

Who should own the value of land?

Housing, power and the deep politics of land value capture

Edward Shepherd and Tim White

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**UK COLLABORATIVE
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HOUSING EVIDENCE**

Who should own the value of land? Housing, power and the deep politics of land value capture

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Executive Summary

The rapidly intensifying housing crisis affecting many nations is in many ways a land value crisis. Land now constitutes most of the value of a home in the UK and is, therefore, the primary element in the composition of the housing costs that are pricing many out of the market. Land values therefore lie at the heart of widening social inequalities today. Who should be the primary beneficiary of these land values? Who or what, ultimately, should own the value of land and in what proportion? In England, answers to these fundamental political questions are hashed out in an arcane policy area: land value capture. This is the mechanism that shapes how land value increases that are the result of public policy or development decisions are distributed between state, community and private actors. It is a key means by which affordable housing is delivered. As the housing crisis becomes an emergency, with landownership and property-based accumulation at its centre, land value capture has risen up the political agenda in recent years.

Research questions and data

The purpose of this report is to interrogate the deep politics of land value capture in the context of the contemporary housing crisis. The report does not seek to lay out an optimal technical policy design. Instead, it is about taking a step back from the everyday practice of, and debates on, land value capture to examine the broader political-economic currents and power relations that structure it. Only in so doing, we believe, can we move towards more imaginative and comprehensive social-redistributive measures involving landed property and asset wealth. The questions guiding the research are as follows:

1. What have been the political drivers and constraints shaping the adjustments to English land value capture policy and what has been the role of political ideology in this?
2. How do different interests and forms of expertise interact in land value capture policy and what does this reveal about their power dynamics?
3. What is the relationship between land value capture policy and broader political-economic conditions in England?

The report is the product of an Economic and Social Research Council-funded project entitled *Ideology, housing and land value capture: Uncovering the politics of development land value*. The research involved analysing over 100 historical parliamentary debates and policy documents, and 50 semi-structured research interviews with contemporary experts conducted between December 2023 and February 2025.

Key findings

Charting the evolving politics of land value capture in England, this report makes a number of interrelated arguments about the challenges and limitations of this policy area and its place within the broader political economy.

- 1. Land value capture is ideologically ambivalent.** The current land value capture paradigm has endured as a 'third-way' compromise that appeals to a spectrum of ideological proclivities and priorities. It appears progressive (redistributing land rents) while protecting core property relations and facilitating rent extraction. It stitches together contradictions between private landownership and market-driven speculative development and the social character of land and its value, while at the same time being framed as a pragmatic means to deliver 'good places'.
- 2. Land value capture is characterised by stability at the level of policy paradigm and instability at the levels of settings and design.** Because it is subject to so many competing interests, and represents an uneasy compromise between the treatment of land as a commodity and the socialisation of land values, the contemporary land value capture settlement is inherently unstable. Yet it

has historically been subject only to incremental adjustments within the boundaries set by its 'third way' ideological role.

- 3. Land value capture has contributed to the growth of a 'complexity industry' that sustains landed power relations.** It is characterised by an inherited and constructed complexity, with policy outcomes hinging upon unequally distributed technical and market expertise. This complexity can be deployed discursively to prevent radical change in land value capture and housing development policy, maintaining the status quo or allowing only incremental reform.
- 4. Land value capture is limited by the power of residential landownership.** It has served to contain the moral argument for broader land and property taxation reform, focusing the debate on questions of technicality, efficiency and malpractice in relation to the division of development value, rather than the morality of existing property wealth distribution – including that represented by homeownership.
- 5. Land value capture is no panacea.** Although it has the potential to make a more significant contribution, as implemented by the planning and development process alone land value capture cannot entirely fund the social and economic need for infrastructure. This is particularly the case in areas where development pressure is lacking.

In all, we argue that land value capture manages and holds together the structural flaws of the existing unjust land, housing and development settlement, without resolving them. It has endured precisely because it does not fundamentally challenge private landownership, the extraction of economic rent from land, or the private-developer dominated speculative housebuilding model. Rather, it helps to prevent the worst excesses of injustice and inefficiency that would pertain if the distribution of development spoils were entirely unregulated, while helping to secure the ongoing legitimacy of these dominant forms of ownership and development. However, this settlement is under mounting pressure as its failings are evidenced by the deepening housing crisis.

We therefore contend that continuing to rely on adjusting the current land value capture settlement within the speculative development model will fail to deliver the transformative change that is needed. Our analysis demonstrates how this is not a technical policy design failure but a fundamental structural flaw. Thus, while there are certainly incremental policy adjustments that can and should be made to improve outcomes in the short-term, what we truly need are more ambitious social-redistributive measures involving landed property and its value combined with a wider range of less speculative development models.

1. Introduction

“So housing, politics, land value capture, they’re all wound up. There’s no thread that you can pull without the others following it”

The contemporary housing crisis is, to a large extent, a land value crisis. Land now constitutes most of the value of a home in the UK and is, therefore, the primary element in the composition of the housing costs that are pricing many out of the market (Knoll et al., 2017; ONS, 2022). Land values therefore lie at the heart of widening social inequalities today. The disparity between those who can access and benefit from the value of land, and those who cannot, underpins patterns of social stratification across the globe. At a time when growing numbers of people struggle to afford a roof over their heads while meeting the rising costs of living, some individuals and institutions are amassing vast amounts of landed wealth. It is perhaps no surprise, then, that recent years have seen the resurgence of an age-old question: who should own the value of land?

In England, at the heart of this fundamental question lies an arcane area of policy: land value capture. Land value capture is the mechanism that shapes how land value increases that are the result of public policy or development decisions are distributed between state, community and private actors. As one of the main policies directly confronting land value distribution today, it is a key area in which the Land Question² is still active. The debates surrounding land value capture therefore offer glimpses into something much bigger – into the powers afforded by private property, the social and economic effects of rent extraction, and their role in capitalism itself.

No wonder, then, that land value capture can be a controversial, complex and difficult area that is frequently subject to attempts at reform and adjustment. Indeed, since its election to power in July 2024, the Labour government has promoted a range of adjustments to various forms of land value capture policy that are variously aimed encouraging more housing development while seeking to secure a proportion of land value uplift deriving from development decisions to flow towards the provision of affordable housing and public infrastructure. It is, therefore, a core part of the present government’s housebuilding and development agenda.

This comes after years of adjustments to the land value capture policy regime in the post-2010 Conservative era of government. This is indicative of the salience of this area of policy under present political economic conditions, in which governments around the world are seeking ways to plug infrastructure funding gaps and support the delivery of affordable housing without recourse to a significant increase in general taxation and state capital investment (Halleux et al., 2023). The recent policy instability in England is indicative of the difficulty in arriving at a stable land value capture policy settlement under such conditions.

Aims of the report

As land value capture rises up the political agenda, now is the time to take a step back and examine the political-economic currents that shape this policy area. Our contention is that land value capture is more than a technocratic arena in which pragmatic decisions are made about the appropriate allocation of development spoils. It is, instead, a highly political and contested field in which questions of power and ideology play a central role.

This is not, therefore, a technical report that seeks to map out policy options, quantify potential land value capture receipts, or provide ‘the answer’ to the land value capture conundrum via a new policy design. Nor is it an analysis of the technical and administrative complexities of various incarnations of land value capture policy, and how these have contributed to policy failure in the past. There are already many reports and academic research papers that seek to do these things.³

Instead, this report contributes to the growing interest in the political-economic dimensions of this policy area⁴ by examining the deep politics of land value capture in England. As such, the research questions are as follows:

1. What have been the political drivers and constraints shaping the adjustments to English national land value capture policy and what has

1 This quote is from a real estate consultant interviewed for the research (REPC4, 2024).

2 See chapter 4 and the Glossary .

3 For two recent examples, see Gibson (2025) and Gibson et al. (2025).

4 See, for example: Catney & Henneberry (2019); Robinson & Attuyer (2021); Purcell & Ward (2022); Wolf-Powers (2023); Bloom (2023); Shih & Newman (2024).

been the role of political ideology in this?

2. How do different interests and forms of expertise interact in land value capture policy and what does this reveal about their power dynamics?
3. What is the relationship between land value capture policy and broader political-economic conditions in England?

Research data

This report is one of several publications from an Economic and Social Research Council-funded project (grant reference ES/W001675/1).⁵ As part of the project, we analysed over 100 parliamentary debates and policy documents from the 1940s to the present to understand how land value capture has been framed and the issues identified and represented. This historical research was complemented by over 50 semi-structured research interviews with contemporary experts as well as two round table discussions with academic and policy experts, conducted between December 2023 and February 2025 (an anonymised list of these is in the methodology and data statement in Appendix C). As this report is primarily on the contemporary political economy of English land value capture, it mainly draws on the research interviews and round table discussions with illustrative quotes used throughout. In addition, there has been an enormous amount of academic ink spilled over land value capture. The authors of this literature have influenced our research – key sources are cited where appropriate.

Audience

The intended audience for this report is the 'reflective practitioner' as well as the 'interested non-specialist'. The report will not get bogged down in the considerable technical complexities of land value capture policy design and its various failures. Instead, it aims to communicate why land value capture is a salient and challenging, yet important area of land policy.

Practitioners (whether they be government officials, local authority planners, private consultants, landowners, developers or campaigners) may well be familiar with some of the detail in this report. However, they can be so embedded in their day-to-day activities and the demands of the job that they may rarely get the space to reflect on the bigger picture. Indeed, one representative of a real estate

professional body commented:

"it's good that somebody like you is actually teasing out this stuff, because we probably don't have time to sort of re-examine why we've done stuff... We should... We are really very poor at reflection" (PBA3, 2023)

Research contributions

This report makes a major and distinctive contribution to the existing policy and academic literature through its 'deep politics' approach. This means engaging with the detail of contemporary land value capture policy and practice while situating it in relation to broader political economic histories and dynamics of power, expertise and political ideas. Its grounding in empirical data of over 50 interviews represents the most extensive single engagement with the contemporary political economy of land value capture to date.

Based on this research, a defining feature of contemporary land value capture in England, we suggest, has been its endurance as a policy paradigm, coupled with its instability at the level of policy design. We contend that land value capture has endured because it can secure support from different political positions for different reasons (much like the planning system itself).

Arguments for land value capture can be made based on the economic inefficiency, injustice or immorality of landowners retaining all of the land value uplift deriving from public development decisions, or the pragmatic need to find a source of funding for development infrastructure in an era of austere public finances. However, while consensus on the principle of land value capture can be secured in the abstract, the details of policy design in terms of how and in what proportion land value is divided can be riven with dissensus as competing interests struggle to extract what they can.

Contemporary English land value capture, therefore, does not fundamentally challenge private landownership, the extraction of economic rent from land, or the private-developer dominated speculative housebuilding model. Rather, it helps to prevent the worst excesses of injustice and inefficiency that would pertain if the distribution of development spoils were not regulated, while helping to secure the ongoing legitimacy of these dominant forms of ownership and development production – although even this is now under pressure as a result of its manifest failings evidenced

⁵ The project page is accessible here: <https://gtr.ukri.org/projects?ref=ES%2FW001675%2F1>

by the deepening housing crisis.⁶

Furthermore, land value capture in England focuses attention on a relatively small segment of the land values available for redistribution i.e. those emanating from the development process. Focusing on the redistribution of development value via the planning system can come at the expense of more ambitious debates about property wealth inequalities more broadly, particularly via the privileges of homeownership (although this, too, has started to change as the current Chancellor struggles under the pressures of self-imposed fiscal rules within a weakened economy).

Therefore, despite the significant potential for broader land and property taxation reform to ameliorate social inequalities and improve funding for public services, policy focus has generally been on land value capture instruments embedded in the planning and development process. Although it has made a meaningful difference to the lives of those it has directly benefitted (such as Social Rent housing tenants), because land value capture policy has failed to consistently produce outcomes that satisfy its various supporters and critics (partly due to the structural weaknesses explored in this report), it has been subject to ongoing agitation and contestation.

Inseparably, central to the endurance (and regular adjustment) of land value capture policy, we argue, is its ideological ambivalence. Land value capture has appealed to multiple political priorities throughout its history, from its early roots in a radical critique of landownership to a more pragmatic framing that emphasises its role in funding infrastructure. The contemporary land value capture settlement is legitimised via an ideological compromise and 'third way' policy paradigm that deflects attention from its radical roots and focuses on more pragmatic arguments. This contributes to incremental adjustments that limit its redistributive scope, while simultaneously creating opportunities for policy reform aimed at improving local development outcomes.

Operating within this context, we examine how land value capture has accrued immense technical complexity. It has spurred a vast ecosystem, taking on its own language and arcane forms of expertise, and giving rise to an army of specialised institutions and professionals. An industry has emerged for navigating this policy area, which largely works to support and sustain the interests of powerful and well-resourced actors. This has meant that land value capture as a practice has become abstracted and alienated from the fundamental questions at



⁶ This contradictory nature of land value capture, whereby it has an ostensibly redistributive role while simultaneously relying on the land and property speculation that exacerbates urban inequalities has developed into a consistent theme in critical analyses, including those by Helbrecht & Weber Newth (2018); Robinson & Attuyer (2021); Purcell & Ward (2022); Wolf-Powers (2023); Bloom (2023); Shih & Newman (2024); Mah (2025).

its heart i.e. who should own land, and the value thereof, in the first place. Focus is thereby directed towards tinkering at the edges of the existing settlement and its technicalities, rather than confronting the thornier political and ideological matters at its core.

In all, we argue that land value capture has emerged as a stabilising mechanism that manages without resolving the contradictions arising from the treatment of land as commodity and financial asset. These include tensions between its material qualities and its role within the market as a commodity; and between the different forms of land value that exist (e.g. use vs. exchange). It is these tensions that paradoxically contribute to both its instability (at the level of policy design and setting) and stability (at the level of policy paradigm oriented towards extracting public value from the speculative development process).

We call for the need to escape the limits of this policy paradigm and approach more imaginative and comprehensive social-redistributive measures involving landed property and asset wealth. This is not to underplay the potential of land value capture policy debates in opening avenues towards more radical change in the land and housing settlement.⁷ But to succeed, any future land regime will need to explicitly confront the broader political-economic currents and power relations that structure this policy area. It is the purpose of this report to spell these out.

Report structure

The report is structured in four parts.

Part 1 presents an overview of the contemporary policy context and the key players active in the housing development and land value capture game. **Chapter 2** provides a definition of land value capture, an explanation of its key principles and a summary of the main policy instruments currently in use. It also explains the basic mechanics of development viability and provides an overview of key policy adjustments in this and related areas since 2018. **Chapter 3** situates the key players (including landowners, housebuilders and state actors) in relation to three main forms of power: structural, instrumental and ideational. It explains how the main players enjoy and exert this power to seek to influence the planning and development policy process and land value capture outcomes in

their favour. This chapter also examines three main discourse coalitions that are active in shaping ideas about planning and housing: the market orthodoxy, heterodox and pragmatic reform coalitions.

Part 2 takes a step back to provide a review of the historical context in relation to land value capture policy and housebuilding in England. **Chapter 4** examines the history of attempts to regulate the land market to socially redistribute land value. It shows how current debates have their roots in moral critiques of land rent in the 18th, 19th and early 20th centuries. It explores how the moral dimension of such debates has subsided in recent decades, replaced by a more pragmatic framing shaped by a changing morality of property in land.

Chapter 5 reviews some of the historical roots of the contemporary housing crisis and how these have been conditioned by the political, economic and ideological significance of housing in England. It examines the relationship between housing delivery and land value capture as well as the growth in viability assessment in English planning. This has been the source of much controversy over the last] decade due to its entanglement with affordable housing supply.

Part 3 untangles some of the contemporary power dynamics of land value capture. Chapter 6 examines how land value capture is mired in complexity. This complexity has roots in the special economic characteristics of land as a commodity and financial asset. The chapter shows how this can be weaponised in debates regarding policy reform. Key to this is the role of different forms of professional expertise in contributing to complexity or decoding it for powerful interests. **Chapter 7** extends this examination of complexity and expertise into viability practice to show how the inherent complexity of land value capture combines with real world power relations, particularly in terms of resource and information asymmetries, so as to produce favourable outcomes for the real estate industry. It also shows how attempts to reform the policy to close viability loopholes have failed to bring market practices in line with policy objectives. **Chapter 8** takes a step back to investigate the strategies of campaigners who sought this policy adjustment and shows how this was achieved partly due to the ideological ambivalence of land value capture policy. We explore how it has taken the form of a 'third way' paradigm that appeals to a wide set of political priorities and viewpoints for different reasons. **Chapter 9** acknowledges some of the limits to land value capture. These

⁷ Edward Shepherd (2025: 2) has previously made this argument elsewhere: "Land value capture policy debates can...comprise discursive spaces in which old ideological questions concerning the proper distribution and ownership of land and land value (and, therefore, property wealth and political power) are articulated. In other words, it is a policy area in which the land question is still active and has the potential to erupt again."

include that it is a finite resource (and therefore no panacea), its pro-cyclical nature and its spatial unevenness. The chapter argues that many of the limits to contemporary land value capture are the result of its integration with the speculative housing development model.

Part 4 brings the report together by setting out some conclusions. **Chapter 10** presents a political economy analysis of land value capture in light of the research findings. It explores the interaction of the ideological, political and technical features of land value capture policy to examine why it is so unstable yet difficult to fundamentally reform. Finally, **chapter 11** ends by summarising the key implications of the research. This centres on the structural dysfunction of the existing land value capture and housing development settlement such that continuing to tweak at the edges will not deliver the change that is needed. The report ends by calling for a strategy for genuine transformation that is oriented towards a more equitable and just land and housing settlement.

Part 1: Current Context

2. The contemporary policy context

Before embarking on an account of the history and structural conditions of contemporary land value capture in England, it is important to summarise the current policy environment and some of the related debates. We need to know where we presently are before we can understand how we got here and what it means. This chapter therefore seeks to clarify terminology and summarise the present land value capture policy settlement and the key recent policy adjustments.

What is land value capture?

The report uses the term 'land value capture'⁸ to describe "a set of policy instruments that allow governments to capture the land value uplifts generated by public interventions, such as infrastructure investments or administrative actions, like land use changes" (OECD & Lincoln Institute of Land Policy, 2022: 10). There are various ways in which governments can achieve this.⁹

Indeed, when asked what land value capture means to them, interviewees provided responses covering everything from passive mechanisms such as general property taxation, to more active interventions such as strategic public landownership.

We acknowledge that land value capture can be defined widely to include taxes on landed property wealth (such as a periodic tax on housing capital gains or inheritance tax on agricultural land), more extensive forms of public or community landownership, and existing taxes that include land such as Capital Gains Tax, Stamp Duty Land Tax, Council Tax and Non-Domestic Rates (Business Rates). However, while these broader definitions form important context (with many of the related policies ripe for reform), the scope of this report is mainly limited to mechanisms aimed at securing contributions from developers and landowners via the planning and development process. There has been particularly significant policy attention on these tools in recent years. Indeed, there have



⁸ The report employs the term 'land value capture' because it is the dominant collective term for this policy area in the Anglophone world, although debates in England tend to refer to the names of specific interests. For a discussion of the term, see Lord et al., (2025).

⁹ The OECD and the Lincoln Institute (2022) have published a global compendium on land value capture policies (cited above) that sets out a taxonomy drawn from international examples. This includes infrastructure levies, developer obligations, charges for development rights, land readjustment and strategic land management. General land taxation instruments are excluded.

been two Communities and Local Government Committee reports on the topic in the last decade – one in 2018 and another in 2025 (UK Parliament, 2018; 2025a) as well as various national policy adjustments focused on land value capture via the planning and development process (see Appendix A).¹⁰

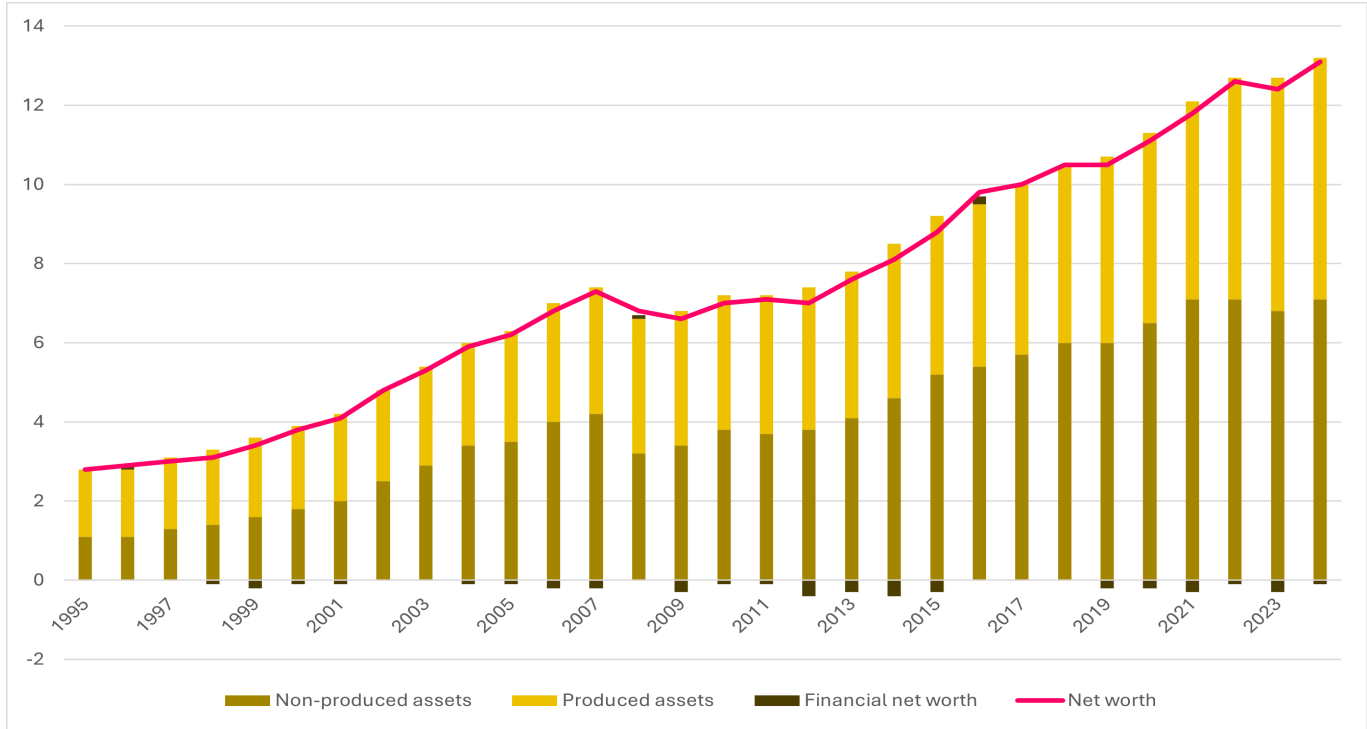
This mainstream policy focus on development value (rather than land taxation in general) has persisted despite significant overall increases in land values over the last thirty years, as illustrated in Figure 1. This shows ONS National Balance sheet data since 1995 that identifies enormous growth in the value of ‘non-produced assets’ (which consist almost entirely of land¹¹) over this period (a 545% increase), such that they now comprise over 50% of total net worth in the UK, with the value of land in the UK increasing by 5.3% since 2023. Although this does represent a potential source of additional taxation revenue, policymakers have generally preferred to focus on land value capture via the development process, for reasons that shall be explored in later chapters.

How land value capture works

Existing land value capture tools in England (as here defined) target the land value uplift that is crystallised by the grant of planning permission for a more valuable use. Depending on the value of the land in its existing use and the nature of the proposed development, the uplift can be significant. It is this difference between the value of the land in its existing use (taking no account of ‘hope value’¹²) and the value of the land with planning permission for a more valuable use that is usually the target for English land value capture policy.

To provide an illustrative example: based on the March 2026 release of the government’s October 2023 land value estimates for policy appraisal (MHCLG, 2026c), agricultural land (outside London) which is granted planning permission for residential development would, on average, increase from

Figure 1: UK total economy net worth, 1995 – 2024 (£trillions)



(Source: National balance sheet from Office for National Statistics - non-produced assets used as a proxy for overall land value. Data goes up to 2024, the most recent available).

10 Since its election to power in July 2024, the current Labour government has announced changes to inheritance tax rules for agricultural land. However, in the face of well-mobilised political opposition (not least from Labour backbenchers representing constituencies with affected landowners), the government has since increased the tax relief threshold from £1 million to £2.5 million (Defra et al., 2025). The Autumn 2025 budget also announced a Council Tax surcharge on properties worth over £2 million in England (HM Treasury, 2025c), although this is a relatively minor change to what is widely regarded as an extremely regressive tax that is levied on occupiers and not owners (see chapter 10). While these are important (albeit relatively modest) adjustments to the general property tax regime, it is not on these that this report is primarily focused.

11 See Figure 13 ‘Land value composition in the UK 1995-2020 (£trillions)’ in chapter 10.

12 See the Glossary for a definition of hope value, as well as other terms used throughout the report.

around £23,600 per hectare to between around £2.72 - £7.04 million per hectare depending on development density, local house prices and assuming no land value capture via the planning and development process. This is an enormous potential multiple of between x115 – x298. It is the contention of current land value capture policy that the landowner should not retain all of this land value uplift, and that a proportion should be redistributed to help pay for affordable housing and public infrastructure (see chapter 6 for a discussion of some of the rationales for this).

developer contribution liabilities when agreeing prices with landowners.

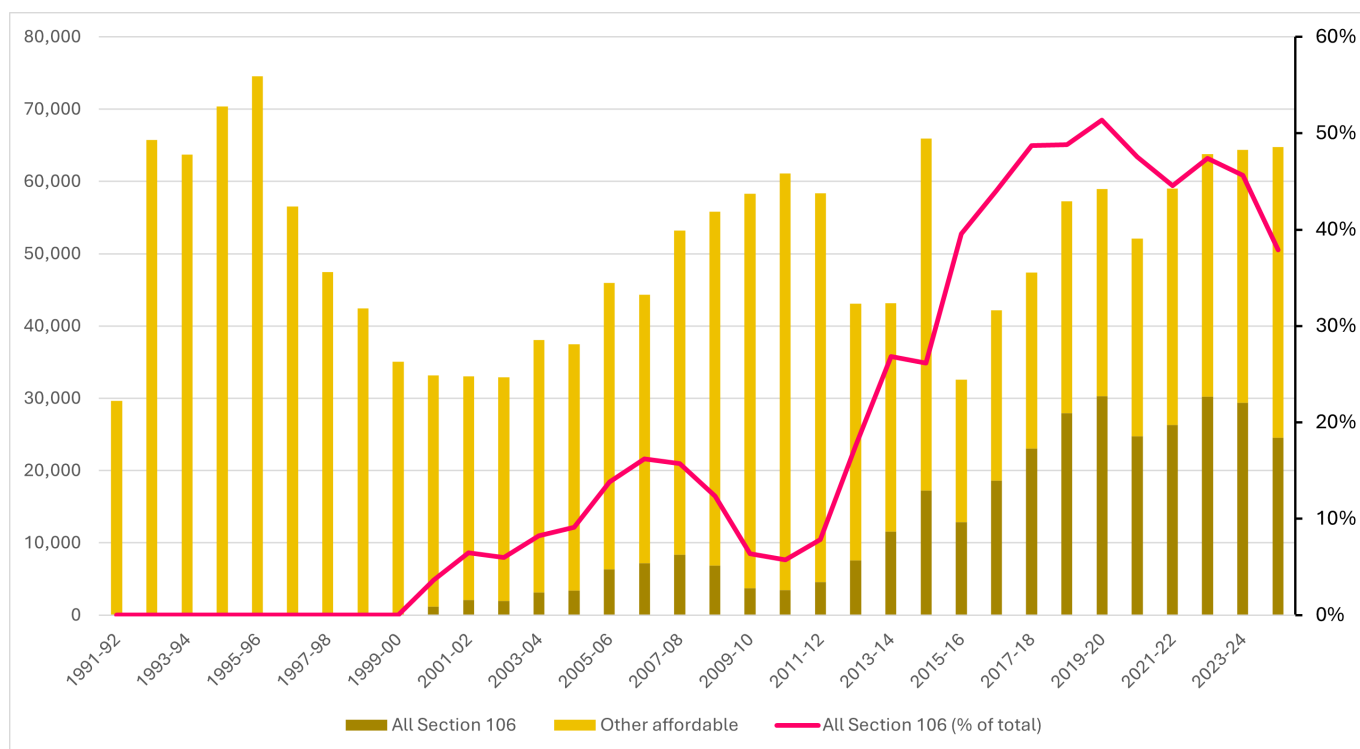
Planning obligations have been used in their current form since the early 1990s by local planning authorities in England to secure a proportion of affordable housing (and to mitigate impacts from development) from developers and landowners via policy-based negotiation (explored in more detail in chapter 5). Local planning policy generally specifies a proportion of affordable housing and other contributions that may be sought via Section 106 agreements.

Planning obligations and the Community Infrastructure Levy

There are two principal land value capture mechanisms currently in use in England: planning obligations (otherwise known as Section 106 agreements) and the Community Infrastructure Levy (CIL) (collectively known as ‘developer contributions’). They work as land value capture tools because, in theory, their costs are capitalised into land prices i.e. developers should (in theory) factor in their

Figure 2 shows the proportion of affordable housing completions secured via Section 106 agreements in England since 2000/01 (the year from which Section 106 contributions started to be disaggregated in the national affordable housing dataset). This illustrates how this mechanism has grown to become a predominant means for local authorities to ensure a proportion of affordable housing on local housing developments (both private and third sector-led). However, overall affordable housing completions have never met or exceeded the heights of the mid-1990s. Furthermore, for reasons that shall be explored later in the report, the proportion of affordable housing provided via Section 106 has

Figure 2: Contribution to overall affordable housing completions in England via Section 106, 2000 – 2025



(Source: Live Table 1000c. Section 106 contributions were not disaggregated prior to 2000/01, and the uptick in contributions since then represents a combination of policy expansion and improved reporting. The data should be seen as representative of the overall trend, rather than a wholly accurate numerical representation.)

been declining in recent years, contributing 38% in 2024/25 compared with 51% in the 2019/20 peak.

CIL was introduced in 2010 and is used to secure contributions from new development for the provision of strategic infrastructure via a charge per square metre of new floorspace (it is not used to secure affordable housing). As of November 2024, 162 local authorities were charging CIL - 52% of the total (NAO, 2025). The Mayor of London also charges a Crossrail/Elizabeth Line related CIL on top of any London local authority charges. Although optional to introduce, once adopted, CIL is non-negotiable.

CIL and Section 106 collectively contributed £5.5 billion towards affordable housing and infrastructure contributions in 2022-23 (excluding CIL revenue collected by the Mayor of London), according to analysis by Ministry of Housing, Communities & Local Government (NAO, 2025). Section 106 agreements contributed between 38% and 51% of all affordable housing delivery between 2015 and 2024 (NAO, 2025: 14). In a recent analysis, Gibson et al. (2025: 8) estimated based on data from 2016-17 that the planning system is securing around 27% of the available development value in England, with national taxes (e.g. Stamp Duty Land Tax and Capital Gains Tax) securing a further 15%.

This may seem significant, but as illustrated by Miles Gibson and colleagues (2025) drawing on research by Alex Lord et al. (2020), this is despite the fact that many liable developments make no contribution at all. Their research shows that in 2018-19 in England:

- ♦ no developer contributions were made on 30% of residential developments of 25-100 units or by 47% of 'commuter belt' (likely to be high value) developments;
- ♦ no developer contribution was made by 97% of non-residential developments nationally, or by 77% of commercial developments in London;
- ♦ of the 8,163 major planning applications granted in this period, only around 2,730 (33%) had a Section 106 agreement and 1,783 (22%) paid CIL.

As the authors acknowledge, some of this can be explained by deliverability challenges or lack of public sector capacity, but even allowing for this it is "difficult to believe that charges are being

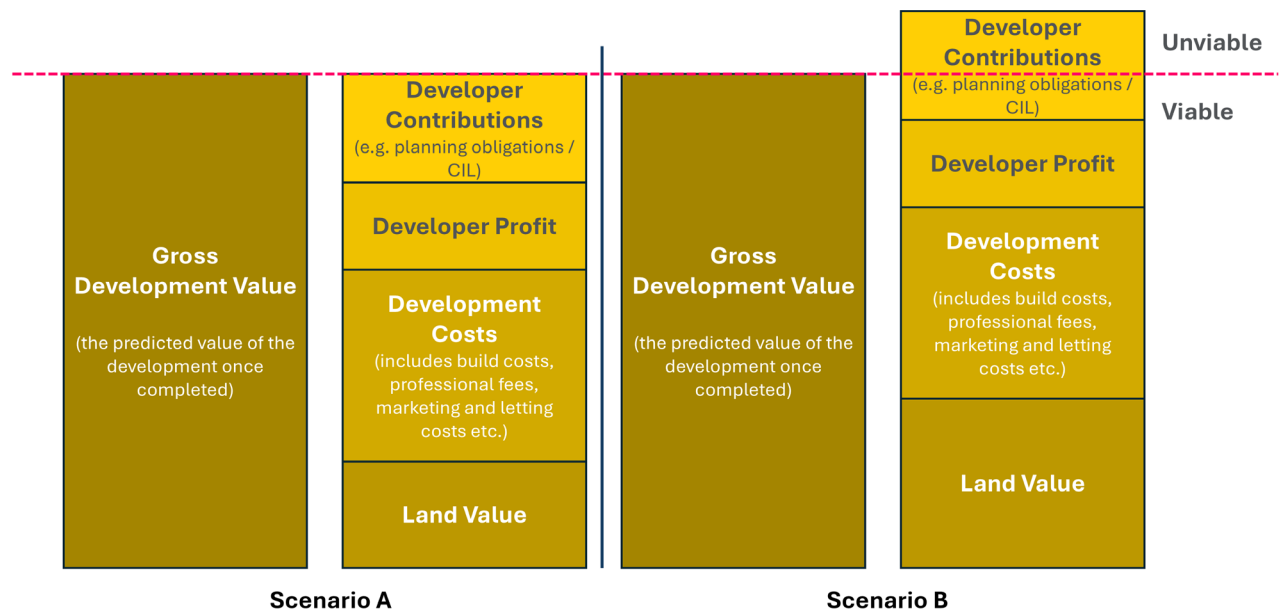
imposed anything like as widely, fairly and efficiently as they could be" (Gibson et al., 2025: 12). Indeed, this is indicative of the widespread perception that land value capture tools are not working efficiently and could work more effectively to collect a larger proportion of development value (see House of Commons, 2025). Indeed, the National Audit Office (NAO) recently concluded that the current system does not offer value for money on the basis of lack of support from central government, complexity of instruments and asymmetries of skills and resources between local authorities and larger developers. This, the report suggests, means that current policy is "not reliably delivering the infrastructure funding required for new developments, even where it may be financially viable to do so" (NAO, 2025: 11).

Development viability

As indicated in the NAO report, planning obligations and CIL are both closely related to development viability. A development is considered viable if there is enough value generated by the development to cover all costs – including the financial returns required by the developer and the landowner. In development viability, therefore, limits to land value capture are imposed by these financial return requirements. If they are not met, then the development is considered unviable and is unlikely to proceed.

In theory, local plans are viability tested when they are being made to ensure that the market can deliver what is planned. However, developers can enter into viability negotiations with local authorities at planning application stage if developer contributions can be presented as threatening their financial returns to the extent that the scheme may be considered 'unviable' if full policy requirements are met (see Figure 3). In such circumstances, it is the planning obligations (Section 106 contributions) that are negotiable, not the CIL payment (if one is required). It is therefore often the affordable housing contribution that is vulnerable. This practice of viability negotiation became prevalent in the post-Global Financial Crisis era (Bosworth, 2014) – and is explored in more detail in chapter 7.

Figure 3: Illustrative example of development viability



(Source: Adapted by the authors from RICS (2012))

Scenario A: In this example all the costs of the development (including developer contributions, developer profit and the land cost) are covered by the gross development value, so the scheme is deemed to be viable.

Scenario B: In this example, the costs exceed the gross development value so the scheme is deemed to be unviable. In this scenario, the developer would be likely to seek to reduce the planning obligations (e.g. affordable housing) to below policy-compliant levels via viability negotiation, rather than reduce their profit. The level at which the land value should be set in such negotiations is a vexed question (see chapter 7).

Key policy adjustments since 2018

Viability guidance

Partly due to loosely drafted national planning guidance on viability as well as Royal Institution of Chartered Surveyors guidance from 2012, post-Global Financial Crisis viability practice led to land deals whereby landowners refused to sell at prices that reflected full policy requirements (e.g. for affordable housing), and developers consented to paying higher land prices because they predicted they could use their superior resources (knowledge and financial) to negotiate down contributions

with resource-poor local authorities. In such cases, therefore, policy-required developer contributions were not straightforwardly reflected in lower land prices. This resulted in a decline in affordable housing contributions and exerted inflationary pressure on land prices - the so-called 'circularity issue' discussed by academics Neil Crosby and Pete Wyatt (2016).

Housing justice campaigners, such as Shelter, therefore pushed for reform to the viability rules (e.g. Grayston, 2017). The London Borough of Islington also fought a controversial viability case in the courts (Parkhurst Road), and the eventual High Court judgement in favour of the local authority in April 2018 placed additional pressure on the government to adjust its viability guidance. Partly in response to this 'bottom up' mobilising by an activist local authority¹³, the national guidance was updated in July 2018 to seek to close this 'viability loophole'.

¹³ The London Borough of Islington is part of the London Authorities Viability Group which was formed in 2014 to promote better practice in the assessment

Among other things, the changes sought to ensure that “under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan” (MHCLG & DLUHC, 2025). The intended effect of these adjustments was to reduce scope for planning permissions to be granted for development schemes that do not provide the policy-required level of affordable housing.

However, as explored in chapters 7 and 8, these changes did not resolve the problems associated with viability practices. Therefore, at the time of writing, the Labour government is consulting on an update to the National Planning Policy Framework (NPPF) and associated viability guidance. This is seeking views on issues relating to standardising inputs into viability calculations, landowner returns and how to incorporate future market movements (MHCLG, 2026b).

Compulsory purchase and ‘hope value’

There are powers in the Levelling Up and Regeneration Act 2023 introduced by the previous Conservative government that enable acquiring authorities to compulsorily purchase development land net of ‘hope value’ (i.e. the value that flows to land as a result of the prospect of more valuable development). These powers can only be used in limited circumstances, such as when the land is to be developed for affordable housing, healthcare or education.

As explained by Baroness Scott during the passage of the Levelling Up and Regeneration Bill: “The Government... believe that the non-payment of hope value will enable land values to be captured and directed back into schemes to ensure their delivery, giving public authorities upfront certainty”

(HL Deb May, 2023, c.1608). These powers are, in effect, intended as a form of land value capture. The Labour Government recently expanded the scope of these powers via the Planning and Infrastructure Act 2025 (MHCLG, 2025c).¹⁴

However, it is unclear how these powers can be used when there is any significant private developer involvement in delivery given that, in the words of the government’s associated guidance, land can only be compulsorily purchased net of hope value “for provision of housing, development or regeneration schemes where they include **public sector led** affordable or social housing, health or education uses, and are justified in the public interest” (MHCLG, 2024 – emphasis added). The government’s current infrastructure strategy (HM Treasury, 2025b) specifies that the preferred route for infrastructure delivery is via public-private partnerships (PPPs), rather than self-financing public corporations.

