

Town & Country Planning
Tomorrow Series Paper 20

sharing the uplift in land values

a fairer system for funding and
delivering housing growth



Summary of proposal O Highbury Group

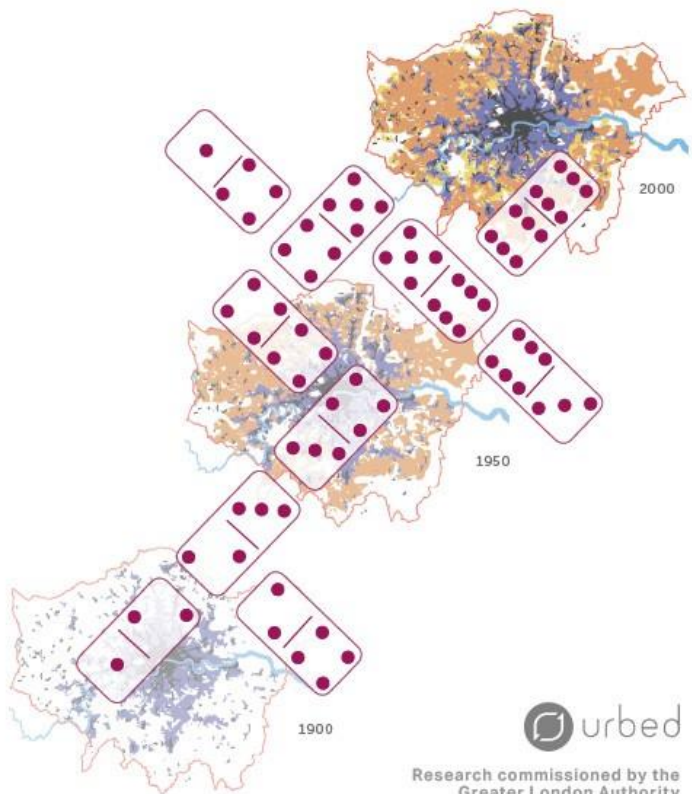
Dr Nicholas Falk
www.urbedtrust.org

December 2nd 2019

Previous reports showed how to mobilise land

CAPITAL GAINS:


A BETTER LAND ASSEMBLY MODEL FOR LONDON



2000

1950

1900

 urbed

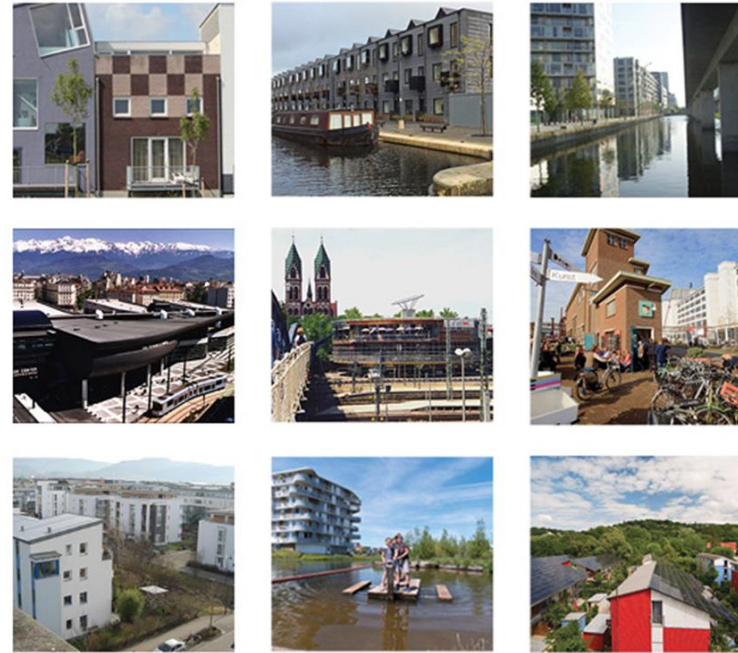
Research commissioned by the
Greater London Authority

LAND FOR HOUSING:

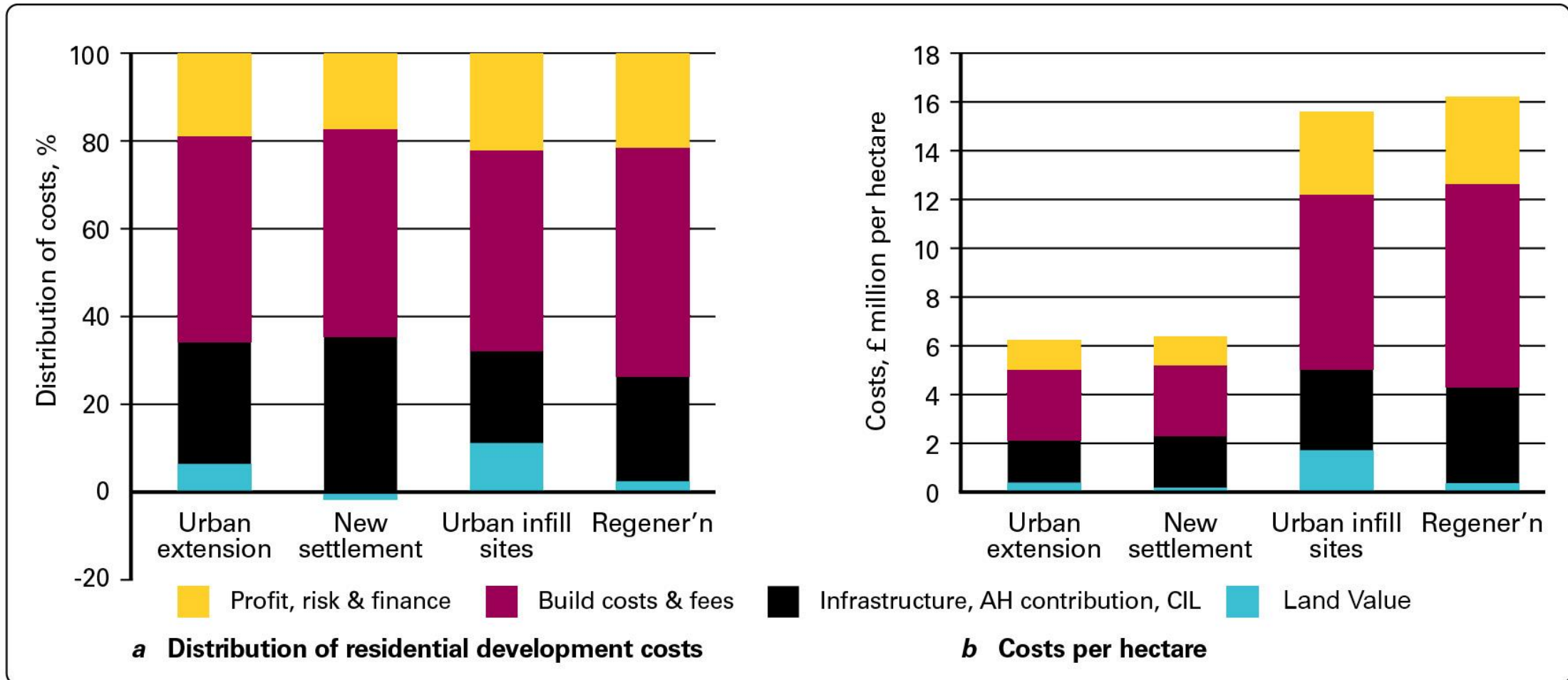
Sharing the uplift in land values
from growth and regeneration

