

**Housing, Communities and Local Government Committee: Delivering
1.5 million new homes: Land Value Capture**

Written evidence submitted by the Greater London Authority

March 2025

1. Introduction

- 1.1 The Greater London Authority (“GLA”) welcomes the opportunity to contribute to this inquiry on behalf of the Mayor of London.
- 1.2 A combination of a lack of national funding over 14 years and the economic legacy of low-growth, high interest rates, the rise in the cost of construction materials and the lasting impact of a hard Brexit has created a perfect storm, leaving housebuilding on its knees. The housing crisis is holding back London’s growth. More affordable housing would make it easier for London’s businesses to attract and retain workers, driving down homelessness and reliance on temporary accommodation and making it possible for households and businesses to invest in more productive areas of the economy. This in turn can lead to more jobs and more investment for future growth.
- 1.3 In this context the Mayor welcomes both the Government’s growth mission as well the ambitious target to deliver 1.5 million new homes.
- 1.4 London is the engine of the national economy and remains well placed to deliver the Government’s growth mission and housing targets. However, meeting London’s new housing requirement of 880,000 homes over ten years and generating further growth in its established and emerging industries will require a significant upscaling in the delivery of affordable housing, public transport and other supporting infrastructure. For example, the Mayor has identified a series of strategic infrastructure projects including the DLR extension to Thamesmead, the Bakerloo Line Extension, the West London Orbital and metroisation which could cumulatively unlock around 100,000 new homes and a similar number of new jobs.
- 1.5 Successful Land Value Capture (LVC) strategies are essential to delivering this. The Mayor does not advocate for a wholesale redesign of approaches to LVC. However, the enhancement of existing mechanisms, coupled with further interventions can deliver additional housing and sustainable communities, In line with the government’s growth mission and housing targets.
- 1.6 These are critical tools within the framework of strategic planning and masterplanning to positively plan for sustainable growth by funding the land, infrastructure and affordable homes necessary to de-risk development, gain market confidence, increase build out rates, and win public support for development. This response sets out the Mayor’s evidence in relation to each of the inquiry questions and includes recommendations which are summarised below.
- 1.7 A separate response to this call for evidence has been submitted by Transport for London which particularly focuses on the use of LVC to fund transport investment.

Summary of recommendations

- 1.8 **Key recommendation:** Rather than a wholesale redesign, or the introduction of new untested approaches through the planning system, existing mechanisms for enabling sustainable development and capturing value uplifts should be retained and enhanced, and supplemented by further interventions to help deliver the government's bold ambitions for housing delivery and economic growth. Land Value Capture (LVC) strategies should form an important part of effective strategic planning which identifies the affordable housing, key enabling infrastructure and funding strategies needed to unlock housing delivery and economic growth. This is likely to require a range of existing and innovative funding and delivery approaches.

National Planning Practice Guidance on Viability:

- 1.9 **Recommendation:** National Planning Practice Guidance (NPPG) should be updated to recognise the role that developer contributions play as part of a positive and proactive approach to planning, in which development plans set out the infrastructure and affordable homes needed to support ambitious targets for growth, while meeting housing need and diversifying supply.
- 1.10 **Recommendation:** the updated NPPG should also recognise that planning policy requirements can positively impact upon Gross Development Value. High quality urban design and materials, public realm enhancements and sustainability credentials can all serve to increase development values which positively impact upon viability.
- 1.11 **Recommendation:** The process of area-wide viability testing set out in the National Planning Policy Framework (NPPF) and NPPG could be streamlined to focus on policies that are different to those set at a national or regional level, avoiding repetition and speeding up the plan-making process.

Section 106 agreements:

- 1.12 **Recommendation:** The establishment of future regional and/or sub-regional strategic planning authorities offers the potential for shared resourcing and collaboration to enhance local authority expertise and speed up the negotiation process, for example, through a greater standardisation of S106 Agreement templates.
- 1.13 **Recommendation:** Additional funding to support the capacity of Local Planning Authorities (LPAs) should be made available for training and resourcing of the S106 and CIL systems to help ensure that these operate more effectively. This was one of the key recommendations set out in the HCLG Select Committee's report published in 2018 following a previous inquiry considering LVC in England.

Section 73 applications:

- 1.14 **Recommendation:** the government should set out guidance confirming that the appropriate statutory framework for modifying planning obligations within a S106 Agreement is through the provisions set out in S106A of Town and Country Planning Act 1990 (as amended). Linked to this, new guidance and legislative amendments should be brought forward where required to prevent the use of S73 applications as a route for reducing affordable housing and other planning obligations.

Community Infrastructure Levy (CIL)

- 1.15 **Recommendation:** the CIL Regulations should be reviewed and amended to enable Local Planning Authorities to bring forward CIL ‘payment-in kind’ policies to promote the delivery of onsite infrastructure on major sites. This would improve development viability by reducing the requirement for additional financial contributions and assist project cash-flows in early phases, where the in-kind infrastructure meets relevant criteria.
- 1.16 **Recommendation:** the government should more strongly encourage the strategic pooling of CIL receipts arising through joint partnerships of Local Authorities, and any future regional or sub-regional strategic planning authorities, to deliver regionally and strategically significant infrastructure. Building upon this, the government should give consideration to amending the CIL Regulations to allow Local Authorities and/or regional strategic authorities or partnerships to borrow against forecasted CIL income to enable upfront delivery of key enabling infrastructure.

Commercial and Residential Tax Incremental Finance (TIFs):

- 1.17 **Recommendation:** The government should consider the potential for fiscal devolution to allow for a ringfencing and retention of residential and commercial stamp duty receipts from new-build development within a designated geographic area.
- 1.18 **Recommendation:** The wider ‘zone of influence’ created by new infrastructure development and large-scale redevelopment should be assessed as part of strategic planning and the prospect of retention of a proportion of residential stamp duty from existing property sales should also be explored taking into account uplifts in property values, to help fund the infrastructure needed to support new housing and economic development. Exercising Compulsory Purchase powers to acquire land at EUV, using S106 and CIL to deliver affordable housing, infrastructure and other public benefits, and the use of TIF and Stamp Duty Land Tax retention are all LVC measures that can support area-based growth. In addition, further mechanisms to encourage the delivery of underdeveloped land and secure a proportion of the uplift in values in existing property should be considered. Further LVC measures are reviewed in the submission by Transport for London.

Compulsory Purchase Orders (CPO):

- 1.19 **Recommendation:** The Mayor supports the government’s intentions to improve the CPO process and recommends that legislation that underpins CPO is further reviewed with a view to enhancing the ability of CPO as a tool for enabling both land assembly and LVC. This is discussed further in the written evidence presented by Transport for London.

