

Final evidence session, land value capture inquiry

The Housing, Communities and Local Government Committee's inquiry into land value capture heard from their final witness this week: Housing Minister, Kit Malthouse MP, aided by MHCLG mandarin, Simon Gallagher. Amid the growing clamour for an overhaul of business and property taxation, Malthouse reminded us that governments tend towards incremental change rather than dramatic reform.

The Government is focused on making sure the current system is working to ensure land and development come forward, supported with the necessary infrastructure, so its benefits are realised and appreciated by local communities. An important piece of this is improving clarity around the whole process, which the LPDF fully supports. Openness from the outset around what the local planning authority is expecting in the way of contributions via the local plan, for example, is a welcome change that the Minister drew the Committee's attention to.

We also welcome the relaxation of restrictions on pooling S106 contributions. This should help local authorities take a more strategic view to meet their infrastructure needs where CIL does not apply. However, the Minister confirmed that no new local infrastructure tariff (LIT), as suggested in Liz Peace's CIL review, is imminent. That would require primary legislation and, as the Minister alluded to, Parliament is rather busy with something else at the moment...

Other ideas such as the expansion of mayoral CIL for the Combined Authorities were floated. While this and other schemes may have some application in some circumstances, the Minister was right to point out that – as LPDF Chair Paul Brocklehurst said in his own evidence to the Committee – total contributions (including capital gains tax) can already be as high as 50% of the full land value.

The Minister restated the government's enthusiasm for all things new – towns, garden towns, garden villages. Inquiry observers will know that much has been made throughout of how their post-war predecessors relied on land being compulsorily purchased at pre-hope value. But the Government has no plans to employ a similar approach and are apparently comfortable that such schemes can succeed within the current system and, as much as possible, via negotiation with landowners rather than CPO.