Dr. Nicholas Falk

February 2019



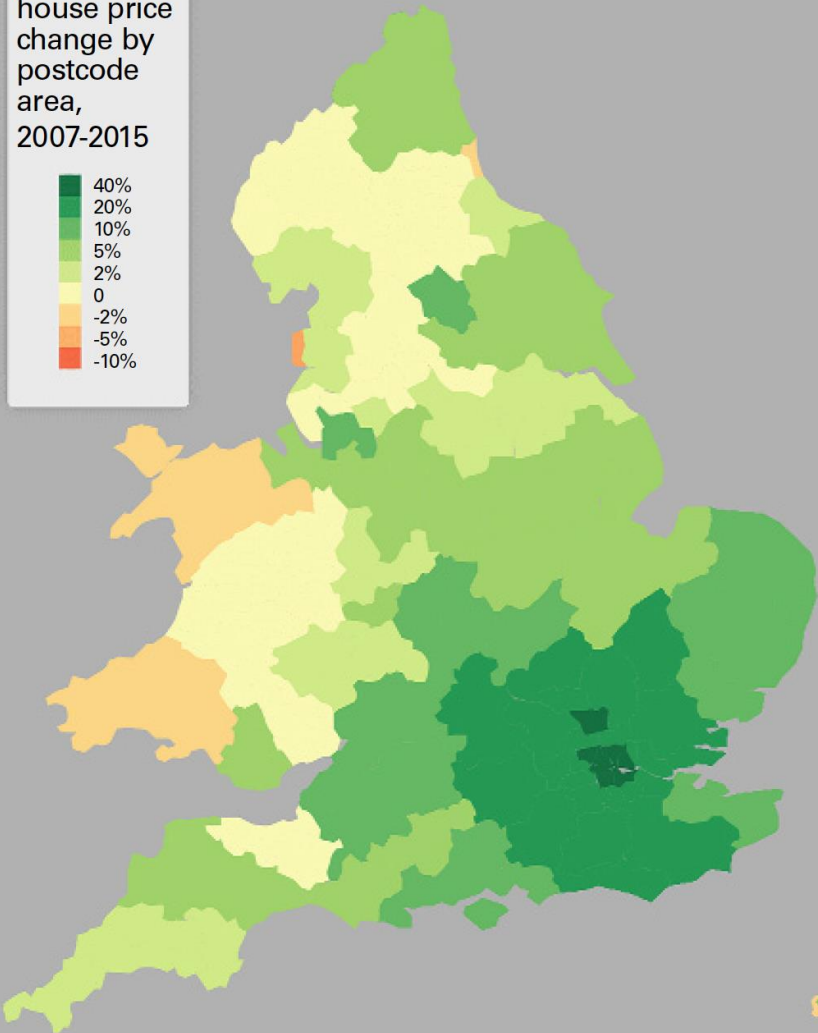
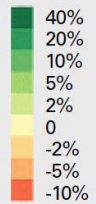
Land values are the key variable



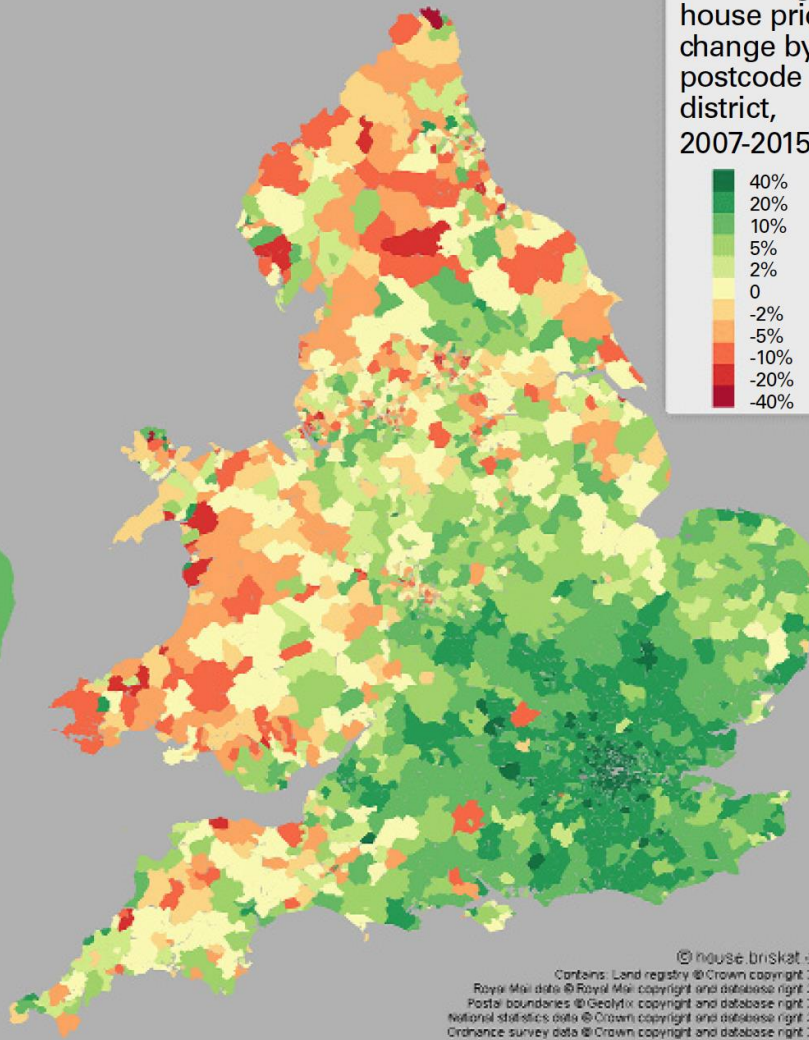
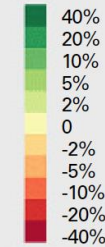
House prices have arisen most around London



