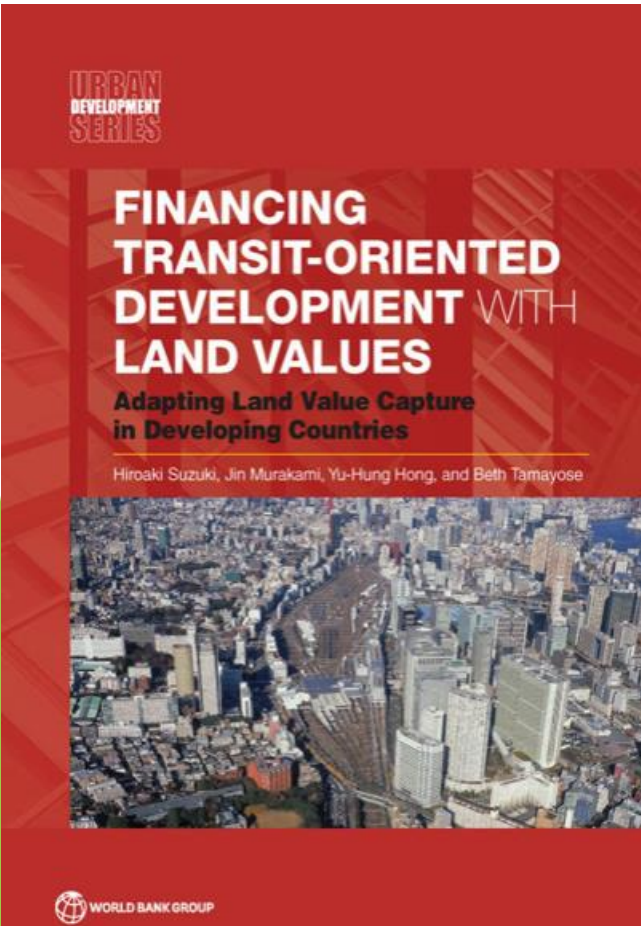
Tram extensions and bikes keep car use down



3. Set up Land Assembly Zones



- ▶ Proposed in Capital Gains report for GLA
- ▶ Used in Kings Cross/HS1 and London Docklands /DLR



Docklands Light Railway



Potential of Kings Cross visualised 35 years ago!



... The potential exists to create an interchange between at least three of the lines, making it unusually accessible from every point of the London compass ...

