



**UK COLLABORATIVE
CENTRE FOR
HOUSING EVIDENCE**

Capturing increases in land value

Briefing paper

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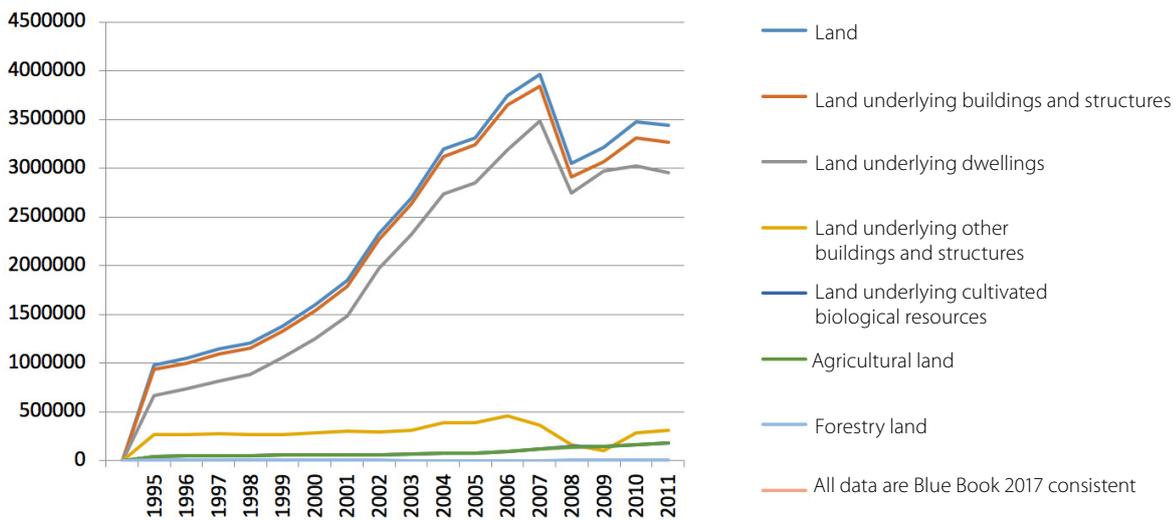
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Introduction

Despite the many difficulties of capturing increases in land values, this has become a more salient policy issue in recent years, partly because of the very substantial increases in land values in the last three decades and partly because many see capturing increased land value as a means of overcoming public expenditure constraints. Although the UK is the most highly taxed OECD country with respect to land and property (OECD, 2018), much of this tax ‘take’, for example stamp duty land tax (SDLT) and capital gains tax (CGT), is un-hypothecated and proponents of capturing more land value increases want this greater capture to be explicitly devoted to funding infrastructure and affordable homes.

Recent estimates by the Office for National Statistics show just how much of the national balance sheet is now dominated by the value of land. UK net worth trebled between 1995 and 2017 and Figure 1 shows the increase in land values, which accounted for 51 percent of the UK’s net worth in 2016, higher than any other G7 country (ONS, 2018).

Figure 1: The value of land in the UK (£m)



Source: Office of National Statistics, 2018 (ONS, 2018)

The scale of these land value increases raises important issues about fairness in the distribution of increases, whether efficiency in resource allocation can be fostered by capturing some of the increases for public investment and how far our means of capturing them match taxation principles.

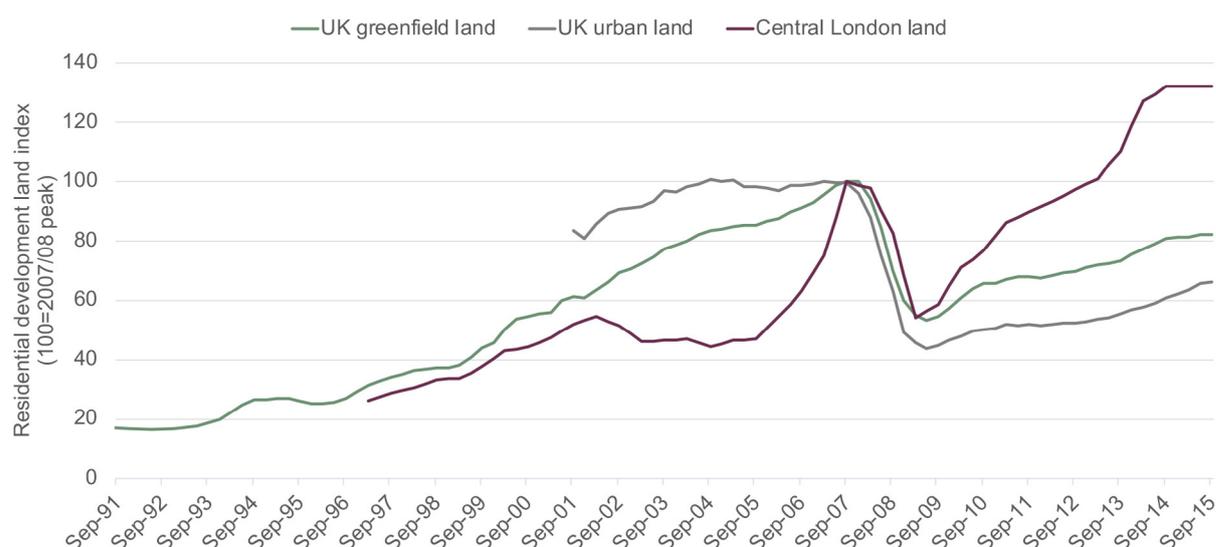
This paper examines the evidence on land value increases and their causes, the arguments for capturing (or taxing them), the means used to date to do this and their effectiveness, particularly for funding more affordable homes, and to reflect on whether there are ways of doing better including if there are any lessons from overseas practice.

The paper draws primarily on the research conducted by the author and colleagues¹ (for example Crook et al, 2016; 2018a, 2018b; Crook, 2018; Lord et al, 2018; Crook & Whitehead, 2019). The paper largely draws on research and evidence related to England (but see Brett, 2016, Crook, et al, 2016 and Crook, 2018, for detailed evidence on Scotland and on Wales and below for a short summary of this evidence plus the available evidence for Northern Ireland).

Land Value Increases and their causes

Figure 2 shows the extent of these increase between 1991 and 2015 from an index developed by Savills property consultants which measures a 'blended residential development land value' taking account of planning obligations, based on desk top residual valuations and evidence from market transactions. It shows the significant increase from the early 1990s up to the Global Financial Crisis in 2007-08, followed by a substantial fall for the following two years (but not a reversion to the values of the early 1990s) following by recovery (markedly so in London, until most recently).

