



# Land Value Capture

## Funding Infrastructure & Affordable Housing

**LGA National Housing, Planning & Infrastructure Conference**

**Thomas Aubrey**  
**Director, Centre for Progressive Capitalism**

# UK has poor housebuilding record



Centre for Progressive Capitalism  
*dynamic markets, inclusive societies*

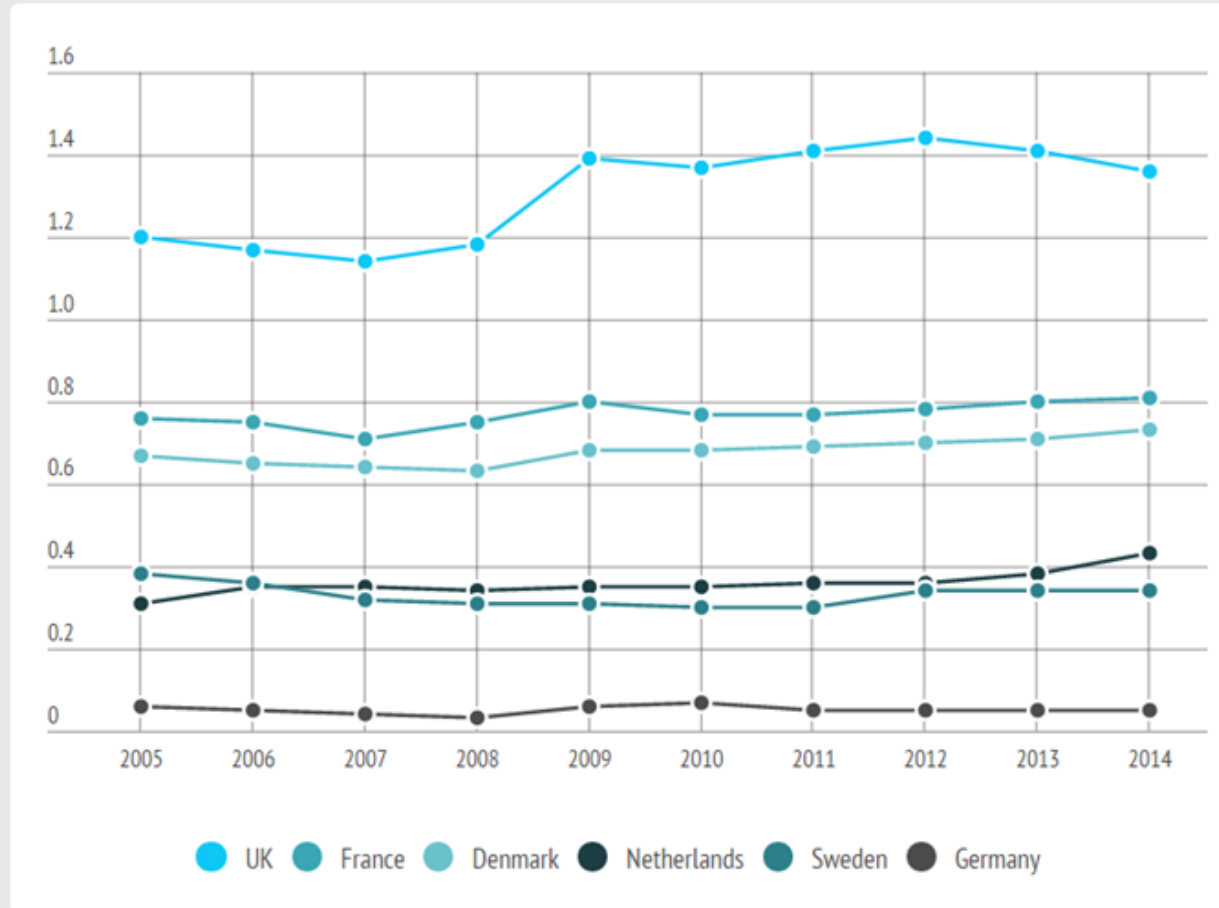
Dwelling completions per 1000 population 1975 - 2014	
Netherlands	5.9
France	5.4
Germany	4.6
Denmark	4.3
Sweden	3.9
UK	3.5