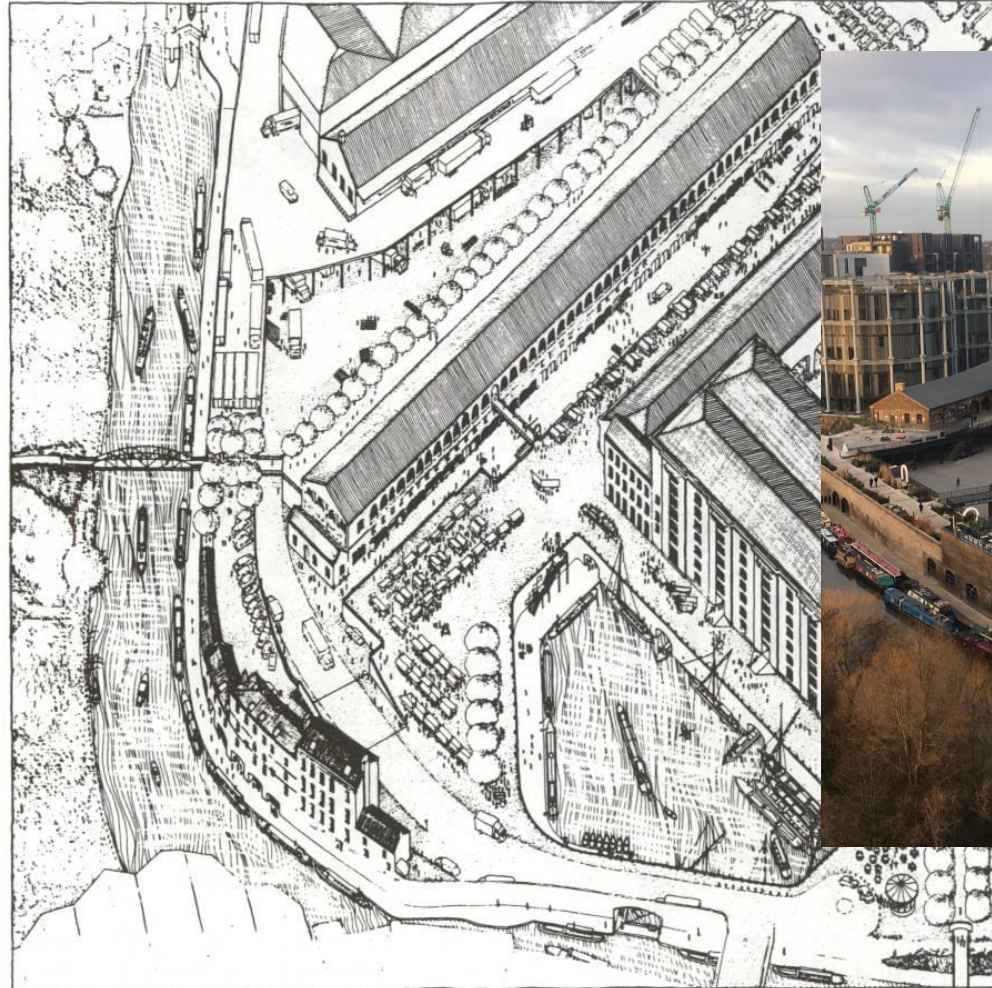
● King's Cross station: does it have great potential?



Great opportunity in central London

Covent Garden, Canary Wharf — and now King's Cross? Professor PETER HALL and NICHOLAS FALK discuss getting the balance right on a site with enormous possibilities.

KINGS CROSS GOODS DEPOT



COAL OFFICES

Regeneration: Context & Potential



LVC helped KX benefit from High Speed One



- Former GNR goods yard
- Derelict in the 1970s with bad image
- Community initiative with SAVE in 1985 saved historic buildings
- Developers LRC promoted office based scheme for over 50 ha but bankrupt in 1990s