However, not only are PPPs costly to public finances, they are prevented from utilising the powers in the Levelling Up and Regeneration Act 2023 as they are not public sector led (for a discussion, see Aubrey & Keating, 2025).¹⁵ Nevertheless, if the government were to empower public sector bodies (and third sector bodies such as Registered Providers of affordable housing)¹⁶ to deliver social housing at scale, backed by government grants and long-term loans to the delivery body¹⁷, then these compulsory purchase net of hope value powers could be used effectively. However, a successful test case is likely to be required before they have a significant impact on the land market (see chapter 10).

Infrastructure levy

Also included in the Levelling Up and Regeneration Act 2023 are provisions relating to a new

of viability. It published a Viability Protocol in November 2016 (LVG, 2016) that seeks to ensure greater consistency and transparency and improve public confidence in the viability process. This is an example of more bottom-up mobilising by local authorities to shape practice in their (and the public’s) favour in the absence of good national government guidance.

14 The Labour government expanded these provisions to include compulsory purchase orders made on behalf of parish/town or community councils by local authorities where the schemes underlying the orders are providing affordable housing. Furthermore, the decision to confirm a compulsory purchase order net of hope value will be confirmable by Planning Inspectors or the acquiring authority itself under some circumstances, and so these powers will no longer require case-by-case agreement from the Secretary of State, as was the case under the original 2023 Conservative legislation.

15 Major UK government bond investors wrote to the Chancellor in early 2026 to request that she relaxes Treasury constraints on borrowing by development corporations to allow them to borrow outside of the government’s self-imposed fiscal rules (Fleming et al., 2026). This suggests that these investors have an appetite for such debt and for the long-term returns the development corporation model can offer, although these are likely to be associated more with the delivery of market and intermediate tenure homes than with the public sector-led social housing that the Levelling Up and Regeneration Act 2023 powers could facilitate.

16 Paragraph 321.2 of the government’s January 2025 guidance on the compulsory purchase process states: “**Where a body from the private sector** has agreed to make financial contributions to, or to completely underwrite, the delivery of the scheme underlying the... compulsory purchase order, the benefits to be secured through acquiring the land at a value which assumes no planning permission would be granted for development on the relevant land (whether alone or together with other land) are less likely to accrue to the public and more likely to accrue to the private sector partner. In these circumstances, it is considered less **likely including a section 14A direction [for the disapplication of hope value] in a compulsory purchase order would be justified in the public interest.** For the purposes of this paragraph, ‘a body from the private sector’ **is not meant to include a registered provider of affordable housing (including social housing) or a body such as a Community Land Trust**” (MHCLG, 2025a: 178 – emphasis added).

17 For an overview of the evidence of how this could potentially be achieved without prompting a negative reaction in the bond market, see Bloomer et al., (2025).

Infrastructure Levy. This was intended to replace CIL and largely replace Section 106 agreements. The key feature of the Infrastructure Levy was that it was to be calculated as a percentage of the total value of the completed scheme. This contrasts with the current system, whereby developer contributions are calculated in advance of development by reference to floorspace (CIL), or as a percentage of housing, or other financial or in-kind provisions (Section 106). As such, the Infrastructure Levy payments would, in theory, more efficiently follow market movements, enabling local authorities to collect more value in rising markets and developers to pay less in declining markets. It would also more closely resemble a development tax than the two extant instruments.

However, as explored in chapter 6, the Infrastructure Levy became mired in complexity (largely due to its entanglement with affordable housing provision), which was cited in letters written to the Secretary of State by a cross-sector group as one of the reasons that it should not be introduced (Gascoigne et al., 2023; Leech et al., 2023). The current Labour government has confirmed it does not intend to implement the Infrastructure Levy (MHCLG, 2025b), perhaps due to this perceived complexity and the threat it was perceived to pose to the delivery of development, and affordable housing in particular. However, given that this policy remains on the statute books, it remains to be seen whether this idea will return in another form.

Development viability in the Green Belt

In 2025, the current Labour government made changes to viability rules on Green Belt land, or sites released from the Green Belt (MHCLG & DLGG, 2025). The purpose of these adjustments was to facilitate more housing development in the Green Belt, while tightening land value capture policy for affordable housing to ensure that a larger proportion of development value flows towards such provision than would otherwise be the case.

New Towns and 1.5 million new homes

The Labour government has committed to building 1.5 million new homes over the parliamentary period. Part of its strategy to achieve this entails supporting the delivery of a new generation of New Towns, each comprising at least 10,000 homes. It is the government's intention to ensure that:

“the settlements brought forward under the programme pay for themselves through the value they create. This requires that the price paid for land reflects the costs of quickly and efficiently providing the infrastructure, amenities and affordable housing essential to the creation of high-quality places.” (HC Deb February, 2025, c.33WS)

Land value capture and its potential to help deliver 1.5 million homes has therefore been the subject of an inquiry by the Housing, Communities and Local Government Committee, only seven years since the last one on the same topic (UK Parliament, 2025a). The House of Lords Built Environment Committee also held an inquiry into the delivery of New Towns in 2025, with land value capture understood as a fundamental factor in their potential success (UK Parliament, 2025b).¹⁸ Although the details of policy are not yet entirely clear, land value capture is at the heart of the government's current housing delivery and place-making objectives in relation to New Towns, supported by encouraging the use of compulsory purchase powers with a direction to remove hope value if necessary (MHCLG, 2025e), despite the constraints imposed by the PPP model as discussed above.

Certainty, flexibility and policy design

The recent history of value capture policy suggests that it is unstable and subject to adjustment as policymakers search for the 'right' policy design. As the rest of this report shall explore, there are a range of political, ideological and technical determinants for this instability. However, a key factor is the tension between the drive for certainty and the drive for flexibility in land value capture policy. This tension exists, in part, due to what economists call the 'special characteristics' of land as a market commodity – particularly its spatial fixity and heterogeneity – combined with the imperfections of the land market and the lengthy timescales involved in the development process.

Every piece of land is different – consequently every development is different. Developments in different parts of the country are shaped by different local market conditions, particularly in terms of land values. Indeed, the valuation of land is itself a complex exercise – largely a matter of professional judgement based on uncertain calculations shaped by signals extracted from an opaque market (CMA,

¹⁸ One of the authors of this report (Edward Shepherd) was invited to provide evidence at both inquiries, and did so in oral form for both, as well as in written form for the Housing, Communities and Local Government Committee inquiry. Parts of this report draw on evidence previously presented at these inquiries.

2024; DLUHC, 2024). Market conditions may also change, significantly impacting property values and land values. Such changes are distributed unequally across the country. Because land is immovable, developments planned or underway on such land cannot escape the impact of changes on the viability and deliverability of development.

The changing nature of land values through time as well as across space poses a challenge to the design of land value capture tools. Developers and investors crave a degree of certainty so that they can make business decisions relatively confident that market or policy circumstances will not change and negatively impact profits (Raco et al., 2019).¹⁹ However, because of the dynamic market environment in which development is conducted, they may also crave flexibility so that land value capture liabilities can be adjusted should conditions worsen.²⁰ Indeed, it is partly for this reason that development viability is now embedded in plan-making and development control decisions. Furthermore, state actors may similarly crave flexibility so that land value capture liabilities can be increased should market conditions improve over the course of a development. It is for this reason that some planning permissions require ongoing viability review, with 'clawback' arrangements should market conditions improve and/or values increase.²¹

These competing impulses between the drive for certainty and flexibility²² are reflected in Section 106 agreements and the CIL. The CIL was partly intended to respond to criticisms of Section 106 from the development sector. This was driven by concerns that due to its flexibility and complexity, the Section 106 mechanism resulted in lengthy negotiations, uncertainty and increased costs. CIL was intended to create greater certainty by being non-negotiable once the local rates are set, and would be charged and collected by local authorities who could retain all of the revenue.

The explanatory memorandum for the Community Infrastructure Levy Regulations (2010: 2) sought to justify CIL on the basis that it would "provide greater transparency and certainty for the development industry on the level of contributions towards infrastructure that are expected and as such should reduce delays in the granting of planning permission by removing negotiations over the amounts sought".

However, CIL has also been unpopular with the development sector, with a 2016 review of the system receiving many consultation responses regarding its "bureaucracy and complexity" (CIL Review Group, 2016: 17) that are, in large part, a result of its inflexibility.

These tensions were also a key factor in the fate of the Infrastructure Levy. This was intended to enable land value capture to more efficiently track movements in property values. When it was first announced, it was going to be a development tax-like instrument set at a single, national rate (Kahn, 2021). However, the proposals became increasingly complex as they sought to allow for the variety of circumstances across different sites as well as the requirement to secure affordable housing in place of Section 106 agreements. The eventual government consultation on its design ran to an unwieldy 30,000 words (DLUHC, 2023a). As one government advisor noted:

"There's something that's simple and really stupid, and there's something that's clever and really complex...So the Infrastructure Levy started out at the simple and stupid end, and has now fallen away, because, of course, it moved more and more towards...the complex end...I don't think there's any way of getting out of that trade off." (GA4, 2024)

It seems, then, that it is very difficult to design a version of land value capture policy that can fully satisfy the contradictory demands for certainty and flexibility and therefore satisfy all parties. As this report shall explore, these challenges are exacerbated by the political and ideological context that shapes this policy area. Crucial to this context is the power wielded by the vested interests that stand to gain or lose from any adjustment to the land value capture settlement (see chapter 3) and their ability to exert pressure on state actors to adjust policy in their favour, often at the expense of affordable housing and infrastructure delivery outcomes (for examples, see chapters 5, 6 and 9).

Conclusion

Because of its centrality to the realisation of successive government policy objectives regarding housebuilding and affordable housing supply, land value capture has been subject to various policy

¹⁹ Of course, developers and investors also require a degree of uncertainty to justify taking risk-adjusted financial returns.

²⁰ As will be explored in chapter 7, some developers actively exploit policy flexibility in order to reduce their land value capture liabilities.

²¹ This is also a symptom of developer interests being very reluctant to model future growth in property values into their viability calculations for planning, preferring instead to model based on current property values (resulting in less value available to flow towards affordable housing than assuming future growth). However, as the evidence in Appendix B strongly indicates, developers make more optimistic assumptions in their bids for development sites (see chapter 7 for a discussion).

²² This tension runs through the town and country planning system as a whole, as reflected in debates about the relative merits of a discretionary versus a rules-based system (Schulze & Webb, 2020).

adjustments over the last decade. This chapter has sought to describe these adjustments and the resultant policy context. The contemporary settlement predominantly comprises negotiated Section 106 agreements primarily used to secure affordable housing, and the less flexible CIL that is used to secure financial contributions towards strategic infrastructure. Both of these mechanisms are generally set and administered at the local level.

Closely related to land value capture, development viability serves as a key disciplining force in policymaking and development management decisions. It seeks to ensure that plans and permissions are deliverable by protecting the developer profit and landowner financial incentive to engage in development, while also seeking to ensure that some development value flows towards infrastructure and affordable housing rather than to landowners. This remains a controversial feature of planning, even following the adjustments to national viability guidance in 2018 (see chapter 7).

The Levelling Up and Regeneration Act 2023 compulsory purchase hope value provisions are untested at present and are unlikely to have any significant impact on the land market until they have been used and any legal challenge defeated in the courts, backed by significant government funding commitment. However, their introduction under the last Conservative government is symptomatic

of the degree to which the cross-Party political pressure created by the housing crisis has created opportunities for consensus regarding the necessity of more closely regulating land market financial returns. It remains to be seen whether they will actually be used to deliver a new generation of New Towns currently being promoted by the Labour government. However, their potential is significantly hampered by the reliance of the current Labour government on the public-private partnership funding model and the dominance of private developers in the delivery of new development, given that the new hope value powers can only be used to support the delivery of public sector led projects (see above discussion).

There is a perennial tension between flexibility and certainty in these policy debates. This is most clearly illustrated in the anxiety that if land value capture mechanisms are set at 'too high' a level, then this will extinguish the financial incentive for developers and landowners to engage in development. This indicates the power that is held by these interests in the contemporary land and housing delivery settlement – an influence that shapes and limits policy design and implementation. It is to such questions of power that we now turn.



3. Mapping the players: interests, politics and power

Having set out the current policy landscape in the previous chapter, we now turn our attention to mapping the various groups and interests that currently engage in and shape land value capture policy debates and implementation. This chapter examines the key participants, what they seek out of land value capture and the power they wield to achieve their objectives. Due to space limitations, it does not cover all the groups and interests that are relevant to planning and development (for example, it does not cover residential landlords, housing associations, commercial developers or the financial sector, including the bond market and its disciplining power over fiscal policy).²³

Instead, we set out to summarise the main categories of interests, where their power derives from and how they therefore shape land value capture policy and practice, particularly in relation to housing development. What follows necessarily entails some generalisation. However, the account presented here reflects the tendencies exhibited by

these interests in contemporary policy debates, as reflected in public consultations, select committee inquiries, specialist reports and research interviews.

The nature of power in land value capture

Before examining the interests that interact in the game of land value capture, we first summarise three interconnected forms of power that such interests can enjoy and exert to secure an advantage (Fuchs & Lederer, 2007).

- 1. Structural power:** This is power enjoyed by an organisation, company or agent by virtue of its structural significance to the economy or a particular field of production. Such power is not always actively exerted, so much as simply being a feature of the agent's structural control over a crucial resource. When this power is recognised



²³ For fuller treatments of relevant interests and lobbies see Colenutt (2020), Cox (1984, chapter 3), and Rydin (2003, chapter 7).

by state actors, it can result in policy that favours the structurally powerful. The classic example of structural power in political economy is banks and their control over the supply of credit (Culpepper & Reinke, 2014). In the context of land value capture and housing production, structural power is predominantly enjoyed by landowners and volume housebuilders. However, state actors also have structural power over these actors, although they may not always be willing to make policy that recognises it.

- 2. Instrumental power:** This is power that is exercised via more direct influence over decisionmakers. This is, therefore, more of an agency-focused conceptualisation of power and focuses on the ability of agents to shape the decisions of politicians and policymakers through direct engagement and influence, such as lobbying. In the context of housing production and land value capture, instrumental power can be exerted by any group of interests, although the degree to which they have influence is largely determined by the degree to which they have structural power. However, while the concept of instrumental power is usually invoked to refer to a form of business or lobbying power, we contend that it is also suggestive of voter power that can create electoral incentives that can counteract business power when issues are salient among voters e.g. housebuilding (Farfield, 2015).
- 3. Ideational power:** This is power exercised through shaping the prevailing ideational environment in which policy is made. This may entail persuading others to accept ideas, resistance to certain ideas' inclusion on the policy agenda, or the reproduction of a more abstract ideological hegemony that constrains what is thinkable (Carstensen & Schmidt, 2016), or else normalises certain ideas – such as the primacy (or hegemony) of private property (Davidson, 2007). Ideational power is therefore evident in arguments articulated in the exertion of direct instrumental power (such as via lobbying), as well as in the culturally sedimented ideas that are accepted as common sense and which structure thinking and the perception of what is politically possible (such as the legitimacy of extracting unearned rent from land).

These forms of power²⁴ interact to create a complex landscape in which some interests may be systematically advantaged over others. They are

²⁴ We owe our conceptualisation of these forms of power in relation to housebuilding to collaborations with Chris Foye, most recently evident in Foye & Shepherd (2025).

distinct concepts, but in practice a particular group or coalition of interests may simultaneously enjoy or exert up to all three forms of power.

Mapping the players

Private owners of development land

Owners of land with development potential enjoy structural power due to their ownership of the scarce resource of land that is a fundamental input into the production of new housing – which is a politically, economically and ideologically significant good (see chapter 5). One development site is not substitutable for another – this awards the landowner monopoly control over that space. If a developer or state agency wishes to develop in that location, they have no choice but to negotiate with the owner of the land.

In terms of land value capture, this means that, in the context of minimal state intervention in private property rights, private landowners have the power to withhold land supply should land value capture provisions (or wider market dynamics) impact on land prices to the extent that these do not provide sufficient incentive to release the land for development. Because land is a non-depreciating asset and limited in supply, landowners tend not to be in any rush to sell land for development.

This perceived power is frequently invoked in contemporary land value capture debates to seek to limit land value capture. To provide a recent emblematic example of this, the Country Land and Business Association (the membership organisation/ lobby group for landowners in England and Wales) said the following in their submission to the 2025 Housing, Communities and Local Government Committee inquiry into land value capture:

“if more land value is to be captured, and it makes taking the risk on putting land forward for development unattractive, or worse, unviable, then the 1.5m homes will never be delivered.” (CLA, 2025)

We see in this expression of instrumental power the explicit articulation of the structural power of landowners in the form of a not-so-veiled threat to policymakers and politicians. This invokes the potential risk posed to the realisation of their housebuilding objectives should land value capture policy settings be adjusted to negatively impact landowner financial returns. The actual response of landowners should land value capture policy

settings be adjusted may not always be quite so systematic – there is little empirical research available that investigates historic real land market responses to land value capture policy adjustments (see Gibson (2025) for a discussion regarding the limitations imposed by this lack of evidence).²⁵

Volume housebuilders

Volume housebuilders enjoy structural power due to their dominance in the supply of new housing, combined with their control of development land via a combination of outright ownership and option agreements with landowners (whereby they promote the site through the planning system and then purchase the land from the landowner, usually at a discount from market value). This kind of dominance is partly a function of the highly concentrated nature of the housebuilding industry. For example, the 11 largest housebuilders in Great Britain contributed around 40% of new homes in 2021/22 and they collectively control around 1.17 million plots in their land banks (CMA, 2024: 15 & 75).²⁶ Policymakers and politicians therefore generally see themselves as reliant on volume housebuilders to help deliver their housing objectives. This can bias policy in favour of larger housebuilders.

Clear examples of this in relation to planning and housing development include the post Global Financial Crisis mortgage market support schemes (such as Help to Buy) that favoured volume housebuilders, and the production of a National Planning Policy Framework in 2012. The latter was initially drafted by a team that included a senior executive from volume housebuilder Taylor Wimpey (see Shepherd, 2018) that entrenched development viability in planning and made it easier to secure planning permission on un-allocated greenfield sites preferred by larger housebuilders (for analysis, see Foye & Shepherd, 2023).

The volume housebuilder lobby signals its structural power via the exertion of instrumental power – there are regular meetings between volume

housebuilders and government actors. By way of illustration, Figure 4 shows the numbers of meetings between housebuilder lobby group the Home Builders Federation (HBF) and UK government ministers between 2012 and 2025, compared with meetings between ministers and other relevant planning and housing development-focused interest groups. The data show that the HBF have met by far the most frequently with ministers (n=41), followed by the Federation of Master Builders – a lobbyist for small to medium-sized builders (n=33).

One housing and land justice campaigner and former government advisor remarked on the instrumental effectiveness of the volume housebuilding lobby:

“...political communication really matters, and the developers are very good at it. You know, HBF [Home Builders Federation] is one of the most effective lobby groups out there, and they're very good at presenting a face to government that says, you know, 'We're just honest builders, gov,'...[T]hat's a powerful image to present to government. You know, 'We are... the kind of honest workers here. We...will build you the bloody homes, but just get out of our way.' And, you know, it's a powerful message... the contrast between what they...say in their investor statements and stock market reports versus what they say to government is like night and day. It's extraordinary.” (CGH7, 2024)

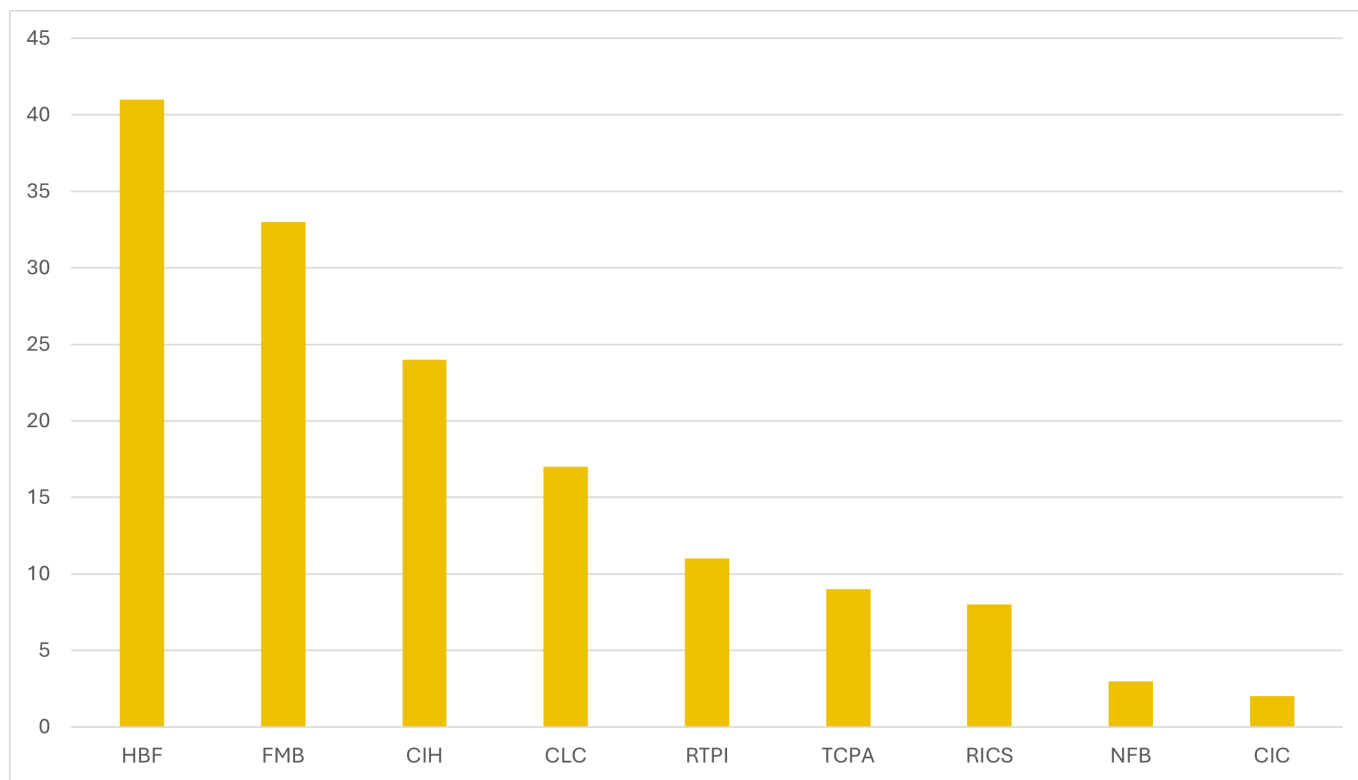
The ‘contrast’ mentioned in this quote is a reference to the nature of volume housebuilding businesses compared with how they present themselves. While they do, of course, build homes – they are fundamentally, as the ex-CEO of Taylor Wimpey explained, ‘land portfolio companies’ concerned with adding value to their landbanks via the planning system (as quoted in Foye & Shepherd, 2025: 28). This is a key factor in build-out rates i.e. the preference for volume housebuilders to deliver homes to the local market at a rate that protects achieved house prices and their financial returns, rather than at a faster rate that could potentially result in lower prices.²⁷

²⁵ Generalising about the behaviour of landowners is also challenging due to the variety of types of landowner. For example, there are potential major differences in extent of landholding, motivations and time horizons between a smallholder who wishes to sell a plot of land for development to cross-subsidise their farming operations and an institutional, aristocratic, or industrial landowner. A classic attempt to unpick some of these differences can be found in Massey & Catalano (1978).

²⁶ This market concentration also raises the likelihood of uncompetitive behaviour. The Competition and Markets Authority (CMA) found evidence of the exchange of competitively sensitive information that “may have had the object or effect of preventing, restricting or distorting competition with respect to the supply of new build properties and/or the purchase of land” (CMA, 2025: 13). This resulted in an unusual decision by the CMA to accept binding commitments from 7 major housebuilders (including a combined payment of £100 million towards affordable housing programmes) in lieu of continuing with the investigation to determine whether competition law had, in fact, been broken. The decision by the CMA to accept a settlement instead of continuing to pursue the matter is suggestive of the role of the structural power of the volume housebuilders.

²⁷ An additional influence on build-out rates in volume housebuilder schemes is the financial bonus culture. Housebuilders are incentivised by bonuses awarded for hitting financial targets aligned with profit metrics rather than housing delivery. This can incentivise regional directors to massage delivery rates to help them reach their annual target and win their bonus. According to a former employee of a volume housebuilder, it works like this: “[W]hen you look at regional housebuilders, their focus is ‘Hit those targets’...not about house numbers, it's about hitting profit and it's about hitting cash...And that just becomes your focus as a housebuilder, because you're working short term...And therefore, when a Section 106 payment comes up, if you've got a smaller site, you look at it and go, 'I don't want to pay that £5 million out of my budget this year. Can we just...stop the site or slow the site down? Because

Figure 4: Key housing development interest group meetings with UK ministers 2012-2025



(Source: Transparency International UK. Only shows meetings with UK Government ministers while on official business. Original data sourced from UK Government transparency disclosures. Shows Home Builders Federation (HBF), Federation of Master Builders (FMB), Chartered Institute of Housing (CIH), Construction Leadership Council (CLC), Royal Town Planning Institute (RTPI), Town and Country Planning Association (TCPA), Royal Institution of Chartered Surveyors (RICS), National Federation of Builders (NFB) and the Construction Industry Council (CIC).)

As well as exerting instrumental power over national policymakers, volume housebuilders are well equipped to navigate the negotiations of the planning process due to their considerable resources – which produces skills and information asymmetries in comparison with local authorities. We examine this in detail in chapter 7. Their structural power can also be a feature in local negotiations in circumstances in which local authorities have a perceived undersupply of housing, and may therefore rely on volume housebuilders to help them meet local need.

Development land promoters

We define specialist land promoters as businesses who enter into an agreement with a landowner to promote their land through the planning system with the intention of securing a change in planning status (e.g. an outline planning permission) that increases the financial value of the land. When the land is then sold for development, the promoter and the landowner share in the financial uplift. An alternative model is for the land promoter to

purchase land outright and hold onto it in the hope that its value appreciates, while potentially also promoting the site through the planning system.²⁸ The size of the specialist land promoter sector is relatively small, although enjoyed some growth after an adjustment in national planning policy in 2012 (McAllister at al., 2023). Indicative of the growth and maturation of the sector, the Land, Planning and Development Federation (formerly the Land Promoters and Developers Federation) was formed in 2018 to promote the interests of the industry.

Land promoters do not, in themselves, enjoy the same degree of structural power as landowners and volume housebuilders. However, they do control extensive areas of development land, which means that they are important players and are extracting value via the overall land development process. By virtue of their business model, land promoters may represent an opportunity for housebuilders who may wish to gain access to their land banks. Indeed, one of the largest land promotion companies (Gladman Developments) was acquired by Barratt Developments Plc for £250 million in January 2022

next year, I'll have the extra money.' So, they're 'teeming and lading' between sites in terms of cash in order to get [their] bonus." (REB2, 2024)

28 For a discussion of different models, see Shepherd, McAllister & Wyatt (2024).

(Eckford, 2022).

In terms of land value capture, land promoters may enjoy similar information and resource advantages as larger housebuilders. Any land value capture liabilities agreed as part of a planning permission may in theory be reflected in the land price, so there is an incentive to reduce these if a viability argument can be made. However, if the land promoter is active in a higher value area and is promoting a greenfield site with little in the way of exceptional site or infrastructure costs, there may be little scope to make such arguments, as indicated by one land promoter interviewee:

"I can't turn up at either an appeal or a committee or whatever it may be and say, 'This site is unviable,' because it's a greenfield site...Now, there are instances where we've got relatively close to that, if there are issues in the ground and costs and the rest of it. But in the main, sort of, you know, 99% of the time, I can't sit down and renegotiate Section 106 contributions." (REB3, 2024)

However, in such circumstances, there is always the possibility that the housebuilder who purchases the site with an outline planning permission seeks to renegotiate as the full detail of the development are fleshed out.

State actors

State actors (including officials and politicians) play a role in setting the national policy and taxation framework, as well as at local level via the plan-making and development management process. In relation to land and development, state actors hold significant structural power. This is because the state has monopoly control over the supply of development rights, and landowners and developers cannot easily move their operations elsewhere where there is a more favourable policy environment.²⁹ Furthermore, state actors may work for a state body that owns development land (a reminder that the role of landowner can be played by many types of actor with differing motivations).³⁰ However, as we have seen, landowners and some larger developers also have structural power. It

is in this tension that we see the importance of instrumental and ideational power in terms of influencing thinking and persuading state actors to recognise the structural power of landowners and developers at the expense of their own.

In terms of land value capture, state actors obviously have the power to impose requirements on landowners and developers – and currently do so via Section 106 and CIL mechanisms (see chapter 2). However, where there is scope for negotiation (which there is in all of these, including CIL at the charging-schedule setting stage), there are potentially significant information, expertise and resource asymmetries in the case of larger developers and landowning interests. However, this is not to suggest that local authorities cannot also signal their structural power through the course of hard bargaining – and developers complain of being overloaded with requirements (HBF, 2025a; 2025b). This is discussed in chapter 9.

As with the other interest groups examined here, state actors are not a monolithic bloc. For example, politicians across parties and within the same party at different levels of government may not share the same interests or motivations. This was illustrated repeatedly under successive governments since 2010, where the national political drive for housing development was met with political resistance in local Conservative constituencies which was sometimes reflected in backbencher rebellions.

A key example is the controversy surrounding a 2020 government white paper and the accompanying proposed adjustment to the calculation of housing need, which would have significantly increased housing targets in many Conservative constituencies (Shepherd et al., 2024). This resulted in concessions that weakened the power of housing targets in local plans, much to the consternation of the housebuilding industry (Battersby, 2023). This Conservative Party political damage limitation was a rare example of the government adjusting policy in a way that did not favour the volume housebuilders, although the incoming Labour government has since rolled back these adjustments and restored the

²⁹ While land is immovable, in theory developers could choose to focus their efforts and investment on sites in local authorities with looser or less stringently applied land value capture requirements or planning policy. However, the ability of local authorities to enforce requirements so stringent as to have this effect is significantly weakened by the national policy context that is tilted towards a presumption in favour of development, reflecting a national policy bias shaped by the recognition of the structural power of housebuilders (see Foye & Shepherd, 2023).

³⁰ Although public landowning bodies are different to private landowners, they have come under pressure over many decades from central government to sell their land assets to raise capital receipts and enable the delivery of housing. Brett Christophers (2019- chapter 3) shows how a strategy to dispose of 'surplus' public land has been on the policy agenda since at least 1979 and has been shaped by discourses of 'surplus' and 'efficiency'. Previous Conservative governments in the last decade pursued a Public Land for Housing programme to "identify and release surplus" public land for new homes (MHCLG, 2020a: 5), while the current Labour government recently announced a new taskforce to release 'surplus' public land for housing (HM Treasury et al., 2025). Citing Doreen Massey (1980), Christophers (2019: 141) makes the point that encouraging a policy of selling public land in the interests of efficiency, maximising receipts and supporting private housing delivery represents a failure to use such landholding to promote "a genuinely alternative mode of owning and using land". This is a further example of the state failing to recognise its own structural power in the context of self-imposed fiscal limits and capitulating to the structural power of private developer interests.

power of housing targets. This forms part of its bid to meet its target of 1.5 million new homes over the parliamentary period in the absence of significant public spending commitments to support direct delivery (MHCLG & Rayner, 2024).

The disconnect between the political interests of local politicians and the national political drive to deliver more housing does not only afflict the Conservative Party. This is also a potential problem for Labour politicians, such as where development is promoted in the Green Belt within Labour constituencies (Stowers, 2024), or where national policy and legislation is adjusted to promote housebuilding at the expense of environmental and ecological protection. Indeed, the passage of the Infrastructure and Planning Bill (now Act) was fraught with the threat of backbencher rebellions in response to its proposals to enable environmentally damaging development to go forward (Colley, 2025).

Professionals

Developers, landowners and state actors are supported by an industry of professional experts who advise policymakers and sell their expertise to help their clients achieve their objectives (see chapters 6 and 7 for a more detailed discussion). One specialism that is of particular relevance to land value capture is that of the real estate and development expert. These experts have many roles in the planning and development process. They may be land agents who stand to benefit from rising land prices and negotiating with housebuilders on behalf of landowners. Or they may be planning consultants who benefit from leveraging their knowledge of a complex and opaque system. Or they may be financial viability specialists who attract professional fees from advising on contested viability cases.

Such experts may typically be (but are not always) members of the Royal Institution of Chartered Surveyors (RICS). This is a professional body that has evolved over time to advise the owners of, and investors in, land and property. This includes both private actors and state bodies. Due to this, the RICS has significant instrumental power in influencing national debate and local policy outcomes – although they prefer to represent themselves as value-neutral providers of technical advice. This is examined in more detail in chapter 7.

Local communities

While it is not the case that local communities oppose housing development as a matter of course

(e.g. some may support high quality housing development if it contributes to the creation of better places), local housing development can be highly controversial – particularly on the kind of greenfield sites that are favoured by land promoters and volume housebuilders. Local community members and groups that oppose new housing development can exert considerable instrumental power due to their ability to lobby local elected politicians and threaten to punish them at the next election. This power was vividly illustrated in the Conservative loss of the previously-safe Chesham and Amersham seat in the June 2021 by-election following the political fallout from the aforementioned 2020 white paper and housing number calculations (Shepherd et al., 2024).

This is significant for land value capture because of how it is entangled with the supply and quality of new housing and the infrastructure required to support it. Poor local infrastructure provision and the pressure new housing places upon it, as well as poor quality design, are common reasons for local objection to housing development (Opinium & Curia, 2025: 8; Blagden & Surmon, 2024: 21). This has led some campaigners and politicians to try to frame land value capture as a way to incentivise local community support by drawing a link between new development, its design quality and new infrastructure provision (see chapter 8). Indeed, the RTPI's written response to the Housing, Communities and Local Government Committee's 2025 inquiry into land value capture stated: "Any review of LVC should make development more popular, increase the quality of new development, and improve infrastructure for nearby existing residents" (RTPI, 2025).

Another reason that some local community members can oppose development is due to the perceived negative impact that it can have on local house prices, perhaps due to effects on local character and amenity or due to stigmatisation of residents of some tenures of affordable housing.³¹ This is indicative of the disciplining power that homeownership and house prices have on policymakers and politicians, an effect exacerbated by high levels of mortgage debt and expectations of house price inflation facilitated by historically low borrowing costs in the aftermath of the 2007-2008 Global Financial Crisis (see chapter 5). Here, homeowners (who are, of course, also landowners) represent an important voting bloc and are perceived to enjoy structural power over policy as a result. This has meant that policymakers and politicians have been reluctant to introduce

³¹ For a review of some of the evidence, see Monkkonen & Manville (2019).

more progressive forms of residential taxation, even though there is a very compelling argument to do so on equity and efficiency grounds (see chapter 10)

Interest coalitions and ideational power

The Country Land and Business Association, Home Builders Federation, the Royal Institution of Chartered Surveyors and the Royal Town Planning Institute are just four of a large ecosystem of professional bodies, think tanks, lobby groups and policy entrepreneurs active in the land and housing development policy area. Their business is to exert ideational and instrumental power to frame debates, strategically deploy evidence and to propose policy solutions that serve the interests of those they are acting or campaigning for. The nature of the arguments they make have evolved through time in response to the changing political context (for detailed analysis of some of these, see Foye, 2022a). However, in the interest of parsimony we here categorise them into three broad coalitions in relation to housing development, the planning system and land value capture.

Market orthodoxy coalition

This coalition includes think tanks such as the Adam Smith Institute, Centre for Cities and Policy Exchange. They have tended to portray the planning system as an inefficient institution that distorts the land market and produces fewer homes at higher prices than would otherwise be possible with a more 'efficient' system (e.g. Airey & Doughty, 2020; Breach, 2020; Adam Smith Institute, n.d.). They therefore push for a more 'streamlined' and liberal planning system coupled with a more standardised and certain land value capture regime to support the provision of infrastructure, that can be more straightforwardly priced into the business models and projects of housebuilders and landowners.

While critiques of the planning system as an inefficient and opaque institution are certainly valid, when articulated by the market orthodoxy coalition, they risk serving the interests of large and powerful market actors that stand to extract rents from housing production – specifically via planning decision-related land value uplift. As one housing development campaigner commented, suggestions that the system needs to be 'streamlined' often

align with the imperatives of some landed property interests:

"...the call for streamlining and speed is very much one that suits a very large...vested interest who has a site that...is just about to be allocated, for example, or is going through a large process and so you will know exactly what you want and you can standardise the boxes that you're building across the country...And so...that is not a call for fundamental reform of the system, that is a call to make the rents flow faster." (CGLP4, 2023)

This coalition has been able to exert significant instrumental power as they have been listened to by politicians and policymakers due to the aforementioned structural power of those whose interests they serve.³² In terms of land value capture, they tend to make arguments that imply the structural power of landowners and developers i.e. 'don't set the level too high for fear of harming financial returns to the extent that development is discouraged'. This is clearly articulated in the Home Builders Federations response to a 2024 government consultation that sought views on adjusting viability practice to more closely regulate landowner returns:

"It is suggested that...current arrangements for assessing viability in the planning system...should be allowed to mature rather than impose major disruption upon the land market...[S]uch an approach would have unintended negative consequences resulting in reduced land value capture in some areas." (HBF, 2024a)

Heterodox coalition

This coalition includes bodies such as the Institute for Public Policy Research (e.g. Hobbs, 2025), some members of the Town and Country Planning Association (e.g. Ellis, 2020), Shelter (a housing and homelessness charity) (e.g. Jefferys & Lloyd, 2017) and the Centre for Progressive Policy (e.g. Aubrey, 2018).³³ Such groups may seek to emphasise that reforms to the planning system will not necessarily result in a significant increase in the supply of new housing and improved affordability, while also emphasising the potential for more equitable redistribution of land value uplifts.

This coalition deploys arguments that implicitly emphasise the structural power of landowners and housebuilders and, while not expressing satisfaction at the planning status-quo, reject the implication that if the land market was lightly regulated via a more liberal planning system, there would be a step-

³² It is not always easy to discover who funds the work of some of the think tanks active in the housing development and planning policy area. For example, Policy Exchange and the Adam Smith Institute are both consistently listed by Who Funds You? (2025) as among the UK's most opaque think tanks in terms of funding sources.

³³ In the interests of transparency regarding positionality, the authors of this report would broadly align themselves with the heterodox coalition.

change in housing delivery and affordability. This rejects the dominant framing of the market coalition by emphasising that land and property markets are inherently imperfect in part due to the power imbalances that pertain – expressed most obviously in the ability of larger developers to manage build-out rates to protect profit margins.

This kind of argument may be (although is not always) coupled with a desire for a land value capture regime that delivers more affordable housing by more closely regulating the financial returns of landowners and/or facilitating the state taking a more proactive role in land assembly and stewardship. The compulsory purchase value reforms and the 2018 viability guidance adjustment discussed in chapter 2 are a symptom of the campaigning activity of some members of this coalition.

Pragmatic reform coalition

It is in a pragmatic reform coalition that elements from the market orthodoxy and heterodox coalitions combine in mainstream debates concerning planning reform and land value capture. These elements are united by acceptance of the need to find pragmatic (rather than radical) solutions that can secure political and popular support. While they may wish to have a more efficient and less costly planning system, the market orthodoxy element of this coalition may be nervous about the disruption that more radical market solutions (such as a sudden wholesale shift to a zonal planning system) may pose to the development land market and housing delivery.