Percentage house price change by postcode area, 2007-2015



Percentage house price change by postcode district, 2007-2015



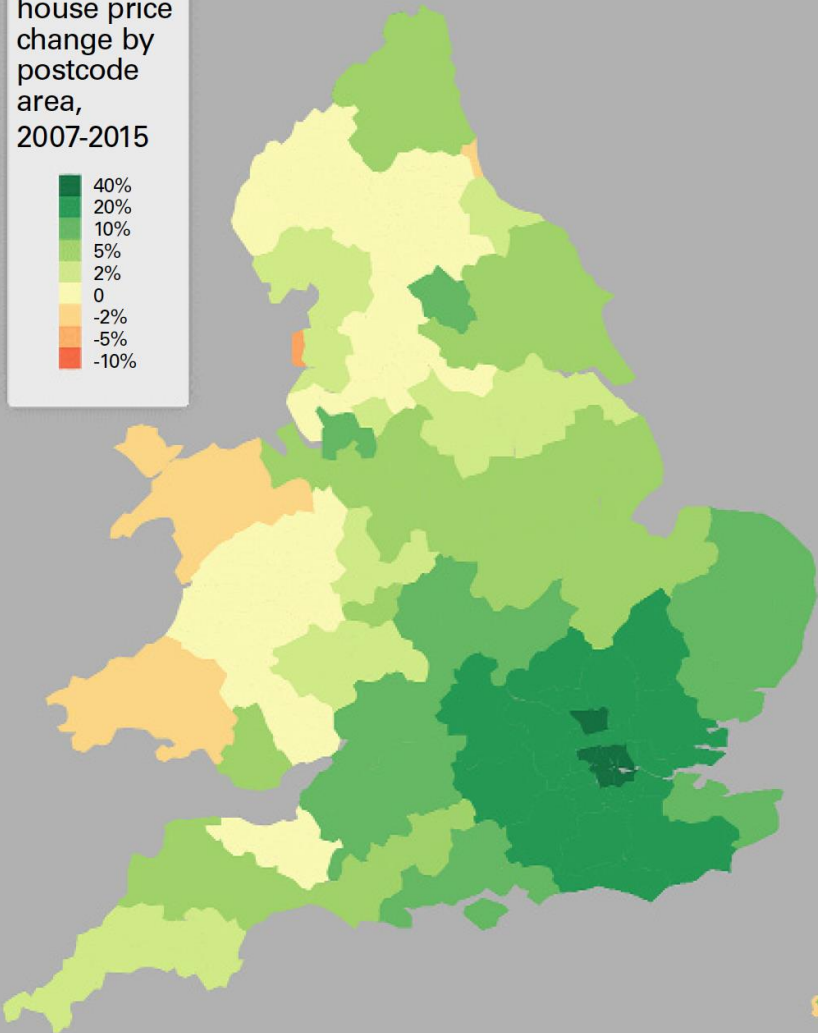
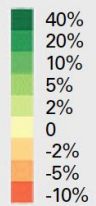
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Source: House.briskat.com,
using Land Registry, Ordnance
Survey and Royal Mail data,
with information generated by
<https://a.plumplot.co.uk>

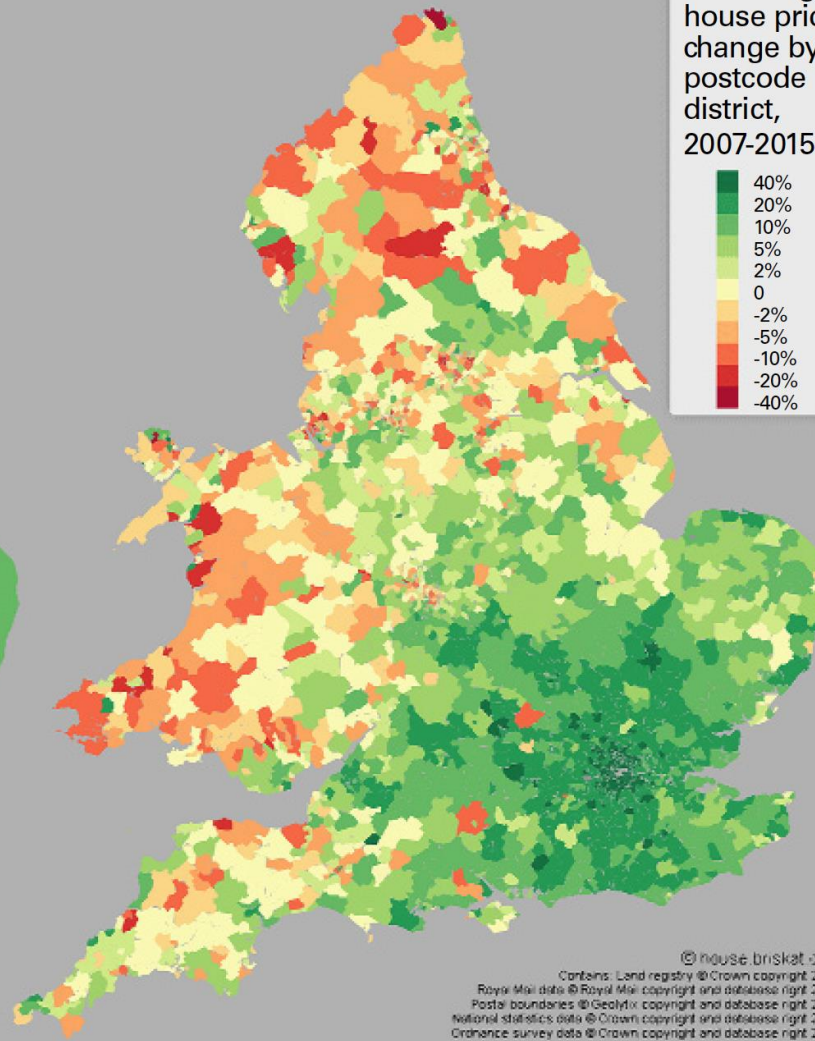
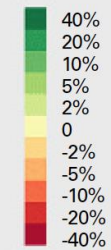
House prices have arisen most around London