PIPI Planning stages

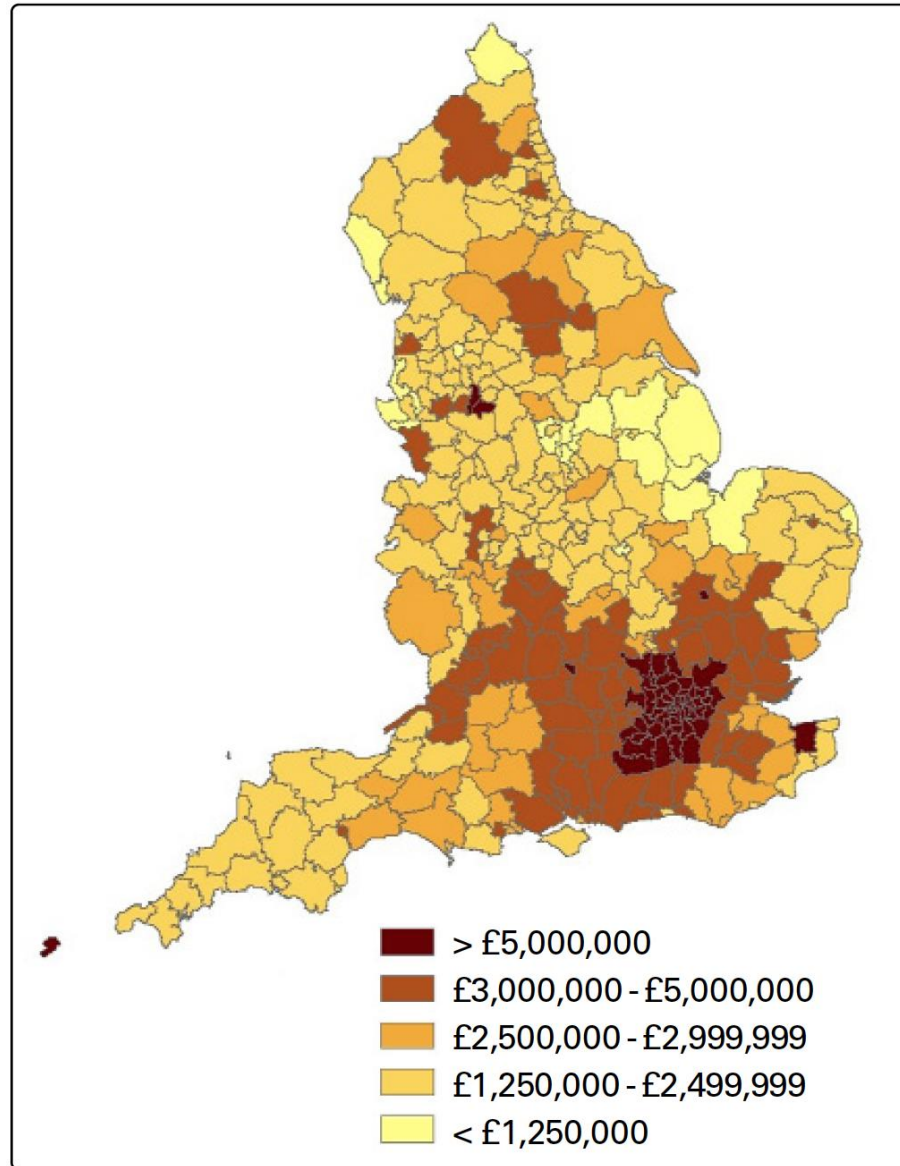
1. Camden issued a planning brief c. 1987 and was 'minded to give planning permission in 1994
2. Developer Argent involved in KX since 2001 and public inquiry in 2008 approved framework
3. GLA designated KX as '*Opportunity Area*' in 2004
4. Opening CTRL at St Pancras in 2009 cut KX to 27 ha but created a new magnet (station cost £700m)



Financing stages

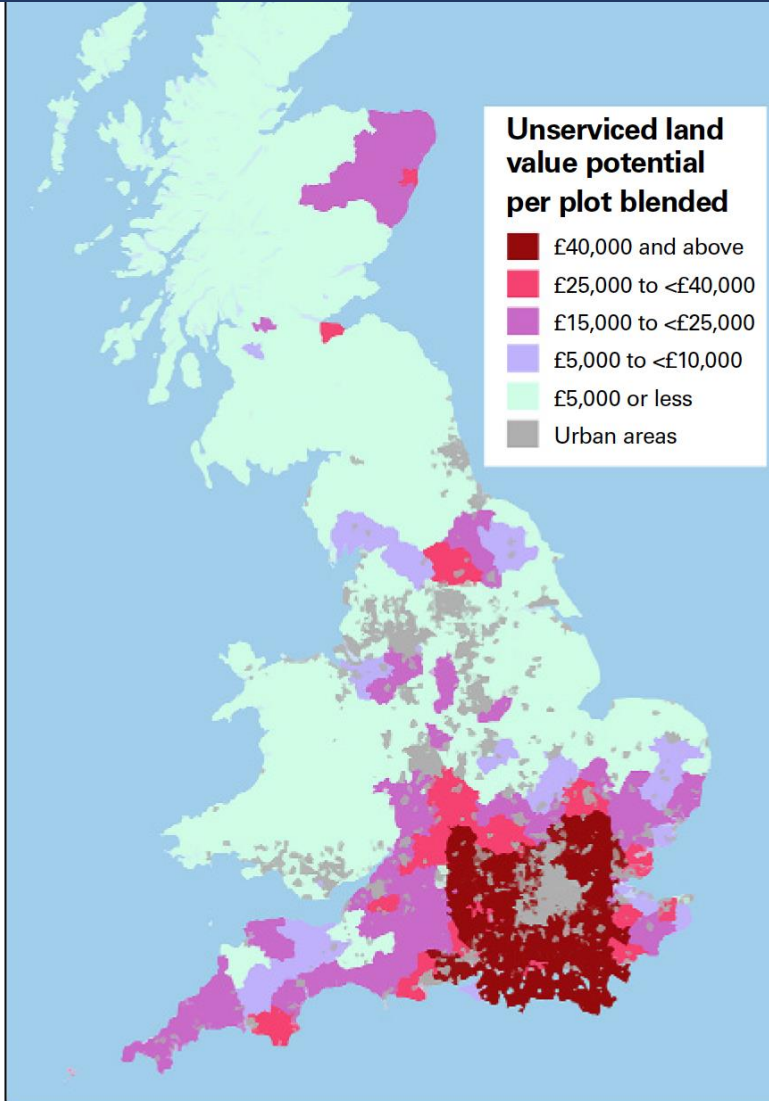
1. L&CR set up in 1994 and aimed to fund CTRL through LVC
2. KX Central Limited Partnership set up 2008 (Argent with L&CR)
3. Treasury took 73% of land and 36% of company
4. Government land and shares sold in 2016 to Australian Pension Fund for £371m (not £500 m expected)

