

Just Space conference 4 February 2016
Report of workshop on land Value Capture, 'viability' and related matters

Working groups on housing in recent months considered that a wider discussion of land values, land value capture and taxation would be a valuable element in the conference, as a deeper way of approaching "viability", Section 106, CIL and so on. After all, those devices are all attempts to "capture" bits of land value growth for collective purposes.

London's communities engaged with planning have become more and more involved with issues surrounding S106 and land values and how these affect the delivery of social housing and social facilities. Property values in London are astronomical and they have been growing incredibly fast and recovered quickly after the property crash. There is now a new property boom; the largest growing occupational category in London is estate agents. There needs to be a discussion about how to get around these issues in a more strategic way and in the broader framework of social benefits to London people, rather than on a case-by-case basis. The mayoral campaign is also an opportunity to elaborate what we can do in the next months. (Michael Edwards, facilitator, opening discussion.)

Duncan Bowie: The history of land nationalisation and land value taxation to support civic infrastructures goes back a long way. In London value capture worked well between 2004 and 2008 but started to fail after the recession.

In London the battle to extract more value from developments has become very hard due to the very high value of land.

- Local authorities should have more powers to acquire land at pre-housing costs (i.e. non-residential use values) in order to build what they need at low cost.
- S106 and CIL do not capture long term value increases.
- Property and land taxation must be calibrated so that land gets developed.
- Capital gain on property should be taxed especially where land /properties are underused.
- Need more research on this.

George Turner explained what viability is and its importance in relation to the discussion of value capture. The Planning system is the mechanism to share land values, so the land value uplift might not matter if it is better redistributed. The planning system has been obliged to subsidise development when it is likely to produce profits below private developers' expectations. The subsidy takes the form of a reduction in duties under S106 or duties to provide affordable housing or social infrastructures.

- Viability studies are the mechanism to assess whether a development is below profit expectations. The fact that developers in London are not building social infrastructure and still making profit demonstrate that the mechanism is not working. Developers are being dishonest in their assessment.

- Confidentiality is not inscribed in legislation but it has become standard practice for local authorities' officers to deny full disclosure of viability studies to the decision makers and the public. The practice has also been upheld by a number of court judgements such as the Shell Centre case.

The system is designed to facilitate corruption.

-Recent campaigns have put councils and councillors under pressure to disclose assessments and some London's boroughs have developed policies for this (Islington, Southwark, maybe Hackney). Southwark's council will only request disclosure if the development chooses to go below the 35% share of "affordable" housing.

- Nicky Gavron is proposing that the mayor should introduce such policy and JS should ask all candidate mayors to do so. (Note Nicky Gavron letter to the Mayor on behalf of Assembly Planning Committee a few days ago)

Pat Turnbull. (HA but previously) Council tenant, involved in two regeneration schemes in Hackney since 1999. The residents worked on a scheme that was put on hold during the recession after several years of discussions. The council now wants to proceed but "viability" demands increase in density with two new 16-20-storey towers.

Bonnie Vandesteeg. Negotiation on viability can include changes to the hectareage of the development (see Bishopgate Goodsyrd and Kentish Town)

Stephen Hill. Viability studies are done by a variety of professionals. Some are qualified surveyors; some have no training.

- the charter of RICS requires its members to work in the public interest. It goes back to the 19th century and requires them to get the optimum use of land for social and economic value. Residents and campaigners should take issues with the professional bodies to the High Court and challenge that, even if they are not doing anything illegal or corrupt, they are behaving against the public interest.

Catherine MacArthur. Suggested that Agenda 21 is the reason why local authorities are against social housing. Their interpretation of the Agenda is supportive of high density residential hubs around transport nodes.

xxxxx: If land is owned by the council, its value should not be included in the valuation of the costs of development.

Duncan Bowie: local authorities are now going against their own planning policies in order to get as much money value as possible from disposals of their own land. Short-termism is understandable due to cuts to councils' budgets. TfL is doing the same on its own land with the collaboration of the London Mayor.

Duncan Bowie, Steve Birak and others on the role of planning in land value.

- Local authorities should keep their land and if they don't they should get longer term benefits. (This must be wrong - ed)
- A stronger planning system can restrict those transfers of value from social to private.
- Our main demands should be to keep our land in public ownership or occupy it if needed.

Anne Gray: Haringey Council has based its evidence for the local plan on data and figures taken during the recession, so can it be considered unsound because of not-up-to-date values? Duncan Bowie says yes.

xxxxxxx: adequate information is essential, especially on land valuation: how value arises in the first place and becomes part of the circulation. The terms of land buying and selling are crucial.

- Most valuable short-term tactics is to get more information. (Michael Edwards replied that Just Space will engage with the production and circulation of more information)

Glenn Power

- law that allows Local Authorities to sell land or interest in land at below market value is extended to TfL and Network Rail.
- Housing associations did not have to pay for the land when the transfers from local authorities were made. HA should now be required to deliver much more

than the 35% that is requested from private developers who have to pay for the land.

Anne Gray and others on privatisation of housing delivery

- Hackney is building housing on their land but they have to sell to private market 1.5 units for every 1 social housing unit they build.

- Haringey willing to give public land to a joint venture company that is 50% private and 50% public. It is a threat to public accountability.

END – note by Elena Besussi

The following had signed up in advance for this workshop, though not all took part. Others may have joined in as well.

Michael Edwards – Bartlett Planning UCL **Workshop leader**

Duncan Bowie – University of Westminster **Panel member**

Robin Hawkes- West Ken & Gibbs Green

Betsy Dillner – Director Generation Rent

Anne Gray – Our Tottenham, Haringey Green Party

Steven Boxall – FORGE/ Regeneration X

Melissa Fernandez – LSE London

Dee Searle – Green Party/ IF project

Glenn Power - Tower Hamlets Tenants Federation

Stephen Kenny - Grove Park Neighbourhood Forum

Santa Pedone – Ubele

Bonnie Vandesteeg – Tower Hamlets Renters

Alastair Murray – Housing Justice

Barbara Lipietz – UCL DPU

Timothy Toh

Daniel Fitzpatrick – UCL Planning

David Farnsworth – Freelance Consultant

Sarah Sackman – Barrister, Francis Taylor Building

Catherine MacArthur - Bruce Grove Residents Network

Kathleen Egan – Age UK London

Pat Turnbull – London Tenants Federation

Marie Bernard

Maddie Guerlain – Sustain

Tony Linforth-Hall

Beth Stratford

Robin Grey – Three Acres and a Cow

Kathryn Johnson – Sustainable Hackney

Jo Meehan – Old Kent Road People

Isabella Coin – Shared Assets

Elena Besussi – UCL Bartlett

Liam Kelly

Rob Logan – Community Food Growers Network

Michel Prigent – London Housing Federation

Dr Michael Parmar – DharArt Ltd

Stephen Hill – Future Planners

David Boardman – Kennington Oval and Vauxhall Forum