2. How effective and efficient are current mechanisms of land value capture in England?

- 2.1 It is helpful to firstly understand the distinction between current mechanisms which capture land value uplifts arising from the grant of planning permission, and those which can be employed at a later stage following the physical delivery of development.

Section 106 and Community Infrastructure Levy

- 2.2 Section 106 (“S106”) of the Town and Country Planning Act 1990 (as amended) which is used to secure ‘planning obligations’ such as affordable housing, and the Community Infrastructure Levy (“CIL”), which secures contributions towards local infrastructure, are the current mechanisms associated with LVC under the English planning system.
- 2.3 It is however important to recognise that the primary role of S106 and CIL is to mitigate the impacts of new development, ensure that it is acceptable in planning terms and to deliver sustainable development in the context of the area wide plan-led system. Whilst not the primary goal of these mechanisms, LVC inherently occurs through the operation of S106 and CIL when securing contributions from new developments.
- 2.4 This arises when the costs associated with the delivery of development, including infrastructure and affordable housing, which are necessary to secure permission, are factored into the value of land. The developer is effectively compensated for these costs by paying less to the landowner, whose potential windfall from the grant of permission is reduced.¹
- 2.5 When understood in its planning context, the value of the land which properly reflects the policies of the Development Plan (including the provision of planning obligations at the level set out in the plan), is the *true value* of the land in its proposed development use.² This is because compliance with the Development Plan is necessary for planning permission to be granted, without which there would be no value uplift compared with the value of the land in its current or existing use value (“EUV”).³

Section 106

- 2.6 The use of S106 and CIL are well established within legislation, national, regional and local guidance, and planning practice. S106 has been in operation for the last three decades. It is a flexible mechanism that enables applicants and planning authorities to agree obligations that address the site-specific impacts of development so that planning consent can be granted. It is also the most effective approach to securing onsite affordable housing and infrastructure, with S106 agreements ‘running with the land’, binding current and future landowners, which ensures that affordable homes, and other ongoing obligations can be provided for the lifetime of the development.

¹ Although, the circumstances are often more complicated as landowners and / or promoters often seek planning consent for their land directly and developers are often also landowners, having purchased land unconditionally on gaining consent or may seek to optimise the value of land after it has been acquired. Landowners and developers may also enter into agreements with the intention of reducing obligations or maximising densities as part of the planning process in order to inflate land values. As noted in the GLA’s response to the RICS Draft Professional Standard: Land Agreements for Developers (April 2024), this may lead to conflict and delay in the planning process or result in unsustainable development.

² This is the “development” or “residual” land value.

³ In London, the Development Plan consists of the London Plan which is the Mayor’s spatial development strategy and Local Plans and associated Development Plan Documents produced by boroughs.

- 2.7 A further advantage of S106 is that it is capable of securing affordable housing at different quantum, tenures and incorporate eligibility and affordability criteria. In particular, it can secure the amount and type of affordable housing appropriate to the relevant site and proposed development, taking into account the significant variation in development values and costs that can occur within administrative areas. This is an important distinction from financially based fixed levy systems, such as the Infrastructure Levy proposed by the previous government which are not capable of effectively delivering onsite affordable housing. This is considered further below.
- 2.8 The use of S106 to secure planning obligations has been demonstrated to be an effective mechanism for securing significant amounts of affordable housing and other planning obligations in London and nationally.⁴
- 2.9 Notwithstanding this, there have been a number of challenges within the operation of the system of securing S106 agreements, including those arising from the introduction of development viability as an explicit consideration in national planning policy.

Viability in the English planning system

- 2.10 The prevalence of widespread site-specific viability testing of planning application in England which arose from the 2012 version of National Planning Policy Framework (NPPF) had the effect of significantly reducing levels of affordable housing and other planning obligations which led to consequential increases in land values which were instead captured by developers and landowners. During this time site specific viability testing became prevalent, even in high value areas and at a time of significant new-build house price inflation. Financial viability assessments were subject to confidentiality restrictions imposed by applicants which prevented wider scrutiny.
- 2.11 In financial viability assessments, consultants acting for landowners and developers included either the actual price paid for their site, or a land value informed by other land transactions which had not accounted for planning policy requirements and were thus inflated. In doing so reliance was placed on the 'Financial viability in planning' guidance note published by the RICS in 2012 and the National Planning Practice Guidance ("NPPG") from 2014. This created a "circularity issue" whereby developers overpaid for sites in the knowledge that affordable housing requirements could be significantly reduced or even completely removed at the application stage through the use of a financial viability assessment in which the actual land cost could be inputted into the appraisal to arrive at a pre-determined outcome.⁵
- 2.12 This was particularly evident in the years following the adoption of the NPPF in 2012 up until 2018, in which the 'circularity issue' essentially gave rise to a 'reverse land value capture' whereby landowners and developers received increased returns at the expense of communities. A research report commissioned by a number of London Boroughs in January 2017 found that site-specific financial viability assessments which reduced affordable housing levels was contributing to an inflationary impact upon land values in London.⁶ This was recognised in the Mayor's Affordable Housing and Supplementary Planning Guidance (SPG) published in 2017, which advocated for an "EUV plus premium" approach to Benchmark Land Value to help address this. This also set out the transparency requirements to help ensure that viability assessments were publicly available and open to greater scrutiny.

⁴ GLA Research - Developer Contributions and the Infrastructure Levy in London (July 2023)

⁵ Professor Neil Crosby, Professor Peter Wyatt (University of Reading). [Financial Viability Appraisal in Planning Decisions: Theory and Practice April 2015](#)

⁶ [Viability and the Planning System: The Relationship between Economic Viability Testing, Land Values and Affordable Housing in London \(January 2017\)](#)