Land values depend on demand



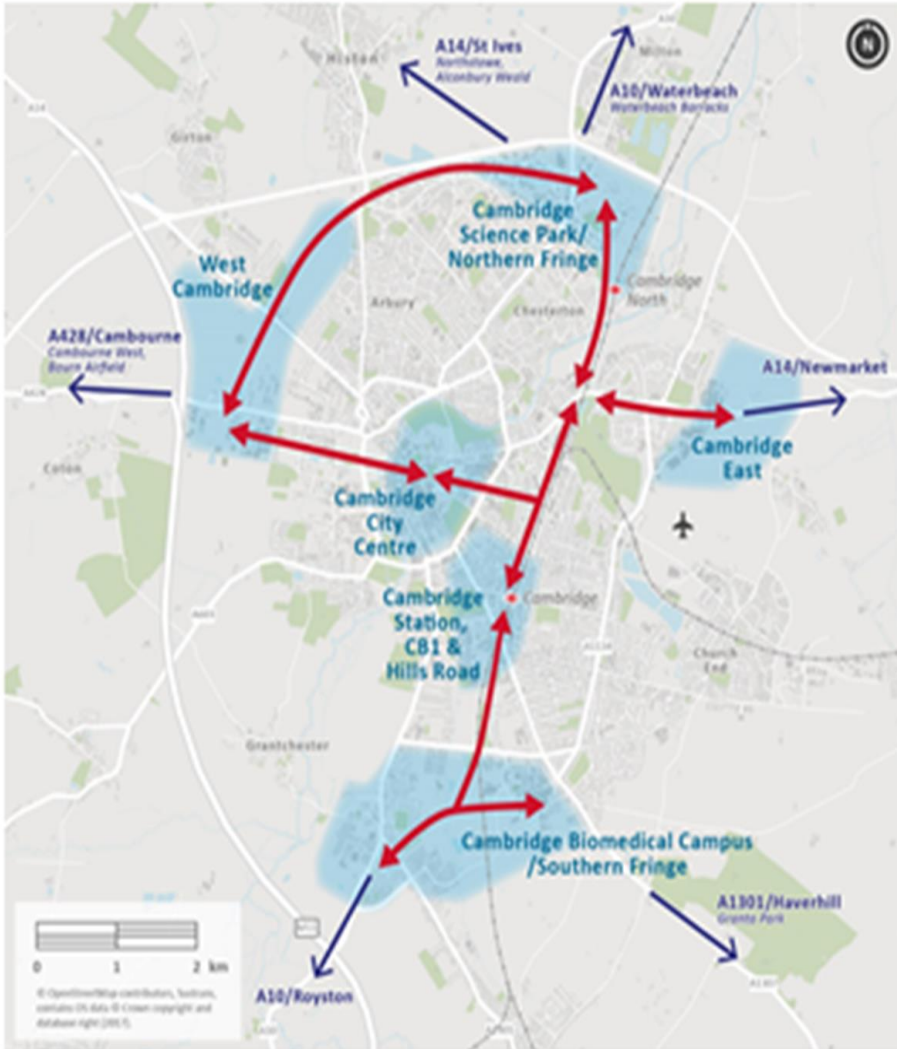
**Source: Prof. Paul Cheshire,
2007 data**