Figure 2: Residential Development Land Index, 1991 to 2015

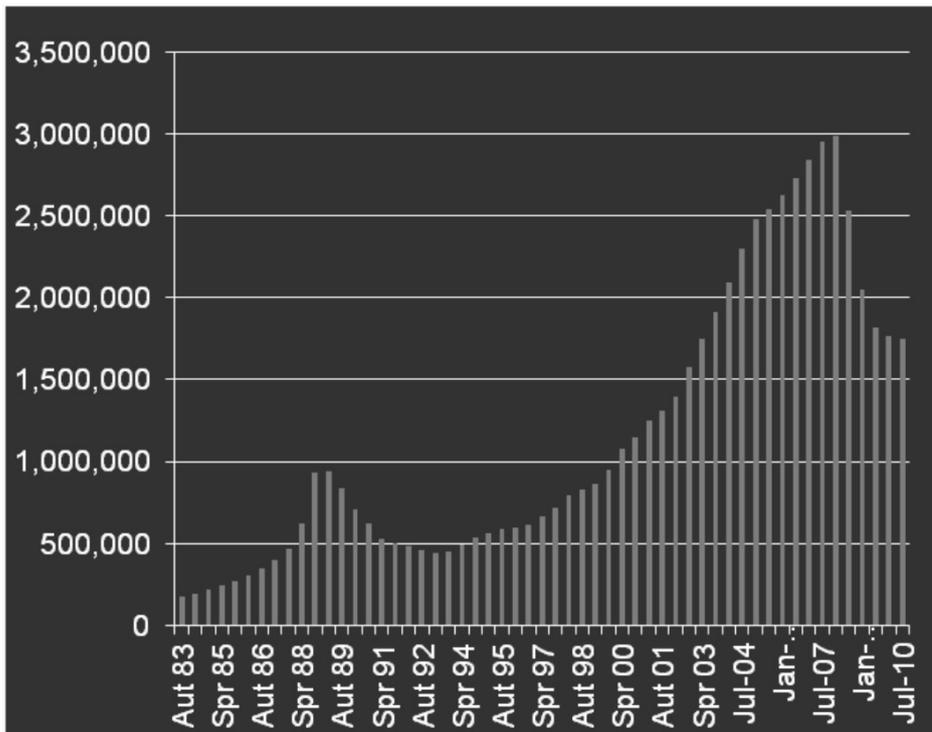


Source: Savills Development Land Index, published quarterly (Savills, 2019)

The Valuation Office Agency's desk top valuations of 'bulk' residential land (2 hectares or more) with planning consent in England outside London (and taking account of planning obligations' costs) confirm the scale of the increases between 1983 to 2007 after which values fell (Figure 3). Although this data is no longer published, the Agency now provides desktop valuations of the average value of land with permission for new housing in every local authority in England (but taking no account of obligations or CIL costs). Aggregate information for 2015 is shown in Table 1 indicating the substantial differences between the value of land for agriculture and industrial use and the estimated value in residential use and also the substantial differences between London values and the rest of England.

¹ Over the years I have benefited from invaluable collaborations with several colleagues, but especially from Professors John Henneberry and Christine Whitehead. Much of this paper is based on our joint empirical work measuring the incidence of land value capture and on our conceptual thinking on the subject. Other colleagues who have worked on this topic with me include Dr Gemma Burgess, Dr Richard Dunning, Professor Ed Ferrari, Professor Alex Lord, Sarah Monk, Professor Steven Rowley and Professor Craig Watkins. I have used and quoted from much of our joint work in this paper and readily acknowledge the intellectual debt I owe all of them but I alone am responsible for contents and views expressed in this briefing paper.

Figure 3: The value of bulk residential land in £m per hectare, 1983 to 2010, in England outside London



Source: Valuation Office Agency archived statistics (National Archive, 2014)

Table 1: Land values (£m per hectare) by use and location in 2015

Location	Agricultural	Industrial	Residential
London		2.73	29.10
Rest of England	0.021	0.51	2.10
England inc. London		0.76	6.90

Source: Ministry of Housing Communities & Local Government, Valuation Office Agency (MHCLG, 2018a)

Please note: empty cells indicate no data available

Much of the debate about capturing land value hinges on the big increases when farmland gets planning permission for housing development - as the data in Table 1 confirm. However, increases arise for many other reasons (Crook et al, 2016; Crook & Whitehead, 2019). First, economic growth and higher spending (e.g. on retail goods and housing) works through to higher prices of all property. Second, public spending on new infrastructure including new transport (think Crossrail) impacts on prices as new infrastructure changes accessibility and provides new opportunities for development. Thirdly, whilst planning permission generally results in increases in development value (the difference between value in an existing use and a new consented use), the increase also reflects the site-specific benefits of general prosperity and new infrastructure. The impact of planning consent on values is particularly significant in areas of high demand and tight planning constraints (particularly South East England and the Edinburgh region in Scotland) where the supply of new development land is tightly restricted.

Why capture increases: what principles are important?

Capturing land values should not lead to distortions about resource allocation; it should be equitable between income groups and between areas; and raise revenues in line with tax principles (Crook & Whitehead, 2019).

Both planning and taxation can increase efficiency by dealing with land market imperfections, such as externalities, but imposing a tax can reduce the amount of land made available for development. Hence, it is important that the value captured is less than development value. Indeed planning and development uncertainties mean that what is captured may have to be considerably less than the development value both to limit efficiency losses and to retain incentives for landowners to sell to developers.

Planning debates about land taxation have generally concentrated on equity rather than efficiency justifications, reflecting long standing views that development value arises from 'no effort' on the part of landowners (the so called 'unearned increment'). Equity also arises from the way planning constraints reduce housing supply, enhance potential development values and worsen housing affordability, compared with less restrictive policies. Capturing development value to use for affordable housing can thus compensate those who 'lose out' from planning policy by transferring assets from better off landowners to poorer households

The authoritative Mirrlees review of taxation argued that taxes should raise the required revenue whilst avoiding 'inevitable' welfare and efficiency losses (Mirrlees, 2011). Taxing land values should thus raise enough to achieve efficiency and equity goals; avoid major efficiency distortions; be predictable, stable, simple, transparent, procedurally fair, have low compliance costs; and achieve horizontal and vertical equity between those liable to pay.

What have we captured and how have we done it?

Much of the discussion about capturing land value hinges on capturing development value (i.e. the difference between land's value in existing use and in its new consented use) rather than taxing all increases on existing property or capturing the impact of infrastructure in cases where no development takes place (Crook & Whitehead, 2019).

There have been three ways of capturing development value. The first is formal de jure taxation of development values. The second is de facto taxation via planning obligations (contributions from developers towards infrastructure and affordable housing, some being negotiated and some being based on fixed tariffs) with the charges resulting in lower land values where developers pass their obligations' costs back to landowners. Third has involved public acquisition of development land at market value in its existing use with subsequent sales or development at full market value in the new use enabling the initial acquiring public body to capture the development value.

Other events, including transfers of property titles also lead to taxation of development value and have the effect of capturing the impact of general prosperity and infrastructure where no development occurs. Some of the value of land with planning consent, when sold or when transferred on inheritance, is captured by stamp duty land tax (SDLT) paid by vendors in England or by Inheritance Tax paid by beneficiaries, whilst gains on sales of land, are subject to capital gains tax (CGT) paid by sellers. There are separate but similar arrangements for SDLT in Scotland and in Wales as this tax has been devolved to their governments.

Formal *de jure* taxation of development values: policies

We have had three formal attempts to capture development value through *de jure* taxation (Crook et al, 2016). The taxes were collected nationally and not hypothecated for any specific need. They were all implemented by Labour governments and all repealed relatively quickly. In two of the attempts, public bodies were able to buy development land at less than full market value by acquiring it at a price net of the relevant development value tax.

1. Under the 1947 planning legislation a 100 percent development charge was imposed on development value. Public bodies were enabled to pay compensation at existing use value when compulsorily acquiring development land. It was assumed that land would trade at its existing use value with all development value going to the state via the development charge on private development and compensation for compulsory sales to public bodies being limited to existing use value. The development charge was abolished in the 1950s with compulsory purchase compensation being eventually based on the full open market value reflecting any consented, proposed or likely new development.
2. In 1967 a Land Commission was established in part to collect a tax on development values (on this occasion called a betterment levy), initially at 40 percent (but to rise to 60, or even 80, percent) on all eligible development. The Commission was also empowered to acquire land net of the betterment levy, provided the land was identified in local authority development plans. This measure was abolished in 1970.
3. The Development Land Tax Act, 1976 (DLT) (preceded by a temporary Development Gains Tax in 1974) introduced an 80 percent tax. Under the Community Land Scheme, set up alongside the DLT, local authorities in England and Scotland had powers to acquire relevant development land allocated in development plans net of DLT (a power withdrawn in 1980). In Wales a special single purpose body, the Land Authority of Wales, was set up covering the whole of Wales. DLT was abolished in 1985. Thereafter increases in land values throughout UK were treated for tax purposes as any other capital gain.