- 2.13 The ‘Parkhurst Road’ appeal decision which related to a site in the London Borough of Islington and a subsequent High Court Judgment highlighted the circularity issue.⁷ The previous HCLG Select Committee Report published in 2018, which followed a previous land value capture inquiry, identified the concern that financial viability assessments were being used to ‘game the system’ and the report further identified the importance of the Parkhurst Road High Court Judgement in recognising the circularity issue.⁸
- 2.14 The Parkhurst Road High Court Judgement included a postscript advising that the RICS guidance on viability in planning should be revised with the input of MHCLG and the RTPI.⁹ This subsequently took place with revised guidance published in 2021. In the meantime, the Mayor’s guidance, Parkhurst judgment and wider campaigning on the issue led to changes to the NPPF and supporting NPPG on viability in 2018.¹⁰ This adopted the ‘EUV plus premium’ approach to establishing Benchmark Land Value and promoted the front loading of viability testing at the Plan-making stage with the intention of limiting the extent of site-specific viability testing.
- 2.15 Following this, the circularity issue rarely arises within viability assessments within London. However, the effect of this on affordable housing delivery, particularly during the period 2012–2017 was significant and has contributed to the current homelessness crisis and reliance on temporary accommodation in London and elsewhere. This highlights the consequences associated with practices which undermine the effectiveness of systems such as S106 on housing need and public finances.
- 2.16 Furthermore, viability testing models continue to be highly sensitive to changes in values and cost assumptions. This can result in a volatility in appraisal outcomes, and it is still typical for assessments submitted as part of the planning process to indicate significant financial deficits or even negative land values. Viability testing is undertaken on the assumption that planning consent is granted for the proposed development. However, in some instances applicants’ financial viability assessments have shown substantially negative land values being generated by development proposals at the planning application stage, only for the same site to be sold a short time later following the grant of planning consent for a significant value. The Mayor has consulted on updated guidance on viability to help ensure that the process is more objective, evidence based and realistic. Government has also recently set out the intention to make further revisions to the NPPG on viability, which is considered below.

The Mayor’s Threshold Approach to affordable housing

- 2.17 The Mayor’s Affordable Housing and Viability SPG introduced the threshold approach to affordable housing, which also forms part of the London Plan (2021).
- 2.18 The threshold approach sets out affordable housing thresholds (35 per cent affordable housing for private land and 50 per cent for public and industrial land) alongside other requirements which enables planning applications to follow the ‘Fast Track Route’ whereby site-specific financial viability assessments are not required.

⁷ [Parkhurst Road Ltd v Secretary of State for Communities and Local Government and London Borough of Islington](#)

⁸ [HCLG Committee Report Land Value Capture Tenth Report of Session 2017-19 \(September 2018\)](#)

⁹ John Wachter, [Affordable Housing and Viability in London, Town and Country Planning](#), October 2018

¹⁰ Rose Grayston (Shelter) [Slipping through the loophole: How viability assessments are reducing affordable housing supply in England \(November 2017\)](#)

- 2.19 Where the threshold level of affordable housing is not met, the scheme follows the ‘Viability Tested Route’ where a financial viability assessment is reviewed to determine the maximum viable amount of affordable housing that can be provided. This ensures that applications with genuine viability issues are still able to progress. Viability review mechanisms are required at different stages of the development process to assess whether additional affordable housing provision can be provided if viability improves as the scheme is built out. These are an integral component of the London Plan’s threshold approach as they incentivise applicants to follow the Fast Track Route and assess whether viability tested schemes can provide additional affordable housing if viability improves over the development programme.
- 2.20 The threshold approach has helped to provide greater certainty to the land market through embedding affordable housing requirements into land values. It has been demonstrably effective in delivering higher levels of affordable housing and speeding up the planning process. Residential approvals and completions also increased in London following the introduction of the threshold approach.
- 2.21 In 2022, both the highest proportion and number of affordable housing units in approved schemes referred to the Mayor (typically 150+ residential units) were secured since the data was first recorded in 2011.¹¹ The average percentage of affordable housing in these schemes increased from 22 per cent in 2016 to 42 per cent in 2023 (46 per cent when measured by habitable room).
- 2.22 More than three quarters of referable schemes provided 35 per cent or more affordable housing in 2023 and more than half of eligible schemes followed the Fast Track Route, up from 27 per cent in 2018. The proportion of social and low cost rented housing has also increased significantly over the data period.
- 2.23 The average percentage of affordable homes across all schemes in London (including referable and non-referable applications) also increased from 24 per cent in 2016 to an average of 35 per cent between 2021 and 2023. Net completions of affordable housing in London in 2022/23 and 2023/24 were higher than in any year since 2011. This shows that the downward trend in affordable housing delivery between 2013 and 2016 (despite this being a period of substantial house price inflation) has reversed in the period that followed, albeit a significantly higher level is required to meet housing need in London.
- 2.24 As a result, a higher number of residential units in London’s development pipeline are affordable housing. This is important for diversifying housing types and improving build out rates by reducing exposure to sales risk and market ‘absorption rates’.¹² Higher levels of affordable housing delivery will therefore be crucial to increase overall housing supply, as well as addressing housing need. Conversely, an important reflection from the recent history of S106 and viability testing in England, is that reductions in affordable housing requirements can result in inflated land values and / or developer returns (‘value leakage’) and slow down delivery.
- 2.25 The principles of the threshold approach are capable of being replicated in other parts of England, providing greater certainty in respect to affordable housing requirements and increasing affordable housing delivery.

¹¹ Affordable Housing in Planning Applications Referred to the Mayor of London (October 2024)

<https://www.london.gov.uk/programmes-strategies/planning/implementing-london-plan/monitoring-london-plan>

¹² Lewin Review - Independent Review of Build Out: Final Report (October 2018)

S106 – Further matters

Resourcing and standardising the process

- 2.26 The site-specific nature of S106 agreements can result in a negotiation process that is time consuming. However, this has been a less significant issue since the introduction of CIL which deals with the majority of infrastructure contributions required towards matters such as transport, open space, education, and community facilities.
- 2.27 The greater standardisation of S106 Agreements in recent years involving the use of standardised provisions and clauses, coupled with formula-based approaches to calculating certain planning obligations has also improved the efficiency of the process. For example, the GLA, in its capacity as the strategic planning authority for London, has developed ‘template’ S106 clauses for affordable housing and viability review mechanisms which are widely used across London.
- 2.28 **Recommendation:** As the government establishes future regional and/or sub-regional strategic planning authorities, this practice should be rolled out across England to improve the effectiveness and efficiency of securing planning obligations through S106 agreements.

Economic and regulatory challenges

- 2.29 In the last couple of years several further issues have emerged relating to the use of S106 agreements for securing affordable housing. As a result of wider macro-economic impacts, including the economic policies implemented by the previous government, London has witnessed high levels of inflation which has eroded incomes as housing costs have increased, contributing to the cost of living crisis. Increases in the Bank of England’s Base Rate to combat inflation, following a prolonged period of low rates, has resulted in higher mortgage costs for Londoners and had a dampening effect on the housing market.
- 2.30 Developers, housing associations and councils have experienced both construction cost inflation and higher finance costs. Structural issues in the construction sector including a depletion in skilled construction workers, in part caused by the impacts of Brexit, and supply chain issues have further impacted upon housing delivery. The introduction of new building fire safety measures which are of paramount importance in ensuring the safety of Londoners, have also had the effect of delaying the delivery of new housing developments, including affordable housing, as developers have been required to re-design their consented schemes to meet the new requirements.