LVC potential is greatest in the South East

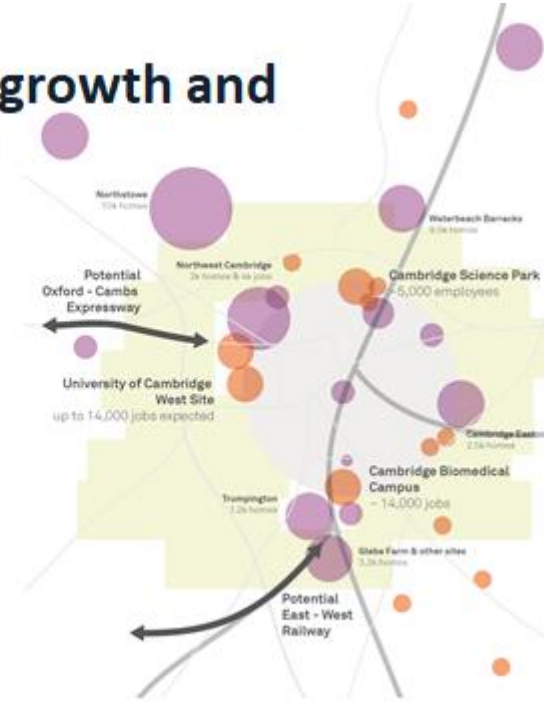


Source: Savills for Peter Freeman's Wolfson Economics Essay submission 2014, based on market conditions in 2013