Formal *de jure* taxation of development values: tax raised

Table 2 shows the annual tax levied in one year of each of the three attempts to tax development values. The taxes raised little and very little land was acquired. Only 35 Compulsory Purchase Orders were made by the Central Land Board under the 1947 legislation (to combat land withholding); the Land Commission acquired only 2,800 acres and local authorities bought only 2,357 acres under the Community Land Scheme, mainly in areas of least development pressure.

Table 2: Value of development value taxes levied (selected years)

Development Value Tax	Year	Value nominal	Value @ 2007-08 prices	New homes completed in year by private developers	Value per private house completed @ 2007-08 prices
Development Charge	1952	£8m	£172m	36,670 (UK)	£4,690m
Betterment Tax	1969-70	£32m	£356m	185,970 (UK)	£1,914m
Development Land Tax	1983-84	£68m	£147m	153,020 (UK)	£960m

Source: Crook et al (2016)

Formal *de jure* taxation of development values: lesson learned

Why was there so little development value captured through national taxation? Reasons include (Crook et al, 2016; Jones et al, 2018):

- invariant and high national tax rates deterred landowners from bringing land forward;
- problems in assessing values on which tax was due; developers structured developments to minimise tax;
- landowners held on to land because the opposition party was committed to repealing the taxes (which it did after it was elected);
- where land was sold and bought it traded at more than existing use value partly because the scarcity of building licences (mandatory at the time because of the shortage of building materials) meant developers with licences were keen to acquire land with planning permission;
- because local development plans were out of date there was an effective 'disconnect' between tax measures and land acquisition policies under the Land Commission and the Community Land Scheme where any acquisitions had to be consistent with land allocations adopted plans. As a result, less land was acquired than public spending had provided for.

The subsequent abolition of all these post war taxes was designed to ensure that land needed for development came forward as all three schemes had kept land off the market and there was little public acquisition to counter this, let alone to land bank to help shape future development patterns.

Capturing development value through public acquisition of land: New Towns and Comprehensive Development Areas

Public acquisition of development land did work in two post war cases:

Although for most of the post war period public bodies have had to pay full market value when acquiring land for development, there were limited times when they were able to buy land at its existing use value, that is to say a value that ignores the impact of a planned development and any prospective planning permission on its value. In the early New Towns, when there was a national development charge of 100 percent on development values under the 1947 Planning Act, public bodies, including the New Town Development Corporations, were able to buy land compulsorily at its existing use value. By this means they effectively capturing development value when development took place, either selling on serviced land to developers at its full market value in a new use or using the acquired land to ensure that social housing could be built at affordable rents.

Similar arrangements were available to local authorities when acquiring land compulsorily in town centre comprehensive development areas (CDAs), where CDA plans had been formally adopted.

After development charges were abolished in the 1950s public bodies were initially able to continue buying at existing use value. But because of a perceived unfairness between owners whose land was 'CPOd' and those who got planning consent and sold land to developers at full market value in a new use, compensation returned to paying full market value when land was compulsorily acquired. Only during the limited periods when national development taxes were reintroduced in the 1960s and 1970s were public bodies able to buy development land net of any development tax value being levied, thereby being able to recoup some development value when they sold land on for new development.

The new towns and CDA approaches worked much more effectively in acquiring land and capturing development value than had the Land Commission and the local authority led Community Land Scheme. So far as the New Towns were concerned this was partly because they were run locally (albeit designated by central government), were based not on taxation but on ownership and enabled infrastructure and housing benefits to be provided for the growing local communities.

Capturing development value through Planning Obligations and Community Infrastructure Levy: the policies

Negotiated planning obligations became more significant from the 1980s onwards (Crook et al, 2016). They allow local planning authorities to negotiate contributions from developers towards infrastructure and community facilities (in cash and in kind, the latter most notably affordable housing on residential sites, but also schools and open space) needed to support new development at the time of planning consent.

Planning obligations originate from the earliest planning legislation and were originally intended to enable local planning authorities (LPAs) to regulate matters that could not be secured through conditions on planning permissions. They later evolved to secure contributions from developers (in cash or in kind) towards the costs of providing the infrastructure needed for new development that had received planning consent. These legal agreements are private contracts between developers and LPAs running alongside planning permissions and are enforceable by either party. Rarely used in both inter war and the immediate post war periods planning obligations became more widely used from the 1970s onwards as LPAs increasingly sought contributions from developers to mitigate the infrastructure and other costs of their schemes. As local authority capital budgets were cut, planning obligations became increasingly important means of funding infrastructure. Obligations have to be related in scale and type to the proposed development (the 'rational nexus' argument) and used to mitigate the impacts of developments and to make developments more acceptable in planning terms, provided obligations do not undermine development viability.

From the 1980s onwards, LPAs started to use planning obligations to secure contributions from developers towards new affordable homes on the sites where they were building market homes. What started as LPA initiative was later endorsed by central government as a means of securing affordable homes, initially in terms of rural housing but later on all major sites (where new affordable homes would also help secure the governments' mixed communities agenda). To use obligations in for affordable housing, LPAs had to estimate their affordable housing needs and include policies to use planning obligations to secure contributions to those requirements in their adopted local plans, including setting overall and site-specific targets. Adopted plans thus became the basis for negotiations between LPAs and developers seeking permission as to the numbers and types of affordable homes to be provided on specific sites. On-site contributions of new homes were preferred to developers making financial contributions to enable provision elsewhere because the former explicitly helped secure the government's mixed communities agenda.

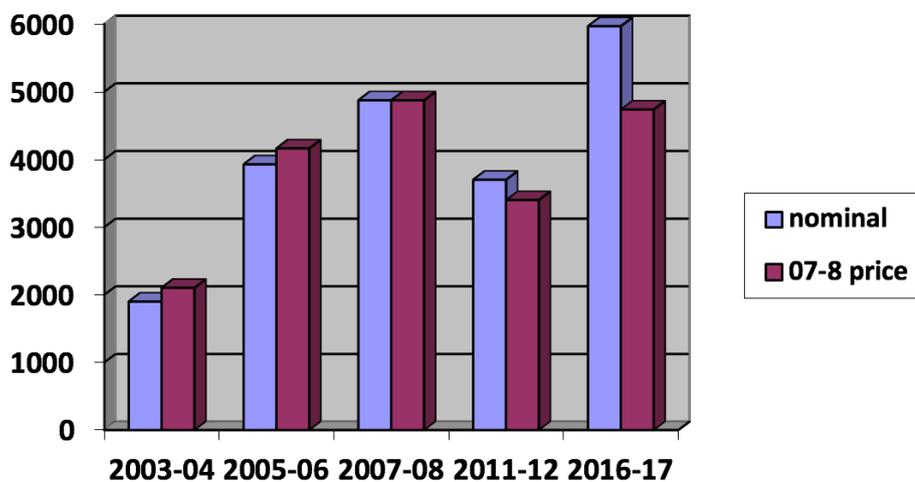
It is important to note that the use of obligations is not mandatory upon LPAs. Using it is entirely a matter for discretion (and, as a result, take up, policy and practice varies greatly between LPAs). The legal framework that governs planning obligations was consolidated in the 1990 Planning Act, specifically in section 106 of the statute (hence 'S106 obligations'), although this has been subject to several amendments since then, including provisions allowing developers to renegotiate agreed obligations. Statutory changes have been supported by changing government policy, which has consistently supported the use of obligations for affordable homes as the means of ensuring development is acceptable in planning terms. Government has also regularly provided guidance, including on how small sites are to be handled (mainly excluded) and on good practice. The guidance has sought to ensure policy is transparent and to promote good practice with the objective of helping LPAs that pursue good practice to maximise contributions. Significantly (see below) our research has confirmed that the use of best practice can be at least as important a driver of contributions as local land, housing market and economic conditions. The courts have also endorsed the use of planning obligations and have most recently (see below) reinforced the central role that LPA policy should play in determining the level of contributions to be made by developers.