Source: Centre for Progressive Capitalism

# Record housing benefit payments



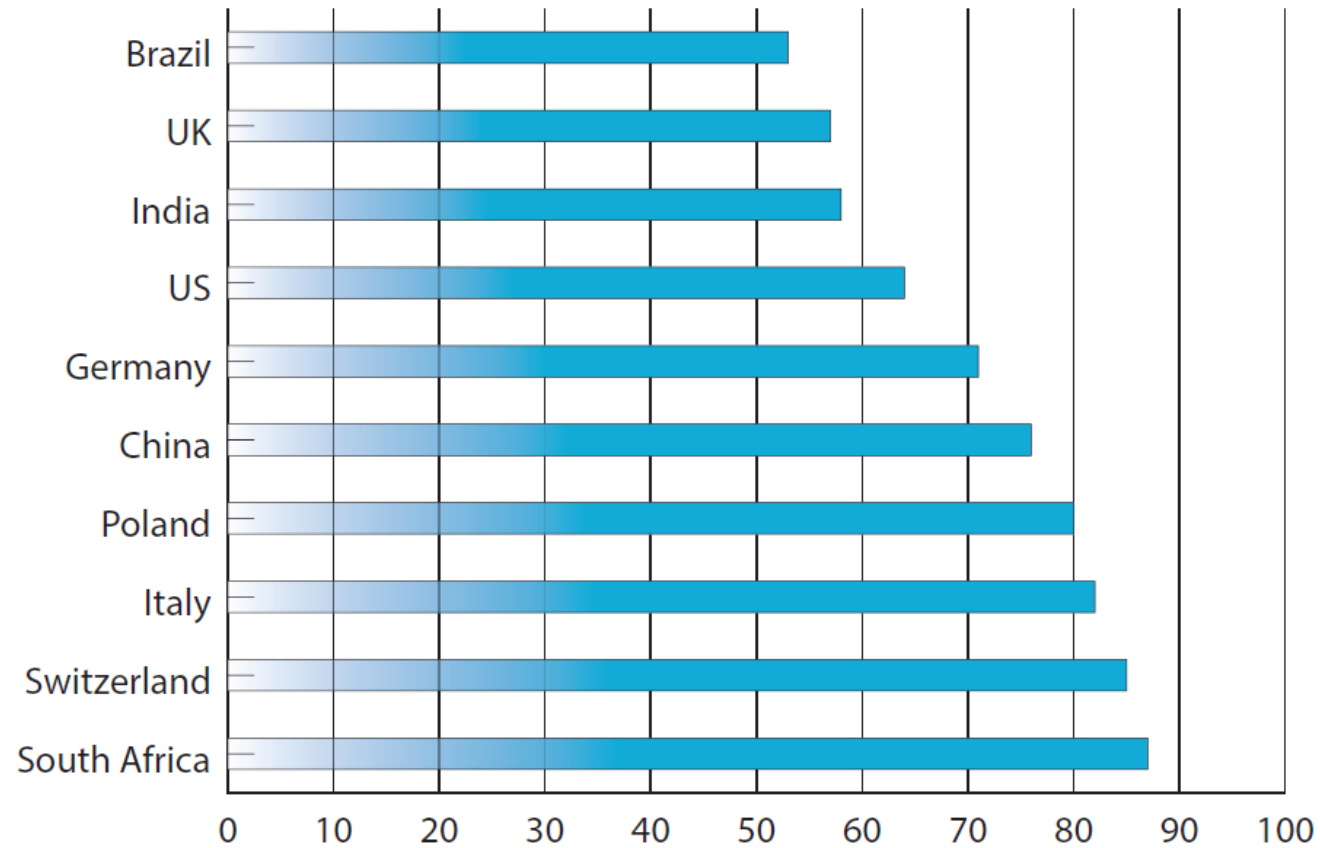
Cost of housing benefit as a share of GDP across Europe, 2005-14  
(% of GDP)