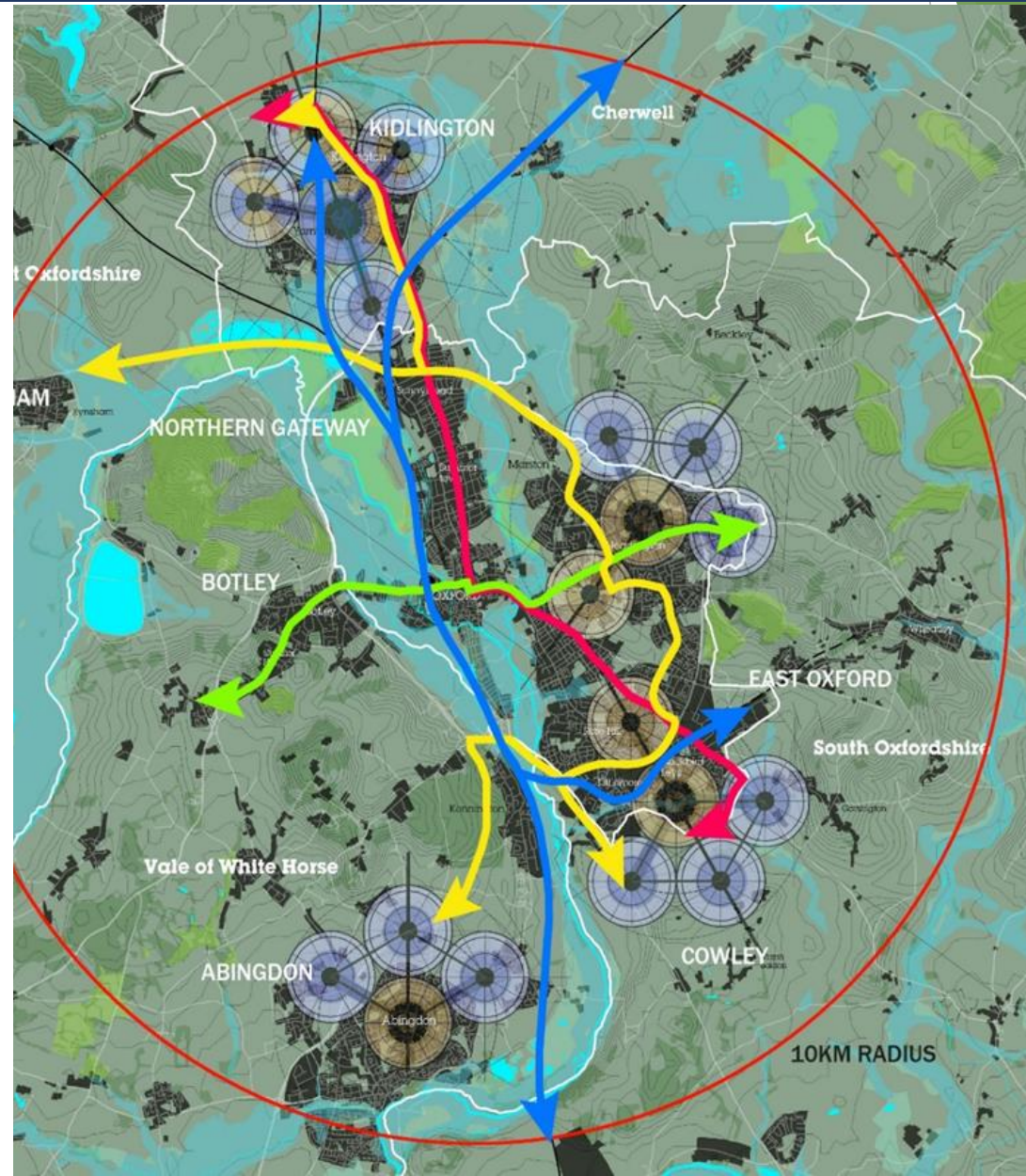
Cambridgeshire's Mayor wants LVC to fund a metro



Cambridge: growth and investment



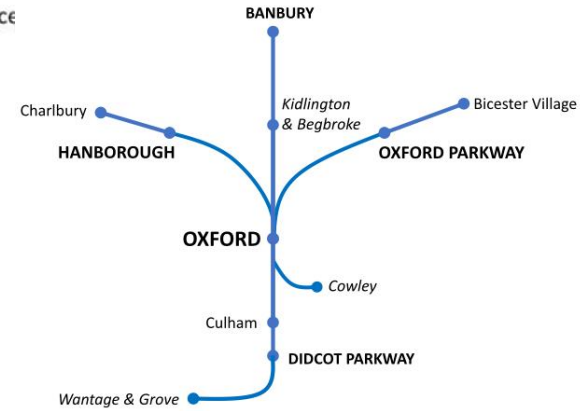
A Metro would turn Oxford into a Garden City