While they may wish to emphasise the ‘broken’ nature of the land and housing market, the heterodox element of this coalition may stop short of proposing a solution as radical as the nationalisation of development land. It is in this middle-way policy space that professional groups and industry bodies such as the Royal Institution of Chartered Surveyors and the Royal Town Planning Institute tend to find themselves – in part because their membership extends across both public and private sectors.

For this coalition, policy proposals should not be too radical and therefore disruptive to the land and development market. The focus tends to be on moderate improvements to existing mechanisms, rather than on introducing entirely new systems of planning and land value capture. For them, the proposed Infrastructure Levy was too potentially significant and disruptive, creating uncertainty that

discourages investment and development. A joint letter sent by a broad coalition of signatories to the Secretary of State in February 2023 stated:

“While there is clear scope to reform and improve developer contributions, they are nonetheless responsible for a huge proportion of new affordable and social homes. As its proposed replacement, the Infrastructure Levy represents a radical shift in how this housing will be funded and delivered. In the context of acute housing need, a change of this scale must be well-evidenced and adequately resourced... In light of interest rate rises and the ongoing impact of inflationary pressures across the housebuilding sector, this would represent a serious threat to development at a time when these homes are urgently needed.”

(Gascoigne et al., 2023)

This coalition is also united in a desire to increase housing delivery, although the constituent parties may disagree regarding the primary rationale for this. Is it to increase supply to manage house price inflation? Or is it to increase supply and therefore the supply of affordable housing along with it via more effective land value capture?

Conclusion

This chapter has mapped out the key players in the land value capture game, and has explored how their interests are generally misaligned. Central to these relations is the tension between the structural power of landowners and volume housebuilders (expressed via their influence over land and housing supply), and the structural power of policymakers and politicians (expressed via their ability to adjust policy settings that shape the development of land). It is here that the activities of the lobbyists and think tanks are instrumental in seeking to influence the ideational environment in which policy debates are conducted. Of course, the lobbying activities of these groups do not take place purely in the realm of ideas, but are rooted in the material interests of those they are acting for.

So – if these are the players, what is the nature of the game being played? It is, if nothing else, a game of the creation, pursuit and protection of value with real distributional implications and outcomes. What constitutes value and how it is distributed in an economy were foundational questions that preoccupied economists and political philosophers in the 18th and 19th centuries. Such debates were entangled in questions regarding the power conferred by landownership, the nature of the relationship between society and the state and what

this all means for the (re)distribution of land value. It is to the history of such deeper questions that we now turn.

Part 2: Historical Context

4. Regulating the land market: a brief history

The history of land value capture in England is a story of changing attitudes and understandings regarding the source of land value and the proper role of the state in relation to property in land.³⁴ Ultimately, therefore, it is a history of the various ways in which the land market has been embedded in social institutions in different ways via different forms of government regulation. These are shaped by different modes of economic thinking, and have differing distributional implications. At the heart of this story is the contested status of land as a market commodity. We now summarise this history in order to place the contemporary politics of land value capture in context.

In addition to providing important context, this history highlights how the contemporary land value capture settlement has entrenched an approach that seeks a relatively small proportion of the property wealth that land reform movements of times past sought. It also shows how the debate has steered away from moral and justice-oriented rationales for land value redistribution towards those of pragmatism and efficiency. This is important for making sense of the limits and contradictions of land value capture today.

The special characteristics of land as commodity

In a parliamentary debate concerning development land taxation in 1947, Labour MP Henry McGhee commented that “everyone - philosophers, economists, teachers, and even lawyers - will accept the view that there are special and radical differences between land and other commodities” (HC Deb January, 1947, c.1024). We can trace in this statement the influence of centuries of debates among political philosophers, economists and political campaigners regarding the special qualities of land, their implications for its ownership, and the problems arising from its treatment as a market commodity.

Classical economists such as Adam Smith (1723-

1790), David Ricardo (1772-1823) and John Stuart Mill (1806-1873) all agreed on the special status of land. In different ways, these thinkers made the argument that a proportion of value generated via the productive process and the investment of capital was captured by landowners by way of land rents³⁵ due to the special economic characteristics of land: its spatial fixity, limited supply and the fact it costs nothing to produce. Due to these characteristics, so the classical argument goes, land (as commodity) defies the laws of supply and demand and confers locational monopoly power on landowners. As a result, as demand for land increases, this does not necessarily result in a corresponding increase in land supply or production cost to landowners, but rather an unearned increase in land rent.

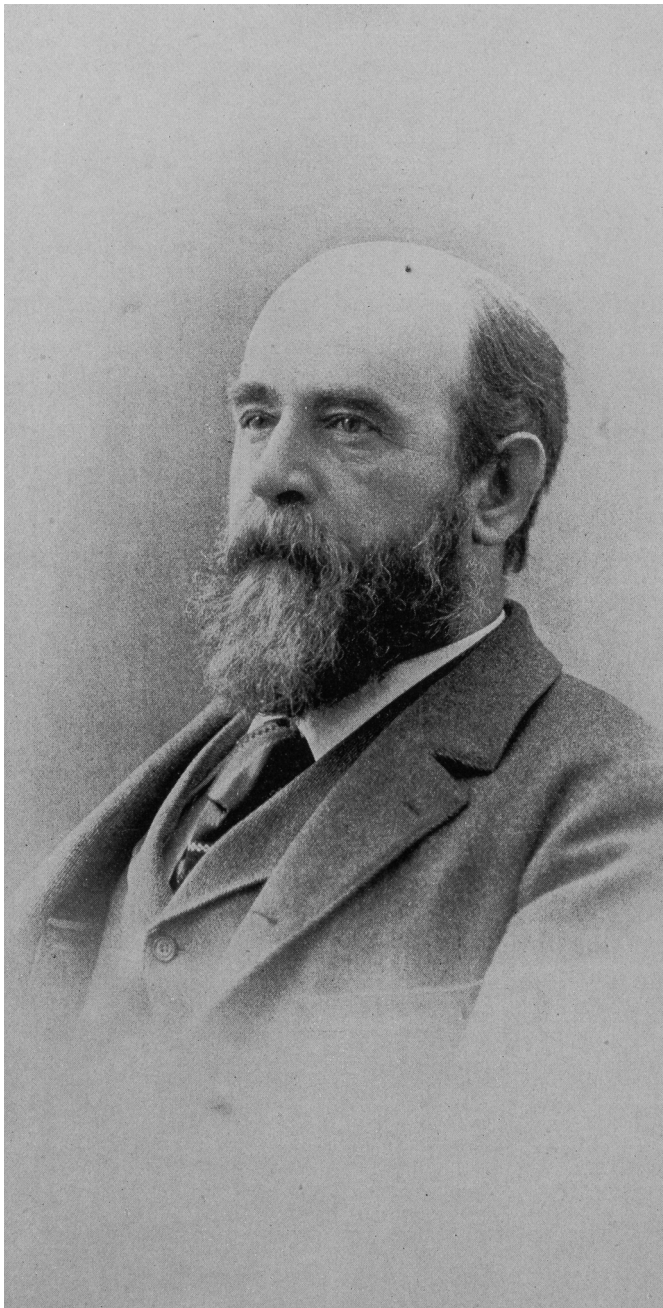
The moral critique of land rent

For Ricardo, therefore, “the interest of the landlord is always opposed to the interest of every other class in the community” because land rent absorbed productive surplus that would otherwise flow towards capital and labour (Ricardo, 1815). Mill (who was among the first to seriously consider land rent in the urban context) favoured land nationalisation as a solution to the land problem, but “dismissed it as politically impossible” leading him to promote tenure reform and taxation of future increments in land rent instead (Bevir, 2011: 135).

Henry George (1839-1897) did more to popularise the critique of land rent than any other writer. His book, *Progress and Poverty: An Inquiry into the Cause of Industrial Depressions and of Increase of Want with Increase of Wealth: The Remedy* (1879) sold over a million copies and was one of the best-selling books of the 19th century. In it, he deployed an argument that was influenced by political philosopher John Locke’s (1632 – 1704) theory that there is an intrinsic connection between labour and ownership (Locke, [1690] 2021), in order to claim that individual landownership was an aberration: “To affirm that a man can rightfully claim exclusive ownership in his own labor when embodied in material things, is to deny that any one can rightfully

³⁴ This chapter and the next chapter of the report draw on work previously published in Shepherd (2025).

³⁵ For the purposes of this report, we define land rent as the land value enjoyed by landowners merely by virtue of their ownership of a scarce resource - see Glossary.



Henry George (1839-1897) American political economist and politician and a key influence on Land Question debates in late 19th and 20th century England

claim exclusive ownership in land" (George, [1879] (1935): 336–337).

However, rather than advocate for a Marxian or socialist solution of the collectivisation of landownership, George instead argued for the liberal ideological compromise of a more moderate single tax on the entirety of the unimproved value of the land: "For, rent being taken by the State in taxes, land, no matter in whose name it stood, or in what parcels it was held, would be really common property, and every member of the community would participate in the advantages of its ownership" (George, [1879] (1935): 406). This is the classic form of land value

tax which has since been oft-discussed, but rarely implemented, around the world (Hughes at al., 2020).

Land rent debates in the early 20th century

George's land value tax would prove an important influence on the Liberal Party and David Lloyd George's People's Budget of 1909/10 which sought to introduce more extensive land value taxation as part of a long-term programme of Liberal land reform that was aimed at "attacking the very basis of landlords' power and identity" (Packer, 2001: 2). It was in this context that Winston Churchill (a Liberal MP at the time) made his oft-quoted speech in 1909 about land as the 'mother of all monopolies':

"...Roads are made, streets are made, railway services are improved, electric light turns night into day, electric trams glide swiftly to and fro, 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 at the cost of other people. Many of the most important are effected at the cost of the municipality and of the ratepayers. 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 sensibly enhanced...ripening at the expense of the whole city, of the whole country, for the unearned increment of its owner." (as quoted in Bentley, 2017: 5-6)

Churchill and other land reformers therefore argued that land should be more extensively taxed, given that land rents enjoyed by private landowners were largely a function of land's special characteristics, rather than of any individual effort on the part of the landowner. However, the Liberal government's land taxation proposals prompted a constitutional crisis in the landowner-dominated House of Lords, and were never fully implemented.

Also influenced by George, Fabian socialists of the time framed rent in Millian and Georgist terms as 'unearned' - socially produced rather than the result of any productive effort of the individual landowner (Ricci, 1969). For them, it could, and should, therefore be taxed and brought into public ownership, thereby transferring rent "from the class which now appropriates it to the whole people", thus restoring what they saw as rightful property relations (Shaw, [1889] 1891: 221).³⁶

There was therefore overlap between progressive liberal and gradualist democratic socialist ideas

³⁶ Henry George was also, of course, a key influence on Ebenezer Howard (1850 – 1928) and the Garden City movement of the late 19th and early 20th

concerning the moral case for state ownership of a proportion of rent (as wealth in land), if not land itself. Nevertheless, rural land nationalisation “remained a constant feature of Labour Party policy before 1939” (Tichelar, 2003: 166). However, under pressure from its own local councils and in the face of considerable technical and political complexities, by 1945 the Labour Party had retreated from outright land nationalisation in favour of the more gradualist Fabian-liberal land value capture compromise of land taxation and controls on development via a new comprehensive town and country planning system (Manton, 2006). Crucially, this was an approach to the Land Question that could secure a degree of support from the Conservative Party.



The 1947 planning system

Although there had been some limited land value capture mechanisms introduced via planning legislation in the first half of the 20th century, it was via the introduction of comprehensive town and country planning via 1947 legislation that extensive measures covering all land subject to development were introduced.³⁷ Although it was enacted by a post-war Labour government, much of the thinking that shaped the new planning system

centuries, with its emphasis on common (rather than private or state) landownership which would enable increases in land value to be retained by the community and used to repay the original development finance debt. This would in due course influence the British New Towns model. For an overview, see Lock & Ellis (2020).

37 The New Towns Act 1946 received Royal Assent the previous year and was also an important part of the post-war planning settlement given that it contributed to the creation of powers for New Town Development Corporations to acquire land at existing use value and lead on delivery as master developer.

38 A more detailed summary of the various policy mechanisms that were introduced after 1947 is in Appendix A.

39 By ‘development value’, we mean the financial value that flows to land because of its prospect of development to a more valuable use – see Glossary.

was commissioned in the 1940s by a wartime Conservative-Labour coalition. At the heart of the new planning system, therefore, was a fundamental cross-Party acceptance of the principle that the land market (and therefore landowners) should not be entirely free.

This was because there was perceived to be a conflict between the most financially valuable use of land as determined by market forces, and the most socially or environmentally beneficial use of land as determined by state planners on behalf of the community. Of course, in a system in which the state determines the use of land while maintaining private landownership, this creates the problem of planning decisions generating significant financial gains (in the form of land rents) for private landowners, should the consent be for a more valuable use. For its architects, this meant that the new planning system needed to include land value capture mechanisms to ensure that this value was not wholly captured by landowners.

Policy instability after 1947

The introduction of the comprehensive planning system set off a long period of post-war policy instability in the policy area of land value capture.³⁸ Labour policies generally sought to bring development land into public ownership at prices that excluded varying proportions of development value³⁹, to be sold or leased to developers at full market value or else developed by the state, while also charging a levy or tax on development value when land was privately transacted. Meanwhile, Conservative governments tended to seek to either impose no land value capture mechanism, or else impose taxes on speculative capital gains (under political pressure from rising land and property prices) and increase the supply of development land to the market via the planning system, thereby (in theory) relying on a more efficient land market to reduce inflationary pressure on land and house prices.

Frequently, Labour’s justification for its measures was expressed in moral terms that framed community efforts as the true source of land value. For example, the 1966 manifesto criticised the “land famine and rocketing prices” which it maintained were the result

of the Conservatives' preference for a 'free market' in land, and pledged to introduce a Land Commission to "secure a sufficient orderly supply of land, and bring back to the community a substantial part of the development value created" as well as a levy to "deal with the grossest example of speculative gains – the difference between the value of land at its existing use and the price received when it is sold for redevelopment" (Labour Party, 1966: 138 & 146). Similarly, the October 1974 manifesto pledged to "take into public ownership land required for development" via local authority acquisitions, to be purchased at existing use value⁴⁰ (rather than at prices reflecting development potential) and thus ending "the expensive disgrace of land speculation" (Labour Party, 1974: 206).

Meanwhile, Conservative manifesto commitments over this period consistently emphasised the Party's belief in the 'property-owning democracy' (and, therefore, its commitment to expanding homeownership), and scepticism regarding the extension of state power into private property. For example, the 1950 manifesto stated: "We intend to help all those who wish to own a house of their own or a small holding. A true property-owning democracy must be based upon the wide distribution of private property, not upon its absorption in the State machine" (Conservative Party, 1950: 84). The 1955 manifesto proclaimed: "We are against increased ownership of power and property by the State. We seek ever wider ownership of power and property by the people" (Conservative Party, 1955: 105).

Therefore, each time a Labour government introduced a new comprehensive land value capture regime, it was abolished by a later Conservative government, in what has been described by Andrew Cox (1984) as evidence of adversarial politics. This was true in relation to policies that sought to bring more development land into state ownership. However, it was not only ideological differences between the Conservative and Labour parties that contributed to policy failures. Other reasons included their considerable administrative and technical complexity, reliance on contestable and uncertain land valuations, and, crucially, the perception of the power of landowners to withhold land from the market until the policy environment improved for them (Jones et al., 2018).⁴¹

Privatisation, austerity and pragmatism

The high-profile policy dynamism that shaped this period subsided after the mid-1970s. The electoral success of the Conservative Party in the period 1979-1997 meant that it had the power to keep at bay any impulse from Labour towards comprehensive land value capture reform (although Labour's manifestos were largely silent on this point). In this period, the "vacuum in national policy" for land value capture (Grant, 1990: 77) that was left in 1985, when the Conservative Party abolished the last vestiges of Labour's land development taxation policy (see Appendix A),⁴² came to be filled from the bottom-up via the increasing use of local negotiated agreements between developers and local planning authorities (although their use had already started to proliferate in the 1970s – see Appendix A).

While this was a function of the opportunism of local authorities, it was also a function of a change in the funding environment for infrastructure. As Philip Catney and John Henneberry (2019) point out, prior to 1979, off-site infrastructure needed for development was generally paid for out of government transfers, user charges and general taxation. This meant that neither the developer, nor the landowner, had to factor in the cost of off-site infrastructure provision and utilities into their decision-making. However, this changed following the introduction of a lower tax environment and the privatisation of utilities, thus shifting the burden onto building producers and consumers.

This meant that locally negotiated agreements increasingly came to be used to secure infrastructure contributions from developers which were, in theory, capitalised into lower land prices. Landowners were willing to accommodate this change, as failure to do so would render un-serviced land un-developable (Campbell et al., 2000). Negotiated developer agreements therefore helped to pragmatically plug a funding and service provision gap - a function that, as we explore in chapter 5, has become increasingly important in the post-Global Financial Crisis austerity era. Under conditions of more limited public spending and investment in infrastructure provision and utilities and the related consensus that land values represented a legitimate target for redistribution, the initially somewhat controversial

40 By 'existing use value', we mean the value of land only taking account of the value commanded by its existing use i.e. net of development value – see Glossary.

41 See Gibson (2025) for an analysis of the sparse historical evidence that exists for this purported land market response.

42 The fact that the Conservative Party introduced a Development Gains Tax in 1973 (later abolished by Labour in 1976) and retained Labour's Development Land Tax from 1979 – 1985 is indicative of the early establishment of a cross-Party consensus on the principle of land value capture when divorced from a parallel agenda to nationalise development land (see Appendix C).

expansion in their use became sanctioned in the 1980s and their use grew significantly after the 1980s.

As well as infrastructure provision, negotiated agreements increasingly came to be used to secure affordable housing contributions from developers. This was subject to some controversy. Unlike infrastructure, critics argued that there was no necessary connection between new development and the need for affordable housing as new housing development did not create housing need (Crook & Monk, 2011: 999). However, under conditions in which the state was no longer directly delivering significant numbers of social homes combined with rising house prices (see chapter 5), this use was politically expedient and ultimately came to be explicitly sanctioned in national guidance as well as legislation in 1991. This was when they became known as Section 106 agreements (Whitehead, 2007 – see also Appendix A). They have since come to be viewed as a pragmatic means to fulfil government policy objectives concerning affordable housing provision and infrastructure. They are therefore an example of a policy being adapted by its users to fulfil a need for which they were not originally designed. Despite their various problems, this has arguably contributed to their survival.

The changing morality of property in land

In contrast with the post-war period, the dominant land value capture policy framing in England over the last forty years is that it is a pragmatic means for local authorities to fund infrastructure provision, including affordable housing, in an increasingly austere public funding environment. There have been no serious attempts to confront the power of private property via land value capture along the lines attempted by Labour in the post-war period. After 1983, Labour election manifestos made little mention of land justice issues until the 2015 election, in which a passing critical reference was made to land speculation by housing developers.

Similarly, Conservative manifestos over this period made few mentions of land value capture issues, with the exception of its 2010 manifesto which pledged to introduce a new tariff on land development. However, the Conservative-led Coalition government ultimately opted to retain

⁴³ Rachelle Alterman has proposed an illuminating typology of land value capture instruments: macro, direct and indirect. For Alterman (2011), macro and direct instruments (e.g. land nationalisation or betterment taxes respectively) tend to be legitimised via a broader rationale that such tools constitute superior land policy to a market regime and/or that they reflect a moral or legal obligation for landowners to contribute a proportion of unearned land value uplift to the public. Such instruments can be contrasted with a broad range of different types of indirect instruments (e.g. planning obligations), which tend to be legitimised via more pragmatic framing connected to the need to secure contributions towards public services and infrastructure and may therefore be more likely to survive legal and political challenge.

the previous Labour government's Community Infrastructure Levy which had been in force since 6 April 2010. The Coalition government sought to legitimise its retention of this policy on the basis that it was a "fairer system for funding new infrastructure", that it would help ensure that the benefits of development go to communities and would therefore "help change the debate about development from opposition to optimism" (MHCLG & Clark, 2010).

Although it is debatable as to whether CIL has had any real impact on helping secure local political support for new development, it has survived despite various adjustments to its design. This is, in part, because it is relatively modest in scope and sits comfortably within the political consensus that land value capture is acceptable. In the words of one former government advisor, it has since achieved a level of 'political invisibility':

"I think that one of the reasons that CIL might have been moderately successful is because it's almost politically invisible...there does seem to be some kind of political consensus now that these kinds of instruments are okay."
(GA1, 2024)

The present political and policy context for land value capture debates is therefore one in which the principle of land value capture is commonly accepted, as are the two main mechanisms – even though they remain the subject of technocratic critique. The two mechanisms were (and are) generally not justified by recourse to an ideological framing that is explicitly presented in moral terms, as in the first policy period.

They are, instead, generally framed as instruments that pragmatically enable some proportion of development value to be redistributed in the interests of securing objectives that, in theory, are in the interests of all parties, which has helped secure cross-Party consent.⁴³ As Chris Foye (2022b) has argued, this is a symptom of the depoliticisation of this policy area in comparison with the first policy period. This was alluded to in the following quote from a former government advisor, in reference to land value capture policy debates in the New Labour period:

"It was much more about kind of presenting problems of bureaucracy, and the very slow planning system, and these appalling Section 106 negotiations that went on for years,

and you have developers and housebuilders whispering in the ear of politicians saying, 'You've got to do something about this.' You know?...[I]t was all a bit more pragmatic than the...social justice argument that Henry George had made...for recycling land value." (GA1, 2024)

This is indicative of the ideological convergence of the mainstream wings of the political parties in this period. A consensus formed that the role of the state in relation to land markets and urban development should be limited to issuing regulatory guidance to shape private market activity, or to work in partnership with the private sector, while using locally-set levies and agreements to secure a limited proportion of development value in cash or in-kind.

The significance of the moral claim of the community over ownership of development land value therefore subsided for much of this period, along with Labour's advocacy of the state taking an active role in landownership, the public ownership of development value and the supply of land for development. In their analysis of land reform movements in the USA, UK, Germany and Sweden since 1880, Alexander Dobeson and Sebastian Kohl (2024: 739) argue that these conditions have "ushered in a new moral conceptualization of land as capital and means of enrichment that is challenging its status as a contested commodity in need of market protection".

This has served to limit the scope of land value capture debates. They have generally been contained within the boundaries of technical land value distribution, rather than extending to legitimising more state involvement in the land market, for example via strategic and widespread land acquisition and state-led development. This has therefore helped to limit the extent of state power over private property rights in the development process to a degree acceptable to private landowning and developer interests. The state is now, after all, reliant on these actors to deliver development (see chapter 5) and, by virtue of land value capture, contribute to the provision and funding of local infrastructure.

Conclusion

This brief overview of the history of English land value capture policy has shown that there have been two main periods. The first (1940s – 1985)⁴⁴ was marked by significant debate between the political parties, with Labour seeking to introduce measures that were legitimised by a moral critique of speculative landownership and the conviction that land values are socially produced and should therefore be redistributed by the state, particularly via more extensive state ownership of development land. The second policy period (1985 – present) has been marked by a quietening of national debates about land value capture shaped by differing moral conceptions of landownership. Both main parties of this era converged on the view that there is a pragmatic justification for landowners and developers to make contributions towards infrastructure and affordable housing from the gains of development.

The fundamental question of who should own the value of land was, consequently, swept under the rug – with debates centring on matters of technicality subsuming those on issues of morality. However, under the political pressures of the housing crisis and the need to fund infrastructure required to support new housing under austere funding conditions, we may now be witnessing the beginnings of a third period in English land value capture policy. This is potentially marked by a return of the idea of the state taking a more active (although as yet still limited) role in the land market and the delivery of development. The next chapter examines the entanglement of land value capture with the politics and economics of housing development, and the resultant repoliticisation of this policy area.

⁴⁴ The end-date of 1985 here represents the year in which the remnants of Labour's major post-war attempts at instituting a national 'top down' land value capture regime were abolished by a Conservative government. It is, therefore, more of a narrative convenience than representing a genuine watershed moment given that the growth in the use of bottom-up planning agreements had already begun (see Appendix A).

5. Land value capture and the housing crisis

As we have seen in the previous chapter, the 1980s marked the end of the first period of post-war instability in land value capture policy. This was, in part, because the Labour Party was kept out of power by a Conservative Party for whom the large-scale statist development landownership proposals previously favoured by Labour were anathema. By the time the Labour Party returned to power in 1997, the political centre ground had shifted due to the electoral dominance of the Conservative Party and a transformation of British politics that was marked by consensus regarding a more limited role of the state in the land market.

However, as argued by Thomas Purcell and Callum Ward (2022), it was not only the dominant political ideas that had been transformed over this period, but the structures and relations of production between state and market actors across various sectors. We now examine this in relation to housing production and its entanglement with land value capture, and how this has helped to repoliticise this

policy area over the last decade.

The political, economic and ideological significance of housing

Prior to the mid-1970s, the state played a major role in the direct delivery of predominately social housing via local authority housebuilding.⁴⁵ However, as dominant political ideas shifted towards a more neoliberal settlement, the role of the state in relation to housing delivery was fundamentally transformed. Rather than providing capital grants for local authorities to build homes, the central state shifted to a regime of housing benefit payments. Alongside reducing the ability of local authorities to build council homes, government policy supported the growth of the housing association sector which it viewed as “preferred partners” in delivering and



⁴⁵ This section draws on an account previously published in Foye & Shepherd (2025).

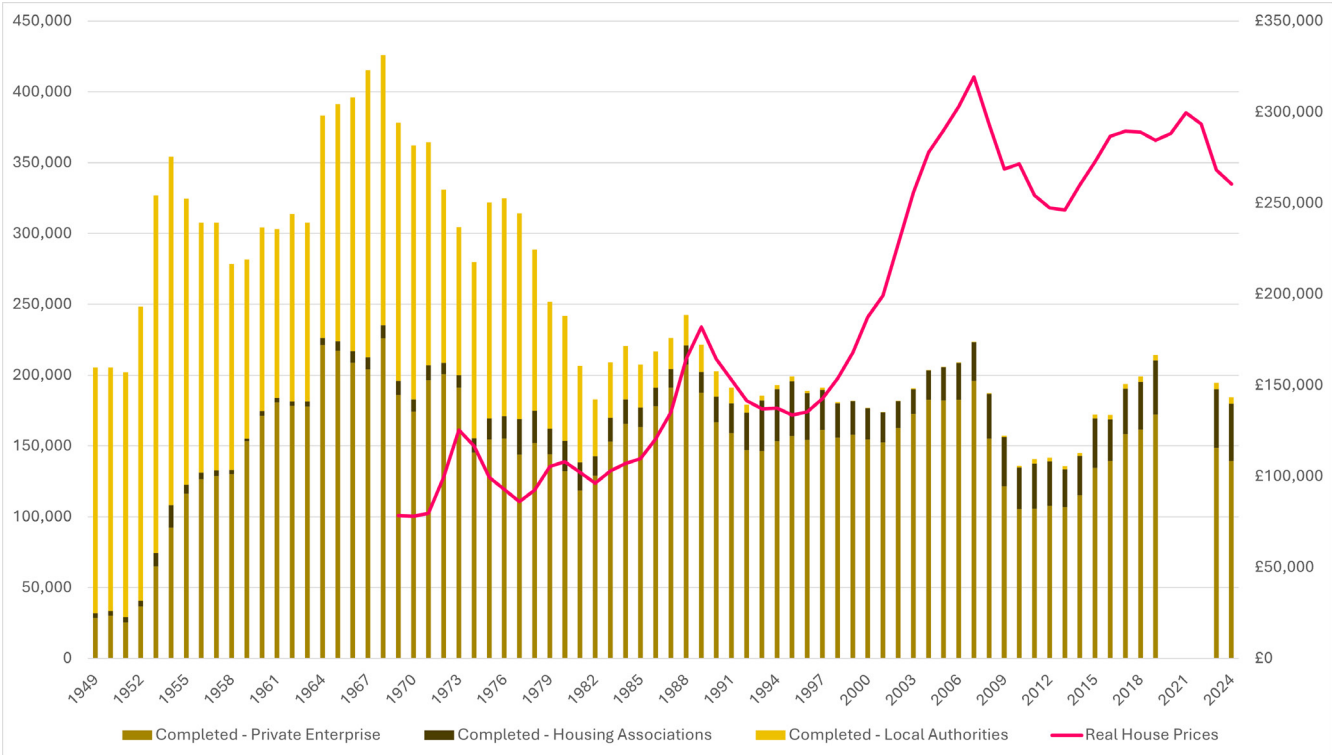
managing subsidised housing compared with “supposedly bureaucratic and inefficient local authorities” (Manzi & Morrison, 2018: 1927). Housing associations became the beneficiaries of housing stock transfers from local authorities in the late 1980s and they were awarded more freedom to source private funding to build new homes, in addition to government funding that was no longer available to councils. Alongside this, the supply of council housing was reduced over time via the effects of the Right to Buy policy that has enabled tenants to purchase their council homes at a discount, thus converting them from renters to property owners (Robertson, 2016).

This, alongside a programme to sell public land on ‘efficiency’ grounds, represented a significant transfer of state-owned land values into private hands.⁴⁶ Although there has recently been a limited resurgence in local authority housebuilding (Clifford & Morphet, 2022), the state is now largely reliant on the private sector to deliver most new housing, of which the majority is provided by a small number of large housebuilders who control extensive amounts of land either via outright ownership or option agreements with landowners (see chapter 3). As illustrated in Figure 5, the withdrawal of the state from large-scale direct delivery of housing

precipitated a significant decline in housebuilding relative to the earlier post-war period, as the private sector did not fill the shortfall (Bramley, 2007). This is despite governments lately setting ambitious annual housebuilding targets, particularly oriented towards expanding homeownership.

Although the ideologically charged idea of the ‘property owning democracy’ is mainly associated with Conservative thinking, becoming dominant in Conservative Party strategy in the 1950s under Harold Macmillan who was inspired by Noel Skelton and Anthony Eden’s earlier use of it (Lund, 2013), homeownership is politically important for both Conservative and Labour governments. This is because of the embeddedness of mortgage debt and house prices in the consumption-led economic growth model of the post 1970s era, and particularly in the post-Global Financial Crisis period (Reisenbichler & Wiedemann, 2022). Indeed, this relationship is particularly strong in the UK, which has some of the highest levels of residential mortgage debt in Europe (see Figure 6). Furthermore, new housebuilding is often represented as a driver of economic growth, and can be framed by policymakers as a means to fuel a construction boom during economic downturns (Kohl & Spielau, 2022).

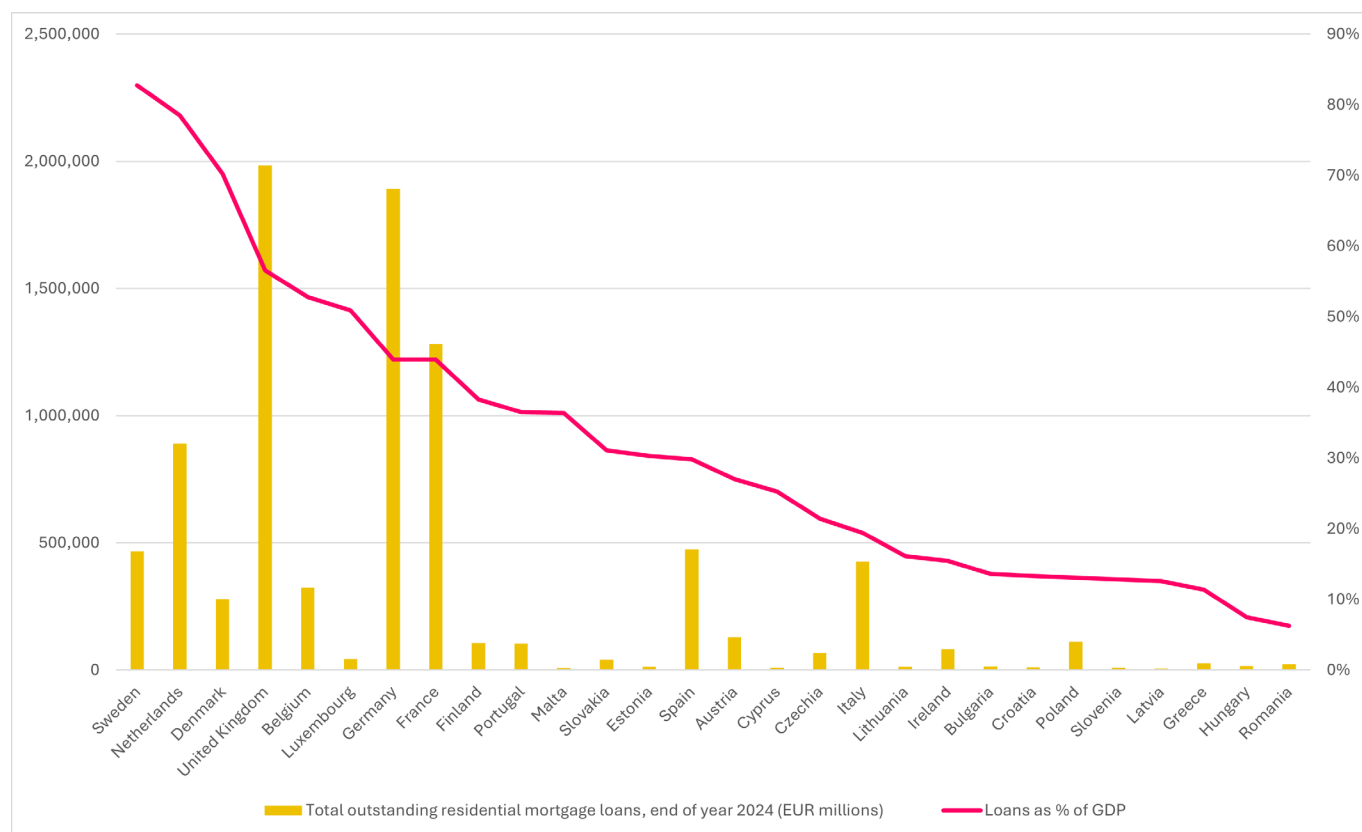
Figure 5: Permanent dwellings completed by sector (UK) and real UK house prices



(Source: UK house price index and ONS Indicators of Housebuilding. House prices adjusted for inflation using Retail Price Index to ensure a consistent long-run series from 1969. UK dwellings completion data not available for 2020-2022 due to coronavirus pandemic.)

⁴⁶ For an account of this, see chapter 3 of Christophers (2019). See also footnote 30.

Figure 6: Total outstanding residential mortgage debt at % of GDP 2024 (year end) – UK and EU 27 (EUR millions)



(Source: European Mortgage Federation and European Covered Bond Council Hypostat 2025)

This has meant that there has been considerable political and economic pressure to maintain house price growth while also expanding homeownership via increased (generally market tenure) housing supply (Watson, 2010). This has been entangled with the representation of homeownership as something to aspire to, as a means by which personal freedom and independence (social and financial) can be obtained (despite the mortgage indebtedness it entails for most), in comparison with increasingly precarious rental housing (Arundel & Ronald, 2020).⁴⁷

However, as house price growth has outpaced wage growth in the post-Global Financial Crisis era, this has resulted in worsening affordability, declining homeownership rates and increasing numbers of private renter households, an effect exacerbated by the undersupply of social housing (Goodier, 2023;

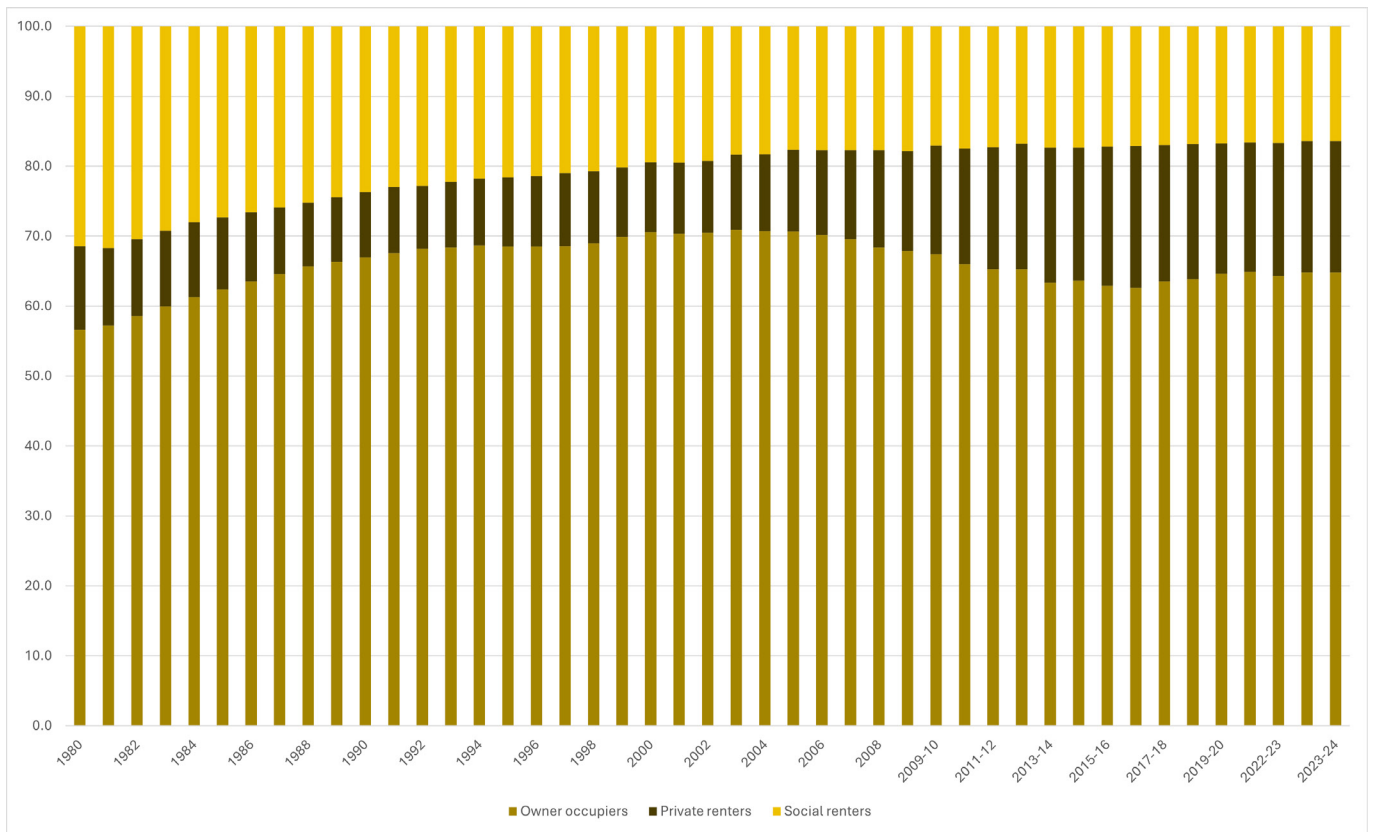
Hilhorst, 2025), as illustrated in Figures 5 and 7. This is indicative of the fundamental tension between the interests of an electorate comprising both current and aspiring homeowners with divergent interests regarding house price growth and housing supply, which governments and policymakers struggle to manage (Ansell, 2014; Ansell & Cansunar, 2021). This was remarked on by one housing profession representative:

"[I]f you want to truly make homeownership...more affordable, you ultimately need to...bring down house price inflation, and, you know...homeownership has become a kind of asset class in its own right, and lots of - what, 65%⁴⁸ of the population are kind of invested in that, and don't have any real incentive to see house prices...come down."
(PBA4, 2023)

⁴⁷ The Labour government's Rental Right Act 2025 is intended to improve the experience of private renting, including via the abolition of 'no fault' evictions.