Housing associations and S106 affordable housing

- 2.31 The increased costs faced by housing associations have been compounded by further costs associated with the upgrading their ageing housing stock and removing dangerous cladding. This has resulted in a weakening appetite for purchasing affordable housing units secured through the planning system which has had knock-on impacts on the forward funding of affordable housing units in mixed tenure schemes.
- 2.32 The Mayor has welcomed a number of measures implemented through last year’s Autumn budget, including the additional £1 billion announced for building affordable homes, which will go some way to address these issues, some of which were put forward by the Mayor and partners in the 2023 London Housing Delivery Taskforce Joint Position Statement.¹³ Further

¹³ [London Housing Delivery Taskforce – Joint Position Statement \(October 2023\)](#)

interventions will be required as part of the upcoming Comprehensive Spending Review, including restoring the financial capacity of social landlords and councils to build more affordable homes and support faster build out rates.

- 2.33 In recognition of the challenges affecting housing delivery in London, the Mayor published his Accelerating Housing Delivery Planning and Housing Practice Note last December. This sets out a range of planning and funding measures to help support overall delivery in the short term, address housing need and diversify supply under the framework of the current London Plan.¹⁴
- 2.34 Across the GLA a range of other work is also being undertaken to support housing delivery, including:
- developing place-based models that explore the potential for greater delivery through Opportunity Areas
 - exploring the potential for new Mayoral Development Corporations and Land Assembly Zones
 - working closely with government on pipeline sites through their New Homes Accelerator programme
 - continuing to work with applicants and boroughs to ensure that schemes that are in keeping with good growth principles achieve planning consent through the development management process; and
 - working towards the development of a new London Plan.
- 2.35 The GLA is also pitching to government for a new revolving fund to support public sector housing delivery, including a new City Hall Developer investment fund which would provide a flexible revolving fund to both public and private sector partners to bridge viability challenges and generate more strategic housing development opportunities in London. In the long-term, it would support more public sector-led housebuilding. The intention of the fund is for it to be long-term, strategic and flexible – ideally providing a mix of both grant and low-cost loans, as the Mayor deployed previously via the Mayor’s Land Fund. It would complement any future Affordable Homes Programme funding and similar future flexible funds that might be administered by Homes England or combined authorities outside of London.
- 2.36 Analysis undertaken by Savills to inform our thinking for this work proposes a £2bn revolving investment programme that could help to develop over 49,000 new homes for London, including over 15,000 affordable homes, over the next 10 years and beyond. Given the challenge of stalled sites across the capital, the GLA forecasts that over 23,000 homes could be started by the end of the decade, that would otherwise not come forward in London in the absence of this funding.

S73 applications

- 2.37 The GLA has observed the use of ‘S73 applications’ to reduce affordable housing levels originally secured within a S106 Agreement for consented developments.

¹⁴ [Accelerating Housing Delivery: Planning and Housing Practice Note \(December 2024\)](#)

- 2.38 S73 applications are submitted to discharge or amend planning conditions, which are distinct from planning obligations secured in S106 agreements. However, recently these have become an unintended route for applicants seeking to renegotiate affordable housing provision through the submission of a financial viability assessment.
- 2.39 This approach has the potential to significantly undermine affordable housing provision and land value capture through S106, while further undermining public trust in the planning system to deliver benefits for new and existing communities. In light of the ambition to significantly increase housebuilding across the country, land value capture to secure affordable housing, infrastructure and other public benefits will be critical in enabling overall delivery and increasing public support for local development proposals. This is considered further below.

Recommendation: the government should set out guidance confirming that the appropriate statutory framework for modifying planning obligations within a S106 Agreement is through the provisions set out in S106A of Town and Country Planning Act 1990 (as amended). Linked to this, new guidance and legislative amendments should be brought forward where required to prevent the use of S73 applications as a ‘back door route’ for reducing affordable housing and other planning obligations.

Community Infrastructure Levy

- 2.40 CIL was introduced by the Planning Act 2008 and came into force in April 2010 through the Community Infrastructure Levy regulations 2010 as a non-negotiable levy which could be established through area-wide viability testing and an examination process. It allows Local Planning Authorities (“LPAs”) to apply differential levy rates to different Use Classes according to their adopted CIL Charging Schedule. CIL is chargeable on the quantum of floorspace in a proposed development and is subject to various discounts, reliefs and the phasing of payments, or payment by instalment where allowed by the Charging Authority. It operates as a fixed development cost at a low proportion of development value which can be accounted for by developers when acquiring land.
- 2.41 In London, all 35 local planning authorities, including the two Mayoral Development Corporations (MDCs)¹⁵, have either implemented or are in the process of implementing their own CIL Charging Schedules. Further details are set out in GLA research on Developer Contributions and the Infrastructure Levy in London.¹⁶
- 2.42 In addition, the Mayor of London introduced a CIL charging schedule (“MCIL”) in April 2012 to raise funds for the Crossrail (‘Elizabeth Line’) project¹⁷. MCIL was replaced by an updated CIL Charging Schedule (“MCIL2”) in April 2019. At the time of writing, Mayoral CIL and S106 Crossrail contributions have together raised c.£1.6bn with all monies received used to repay Crossrail financing.¹⁸

¹⁵ London Legacy Development Corporation (LLDC) currently remains a MDC, however its remit has been reduced and its CIL collecting authority status ceased to exist from 1 December 2024 and ‘reset’ of the LLDC’s board and governance structure is expected from 1 April 2025.

¹⁶ [Developer Contributions and the Infrastructure Levy in London \(July 2023\)](#)

¹⁷ MCIL and the Crossrail S106 contribution operated in tandem until April 2019, with MCIL payments offset against Crossrail section 106 where necessary.

¹⁸ On 31 December 2024, MCIL receipts are just under £1.43bn, and the Crossrail s106 SPG receipts at £168.1m. The combined total from both sources is just under £1.6bn. As MCIL receipts are payable on commencement of development they tend to follow the economic cycle. MCIL has exceeded expectations, for example, under the original Crossrail funding agreement with Government, GLA and TfL needed to raise £600m by 31 March 2019 and this was achieved a year ahead of schedule.