Percentage house price change by postcode area, 2007-2015



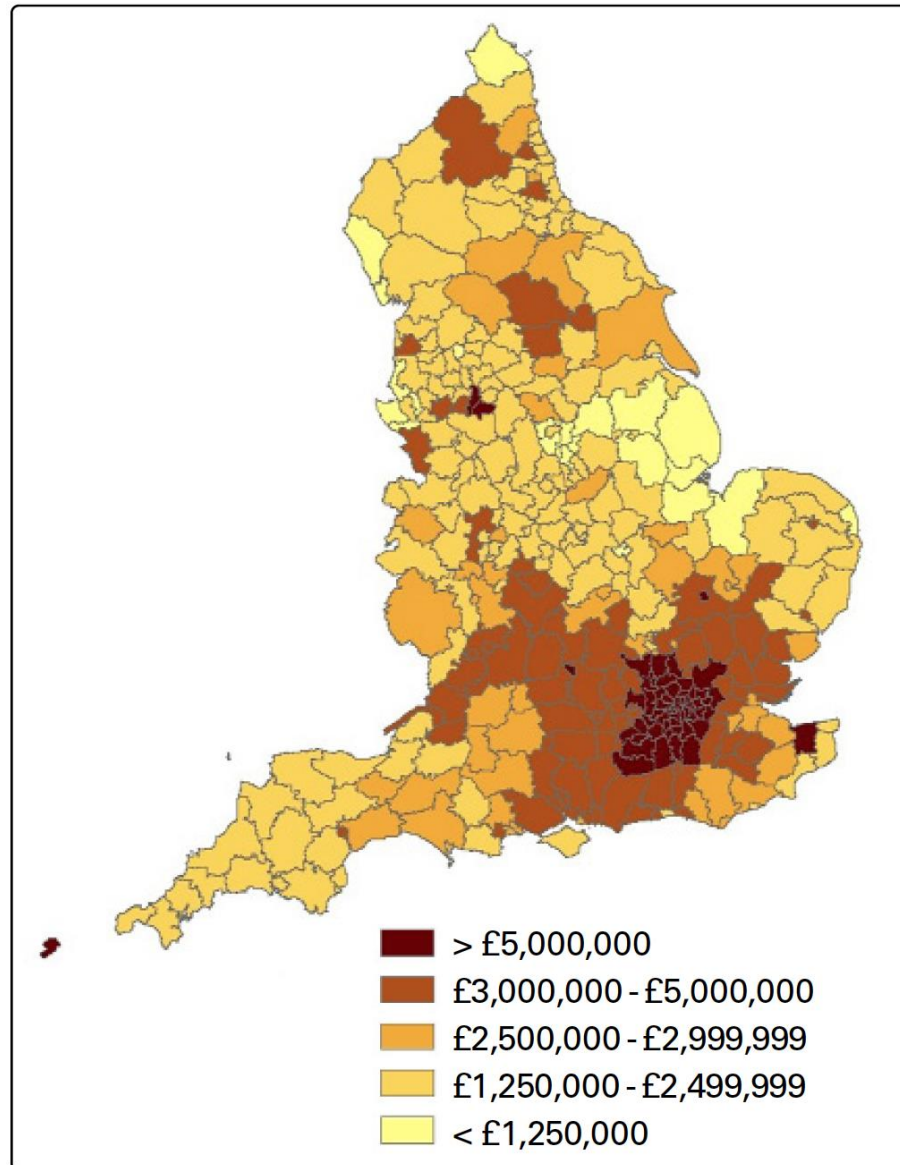
Percentage house price change by postcode district, 2007-2015



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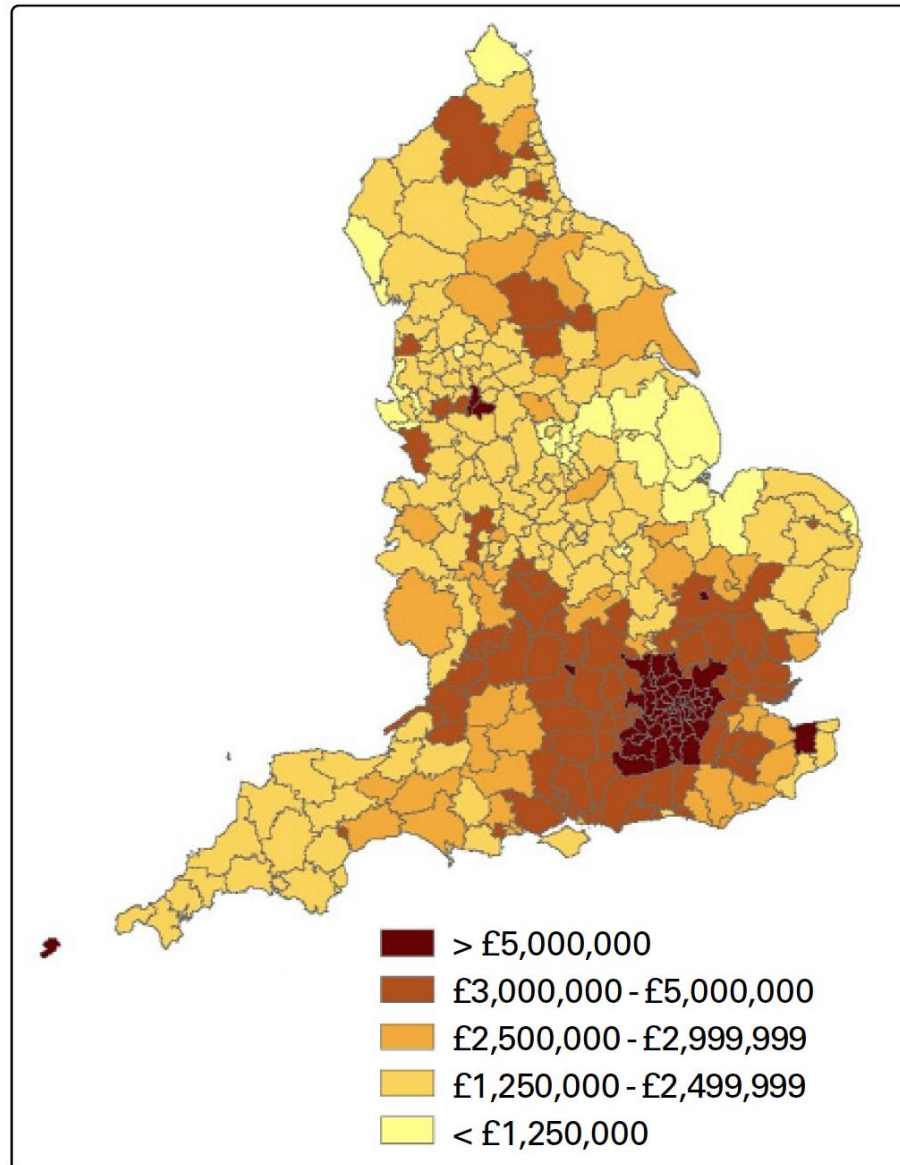
Source: House.briskat.com,
using Land Registry, Ordnance
Survey and Royal Mail data,
with information generated by
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Land values are highest in the South of England