⁴⁸ According to homeownership data from the English Housing Survey released on 7 April 2025, in the two years to March 2023, an average of 65% of households in England owned their own home.

Figure 7: Trends in housing tenure in England since 1980 (%)



(Source: 2023-24 English Housing Survey Headline Report Annex Table 1.1)

The relationship between housing and land value capture

The political, ideological and economic dimensions of housing and the related policy imperative to increase the supply of development land and housing are all relevant to the politics of land value capture. This is because land value capture mechanisms are perceived to influence land and housing supply and price, which – given the political-economic centrality of housebuilding and homeownership – makes it a politically charged policy area.

This is primarily because land value capture mechanisms impact landowner and developer behaviour. Whether they work via a development land tax, levy or negotiated developer contribution, the land value capture liability should (in theory) be capitalised into lower land prices, as long as there is sufficient certainty regarding this liability. Therefore, the higher the rate at which the land value capture mechanism is set, the lower the land price – at least in theory.

However, because the majority of land is privately owned, and it is generally accepted in the current policy paradigm that landowners require a financial incentive to release their land for development, there is a perceived risk that land value capture policy can disincentivise landowners to sell their land if it means that their financial demands are not met (see the discussion of their structural power in chapter 3). If the supply of land is negatively impacted by land value capture mechanisms because landowners choose to hold onto their land until the policy and regulatory environment improves (perhaps many years hence), this can obviously negatively impact the supply of housing within a market-oriented system that is reliant on the private sector (rather than the state) to deliver.

Relatedly, because land value capture instruments are used by local authorities to secure affordable housing from residential developers as the state has withdrawn from direct delivery, the rate at which such instruments are set is perceived to influence both land prices and the supply of housing, including affordable housing. This has formed a key focus for land value capture debates over the last decade. The perception of this relationship is neatly encapsulated in the below quote from a former volume housebuilder professional:

“You know, the value capture, I guess, is the lever which can potentially help or hinder land supply coming forward... I think if we were to reduce the land value capture mechanisms, perhaps there’d be more value coming through, particularly in the short term when people think, ‘oh, I’ve got land, I can make even more from it.’ But then would that mean less affordable housing, less contributions, all the rest which the councils are reliant upon? And I guess, you know, the opposite would be true that if, you know, the land value capture mechanisms were tightened or, for want of a better word, and more contributions were sought, you’d end up where there wouldn’t be the delivery.” (REB4, 2024)

The perceived policy implications of these interrelationships between land value capture, the planning system and the supply and price of land and housing differ depending on the ideological and economic theory through which they are viewed. We saw in the last chapter how the special characteristics of land (e.g. its spatial fixity, limited supply and heterogeneity) preoccupied classical economists and progressive rent theorists like Henry George who viewed land as an economic asset that captured value that was the product of the efforts of others (and was therefore ‘unearned’), leading to critiques of landownership and the monopoly power it affords. This implied policies that were oriented towards land nationalisation or taxing away land value increases on grounds of both justice and economic efficiency. However, this way of thinking about land, landownership and economic rent has been largely displaced in the neoclassical paradigm that came to dominate the economics discipline

(and policymaking) in the 20th century.

As Josh Ryan-Collins et al. (2017) have explored, this school of thought conceptualises the economy as the product of choices made by rational utility-maximising individuals whose decision-making can be represented through abstract mathematical models. Neoclassical economics shifted away from a classical preoccupation with the true source and objective nature of value, instead focusing on value as signalled in the price mechanism as the subjective representation of utility. These shifts meant that economic analysis floated free from its historical grounding in social and political institutions, including that of landownership. For land economics, this resulted in the conflation of land with capital – meaning that the significance of the special characteristics of land (and land rent) and its ownership declined in mainstream economic thinking. As Mariana Mazzucato (2019) shows, the concept of rent as unearned (and therefore morally suspect) subsided and has been largely replaced by a concept of rent as a barrier to competition.

These two framings were evident in post-war debates, particularly during moments of rapid house and land price growth such as that which took place in the early 1960s and 1970s. As explored in chapter 4, the Conservative response to this was generally to pursue fiscal measures to tax speculative gains on development land and liberalise the planning system to enable a greater supply of planning consents, thus in theory enabling the private sector to build more homes (see Appendix A). This is



illustrated in the following quote from Conservative MP John Boyd-Carpenter in a 1966 parliamentary debate on the Land Commission Bill:

“I stress that the answer to the problem...lies in a radical reform of the planning system so as to expedite it in its work so that land is not sterilised in the interstices of the planning machine, but is brought forward in adequate supply to meet the demand, and in that way and in that way only, will we succeed in getting the price of land held, and perhaps reduced.” (HC Deb January, 1966, c.732)

Conversely, while it did not deny that there was a relationship between the supply of development land and house prices, the Labour response in the post-war period was generally to introduce a tax or levy on development value while seeking to bring more development land into public ownership. This land could then be sold or leased to developers, thus overcoming a perceived tendency for landowners and developers to limit supply to maximise rent and financial returns. This idea is expressed in the following quote from Labour MP John Fraser in a 1973 parliamentary debate conducted in the context of recent land and house price inflation and a proposed land hoarding charge (which preceded the 1973 Development Gains Tax (see Appendix A)):

“Either local authorities or a development authority must be empowered to acquire land needed for development and make it available to the market quickly, particularly for house building. Only in that way can the supply of houses for sale be increased and their price kept down” (HC Deb March, 1973, c.510)

These reflect differing ideological preferences regarding the role of the state in relation to the land market, as well as the relationship between the land market and the housing market. However, as explored in chapter 4, the policy preferences of both parties have since converged to a significant extent, particularly since the New Labour era of British politics. Labour governments became increasingly focused on land value capture as a tool to help facilitate greater economic efficiency in the planning and development process, by using it to ‘internalise’ the external impacts of development via a “principled approach to funding the infrastructure that makes growth possible” (HM Treasury et al., 2005: 3) alongside an overarching policy imperative to deliver more planning consents to help increase housing supply to improve affordability.

However, as remarked by Josh Ryan-Collins (2024: 12) even if increasing the supply of planning consents straightforwardly translated into more homes being

built, merely increasing the housing stock may have a limited effect on overall housing affordability when measured in terms of house prices. He calculates that, all else being equal, expanding the housing stock by 20% (around 5 million homes) over the next 20 years (i.e. assuming average annual additional supply of 250,000 homes) could bring down house prices by 10%. Although seemingly a significant reduction, it is dwarfed by the 306% increase in mean nominal house prices in England since January 2000 (from £75,219 to £305,370). This strongly suggests that the dominant policy narrative of ‘build, baby, build’ (MHCLG & Reed, 2025) is myopic and misses key financialised drivers of house price increases and worsening affordability i.e. what Ryan-Collins (2024: 12) describes as the “shift towards treating housing as an investment above and beyond its role as a consumption good or to favour its market value over its use value; and, more generally, an increasing role for the financial sector in the housing market”.

Planning reform and the viability mechanism

However, despite its shortcomings, the current policy preference to merely increase the rate of housebuilding became dominant following the ‘rediscovery’ of housing supply as a policy problem in the early-to-mid 2000s (Bramley, 2007), punctuated by two influential reports from economist Kate Barker (2004, 2006). The latter, on land use planning, recommended that the planning system should take better account of market signals as these “provide important information for planners in determining the most efficient use of land” (Barker, 2006: 24). This in some ways represented a continuation of an agenda that began in the late 1990s, during which the government explored making the planning system more ‘efficient’ through the use of economic instruments. At the time, this meant a focus on planning obligations and a preoccupation with the relationship between these and the financial viability of development. This ultimately led to 2005 guidance acknowledging that in some instances it ‘may not be feasible’ for development to meet planning policy requirements and remain economically viable (ODPM, 2005: 10-11, as quoted in Henneberry, 2016: 116).⁴⁹ The implication was that local authorities should not seek developer contributions that might threaten the financial returns of developers and landowners such that development was rendered unviable and housing supply afflicted.

⁴⁹ For a timeline of the progressive embedding of viability into planning covering the period 1998 – 2015, see McAllister (2017: 125).

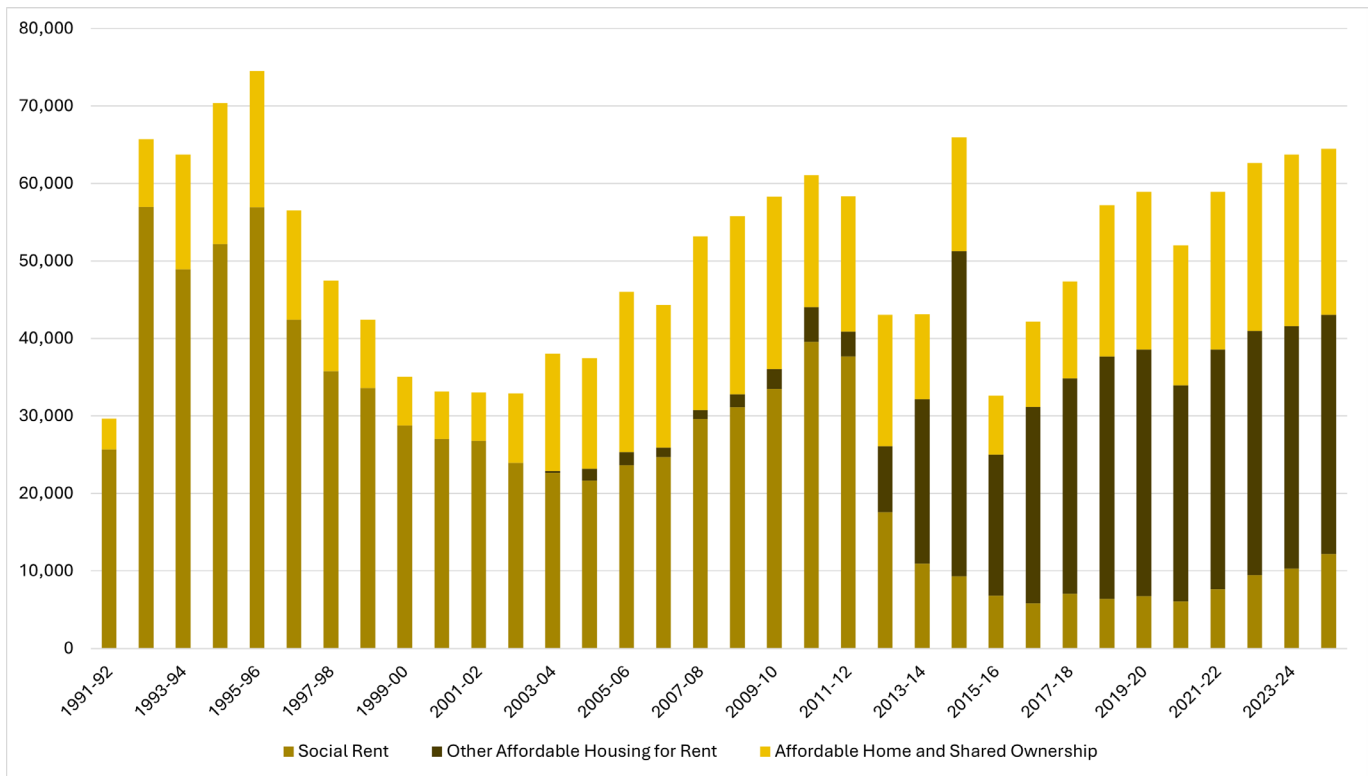
This agenda was reinforced by government policy in 2008 and 2010 (McAllister et al., 2013: 496) and has been further consolidated throughout the post-Global Financial Crisis (GFC) period, during which there have been repeated attempts to streamline the planning system to enable an increase in the supply of planning consents and, therefore (it is hoped), housing, often shaped by arguments made from the market orthodoxy coalition (see chapter 3). Amid the post-GFC drive to liberalise the planning system to promote a construction and housebuilding-fuelled economic recovery, the Conservative-led coalition government introduced a National Planning Policy Framework in 2012 and accompanying planning practice guidance on viability – which were geared towards further embedding viability in planning decisions and protecting the “competitive returns to a willing land owner and willing developer to enable the development to be deliverable” (DCLG, 2012: 41).

The government also significantly reduced the grant funding availability for affordable housing by around 60% in the period 2011-12 to 2014-15, and introduced a new tenure of Affordable Rent (housing that could be let at up to 80% of market rent) that had the effect of displacing the more affordable Social Rent tenure housing (NAO, 2012), partly due to the improved viability for developers the new tenure represented.⁵⁰ Later, a new process was introduced via the Growth and Infrastructure Act 2013 enabling developers to apply to local authorities to reduce previously agreed affordable housing contributions on the grounds of viability (these provisions expired in April 2016).

Figure 8 shows the resulting significant decline in affordable housing provision in the years following the GFC, including the dramatic drop in the proportion of Social Rent tenure homes over the same period (also evident in the decrease in social renters and increase in private renters in this period as shown in Figure 7). Although affordable housing provision has recovered and is now broadly in line with pre-GFC levels, it remains below mid-1990s levels and the numbers of new Social Rented tenure homes being delivered remains at a historic low.

⁵⁰ This dramatic and sudden reduction in grant funding for affordable housing (particularly for Social Rent) helped to precipitate a shift in the ethos of housing associations, who pivoted towards building more market and intermediate tenure homes to help cross-subsidise their existing social housing stock (for an overview, see Manzi & Morrison, 2018).

Figure 8: Affordable housing completions by tenure in England, 1991 – 2025



(Source: Live Table 1000)

Land value capture, repoliticisation and the housing crisis

However, despite the ongoing power of the market orthodoxy coalition’s arguments concerning liberalising planning reform, the rising house prices and worsening affordability after the Global Financial Crisis was also accompanied by a growing critique of volume housebuilders by the heterodox coalition. This critique was part of a broader questioning of the dominant narrative that the solution to the housing crisis is to build more homes (e.g. Pettifor, 2018; Mulhearn, 2019). Volume housebuilders came to be

criticised due to their control of development land, their supernormal profits, and their ability to ‘drip feed’ housing onto the market in order to protect profit margins such that an increase in planning consents does not necessarily straightforwardly translate into a commensurate increase in housing supply (e.g. Archer & Cole, 2014, 2016; Foye & Shepherd, 2023).⁵¹

The landowning activities of volume housebuilders, in this way, became increasingly equated to speculative landownership, particularly evident in ongoing and contentious debates about land banking.⁵² As one housing profession representative explained, volume housebuilders have a disincentive to deliver housing at a significant scale:

51 There is not a straightforward relationship between the number of residential planning permissions granted and the number of new homes constructed, as repeatedly emphasised by the heterodox coalition (see chapter 3). For example, a report from the Institute for Public Policy Research (IPPR, 2025) found that 1.4 million homes have been left unbuilt by developers following the grant of planning permission since 2007. The heterodox coalition tends to cite speculation by land traders and low build out rates as key causes. These explanations are contested by the market orthodoxy coalition. The Home Builders Federation (representing the volume housebuilders) argues that unbuilt planning permissions often double-count or fail to account for delays beyond developers’ control, or the time it takes to obtain full planning permission following the grant of outline consent (HBF, 2025c). It is likely that the true cause of the extent of unbuilt planning permissions is a combination of those reasons cited by housebuilders and the heterodox coalition, although it is very hard to determine the proportional weighting of these causes. Nevertheless, the key point is that merely liberalising the planning system (as has been done repeatedly since 2010) to produce more planning permissions does not equate to a proportional increase in housing delivery.

52 While some of their critics argue that volume housebuilders ‘hoard’ large landbanks to speculate on its value growth (Spratt & Parsley, 2023), volume housebuilders and their advocates argue that they maintain large landbanks to manage and diversify development risk, much of which they argue derives from the time lag and uncertainties imposed by the planning system (e.g. Lichfields, 2021a, 2021b). Following Foye & Shepherd (2023: 10), our view is that the evidence suggests that the *primary* reason volume housebuilders acquire and control land (outright and via option agreements) is to feed the short-term and strategic development pipeline (rather than land speculation), although they do obviously benefit from the asset value of their land holdings increasing over time and they are incentivised to manage build-out rates in order to maximise the value of the land component of the price of the homes they sell. There is generally more land profit to be made from piloting longer-term land through the planning system than there is from buying short-term land that already has planning permission. Furthermore, controlling land via option agreement prevents competitors from promoting the land.

"I don't think I'm straying into too controversial territory here, but perhaps the housebuilder model, the volume housebuilder model is predicated on returning value to their shareholders...The challenge would be, then, that there is a disincentive for volume housebuilders to deliver at scale that we need to solve the housing crisis if that would materially impact on the value they're able to return to their shareholders. So, whilst the volume housebuilders have a role to play in how we solve the housing crisis, they shouldn't be viewed as the means to solve that crisis..."
(PBA4, 2023)

The growing understanding of this issue among policymakers and politicians over the last decade has served as a counterbalance to the market orthodoxy coalition's arguments concerning the necessity for planning reform to increase the supply of planning permissions and, therefore, the supply of housing. Indeed, a 2017 housing white paper published under then-Prime Minister Theresa May acknowledged that: "The business model for many commercial developers limits the number of homes that are built" (DCLG, 2017: 46) and included proposals to diversify the housebuilding sector and hold developers to account on build-out rates.

In a later parliamentary debate on housing supply Theresa May herself argued: "We do need . . . to build more homes, but we will not do that by forcing local authorities to grant more planning permissions to developers so that they can build more homes to bring the price down, because developers simply will not do it" (HC Deb October, 2020, c.1051). There was over this period a growing acceptance that the housing crisis is not caused merely by constraints in the supply of land and the regulatory 'delays' imposed by the planning system, but that there are significant supply-side factors as well.

In the same period, there was growing controversy surrounding land value capture viability policy, whereby developers were not factoring full costs of policy compliance regarding affordable housing contributions into land prices (see chapter 7). The politics of the housing crisis combined with a growing realisation that landowners and developers could exploit market concepts such as profit and financial return, as well as the power of land control, in their negotiations with local authorities. This also contributed to the legitimisation of the Infrastructure Levy, which was intended to enable land value capture to more efficiently track movements in land and house prices, thereby removing the scope for developers to "overpay for land and then negotiate their contributions downwards through the use or misuse of viability assessments" (DLUHC, 2023a). Similarly, the Levelling Up and Regeneration Act

2023 compulsory purchase hope value reforms were introduced at the same time to enable the state to compulsorily acquire land net of hope value in some circumstances, including when the land is required for affordable housing (see chapter 2).

Since its election to power in July 2024, the Labour government has introduced many further adjustments to planning and land value capture policy as it struggles to meet its own target of delivering 1.5 million new homes over the parliamentary period. These include: announcing a new generation of New Towns - although not the bespoke funding required to deliver them (MHCLG, 2025d); extending the range of bodies that can exercise the Levelling Up and Regeneration Act 2023 hope value powers (MHCLG, 2025c); updating the NPPF to make housing development in the Green Belt easier while adjusting viability rules to seek to ensure that more affordable housing is delivered on such schemes (HC Deb December 2024, c 47WS); announcing a £39 billion Social and Affordable Homes programme, almost double the previous funding round (MHCLG et al., 2025); and (at the time of writing) consulting on further major changes to the NPPF and national planning guidance on viability that are aimed at making it easier for developers to secure planning consent for housing while also seeking to ensure that viability assessments work more effectively at capturing the resulting economic rent (MHCLG, 2026a).

However, at the same time, the government has also announced that it wishes to relax affordable housing and CIL requirements in London in the face of ongoing developer complaints of viability challenges and a significant decline in delivery (MHCLG, 2025f). Furthermore, in response to a decline in demand for Section 106 affordable homes from housing associations (see chapter 9), the Labour government is encouraging local authorities to enable homes on new developments that have previously been allocated to affordable housing to be switched to private tenure and sold on the market for a limited period in order to improve revenue (MHCLG, 2026a). These adjustments are indicative of the ongoing reliance of the government on private developers to meet public housing policy objectives. They also reflect pressure from the housebuilding lobby (see chapter 3) to weaken regulatory requirements in relation to affordable housing and liberalise the planning system to ensure an increased flow of planning permissions. While the Minister for Housing and Planning has suggested that the government's forthcoming (at the time of writing) housing strategy will include a larger role for the state in the delivery of housing (Smyth & Steinberg, 2026), it remains to

be seen whether it will be sufficient to result in a significant change in the volume of new affordable and social housing.

Conclusion

This chapter has explored the interrelationship between land value capture policy and housing. It has shown how this policy area intersects with the preferences and agendas of landowners, housebuilders and policymakers. From an orthodox neoclassical economics perspective, land value capture is a means by which the development land market can be regulated to enable more efficient urban development. The argument goes that it will internalise the external costs of development into the development process so that these are factored into land prices. However, it is clearly also a means by which landowners and developers can circumvent the requirements of policymakers and the needs of the community by exploiting the negotiated flexibility of Section 106 agreements.

This has acquired significant policy and political scrutiny due to a perceived crisis of housing supply and an actual crisis of affordability and access to secure housing. This is all exacerbated by the ideological, political and economic significance and contradictions of housing, whereby national politicians and policymakers are incentivised to promote housebuilding while new development is often resisted at local level. As a result, there is growing political pressure for land value capture policy reform and adjustment. However, as was the case in the post-war policy period, the complexity of land value capture and the power of those privileged with land market expertise has at times threatened to confound such efforts. This has helped to contain the land value capture debate within its own terms and stymie more radical and systemic efforts towards redistributing asset wealth. It is this complexity and its politics that we shall explore in the next chapter.

Part 3: Power and Contemporary Dynamics

6. Ideology, expertise and the political economy of complexity

Chapter 4 examined how political and economic ideas have evolved to frame the problem of land value distribution and the acceptability of various policies aimed at addressing it. Chapter 5 focused on the entanglement of these ideas with the political, economic and ideological significance of housing. This chapter will now focus on a key characteristic of contemporary land value capture policy that has a significant influence over the ways in which policy problems are presented and framed as well as the acceptability (or otherwise) of proposals aimed at addressing them: its complexity. The complexity of land value capture policy, coupled with the vested interests involved, is a key factor limiting its scope and challenging broader reform in this area.

Ideological consensus and dissensus

Depending on the political and ideological framing, the principle of land value capture tools can be legitimised by reference to:

1. The need to correct a moral harm caused by the injustice of private landowners retaining all (or any) of the value that flows to land because of wider community efforts, economic development or decisions made via a democratic planning system. In such framing, this land value uplift is socially produced and is therefore 'unearned' by private landowners and should be redistributed.
2. The need to facilitate a more efficient economy by preventing the excessive accumulation of land value (economic rent) by private landowners, so that this value is not locked into privately owned landed assets, but can instead flow towards more productive investment.
3. The need to find alternative sources of funding to support the provision of public infrastructure in an era of austere public finances, and without seeking to significantly increase general taxation or public borrowing. Here, land value capture can be legitimised by drawing a connection between the impacts of the development and the need to mitigate those impacts.

4. The need to support the provision of affordable or social housing in the context of the state's withdrawal from significant direct delivery of social housing after the mid-1970s.

These various (and not always mutually exclusive) framings and understandings of the source of land value and the legitimacy (or otherwise) of its private ownership can combine in different ways to suggest different policy solutions. A fundamentalist liberal view combined with the idea that land value is socially produced might suggest a Georgist policy of taxing all 'unearned' wealth in land. A fundamentalist socialist view combined with the idea that land value is socially produced might suggest a policy of land nationalisation, legitimised by the Fabian idea of the democratic state as a manifestation of the whole community or society. A liberal conservative view might combine with the idea that land value is a return on risk to suggest a policy of limited taxation of some speculative gains on land, while liberalising the planning system to increase the supply of planning consents.

However, a more traditionalist or localist conservative view might combine with the idea that development land value is to an extent a function of the planning system that enables the protection of greenfield land from unwanted (housing) development, thereby suggesting a policy design that extracts a proportion of development value via the planning process. Even better if the value contributes to better local infrastructure provision that could help to dampen local opposition. Similarly, more centrist and pragmatic democratic socialist and liberal views might converge on a version of land value capture that focuses on project-specific interventions aimed at securing a proportion of value for public infrastructure while still incentivising private development.

In the present political economy, therefore, consensus can hold regarding the legitimacy of land value capture in principle, but not necessarily on the details of design and its relationship with the wider planning and housing development systems. It is in questions of policy design and delivery that abstract ideological thinking collides with real world problems, such as those arising from the pattern and power of landownership, technicalities

of land valuation and the nature and availability of market evidence. This creates considerable scope for complexity arising from competing framings and disagreement regarding the nature of the problem that land value capture should be designed to address.

Different forms of expertise and complexity

It is not only ideology and political interests that contribute to complexity and the difficulties in achieving consensus on the details of policy design. Also highly significant is the fact that land value capture is shaped by different and competing forms of professional expertise. These forms of expertise may also have differing conceptions of the problem and, therefore, the objectives and design of policy. Indeed, as one representative of a real estate professional body commented, the policy area is fundamentally shaped by incommensurable views and ideological framings in the contemporary context:

"[T]he way I see land value capture as an area of public interest, it's technically challenging... to understand... what measures you can introduce that respond to a very sort of complex group of stakeholders who have legitimate interests which they will want to protect, and somebody has to try and introduce objective measures so that any policy that's then produced is responding objectively to what the

aim of the policy measure is... So, we have a challenging technical job to do, and it has to be landed politically in a certain way, and we have two different world views politically on what you can do here. You know, the non-interventionist versus the interventionist, the light touch regulation versus the sort of heavy-duty regulation, the concept of land value as community generated, and the concept of land value as return on risk." (PBA3, 2023)

Economists may seek a land tax-like design that is standardised and 'efficient' – shaped by the view that such taxes will ultimately be capitalised into land prices given sufficient inflexibility. They may therefore seek a policy that reduces regulatory 'transaction costs', is more standardised and creates more certainty for market actors. The key measure for success may be amount of revenue raised, with ambivalence concerning what the raised revenue is to be spent on, as this would be a political decision.

However, planners may seek a measure embedded in planning policy that is able to respond to different site and local market characteristics, with varying weightings given to different policies, as well as varying views as to what land value capture should be used to fund locally. Planners may also view the issue of land value capture through the lens of making the development 'acceptable in planning terms' by ensuring that it is adequately served by infrastructure, and securing more public benefit from the development process – rather than, primarily, a mechanism to redistribute land rents. This was commented on by one representative from



a public sector planning body as follows:

"[F]or me, what we do in Section 106 and CIL isn't, first and foremost, land value capture. First and foremost, it is ensuring that the impact of the development is properly mitigated and that appropriate policies are delivered. So, you know, you're mitigating it by providing highway infrastructure, school, health infrastructure, you're delivering policy i.e. through affordable housing delivery. You know, land value capture is a different thing, and obviously we are capturing the value in the land in order to do that, but...[that isn't] why we're doing it. We're not doing it to capture land value. It's a slight nuance, but I think it is important, because they are different things." (PBA2, 2023)

In addition, lawyers view the problem from the perspective of the legal and regulatory context that shapes development and policymaking and may, therefore, have different views on what is legally possible in relation to state 'interference' with private property rights. The legal framework may thus limit the scope of what is perceived to be possible, potentially frustrating the best laid plans of other domains of expertise. This was mentioned by one former Whitehall policy specialist in relation to the compulsory purchase hope value provisions in the Levelling Up and Regeneration Act 2023 as follows:

"[I]t was sort of economists vs. lawyers, really. The economists thought it was essential... Every economist out there thought you could...do this and every QC, KC now, would produce something saying, 'No, you can't. It's not how... it works.'" (PSW3, 2024)

Indeed, when the government consulted on the proposed change to the compulsory purchase legislation to disapply hope value in June 2022, the Compulsory Purchase Association (the professional body for specialists in this area of land law) stated the following in their response:

"Rather than achieving Government's aims of making compulsory purchase faster, simpler and fairer, the proposals would in our view add to the cost burden upon Aas [acquiring authorities] in the early stages of the project, lengthen the consenting process, create a new forum for opposition and result in expensive satellite litigation, whilst damaging the reputation of the compulsory purchase process as fair and equal." (CPA, n.d.)

In this response, the Compulsory Purchase Association does not engage with the economic dimensions of the critique of hope value, but rather chooses to emphasise the legal and regulatory implications for making the government's proposed changes. Rather than engage with the fundamental question of the morality and injustice of private landowners enjoying speculative gains from

development (and the implicit critique of private landownership), it instead emphasises the perceived inequality and unfairness that could arise should some landowners have their land compulsorily acquired net of hope value, while others who sell their land via private transaction continue to do so at prices reflecting hope value. Indeed, this tendency of some parts of the legal profession to shield themselves from deeper moral and political questions is illustrated in the following quote from a barrister and expert in compulsory purchase in relation to the Levelling Up and Regeneration Act 2023 hope value provisions:

"I've never really put forward a political view about this topic. My concern is what are the practical and legal consequences of a policy? And I think that there...could be quite serious downsides of the [hope value] policy simply from a technical point of view. Now, that doesn't mean to say that I'm against land value capture. I don't have a view about it as a pure question of policy...I'm concerned with technical and professional consequences of whatever we do." (LE1, 2024)

We can therefore see how different domains of expertise conflict and compete with one another, complicating the possibility of reform whilst distracting from broader social-redistributive questions. Now that the hope value changes have been legislated for in the Levelling Up and Regeneration Act 2023 in an example of political pressures to increase housing supply trumping technical legal objections to policy adjustment, it remains to be seen which domain of expertise wields the most power over the process and what impact that will have on the success of the policy.

Institutional capacity and governance

While technocratic observers of government or political campaigners may have clear proposals for what needs to be done in policy terms, the challenge is always to seek to engage with officials and politicians in central government who hold the brief. In the context of planning, housing development and property taxation, these briefs are dispersed. In other words, institutional knowledge and capacity is fractured and often limited in terms of resource. This poses real challenges to developing coherent policy. The proliferation of land value capture tools across Department for Environment, Food and Rural Affairs (Defra), Ministry of Housing, Communities and Local Government (MHCLG) and HM Treasury (explored in chapter 9) is a case in point.

Furthermore, officials in government departments may have institutionalised understandings of, and commitments to, particular policy paradigms or programmes. This is illustrated in the following quote from a former government advisor:

“There are a set of mantras and articles of faith in the Treasury about how public finance should be done that definitely have an impact on ability to capture value in an efficient way, no matter what type of instrument you wanted to use, there are tax shibboleths and there are land purchase shibboleths... So, there are quite a lot of structural, hidden, quasi-ideological principles... that are unquestionably affecting the solution set, if you like, the types of things that can be possible... a very simple example is the Treasury’s repeated refusal to allow borrowing against CIL.” (DRT3, 2025)

Treasury ‘articles of faith’ regarding public finances may prevent shifts in land value capture policy towards a model that would enable new forms of debt to be raised against specific development projects to help fund land acquisition at prices that would support the up-front provision of public infrastructure.⁵³

It is not just institutional ‘articles of faith’ which can delimit the scope of policy change. Institutional capacity and resources may also be a key constraint. This suggests it is not sufficient to simply view the state as having structural power over landowners in terms of policy – there must be sufficient institutional capacity and knowledge to exert it. This is illustrated in the following quote from a person who has been closely involved in government debates and policy discussions regarding the practicalities that would be entailed in introducing greater land value taxation:

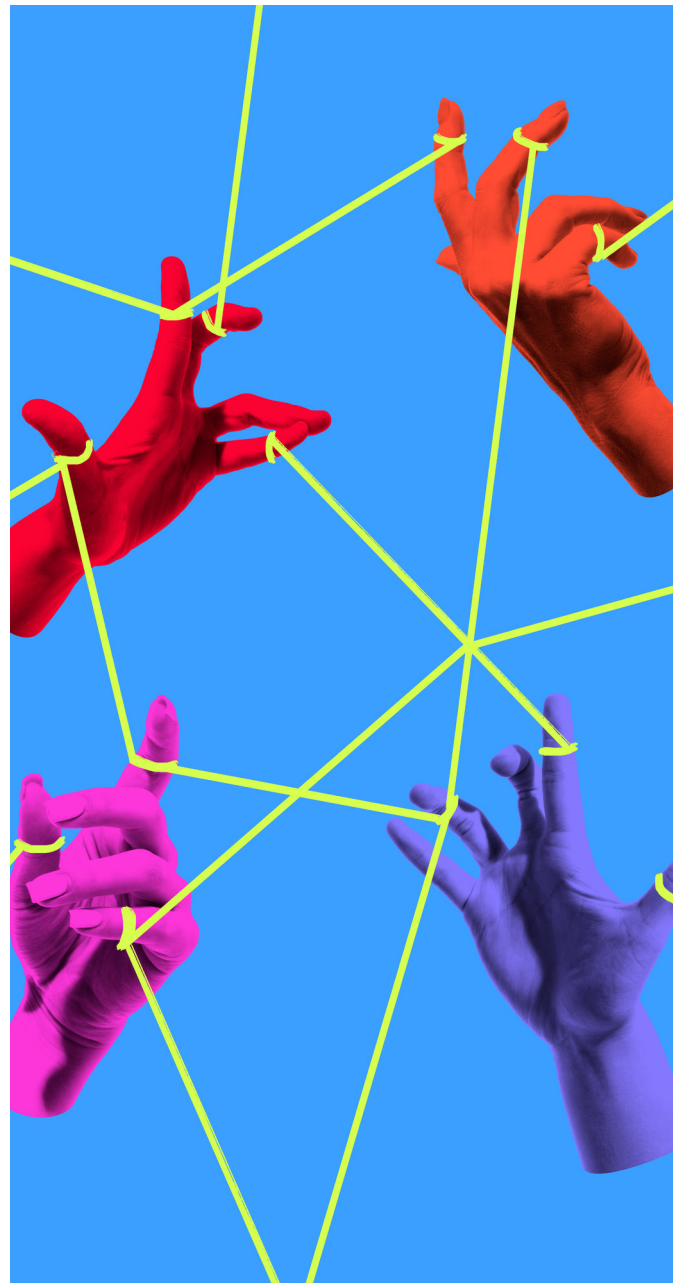
“[T]here were a lot of people around, some more maverick than others, who were what I would call Henry Georgists... but what a lot of people didn’t seem to realise was... you had to reform the whole tax base. You couldn’t just insert land value taxation as an add on. You had to take a whole lot else away, and of course, as we always said to people, the Treasury are never going to do this. It’s too big an exercise. You know, our tax code is just so massive, and unravelling that, no group of officials in the Treasury will ever have time to do it. No political ministers will ever have the will to do it... We said, ‘It’s not going to happen.’ So that’s when you sort of get thrown back on, okay, find some fix that allows you to take an element of value out of... the development process.” (CGLP7, 2024)

While this is just one person’s view on the practical feasibility of introducing a Georgist land value tax, it does speak to the perceived institutional constraints

and limits posed to more fundamental land reform.

The weaponisation of complexity

Complexity is often framed in developer critiques of the planning system and land value capture policy in relation to the uncertainties and risks posed to developer and landowner financial returns and their incentive to deliver development (particularly housing) at a rate consistent with the government’s political objectives (see chapter 3). Specifically in relation to land value capture, the Conservative government 2020 white paper on planning reform claimed the:



⁵³ For a discussion, see Aubrey (2024). See also chapter 11 of this report.

“process for negotiating developer contributions to affordable housing and infrastructure is complex, protracted and unclear: as a result, the outcomes can be uncertain, which further diminishes trust in the system... It also further increases planning risk for developers and landowners, thus discouraging development and new entrants.” (MHCLG, 2020b: 13)

This same 2020 white paper duly proposed a radical set of reforms to the planning system aimed at ‘streamlining’ and ‘simplifying’ it to enable the development market to respond more efficiently to demand signals, thereby enabling more housing to be delivered. In this example, the complexity of planning was weaponised in that it was used to legitimise attacks on the existing system and its radical reform.

The 2020 white paper planning reforms were ultimately defeated due to a backbencher rebellion by Conservative politicians anxious about their political fortunes in the face of local opposition to new housebuilding (Shepherd, 2023). However, one key proposal survived: the Infrastructure Levy, which was intended to “sweep away months of negotiation of Section 106 agreements and...[capture] a greater share of the uplift in land value that comes with development” (MHCLG, 2020: 22).

The proposed levy came to be almost universally reviled, with housing, landowning, developer, third sector and local government interests uniting in critiques via two letters sent to the Secretary of State in 2023 (Gascoigne et al., 2023; Leech et al., 2023). In one, the authors emphasised that the “upheaval of a new system and the time it would take to roll it out would create prolonged uncertainty across the planning system, stifling our efforts at a time when the need to build more affordable housing and infrastructure is pressing” (Leech et al., 2023). A consultation response by the Home Builders Federation also made the argument that:

“Development of any nature is highly complex and often relies upon contractual arrangements with landowners that agreed [sic] at the very beginning of the process that can take many years to complete. These agreements are similarly complex...[The proposed Infrastructure Levy] will, risk in the short term, undermine [sic] the promotion and delivery of sites that are subject to an existing agreement and risks, in the longer term...detering owners from releasing land for these types of long-term strategic developments.” (HBF, n.d.a: 5)

Here, the complexity of the land market (and the complicated legal agreements that enable it to function) was invoked to fend off policy change intended to enable more efficient (and greater)

redistribution of development value. We see here that complexity is again weaponised, but this time defensively. In the example above, the power of landownership and incentives to release land for development are invoked to ward off radical change.

It is worth noting, however, that the Infrastructure Levy was hardly a radically progressive policy proposal – it was, instead, a tax-like instrument that was intended to more efficiently track adjustments in property values over time. Much of the concern from third sector and local authority interests arose from its entanglement with affordable housing provision, as it was unclear how such homes could be safely secured via the new mechanism (Gascoigne et al., 2023). However, this example is suggestive of the kind of response that more progressively radical proposals that are intended to challenge and discipline land markets are likely to meet. Indeed, the post-war history of the Labour Party’s attempts to introduce more avowedly radical measures (particularly concerning the widespread state ownership of development land) is a case in point (see chapter 4).

In the context of contemporary land value capture policy, the complexity of the land market and the development process has therefore been used as a means to argue for a continuation, or tweaking, of the status quo. Indeed, in the June 2023 letter to the Secretary of State, the signatories concluded by stating that the

“radical overhaul of the [land value capture] system therefore presents significant operational and economic challenges...we favour retaining and continuing to improve these mechanisms and would value the opportunity to consider how they can be strengthened based on our experience and expertise” (Leech et al., 2023).

Although the legislative framework for the Infrastructure Levy was ultimately established via an Act of Parliament in May 2023, it remained controversial throughout its passage into law, as this emblematic quote from Matthew Pennycook MP in the related parliamentary debates suggests:

“by systematically financialising the provision of affordable housing, and for that matter on-site infrastructure, with the inherent variability and uncertainty that that entails, the levy is likely to unnecessarily complicate the planning process, resulting in additional delays, disputes and resourcing pressures.” (Levelling-up and Regeneration Bill Deb 6 September 2022 c 624-625)

The Labour government that was newly elected in July 2024 duly announced that it would not implement the Infrastructure Levy and would

instead “focus on improving the existing system of developer contributions” (MHCLG, 2025b), as called for in the 2023 letter

Public interest?