In 2010 a tariff based Community Infrastructure Levy (CIL) was introduced to run alongside planning obligations giving local authorities the discretion to fix charges on all development to fund local and regional infrastructure, with planning obligations restricted to site mitigation and affordable housing. Obligations have generally not been sought from small developments and it was initially expected that developments of all sizes would contribute to CIL.

Funds secured by planning obligations and CIL

Comparing Table 3 (for England, see below) with Table 2 (above) shows that planning obligations have been more successful at raising revenue (in cash and in kind) than development value taxes and that funds secured have risen in real terms between 2003-04 and 2016-17. Figure 4 further illustrates the data in Table 3 showing the growth between 2003-04 and 2016-17 of all contributions in both nominal and 2007-08 prices. In cash terms contributions increased from just under £2bn in 2003-04 to just under £6bn in 2016-17, the latter figure representing an increase from a fall in 2011-12 compared with 2007-08, a reflection of the impact of the global financial crisis (GFC) on development and its later recovery. Although the overall increase reflects (apart from the GFC impact) the steady growth in land and property prices (and hence developers' ability to pay contributions) the real terms increase shown in Figure 4 and Table 3 indicates a significant, 55 percent, increase in contributions.

Figure 4: Funds secured by planning obligations 2003-04 to 2016-17 (£m)



Source: derived from Table 3

Over half (58 percent in 2016-17) has been secured in London and SE England, reflecting the geography of development and land values. Over two thirds (68 percent in 2016-17) was for affordable housing (mainly in kind). Evidence shows that obligations are largely delivered, with non-delivery arising mainly from changes to proposed developments or schemes not proceeding at all. However, it also shows that obligations modify developers' decisions resulting in smaller homes at higher densities (Bibby et al, 2016; Crook, et al, 2016).

Table 3: Value of planning obligations and CIL in England

Planning Obligations	Year	Value nominal	Value 2007-08 prices	New homes completed in the year by private developers	Value per house completed @ 2007-08 prices
Planning Obligations - cash and in kind	2003-04	£1,900m	£2,103	130,100 (England)	£16,164
Planning Obligations - cash and in kind	2005-06	£3,927m	£4,163	144,940 (England)	£28,722
Planning Obligations - cash and in kind	2007-08	£4,874m	£4,874m	147,170 (England)	£32,616
Planning Obligations - cash and in kind	2011-12	£3,700m	£3,400m	89,120 (England)	£38,151
Planning Obligations and CIL - cash and in kind	2016-17	£5,969m	£4,738m	121,000 (England)	£39,157

Source: Crook et al (2016), Lord et al (2018)

How much new affordable housing has been secured through planning obligations?

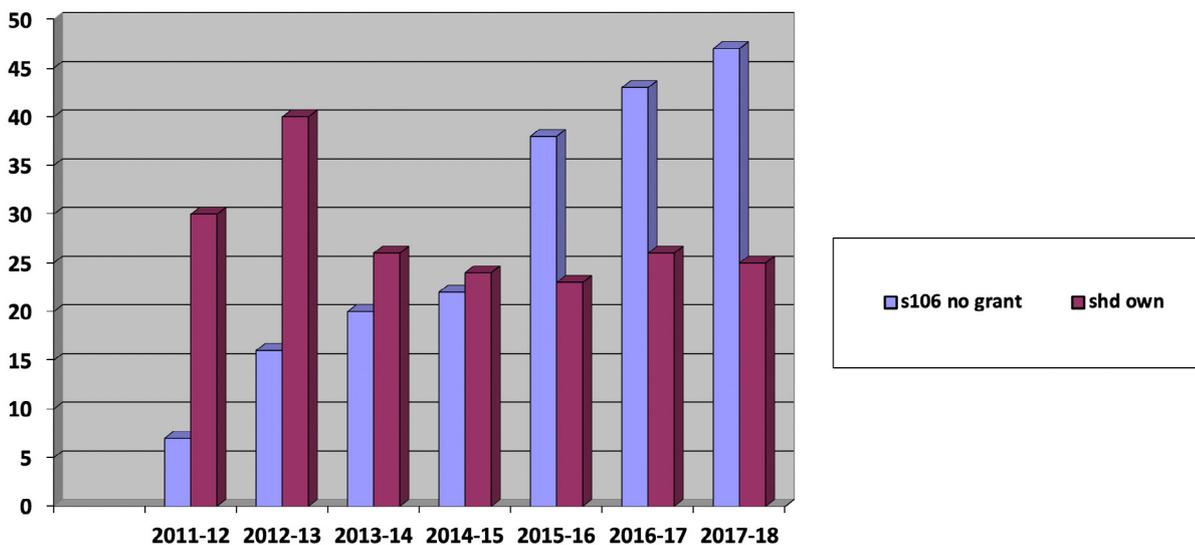
As noted above, a growing proportion of the increase in planning obligations has come as contributions to affordable housing (Crook et al, 2016; Lord et al, 2018). In 2005-06, this accounted for 51 percent of all contributions. By 2016-17, it was 68 percent. The increase reflects the greater number of all new homes secured (hence more contributions on relevant sites with consent) but also the real increase in land values and house prices, the two key factors that 'drive' the value of contributions. It is also because some elements previously funded through obligations are now coming through CIL. Most of the affordable housing was 'in kind' provision on market sites with only a moderate amount of 'commuted payments' paid to LPAs to help fund provision elsewhere (mainly in Greater London). There has also been a growth in the proportion secured in London and the South East, not surprisingly, as this is where affordable housing need is greatest and land values large enough to support provision.

The system secured between 10k and 20k new affordable homes each year in the 1990s but the number increased significantly after then partly because housing associations were running out of traditional sources of land and also finding it difficult to acquire land in high value areas. Thereafter associations became increasingly dependent on S106 for land and new homes either in the form of free or discounted land or discounted prices for new homes. At the same time, LPAs became more proactive in requiring affordable housing in S106 agreements, with 89 percent having relevant policies in place by 2001. In addition, practice became more 'bedded down' as LPAs became more familiar with using obligations to secure affordable homes. Typically, LPA policies set overall requirements in their plans and seek to negotiate targets of between 10 (typical of low demand areas) and 40 percent (typical of high demand areas in southern England) of affordable homes on all large residential sites, albeit not always achieving these.

The number of new affordable homes secured in agreed obligations rose from 15k in 1998-99 to 50k in 2007-08 but then fell a reflection of the more challenging climate after the global financial crisis. The numbers then recovered between 2011-12 and 2016-17 from 32k in the former year to 50k in the latter as markets regained ground and as the government stimulated the building of more affordable homes by housing associations with some pump priming 'kick start' grant aid. Note, however, that 'starter homes' for sale to owner occupiers were included in what was delivered as affordable housing in the latter year).

Our evidence suggests that, up to 2007-08, most (around 80 percent) of the agreed new homes were delivered. It also shows that failures to deliver were the result of developments as a whole not being built, due to changing circumstances affecting the development itself and were due to costs of complying with the affordable housing element. In many cases developers sought to renegotiate the whole planning consent, such that eventually the site might proceed, including the affordable element. Since 2007-08 there has been more evidence of non-delivery of affordable homes (see below under 'limitations'). Moreover, affordable provision via S106 became an increasing percentage of all new affordable homes provided, however funded, rising from one fifth in 1998-99 to nearly two thirds in 2008-09. The figures thereafter (Figure 5) reflect the extent of government grant support in the immediate post GFC period but then show the proportion funded via S106 without public subsidy via grants has since risen considerably in recent years.