The SpineLine forms the first stage



This is a conce



Legend

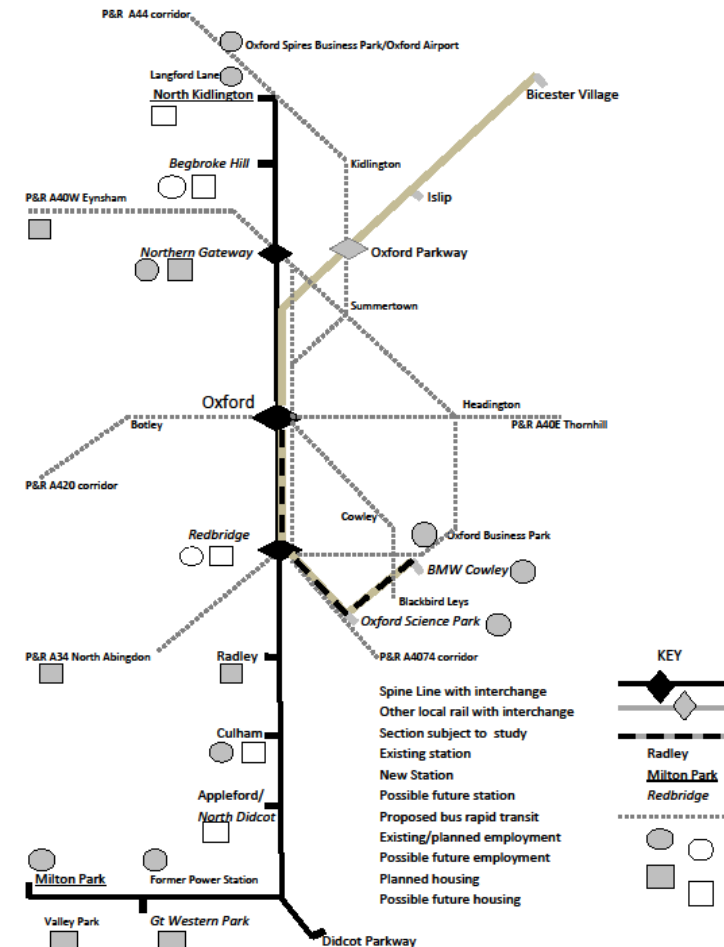
- Existing stations with Swift Rail services
- Possible new Swift Rail station
- Proposed new stations to be served by Swift Rail
- Other existing stations
- Proposed Neighbourhoods
- Existing Neighbourhoods

Produced by Vicky at URBED

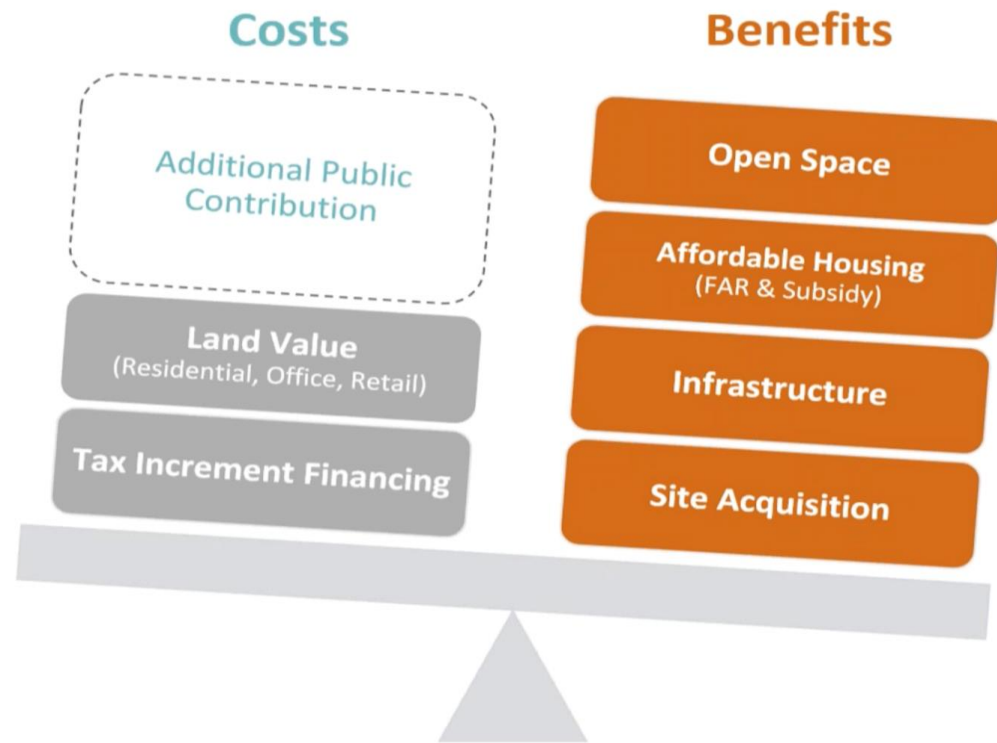
The SpineLine could be phased at a cost perhaps of £130-150m



- A. Use existing rail lines Oxford Central to Cowley plus new stations (£30m?)
- B. Then create a passing loop at Culham (£15m?)
- C. Develop neighbourhoods around new stations e.g. Begbroke/Kidlington (£7 m?)
- D. Finally extend to Milton Park/Grove (£60-80m?)