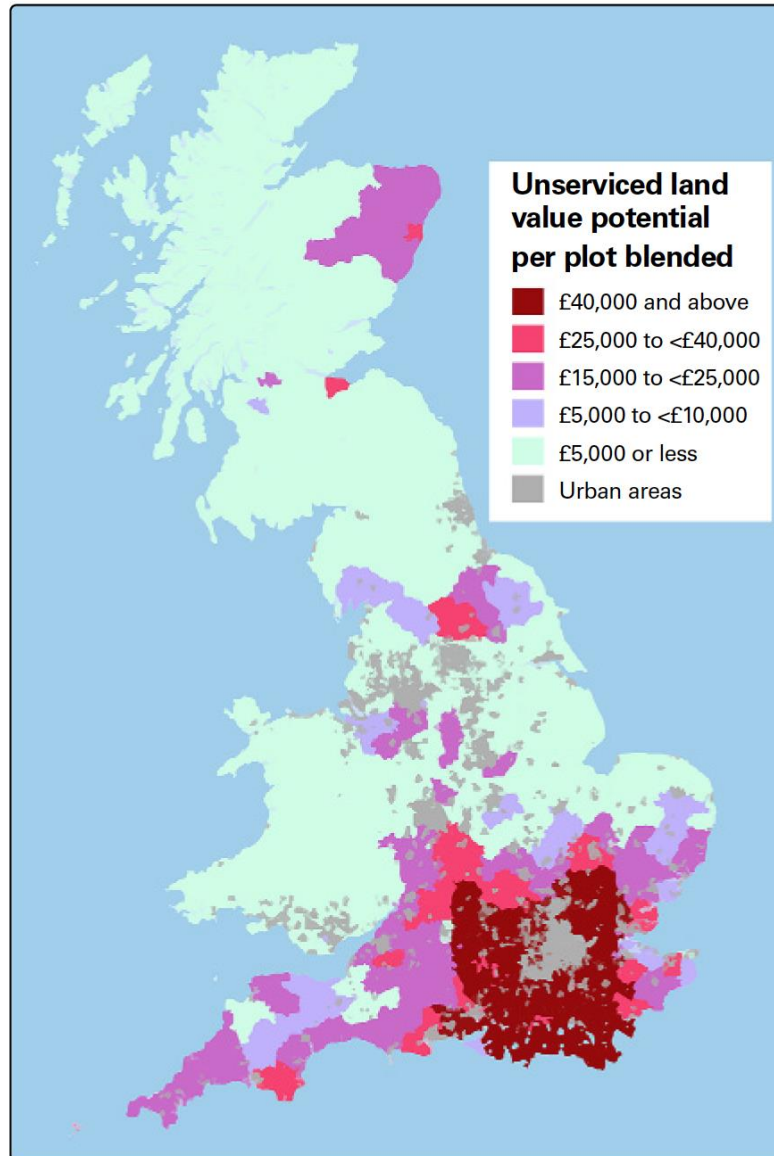
Source: Paul Cheshire, 2007 data

Land values are highest in the South of England



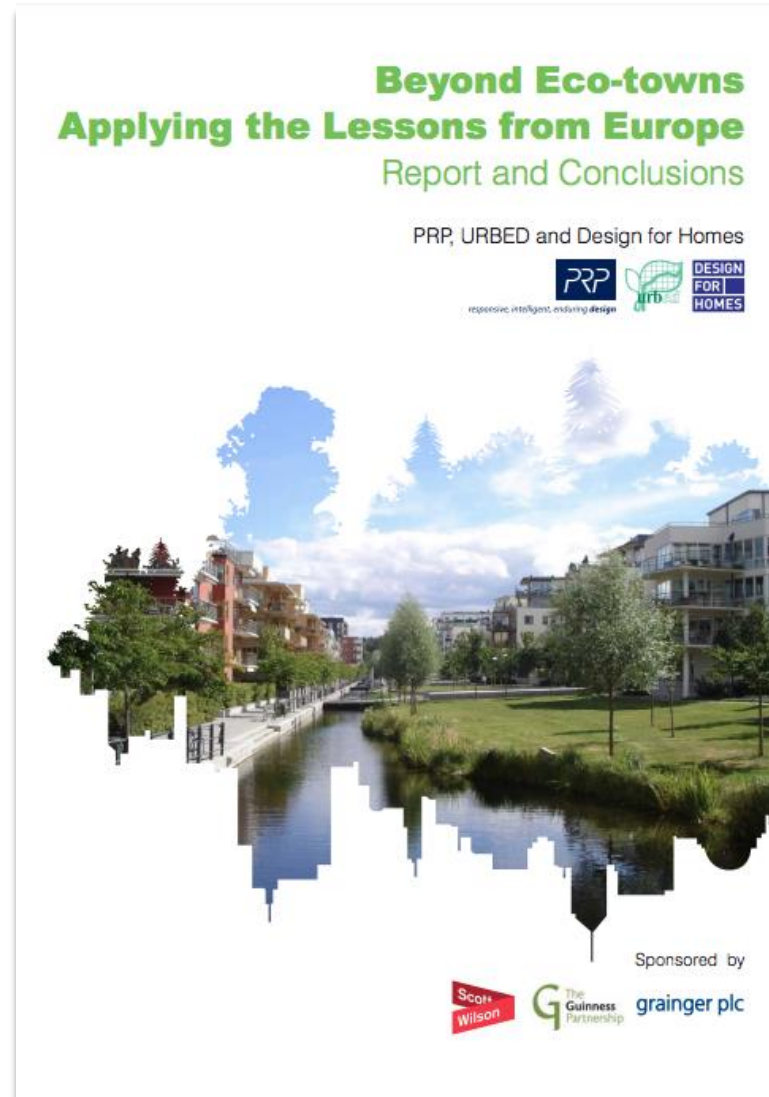
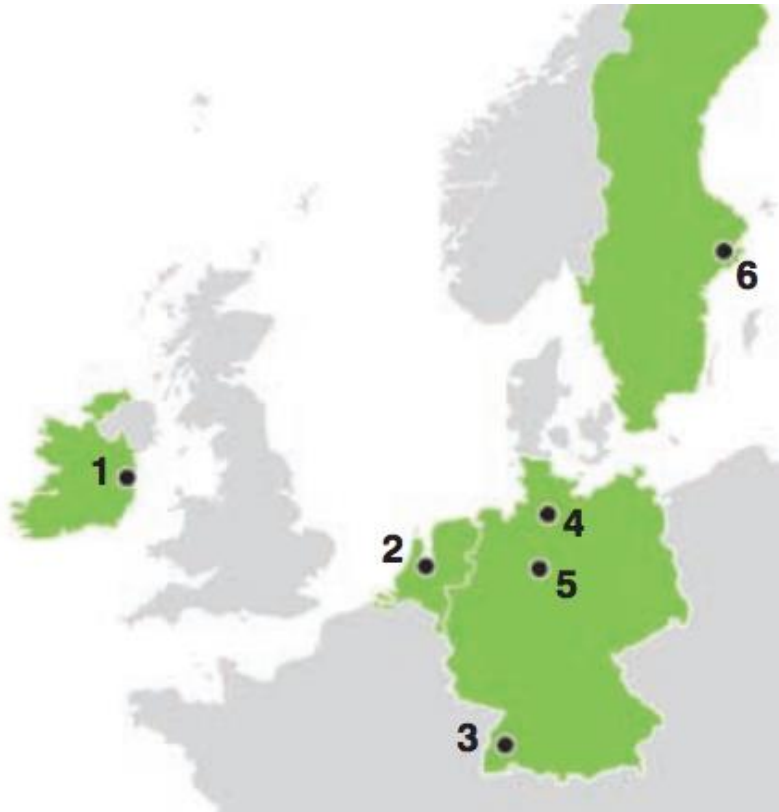
Source: Paul Cheshire, 2007 data

Land value capture potential is greatest around London and other big cities



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

The UK can learn most from how Europe builds housing



German cities mobilise under or poorly used land using Building Groups to create diversity