Figure 5: Percentage of all new affordable homes completed via S106 with no grants and percentage that were new shared ownership homes



Source: MHCLG Local Authority Housing Statistics Data Returns

The location, tenure and dwelling types of new affordable provision

Our evidence (Bibby et al, 2018; Crook et al, 2016) shows how provision of new affordable homes through planning obligations has shifted significantly in three ways: location, tenure and dwelling types.

First, the proportion of new affordable homes has become increasingly concentrated in two types of location. First, more have been built in locations with little existing housing and where there was little social deprivation. These were locations where private developers were gaining consent for new market homes and obliged to provide new affordable homes as part of these new developments. This has enabled those eligible for new affordable homes to move to less deprived parts of the country and thus fostered more mixed communities in these areas. However, the areas are often poorly served by public transport and hence jobs are difficult to access except by car. Second, provision has also been concentrated in inner city regeneration areas usually with significant levels of deprivation and associated with the redevelopment of former local authority housing estates. These too had mixed tenures following redevelopment, including both new affordable homes and new market housing, so that many better off households moved to these formerly deprived areas, again contributing to the government's mixed communities agenda.

The second significant shift has been the growing proportion of shared ownership homes amongst the affordable homes secured. There are five main reasons for the growth of shared ownership on S106 sites. First, local authorities pressed for more affordable rented homes but this faced developers with potential site viability issues. One way of addressing this was to provide the extra homes in the form of shared ownership, which reduced viability challenges because housing associations paid more for them than for affordable rented homes. Second, the loss of grant for affordable rented homes meant housing associations were paying less for new homes so that a 'switch' to shared ownership also addressed viability issues. Third, there was a growing requirement to provide homes for key workers and some commentators saw shared ownership as an effective means of providing new homes for them. Fourth, developers were not keen on providing more rented homes (irrespective of viability concerns) as they worried this would make it more difficult to sell their market homes. Fifth, the policy requirement for higher site densities on all new housing schemes could be more easily met by shared ownership than rented homes as the former lent itself more readily to flats than to houses.

The third shift in affordable provision has been this trend towards small flats at higher net densities. This has been done to provide new homes that are suitable to small newly formed households and to spread residual land costs over a smaller site area. An important consequence is that many of these small homes have been either acquired by shared owners or let to new renters with children, resulting in some over occupancy against accepted standards. Another problem is that many of these new homes have not been directly commissioned by the housing associations but acquired 'off the shelf' in bids to acquire S106 homes as part of their development programmes. There is case study evidence that the new affordable dwellings acquired through planning obligations require more on-going maintenance than dwellings that associations design and build themselves.

Who has been housed in new affordable homes?

As well as providing land and funding for new homes, planning obligations have contributed to the government's mixed communities agenda.

In the more deprived regeneration areas, new rented homes continue to go to those in most need evidenced by the high proportions out of work and previously in insecure accommodation. In contrast, the new shared ownership homes have introduced younger households in work who were first time buyers of new apartments. Thus, obligations have changed the mix in these areas by injecting smaller households in work with few children. However, because these new units are small, it is likely that there will be significant higher turnover – or increased overcrowding.

In the new estates in less deprived areas, the household moving to new rented homes were similar to those moving into the inner city regeneration areas, as noted above, primarily older households out of work, with children, mainly not previously in affordable rented homes elsewhere. The new shared ownership in these area attracted younger smaller households mainly in work

Are planning obligations a *de facto* tax on development values?

Insofar as these contributions are funded by developers paying less for land than they otherwise would, obligations are a *de facto* tax on development value. Evidence shows that landowners generally do pay where planning authorities' obligations policies are clear and consistently implemented and where national developers are seeking consent and acquire land under options agreements. However, where inexperienced small builders are involved, the outcome may be different, especially where they buy land without taking obligations into account. Moreover when there is public grant funding for affordable housing this tends to result in housing associations paying more for the affordable homes (compared with a zero grant position) resulting in higher land prices. Who pays will also depend on the outcomes of the negotiations. Consequently, the proportion of 'available' development value captured by obligations is extremely varied (Crook, et al, 2016). Planning obligations plus national transactions taxes (SDLT and CGT) take on average half of greenfield sites' open market values unfettered by obligations, 30 percent through obligations and 20 percent through other taxes (Crook et al, 2018b).

However, whether this provides additional housing depends on a whole host of other factors (Crook et al, 2016). Typically, housing associations pay developers the discounted net rent for new affordable rented homes, which can amount to half the market price of the new houses. Where they buy them for shared ownership they pay closer to two thirds. If no public subsidy or housing association reserves are involved these new homes are additional. But the picture is usually more complex, especially where grant has been involved both in general and for specific projects. Our evidence suggest that extra grant can raise land prices and also that grant has been essential where new affordable homes are provided in areas of generally high house and land prices so that grant is needed to help associations buy new homes even at discounted prices. Here the new homes are only partly additional but have opened up access to areas of low social disadvantage. Moreover, where there has been a significant move to affordable rented homes at 80 percent of market rents, this may have raised land values. Finally local plan policy and the nature of negotiations over agreements are also critical. Local plans that specify that (i) new affordable homes must be provided on a zero grant basis or (ii) bought at a price reflecting discounted net rents and (iii) housing associations are involved in structuring the S106 agreements, make it more likely that landowners will bear costs and that homes will be additional.

Why have planning obligations succeeded?

Reasons for the success of obligations in capturing development value include (Crook, et al, 2016, 2018a):

- unlike taxes imposed by national legislation, obligations are a 'bottom up' (i.e. local authority) and not 'top down' policy, albeit framed by national planning legislation and policy;
- the English courts have permitted a wide scope to obligations, provided they make proposed developments acceptable in planning terms;
- they are negotiated on a site by site basis, within a framework of local plan policies, enabling varying circumstances with respect to viability to be addressed;
- they have the character of a hypothecated tax because the contributions made by developers are captured and spent locally and the contributions are secured in private contracts with both parties able to enforce agreements.
- obligations avoid the issue of assessing development value directly although need to be negotiated - or fixed - to maintain development viability.

More fundamentally, the discretionary nature of the British planning system is also a key factor in helping obligations policy succeed (Crook et al, 2016; Crook, 2018). Unlike countries whose planning systems are based on a zoning approach whereby zoning plans are generally determinative of what and what may not be developed (and hence the land values arising from the zoning), the planning systems in Britain allows more flexibility. Hence, although planning statute requires that planning authorities determine planning applications in accordance with national policy and their own locally adopted plans, they are also permitted to take account of other material circumstances in so far as they are pertinent. Thus although the existence of a plan with its indication of where development will be permitted will shape landowners and developers' expectations about land values, the discretionary nature of the planning system means there can be no certainty. It could mean that developments on allocated sites are not permitted because circumstances change. Likewise, it could mean that unallocated sites get consent, not the least if plans are out of date. The final decision on a planning application will be the result of much negotiation between applicants and planning authorities and the uncertainty this creates feeds through to land values, which do not finally crystallise until consent is granted. This enables developers to hold off agreeing the final prices to be paid for land until all negotiations are complete, including what they have agreed to pay in planning obligations.