Conclusion – S106 and CIL

- 2.43 The benefits of both S106 and CIL are that they are responsive to local circumstances. Planning policy requirements which are secured by S106 are set out in adopted Development Plans which have been the subject of area-wide viability testing which accounts for local economic conditions and been adopted following statutory consultation and a public examination.
- 2.44 Similarly, CIL rates are also determined at the local level using area-wide viability testing and adopted within a CIL Charging Schedule following statutory consultation and an independent examination process.
- 2.45 It is therefore reasonable to consider both S106 and CIL as well established LVC mechanisms which can be effectively applied at local level to support the delivery of sustainable development, affordable housing and community infrastructure. Notwithstanding this there are a number of improvements that could be made to these systems which are considered further below.

Other current LVC mechanisms

- 2.46 Existing LVC mechanisms which can be employed following the physical delivery of development include Tax Increment Financing (“TIF”) initiatives – and to a lesser extent, Stamp Duty Land Tax which by virtue of its operation serves to capture increases in property values.
- 2.47 TIFs have their origins in the United States where they have been used to facilitate urban renewal. The TIF model operates on the basis that future uplifts in local tax revenues associated with new development can pay for the enabling infrastructure improvements in the present day. The TIF model ringfences collection of local tax revenues within a designated area for a period of time to cover the costs of servicing and paying off the debt associated with the delivery of the infrastructure improvements.
- 2.48 In the UK, TIFs have taken the form of Business Rates retention schemes within a designated geographic area such as an Enterprise Zone. Local Authorities have been able to borrow against Business Rates income where they would retain 100% growth in rates revenue.
- 2.49 In London, a TIF model was used alongside S106 and CIL to help fund the Northern Line Extension (“NLE”) to Nine Elms and Battersea. The wider Vauxhall, Nine Elms and Battersea area was designated an Opportunity Area recognising the significant increase in economic growth and new housing delivery that would be unlocked by an extension to the Northern Line.
- 2.50 The cost of the NLE was estimated to amount to approximately £1.5 billion. The 2012 Autumn Statement confirmed that borrowing of up to £1 billion from the Public Works Loan Board would be made available to the GLA with the borrowing serviced by incremental Business Rates retention by the GLA in a new designated Enterprise Zone for a duration of at least 25 years with the possibility of a further 5-year extension if deemed necessary to pay off remaining debt. In addition, financial contributions made by developers of new residential and commercial developments towards the cost of the NLE were captured through S106 and CIL. In terms of breakdown, 20 per cent of NLE project costs are being met through Section 106 developer contributions and 80 per cent are being met through business rates retention within the designated Enterprise Zone area.

- 2.51 As well as the example of the NLE in London, the Royal Docks Enterprise Zone (“RDEZ”) received government designation in 2012 and became operational in 2013. The RDEZ structure was set up to enable additional business rates income, collected in the Enterprise Zone, to be retained and recycled for a 25-year period, and for the London Economic Action Partnership (“LEAP”) to use those funds to support further development and economic activity in the RDEZ.
- 2.52 A further example of a LVC mechanism linked to business rates retention which has been used in London is the Crossrail Business Rates Supplement (BRS) which applies to business and non-domestic premises with a rateable value of above £75,000.¹⁹ This mechanism was introduced in April 2010 and alongside Mayoral CIL (MCIL and MCIL2) has assisted in the financing and repayments of construction cost debt associated with the delivery of the Elizabeth Line.
- 2.53 Whilst Stamp Duty Land Tax (“SDLT”) is not considered to be a LVC mechanism, the operation of the tax does capture increases in values in residential and commercial property and land over time. In the financial year 2023-2024, London contributed the highest amount of SDLT receipts which amounted to £4.545bn equating to 39% of total SDLT receipts.²⁰ At present, there is no devolved retention of SDLT with all receipts being collected centrally by the Treasury. The local retention of an element of stamp duty has the potential to provide an important funding source for the delivery of infrastructure and affordable housing needed to support growth. This is explored further below.
- 2.54 As set out in our further responses, reforms to existing LVC mechanisms, new and innovative approaches and delivery vehicles, and the strategic pooling of these as part of wider strategic planning could ensure a more effective and efficient approach to LVC enabling the delivery of infrastructure, housing and growth in London and the rest of England.

3. What alternative methods of land value capture might be most suitable for England?

- **Would alternative mechanisms of land value capture deliver more affordable housing and public infrastructure than the current section 106/Community Infrastructure Levy regime?**
- **How could the benefits of alternative mechanisms of land value capture be realised across England, including regions with lower average land values?**

- 3.1 There are significant risks in pursuing alternative untested methods of LVC through the planning system. This was considered in detail in the Mayor’s responses to the previous government’s proposal for the Infrastructure Levy (“IL”) set out in the Levelling Up and Regeneration Act.
- 3.2 A fixed levy system for both affordable housing and infrastructure, as proposed for the IL, has never been attempted in the UK before, despite this being considered – and rejected – in initial proposals for CIL and previous developer contribution systems.²¹ There are a range of

¹⁹ <https://www.london.gov.uk/programmes-strategies/transport/rail-and-underground/elizabeth-line/paying-crossrail-business-rate-supplement>

²⁰ <https://www.gov.uk/government/statistics/uk-stamp-tax-statistics/uk-stamp-tax-statistics-2023-to-2024>

²¹ See also proposals for a Planning Gain Supplement (2007).

reasons why this approach has not been introduced previously, including that it would make the process highly complex.²²

- 3.3 The inclusion of a fixed levy system for both affordable housing and infrastructure would require the setting of levy rates many times higher than CIL. This would particularly be the case in London given the value differential between market and affordable housing.
- 3.4 Development viability is influenced by a number of site-specific factors including development values, build costs, scheme typology, specification, abnormal / infrastructure costs and existing use values. Setting levy rates and establishing charging zones which attempt to respond to these variables would be highly challenging.
- 3.5 The ‘margin of error’ when establishing levy rates that are capable of both maximising contributions and ensuring that development remains viable would likely be very small, if not non-existent. The setting of levy rates at a level needed to maintain current levels of affordable housing could make less viable developments undeliverable; and conversely, setting lower levy rates would serve to reduce the overall level of contributions that could be collected.
- 3.6 Under the IL, the payment of the contribution would be delayed until a later stage of the development process. This would result in infrastructure needed to support new development not being in place when it is needed, which would result in less sustainable development and would likely result in greater public opposition to new development.
- 3.7 The concept of the final IL liability being paid at a later stage of the development process when the final value of the development would be established would also inevitably lead to uncertainty for Local Authorities, developers and communities. Developers would be unable to account for the IL liability when designing development proposals and acquiring land; and Local Authorities would be unable to determine whether the development’s impacts would be sufficiently mitigated or whether the benefits of a development would outweigh the harms. As such, the Mayor supports the government’s decision not to implement the IL, but to instead retain and improve the current developer contributions system.
- 3.8 **Recommendation:** Approaches targeted at strengthening S106 and CIL should be explored rather than pursuing untested alternative approaches which would require further legislation and be highly disruptive and counter-productive. This is considered further below.
- 3.9 It is important to recognise that it is unlikely that there would be one single ‘silver bullet’ approach to LVC in England, and given the high costs associated with bringing forward the necessary enabling infrastructure for growth and housing delivery, strategic pooling of current and new LVC mechanisms would be needed alongside other funding mechanisms.
- 3.10 This could take the form of exercising Compulsory Purchase powers to acquire land at EUV, using S106 and CIL to deliver affordable housing, infrastructure and other public benefits, and the use of TIF and Stamp Duty Land Tax retention to support area-based growth. In addition, further mechanisms to encourage the delivery of underdeveloped land and secure a proportion of the uplift in values in existing property should be considered. Further LVC measures are reviewed in the submission by Transport for London.

