



SCOTTISH LAND COMMISSION
COIMISEAN FEARAINN NA H-ALBA

Land Value Sharing: Toward a More Collaborative Approach to Place-making

Shona Glenn – 15th November 2018



What is Land Value Capture?

A set of mechanisms used to monetise increases in land value that arise from public policy decisions or specific development events for the public benefit.

- Policy decisions or events such as...
 - infrastructure improvements
 - planning permission
 - wider societal changes
- A concept rather than a specific policy prescription



The Tool Box

- Planning led tools
 - current e.g. S.75, Community Infrastructure Levy
 - emerging e.g. infrastructure tariffs and levies
 - land pooling and zoning approaches
- Commercial tools
 - e.g. joint ventures and public interest led development
- Fiscal tools
 - local and national taxation



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Why Land Value Capture?

“Roads are made, streets are made, services are improved, electric light turns night into day, water is brought from reservoirs a hundred miles off in the mountains - and all the while the landlord sits still. Every one of those improvements is effected by the labour and cost of other people and the taxpayers. To not one of those improvements does the land monopolist, as a land monopolist, contribute, and yet by every one of them the value of his land is enhanced.”

Winston Churchill, 1909

"Too much development in Scotland is a missed opportunity and of mediocre or indifferent quality. There are a few examples of new or regenerated places which are well thought out, some fine new buildings and smaller projects that are to be welcomed but they are the exception rather than the rule. The ultimate test of an effective planning system is the maintenance and creation of places where people want to be. We need to rise to that challenge."

Council of Economic Advisors, 2008



Public Interest Led Development

"Public interest-led development occurs when a public sector body takes a leading role in initiating and driving forward major physical development in order to achieve particular public policy objectives. "

Tolson & Rintoul, 2018

- Need for a more proactive approach
 - provision of “patient capital”
 - long-term vision
 - well-resourced, multi-disciplinary teams
 - willingness to accept risk



Lessons from History

- We've been here before (at least four times!)
 - lack of political consensus
- Resources
 - under-resourced schemes have failed
- Fairness
 - the emergence of parallel land markets



Zonal Approaches

- Zonal approaches to land value capture
 - active approach to public land assembly
 - strong plan-led system
 - limited use of CPO
- The role of compensation
 - combative approach = inertia and resistance
- Need to ensure financial equivalence
 - use planning policies to shape land values



Land Pooling

- German land readjustment
 - land value frozen on designation
 - municipality **temporarily** pools land
 - serviced sites sold back to original owners (at higher price)
- Harnessing the rational self-interest of landowners
- CPO powers rarely used
- Potential for Masterplan Consent Areas?



Fiscal Tools

- Finite pot for developer contributions
 - Potential land value uplift = £230 million/year (Brett Associates)
 - £130m already captured
 - Potential additional pot of £100m
 - 3.5% of Scotland's infrastructure needs
- Potential role for local taxation?



The Way Forward

- No silver bullet
- Make greater use of existing mechanisms
- Use planning policies to shape land values
- Consider potential for land pooling (land value sharing)
- Investigate use of fiscal tools



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Thank You

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