

CEM The College of Estate Management

Using land values to fund infrastructure: Will the Community Infrastructure Levy Work?

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FIG Stockholm 2008

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Contents

Background;

Planning-gain Supplement;

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Conclusions

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Issues:

Housing shortage in parts of England;

**Existing Planning Obligations (s. 106 agreements)
linked to development site;**

Barker Review on supply of housing:

- “Windfall gains” should be taxed;
- To benefit Community more widely;
- To fund infrastructure for new housing.

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Planning-gain Supplement (PGS)

Proposed Planning-gain Supplement;

- Payable on grant of planning permission;
- Based on uplift in value - Betterment tax;
- “Modest Rate”;
- Burden of tax to fall on landowner;
- Rejected by property industry.

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Why was PGS rejected?

Experience of Betterment taxes in UK:

- Reduces/halts supply of land;
- Expensive and complicated to administer;
- Yields little or no revenue;
- Huge administrative burden on authorities;
- Politically unacceptable.

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Community Infrastructure Levy

- **Designed to recoup uplift in value;**
- **Funds Infrastructure for new developments;**
- **Development Plan-led;**
- **Cost of infrastructure apportioned to development;**
- **Hypothecated to local authority area;**
- **Some Regional funding;**
- **Burden to fall on land owner.**

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Local Planning Authority

- **Identifies land available for development;**
- **Decides what infrastructure is needed to support it;**
- **Cost of infrastructure;**
- **Apportions cost on a property-by-property basis;**
- **Negotiates payment with developer;**
- **Developer buys land at a reduced price.**

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**CIL does not necessarily rely on an uplift
in land values**

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Milton Keynes' "Roof Tax"

- **Planning Tariff;**
- **Provision and timing of infrastructure agreed;**
- **English Partnerships acts as "Banker";**
- **Being adopted by other local authority areas.**

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S. 106 agreements

- **Specific off-site benefits linked to individual developments;**
- **Source of funding for affordable housing;**
- **May be "scaled back".**

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Betterment

Increase in land values caused by community activity;

Development value:

- Accrues on a specific event;
- Result of public actions;
- But no funds available to pay at that time.

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Whose betterment is it?

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Planning Bill

- **No details included;**
- **Needs further regulations;**
- **No clear mechanism to ensure land owner bears tax burden;**
- **Allows for a betterment tax.**

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Watch this space?

Thank you very much.

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