²² For further details see: [Mayor warns Government’s Infrastructure Levy could massively reduce London’s supply of new affordable homes | London City Hall](#); and [Developer Contributions and the Infrastructure Levy in London \(July 2023\)](#)

- 3.11 In areas where land values/development values are lower, it is important to recognise that the forward planning and delivery of key enabling infrastructure can provide a catalyst for development and further inward investment. A critical part of this is the need to take a strategic approach across wider geographic areas, enabling the planning and forecasting of the investment needed to unlock economic benefits over wider areas through the delivery of key strategic infrastructure. It should be the role of future regional or sub-regional strategic planning authorities to undertake this work.

4. What are the economic and practical opportunities and challenges of pursuing land value capture policies in England?

- 4.1 As outlined previously in the GLA’s evidence to this inquiry, it is important to recognise that there is unlikely to be a single approach capable of dealing with all issues in relation to LVC in England. It is also important to note that, while this is an important means of supporting and funding housing, infrastructure and economic growth, there are limitations in the scope of LVC and that this will need to be supplemented by additional funding sources including greater government investment to deliver the scale of development required.
- 4.2 As set out above, S106 has the benefit of being responsive to site circumstances and economic conditions, and can be applied flexibly where appropriate. Notwithstanding this there is scope for improvements to the process and the effectiveness of S106, which are considered further below.
- 4.3 The previous government’s proposal for IL was based upon the principle that a fixed levy rate based upon development value would be universally applied to developments. This approach was not flexible and was incapable of accounting for localised variance in development values, and the inherent heterogeneity of sites in urban areas such as London. The setting of a fixed rate tariff on development value if set too high could have the effect of sterilising housing delivery by rendering sites unviable, or if set too low would result in ineffective LVC and reduced public benefits.
- 4.4 CIL, however, has been an effective tool for infrastructure funding for LPAs and the Mayor. There are further opportunities to improve the functioning of CIL by reviewing regulations that allow LPAs to accept the payment in kind of CIL contributions through on-site infrastructure delivery. This is considered further below.
- 4.5 There is an opportunity for further reform of Compulsory Purchase Order (“CPO”) powers to allow a more streamlined approach for use of CPO to facilitate strategic land assembly as part of the development of New Towns, sustainable urban extensions, urban regeneration and grey belt land release. The Mayor supports the proposals set out in the recent government consultation on CPO which is discussed in further detail in the written evidence provided by Transport for London.
- 4.6 There are also opportunities to explore further approaches LVC through the existing TIF model and an element of stamp duty retention. A recent report produced by BusinessLDN and supported by WSP titled ‘Generating Land Value to Grow London’ advocated the repurposing of the TIF model for new residential development arising from new infrastructure development.²³ The proposal is for the government to award a degree of fiscal devolution to allow the Mayor of London to retain revenue from residential property taxes (stamp duty and council tax) generated by new homes which the report describes as a ‘resi-TIF’ to fund new transport infrastructure. The report further recommends the creation of additional TIFs based

²³ BUSINESS LDN WSP [Generating Land Value to Grow London: A new residential funding approach \(January 2025\)](#)

on the existing model of Business Rates retention within an Enterprise Zone, as well as the potential for a 'combined TIF' in which traditional commercial TIF is paired with a 'resi-TIF' to maximise funding for the infrastructure needed to support growth.

- 4.7 Council Tax income associated with new housing development remains a vital source of income for Local Authorities to provide services for new residents, and it is therefore considered that it would prove counterproductive in meeting other local government priorities if this income was captured as part of a 'resi-TIF'.
- 4.8 **Recommendation:** the potential for fiscal devolution and a ringfencing and retention of residential and commercial stamp duty from new-build development within a designated geographic area should be explored by the government. Large-scale redevelopment and key infrastructure delivery often results in 'ripple effects' in development value uplifts which can spur further investment. A report produced by CBRE in March 2023 considered a number of large-scale regeneration zones in London and found that the average annual regeneration premium above baseline local authority house price growth from the start of regeneration to September 2022 amounted to an average annual growth rate of 2.2%.²⁴
- 4.9 **Recommendation:** The 'zone of influence' created by new infrastructure development and large-scale redevelopment should be assessed as part of strategic planning and the prospect of retention of a proportion of residential stamp duty from existing property sales should also be explored to help fund the infrastructure needed to support new housing and economic development.
- 4.10 In the context of London, reform and the strategic use of LVC will be imperative in assisting in the delivery of new infrastructure and housing, laying the groundwork for sustained economic growth. Higher levels of affordable housing delivery will allow key talent to be retained in London and increase economic productivity.
- 4.11 London is delivering the HS2 station at Old Oak Common which will act as a new transport 'superhub' in West London which as well as offering connections into Central London will allow journeys to the Midlands, the North of England, Scotland, the West Country and South Wales. The wider Old Oak Common area has the potential to deliver approximately 25,500 new homes and significant amounts of new employment floorspace as part of 'West Tech Corridor' which extends from White City towards Heathrow. The extension of HS2 to Euston will assist in the delivery of a new economic centre for state-of-the-art life science research and development which can partner with the nearby 'Knowledge Quarter' in Kings Cross and the wider tech hub which extends to Old Street. In addition to new commercial development to support critical new and emerging industries, the Euston area also has the ability to delivery up to 3,800 new homes.
- 4.12 The extension of the Docklands Light Railway to Thamesmead can unlock at least 30,000 new homes, whilst the extension to the Bakerloo Line can unlock at least 20,000 new homes. The delivery of the West London Orbital railway has the potential to unlock up to 7,000 new homes.
- 4.13 In addition, the potential future delivery of Crossrail 2, a north to south railway line through Central London, could unlock at least 200,000 new homes.²⁵

²⁴ CBRE The Effect of regeneration on local residential property values (2023)

²⁵ London Growth Plan (2025)

- 4.14 These infrastructure projects have the potential to create significant new conduits for economic growth in London and fundamentally reshape housing land supply in these locations. The strategic use of LVC mechanisms will be crucial in harvesting land value uplifts generated through the delivery of this critical infrastructure, helping to service the debt of delivery and enabling the delivery of affordable housing and other community benefits.