The limitations of planning obligations: overview

Obligations policies were once much criticised for their lack of policy transparency (hence uncertainty) and poor day to day practice (especially negotiations), but have become more transparent. The development of fixed tariffs (e.g. so many £ per sq metre of each new home towards new school places) has reduced negotiations. Nevertheless, there are still limitations (Crook et al 2016; Crook & Whitehead, 2019; Dunning et al, 2019):

- whilst the majority of large residential sites have agreed obligations, this is not the case for smaller sites. On commercial sites, obligations tend to cover only retail developments. This partial coverage distorts what is developed;
- despite the (now restored) ability to pool obligations from several schemes it had been difficult for planning authorities to secure the funds needed for large scale sub regional infrastructure – hence the introduction of CIL to address this;
- many planning authorities lack the skills and capacities to negotiate and thus there can be slow and outcomes uncertain;
- there are wide variations between planning authorities in local policy and practice and what the obligations they secure. These policy and practice variations create uncertainty for developers operating across several authorities;
- these variations are not strongly related to differences between authorities in market demand and land values but to differences in the culture and behaviour of planning authorities, their local policies and practices, including effective monitoring and enforcement of contracts, leading to different outcomes between authorities with similar market circumstances;
- significantly more could thus be secured if all planning authorities adopted good practice;
- capturing development value through planning obligations works best in market upturns and less well in market downturns;
- recent increases in permitted development (e.g. existing offices to residential use) reduce what planning obligations (but not CIL) can secure.

The limitations of planning obligations: renegotiations

After the global financial crisis, there were government concerns about sites being stalled because of onerous obligations and in 2013 developers gained rights to seek renegotiation earlier than hitherto. Planning authorities tended, in general, to respond by rescheduling the timing of obligations.

In London, in particular, the 2014 revisions to the National Planning Policy Framework, designed to ensure that obligations do not undermine viability has led to reductions in affordable housing obligations during renegotiations, despite the recovery in house prices and land values. This is in part a result of the reliance of residual valuation models to test viability, despite their acknowledged weaknesses, but also to the continuing asymmetry between the skills of local authorities and developers. As a result, developers have paid higher land prices expecting (based on experience) that renegotiations can then enable fewer obligations (Crosby, 2019). However, a recent court decision in *Parkhurst*² confirms that local authority policies should determine what developers must contribute, not the price of land they have paid.

Community Infrastructure Levy: initial experience

The introduction of CIL has added new complexities (Community Infrastructure Levy Review Group, 2016; Lord et al, 2018). It has mainly been adopted by planning authorities in high demand areas. In many lower demand areas, CIL has not been adopted because of viability concerns and because fixed CIL charges may reduce the development value 'left over' for affordable housing. Because of this, many small-scale developments in lower demand areas are not contributing to infrastructure even though they could afford to do so.

As a flat rate charge not subject to site negotiation, CIL was originally conceived to be faster, fairer, more certain and transparent, but its introduction and implementation has proved complex and time consuming. The regulations have been changed four times and several exemptions have been introduced (including developments of affordable homes; self-build; and small sites), reducing the proportion of development potentially contributing to CIL. Some local authorities estimate they have lost up to half their potential CIL income (Lord et al, 2018). Up to a quarter of funds raised now have to be devoted to very local needs by using CIL income to fund local groups, including parish councils, in the vicinity of new developments. CIL has also been increasingly seen as uncertain as planning obligations, because of rate changes and because the timing of identified infrastructure provision is unclear. Overall, considerably less has been collected than initially anticipated when CIL was introduced, although the amount agreed in 2016-17 was £945m, including £174m by the London Mayoral CIL for Crossrail 1 (Lord et al, 2018).

² *Parkhurst Road Ltd v Secretary of State for Communities and Local Government and another* [2018] EWHC 991 (Admin)

Evidence on the use of planning obligations in Northern Ireland, Scotland and Wales

As in the rest of the UK, planning obligations in Northern Ireland are designed to ensure that new development proceeds in accordance with plans. Planning authorities are obliged to follow similar tests to that which must be followed by local authorities in England in relation to policy, necessity and reasonableness. Developers have argued that the use of planning obligations for securing affordable housing could threaten development as a whole by undermining site viability, given the fragile nature of the housing market and the small scale of house-builders. Recent research confirmed that development values were insufficient, except in Belfast, to support the use of planning obligations for affordable housing and would probably need supporting grants (House of Commons Library 2016; Northern Ireland, 2017; Three Dragons & Heriot Watt University, 2015).

Evidence on incidence and value from Scotland and Wales is limited (and in the case of Wales now quite out of date). It shows that policy and practice in the mid-2000s lagged significantly behind that in England but also that the lack of uptake was due to very different market circumstances with far fewer parts of both countries having high land value contexts than in England (Brett Associates, 2016; Crook et al, 2016; Crook, 2018; Rowley et al, 2007).

Although policy and practice in Scotland is similar to that in England, especially in relation to the policy tests of necessity, planning purpose and reasonableness, the use of agreements in the mid-2000s was much more limited. Although a study of the years 2004 to 2007 (McMaster et al., 2008) showed that the use of obligations was on a rising curve this was largely associated with major housing developments. The value of the obligations secured over the study period was only £159m, significantly less than in England, even allowing for Scotland's much lower development activity and population size. Nonetheless, there is now a major policy debate in Scotland about capturing more development value to fund infrastructure and affordable homes both through planning obligations and by enabling local planning authorities to acquire land at closer to its value in existing use (Crook, 2018; Scottish Land Commission, 2019). However, land and development values are much lower in Scotland than in England with the exception of the Edinburgh region. Estimates extracted from Valuation Office Agency data for the period 1995 to 2001 showed that the price of 'bulk' housing land (2ha) with planning consent was generally similar to that for Northern England, with the exception of the area around Edinburgh where values were high even relative to South East England (DTZ Pineda, 2002). With that exception, market values of land for new (for example housing) development were not greatly above the value of the land in its existing use, such as farmland. More up to date evidence of what development value might be available to 'capture' across the whole of Scotland in the future comes from a recent study for the Scottish Government of its proposed infrastructure levy (Brett Associates, 2016). This suggested that, by calculating residual land values on an annualised basis, only £230m was annually available for affordable housing and infrastructure. The study confirmed the earlier DTZ findings, i.e. that the value to be captured was insufficient in many parts of Scotland to produce much funding for affordable homes and for infrastructure.

Obligations policy in Wales is also very similar to that for England. It has not evolved significantly since the former Welsh Office set out relevant policy before devolution. Welsh local planning authorities are required to follow the same policy tests as are English local planning authorities. The picture on the use of obligations in the mid-2000s showed that only 3 percent of non-householder permissions in 2005–2006 had agreements attached to them. Although more major residential permissions had agreements (28 percent), this was less than in England at the same time. The value of obligations was between £26m and £31m, less than 1 percent of that estimated for England in the same year, despite the fact that the population of Wales is the equivalent of 6 percent of England's total population. Lower development values than in England was not the only factor behind the poorer outcomes in Wales because policy (e.g. high site thresholds for requiring affordable housing contributions) and practice (especially on negotiating agreements and the use of standard charging) were less well developed than in England at that time (Rowley et al., 2007).

Are there any lessons from abroad?

There are of course risks as well as advantages in looking for lessons on land value capture from abroad (see Crook & Monk, in Crook et al 2016). It is critical to understand the different contexts of overseas policy and practice, not the least their different constitutional, legal and administrative systems, their planning cultures and the different structures of their development industry and banking sectors.

Without taking these into account there is a real risk that 'policy tourism' fails to take account of these when trying to instigate 'back home' the successful plans, ideas and projects examined abroad without thinking carefully if the context in one's home country will enable overseas approaches to work successfully and produce desired outcomes (Crook, 2018). It is especially important to examine the legal frameworks underpinning policy in other countries. Critical to this is the manner in which the rules based approaches based on complete systems of codes derived from abstract principles characteristic of planning systems within Napoleonic legal systems are very different from the common law approaches in other countries where discretionary planning systems are more prevalent. Of course, that is not to say that these differences are 'watertight'. There is a degree of discretion in rules based systems (e.g. allowing sensible and formally agreed modifications when circumstances change) and the significance of rules within discretionary systems (e.g. the importance of adopted plans being followed and of the role of precedent in common law in Britain). The latter being important when planning decisions are challenged on legal grounds in the courts (Booth, 2003, 2017).