The complexity and opacity of land value capture also serves to exclude non-specialist members of the community from participating in and understanding the policy mechanism that is supposed to redistribute land values in their interests – e.g. by providing local infrastructure and affordable housing. The lack of public awareness surrounding this issue, and the difficulty in communicating clearly about it, was a recurring concern for interviewees, attributed to both its complex and abstract nature:

“Well, it’s, just very complicated, isn’t it? You’ve got to explain how are you capturing the land value? Well, you are buying it for a price that is less than it will be worth after you have done the things you want to do. You know, anything that takes that long to explain...the voter is never going to listen long enough. It’s not - it’s not that they are not intelligent enough to understand it if you explain it to them, but they are just not interested.” (LNP2, 2024)

“It’s really unfortunate that it’s technical because that makes people misunderstand it and it’s very hard to communicate it well.” (TT1, 2023)

“[M]aybe I’m a nerd, maybe [it’s] quite a niche area of study... and you need to be a bit of a sort of fanatic about Henry George and things like that to actually get into this.” (AC3, 2023)

“And of course, planning obligations are... hardly understood by the person on the street, which I think is a problem, but, you know, these kinds of instruments are fairly invisible even in debates about planning applications and, you know, the local politics of all of that.” (GA1, 2024)

Indeed, for one interviewee, poor awareness of land value capture among the general population militates against popular agitation for a more just land value capture settlement:

“I don’t think most - I don’t mean this to sound condescending, but I don’t think people understand it anyway. So, I don’t think it’s going to be like a groundswell of sort of ‘What do we want? Land value capture! When do we want it? Now!’” (REPC3, 2024).

This lack of ‘groundswell’ is also connected to the cultural dominance of private property and the normalisation of land as commodity and financial asset. As one interviewee commented:

“And also, I suppose, this isn’t a comment...on the sophisticated nature of the electorate. This is just... the basic level in which we understand things as humans that... exist within a sort of liberal market economy. I think most people’s first...point [of] principle would be, ‘Oh, person A owns some land. Well, yeah, it’s quite right they should try and get the...highest price they could possibly get for it. I’d do exactly the same if I was in that position.’ And maybe that’s the first principle, really, I suppose.” (PBA4, 2023)

This quote is suggestive of the legitimacy of the idea of land rent in the contemporary moral economy, such that there may not be anything obviously problematic about a private landowner extracting as much value as possible from their asset, even if this means that there is less value available to flow towards the provision of public goods. We return to this in chapter 10.

Conclusion

This chapter has explored how English land value capture is mired in complexity. Our research has shed light on both the inherent and constructed complexity of this policy area. In many ways contradictions, inconsistencies and conflicts are inevitable for a mechanism confronting the highly contestable question of value. Even if the theory is relatively simple in the abstract, there is arguably no simple way of doing land value capture in practice. This complexity serves to alienate the uninitiated.

As we have seen, some the best laid plans to reinvent this mechanism have wound up accruing further layers of complexity. This is due to the special characteristics of land as a market commodity combined with the range of interests and forms of expertise that shape policy debates and practice. This complexity directs focus towards toying around at the edges of the existing settlement and its technicalities rather than confronting the thornier questions at its core – i.e. who should own the value of land. One particular area in which the role of professional expertise has been highly contested and controversial is in the practice of development viability. This is examined in more detail in the next chapter.

7. The complexity industry and the land market

The complexity of land value capture mechanisms, and their increasing centrality to the business of development, has given rise to something of a 'complexity industry'. This industry comprises consultants, lawyers and other experts whose specialist knowledge can have significant market value that reflects their power to extract rent from the development process. While there have always been experts that advise developers and state actors, scholarship has shown that this trend has grown in English planning under conditions of austerity and the increasing complexity, fragmentation and contracting-out of planning into various sub-specialisms (Parker et al., 2018; Inch et al., 2023).

Viability is one key pillar of the complexity industry (Layard, 2019). It has been here that we have seen the clearest contestation concerning the power dynamics that are brought to bear on questions of land value capture. It is here, therefore, that the politicisation of land value capture has been most evident (resulting in a change to national viability guidance for planning in 2018); yet also where we see how the scope for change is limited and

contained within the narrow parameters of existing policy prescriptions.

The viability problem

Since the institutionalisation of viability in the planning system via the planning reforms of 2012, this expertise is often required at plan-making and decision-making stage. As has been noted in scholarship on viability models, the interests of the complexity industry tend to be weighted towards the real estate and development sector (e.g. Bowie, 2010; Brownhill et al., 2015; Colenutt et al., 2015; McAllister et al., 2016). As one real estate consultant who advises local authorities commented:

"Those two different worlds. When you straddle them, it's quite - it's problematic in my view. You see...because we do so much viability work [for local authorities]...when we're doing valuation for land assets, we're very careful about how we approach the policy, whereas if...you're more, dare I say it, sat in a big practice...where you're acting for a lot of landowners, you're probably going to have a little bit more



of a bias towards - a more optimistic view of land value. I'll leave it at that." (REPC1, 2024)

Furthermore, the complexity of policy and the uncertainties and ambiguities this introduces can be exploited by the experts employed by real estate interests, as this quote from a former employee of a volume housebuilder illustrates:

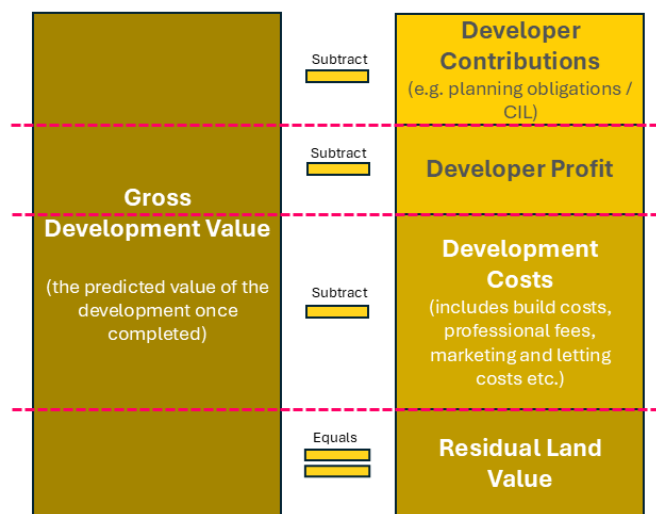
"The most difficult Section 106s to bust are those which are just one paragraph. [Longer and more complex Section 106 policies]...were the easiest ones to break, because they contradicted one another, and therefore, you know, I could easily bust them. Keep it simple, stupid. Then everybody can see what's on the table." (REB2, 2024)

This tension between simplicity and complexity is a key feature of the controversies over development viability and the residual land valuation model that underpins it. At its core, the residual method is extremely simple: add up the total predicted value of the completed scheme and then subtract the

predicted costs required to deliver it (including developer profit), with the amount left over being the land value (see Figure 9).⁵⁴ However, the assumptions and market evidence that feed into the calculation can be highly uncertain and contestable with outputs highly sensitive to small changes in these inputs (McAllister, 2019). This opacity and ambiguity is routinely leveraged to the advantage of those with more resources and information, such that viability has been described as a 'dark art' (McAllister, 2017: 123). As one interviewee commented, this means that it can be perceived as quite a murky practice:

"I think viability has become this sort of...smoke and mirrors exercise, and I'm not suggesting everybody does it and there are clearly schemes that just aren't viable, but there are definitely also firms that are able to, sort of, fiddle the figures to make it look like they're less viable than they really are. So, I think it all just feels quite murky in that sense, I guess." (CGLP3)

Figure 9: The residual land valuation model



(Source: Adapted by the authors from RICS)

The residual method of land valuation functions by subtracting all the costs of the development from the gross development value. The value remaining (i.e. the 'residual') is the residual land value. However, because the calculation is carried out prior to the development, there can be significant uncertainty and ambiguity regarding the inputs, particularly the predicted build costs and the values that underpin the gross development value. The developer profit level can also be highly ambiguous, with different developers making different risk-adjusted assumptions via different methods of calculating the profit.

⁵⁴ The land value produced by the residual method can, of course, be different to the land price – which reflects what is actually paid for a development site. The price actually paid for a site could be influenced by the purchaser's subjective assessment of the worth of the land to them, which could be shaped by their individual circumstances. These could be reflected in the development appraisal calculation that they have used to arrive at a land bid. The residual method is ultimately only a model. See the Glossary for further clarification of some of these concepts.

Market opacity and information asymmetries

The land market is highly opaque. It is difficult to access relevant market data unless one is already embedded within it and well-networked. This means that it may be difficult for local authorities to challenge viability arguments made at application stage and, to do so, they may need to rely on a complexity industry that has evolved primarily to serve real estate interests. As one academic researcher and former public sector practitioner remarked regarding the pre-2018 policy context, given that developers are the ones largely sustaining the business of consultants, their appraisals may skew in their favour:

“What...happened was local authorities really didn't have the skills to negotiate the schemes. Developers were paying consultants whose sole role was basically to manipulate financial appraisals in the developers' favour, because they knew that the local authority didn't have the expertise or the data sets...to argue back. So local authorities ended up...using the same consultants who were working for the private sector. So, there were massive conflicts of interest...” (AC5, 2024)

When the members of the complexity industry are employed as experts to navigate the development process on behalf of either housebuilders or local authorities, they are reliant on the quality of the available market signals. Furthermore, a viability calculation conducted for planning purposes may well be different to an internal viability calculation conducted by the developer. As one legal expert put it:

“There's then a discipline of viability assessment, which is, you know, economic modelling, incredibly important and done by a lot of very talented and skilled people. But very often, the output of that into the planning system is what's called a planning appraisal that isn't like the appraisal you take to an investment board, investment committee board for decision. So, we have a disconnect between the models that you use, sometimes between, you know, in the development agreement, those that are used for the purposes of compensation and then those that are used for the purposes of securing planning permission... So, you know, things like that, you've got these disconnects and I think that leads to a level of distrust.” (LE2, 2024)

This can have the effect of distorting the evidence that is used in viability assessment for planning. The calculation requires multiple inputs derived from market evidence which can be difficult to source, and can be subject to different interpretations

to arrive at different determinations of costs and values – with outputs highly sensitive to small changes in these inputs (McAllister, 2019). As one real estate consultant put it (and as previously noted by Colenutt et al., 2015) information asymmetries are inevitable:

“[The] housebuilders are in a... a fantastic position apropos negotiation, because they have all the information. The public sector usually has minimal information. So, that's one area. So, the negotiation is unequal.” (REPC2, 2024)

While the sold prices of homes are generally easy to find via publicly available websites that log sales for the use of homebuyers, reliable build cost information is less easy to source. The practicalities of this were colourfully put by one former employee of a volume housebuilder:

“So, I'm running two books. One is my internal book, and the other is the book I'm going to give to [the consultancy advising on viability]. Right? So, how much does it cost per square foot to build the [redacted] house type? Now, all [the consultancy advising on viability] can do is do a check against what the market appears to be doing. Yeah? But that's fairly useless. I know, because I'm a housebuilder, I've built 3,000 units of the [redacted] house type this year, and I know it's working out at close to [£redacted] a square metre...I'd probably tell [the consultancy advising on viability] that I'm building it for [a higher cost]. Where can they go to tell me I'm wrong? They're not housebuilders... they've probably never been on...building sites, some of them...So, my response is, 'Well, go on then, challenge me. Because if you think you can do it for less than [£redacted]... you...go out there and build it then...I'm taking the risk here.'...In-house, when you're a big PLC, you have dedicated surveyors that know how much to build the [redacted house type], build the [redacted house type], build the [redacted house type], whatever the house types are down to the last penny.” (REB2, 2024)

This quote is suggestive of the challenges inherent in seeking to regulate a land market that is opaque and what economists call highly imperfect. This opacity and ambiguity can be leveraged to the advantage of those with more resources and information.

Conflicts of interest and professional 'neutrality'

The potential conflict of interest that can arise when the complexity industry is engaged by local authorities as well as developers is noted in existing commentary (e.g. NAO, 2025: 30), and was explained by a former employee of a volume housebuilder as follows:

“...most local authority planners don’t know how to negotiate and have no commercial nous. And therefore, when they say: ‘We want to see viability - we’re going to choose [a major real estate consultancy to advise], and you’re going to pay for it...’ How much work do you think we... give [the consultancy] every year? Probably quite a lot. How much work do you think you give [the consultancy] every year? 10 grand? How do you think that’s going to play?...Why would [the consultancy] turn us over, yeah? A major PLC...when actually, we could then turn around and go...‘You’re toast...Do you think you’re going to be involved in our [£x] billion a year turnover of work? Think again.’” (REB2, 2024)

This quote suggests the potential threat of a loss in fee income for real estate consultancies advising local authorities on viability cases if they fight too hard against large developers who are also their clients. While it is difficult to independently verify that this is a systemic problem, it is easy to see how it could be a calculation made by professionals that advise both the development industry and local authorities. However, such conflicts of interest can be concealed by the professed neutrality and independence of the complexity industry professionals advising the respective parties.

According to many professionals, it is not their responsibility to make government policy or critique its objectives, but rather to advise their clients to the best of their ability in a market context shaped by government regulation. Indeed, this is a symptom of the declining power of the moral arguments of land reformers in the 19th and early 20th centuries. As one planning campaigner remarked:

“It is a culturally alien idea to think about land economy and morality in the same breath, and yet the more that I’ve considered it outside the sort of realms of...battling government, the more I’ve thought that the starting point to the question, the debate about land economy is only meaningful if you’re willing to address the moral question as the first gateway test. What do you want to achieve? What outcome are you looking to achieve through this economic model? And of course, it was also completely career-ending, because we are - professionals are deeply uncomfortable in moral territory...They hate it, because...”

it forces them into value judgments, which they...seem completely ill-equipped to want to make...or they’re working for clients who are in the private sector, so they don’t feel that they can express a view about outcomes.” (CGH9, 2024)⁵⁵

This tension was acutely felt by the Royal Institution of Chartered Surveyors (RICS) following the controversy of the Parkhurst Road case and the ‘circularity issue’ in viability for planning (see chapter 2 and Glossary). Here development industry advisors used land value market evidence to determine benchmark land values that did not factor in full policy requirements for affordable housing as a means to argue that the sites they advised on could also not meet policy requirements (see Figure 10). This resulted in policy not being fully capitalised into land prices, exerting inflationary pressure on land values and reducing affordable housing contributions. As one RICS member commented:

“Our interest is actually in applying government policy, making sure government policy can be applied to achieve its aims. We’re not policymakers... we might have ideas about what’s the best policy, but...we have no mandate from anybody to produce policy” (PBA3, 2023)⁵⁶

However, due to the adversarial nature of the viability negotiation process, the then-lack of strong government policy on viability and the attendant lack of strong RICS practice guidance, there was also the perception (as expressed by a public sector planner) that, rather than delivering government policy, some RICS members: “saw their job...as stitching up the local authorities so their client makes more money...” (PBA2). As an academic researcher and former public sector practitioner put it:

“Yeah, I mean, as soon as you introduced effectively financial viability from the developers’ perspective into the planning decision process, you basically endorse [the] use of profit margins to justify non-compliance with planning policy.” (AC5, 2024)

However, due to this perception and the very real distortions in the land market caused by dominant viability practice that were criticised in the Parkhurst

55 It is worth pointing out here that the codes of professional bodies tend to include a requirement that professionals act in the public interest and/or exert their independent professional judgement. For example, the Royal Institution of Chartered Surveyors requires that “Members and firms must act in the public interest” (RICS, n.d.), while its Royal Charter specifies that one of the objects of the institution is to “maintain and promote the usefulness of the profession for the public advantage” (RICS, 2020). The Royal Town Planning Institute requires that members “exercise fearlessly and impartially their independent professional judgement” (RTPI, n.d.), presumably so that they are not unduly swayed by the interests of their clients (whether public or private). Neither professional body directly confronts how to manage the resulting tensions. For a critical account of planning experts as comprising “an often rudderless and unconfident profession seemingly tying itself in knots to appear obliging to its political masters and to the development sector it is supposed to guide and steer, while pleading forlornly for the public at large to see the good it does”, see Clifford et al., (2024: 211).

56 An important counter perspective to this statement is provided via the following view from a real estate and planning consultant: “RICS has no intentions, really, of changing its market definitions to one defined by government. Market Value is a firm and accepted basis of valuation, whereas EUV plus is...a bit nebulous on the plus bit, and it’s also - what does it mean? You know, what status does it have?” (REPC4, 2024). This quote is indicative of the resistance of RICS and land market practitioners to government policy prescriptions aimed at regulating its activities with concepts and approaches that do not reflect ‘firm and accepted’ market practice.

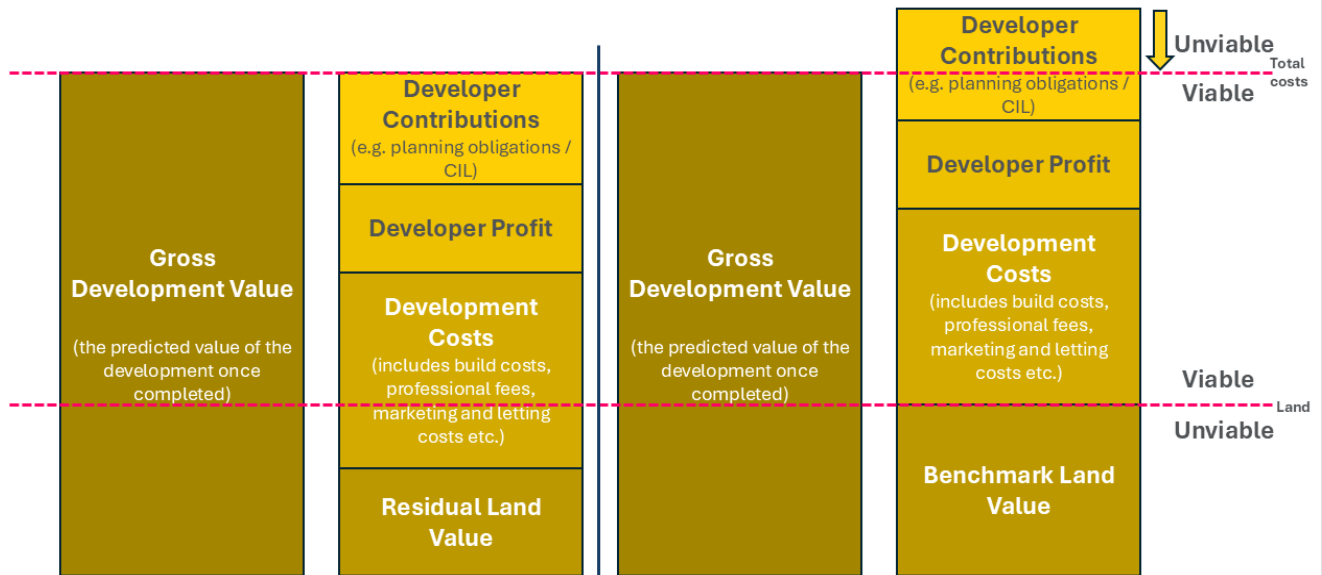
Road judgement, the case ultimately contributed to a change in government policy guidance on viability in 2018. This aimed at closing the ‘viability loophole’ by reducing the scope for planning permissions to be granted for development schemes that do not provide the policy-required level of affordable housing. Soon after the judgement, the RICS issued 2019 guidance on conduct and reporting (RICS, 2019) which sought to “ensure that chartered surveyors and regulated firms recognise and adhere to their professional duties” (RICS, 2023). This was followed by 2021 guidance on how to conduct viability in the new post-2018 policy environment (RICS, 2021).

The latter was produced by a working group described by one real estate consultant as “a broad church” representing interests that are “very market-led, very market-focused” as well as “very public sector and policy-focused...there’s a tension in the RICS, whether the RICS likes to admit it or not, there’s a big tension” (REPC1). This tension is a function of the RICS membership including chartered surveyors who predominately advise private developers as well as surveyors who work for or advise public sector entities and academic researchers. The working group duly included members of the RICS who were employed at the Greater London Authority and had been instrumental in introducing

prior London planning guidance aimed at reducing scope for developers and landowners to game the system. It also included two academics from the University of Reading who had published research articles discussing the circularity issue and critiquing viability practice (Profs Pete Wyatt and Neil Crosby).

They worked alongside RICS members employed at major real estate consultancies, including some individuals who had been instrumental in producing the previous 2012 RICS guidance (RICS, 2012), which one campaigner and real estate professional felt had been “hijacked by commercial interests” (CGH5). Indeed, the original working group that produced the previous 2012 RICS viability guidance was exclusively drawn from the real estate sector, comprising surveyors, lawyers, investors and planning consultants, which suggests why it influenced practice that served the interests of their clients at the expense of compliance with planning policy. However, the second time around, by virtue of including more diverse perspectives, the RICS produced updated practice guidance for their members that was oriented towards enabling the delivery of the objectives of the revised government policy. These were namely to lessen the scope for land values to be inflated at the expense of affordable housing contributions.

Figure 10: Illustrative example of development viability



(Source: Adapted by the authors from RICS (2012))

The concept of benchmark land value and its relationship with the circularity issue in viability is discussed under the relevant headings in the Glossary. In short, in viability practice for planning the residual land value produced by the viability calculation is compared with a fictional benchmark land value that the appraiser claims is the price a reasonable landowner would require to release the land for development. If the residual land value produced by the appraisal calculation is equal to or higher than the benchmark land value, then the scheme is deemed to be viable. However, if the residual land value is lower than the benchmark land value then the scheme is deemed to be unviable. Under such circumstances, the developer is likely to seek to reduce the developer contributions (e.g. the affordable housing) to increase the residual land value and bring it in line with the benchmark land value. In the above graphic, the development represented on the left would be deemed unviable because the residual land value is below the benchmark land value for the same scheme shown on the right, prompting affordable housing negotiations.

Clearly, therefore, a lot is at stake in the determination of benchmark land value, with developer interests being incentivised to claim a higher value (so that less value can flow towards the provision of affordable housing) and local authorities being incentivised to claim a lower value (so that more value can flow towards affordable housing). The same is true of build costs and the level at which developer profit is set (while the converse is true of the values that feed into the calculation of gross development value).

The current post-2018 national policy position in England is that benchmark land value should be determined by applying a premium to the base existing use value (EUV), rather than by using market values on comparable sites that do not reflect policy compliant levels of affordable housing contribution (this is called the 'EUV plus' approach). This was introduced to address the 'circularity issue' and to seek to prevent prices paid in the market being used to inflate benchmark land values and reduce affordable housing contributions.

An acceptable level of greed?

Nevertheless, because of the complexity of the viability calculation, one academic researcher commented that following the change in government and RICS guidance, the focus of the debate merely shifted from land value to developer profit:⁵⁷

“So hence the 2018 guidance, where that specific issue of circularity and using high land values to beat down the affordable... contributions was essentially closed. But now, you kind of just - because it’s a model, you just - what’s the next variable that you can look at? And... the next one, the one that’s occupying everyone at the moment is developer’s profit, you know, what is... an acceptable minimum level of developer’s profit? And so the argument just shifts to the next big variable in the... the equation.” (AC1, 2023)

We can see evidence of this shift in the December 2025 consultation on changes to the National Planning Policy Framework and associated Planning Practice Guidance on viability. Annex B included a section on developer return expectations and metrics for calculating developer returns. This included seeking views on the merits of “providing greater specificity where a lower figure than the existing 15-20% range may be appropriate and justified” (MHCLG, 2026b). Although, at the time of writing, the results of the consultation are not

available, this is indicative of the ongoing gaming of the system via developers over-stating their profit requirements in viability negotiations and exploiting ambiguities in and differences between the viability models that are used in planning cases compared with those used in the market (see below). It also, perhaps, suggestive of an increasing willingness to question why national planning policy has previously passively reflected market benchmarks and norms regarding developer profit.

Another interviewee (a land and housing campaigner) commented:

“[It’s] quite hard for people to understand... whether or not there’s an excessive greed as opposed to a sort of acceptable level of greed, and maybe, you know, some other changes around 2012 around acceptable levels of profit for housebuilders and it kind of crept up... What kind of levels of profit should housebuilders show generally?” (CGH2, 2023)

Therefore, because the residual land calculations that underpin viability negotiations comprise a complex array of assumptions and variables, the 2018 guidance change has not closed scope for ‘heated debate’ in this area. Indeed, although the risk of ‘circularity’ has been addressed to some degree in the 2018 viability guidance, it is by no means the case that this has balanced power relations in viability negotiations or solved the vexed problem



⁵⁷ This is not to suggest that following the 2018 Planning Practice Guidance change on viability, debates about benchmark land values have ceased. Although scope for prices paid for development sites to reduce the amount of affordable housing lessened following this change, benchmark land values have continued to be a source of controversy and ambiguity in viability for planning. Indeed, the December 2025 consultation on the National Planning Policy Framework and associated viability guidance included questions on the topic of suitable landowner premiums in the calculation of benchmark land value (MHCLG, 2026b).

of what is a reasonable level of financial gain for the landowner.⁵⁸ In acknowledgement of this, a recent National Audit Office (2025: 9) report found that:

“There is an imbalance in capacity and capability between the public and private sector, and larger developers generally have access to specialist negotiating skills. Some LPAs [local planning authorities] rely on external consultants to provide expertise, but there are perceived conflicts of interest, as consultants sometimes work both for LPAs and developers.”

We can once again see here how the complexity and negotiability of the land value capture mechanism continues to combine with the power relations of property development to produce self-defeating outcomes for land value redistribution.

Continued gaming of the system

Indeed, according to previously unpublished data gathered by independent researcher Jane Seymour, there continues to be widespread gaming of the system in London. Comparison of Land Registry transactions data and publicly available viability information for sites sold in London between January 2023 and June 2025 shows that prices paid have often far-exceeded the residual and benchmark land values reported in the viability assessments.

A full schedule of comparisons is in Appendix B.⁵⁹ Where data are available, these show that the average price paid for sites in this period has been around 2,450% higher than the average residual land values in viability assessments⁶⁰ and around 140% higher than the average adopted benchmark land values⁶¹. These enormous differences indicate that the calculations submitted by developers for planning purposes are divorced from market reality in that they reflect very different assumptions with regards costs, values, price growth and developer profit than those that underpin developers’ bids for the same sites.

The assumptions reflected in the viability appraisals submitted for planning are therefore being set at levels that result in a downplaying of viability with the objective of minimising developer contributions, while the calculations underpinning site bids are

much more optimistic. So – one set of calculations is used to justify higher bid prices for land in the land market to secure development sites, while another set of calculations is used to justify lower affordable housing contributions in viability negotiations on the same sites. This is clear and compelling evidence of continuing widespread gaming and manipulation of the system by developers.

Although this is not precisely the same phenomenon as the circularity issue addressed via the 2018 viability guidance, the effect is the same: land prices are being inflated at the expense of affordable housing provision. While the evidence collected relates only to London, there is no reason why similar logics are not also shaping developer and land market practice in other areas of the country. This is all suggestive of how flawed the viability for planning mechanism is. It seems evident that despite the best efforts of policymakers, viability guidance for planning will never be able to bring market behaviour in line with policy requirements given the wide scope for exploiting the ambiguities of the development appraisal model and opacity of the market from which signals are extracted by developer interests.

Conclusion

This chapter has examined how the inherent complexity of land value capture combines with real world power relations, particularly in terms of resource and information asymmetries, in such a way that has tended to produce favourable outcomes for the real estate industry. The structural power of developers shapes the supposedly ‘neutral’ mediators of land value debates. Indeed, it is far from conspiratorial to say that the complexity, ambiguity and opacity of land markets is actively exploited by actors throughout the viability process. The mechanism of viability assessment is by its very nature concerned with modelling the development process from the perspective of the developer.

Although the logic of the residual method of valuation of land shapes these calculations, too often it has not been land or developer profit that is the residual, but rather the policy-required levels of developer contributions. Yet there are broader political currents that contribute to the thorniness

58 Clearly answers to this question will be shaped by ideological preference and landowning status, with views ranging from ‘nothing’ to ‘as much as possible’.

59 A sample of the examples cited in Appendix B are included as more detailed case studies in Bloomer et al., (2026).

60 To calculate this average, Appendix B case study sites for which no residual land value has been reported (or where it is not possible to infer residual land value) were removed (total n=41).

61 To calculate this average, Appendix B case study sites for which no residual land value has been reported (or where it is not possible to infer residual land value) and no benchmark land value has been reported have been removed (total n=39).

and persistence of land value capture. Central to this story, the next chapter argues, is the ideological ambivalence of this policy area – whereby it has taken the form of a ‘third way’ paradigm that appeals to a wide set of political priorities and viewpoints.

8. Ideological ambivalence of land value capture

Chapter 7 examined how the complexity of, and powerful vested interests involved in, land value capture obstruct change in this policy area. In this chapter we argue that its ideologically ambivalent positioning as a ‘third way’ policy appealing to a spectrum of political priorities has been critical to both driving and containing change in this policy area. The key moments of policy change that form the context for this chapter are the 2018 adjustment to national viability guidance and the 2023 compulsory purchase hope value provisions. In examining these examples of policy change, we explore how ideological framing and communicative strategy were crucial in presenting land value capture policy adjustments in terms that could secure cross-Party consent, particularly from more conservative politicians who might not otherwise have supported such change.

Pragmatism and place

We have seen in the previous chapters that there is now a general political consensus on the legitimacy of land value capture, if not on the details of policy design. The importance of presenting land value capture tools in terms that could secure cross-Party political and ideological support was recognised by the land justice campaigners that contributed to key policy adjustments over the last decade.

This is indicative of the importance of statecraft and consensus-building, as well as ideological positioning, to successful and lasting policy change. It also suggests the importance of appealing to a broad cross-section of an electorate from whom political parties are vying for support. For land justice campaigners operating under Conservative-led Coalition or Conservative governments since 2010, this meant presenting the problem and potential solutions in terms that would appeal to Tory politicians and voters. It is here that the political significance of the housing crisis and the ideological role of housing and homeownership is highly significant.

Over the course of the 2010s, land justice and housing campaigners (aligned with members of the heterodox coalition) needed to identify an approach that would be persuasive to Conservative

politicians and their supporters. They therefore adopted an explicit strategy of presenting their arguments for policy adjustments in terms that would not necessarily demonise landownership and landowners. Indeed, these campaigners for land value capture reform were by no means united under a ‘left wing’ ideological banner – but rather represented a coalition of political and technocratic standpoints regarding the inefficiency of land rentierism. As one former government advisor and campaigner put it:

“For me, the case for land value capture is this is a sensible way to tax, rather than... ‘Here’s the socialist way of getting those evil landlords.’ I mean that’s just, by definition, you’re going to frame lots of people to oppose you if you frame it in those terms, I would suggest” (GA3, 2024)

A self-professed ‘neoliberal’ land campaigner we interviewed identified the problem more in terms of commutative justice (in terms of fair and just price) and the inefficiencies associated with unearned and windfall gains:

“I’m very happy to have this debate with people, and I call myself a neoliberal, which I know is very unfashionable these days, but I do that to... make a point because there’s been this concept about it should be shared 50/50, and I keep saying, ‘Where is the theoretical basis in, you know, if you believe in liberalism and capitalism, that... half a windfall profit should go to people as unearned income?’ There’s no justification in classical liberal political economy whatsoever.” (TT2, 2023)

However, rather than emphasise arguments that drew on the classical economic and liberal tradition, or on an overt moral critique of landownership, campaigners presented land value capture as a pragmatic ‘third way’ policy. landownership, campaigners presented land value capture as a pragmatic ‘third way’ policy. They positioned more effective land value capture as a means by which more and better quality housing, and better quality places, could be delivered. Crucially, this was presented as a way of avoiding more public spending or greater state ownership of land. Instead, land value capture was positioned under Conservative governments as a means by which the land market could be made to work more efficiently and equitably, thereby aligning with liberal economic

principles.

Land value capture as a third way

For example, a key campaigning document by Shelter (Jefferys & Lloyd, 2017) carefully avoided demonising landowners and landownership, arguing instead for a shift away from the speculative housebuilding model towards a more 'civic' model in which speculative pressure on land values is ameliorated. In practical terms, this would entail measures such as enabling land to be acquired at a 'fair' value (including, but not limited to, compulsory purchase at close to existing use value) and strengthening existing land value capture tools to ensure policy requirements are reflected in lower land prices. As one campaigner put it, there was a strategic effort to reframe land value capture reform in a way that would appeal to the traditionalist Conservative tradition:

"You've got to remember at the time, it looked like the Tories were going to be in forever, basically. So, we did a huge amount of work basically building up relationships with the centre right. And again, it's partly about meeting them halfway. So, we never said that we were, you know, we never pretended we were not interested in affordable housing and that that was our goal, but we tried to kind of speak to...the way they were coming at it from, which was from...a homeownership lens... So, yeah, we pitched it, I guess, as...that third way... in short, it was packaged more around that kind of One Nation Tory tradition, I guess." (CGH1, 2023)

In practice, this third way framing entailed an explicit effort to appeal to Conservative politicians (local and national) who were under national political pressure to enable more housebuilding, and local political pressure to prevent housebuilding in their local constituencies. This political and ideological tension within English conservatism (Tait & Inch, 2016) was commented on by one campaigner as follows:

"[T]he Conservative mindset is a weird kind of amalgam of two often totally different instincts...and they're perfectly expressed in the housing problem, one is a kind of libertarian, free-market ideology that says, you know, 'Everyone should have the right to kind of compete in a free and open market and to get rich in the process if they can, fair enough.' And the other is a kind of NIMBY mindset that just wants to sit back and enjoy their retirement on the back of unearned wealth gains from property. And...it's very hard for most people to recognise that there's a tension there, because they're both so deeply ingrained instincts

and they both feel like they're the same thing. They're both... embodied in the same people and the same instinct of homeownership." (CGH7, 2024)

Campaigners, particularly those associated with Shelter, Institute for Public Policy Research and Create Streets (a design-focused think tank), thus used a third way framing to make the case to Conservative politicians that land value capture reform could help secure better places, gain local political support for new development and broaden homeownership – rather than providing a way of taxing land values. This meant critiquing the dominant speculative housebuilding model in which land values are adversarially divided at planning application stage, and proposing a state-enabled partnership model in which land value uplift is shared rather than divided:

"One thing I found pushing this at party conference season for many years was, particularly with Conservative Party councillors, one thing that infuriated them was the poor quality of development. And I said, 'Well, look, one challenge you've got with the speculative house building model is that they're never going to put in new infrastructure, so you're always going to get reasonable objections from local people to say, "I don't want this, because all it means is I get fewer places in the local surgery, fewer places in the local school, the roads get busier," and then of course, they put in really ugly houses.' And I said... 'But there is another way of doing it... where you have long-term development, and where that development benefits from the uplift in land value capture, you can, develop a much better ecosystem, improve communications, transportation, and you can get nice houses as well. So, which one would you like?'" (TT2, 2022)

Land value capture was therefore framed as a means by which more value could flow towards better-quality development supported by public infrastructure, speaking directly to the political concerns of Conservative politicians. For housing and land justice campaigners, this entailed moving away from the speculative housing development model and enabling land to be purchased by state-backed development vehicles at prices closer to existing use value. It also involved ensuring that existing land value capture mechanisms (such as Section 106) were more consistently enforced.

Selling the story of the 'developer villain'

The campaigning strategy of linking land value capture with the delivery of better-quality places that could secure local political support was

therefore a case of choosing the 'right' battles. Focusing on relatively limited tweaks to the existing settlement so that more value can flow towards good design and infrastructure was perceived to be a more effective strategy than one based on a critique that implied wealth redistribution. As one campaigner explained, narratives of efficiency and reform were more likely to appeal to the Conservatives than measures involving increasing public spending or impinging on existing property wealth:

"[E]veryone accepted that housing was a mess... Persuading people that this was a problem due to kind of an inefficiency in the way the system was working... that's something that Conservatives are quite naturally keen to believe, because they'd much rather believe that there's a solution based around reform than...the answer is just, 'We need lots more subsidy.'...The difficult part is persuading them that the problem is, you know, unearned wealth accumulation in the form of landed property...Critically, though, you know, I wasn't trying to persuade them of the merits of taxing existing homeowners...The only way in is through the development...[T]he one thing that Conservatives can always agree on is build more houses. They can't agree on where or how or at all...But...the least conflicted bit is at least...build more houses. So, if you frame this all around the development, etc. it's a much easier way in than around the existing property wealth." (CGH7, 2024)

This kind of pragmatism contributed to the strategic decision by some campaigners to focus on the abuses of the viability mechanism in planning that were explored in chapter 6. Rather than presenting a structuralist critique of the speculative development model, campaigners chose to emphasise the questionable behaviour of developers in the viability process as a problem in itself. By using the term 'viability loophole' in campaigning material to evoke an idea of tax avoidance and focusing on the 'villainous' behaviour of a particular set of actors, campaigners were able to gain traction:

"I think the reality of why it actually gained traction is because of the word loophole. People know a tax loophole. People know that and what a loophole is, and that it's kind of gaming the system, and I think when you attach big developers and loophole, that then ticks the box of fitting into somebody's politics a little bit, because it's like - I think people in this country in particular, regardless of their specific politics, have...an acute sensitivity to the wool being pulled over their eyes and to being duped...by big systems, big corporates, governments, people in power. And I think this played into that quite neatly." (CGH8, 2024)

This unethical business framing was perceived

by campaigners as one that would appeal to Conservative politicians. Furthermore, because the solution would merely entail rewriting existing planning practice guidance (rather than instituting primary legislation), it was low hanging fruit. As one campaigner explained, focusing on the 'dishonesty' of developers was thought to have much more mileage than, say, highlighting the need for more affordable housing for homeless households:

"So, the viability system, we honed-in on something where it's winnable because you could make an argument about crony capitalism, [we] came up with the language of the loophole to tell that story, because there just wasn't an interest from government in addressing a lack of housing affordable to homeless households. But we could scandalise developers' behaviour, and you know, the way that they were profiteering and being dishonest with the public, and force government action on those terms rather than to actually solve the problem. So that was the idea of the viability loophole campaign..." (CGH4, 2023)

The framing of the issue as a 'loophole' being exploited by powerful interests could appeal to a broader political cross-section than if the focus were on affordable housing. Actors from across the political spectrum could get behind a story in which the villainous and self-interested development industry is pitted against the public. This is not to suggest that the problem of affordable housing supply was not a feature of the campaign – for many this was the central objective. But by embracing a different diagnosis of the problem, campaigners could bring Conservatives along for the same policy reform:

..."[W]e knew some people would be on - you know, some MPs, journalists, commentators, members of the public, campaigners, others would be on board, because you know, a genuine commitment to see the expanded affordable housing supply, but in addition, we were able to build a broader coalition behind it by scandalising the way that developers were able to be dishonest in their dealings and, you know, say they were going to deliver something knowing that they weren't going to, go back on their promises to communities. And that opened up a whole new set of audiences in terms of journalists, but also in terms of Conservative politicians. There were Conservative politicians who could be appealed to on the basis of wanting, you know, a fair system, rather than the outcome of social and affordable housing itself." (CGH4, 2023)

Campaigners were not, of course, only addressing their arguments to Conservative politicians, but the media too. Media outlets adopt different framings for their readership. The identification of the 'villainous developer' was particularly useful to

campaigners seeking to place stories in the popular press, including the tabloids. Rather than a complex systemic analysis of the problems arising from the speculative housebuilding and landownership model, this framing painted an intuitive, black-and-white picture. Importantly, the ‘viability loophole’ campaign could tell a clear story with a clear villain. This even led to *The Sun* (2017) tabloid newspaper running a story on 1 November 2017 titled “SHAMEFUL GREED: Developers are using a legal loophole to build less affordable homes than required in order to protect their profit margins”.