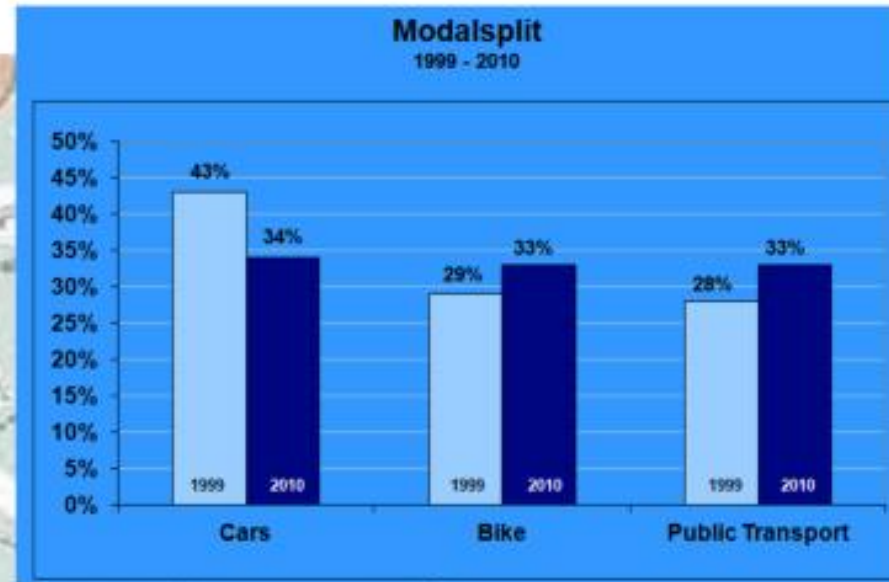
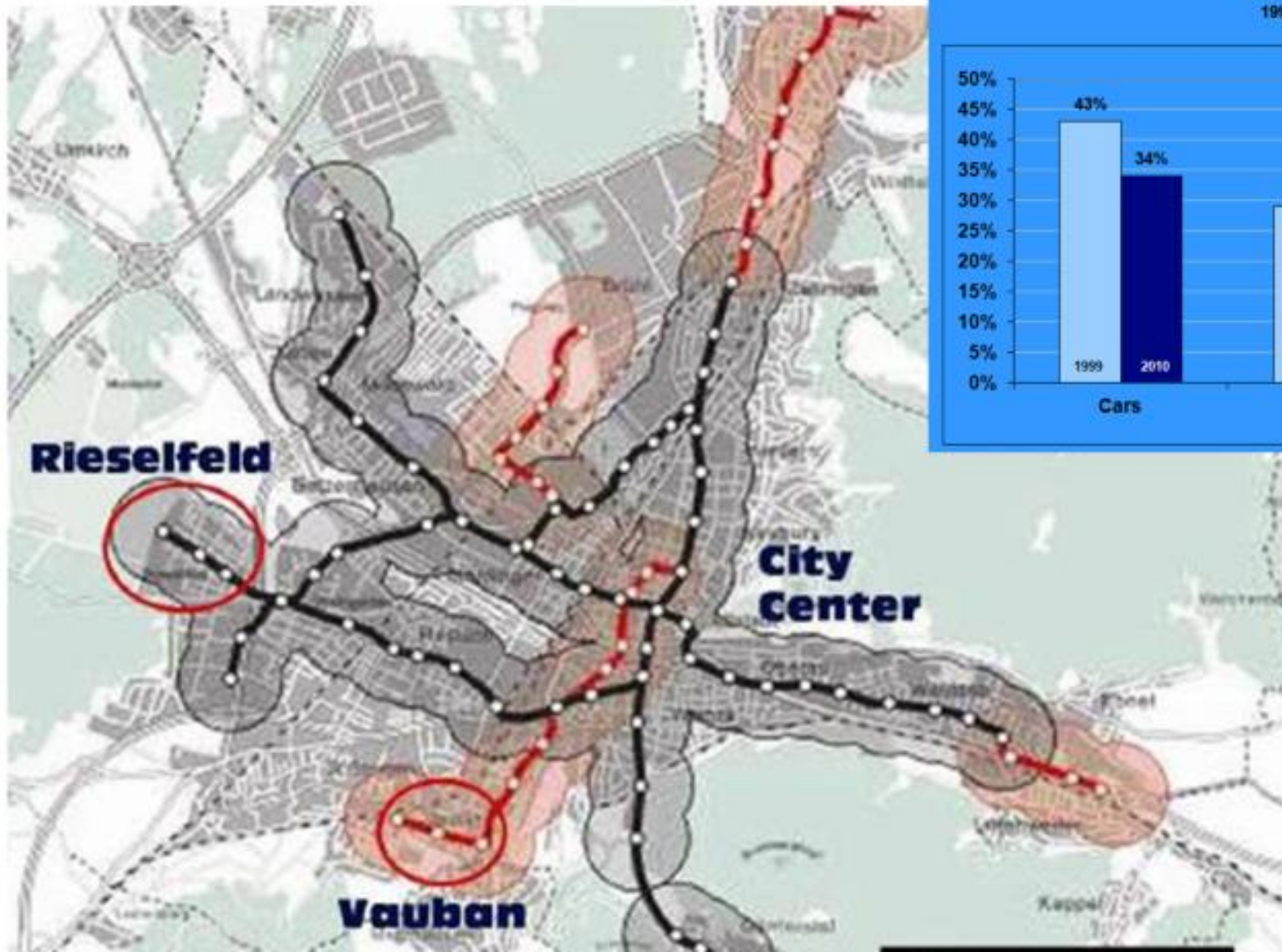


Aerial view of Rieselfeld, Freiburg

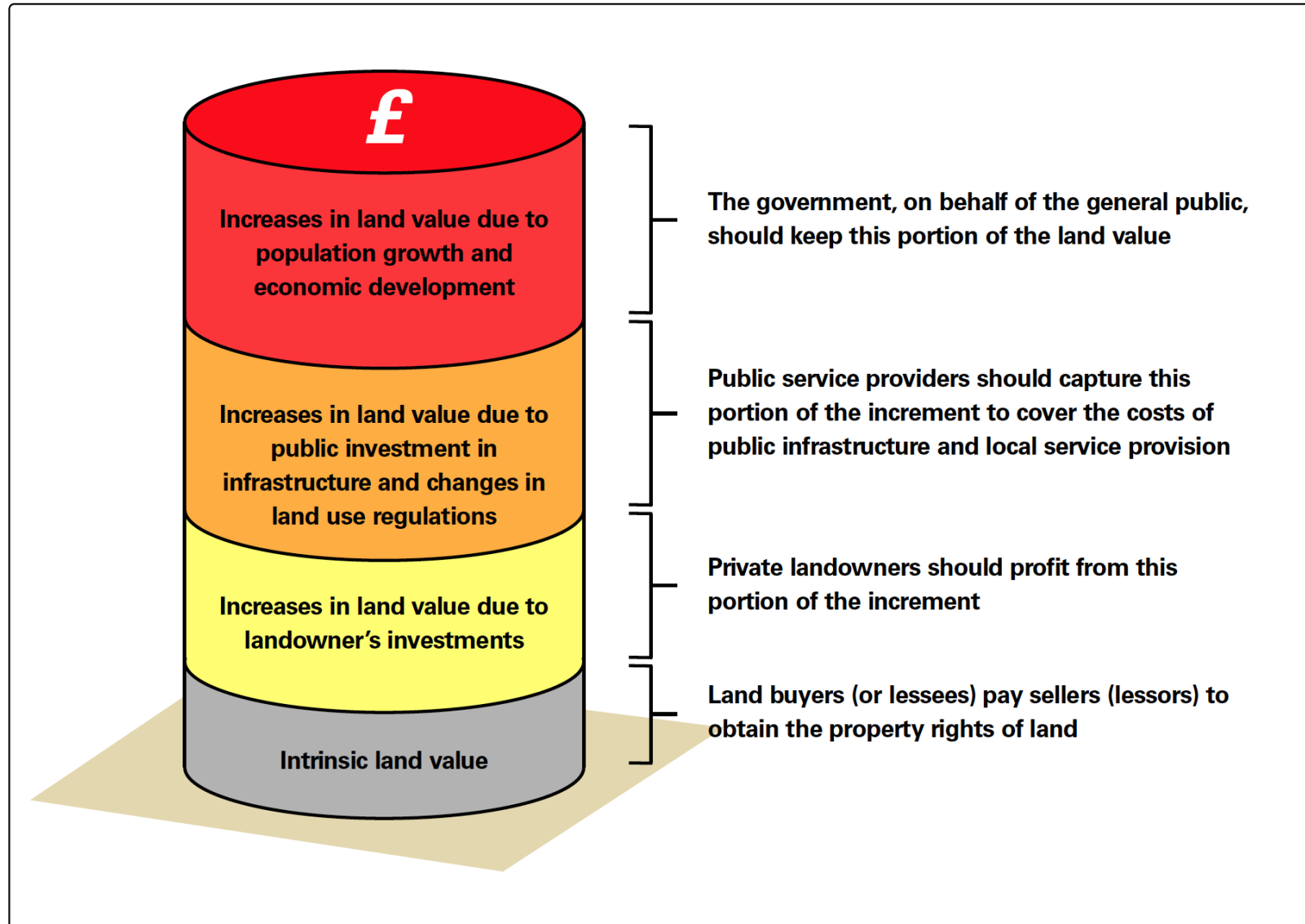


Housing built around courtyards in Rieselfeld

Freiburg has cut car usage over 30 years by growing a compact city along tramlines