Having made those warnings, are there lessons from abroad relevant to capturing development value in UK? One of the principal approaches to consider, especially from Germany and the Netherlands, is the way public ownership of land, albeit temporary, has been used to capture development value (Crook & Monk in Crook et al, 2016; Crook, 2018).

German municipalities capture development values when they zone land for new development. They do this by temporarily pooling sites in mixed ownership, service them and return them back to their original owners, net of the land needed for public uses, at prices that cover municipalities' infrastructure costs and the impact of the readjustment on land values, retaining the right to share in any subsequent value uplift when development takes place. In designated regeneration areas municipalities can freeze existing land values allowing them to acquire land at these frozen prices, install infrastructure and sell on to developers with conditions (often set out in a master plan) related to what can be built. Where developers undertake new development themselves, they pay a share of municipalities' infrastructure costs in a manner not unlike the system of planning obligations in Britain.

In the Netherlands, when municipalities were very active in acquiring development land in the post war years, especially for large-scale development of affordable social housing, they captured some of the development value by buying land at prices that reflected planned new uses, but without taking into account the impact on value of the planned infrastructure. They then serviced it and sold it on to developers (many being 'not for profit' housing associations) with clear planning briefs and at prices covering their infrastructure costs and with requirements as to what was built in terms of tenure and price. Municipalities are now less active in the land market because of the financial risks of land holding and because of the greater emphasis now on private sector development of smaller sites than the large-scale development of social housing. Infrastructure is now partly funded, in a manner similar to the planning obligations in Britain, by developer contributions. Municipalities can also now use planning powers to require developers to build new affordable housing. In addition, new forms of public-private partnerships have emerged with developers pooling their land into a joint vehicle where risks (and rewards) shared between themselves and municipalities.

These examples of practice from abroad suggest that temporary forms of land banking may be a useful way of proceeding. This will need rules about prices paid for land and the financing of the necessary infrastructure to enable the capturing of some development value through selling off serviced land at prices that recoup the costs of the un-serviced land and the infrastructure subsequently provided. But it is also notable that there are many similarities between both the Germany and Dutch systems and those in Britain when predominantly private development occurs because infrastructure is funded by developers making contributions to local governments' costs, implicitly capturing some of the development value

Can we improve how we capture development value?

Although neither taxation nor obligations capture all development value, it must be accepted that taking all or a large proportion of the value impacts on viability and willingness to sell land, setting limits on how much can be captured. Additionally, incremental change by amending what works is also likely to secure more land value capture rather than starting again with a 'clean sheet' (House of Commons, 2018).

The following changes have been advocated by Crook (2018), Crook et al (2018a) and by Crook & Whitehead (2019) and are summarised below.

Improving existing policy practice

Measures to reform current arrangements so that they work better and raise more funds include:

- Ensuring that best practice, including having clear policies in place, is conducted by all local authorities with estimates suggesting substantially more could be collected by all local authorities if this happened;
- A modest fixed (CIL like) tariff on all small sites, many of which currently pay no obligations;
- Removing all exemptions to CIL including affordable housing, custom and self build;
- Eliminating CIL payments to neighbourhood groups since CIL is intended to help fund sub regional infrastructure, not local facilities;
- Negotiating S106 obligations instead of CIL on large sites to take account of costs and viability and the timing of development in relation to market cycles (e.g. to include overage clauses when there is market uplift);
- Bringing more commercial development into the scope of obligations;
- Including permitted development within obligations as well as the CIL regime.

There are a number of modifications recently implemented or still under discussion which could help promote more efficiency, equity and greater adherence to taxation principles. Although making viability judgements subject to local plan policies, not on the circumstances of each site, (MHCLG, 2018a, 2019) risks deterring development if sites do not match plan wide criteria, the recent Parkhurst judgement (see above) should secure more revenue and comply more with horizontal equity in taxation. Other changes (MHCLG, 2018b) allowing more pooling of S106 revenue (now implemented) and permitting inter-authority CIL like levies should improve efficiency by securing more funding for off-site infrastructure. Others should speed up processes and improve transparency (an important taxation principle) but the decision not to remove exemptions to CIL will continue to limit what can be secured and breach the taxation principle of horizontal equity.

Development corporations and similar

To meet the needs for new development, not the least for housing, there is growing need for large-scale development including 'mini' new towns/garden villages and urban extensions. The government has already introduced regulations to enable local authority led New Town Development Corporations (MHCLG, 2018c). The Letwin Review (Letwin, 2018) developed this further by putting forward a model by which all large sites identified in Local Plans would be designated as fully privately funded Infrastructure Development Corporations. Their Master Plans would identify a diversity of housing tenures and types, high proportions of affordable housing and the need to invest in the infrastructure with the intention that this will reduce land values very significantly to a maximum of ten times existing use value. Similar proposals have been suggested for Scotland in the proposed Master Plan Consent Areas (Crook, 2018). More generally, joint ventures involving landowners, developers, and funders as well as local authorities could be used to avoid the need for lengthy compulsory purchase of development sites by local authorities. Such partnerships could then raise funds for infrastructure and development, retain or sell on the land, using the development values thus generated to fund affordable homes and community facilities, with profits shared between participants in the partnership.

Reforms to CIL

Although this currently does not appear to be favoured by government, a complementary reform would be to adopt the proposals in the Peace review of CIL (Community Infrastructure Levy Review Group, 2016) to put in place a low nationally determined fixed tariff for all development (removing the current exceptions and exemptions) across all authorities. This has the benefit of covering all developments and generating revenue across the country, although in lower demand areas it might, even if kept low, negatively impact on viability.

A rather different approach more in line with current government thinking (MHGLG, 2018b) might require all authorities to introduce a CIL but with local discretion to set rates in relation to the local land market – including a zero rate where necessary. CIL would then become an increasingly important source of local revenue paying for all but narrowly defined 'rational nexus' site specific investment. Negotiated planning obligations would be kept for securing affordable housing on all sites and for larger sites which take a long time to develop and where the development's impact extends outside the immediate neighbourhood of the development. To be effective however, the current uncertainties associated with CIL, both rates and their increases over time and the timing of infrastructure investment would have to be addressed. This leaves the question of how to contribute towards investment in sub-regional and regional infrastructure. The government currently favours a Strategic Infrastructure Levy approach generalising from the example of the Mayoral CIL in London – used first for Crossrail and now for Crossrail 2 – to include Combined Authorities (MHCLG, 2018b).

Changing compulsory purchase compensation

In recent years the issue of whether and how to capture more development value through compulsory public acquisition of land has come to the fore again in Britain. This renewed interest reflects the continuing sense of unfairness about the ‘unearned gains’ landowners and/or developers secure when getting planning consent but also about how to ensure those building affordable homes can pay land prices that will enable them to let them at genuinely affordable rents.

Some, for example Aubrey (2018), Civitas (2018), Shelter (2017) and the Town & Country Planning Association (TCPA, 2018a,b), have urged a change to compulsory purchase legislation to enable local authorities to acquire development land at (or close to) its existing use value – on the lines that was possible for New Town Corporations, for example, under the 1947 arrangements.

Currently, when land is acquired compulsorily or by voluntary agreement public bodies are obliged to pay the market value for the land, not the value in its existing use. This has not always been the case. In the immediate post war period, when there was a 100 percent charge on development value, the value paid for compulsorily purchased land was its existing use value, not the value in its use with planning permission. This placed those who had their land compulsorily acquired and those developing it themselves (or selling to a developer) on the same footing. The former got existing use value and the latter paid a 100 percent charge on development value leaving them with existing use value.