5. What mechanisms of land value capture have been effective internationally?

Land pooling and delivery

- 5.1 ‘Land pooling’, whereby a number of development sites are brought together to facilitate land assembly, can be incentivised through the creation of a ‘marriage value’ arising from the integration of the development sites, usually supported by a masterplan, to achieve a more comprehensive and effective large-scale redevelopment. Land pooling can also be undertaken via direct government intervention which can also involve LVC strategies being employed as part of the process.
- 5.2 In Germany, municipalities using their planning powers can self-assemble ‘poorly or under-used land’ and deduct the costs of remediation and local infrastructure from the uplift in land values. The land values for the sites are then frozen at the point of designation in the ‘preparatory plan’ (equivalent to receiving a Site Allocation designation within a Local Plan) to avoid speculation.²⁶
- 5.3 One potential initiative to assist in land assembly in the UK would be through the use of Land Assembly Zones (“LAZs”), which were first proposed in the Capital Gains Report that the GLA commissioned and published in 2018. The concept of a LAZ is that it would send a strong signal for landowners to self-assemble their sites with the prospect of CPO powers being used if self-assembly does not occur.²⁷
- 5.4 Changes to legislation could also help to streamline the CPO process and make it easier for land to be acquired at EUV which would serve to maximise LVC in the context of a LAZ.
- 5.5 Strategic land acquisition, pooling and infrastructure investment in countries such as Germany and the Netherlands has resulted in faster delivery rates, which alongside a wider variety of housebuilders, has contributed to lower house prices and improved affordability compared with the UK.²⁸
- 5.6 As noted above, planning policy requirements such as the London Plan’s threshold approach can increase build out rates through ensuring greater tenure diversification in the development pipeline. However, the limitations of the market-led house building model on build out rates, volume and affordability point to the need for additional delivery models drawing on the concepts referred to above and other international best practice.
- 5.7 The acquisition and de-risking of development land, combined with infrastructure provision would enable the commissioning of new public sector-led frameworks, in which land value uplifts (and development returns commensurate with lower risk) contribute to the delivery of sustainable development and initial and ongoing delivery costs. Acquiring land at lower values, including at or closer to EUV as a result of the use of, or greater availability of CPO,

²⁶ See paragraphs 8 – 17 of Capital Gains: A Better Land Assembly Model for London (February 2018)

²⁷ [Capital Gains: A Better Land Assembly Model for London \(February 2018\)](#)

²⁸ See Executive Summary of Capital Gains: A Better Land Assembly Model for London (February 2018)

alongside greater public sector stewardship and control of the development process would enable higher levels of affordable housing delivery.

- 5.8 This diversification of tenure has the potential to significantly improve the pace of delivery, as well as generating long-term savings for the public sector by reducing expenditure on housing benefit and temporary accommodation.²⁹ By reducing the costs of inadequate and expensive housing it could also significantly reduce NHS costs and improve educational attainment and economic productivity.
- 5.9 A further example of international land value capture is Hong Kong’s Mass Transit Railway Corporation (“MTR”) which is recognised as global leader in transit-led direct development and successful direct LVC. The example of MTR as an international example of a LVC mechanism is discussed in more detail in the written representation provided by Transport for London. A key factor in the success of MTR in Hong Kong is the public ownership of land.
- 5.10 Compared with Hong Kong, public land ownership is much more limited and may not always exist in strategically important locations for new development. However, public sector land ownership around railway infrastructure remains prevalent in the UK and in London. These types of sites tend to be constrained in nature but often lend themselves to higher density development, which may attract higher development values due to proximity to public transport infrastructure.
- 5.11 The overarching point raised through a review of international LVC mechanisms and practices is that these may be particular to the political and legal frameworks in place in the relevant country. However, there are a number of international examples where successful LVC has been critical to enabling urban renewal and the creation of new sustainable communities. These require further consideration given the need for additional delivery models in England to build at scale and pace, while generating wider economic growth.

6. Should reforms to land value capture be pursued through changes to the current section 106/Community Infrastructure Levy regime, or by introducing a new mechanism?

- **What changes to planning law and guidance would be needed to introduce a new mechanism of land value capture?**
- **Would new methods of land value capture be compatible with human rights legislation, regarding property rights?**

Changes to the S106 and CIL process

- 6.1 As set out above, reforms to LVC should be pursued through changes that improve the effectiveness of current mechanisms, including S106 and CIL rather than the introduction of a new mechanism through the planning system. Additional delivery models should also be pursued as referred to in the previous section.
- 6.2 **Recommendation:** In respect to CIL, the CIL Regulations should be reviewed and amended to enable developers to provide more in-kind onsite infrastructure on major sites. Some councils have sought to introduce “CIL in kind” policies, however they have found that this

²⁹ Savills Research - Delivering 300,000 homes per year in England (September 2024)

aspect of the CIL regulations is difficult to implement in practice. Addressing this would support the delivery of onsite infrastructure and improve development viability by reducing the requirement for additional financial contributions paid and assist project cash-flows in early phases, where the in-kind infrastructure meets relevant criteria.

- 6.3 Under the CIL Regulations, LPAs are required to publish an Infrastructure Funding Statement which help to ensure that there is a clear legibility of what S106 and CIL contributions are secured and how this will be directly invested in the wider local area in the form of new infrastructure and public realm improvements. This is important for attaining political and community support for new development.
- 6.4 **Recommendation:** A strategic pooling of CIL receipts arising through joint partnerships of Local Authorities and to deliver regionally and strategically significant infrastructure is already permitted in the current CIL regulations, but this should be encouraged by the government, including through new regional or sub-regional strategic planning authorities. Building upon this, thought should be given to amending the CIL regulations to allow Local Authorities and/or other regional strategic authorities or partnerships the ability to borrow against future forecasted CIL income to enable upfront delivery of key enabling infrastructure. Given the level of contributions secured by Borough CIL charges this could contribute towards the forward funding of infrastructure which supports the delivery of greater levels of development to help achieve national housing targets.³⁰
- 6.5 Government has set out the intention to revise the NPPG on viability to help implement the golden rules for affordable housing provision on green belt and their commitment to a generational increase in affordable housing delivery. The Mayor strongly supports this approach and agrees that there are areas where the guidance should be updated.
- 6.6 **Recommendation:** The updated guidance should recognise the role that developer contributions play as part of a positive and proactive approach to planning, in which development plans set out ambitious targets and the accompanying infrastructure to support it, and the provision of affordable homes to meet need and diversify supply.
- 6.7 **Recommendation:** The NPPG should also recognise that planning policy requirements can positively impact upon Gross Development Value. High quality urban design and materials, public realm enhancements and sustainability credentials can all serve to increase development values which positively impact upon viability.
- 6.8 **Recommendation:** The process of area-wide viability testing could be streamlined to focus on policies that are different to those set at a national or regional level, avoiding repetition and speeding up the plan-making process.
- 6.9 **Recommendation:** Additional funding to support the capacity of LPAs should be directed to training and resourcing of the S106 and CIL systems to help ensure that these operate more effectively. It is noted that this was one of the key recommendations set out in the HCLG Select Committee's previous report published in 2018 following a previous inquiry looking into LVC in England.