This can be contrasted with the negative headlines achieved as a result of the *Land for the Many* report prepared for the Labour Party in 2019 (Monbiot, 2019a). This report included various measures aimed at enabling more progressive land value capture via land and property wealth taxes. This resulted in a flurry of inaccurate claims in the right-wing press which sought to misrepresent the advisory report as official Labour Party policy and present the recommendations therein as an attack on ordinary homeowners (Monbiot, 2019b). One article in the *Mail on Sunday*, headlined ‘Corbyn “war on homeowners”’ was subject to a successful complaint to the Independent Press Standards Organisation due to its false claims that the report “had proposed scrapping the Capital Gains Tax exemption on main homes, and that the same report had ‘approvingly’ cited proposals by another research institute for primary residences to no longer be exempt from Capital Gains Tax” (Daily Mail, 2019). The vulnerability of more tax-based land value capture measures to such headlines aimed at whipping up popular opposition is a salient reminder of the power of the media in limiting the scope of what is perceived as politically possible.

Moral argument?

What is notable about contemporary debates on land value capture is how, unlike the Georgist arguments made by the Labour Party in the post-war era, they rarely express a moral critique of speculative landownership and the collection of rent by landowners (see chapter 4). Whereas the villain in the post-war period was mainly the speculative landowner, the villain in the viability story was primarily the developer. However, the terms of these moral critiques are different. The moral critique of speculative landownership represents an objection to the structural conditions of landownership and

its impact on society, whereby landowners are able to collect unjustly allocated rents by virtue of their ownership of a scarce resource.

In contrast, the moral critique of ‘unscrupulous developers’ in the viability loophole campaign was an objection to these actors playing unfairly or cheating the system. The fact that this behaviour resulted in increased rents to landowners was important to the debate, but was not the main target of moral critique. Rather than fundamentally reform the system of ownership or land taxation so that the structural power of landowners is reduced, the solution was to strengthen the rules shaping the development and viability process so that they are harder to bend. The framing of the viability loophole campaign around a moral critique of unscrupulous developers can be seen as representative of a broader societal reluctance to confront the immorality and unjust allocation represented by the collection of rent by landowners – and asset ownership more generally. As one interviewee put it:

“I mean, I use the moral argument all the time...although admittedly, I tend to, when trying to persuade Conservative governments, I tend to use the efficiency one more often. But yeah, I think the moral argument is largely what’s missing, especially when it comes to - yeah, on the development side, I think it’s harder to make the moral argument actually in some ways. It does get made. You know, you see people beating up - complaining about developers and you know, ‘what about our affordable housing?’ And all that. But it’s not really thought in those kind of moral terms. It’s just assuming that it’s kind of evil developers being greedy. It’s kind of- it’s framed morally as about greed as opposed to just an unjust allocation, which is a slightly different thing.” (CGH7, 2024)

Whilst recent adjustments to land value capture policy are not insignificant, we can once again see how the mainstream land value capture debate has been contained within its own terms – the moral arguments concerning landownership⁶² largely usurped by questions of efficiency, pragmatism and ethical business practice.

Conclusion

This chapter has examined the ideological ambivalence of land value capture, focusing on its framing in policy debates in the 2010s. This was a period of successive Conservative governments. Campaigners duly positioned land value capture

⁶² This is not, of course, to suggest that there is *never* a moral dimension to contemporary debates relating to land value capture. For example, more recent campaigning material by Shelter has sought to emphasise the moral dimensions of failing to provide adequate social housing for those most in need in order to help justify an increase in public investment in social housing and land value capture reforms, perhaps due to the perception that the Labour Party will be more receptive to this kind of framing. Recent examples include Mazzucato et al., (2025) and Bloomer et al., (2026).

as a pragmatic 'third way' policy that could help Conservative politicians deliver more and better quality housing. This framing promised a way to produce more housing and better places without infringing on the interests of homeowners, increasing government spending or tackling the deeper problem of wealth distribution.

Campaigners also strategically focused on housebuilder exploitation of a purported viability guidance 'loophole', in order to focus the debate on notions of efficiency and good business practice. This was intended to secure a broader range of political support for viability reform than would be possible for more radical and extensive adjustments to the land and property settlement. However, this is not to suggest that now a Labour government is in power, there will be a radical rethinking of land value capture policy along the lines of the post-war policy debates.

Labour has confirmed it will extend the range of bodies that can use the new compulsory purchase value rules. It has rejected the Infrastructure Levy, largely on the grounds of its technical complexity. It has made adjustments to viability rules concerning housing development in the Green Belt, seeking to ensure that more affordable housing will be delivered (see chapter 2). While these changes do represent willingness to countenance more active state involvement in land markets, they are

once again incremental adjustments to the existing system, rather than major structural reforms.

This speaks again to the endurance of the current land value capture paradigm by virtue of its role in managing without squarely confronting the unequal property relations underpinning the existing settlement. The political-economic privileging of owner-occupation and rentierism is such that thinking beyond tweaking and tightening current policies is immensely challenging. The saturation of the idea of the right to the wealth that property ownership can bring results in moderate policy changes. But the prevailing policy set-up is not just limited and myopic in its redistributive scope. As the next chapter explores, it is also fundamentally limited on its own terms – the value available to redistribute is itself often thin and unevenly spread across the country. These limitations further reveal how land value capture is no substitute for broader redistributive measures.



9. The limits to land value capture

The previous chapters have explored how politicians and policymakers have come to view land value capture as a means to secure a proportion of land value uplift deriving from development decisions to help pay for the provision of infrastructure and affordable housing. It is, in part, a policy mechanism that has secured political support because it offers an alternative way of providing public and quasi-public goods. This is increasingly essential in the context of state withdrawal from social housing delivery and the decline in political will to rely on public borrowing and general taxation to fund infrastructure.

The previous chapters have also explored how there are political and ideological limits to land value capture reform. The dominant approach has been to make incremental adjustments to the existing system. These changes have centred around securing a greater proportion of land value uplift deriving from development, rather than fundamental changes to the system of property taxation. This chapter explores some of the internal and practical limits to land value capture in its current form.

A limited resource

Although land value uplifts deriving from the grant of planning permission can be considerable, any uplift is, of course, finite. Indeed, the development industry figures and their advisors interviewed for this research have argued that there is a misconception among politicians and policymakers that land value represents an unlimited resource onto which more and more requirements can be placed. As commented by one housebuilder in relation to the term 'land value capture':

"I think the problem for me is, I think now, it's become a really loose, woolly term, which effectively seems to mean, 'How do we squeeze as much as possible... into a development and load it up and we call it land value capture?'" (REB5, 2024)

One example of this has been England's Biodiversity Net Gain (BNG) policy (one of what Gibson et al. (2025) refer to as the proliferation of 'micro-levies'). Introduced in February 2024, BNG requires that new developments deliver at least a 10% increase in biodiversity value, with the policy preference for on-site delivery. While not the focus of this research,

this is clearly relevant to land value capture because delivering BNG comes at a cost. It can therefore be framed by developer interests as another call on development value, alongside the commercial return requirements of development actors and any CIL or Section 106 contributions. It has thus been subject to critique that, by imposing costs on developers, it could impose viability constraints that could result in less affordable housing being delivered (Gregson & Sherwood, n.d.).

Some interviewees thought that this reflected a lack of joined-up thinking within government. They noted that although the BNG policy was devised and introduced by the Department for Environment, Food & Rural Affairs, it directly impinges on the policy responsibility of the Ministry of Housing, Communities and Local Government, particularly in relation to housing delivery and land value capture. From the development industry's perspective, the BNG policy represents a lack of nuanced understanding regarding the potential issues it could cause around development viability and affordable housing provision – although the authors are not aware of any firm and systematic evidence regarding its actual (rather than perceived) impacts in this regard. Furthermore, it represents an extension of the myopic economic logic that pervades land value capture in general, framing land narrowly as a market commodity, along with those organisms living on the land.

The effect of these multiple calls on land value has, for some, exposed the inadequacy of the existing land value capture regime:

"So I think the expectation of both the central government and local government about what land value capture is has always been unrealistic, and yet it's intrinsic to the way in which we give planning permissions and the conditions and the content of Section 106 agreements and so on, and I think it's only latterly that it's come to be recognised that that's a completely inadequate approach." (CGH5, 2023)

However, these inadequacies of land value capture are in part a function of the conditions of the speculative housebuilding model. As pointed out by housing and land campaigners, the drive for speculative commercial returns can place enormous pressure on land value capture mechanisms embedded in the planning consents process. According to one professional advisor, landowners tend to seek an uplift from existing use value of at

least x20 times to release their land for development (Dugdale, 2024).

Such advisors take the view that policy should be designed to enable these expectations to be met, rather than redesign policy to change landowner expectations, or shift land market incentives to enable more value to flow towards the provision of public goods. So, while there are very real limits to land value capture due to the finite amount of value created by development, the limits as currently understood are in part a function of the embeddedness of land value capture in the speculative land promotion and housebuilding model.

Spatially regressive

Land value capture is also limited by spatial discrepancies in land values. The scope for land value capture is influenced by local property values and the way in which these market signals translate into development pressure and activity. The potential for land value capture is therefore inherently spatially uneven. This means that there is most land value capture potential in parts of the country where there is lots of demand for property (such as housing), which translates into higher property values, which translate into pressure for development (Gibson et al., 2025). In short, in its current 'active' guise embedded in the planning and development process, land value capture is most available to local authorities in relatively wealthy areas. In the absence of more extensive redistributive passive land value capture mechanisms, as remarked by Jessica Ferm and Mike Raco (2020: 230), this "magnifies the already existing inequalities between places".

Again, this limit comes down to the nature of the current land value capture settlement. As these instruments are embedded in the local planning and development process, receipts currently remain within the local authority area. However, this dominant model comes at the expense of a national land and property taxation regime that could take a strategic view on the redistribution of wealth to enable 'left behind places' to develop economically. As one land and housing campaigner commented, the local containment of the land value capture mechanism makes it regressive:

"Most developments will argue themselves out of Section 106, and they won't have a social housing requirement

because there's no land value. As soon as you require those things, the residual becomes negative and nothing happens, so, you know, it is incredibly regressive [regressive], whereas a national system could then redistribute between more affluent and less affluent regions." (CGH3, 2023)

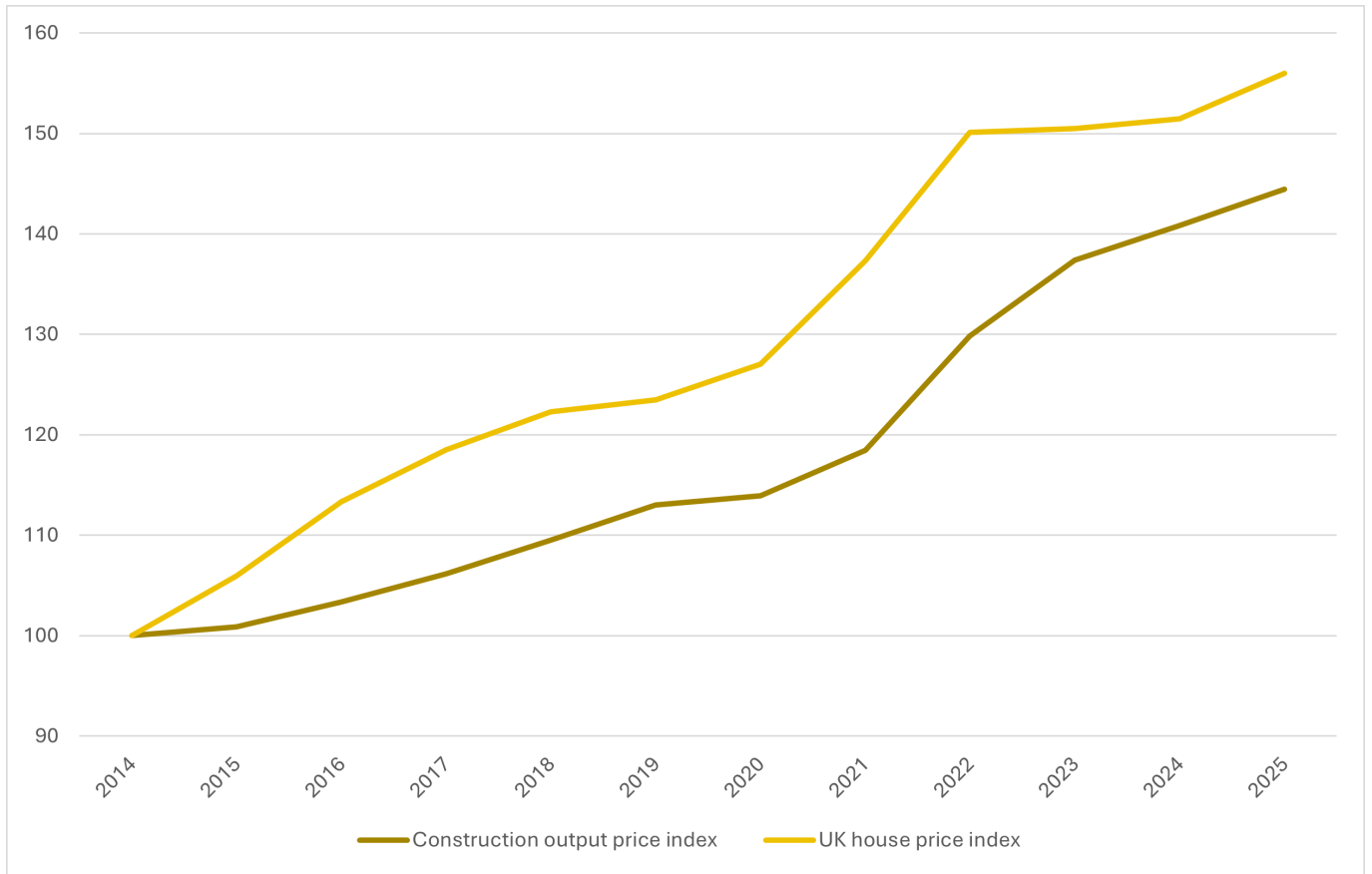
We can therefore see how the current land value capture paradigm is limited not just in terms of the amount of value to be captured, but the ability to redistribute this value in such a way that might address broader socio-spatial inequalities.

Impact of market cycles

While there is evidence of ongoing gaming and manipulation by developer interests of the viability process in the planning system (see chapter 7 and Appendix B), it is also the case that the commercial viability of some types of residential development has become more challenging in recent years (at least within the limits set by developer and landowner financial return expectations). As illustrated in Figure 11, construction output prices in Great Britain (which reflect the prices paid by developers to contractors) started increasing rapidly after 2020 and have gone up by 27% over this period.

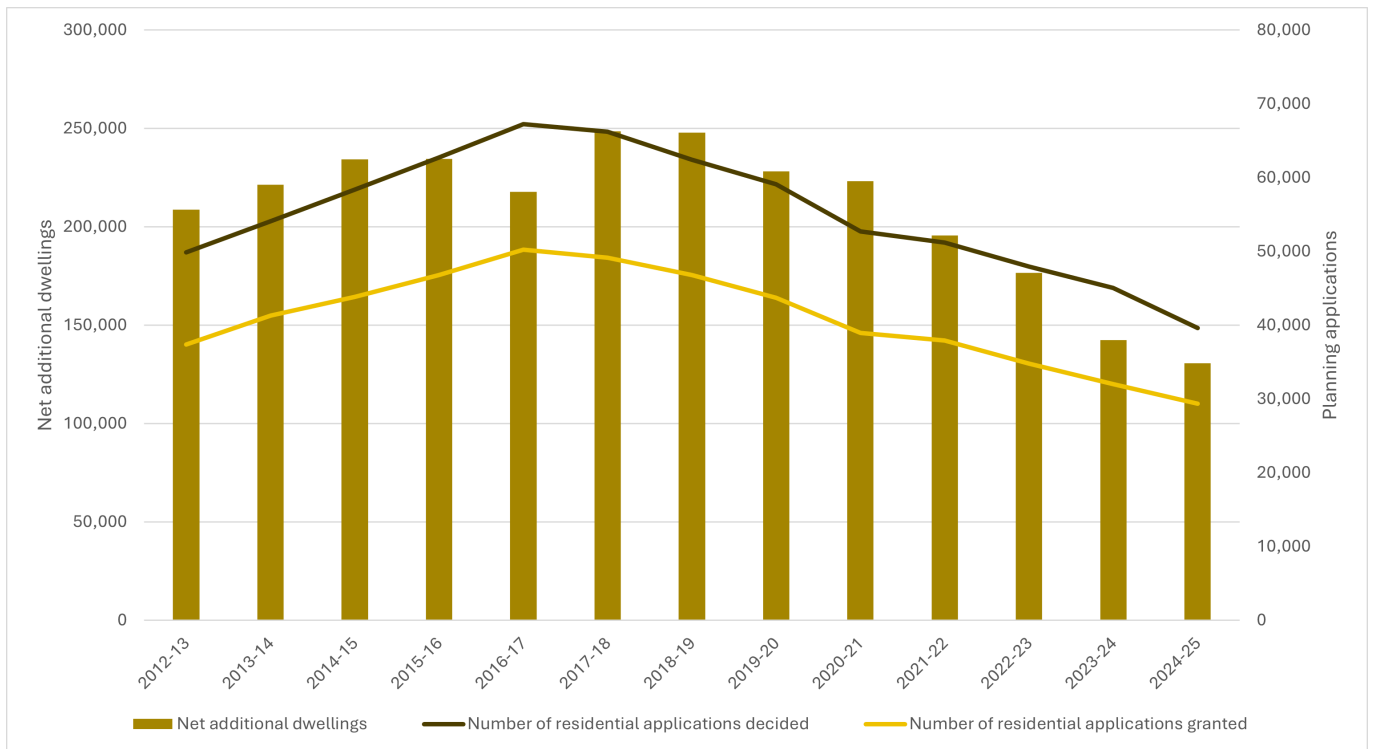
While this cost inflation has been closely matched by a corresponding 23% overall increase in average UK house prices over the same period, due to the spatial variation in house price growth, this will have left some development sites with viability challenges. Indeed, developer interests argue that it is partly for this reason that housing (and affordable housing) delivery has declined in recent years. Figure 12 shows that net additional completions have declined significantly in England since 2020-21, as have the numbers of residential planning applications submitted (although there has been little change in the proportion granted).

Figure 11: Construction output price and average UK house price index 2014 - 2025



(Source: GB Construction Output Price Indices (OPIs), Quarter 3 (July to September) 2025 & UK House Price Index. Rebased to 100)

Figure 12: Net additional dwellings and residential planning applications determined and granted 2012 – 2025 (England only)



Source: Live Table 118; Live

This is indicative of the embeddedness of the current land value capture regime in (and its reliance upon) the dominant speculative residential development model, whereby the amount of development land value available for redistribution is dependent upon the market cycle and the willingness of landowners to sell land and of developers to deliver.

This obviously means that when market conditions are challenging, there is not only less development coming forward from which a proportion of development value can be redistributed, but that under such circumstances there will be greater efforts made by the development industry to cite worsening market conditions in affordable housing renegotiations (although evidence from the London land market suggests that land prices can remain buoyant, even in circumstances where transaction volume is declining – see chapter 7 and Appendix B).

This pro-cyclical nature of land value capture policy and the challenges this poses to its effectiveness was commented on by one real estate consultant as follows:

"I always argue that it's a sign that the market is about to collapse. What you find is that political pressure to do something grows as land values start increasing. And the government usually gets round to doing something about it at the peak of the market, introduces the measure just as the market's collapsed, so it then... you know? You have five or ten years of... of weak attempts to implement this thing that wasn't the goldmine everyone promised. It falls away, land values start to rise again, and you're into the whole cycle." (REPC2, 2024)

This was also remarked upon by one former government advisor:

"[T]he political economy of implementing changes in land value capture, you have to be really lucky when you implement them, because one of the... problems in the '50s and '70s... they legislated for them at good points in the economic cycle, but when they actually came around to implement it, the market was going soft and... at that point, you run the risk of choking things off.⁶³ One of the [reasons] why we did some of the changes in 2018 is house price values were exceeding. So, there was a whole load of windfall gains happening, and you get away with doing things. My biggest worry when we did the Infrastructure Levy is, by the time we came to implement it, we would be at a bad point in the cycle and then it wouldn't just stick." (PSW3, 2024)

Although they are perhaps overgeneralising, what

⁶³ This appears to be primarily reference to the claim that Development Gains Tax (1973 – 1976 - see Appendix A) was introduced at the same time as a deterioration in the economic climate with rising build costs, falling capital and rental values and withdrawal of mortgage credit, resulting in a collapse in development activity. For Jones et al., (2018: 16), the main lesson to draw from this is that "the revenue from these types of taxes are very dependent on the property cycle".

these comments are expressing anxiety about is arguably precisely what is happening in the present moment. Faced with declining rates of housing delivery and complaints from developers of challenged viability, the current Labour government has introduced or is consulting on a range of measures designed to lessen land value capture requirements (e.g. affordable housing) to protect the profit incentive of private developers and encourage development, particularly in London (see chapter 5).

However, in light of this, it is important to remember that affordable housing planning obligations can, in fact, be beneficial to private developers as they provide a valuable cashflow source on larger schemes. This is because, unlike market tenures, they usually have a guaranteed purchaser in the form of a Registered Provider (although this demand has declined recently as explored below). During the 2007-2008 Global Financial Crisis, volume housebuilders expressed relief that they had Section 106 homes in the pipeline as demand for market tenure homes collapsed (Foye & Shepherd, 2023: 21). Furthermore, even under more buoyant market conditions, affordable housing can assist with viability and cashflow for larger schemes, as commented on by a real estate consultant:

"People...don't understand that for a particular size of development... probably 200-1,000 maybe, developers actually quite like having a decent percentage of affordable housing, because... they can shift it quicker, and it provides you with an upfront cash injection which could be then used to fund some of your infrastructure." (REPC2, 2024)

This countercyclical character of (particularly Social Rent) affordable housing and its benefits to cashflow on larger developments is an important corrective to the narrative that affordable housing requirements are necessarily always a drag on viability, and a reminder that properly funded social housing construction would be more resilient to market cycles than market schemes.

Demand for Section 106 homes

A further limitation to the current land value capture settlement emerges from the demand, or lack thereof, for Section 106 homes. Usually, affordable homes secured via Section 106 agreements are built by the private developer that entered into

the agreement, and then sold at a discount to a Registered Provider of affordable housing (e.g. a housing association). However, demand from Registered Providers for such homes has been declining over the last two years. According to research by real estate consultancy Savills published in July 2024, 53% of the providers surveyed had either reduced their requirements for Section 106 homes, or had ceased acquisition completely.

Widely discussed in the industry press, this trend presents a potentially serious challenge to the success of Section 106 as a land value capture tool and means to secure affordable housing. According to a December 2024 report by the Home Builders Federation (HBF, 2024b), the reasons for the declining demand from Registered Providers include:

- ♦ **Remediation works:** Registered Providers are choosing to invest in their existing stock to address building safety remediation. This is in part a result of the Social Housing (Regulation) Act 2023, which strengthened the requirement on social landlords to provide safe and well-maintained homes.
- ♦ **Inflation and rising costs:** High levels of inflation and the rising costs of debt in recent years have imposed limits on capital available for the purchase of new Section 106 homes. As one real estate consultant explained: “suddenly RPs aren’t buying Section 106 stock because they have no headway, no headroom” (REPC4, 2024).
- ♦ **Rent increase limit:** The Conservative government imposed a 7% cap on social housing rent for the 2023-24 financial year as a means to help address rising inflation and cost of living. This impacted rental income for Registered Providers.
- ♦ **Direct delivery:** Registered Providers are increasingly opting to develop their own schemes rather than purchase Section 106 homes. Although not mentioned in the HBF report cited above for obvious reasons, other sources suggest that a reason for this is concern among Registered Providers that some Section 106 homes do not meet the required build quality or space and energy standards (e.g. Brown, 2025; Kollwe, 2025; NHF, 2026). Direct delivery can be part-funded by government grant and providers have greater control over the design and quality of their stock, thus reducing the maintenance risk over the longer term.

In response, Homes England has set up a clearing

service in December 2024 to “help facilitate and accelerate the sale of uncontracted and unsold affordable homes across England” excluding London (Homes England, 2024). Some local authorities have started to purchase and manage Section 106 homes, although there are limits to the extent that councils can make this expenditure and take on the associated liabilities. Some developers are predictably seeking to renegotiate Section 106 agreements to reduce affordable housing obligations (Cooper, 2025).

Indeed, the government has now intervened to encourage this. A January 2026 policy statement seeks to ensure that local planning authorities allow agreed Section 106 affordable homes due for completion on or before 1 December 2027 for which developers are unable to find a buyer to be switched to market tenure (as long as certain requirements are met) (MHCLG, 2026a). While this may ‘unlock’ stalled developments, it will inevitably result in a further decline of affordable housing provision. Furthermore, this policy adjustment exemplifies the leverage of structural and instrumental power by housing developers and the failure of state actors to recognise their own structural power (see chapter 3). For example, although the government has announced that it will make low-interest loans available to Registered Providers to support the delivery of Section 106 homes (HC Deb January, 2026, c.43WS), it could have done more to encourage the purchase of these homes by local authorities, Registered Providers or government agencies rather than capitulated to developer demands to enable their transfer to market tenure.

This trend further emphasises the limits to Section 106 as a land value capture tool. Not only is Section 106 reliant on there being sufficient demand for market homes to provide the incentive for private developers to take on the risk of development and make an affordable housing contribution as part of their scheme, it has now been shown to also be reliant on there being sufficient demand for such housing from the Registered Provider end-purchaser. A decline in demand from this end-purchaser represents yet another market risk in the system that can impact the viability and deliverability of affordable housing with the policy-preferred mix of tenures. This further highlights the limitations of the existing land value capture settlement as a market-based mechanism embedded in the speculative development process.

Local perception and legitimacy

Limitations also arise from the challenges of local delivery and legitimacy. Housebuilders may see Section 106 in particular as a means by which they can secure more local political and community support for new development, as this quote from a representative of a volume housebuilder illustrates:

"...you're going to a hostile meeting with local councillors or local parish council communities, and one of the best things you can do, you're never going to get everyone to agree to it, but you at least want them to work with you in that...getting to the point of saying, 'Look, if this development is going to happen, whether it's an allocated site, for example, this development is going to go here. So, what do you want? What does your community want, as an elected representative of your community, what do you want?' And if we can work with that, and it's compliant with everything and it's in the 106, then yeah, that could be a way to get local political and local community support for it." (DRT6, 2025)

However, in cases where Section 106 contributions have been made in cash (rather than in-kind), the delivery of the promised infrastructure is reliant on local authorities being able to spend and deliver. This is not always straightforward. The Home Builders Federation has released various reports that point to the extent of unspent developer contribution monies (HBF, n.d.b). While there may be good reasons for this money remaining unspent (e.g. lack of available sites, project delays, or lack of local authority resources), this perception challenges the legitimacy of land value capture in two ways. The first is the legitimacy to landowners and developers making financial contributions towards infrastructure provision, who then see this undelivered. The second is the perception of the local community if they have been 'promised' infrastructure provision as part of a planning permission which then fails to materialise.

Related to this, there is the disconnect between what local communities may wish to see on a site and what is feasibly deliverable. This is not always a matter of development viability and commercial decision making, but national and local policy. This was commented on by one representative of a land promoter, who argued that local complaints of inadequate infrastructure provision should be targeted at politicians, not developers:

"[S]ome of the discussions I've had definitely in the last 12 months with residents and councillors, etc., they're starting

to twig finally, because I keep just saying to them, 'Look, I accept there's not enough doctors. I accept there's not enough teachers. You need to speak to your MP. That's not a development industry problem...I've found a smaller minority starting to engage a little bit with that, and starting to realise 'I accept, and actually I do know people who need a house and are struggling and therefore, yeah, I will go and badger my MP as to why the infrastructure isn't being delivered in conjunction with new housing.'" (REB3, 2024)

Again, this points to the inadequacy of land value capture, given its reliance on the speculative housebuilding model, to deliver housing and infrastructure. It also reflects the challenges stemming from the lack of strategic view and insufficient public funding to deliver local infrastructure.

A drop in the ocean?

Finally, even if planning and development land value capture instruments are reformed to enable more efficient and widespread redistribution of development value, the additional contributions raised would still be low as a proportion of overall infrastructure spending requirements. As Miles Gibson and colleagues (2025: 7) point out, the £2billion currently generated annually by developer contributions other than towards affordable housing equates to just 2.9% of the overall £70 billion capital budget of central government departments like health, transport and education (HM Treasury, 2025a). Even in the case of the Mayoral CIL which was introduced specifically to help fund Crossrail (Elizabeth Line), it has so far raised around £1.46 billion (TfL, 2025), which when combined with the £166.3 million value of Crossrail Section 106 agreements, is only 8.7% of the total £18.8 billion cost of this new piece of infrastructure (Benson & Robinson, 2024: 2).

These figures are a clear reminder that, while there is certainly scope for planning and development-based land value capture instruments in England to work more effectively to secure more development value and help lessen the burden on public finances (particularly in higher-value areas of the country subject to significant development pressure), they will never entirely replace the need for public expenditure on infrastructure, backed by public borrowing and general taxation. This is particularly true of areas where there are low property values and, therefore, insufficient value headroom to support significant local investment in public infrastructure. Indeed, this is a reminder of the

need to extend the land value capture debate from 'active' instruments embedded in the planning and development process into the policy realms of more 'passive', broader and geographically redistributive land value capture via other forms of land and property taxation.

Conclusion

This chapter has explored some of the limits to land value capture, particularly from the perspective of housebuilders, landowners and their advocates and advisors. The returns extracted by landowners, land promoters, developers and their contractors can certainly be contested, securing more for the provision of public and quasi-public goods. But there is a limit to how much value is available to redistribute via land value capture tools. Landowners and developers are also often reliant on state actors to deliver the off-site improvements to which they have contributed. If they are unwilling or unable to, this impacts the local legitimacy of land value capture.

The close relationship between development, land value capture and the goods provided has arguably helped secure consent for such tools. However, this comes at the expense of being able to leverage land values to pay for a broader range of public goods across a wider geographical area. This is

suggestive of the tension between local community expectations regarding the wider provision of infrastructure and services and the realities of how much of this is really the responsibility of developers and landowners. Together, these limitations underline the fundamental inadequacy of the existing land value capture settlement.

These limitations ultimately stem from the embeddedness of this policy in the speculative housebuilder development model, and the wider context of state withdrawal from a spend and tax policy on infrastructure provision. Without a fundamental change in policy, this means that developer and landowning interests are always going to be in a position to deploy their structural power to limit the scope of land value capture tools. Under such conditions, land value capture can only do so much.



Part 4: Conclusions

10. Towards a political economy of land value capture

This report has examined the history and contemporary politics of land value capture in England. We began by summarising the current policy context, showing how Section 106 agreements and the Community Infrastructure Levy operate within a constellation of interests - from state actors, landowners and volume housebuilders wielding structural power, to interest coalitions strategically deploying narratives and evidence to shape the terms by which issues are understood (chapters 2-3). We next dug into the deeper history to explore the origins of the land value capture idea in moral critiques of landownership and economic rent in the 18th and 19th centuries. We examined how the post-war Labour governments' explicit critique of land rentierism gave way after the 1970s to a more technocratic framing that legitimised land value capture mainly by linking it to pragmatic efficiency rather than presenting it as a redistributive policy, thus helping secure cross-Party consensus (chapter 4).

We then explored how the contemporary housing crisis has created political pressure that has repoliticised land value capture while simultaneously constraining policy reform within market-friendly limits, as the state's withdrawal from direct housing delivery made it more reliant on private developers. Fundamental to this has been the institutionalisation of development viability in planning and land value capture (chapter 5). The report then examined some of the reasons for the actual and constructed complexity of this policy, including competing legitimising arguments and forms of expertise that have differing conceptions of what land value capture should seek to achieve. This complexity has served to exclude non-specialists and privilege technical expertise, fuelling a complexity industry that systematically advantages well-resourced players in the game of land value capture (chapters 6-7).

We also examined the ideological ambivalence of this policy area, exploring how policy changes, such as the 2018 viability guidance reforms, were legitimised via a strategic 'third way' framing that could appeal across ideological divides while

stopping short of challenging core property relations (chapter 8). Finally, we identified the limits to land value capture that constrain its redistributive potential - its finite well of value, spatial regressivity and embeddedness in the speculative development model (chapter 9).

Having briefly summarised the argument thus far, the purpose of this chapter is to highlight some of the key emerging cross-cutting themes that cast light on the contemporary political economy of land value capture. These help explain why it is such a challenging area of policy. Tensions between different forms of land value, between the material qualities of land and its treatment within the market as a commodity and financial asset, and the role of the planning system in both protecting land from the market and exacerbating its role in the rentier economy are foundational in the political economy of land value capture. Land value capture policy when embedded in the planning system is a product of, as well as managerial response to, these tensions. This is symptom of what Richard Foglesong (1986) has called the contradictory 'Janus-faced' reality of planning.

Land value capture as ideology⁶⁴

Tensions between different perceptions of land value, between the variety of meanings of land (as home, as landscape, as food source, as ecology) and its treatment within the market as a commodity and financial asset, are foundational to the political economy of land value capture. This is suggestive of its ideological ambivalence. The report has therefore explored how different ideological framings combined with different forms of economic thinking can shape different diagnoses of the nature of the problem and the legitimacy of the possible policy responses.

As explored in chapter 4, in the first policy period (post-World War Two), the Labour Party sought to empower the state to take greater control

⁶⁴ Ideology can be a vague and contested concept. It is not the purpose of this report to examine its intricacies and ambiguities. However, we wish to acknowledge that the theories of ideology we largely (and lightly) draw on here are those of Antonio Gramsci (1891 – 1937) as interpreted by cultural theorist Stuart Hall and others (see Inch & Shepherd, 2019). For an overview of how the concept of ideology has been deployed in urban planning studies, see Shepherd et al., (2020).

over development land supply to overcome the structural power of landowners and housebuilders to extract rents. It was in such debates that the older Land Question was still active, even though it was then limited to debates about development land (rather than outright land nationalisation). However, in the second policy period (post-1985), land value capture policy has accumulated in a piecemeal and pragmatic way that has secured cross-party consent, as well as (perhaps reluctant) consent from landowners and developers.

The mainstream political debate on land value capture now rarely seriously contests private property in development land and the right to extract rent as these ideas have become so naturalised, in part because of the spread of homeownership and the dominance of the idea of the property-owning democracy and owner-occupation. The resultant prevailing 'common sense' of private property and the right to extract rent was alluded to in the following quote from a land justice campaigner:

“So, I think where we’ve got to is that most people broadly agree that it’s fine for people to earn unearned income, and then we’ll tax it a bit afterwards. But liberals have a fundamental disagreement with that... certainly as a liberal, and I have an ideological view of this... I feel that... battle has been lost, and so we may have a consensus, but I don’t think it’s a particularly helpful consensus if you really want

to get much higher rates of house building...” (DRT7, 2025)

Land value capture therefore persists in its current form because it does not fundamentally challenge private landownership, the private extraction of economic rent from land, or the private-developer dominated speculative housebuilding model. Moreover, it helps to secure the ongoing legitimacy of these forms of ownership and production by acting as a bulwark against the worst excesses that would pertain in the market should the development process not be regulated in this way.

Indeed, it is in periods of rapid house and land price growth and attendant housing affordability crises that political pressure serves to re-politicise the Land Question to secure more public value from the development process. This happened in the past in the periods when the Conservative Party supported development taxation (see Appendix A), and is what we are witnessing in the present moment. Here, a role of ideology is to legitimise such policy proposals in terms that will be acceptable to politicians and the target electorate by seeming to resolve tensions and contradictions.

Land value capture, in its current form, is a 'third-way' style policy that can be presented as securing a kind of 'win-win', stitching together the two worlds of private landownership and market-driven development and the socialisation of land and its



value. At the same time, it can be framed as a means to help deliver ‘good places’ such that development (in theory) has a greater chance of obtaining local political support. Indeed, this was very explicitly the communications strategy adopted by land and housing reform campaigners in the mid-2010s. These actors sought to secure policy adjustments that redressed power imbalances but within the limits imposed by the material and ideological dominance of private land and housing ownership (see chapter 8).

Today, therefore, contemporary land value capture represents a particular form of uneasy ideological compromise that appears progressive (redistributing land rents) while also protecting core property relations and facilitating rent extraction (see also Helbrecht & Weber Newth, 2018). The key question for land value capture is usually how much value should remain with the private owner of development land, rather than whether they have any right to it at all. In this way, land value capture can appear ‘non-ideological’ (either because it rests on an unquestioned common sense, or because it can be reduced to technocratic policy design questions), while seeking to smooth over the underlying tensions and hold together the contradictions.

Ideology, pragmatism and statecraft

Although ideology and its saturation as common sense clearly has a significant role to play in shaping and delimiting policy adjustment, it has been argued that pragmatism and statecraft are the more important factors in how policy change happens (Bulpitt, 1986). However, ideology, pragmatism and statecraft are not very easy to disentangle. Indeed, a recurring theme in this report is that the post-1980s land value capture environment has been shaped primarily by pragmatism and technocratic framing of the issues that belie their deeply political and ideological nature.

In the case of Section 106 agreements (and the planning agreements that preceded them), it was certainly pragmatism at local authority level, rather than top-down prescriptive party-political ideology, that initially fuelled their spread in the 1970s, 1980s and 1990s as a means to secure developer contributions (see chapter 5 and Appendix A). However, although somewhat depoliticised, the growth of planning obligations did not happen in a vacuum. It occurred under political-economic

conditions that were the result of ideological policy prescriptions that resulted in the withdrawal of the state from direct delivery of social housing. In this sense, the rise of Section 106 and its entanglement with affordable housing delivery was a bottom-up response to the national policy void, while being circumscribed and limited by it.

However, this trend is an important reminder that local authorities are not necessarily passive recipients of central government policy prescriptions, but can be entrepreneurial and innovative in how they adapt, subvert or challenge the dominant policy framework to meet their objectives. The general growth in the use of planning agreements in the 1970s and 1980s is part of this story, as is the more recent proactive policy activity of the London Authorities Viability Group (see footnote 13). It is also reflected in the willingness of the London Borough of Islington to fight egregious cases such as Parkhurst Road in the courts in a bid to change viability practice to ensure that more development value can flow towards affordable housing and other public goods (see chapter 7).

This activism by some local authorities took place under conditions of the housing crisis and the gaming of the system that was happening via viability negotiations for planning, contributing to planning obligations becoming more explicitly politicised in the post-2010 period. However, because the Community Infrastructure Levy is not used to directly secure affordable housing and is not so subject to negotiation, it has not been politicised in the same way. Indeed, although it had its roots in previous failed attempts by New Labour governments to tax development value (see Appendix A), it was taken forward in 2010 by the Conservative-led coalition.