Development charges were abolished in the 1950s partly to ensure there were sufficient incentives for landowners to bring land forward at a time when a major expansion of housing construction (including private house-building) was needed. Thus, those selling land privately got the full development value but because CPO compensation was left unchanged, those whose land was compulsorily acquired received only existing use value, creating a significant unfairness between owners. Public concern about this resulted in compulsory purchase compensation later being changed to open market value.

The position now (with very similar statutory provisions in both Scotland and in England & Wales – for example, see Scottish Law Commission, 2014; see also Crook, 2018) is that those whose land is compulsorily purchased must be compensated for the open market value of their land. The latter takes account of any allocations in development plans and any future prospects of planning permission, but ignoring the impact on market value of the ‘scheme’ for which the land is being compulsorily acquired (Denyer Green, 2014). Under the ‘no scheme’ rule (further clarified in English legislation in 2017) any increases or decreases in the value of the land attributable to the scheme for which the acquiring authority purchases the land, or the prospect of that scheme, are disregarded when assessing compensation. The intention is that those affected should be left neither better nor worse off (at least in monetary terms) because of the compulsory acquisition. So for example, if farmland is being acquired for a new housing development the effect of this on market value can be ignored. However, this is only the case when there are no other existing plans or consents in place for this land. These (and the prospects of them being implemented) cannot be ignored in reaching a decision on market value. Thus if the land acquired already has planning consent or is allocated in an adopted local plan this is likely to be close to the average market value being paid for similar land with similar planning contexts in the locality. In addition, even if the land has neither consent nor plan allocation, the courts have held that, given the discretionary nature of our planning system, account must be taken of the probability of a future housing allocation. The ‘no scheme’ principle does not mean that

this 'hope value', (as it is colloquially called), cannot be part of the market value compensation. Thus, some 'hope value' may, depending on the specific circumstances, be paid on top of existing use value. Notably, the Courts have confirmed, when hearing arguments about points of law in relation to compensation payments, that account has to be taken of the possibility that land would have received consent at some time in the future given the discretionary nature of the planning system. In commenting on these judgements the Scottish Land Commission has noted how the precision in land allocations of development plans have reduced over the years. Consequently, it becomes more plausible to argue that land being compulsorily acquired would have been developed at some time in the future and hence valuations should include an assessment of the potentiality of the land (SLC, 2014).

In England, there have been changes to the CPO regime in the Housing and Planning Act 2016 and the Neighbourhood Planning Act 2017. These were intended to make processes clearer, fairer and faster and clarify the no-scheme principle, replacing obscurely worded statute and 100 years of often-conflicting case law with a clearer basis for identifying open market value, ensuring that negotiations on compensation could proceed with more speed and certainty.

Some of the evidence to a House of Commons Select Committee examining land value capture thought these changes would provide greater scope to capture more of the uplift in land value associated with public sector intervention (House of Commons, 2018), but not all agreed. Whilst proponents of acquisition at existing use value have argued that the legislation should be amended so that no account is taken of any prospective planning permission or hope value, many proponents of this change also accept that landowners do need incentives to bring land forward for development given that CPO can be a long drawn out process. A number who gave evidence (Aubrey, 2018; IPPR 2018; TCPA, 2018b) have urged both at the Committee and elsewhere that reforms should enable local authorities to acquire land 'at a fair value'. Although this would remove speculative 'hope' value based on prospective future planning permissions it would still allow landowners to receive a sufficient return on their investment, and give them incentives to bring forward their land. One option advocated by the Town & Country Planning Association is to compulsorily acquire land without the application of speculative hope value, but instead paying landowner existing use values plus a percentage of consented use value (TCPA, 2018b).

Importantly, were the arguments for permitting CPO at existing use value to prevail it would potentially recreate the unfairness of the 1950s between owners of land compulsorily acquired and getting only existing use value and owners of land privately developed and getting full development value on top of existing use value, an unfairness that was resolved by moving to the current position. Although the European Convention on Human Rights (ECHR) defines compulsory purchase of property as not constituting a breach of rights if the public interest is pursued, paying compensation at existing use value may breach rights because the lack of financial equivalency may breach public interest and proportionality tests. Legal experts in England have argued that the greater the discrepancy between the full market value (including hope value) and the price the state is willing to pay, the more there has to be a good public interest for 'not paying financial equivalency' (Denyer Green, 2018).

An alternative to changing compensation rules would be to ensure full coverage of obligations policies and CIL in adopted local plans. If such policies were set out clearly in adopted plans and consistently implemented they should have the effect of reducing land values wherever development takes place, both on sites that are allocated for development and those that are not (since the policies would specify clearly the obligations and CIL payments due wherever development took place). This would affect landowners' expectations as to what they would receive in payment for land. In principle it would mean that the value of a plot of land identified or proposed for development would be the same whether it was acquired by public bodies or by private developers. This approach should bring land values down for all development and address the financial equivalency issues raised by human rights under the ECHR (Crook, 2018).

Dealing with regional disparities in value capture

Others have urged that future policy needs to address regional disparities (for example, TCPA, 2018a,b). The evidence clearly shows that land value capture via planning obligations and CIL can work (at least in vibrant market conditions) in London and the South East. It is much more difficult in other regions. One option is to provide more grant funding for infrastructure as a means of creating land value with repayments of grant built into the grant conditions as and when values rise following investment. As part of this option some have urged hypothecation of SDLT (much generated from transactions in London and the South East) with parts of this earmarked for providing grants to new developments in the northern and midlands regions of England. However, many, including the authoritative. Mirrlees review of taxation (2011), have argued for the abolition of this tax because it hinders mobility for everyone and 'downsizing' by elderly owners looking for smaller homes.

What about more comprehensive systems of land value capture?

Restricting land value capture to new development is a major limitation affecting efficiency and equity as well as revenue raising capacity. It is particularly important where infrastructure provision arising from private development or public investment generates increased values across all existing land uses even where no development takes place because these make up the vast majority of the land and property tax base. However, it also applies to increased values generated by economic growth more generally as well as to the wider benefits of new development. The fact that land value capture is concentrated on new development distorts investment decisions. These complex and wide ranging issues are not the subject of this briefing but were well covered in the Mirrlees review (Mirrlees et al (2011) and a report commissioned by the Scottish Land Commission (Hughes et al, 2018) and were also discussed by Crook & Whitehead (2019).

Future Research Agenda

Whilst the research findings reviewed in this paper provide us with a reasonably rich understanding of how past and current policy works and the funds secured, there is a need for continued research. New research can better inform policy makers and contribute to a wider understanding of the interaction between state actions and land market actors. An agenda might cover:

- Continued work measuring the incidence, value and impact of planning obligations and infrastructure levies. The Ministry of Housing Communities and Local Government has commissioned a series of such studies for England and the most recent commissioned study, examining the year 2018-19, is currently underway. There is a bigger gap in our knowledge of the other nations of the UK, which needs to be filled, not the least by monitoring any new initiatives e.g. an infrastructure levy for Scotland.
- More detailed work, probably on a case study basis, to examine what proportion of development value is being captured through obligations and infrastructure levies and through transactions and gains taxes paid when land is transferred.
- Improving our understanding of how the administrative and political cultures in local planning authorities impact on the development and outcomes of policy at the local level and the extent to which it is these variations in cultures and local practices that shape outcomes rather than market fundamentals.
- More detailed work on negotiations over viability and how far plan wide viability policies determine outcomes in site-by-site discussions, combined with continuing work on viability models and how far so-called benchmark land values determine owners' willingness to sell land for development.
- Examining the regional issues involved in terms of how far the success of raising funds in southern Britain through S106 and CIL contributes to regional inequalities and how any inequities might be addressed.
- Continuing work on looking at experience overseas within a clear analytic framework that looks at the transferability of experience. This might build on the current Lincoln Institute of Land Policy/OECD project to create a directory of global practice identifying what happens in a large number of both developed and undeveloped countries (OECD, 2019).

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