Compulsory Purchase Orders

³⁰ Information gathered from published Infrastructure Funding Statements for 2023/24 confirm that just over £1.9bn has been collected in cumulative borough CIL receipts.

- 6.10 **Recommendation:** The Mayor supports the government’s intentions to improve the CPO process and recommends that legislation that underpins CPO is further reviewed with a view to enhancing the ability of CPO as a tool for enabling both land assembly and LVC. This is discussed further in the written evidence presented by Transport for London.
- 7. How could different mechanisms of land value capture complement the Government’s ongoing planning reform agenda, including delivery of New Towns and the release of ‘grey belt’ land for development?**
- 7.1 Improvements to existing LVC mechanisms, as set out in this evidence, and the pooling of these within the context of strategic planning has the potential to complement the government’s ongoing planning reform agenda and form a significant enabler in the delivery of New Towns and the release of ‘grey belt’ land. To facilitate a step change in delivery this will need to be combined with additional delivery and funding models.
- 7.2 The original eight New Towns arising from Abercrombie’s London Plan of 1943 were delivered by New Town Development Corporations with land assembly and planning powers. Land was acquired at existing use value and low-cost funding was obtained through bonds via the Public Works Loan Board. This was used to provide infrastructure and serviced land for development. The uplift in land values was used to repay government loans and to create well-service towns with affordable housing and community infrastructure.
- 7.3 The next London Plan will plan for 880,000 homes, ten years’ supply. This is a significant challenge given that London has only ever built at close to this rate in the 1930s when there was a major expansion of London’s built area, significant growth in the transport network, low interest rates and other supporting factors.
- 7.4 The Mayor will continue to prioritise and optimise housing delivery on brownfield sites which will form an important part of the policy framework in the next Plan. The brownfield first approach will however be insufficient to plan for the number of homes required, which could not be achieved wholly within London’s existing urban extent.
- 7.5 The changes to the NPPF require any shortfall in both housing and other development needs to be met through green belt release. The GLA will be undertaking a London-wide green belt review at a strategic level to inform this to plan for London’s housing needs. The Mayor is supportive of the government’s Golden Rules and the requirement for higher affordable housing requirements in relation to green belt release. It is also the Mayor’s strong view that development on green belt should be based on a principle of creating sustainable, liveable neighbourhoods with access to public and active transport options that make the best use of land.
- 7.6 The potential uplift in land values associated with the redevelopment of ‘grey or green belt’ land to higher land uses such as residential offers a strategic opportunity to deliver higher levels of affordable housing and other public benefits. However, it is important to recognise that upfront costs associated with the delivery of enabling infrastructure to unlock these sites may be significant. Therefore, other funding sources are also likely to be required alongside LVC mechanisms to meet borrowing costs associated with upfront enabling infrastructure.
- 7.7 The use of S106 and CIL, when combined with site assembly and CPO where necessary, are likely to be important delivery tools for large scale developments and release of grey belt land. Other measures such as an element of stamp duty land tax retention and the

establishment of additional TIFs within designated zones may also be needed to complement existing LVC mechanisms alongside other funding sources including government grant and loans. The Mayor considers that these should form a wider toolkit of LVC mechanisms that can be used in the context of strategic spatial planning and deployed by the GLA and new MDCs.

8. Overall, would reforming land value capture support or distract from the Government’s target of delivering 1.5 million new homes by the end of this Parliament?

- 8.1 The reform of LVC has the potential to significantly support the Government’s target of delivering 1.5 million new homes in the current parliamentary term, but this should be focused upon the improvement of existing LVC mechanisms employed as part of strategic planning.
- 8.2 The introduction of a wholly new, untested LVC mechanism as part of the planning system would run the risk of impeding the government’s housing delivery and growth objectives.
- 8.3 However, new delivery and funding models as set out in this evidence will also be needed alongside existing approaches to enable the provision of infrastructure that is needed to support growth and housing delivery. This can also be used to support the delivery of higher levels of affordable housing to meet need and diversify the housing pipeline which will help to increasing build out rates and overall housing supply.
- 8.4 In London, the potential for a new revolving fund to support public sector housing delivery, including a new City Hall Developer investment fund which would provide a flexible revolving fund to both public and private sector partners, would be important in unlocking strategic housing building opportunities in London, and in the long-term support more public sector-led housing building. This approach would also draw upon LVC mechanisms and would complement any future Affordable Homes Programme funding to support affordable housing delivery. Analysis undertaken by Savills on behalf of the GLA proposes a £2bn revolving investment programme that could help to develop over 49,000 new homes for London, including over 15,000 affordable homes, over the next 10 years and beyond. In light of the challenge of stalled sites in London, the GLA forecasts that over 23,000 homes could be started by the end of the decade, that would otherwise not come forward in the absence of this funding.
- 8.5 As previously set out in this evidence, the extensions to the Bakerloo Line and the Docklands Light Railway, and the delivery of the West London Orbital railway together have the potential to unlock up to 57,000 new homes. The future delivery of Crossrail 2 could unlock at least 200,000 new homes. The delivery of these key strategic infrastructure projects has the potential to significantly contribute to government’s economic growth agenda.
- 8.6 It is important to recognise that investments in key strategic infrastructure enable the unlocking of additional housing and economic growth which can then in-turn support the recovery of capital expenditure through LVC mechanisms. LVC mechanisms can also support the delivery of greater amounts of affordable housing which can in-turn lead to savings to the Treasury on Housing Benefit, the cost of temporary accommodation and the NHS. These factors should be considered holistically in the decision-making process when evaluating funding for affordable housing and infrastructure investment proposals.