The policy was adjusted in this period to enable local neighbourhoods to receive a proportion of Community Infrastructure Levy funds to be spent on local facilities. This represented an attempt to hold together the contradictions between the government’s drive for more housebuilding and the local politics of opposition to housing development in Conservative constituencies (see chapter 5). This is just one example of pragmatic statecraft and ideological framing in the legitimisation of land value capture policy adjustments. It illustrates how statecraft and pragmatism can shape policy adjustments that are in turn shaped by political calculations resulting from the need to satisfy competing ideological agendas that exist within a single political party. In this case, this was the desire within factions of the Conservative Party to support

economic growth through housebuilding and the competing desire to protect the character of local places by leveraging the regulatory powers of the planning system.⁶⁵

So-called 'realpolitik' can also shape and delimit the power of political ideology to shape policy such that it can lead to pragmatic decisions and compromise. The account of the viability loophole campaign presented in chapter 8 is a case in point. It was no accident that campaigners chose not to focus on policies that could be spun in the right-wing press as an attack on the freedoms of homeowners. For one campaigner, the political support resulting from this was more politically pragmatic than ideological:

"Certainly, a number of Conservative backbench MPs that supported the calls for the reform of the viability system from 2017 onwards were, you know, being opportunistic. They were doing it for political reasons. They wanted to have a good message they could go back to their constituents with. They were on their sides. And the villain in the story was not central government, the villain in the story was developers, perhaps unfairly. But you know, quite a number of them...did get really involved on that basis. But it wasn't ideological." (DRT2, 2025)

However, this understanding of ideology is rather narrowly limited to party ideology. The political pragmatism observed by this campaigner rested upon the foundational common sense of the ideology of private property and the legitimacy of private rent extraction from development land.

Instability and stability of land value capture

Because the current incarnation of land value capture policy in England constitutes an uneasy compromise and is subject to so many competing interests and ideologies, it is inherently unstable. State actors remain reliant on private landowners and housing developers to meet their housebuilding policy objectives, which include delivering more homes while simultaneously socialising a proportion of development value to help pay for affordable housing and public infrastructure. Under such conditions, there will always be political and economic pressure to adjust policy settings and/or policy instruments (see Hall, 1993).

Such pressure is obviously exacerbated by the embeddedness of land and property development in a cyclical and crisis-prone economy. It is in moments of rising prices and worsening housing

affordability that political pressure prompts a widening search for an appropriate policy fix. This common sense of the legitimacy of the right to extract economic rent (if not the right to privately own development land) has come under increasing pressure as the housing crisis has deepened, pulling in a wider range of political interests which, crucially, include middle-class and younger voters.

This has opened up fissures through which previously unacceptable policy ideas have started to emerge. The last 15 years have seen multiple policy adjustments – at the micro level of policy settings (e.g. 2018 viability adjustment) and at the meso level of policy instruments (e.g. Infrastructure Levy). The latest major adjustment has been to the compulsory purchase value provisions, representing the return of the idea of compulsory purchase of land by the state as a legitimate land value capture tool following its abolition in 1959 (see Appendix A).

However, in the language of political scientist Peter Hall (1993), none of these adjustments at the level of policy settings or instruments have been accompanied by an adjustment in the hierarchy of goals behind the policies. The various adjustments have all sought to more closely regulate landowner financial return and developer profit, or to find a form of land value capture that can be more efficiently embedded into the development process without imposing too much uncertainty and delay and creating too much political risk for the government in power. This tendency for incremental, rather than radical or 'paradigm shifting' adjustments was commented on by one former government advisor as follows:

"[W]ith the right circumstances and the right kind of politics, it [significant policy change] could be done. But my feeling is that we're not in that world. Therefore, one has to step back a bit and think, 'Right, what kind of more incremental solutions don't have such high costs of change that they could be implemented and that you would be able to get that consensus across all of the various interests that we were discussing earlier?' That's really hard work, and it does push you back to ever more incremental solutions, saying, 'let's make some small tweaks to Section 106...'" (DRT3, 2025)

Even though some of the current policies do seek to adjust power relations in the land market by prompting state actors to recognise their own structural power to discipline landowners and developers, they have not fundamentally challenged the status quo. They do not, therefore, represent a 'paradigm shift' in policy that would fundamentally realign land and property relations and the role of

⁶⁵ For a fuller discussion of the relationship between ideology and statecraft in relation to the tensions inherent in Conservative ideology and the

the state.

This is evident even in the adjustment to compulsory purchase rules to enable development land to be purchased net of hope value. In its current incarnation, this remains a relatively modest adjustment and is not necessarily intended to result in a widespread abolition of private ownership of development land, the socialisation of economic rent and a return to widespread and active state involvement in direct delivery, as one housing and land justice campaigner commented:

“[T]he point of CPO [compulsory purchase] compensation reform is not necessarily to CPO vast swathes of land. Right? And indeed, many policy thinkers in and around Labour have not been thinking about it that way. They’ve been thinking about it as providing a reason for land transactions to price in the risk of CPO to open up the possibility of different development models.⁶⁶ So, no, we definitely shouldn’t invest in, you know, skilling up loads, every council to perform loads of CPOs. That would be a dreadful use of resource. What we need is some test cases that can establish this new CPO compensation code in law so that it is factored into land transactions, at least some kinds, at least on large strategic schemes that have a reasonable prospect of being CPOable.” (DRT2, 2025)

However, the hope value provisions may have little impact on the land market until such time as market actors perceive there to be a credible risk. Until the government supports the use of the Levelling Up and Regeneration Act 2023 hope value powers in a compulsory land acquisition backed by a strong funding commitment, with any legal challenge ruled in the acquiring authority’s favour, there will be no compelling signal sent to the land market and the intended effect of the policy is unlikely to materialise. The lack of a strong (and potentially paradigm-shifting) funding commitment from central government to support the public acquisition of land net of hope value and the direct delivery of development is indicative of the disciplining power of the bond market over fiscal policy and the related reluctance of the current Chancellor to change her self-imposed fiscal rules. Therefore, while the compulsory purchase hope value adjustment has been an important change in the legal framework, it has not yet changed the rules of the game.

In the recent history of English land value capture, we therefore see policy instability at the levels of settings and design. However, this instability is contained within a more stable paradigm of

land value capture policy that is based on the legitimacy of private property and speculative private-developer led housing provision, as well as reluctance to directly fund a more active state. Because of the broad set of interests that stand to gain from maintaining the status quo, and who might stand to lose if the policy paradigm changes, there are real political limits to policy adjustment in the present moment.

Are the proposed New Towns and the related compulsory purchase hope value provisions the thin end of the wedge that will in due course prise apart the fractures in this broader paradigm? Will this, eventually, facilitate paradigm collapse and lead to a rearticulation of land and property relations, with the state taking a more active role in land assembly and delivery? This remains to be seen. To be sure, there are powerful interests that will militate against any such adjustment.

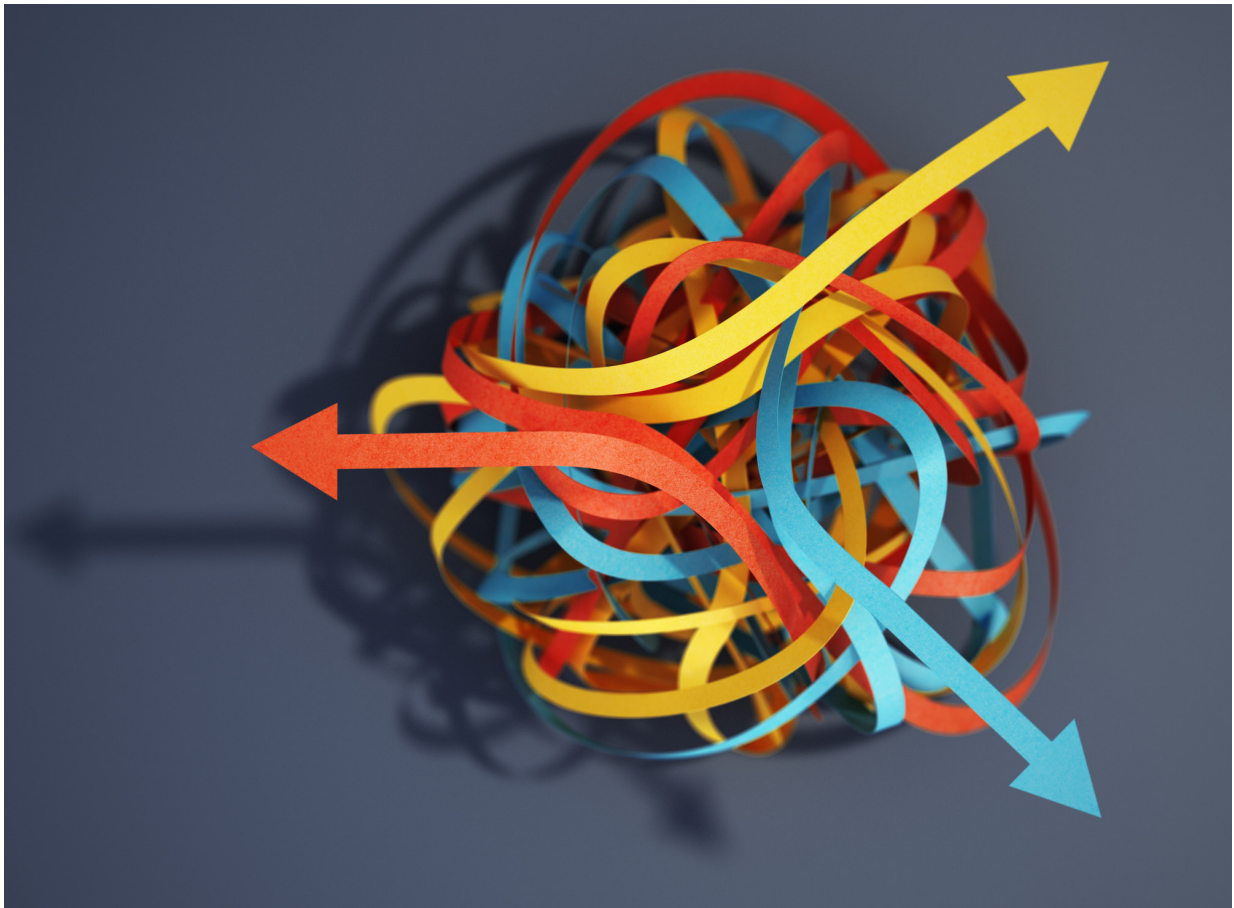
Complexity, evidence and power

We have seen how powerful interests can exert instrumental and structural power over both policymaking and the implementation of policy via the planning process. Their ability to do so is shaped by the narratives and framings deployed by the interest coalitions active in land value capture debates. Because it is difficult to systematically extract reliable evidence from the land market (e.g. land prices, terms in option and promotional agreements, costs etc), combined with the fact that evidence can be interpreted and (de)legitimised by recourse to different economic logics (e.g. the relationship between land supply and house prices) or understandings of how ‘the market’ works, such debates operate ideologically.

This can be the case both where there is no clear evidence (either because it is difficult to collect, or the government of the time failed to collect it – as explored by Gibson (2025)), but also where there is evidence – because evidence (or ‘facts’) about housing delivery and land value capture tend to be constructed through contested narratives. A good example of this is the land banking debate. While it is clear that volume housebuilders retain control of significant land banks via outright ownership and option agreements, it remains hotly contested as to whether such extensive control is really required to

governance of development land markets, see Shepherd et al., (2024).

66 From a campaigning perspective, this is an important point i.e. that, although the current incarnation of the compulsory purchase hope value reforms does not represent a radical and sudden paradigm shifting change, from this campaigner’s perspective they are intended to open up a path towards more significant change in the future.



feed the housebuilding business as these companies and their advocates claim, or whether they are in fact excessive and represent a form of land speculation (see chapter 5).

Indeed, land value capture, like the discipline of economics that shapes it, is not constituted by 'brute facts' (Searle, 1996), but rather constructed social facts. This makes coming to a shared understanding of the nature of the problems and the appropriate solutions challenging – even though there is consensus on the need for some form of land value capture. This is exacerbated by the technical complexity of this policy area. This complexity arises from the contestable status of the 'facts' that comprise land value capture debates, as well as the institutional complexity of the land market and the development process. This complexity can be deployed discursively to seek to prevent paradigmatic change in land value capture and housing development policy, and instead push for retaining the status quo or piecemeal and incremental reform.

Because of the resource asymmetries that often pertain in land value capture and the planning process, complexity can serve the interests of more powerful and better-resourced actors who are well-placed to navigate it and use it to

secure outcomes that serve their interests.⁶⁷ The professionals comprising the 'complexity industry' are instrumental in facilitating this. We have seen this time and again in previous and ongoing contestations concerning the viability mechanism.

These various dimensions mean that there is ambiguity concerning the role and distributional impact of complexity in the land market and land value capture. For example, a complicated planning and land value capture system is surely preferable to a simple return to a free market in land and allowing private landowners to retain all land value increases. Policymakers should be wary of arguments that seek to invoke complexity to advocate for a lessening or simplification of land value capture tools that could result in less development value being redistributed. We see this in the following statement from a land and property expert in relation to the Community Infrastructure Levy:

"[A well-known planning lawyer] always said, 'What you want is a very simple sort of levy, standardised calculation, applies to everything, big enough to make a bit of a dent in your infrastructure need, but not so big that people will sort of go to court over it', as it were. They'll grumble, but they'll accept it. And that was sort of always the premise of how CIL should have been set up, and then it wasn't. It became far too complicated." (CGLP7, 2024)

⁶⁷ Indeed, the complexity of the planning system as a whole is often cited as a contributing factor in the decline of SME housebuilders due to the risks it poses to smaller developers (e.g. HBF, 2025d; Wallis & Bell, 2025).

This does seem a rather modest vision for land value capture that would have modest results in terms of the amount of value that is redistributed.

However, while policymakers should be wary of calls to simplify the system as, depending on the form of simplification, it could ultimately serve to 'make the rents flow faster' rather than produce fairer and more equitable development outcomes, we must also acknowledge that this complexity closes down popular understanding of the issues and could ultimately threaten the legitimacy of the system. This all suggests we should be highly attentive to the ways in which complexity, complication and difficulty are invoked via different forms of expertise in planning and land value capture debates, and the power relations such invocations express.

The power of (residential) landownership

It has been the contention of this report that despite the technocratic veneer around this policy area, it remains riven with political fault-lines. As one former government advisor commented: "just because you've got a technically excellent tool doesn't mean that you're [going to] politically...get what you want" (GA1, 2024). Should any proposed policy change be

perceived to challenge the interests of any particular group, policymakers and politicians can expect some resistance that can frustrate the process.

Very obviously, one powerful group whose interests are challenged by land value capture is landowners. In contemporary English land value capture debates, the figure of the landowner has tended to be represented as the (speculative) owner of development land, with the target of land value capture being a proportion of development value. However, although they are certainly powerful players in land value capture debates due to their monopoly control over the scarce resource of development land (and the fact that they include large landholding entities and institutions with political leverage such as members of the royal family, hereditary peers and the Church)⁶⁸, they are few in number in comparison to another category of landowner – homeowners. Targeting development land value and the owners of development land via tools embedded within the planning and development process is much less politically risky than targeting property wealth in general.

Indeed, the political risk of targeting housing wealth (or of land taxation policies being (mis)represented as targeting housing wealth) has increased significantly since the days when the Land Question was a live political debate. According to M.J.



⁶⁸ See Shrubsole (2019) for an analysis of the variety and extent of landownership in England.

Boddy (1976: 6), the proportion of owner-occupied dwellings in *Britain* increased from 10.6% in 1914 to 28% in 1953 and had reached 52% by 1973. There are now 15.8 million owner-occupied households in *England* - 65% of the total (DLUHC, 2023b). The combination of the spread of homeownership in the post-war period, the commodification and financialisation of housing and the increase in house prices over the last 40 years means that critiques of landownership do not have the same emotional power today as they did in the early 20th century. To accept the power of the moral critique of landownership is to accept that homeowners have a questionable claim to housing wealth (which is largely capitalised into the land) and that this wealth (or a more extensive proportion of it than is taxed under the current system) should be redistributed.

Indeed, as illustrated in Figure 13, land underlying dwellings is the most valuable land type in the UK and has been on a long-term upward trajectory.⁶⁹ This represents a significant amount of landed wealth (or 'unearned' economic rent), a greater proportion of which could be more equitably redistributed to help pay for services and infrastructure.

One obvious way to do this would be to adjust the Council Tax system so that it is more directly related to housing values (the current system is based on 1991 values) (Whitehead et al., 2024), or to introduce a form of land value tax that includes the contribution to house prices made by the land on which homes are built. However, although there have been some progressive adjustments to the Council Tax system in Wales and Scotland, there has historically been considerable reluctance to adjust the land value capture regime as it relates to residential property in England.

The closest the Westminster government has come to this is the so-called 'mansion tax' announced by the Chancellor in her Autumn 2025 budget, which was designed under considerable fiscal pressure that helped open political space for this adjustment. This is a Council Tax surcharge on properties worth over £2 million in England and will be underpinned by updating valuations on the most valuable properties in the top three Council Tax bands. While this does represent increased taxation on residential property targeted at the most wealthy, it does not fundamentally address the structural unfairness and distortion that are features of the current system.

Figure 13: Land value composition in the UK 1995-2020 (£trillions)



(Source: ONS National Balance sheet - disaggregated data not available after 2020)

⁶⁹ Economist John Muellbauer (2025: i) describes the situation as follows: "House prices are a weighted average of land prices and housing construction costs (with volatility of the former greatly exceeding that of the latter)." The UK has consistently had the highest ratio of land to construction costs in house prices out of the G7 economies over the last 40 years (ibid: 4).

This is due to Council Tax continuing to largely rely on out-of-date 1991 valuations, and the fact that many owners of less valuable homes will continue to pay a higher proportion of their home's value in Council Tax than owners of valuable properties. The mansion tax measures are predicted to raise £400 - £435 million a year by 2028-2031 (HM Treasury, 2025c), a small sum compared with the £3 billion a year the Institute for Public Policy Research (IPPR) believes could be raised by a proportional property tax underpinned by updated property valuations and increased rates in higher tax bands combined with reduced rates in lower tax bands (Sriram & Jung, 2025).

What the Chancellor's reluctance to go further in terms of residential property taxation suggests is that even though the more efficient and progressive taxation of residential property makes sense in the technical realm of economic theory, the very real politics of this kind of policy adjustment is an obvious impediment. As one housing and land campaigner commented: "You know, you waded into the taxation of ordinary people's homes and get it wrong and the consequences of failure are pretty severe for the economy, for your political future. So, you can understand why people are cautious about that" (CGH7, 2024). The longstanding, politically untouchable nature of widespread increases in residential property taxation in England has helped to focus land value capture debates on owners of development land, who represent just a fraction of the electorate in comparison with homeowners.

The focus on development land and 'greedy developers' in recent land value capture debates has therefore served to distract from the true extent of speculative landownership in the contemporary political economy and limits the scope for more extensive land value capture mechanisms that impact a wider property base. According to one housing and land campaigner (speaking in January 2024), this cuts across Party lines:

"Q: So, in relation to the framing of the issues and speaking about them in the way that makes sense to the Labour audience, is there a significant difference in terms of how you did that when you were speaking to the Conservative Party?"

A: Embarrassingly, no, there isn't much of a difference actually, because at least Labour politicians... at least none that I've spoken to yet are really up for a conversation about the kind of fundamental ethics of property ownership. Again, they're much more interested in the- the economic- the efficient economics of development. On the other hand, Labour is a- is a... a rich ecosystem. Obviously, there's large

swathes of the Labour kind of family that are very interested in the ethics of these things, but usually quite crudely."
(CGH7, 2024)

We can see here how widespread homeownership has historically served to help contain the moral argument for land reform, focusing the debate on questions of technicality, efficiency and malpractice rather than the morality of property wealth distribution.

Conclusion

This chapter has explored the ideological, political and technical limits on land value capture policy. Because of the power relations that shape this policy area, and the multiple demands placed upon it as a result – it has to be many things to many different actors – policymakers perceive there to be relatively little room for manoeuvre. The policy 'cannot' be perceived to be so onerous as to raise fears of a land strike from private landowners. It 'cannot' be perceived to interfere too much with the business models and profits of the housebuilders such that they will respond with the threat of a slowdown in delivery. A more active land developer state 'cannot' be funded via significantly more public borrowing. Politicians have tended to avoid the political risks associated with more extensively and progressively taxing housing wealth. Any adjustment needs to secure support from local authorities, enabling them to collect a sufficient level of contributions or else consent to collection by another agency or level of government. To add to this already challenging environment for reform, policy needs to be in alignment with the legal framework that has developed over many centuries and serves to protect the interests of property owners. All these considerations are relevant to the careers and electoral fortunes of government advisors and politicians. In this way, landowners, housebuilders, homeowners, local authorities and professional advisors can and will impose limits to the scope of acceptable policy change.

However, the players involved do not all enjoy the same level of power, and the power dynamics can change depending on the political pressures faced by politicians. As we have seen, under the conditions of the housing crisis there has been greater willingness by politicians and policymakers to more extensively target wealth in development land – rather than all land (including the land beneath houses), although this, too, may be starting to change. This has contributed to the survival of CIL, Section 106 and the compulsory purchase hope

value provisions across governments. Indeed, it is telling that the 2018 viability guidance adjustment and the compulsory purchase hope value provisions were introduced by Conservative governments in the first place. Although these are by no means radical reforms in comparison with the first policy period, they are important – and suggestive of the repoliticisation of land value capture over the last decade. Whether this will eventually result in the radical structural changes needed to address the dysfunctional housing and development system is another question, and one to which we turn in the final concluding chapter.

11. Conclusion: current predicaments and future directions

England's land and housing settlement is in a state of emergency. The system that has prevailed over the last 40 years has manifestly failed to produce housing and development outcomes that adequately meet social need. The government cannot meet its own housing targets (that would have a minimal impact on affordability in any case), housing is unaffordable for many, and infrastructure is under-funded and underproduced. This is entrenching and deepening inequality and social stratification on multiple levels – from class and race to generational and spatial divisions.

This report has examined how land value capture has sought to conceal the cracks that are fracturing the existing settlement under the deepening political and economic pressures of the land and housing crisis; undergirded by the contradictions that arise from private ownership of development land, its treatment as a commodity and financial asset, and the extraction of rent. That land value capture policy is so unstable and so subject to incremental attempts at reform is evidence of its ongoing failure to adequately manage these tensions. In this way, land value capture operates as much as an ideological device as it does a technical policy mechanism.

This final chapter aims to move beyond this kind of diagnosis to reflect on some possibilities for policy adjustment and reform. Acknowledging the constraints imposed by the current political economy, these include moderate technical adjustments to the status quo. However, we argue that what is really needed is transformative paradigmatic change to the land and housing settlement; a systemic and structural shift towards more just and equitable use of land and the housing built upon it. More ambitious changes are therefore also explored, alongside a recognition that seemingly intractable political and economic constraints are more malleable than they might first appear given sufficient political strategy.

Indeed, if the preceding decade has demonstrated anything, it is that the political pressures of the housing crisis affects political parties of all stripes and has the potential to create opportunities for more ambitious land policy reform. There is therefore genuine political potential to improve

housing development and land value capture policy outcomes both modestly at the margins, as well as via more ambitious reimaginings of what may be possible.

Key implications of the research

Structural dysfunction

The way that land value capture policy is currently set up is predicated upon an adversarial relationship between the various parties. This can all too easily reflect the adversarial politics that can characterise the planning system and the zero sum framing of our political system as a whole. There are struggles in the implementation of planning obligations, CIL and compulsory purchase concerning the division of the spoils of development and the amount that is capitalised into land prices. In negotiations, landowners have the power to withhold land. Developers have the power to withhold development. The state has the power to withhold planning permission. Land value capture policy outcomes therefore generally constitute a 'sweet spot', whereby the various parties can come to a pragmatic agreement that enables an 'acceptable' proportion of value to flow in these three directions. However, as recent policy history has shown, the outcomes have not been to the satisfaction of policymakers or local communities.

Policymakers can continue to tinker with policies within this prevailing policy paradigm. However, they could also recognise that the ongoing dysfunction of land value capture and its failure to contain and manage the risks imposed by the ongoing housing crisis represents an opportunity for structural reform rather than modest technical adjustment. This could entail thinking beyond current orthodoxy and embracing a new kind of approach less invested in this adversarial or negotiation-based approach. This would be a paradigm that either seeks to more avowedly align interests, or is based on a new, less speculative, model of development.

Morality, property and markets

One of the effects of the housing crisis is that a widening political coalition (that includes middle-class voters and the children of middle-class voters) is perceiving homeownership, and the capital enrichment that is supposed to accompany it, as out of reach. This suggests that political pressure on policymakers to address the housing crisis and make more homes available to those currently priced out of the market will increase as the ongoing failure of the current policy orthodoxy (i.e. merely to increase the rate of housebuilding) compounds the crisis. This will continue to put pressure on land value capture policy adjustment to ensure that housing numbers and delivery rates (including of affordable housing) are not prejudiced by the demands of landowners.

However, should market conditions continue to worsen such that land value capture policy can be framed by landowning and development interests as prejudicing viability and the delivery of homes, then there will also be ongoing political pressure to lessen land value capture requirements to 'release' housebuilding. Therefore, without rearticulating the power relations embedded in the dominant speculative development model and the land value capture orthodoxy that helps maintain it, land value capture adjustments will remain at the level of tinkering at the edges and invariably be limited in their success.

Expertise, policy and implementation

Land value capture policy and implementation can be technical and complex. This report has examined the wide scope that exists for the unequal distribution of expertise in policy setting and negotiation. This can result in fewer contributions being made from developments than would be the case if there was a more transparent and standardised process (based on standardised models, assumptions and data inputs) that is not so negotiable. The different forms of expertise and the range of interests that this expertise is deployed to serve can also make policy design a messy and contested process that results in instruments that are complex and have poorly defined objectives, or which seek to meet too many objectives. Here, the ideological ambiguity of land value capture combines with different traditions of expertise to produce multiple and sometimes competing justifications for the existence of the policy and the nature of its design. This serves to muddy the waters and makes it hard to assess success.

These issues imply that policymakers should ensure

that the objectives of policy are clearly defined and that their success or failure is measured against these objectives and by rigorous and ongoing policy impact assessment. Furthermore, the findings imply that land value capture policy should be designed to limit the range of expertise required to implement it and should be focused on metrics that are as uncontested as possible.

Developing a strategy

While the politics of the housing crisis over the last 15 years produced political opportunities and space for land value capture policy adjustment, it still needed to be 'sold' to politicians and officials in roles of decision-making power. This is indicative of the political and ideological opportunism that is available in framing land value capture debates in the context of the housing crisis, where the policy proposal impinges on the interests of a relatively small proportion of the electorate. There is therefore potential to identify a policy adjustment and supporting narrative that skilfully stitches together different coalitions and political groupings. The problem and the proposed policy response can be framed in terms that appeal to different coalitions, and their respective emotional and political commitments, producing support for the same policy adjustment for different reasons.

The push for identifying a 'policy that sticks' may suggest incremental and modest adjustments that can secure gradual and growing political support rather than major and sudden paradigm shift. But it is still important to consider the terms by which more ambitious land value capture policy can be framed to gain the support of a wide range of interests. Indeed, as the housing crisis (and attendant political and social crises) in England deepens, 'the centre' in relation to land value capture policy may in due course shift so that more ambitious measures become more thinkable. Indeed, this may have been a hoped-for outcome for some of the campaigners discussed in chapter 8 – that by focusing on smaller and more winnable policy adjustments in the shorter term, this would help lay the groundwork for more ambitious changes in the future.

Overcoming the limits of land value capture

Land value capture is not a panacea. Improved land value capture as implemented by the planning and development process alone cannot fully fund the social and economic need for infrastructure, particularly in those areas where there is not significant development pressure and, therefore,

little land value headroom or development occurring. Indeed, despite the widespread gaming of the viability system and the 'stickiness' of landowner expectations regarding rent extraction, it is the case that development can be genuinely unviable for a combination of valid reasons e.g. rising build costs, significant up-front infrastructure spend or on-site contamination.

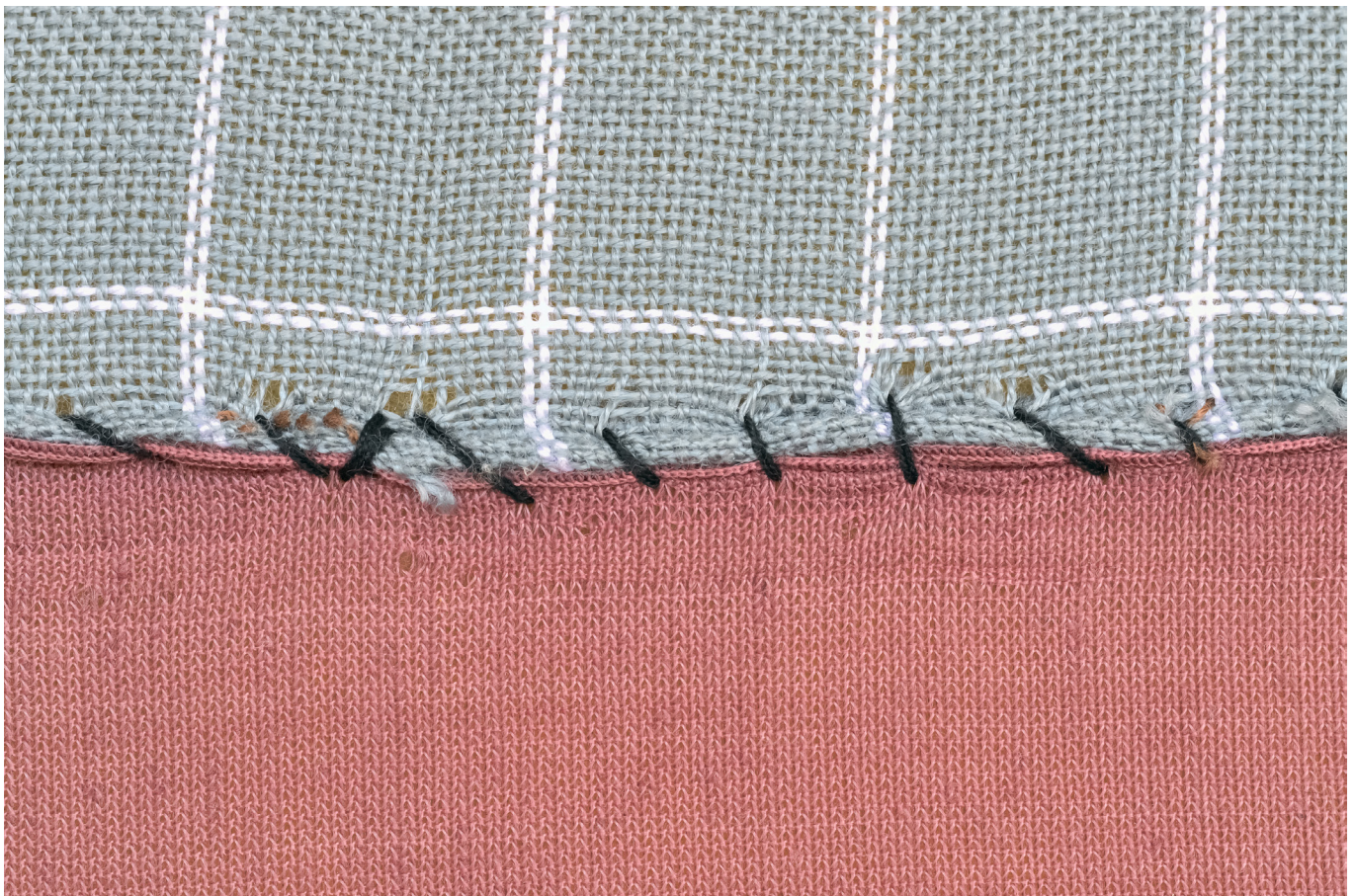
This implies that policymakers should be thinking beyond land value capture as currently contained within the planning and development process, and embrace the potential for more progressive and redistributive taxation of land and property wealth. There should always be a role for site and development-specific land value capture tools to enhance place-making. But there is an opportunity for these to be decoupled from the one-off, event-based approach that currently predominates, towards a periodic taxation approach that either targets general land value increases, or targets land value increases resulting from specific infrastructure investments.

This could be accompanied by project-specific funding vehicles that leverage long-term and patient private investment to complement public investment, thereby helping to move away from the currently dominant speculative housing

development model. Furthermore, the government could change its self-imposed fiscal rules to enable more public borrowing to fund long term loans and grants for investment in public-sector led land acquisition and delivery of social housing and high-quality places, such as those that can be delivered by development corporations. This could be achieved without resulting in significant increases in debt yields and the cost of government debt, particularly if the revenue and economic growth impacts of building more social homes is taken into account.⁷⁰

The environmental blind spot

The current land value capture settlement as embedded in the planning process is predicated on perpetual property development. Although it has not been a focus of this research, it is important to recognise that this comes at significant environmental cost. In the drive to consider how the spoils of development can be more equitably shared, it should not be forgotten that every new home built can impose habitat loss, soil sealing, carbon emissions via construction and the supply chain as well as future long-term energy consumption. Indeed, research has suggested that the government's business-as-usual housing strategy will consume England's entire cumulative carbon budget by 2050 (zu Ermgassen et al., 2022).



⁷⁰ For an overview of the evidence supporting this claim, see Bloomer et al., (2025). For a discussion specifically in relation to the delivery of New Towns, see Trew et al. (2025: 15 – 18).

Current land value capture coupled with the predominant framing that the solution to the housing crisis is simply to build more homes cannot manage the tensions arising from the drive to develop and the imperative to protect our environment. Indeed, this has become a key battleground in the passage of the Labour government's Planning and Infrastructure Bill (now Act) through parliament. Bats and newts (as well as communities) have been cast as the villains that prevent more housebuilding. Meanwhile, Biodiversity Net Gain is embedded in the planning system as a form of land value capture that presents environmental damage as something that can be abstracted, smoothed away and mitigated.⁷¹

We do not dispute that there is a housing crisis and that more genuinely affordable homes do need to be built at higher densities on brownfield land, using more sustainable materials and methods of construction. But the environmental costs of doing so suggest that policy should not merely be oriented towards enabling more development supported by more and better land value capture, but that it should also be oriented towards making better use of existing housing stock. This could include retrofitting and using property taxation to incentivise more efficient use of what we already have (see Horn and Stratford, 2025).⁷²

Policy principles

The above implications for policymakers, politicians and campaigners can be crystallised via the below policy principles. These principles (rather than concrete policy proposals)⁷³ cover both modest adjustments to the status quo, as well as the need for more radical reimaginings of what may be possible. The principles are divided into two sections. The first covers perennial principles that should apply to any policy paradigm, but would be most immediately implementable via incremental adjustments to the existing policy settlement. The second covers more ambitious policy principles that are oriented towards thinking beyond the constraints of the current settlement and draw predominately on the wide range of existing policy ideas available in the grey policy literature.

Perennial policy principles

Clarify primary objectives: Campaigners and policymakers should be clear about whether land value capture policy adjustments are primarily intended to correct injustice, enhance economic efficiency, fund public infrastructure, or deliver affordable housing—acknowledging that these objectives may have different implications for policy design and the politics of policy change. Clarity on primary objectives could also assist with designing policy that stands the best chance of meeting these, rather than trying to achieve too many things at once (see chapter 9). Indeed, as argued by Gibson et al. (2025: 16), policy independencies should be minimised, as seeking to achieve competing objectives through “multiple mutually-reliant tools” comes with a “high risk of failure”. Clearly, only some of these objectives are likely to be directly associated with the paradigm shift that is needed. For example, only designing policy to ensure greater economic efficiency is likely to merely continue the status quo. However, it is not either/or – but a case of designing different policies that target different problems and are not interdependent. Furthermore, this is where the importance of strategy and messaging becomes a practical concern, in that the same core objective can be framed and legitimised in different ways to appeal to different interests.

Develop a strategy and secure political consensus: Campaigners can seek to build political support for core land value capture principles to prevent policy instability, particularly following changes in government. Assuming a democratic system, cross-Party political buy-in based on public support and the policy meeting its objectives would be crucial – there would need to be a clear articulation of the problem and the suitability of the proposed solution. Furthermore, the nature of the problem should be articulated in a way that connects with its intended audience politically as well as emotionally. Political consensus is needed to ensure that it is clearly signalled to the land market that any changes to land value capture policy are stable and not open to negotiation, so that liabilities result in an adjustment of developer and landowner expectations. However, these dynamics may temper the scope of more radical policy ideas in the short term, with more profound change only possible over the longer term as the effectiveness of more incremental adjustments become apparent.

71 For a critique of the abstractions of Biodiversity Net Gain in England, see Chapman & Tait (2025).

72 Another important point of intersection of environmental degradation, climate change and land value capture is the implications of more extreme weather events, flood and insurance risk on the development potential of land and the need for values to adjust to the cost impacts of related regulation and infrastructure.

73 For some specific land value capture policy proposals based on a detailed analysis of the history of development taxation and the limitations of Section 106 and CIL, see Gibson et al. (2025).

Define success metrics and assess impact:

Establish clear metrics for evaluating policy effectiveness. In a short term shaped by more incremental adjustments, these may be limited to simple value collection or broader policy objectives such as the provision of more social housing and strategic infrastructure provision. In the longer term (assuming more radical policy change), they could be linked to the delivery of social value on large public sector-led placemaking projects. Metrics should then be applied to measure the impact of land value capture policy, particularly on the land market i.e. on the supply and price of land. Over time, this would help generate data on landowner behaviour across different market areas. As argued by Gibson et al. (2025: 17), if there is a lack of evidence regarding the impact of policy, this widens the scope for land and property interests to exert instrumental power to convince policymakers that policy measures are not working, or are inhibiting land supply – even if there is no systematically-gathered evidence to support these claims.

Increase standardisation: If the current policy settlement is going to be continued for the time being, policymakers should make adjustments in the short-term to ensure that there is greater transparency and standardisation and less scope for negotiation in how land value capture policies are set and applied. We therefore welcome the apparent move towards greater standardisation of viability assessment inputs in the Labour Government's December 2025 consultation on changes to the National Planning Policy Framework and associated viability guidance (MHCLG, 2026b). Specific measures to increase standardisation could include specifying benchmark land value thresholds in policy, creating a robust and transparent national database of development costs, compiling a robust land price database, setting a national minimum and non-negotiable 'floor' for the provision of Social Rent housing (expressed as a percentage of the total) and making the modelling of price growth in viability testing mandatory.

Limit and equalise the range of expertise required: Specialist expertise will always be required to design and implement land value capture policy. However, as a matter of principle, policymakers should seek to ensure that policy is designed so that as little specialist expertise as possible is required. This would support greater transparency and consistency, minimise the scope for uncertainty and negotiation, and mediate against resource and information asymmetries. For example, while it may be impossible to have a form of land value capture policy that does not

require land valuations, the number, scope and ambiguity of these should either be minimised or else entirely standardised (such as via automated annual valuations for tax purposes). In addition, local authorities should be further supported in developing the expertise required to introduce and effectively enforce land value capture policies. This could be supported by producing a transparent national database of land transactions, build costs and other inputs, as suggested above.

Thinking beyond current land value capture orthodoxy

Abolish development viability for planning at application stage if policy adjustments continue to fail: Our research as well as evidence submitted to the Communities and Local Government Committee 2025 inquiry into land value capture suggests that, despite attempts to improve the system, development viability for planning is not producing optimal outcomes. It is still too easy for developers to exploit ambiguities in the viability model to reduce affordable housing contributions (see Appendix B). The government's December 2025 consultation on the National Planning Policy Framework and viability guidance offers an opportunity to close some of the loopholes that are currently being exploited by developers. For example, although the results of the consultation are not yet available at the time of writing, guidance could be adjusted to encourage local planning authorities to challenge viability claims made by developers regarding specific developments against actual prices paid in the land market for the application site (while ensuring that these prices are not used by developers to inflate the benchmark land value), or to explicitly standardise how profit is calculated to enable more development value to flow towards affordable housing. However, while these tweaks could be useful, there are likely to remain many mismatches between the range of market practices and the way in which viability is conducted for planning. Therefore, if continuing to tweak the viability guidance (and any associated Royal Institution of Chartered Surveyors professional standards and enforcement thereof) does not result in significantly improved outcomes, we suggest that it would then be time to abolish development viability for planning at planning application stage, relying instead on clear and ambitious statements of policy requirements set out in viable local plans to which the land market and development sector must adjust.