# Infrastructure a limiting factor



Chart 1.1: Total infrastructure stock as a proportion of GDP, 2013<sup>4</sup>



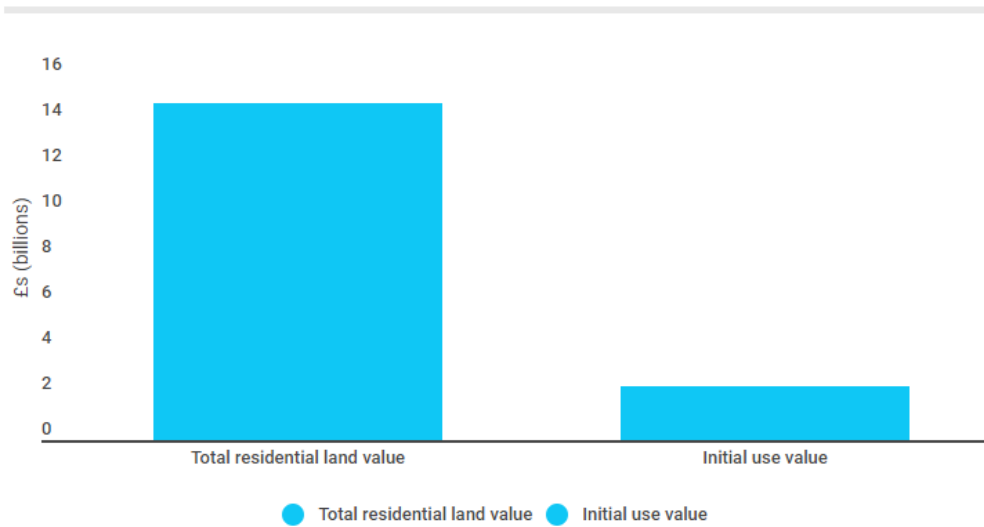
Source: McKinsey & Co

# Analysis of land value capture



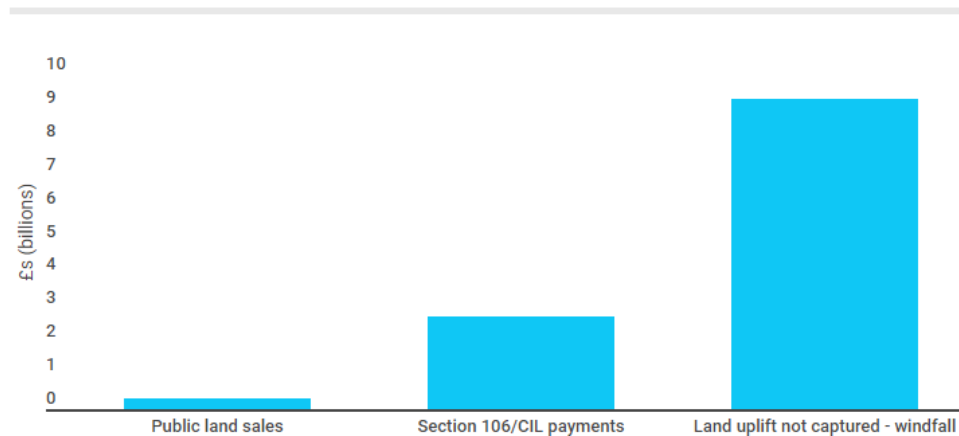
Difference between use value & residential value

(England new builds 2015)



Contribution to land value uplift

(England new builds 2015)

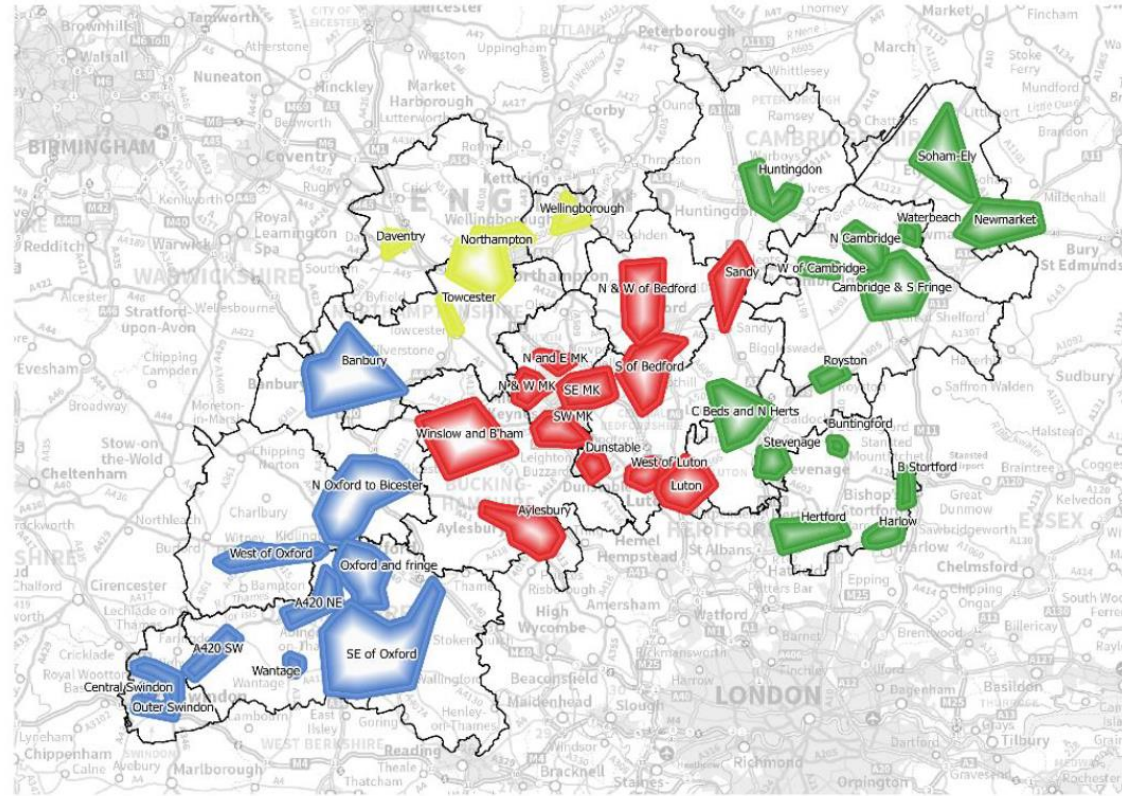


Reform 1961 Land Compensation Act to remove distortions from price mechanism and eliminate state guarantees for monopoly profits

**“No account is taken of any prospective planning permission in land designated by local authorities for infrastructure including housing”**

**Note: This approach conforms to ECHR requirement for land to be acquired at market values and follows best practice in France, Germany & The Netherlands**

# East-West Corridor test case



Source: Savills

Costs	£bn	Revenues	£bn
Transportation	7.9	Sale of land plots	9.3
Additional infrastructure	1.3	Affordable housing receipts	8.4
Affordable Housing	3.4	Business rates supplement	0.7
Operational costs	1	Track charges & station rental income	3.1
<b>Total</b>	<b>13.6</b>	Utilities	0.6
		<b>Total</b>	<b>22.1</b>

Source: Centre for Progressive Capitalism