LVC could raise £600-720m to fund local infrastructure and affordable housing





Grenoble

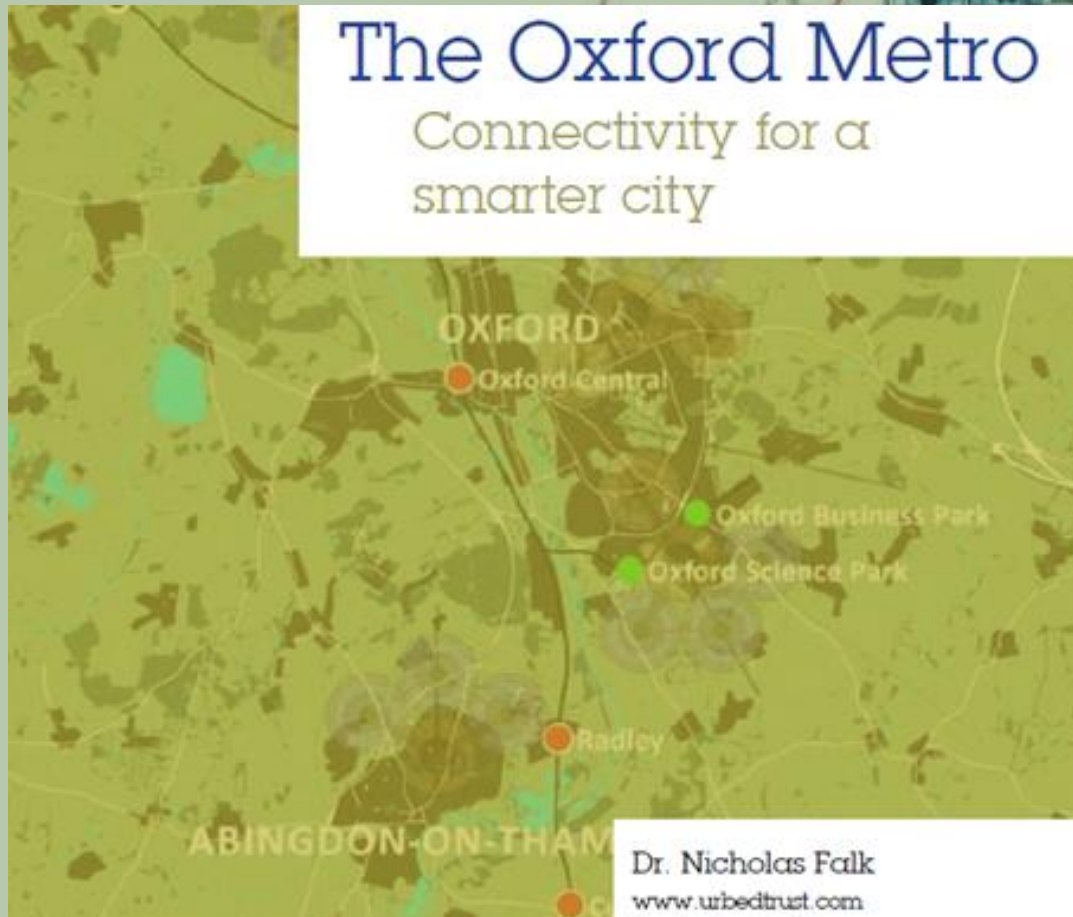
Oxfordshire Futures 2050



Achieving smarter growth
in Central Oxfordshire

The Oxford Metro

Connectivity for a
smarter city



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www.urbedtrust.com