A few American cities like Portland have found the answer



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

Portland controls Floor Area Ratios (FAR)

The City stimulates private development of housing along a new tram line through higher Floor Area Ratios (FAR) and mixed uses



Proactive planning boosts the yield from development



Partnerships and agreements



Developer Contribution (131 Du/Acre, Land Dedication, and participation in LID)
Existing Zone From 14 Du/Acre
Removal of the Love Joy Ramp to 87 Du/Acre
Construction of First Neighborhood Park to 109 Du/Acre
Street Car to 131 Du/Acre

City Contribution
(\$150,000,000 in Tax Increment Financing and Urban Renewal District Grants)

Costs

Additional Public
Contribution

Land Value
(Residential, Office, Retail)

Tax Increment Financing

Benefits

Open Space

Affordable Housing
(FAR & Subsidy)

Infrastructure

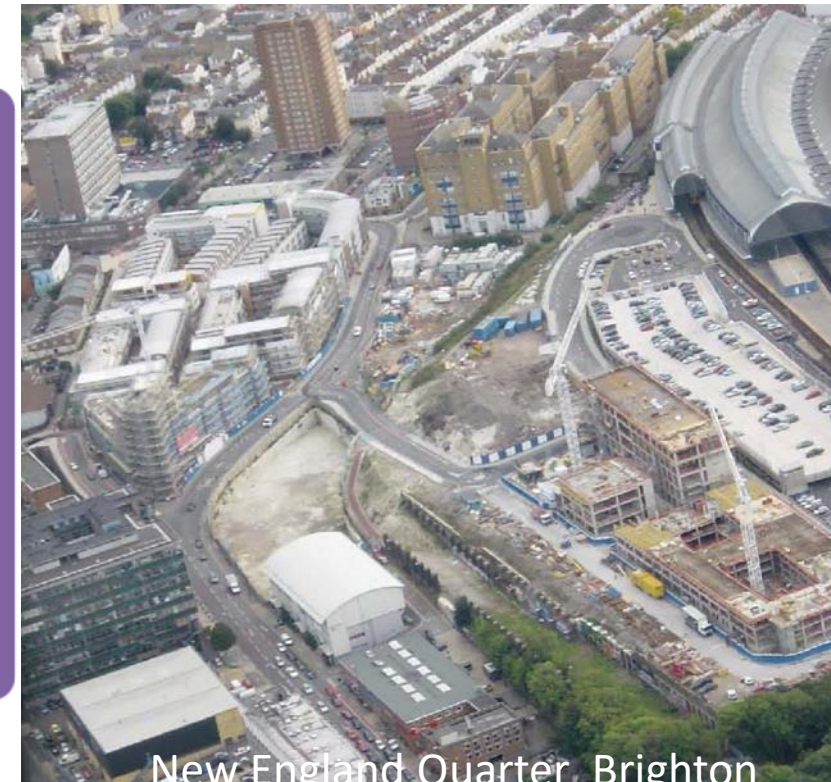
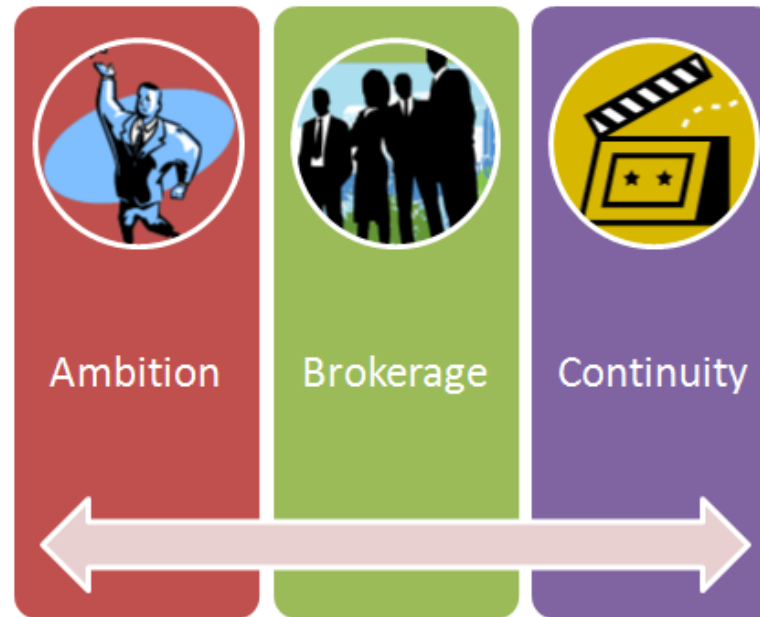
Site Acquisition



ABC for successful development



- **Ambition:** join up development and infrastructure
- **Brokerage:** make the numbers stack up eg incremental development, deferred purchase, land pooling
- **Continuity:** stick at it – regeneration takes a generation so invest in stewardship



Steps to progress are:



1. **Spatial growth plans**
 - a. Map infrastructure capacity
 - b. Anticipate demands
2. **Land assembly powers**
 - a. Pool public land
 - b. Mobilise under-used private land
3. **Cheap finance for infrastructure**
 - a. Borrow against land value uplift
 - b. Sell off serviced plots
4. **Frameworks for balanced incremental development**
 - a. Define proportions of affordable/social housing
 - b. Endow trusts to maintain public space



My paper for the TCPA sets out eleven proposals:



1. Spatial growth plans
2. A better model for land assembly
3. Development land charge
4. Land value rating
5. Property tax reform
6. Growth bonds
7. Community investment banks
8. Municipal Investment Corporation
9. Development corporations
10. Development trusts
11. Local Infrastructure Trusts