Greater public sector involvement in land assembly and delivery of social housing:

Even while adjusting policy to seek to ensure that private developers and landowners make a more significant and consistent contribution to the delivery of new affordable housing, there is potential for there to be significantly greater public sector involvement in land assembly and delivery, particularly of social housing. Indeed, we may be seeing this start to happen with the Labour government’s New Town programme. However, these are currently limited to seven (reduced from 12) locations and do not, therefore, represent a comprehensive and systemic change in the role of the state in land markets and the delivery of housing. Furthermore, in the absence of clarity from the current Labour government regarding how New Towns will be funded combined with the current preference for the public-private partnership model, the power of the hope value provisions in the Levelling Up and Regeneration Act 2023 is limited until such time as the government allows development corporations to borrow outside of the government’s self-imposed fiscal rules and commits to directly funding land acquisition and development via public borrowing. However, the next generation of New Towns and attendant development corporations notwithstanding, as suggested by Gibson et al. (2025) a more widespread programme of land purchases at prices that do not reflect full

development value could be implemented by a central agency on behalf of local authorities who wish to promote comprehensive redevelopment. Such purchases could be funded by a combination of long-term government loans, grants and patient capital loans from other sources, with repayment to investors made from the value created by the development.

More widespread adoption of alternative development models:

There are numerous international examples from which to draw inspiration for how things could be done differently. Nicholas Falk has written extensively on how housing development and land value capture works in other countries, including Germany and Denmark (e.g. Falk, 2019, 2020, 2024). While such approaches are based on different political and landowning cultures, there are opportunities for policymakers to actively promote and support new models of development in England that are based on proactive public-sector led land assembly and strategic and timely provision of infrastructure supported by long-term patient finance (see Jefferys & Lloyd, 2017). This could include a combination of direct public sector led development supported by securing land at fair values, and models in which land is contributed as equity, with repayment being made over time through the value created by the development. Alternative models should be aimed at bringing



interests into alignment over the longer-term time horizon of large-scale development projects (like New Towns), so as to enable more up-front investment in infrastructure and place-making. In doing so, policymakers and politicians may need to recognise and exert their structural power over volume housebuilders and landowners.

Further support community-led housing models at scale:

Community-led housing models currently comprise a small but growing alternative approach to housing delivery, occupation and ownership in England. There are a variety of approaches available, from housing cooperatives to Community Land Trusts. Such models can provide more environmentally sustainable, affordable and better designed homes for communities. A report from the Community Land Trust Network (2023) found that there were 350 community land trusts in England and Wales which had delivered 1,711 affordable homes with 5,413 in the pipeline. The report suggested that with sufficient government support, there are opportunities to scale up and develop 278,000 more community-led homes. The current Labour government announced in March 2025 that it would invest £20 million in community-led housing to support the construction of 250,000 new homes over the next ten years. However, more could be done to not simply 'scale up' community-led housing, but embed community-led housing models and approaches within mainstream housing delivery (for a discussion, see Hill, 2025).

Thinking beyond planning and development:

While land value capture targeted at development land value uplift has its place, its limitations mean that policymakers should consider grasping the nettle and introducing more progressive and redistributive land and property wealth taxation and help to support the delivery of more even economic development across the country, not just in 'high value' areas with development pressure. There have been numerous proposals regarding property tax reform. Recent examples include:

- ♦ John Muellbauer's (2023) proposal for a green land value tax consisting of a charge on land plus a charge on the building less a discount based on energy usage.
- ♦ Christine Whitehead, Tony Crook and Kath Scanlon's (2024) call for adjusting Council Tax bands so that tax liabilities come more in line with property value.
- ♦ Tim Leunig's (2024) proposal to abolish Stamp Duty Land Tax and introduce a national proportional property tax alongside the

replacement of Council Tax with a local proportional property tax.

- ♦ Institute for Public Policy Research's proposal for a proportional property tax underpinned by updated property valuations and increased rates in higher tax bands combined with reduced rates in lower tax bands (Sriram & Jung, 2025).

While such policy ideas have obvious political impediments to their introduction (see discussion in chapter 10), they are included here as a reminder that there is no shortage of such ideas to draw from when the corrosive political and socioeconomic effects of widening wealth inequality and underinvestment in public services become so undeniable that the dial of political acceptability begins to shift.

Crisis and transformation

Some of the more ambitious policy principles detailed above are unlikely to shape thinking in the short term and under present political-economic constraints. However, pressures from multiple ongoing and deepening crises are building. It is clear that the land and housing settlement that land value capture has helped hold together over the last 40 years has failed to produce socially, economically, politically acceptable outcomes. The housing crisis has become an emergency. Vast numbers of people are now spending the majority of their incomes on rent; they are saddled with large amounts of debt; they are living in cramped and mouldy conditions; they are precarious and uncertain about the future. The housing crisis is but one of a variety of ongoing and deepening crises - biodiversity, climate, geopolitics, democratic to name a few. However, it is deeply entangled in all of these, not least in the ongoing populist challenge to democratic norms and institutions via the weaponisation of housing supply and affordability in debates about inequality, immigration and the legitimacy of democratic governments and their perceived (in)ability to meet social needs (White, 2025).

Recent history has shown how crisis can usher in previously unthinkable change over a very short period - from the nationalisation of banks in the aftermath of the 2007/8 financial crisis, to the introduction of furlough schemes funded by massively increased public borrowing in the depths of the covid-19 pandemic. In the case of the financial crisis, there was a missed opportunity by the government to acquire development land at distressed prices which could then have been

used to develop more social housing during the economic recovery. Instead, the governments of the time chose to rely on liberalising planning reform, mortgage market support schemes (like Help to Buy equity loan) and land value capture to assist the private sector to meet housing targets, which it has manifestly failed to deliver.

While the current housing crisis might not produce the kind of sudden and disruptive inflection point of a Global Financial Crisis or a global pandemic, it is going to continue to worsen and will therefore continue to create political and economic pressures that may widen the scope for, and acceptability of, more radical reform. Campaigners and policymakers should be prepared for any opportunities that may arise in this regard. The question remains, however, as to what level of housing unaffordability, fiscal crisis, infrastructural failure or electoral revolt would make radical transformation politically inevitable? Indeed, if government policy continues down its present path, it is not a question of whether the current system will catastrophically fail but when. Strong political leadership and coalition building would be necessary to introduce carefully planned and managed transition before the crisis deepens to the extent of collapse.

Conclusion: the stakes ahead

The scope of this report has cut across long-term historical analysis, through to contemporary power relations down to the minutiae of policy design and implementation – with a lot of complexity along the way. However, the main message from this research is very simple: continuing to rely on adjusting the current land value capture settlement within the speculative development status quo is doomed to fail. Our analysis has illustrated how this is not a technical policy design failure but a fundamental structural flaw. In short, the problem is not so much land value capture in and of itself. Focusing on this policy area in isolation is something of a distraction. The problem is the broader political-economic relations that constitute and shape it.

The current settlement is dominated by the structural power of volume housebuilders and landowners, and regressive land and property taxation within a paradigm of merely seeking to ramp up housebuilding and increase supply. But we know this can only have a limited impact on housing affordability. The housing crisis is one of distribution and affordability. It is this that we need to be addressing at its very core. While there are certainly incremental policy adjustments that

can and should be made to improve outcomes in the short-term, these are unlikely to deliver the transformative change that is needed. What is truly required is cumulative radical adjustment in response to the challenges we face as a society.

Politicians and policymakers therefore need to make a choice. Continue to make incremental adjustments to a structurally failing system or think beyond this and build a strategy for true transformation that is oriented towards a more equitable and just land and housing settlement. Weakening the power of the speculative housing delivery model, taking measures to de-commodify and de-financialise land, enabling mass social housing provision, and overhauling the regressive property taxation system must form part of this picture. While there are indeed major political, fiscal and economic constraints in the way of such changes, powerful decisionmakers have a moral responsibility to acknowledge the degree to which these can be overcome given sufficient political opportunism and strategy. The question is not whether change to the land and housing settlement will happen, but whether there is the political courage to directly confront its power relations and reshape them in a way that better meets social needs.

Appendix A: Summary of key English land value capture policy events since 1947⁷⁴

Policy	Year introduced - by which political Party	Summary of key features	Year abolished - by which political Party	Commentary
Development Charge	1947 - Labour	Introduced via the Town and Country Planning Act 1947, effective from 1 July 1948. Developers had to pay a charge of ostensibly 100% of development value when developing land following the grant of planning permission. ⁷⁵ It was intended that developers would therefore only pay landowners existing use value for land. A £300 million compensation fund was set up to which landowners could apply in cases of hardship caused by this transition. These changes accompanied the institutionalisation of the modern planning system and the introduction of the requirement for all landowners to seek planning permission for development.	1952/53 – Conservative	While the comprehensive urban planning system was introduced by the post-war Labour government, it was the product of work done by the wartime coalition government in the 1940s. There was therefore general ideological consensus regarding the need for the state to have control over the rights to develop land. However, the financial provisions were much more controversial, particularly the perceived arbitrariness of the level of the £300 million compensation fund. The Development Charge came to be perceived to have extinguished the profit motive for landowners and was considered to have contributed to land withholding (although there is sparse evidence for this – see Gibson, 2025). This formed a key basis for the purported rationale for the abolition of the Development Charge by the incoming Conservative government via the Town and Country Planning Act 1953 (which retrospectively abolished the charge from 18 November 1952).
Compulsory purchase at existing use value	1947 - Labour	Gave a Central Land Board and local authorities the power to compulsorily purchase land at existing use value. It operated alongside the Development Charge and was supposed to act as a means of disciplining landowners reluctant to sell their land at prices that reflected the		The abolition of the Development Charge in 1952/1953 and the retention of compulsory purchase at existing use value had the effect of creating a two-price system in which a landowner would receive less if their land was compulsorily acquired by the state than if sold via a private transaction. This created the

⁷⁴ The summary of the policy history in Appendix A is largely based on Cullingworth (1980), Cox (1984), and Gibson (2025), as well as original research. In-text citations have only been provided where specific points have been incorporated that are unique to a particular source.

⁷⁵ Gibson (2025: 32, 40-47) has shown that although the rate was formally 100%, it was functionally negotiable such that liabilities could be negotiated downwards.

Policy	Year introduced - by which political Party	Summary of key features	Year abolished - by which political party	Commentary
		Development Charge liability.		of injustice and so the policy was abolished in 1959 to restore a single land market. Land compulsorily purchased would be at market value, but excluding the value generated by the proposed scheme (the 'no scheme world' basis of valuation).
Speculative Gains Tax	1962 - Conservative	A charge on short-term capital gains on land which were taxed on the same rate as income. It was intended to target tax-free gains realised on the disposal of land assets within three years of acquisition. It thus specifically targeted land speculators who had purchased land with the intention of re-selling it to take advantage of rising property values.	1965 - Labour	The tax was abolished by Labour so that it could be replaced with a broader Capital Gains Tax, which was introduced in 1965
Land Commission and Betterment Levy	1967 - Labour	Landowners had to pay the Betterment Levy when transacting development land. The levy was initially set at 40% of development value. A Land Commission was set up to administer the levy. The Land Commission also had the power to acquire land net of the Betterment Levy and then sell or lease the land to developers. It was intended that the Land Commission would initially only acquire land when required for development, but that it would ultimately have powers to acquire all development land, even when not immediately required for development. It therefore represented, in effect, a strategy to nationalise development land. The Betterment Levy was meant to operate as a land value capture tool in the meantime.	1971 - Conservative	The Land Commission and the long-term objective of nationalising all development land was unacceptable to the Conservative Party and they pledged to abolish it while in opposition. The Betterment Levy which was to operate in the meantime was also unpopular, and the Conservatives' 1970 election manifesto promised to remove it. Following the election of a Conservative government in June 1970, the Conservatives announced the abolition of the Betterment Levy on 22 July 1970, which was formalised via the Land Commission Dissolution Act 1971. The Conservative Party justified these moves on the basis the Commission had not increased land supply as intended and that the Levy had increased land prices, although the evidence is contested (Gibson, 2025).
Development Gains Tax	1973 – Conservative	This tax interacted with Capital Gains Tax on land, but specifically sought to target windfalls on development land. The Development Gains Tax would therefore be charged when	1976 - Labour	The tax was legislated for via the Finance Act 1974 by Labour soon after it came to power in June of that year, although it had been announced under the previous Conservative government and had been effective from

Policy	Year introduced - by which political Party	Summary of key features	Year abolished - by which political party	Commentary
		<p>there would otherwise have been would Gains Tax liability. It was charged as a percentage of 'development gain' upon sale of development land. The tax rate depended on the taxpayer's marginal Income Tax or Corporation Tax rate, which ranged between 30% - 75% when first introduced, later rising to 35% - 83% (Gibson, 2025: 87).</p>		<p>from 18 December 1973. The Conservative Party felt political pressure to tax speculative gains as a result of considerable land price inflation. Labour continued it as an interim measure before the introduction of the more comprehensive Development Land Tax and the Community Land Scheme in 1975-1976</p>
<p>Development Land Tax and Community Land Scheme</p>	<p>Community Land Scheme -1975 Development Land Tax - 1976 Labour</p>	<p>It was the intention of the Community Land Scheme that local authorities (rather than a central body) would ultimately have the power to compulsorily acquire land for development at existing use value and sell or lease the land for development at full development value – thus becoming the sole suppliers of such land and securing development gains via land trading. However, to allow time for local authorities to build capacity, a Development Land Tax was introduced in the interim.</p> <p>Development Land Tax was initially charged at 66.67% of development value, rising to 80% at development gains over £150,000. It was charged on the event of land disposals and at the commencement of development. Acquiring authorities could compulsorily purchase land net of this tax and trade the land at full development value.</p> <p>The Development Land Tax was collected centrally by Inland Revenue and retained entirely by the Treasury. Where local authorities compulsorily purchased land net</p>	<p>Community Land Scheme – 1980 Development Land Tax – 1985 Conservative</p>	<p>The Community Land Scheme, like the Land Commission before it, represented the long-term objective of development land nationalisation and was therefore unacceptable to the Conservative Party. It therefore pledged to repeal it while in opposition. While the Development Gains Tax demonstrated that the Conservative Party could accept the principle of the taxation of development gains, the Development Land Tax rate was deemed too high. The subsequent Conservative government swiftly abolished the Community Land Scheme (and its development land nationalisation objectives) in 1980 and reduced the Development Land Tax rate to a still-high 60% in 1979. It ultimately abolished the Development Land Tax in March 1985, supposedly on the basis that it was too complex and had hindered land coming onto the market, although there is little evidence that this was actually an effect of the tax (Gibson, 2025: 100).</p>

Policy	Year introduced - by which political Party	Summary of key features	Year abolished - by which political party	Commentary
		of the tax they were able to retain 60% of the surpluses created by land trading (later increased to 70%).		
Section 106 agreements / planning obligations	1990/1991 - Conservative	<p>The planning system has included powers for developers to enter into planning agreements that can be enforced against successors in title since 1932. The Town and Country Planning Act 1947 expanded powers to enable agreements to be entered into to restrict or regulate development and sanctioned financial agreements. These powers were replicated under Section 52 of the Town and Country Planning Act 1971 (introduced by a Conservative government). A 1973 white paper on housing stated that they should be used to enable developers to contribute to the cost of the provision of ancillary services necessary to enable development to overcome delays in the grant of planning permission for housing (House of Commons, 1973: 6). Planning agreements were not, therefore, introduced as a form of land value capture.</p> <p>Following the removal of the requirement for planning authorities to seek Ministerial approval for agreements in 1968, their use expanded and proliferated in the 1970s as a pragmatic means by which local authorities could extract contributions to mitigate the impact of development. This prompted some criticisms that local authorities were seeking contributions that were not related the developments in question. This led to 1983</p>	Still extant	Negotiated development agreements have been criticised by the development industry (and the government) as being opaque, uncertain and imposing delays and transaction costs on the development process. This is due in part to their flexible and negotiated nature. However, their flexibility means that they can be used to bargain between local authorities and developers and landowners to arrive at pragmatic planning decisions that achieve some degree of land value capture while still enabling the developers and landowners to achieve their desired financial returns. Although developer agreements were not initially introduced as a form of land value capture, they came to be considered as such through the course of the 1980s and 1990s because planning obligations are, in theory, capitalised into land prices (although this does not always straightforwardly happen, as explored in chapter 7).

Policy	Year introduced - by which political Party	Summary of key features	Year abolished - by which political party	Commentary
		<p>government guidance seeking to clarify that contributions must be 'reasonable' backed by a connection between the development and the obligations sought (Crook, 2016: 70).</p> <p>In the context of the state's withdrawal from direct delivery of social housing, local authorities began in the 1980s to seek ways of using planning agreements to secure developer contributions towards affordable housing. Confronted with rapidly rising house prices and political pressure, the Conservative government in 1989 sanctioned this use of planning agreements, initially in the case of 'rural exception sites'. This was extended via 1991 guidance to more generally encourage the use of planning agreements to secure affordable housing on larger development sites (Crook, 2016: 77).</p> <p>In their contemporary incarnation these agreements are called Section 106 agreements or planning obligations (via Acts of Parliament in 1990 & 1991). They are now primarily used to secure contributions towards affordable housing via the development consent process, although can also be used to secure site- specific financial contributions</p>		
Community Infrastructure Levy	2010 - Labour	The Community Infrastructure Levy (CIL) was introduced by the Labour Party government via secondary legislation in April 2010. It is a non-negotiable levy charged by local authorities (or the Greater London Authority in the case of the Mayoral CIL) upon the	Still extant	CIL was first introduced onto the statute books by the Labour Party government in 2008. It has a longer pre-history in which there were various failed attempts by previous New Labour governments to introduce different forms of development tariff, planning charge or planning gain tax (for a summary, see Gibson 2025:

Policy	Year introduced - by which political Party	Summary of key features	Year abolished - by which political party	Commentary
		<p>developer, calculated when planning permission is granted. It is used to pay for infrastructure, excluding affordable housing. It operates alongside Section 106 negotiated developer agreements. CIL proceeds are retained by local authorities (or the Greater London Authority in the case of the Mayoral CIL). It is not compulsory to introduce and so take-up across local authorities has not been uniform (see chapter 2).</p>		<p>116-118). Labour managed to introduce the CIL regulations just before the 2010 May general election. The incoming Conservative-led coalition government ultimately and pragmatically opted to retain CIL.</p> <p>The CIL was introduced in part to address criticisms of negotiated developer agreements. It is therefore inflexible and not subject to negotiation after the rates have been set by the local authority. These features have contributed to criticisms of CIL, that it is complex and inflexible (see chapter 2)</p>
National Planning Policy Framework (NPPF) and associated national planning guidance on viability	2012 & 2014 - Conservative-Liberal Democrat Coalition Government	<p>Development viability became increasingly embedded in planning policy and practice through the 2000s (see chapter 5). However, the NPPF (2012) and associated national guidance on viability (first published in 2014) collectively strengthened the requirement for local planning authorities to consider viability issues.</p>	Still extant (although both have been updated – see below)	<p>The NPPF 2012 stated that authorities should pay “careful attention to viability” and the 2014 viability guidance sought to ensure that “comparable, market based evidence” should feed into such calculations. This meant that in many planning cases, comparable land market transactions at prices that did not reflect full planning obligation policy requirements for affordable housing were used to negotiate down affordable housing contributions. This became a controversial area of debate in planning appeals and ultimately led to successful court case fought by the London Borough of Islington (Parkhurst Road) and an amendment to the national planning guidance on viability.</p>
Adjustment to the national planning guidance on viability.	2018 - Conservative	<p>Adjustments were introduced to the national planning guidance on viability that were intended to lessen the scope for developers to reduce by negotiation affordable housing contributions made via Section 106 agreements.</p>	Still extant	<p>After campaigning by activists and a key 2018 legal decision on a particularly contentious site in London (Parkhurst Road Ltd v Secretary of State for Communities and Local Government and London Borough of Islington), national guidance was changed to seek to reduce the scope for developers ‘over-paying’ for land and using this as a justification for ‘under-paying’ local authorities through viability negotiations (see chapter 7).</p>

Policy	Year introduced - by which political Party	Summary of key features	Year abolished - by which political party	Commentary
Infrastructure levy	2023 - Conservative	A new Infrastructure Levy was introduced onto the statute books in 2023. It was intended that this would replace the Community Infrastructure Levy and Section 106 agreements in some instances. The key difference was that the levy rates would be set by local authorities as a percentage of final realised development value and could therefore, in theory, more efficiently track changes in property prices.	2024 - Labour	The Infrastructure Levy came under heavy criticism for its complexity (see chapter 6). The Labour government has confirmed it will not be proceeding with the new levy and is instead intending to improve the existing system of developer contributions i.e. Section 106 agreements and the Community Infrastructure Levy.
Compulsory purchase of land net of 'hope value'	2023 - Conservative	Via powers introduced in the Levelling Up and Regeneration Act 2023, some acquiring authorities can compulsorily purchase land net of 'hope value' i.e. the segment of land value deriving from the prospect of planning permission for a more valuable use. Their use is limited to developments that include public sector led affordable or social housing, health or education uses and are intended to enable more value to flow towards the provision of these uses than would otherwise be captured by the landowner. This therefore represents the return of compulsory purchase as a land value capture tool, following its abolition in 1959	Still extant	<p>Given the history of land value capture policy in England, it seems somewhat paradoxical that the Conservative Party introduced powers that enable the state to use compulsory purchase as a land value capture tool. However, these powers (when originally introduced) were limited and require special dispensation from the Secretary of State on a case-by-case basis. Nevertheless, it is symptomatic of the pressing contemporary politics of land and the housing crisis that have helped to re-politicise this area.</p> <p>The Labour government elected in July 2024 has confirmed that these powers will remain. It has also confirmed that it intends to expand these powers to include compulsory purchase orders made on behalf of parish/town or community councils by local authorities where the schemes underlying the orders are providing affordable housing. Furthermore, the decision to confirm a compulsory purchase order net of hope value will be confirmable by Planning Inspectors or the acquiring authority itself under some circumstances, and so these powers will no longer require case-by-case agreement from the Secretary of State.</p>

Policy	Year introduced - by which political Party	Summary of key features	Year abolished - by which political party	Commentary
NPPF and national planning guidance on viability adjustments	2024 & 2025 - Labour	<p>Adjustments made in December 2024 introduced the relaxation of rules for development in the Green Belt. New local plans should now set an affordable housing target for Green Belt development at a level above non-Green Belt sites, set at a minimum of 50% subject to viability testing. In the meantime (while local plans are being updated), developers need to add 15% onto the adopted local plan affordable housing target, capped at 50%. No viability testing is permitted at planning application stage in these circumstances.</p> <p>Further adjustments to the national viability guidance were made in December 2025 to seek to improve clarity and accountability. At the same time, the government launched a consultation on further changes to the NPPF and associated viability guidance relating to standardising inputs into viability calculations, landowner returns and how to incorporate future market movements. The results of the consultation are pending at the time of writing.</p>	Still extant	<p>This is an attempt to ensure that Green Belt development makes a more substantial contribution towards affordable housing than would otherwise be the case under previous rules. The changes seek to lessen the power of viability arguments in relation to Green Belt development. In doing so, the changes seek to ensure that more of the value that is released via the relaxation of Green Belt rules flows towards to provision of public goods.</p> <p>The December 2025 guidance changes and consultation on further adjustments are evidence that the government recognises that the 2018 viability guidance adjustment has failed to bring market practices in line with policy requirements and that developers continue to exploit ambiguities and loopholes to seek to reduce affordable housing contributions.</p>

Appendix B: London land transactions and viability assessments

Chapter 7 discusses data collected by independent researcher Jane Seymour on the relationship between residual land values reported in viability assessments submitted by developers for planning purposes and land market transaction data relating to the same sites. Land transaction data from Molior (a subscription database) was used to find all recorded land transactions in London between January 2023 and June 2025. All sites with potential for development for 50 residential units or more were included in the sample of 150 land transactions for this period. The planning status of each of these sites was then checked and where viability information had been submitted to support lower than policy compliant levels of affordable housing this was analysed.

Of these 150 transactions, 47 (31%) were subject to viability negotiation and with some or all of this information publicly available. When viability evidence was compared with the land transaction data, this showed that the vast majority of these sites were significantly under-reporting the residual land value in viability assessments for planning compared with the real prices paid for the same sites in the development market. This indicates that the calculations submitted by developers for planning purposes in these cases are divorced from market

reality in that they reflect very different assumptions with regards costs, values and developer profit as well as price growth than those that underpin developers' bids for the same sites.

The full list of land transactions compared with viability assessment information is shown Table 2. This shows a comparison of the residual land value (RLV) reported in viability assessments with the actual price paid for the same site, as well as the reported benchmark land value (BLV). This shows that the prices paid are in most cases significantly more than both the RLV and the BLV reported in viability assessments. This shows the extent to which viability for planning practice continues to be operating very differently to the development land market, despite viability guidance adjustments made in 2018.

Analysis of the price paid per unit for a larger sample of sites since 2020 shows that there has been no clear pattern of significantly declining land values since 2020, despite the increase in build costs over the same period. However, transaction volumes have fallen in 2023/24. This shows that, although land market activity has reduced, land prices have remained relatively buoyant over the study period (see Table 1).

Table 1: London development land transactions 2020-2024

Year	Estimated average price paid per unit	Number of transactions (site>50 units)
2024	£77,000	61
2023	£86,000	81
2022	£64,000	109
2021	£85,000	144
2020	£72,000	111

(Source: Jane Seymour. Data for 2025 not included as there is at the time of writing not yet enough data available to enable a meaningful analysis of transactions due to the time it takes for transactions to be registered and reported)

Table 2: Comparison of land transaction data and reported or agreed⁷⁶ viability assessment information for London sites January 2020-June 2025

	Scheme	Date of Financial Viability Assessment/ Viability	Reported/ agreed Residual Land Value (RLV) ⁷⁷ (£millions)	Price paid total (£millions)	Date of transaction	Reported/ agreed Benchmark Land Value (BLV) (£millions)	Comments
1	Autopia House (LB Barnet ref 20/1610/FUL and 25/2491/S73 c.206 units 34% affordable	June 2025	-8.01 (reported)	13.8	May 2025	7.72 (agreed)	Price paid above both reported RLV and BLV.
2	Rainbow Business Centre (LB Merton ref: 25/P1654) 271 units, 10% affordable housing)	April 2025	-5.34 (reported)	18.25	March 2025	6.58 (reported)	Price paid above both reported RLV and BLV.
3	Catford Timber Yard (LB Lewisham DC/20/117525) 52 units 14 affordable	July 2020	0.11	2.57	January 2025	1.05 (reported)	Price paid above both reported RLV and BLV.
4	Ransome's Wharf (LB Wandsworth ref: 2024/1589) 125 units, c15% affordable	April 2024	3.57 (reported)	80.50	January 2025	7.80 (reported)	Price paid above both reported RLV and BLV.
5	The Workshop Dudden Hill Lane (LB Brent ref: 23/3187)	September 2023/ January 2024	FVA reported 4.9 but 11.8 agreed agreed prior to committee	22.75	November 2024	FVA reported 14.1 but 12.9 agreed prior to committee	Price paid above both reported RLV and BLV.

⁷⁶ 'Reported' means that the figure quoted is as reported in the original financial viability assessment submitted by the applicant; 'agreed' means that the figure quoted is as finally agreed between the parties following a financial viability review. In each case, the clearest data have been used.

⁷⁷ Assuming proposed level of affordable housing.

	Scheme	Date of Financial Viability Assessment/ Viability	Reported/ agreed Residual Land Value (RLV) (£millions)	Price paid total (£millions)	Date of transaction	Reported/ agreed Benchmark Land Value (BLV) (£millions)	Comments
	125 units, c15% affordable						
6	Durning Hall Community Centre (LB Newham ref: 20/02849/FUL) 78 units (40% AH)	December 2020	-6.70 (reported)	5.38	November 2024	8.77 (reported)	Price paid above reported RLV but below BLV. Consent granted December 2022. Potentially bought by investor. FVA with negative RLV and high BLV showed scheme was unlikely to come forward.
7	Stratford Gas Works (LB Newham ref LLDC: 23/00457/ FUL) Affordable housing reduced from 35% to 21% during application process	Updated assessment October 2024	Deficit of £3m reported against profit based on 17.5% on market housing so RLV was nominal.	4.86	November 2024	2.92 (agreed)	Price paid above both reported RLV and BLV
8	3 Gallions Close (LB Barking and Dagenham ref: 21/01180/FULL) 233 units 23% affordable housing	July 2022 – revised viability with reduced affordable housing and s106 payments	-5.74 (reported)	7.30	October 2024	3.51 (agreed)	Price paid above reported RLV.
9	13-15a Thames Road (LB Barking and Dagenham ref 22/02211/FULL) 245 units, 40 affordable c20%	April 2023	Negative profit of £9.2m so RLV would have been around negative £10m	4.0	July 2024	5.2 (reported)	Price paid above likely RLV but below reported BLV.
10	Crown and Mayer Parry Wharf (LB Newham ref: 23/00655/FUL)	April 2023	Not reported but profit deficit was c£28m so would	76.20	June 2024 (acquired with consent)	8.72 (reported)	Price paid above both likely RLV and reported BLV.

	Scheme	Date of Financial Viability Assessment/ Viability	Reported/ agreed Residual Land Value (RLV) (£millions)	Price paid total (£millions)	Date of transaction	Reported/ agreed Benchmark Land Value (BLV) (£millions)	Comments
	871 units 30% affordable		would have produced negative land value of over £10m				
11	City Business Centre/St Olavs Court (LB Southwark 23/AP/3487) 216 Co-Living and 24 affordable C3 (35% affordable)	December 2023	Negative profit of £16m so RLV negative around £5m (assuming profit requirement was c£11m)	19.8	June 2024	13.0 – 14.0 depending on premium being 20% or 30%.	Price paid above likely RLV and reported BLV.
12	Vauxhall Romford (LB Havering ref P0705.22 Appeal ref 3322033) 72 units – no affordable	FVA April 2022	-0.026 (3.7 on all market scheme)	3.87	June 2024	3.6 (reported)	Price paid above reported RLV but in line with BLV.
13	Woolwich Central (Phases 3&4) (RB Greenwich ref 21/3231/F and 24/1813/1106) 712 units (originally consented with 23% affordable, now coming forward with 48% with grant)	May 2022	Negative profit of £2.9m so RLV would have been negative around £20m even based on profit of 10% or c£30m)	24.28	May 2024	5.0 (agreed)	Price paid above likely RLV and reported BLV. Acquired with consent. Letter from developer on reviews showed that it was very likely that the build costs were overstated which may explain in part the viability/price paid discrepancy.

	Scheme	Date of Financial Viability Assessment/ Viability	Reported/ agreed Residual Land Value (RLV) (£millions)	Price paid total (£millions)	Date of transaction	Reported/ agreed Benchmark Land Value (BLV) (£millions)	Comments
14	2 Deptford Church Street/ Former Lewisham College site (LB Lewisham DC/25/139390 - 594 units RB Greenwich 25/0798/F 306 units)	Feb 2025	1.43 (agreed)	25.0	May 2024	30.0 (reported)	Price paid above reported RLV but below BLV. Site acquired 9 months before planning submitted. Price paid lower than BLV which shows that EUV overstated or no premium required to release site
15	Brent Cross Town - 3B - Claremont Quarter (LB Barnet 23/4874/NM) 213 units, 38 affordable c17% On site	FVA August 2022	4.73 (reported)	19.5	April 2024	Not relevant here. This is one plot in a masterplan consent which is assessed on the Internal Rate of Return generated by the disposal of the plots against the master developer costs.	Price paid above reported RLV. Acquired with consent. The fact that the master developer understated the land value for this plot meant that no additional affordable housing had to be provided.
16	13-15 The Green (LB Ealing ref: 216215FUL) Has consent for 95 C3 units including 35% affordable	Affordable Housing statement references FVA June 2022	-5.29 (reported)	3.0	April 2024	Unknown – limited viability information online.	Price paid above reported RLV.
17	Chiswick Tower (LB Hounslow ref P/2025/0794) 394 Co-living and 23 C3 affordable	July 2025	Negative profit of over £60m indicating a substantial negative land value of no less than -£10.0 (reported)	28.0 (long leasehold)	April 2024	-30.71	Price paid above reported RLV but in line with BLV.

	Scheme	Date of Financial Viability Assessment/ Viability	Reported/ agreed Residual Land Value (RLV) (£millions)	Price paid total (£millions)	Date of transaction	Reported/ agreed Benchmark Land Value (BLV) (£millions)	Comments
18	719-727 London Road, Hounslow "The Heights" (LB Hounslow P/2021/2614) 55 units – 15% (6 units) affordable On site	FVA June 2021 (Appeal documents not found but presumably similar figures used)	1.49 (reported)	5.10	April 2024	2.43 (reported)	Price paid above both reported RLV and BLV. Affordable housing was found to be maximum viable. Affordable housing has now been taken out of scheme.
19	Belmont Tower/Grand South (LB Lambeth 24/01819/VOC) 347 units (46 affordable)	June 2024	17.05 (reported)	38.4	March 2024	21.08 (reported)	Price paid above both reported RLV and BLV. Extant consent is restricting the ability of this site to provide more affordable housing
20	Enclave- Acton Former Castle Pub (LB Ealing ref:214465OPDFUL) 462 Co-living units Payment in Lieu of onsite affordable housing £14.8m	Original FVA May 2021 Agreed position May 2022	Reported initially -16.92 finally agreed at 2.84	30.99	Feb 2024	Reported initially 4.54 finally agreed at 2.84	Price paid above both reported RLV and BLV.
21	Islay Wharf (LB Tower Hamlets ref: PA/19/01760/A1) 133 units 31 affordable (35% by HR)	August 2019	0.94 (reported)	6.2	Feb 2024	4.3 (reported)	Price paid above both reported RLV and BLV

	Scheme	Date of Financial Viability Assessment/ Viability	Reported/ agreed Residual Land Value (RLV) (£millions)	Price paid total (£millions)	Date of transaction	Reported/ agreed Benchmark Land Value (BLV) (£millions)	Comments
22	Surrey County Hall (LB Kingston Upon Thames ref: 21/03939/FUL) 292 units 12% affordable	Committee May 2023 (original FVA assessed higher level of affordable housing)	5.7 (reported)	44.5	January 2024	11.8 (agreed)	Price paid above both reported RLV and BLV.
23	Scott House (LB Lewisham ref: DC/19/113332) C3 consent included 137 units 28% affordable	Addendum reports for applicant and LPA January 2020	Profit deficit of around £8m so RLV would have been marginally negative.	8.9	December 2023	6.9 (agreed)	Price paid above both reported RLV and BLV.
24	RSPCA Southall (LB Hounslow ref: P/2024/1065) 69 units – all market	FVA May 24	0.542 (reported)	2.0	December 2023	5.6 (reported)	Price paid above reported RLV but below BLV.
25	Holiday Inn Express (LB Ealing ref 23/0051/FUMOPDC) 59 C3 units (35% affordable) and 699 student units.	FVA March 2023 (not online but information taken from review)	Profit deficit of £26m reported based on BLV of £21m so likely RLV would have been negative.	20.0	December 2023	21.0 (agreed)	Price paid above reported RLV but in line with BLV.
26	Hackney Wick Central 115-117 Wallis Road (LB Hackney ref LLDC24/00021/FUL) Co-living 337 units Payments in Lieu of on-site affordable housing of £3m	January 2024	-3.33 (reported)	9.75	December 2023	12.20 (reported)	Price paid above both reported RLV and BLV.

	Scheme	Date of Financial Viability Assessment/ Viability	Reported/ agreed Residual Land Value (RLV) (£millions)	Price paid total (£millions)	Date of transaction	Reported/ agreed Benchmark Land Value (BLV) (£millions)	Comments
27	150 Minorities 'Assemblies' (City of London ref 24/01007/ FULMAJ) Co-living Payment in Lieu of on-site affordable housing of £13.09m	August 2024	17.8 (reported)	39.0	November 2023	23.4 (reported)	Price paid above both reported RLV and BLV.
28	141-143 Woolwich Road (RB Greenwich ref 21/3944/F) 58 units - 24% affordable.	August 2024	17.8 (reported)	39.0	November 2023	23.4 (reported)	Price paid above both reported RLV and BLV.
29	Riverstone Bishops Avenue (Barons Court) LB Barnet: ref 21/6284/S73 and 21/0263/FUL) Over 65's scheme 93 units all private Payment in Lieu of on-site affordable housing of £1.1m 109 dwellings in original application reduced to 93 by variation March 2022)	November 2020 (109 scheme)	4.18 (reported)	45.3 (initial purchase) 99.0 (intercompany transfer)	Purchased December 2021 Intercompany transfer October 2023	20.62 (reported)	Price paid above both reported RLV and BLV.
30	Peckham Quarter (Daisy Business Park) (LB Southwark ref 23/AP/0582) 23 C3 affordable homes and 688 student rooms	FVA March 2023	Reported £11m profit deficit which indicates a negative RLV .	17.0	October 2023	5.77 (reported)	Price paid above both reported RLV and BLV.

	Scheme	Date of Financial Viability Assessment/ Viability	Reported/ agreed Residual Land Value (RLV) (£millions)	Price paid total (£millions)	Date of transaction	Reported/ agreed Benchmark Land Value (BLV) (£millions)	Comments
31	2 Trafalgar Way – Infinity Towers (LB Tower Hamlets ref PA/20/01402/A2) 80 BtR C3 units plus 1,672 student rooms – Payment in Lieu of on-site affordable housing for C3 units and 24.3% on site student affordable	August 2024 Viability note June 2021 – agreed with LPA on consented scheme	-6.22 deficit (reported assuming no land value)	110.26	September 2023	6.0 (reported)	Price paid above both reported RLV and BLV.
32	Electrobase/ W heatsheaf Works (LB Bexley 22/01564/FULM) 559 residential units: 319 private, 240 affordable (c43%)	FVA January 2023	-10.4 (reported)	19.0	August 2023	5.0 (agreed)	Price paid above both reported RLV and BLV.
33	Silvertown Service Station (LB Newham ref 2/00650/FUL) 279-289 North Woolwich Road 81 residential units: 35% affordable	FVA March 2022	2.61 (reported)	3.4	August 2023	5.8 (reported)	Price paid above reported RLV but below BLV.
34	Kwik Fit W13 (LB Ealing ref 235015FUL) Co-living 134 units	FVA December 2023	Reported viability shortfall of £7.25m – negative profit of £1.05m so would have shown negative land value	3.45	July 2023	5.27 (reported)	Price paid significantly above reported RLV but below BLV.

	Scheme	Date of Financial Viability Assessment/ Viability	Reported/ agreed Residual Land Value (RLV) (£millions)	Price paid total (£millions)	Date of transaction	Reported/ agreed Benchmark Land Value (BLV) (£millions)	Comments
35	121 Canterbury Road (LB Croydon ref 21/04554/FUL) 95 residential units: 30% affordable	August 2021	-2.76 (reported)	6.0	June 2023	5.84 (reported)	Price paid significantly above reported RLV but potentially only slightly higher than BLV.
36	The Rex (Greencoat House) (LB Kingston upon Thames ref 22/03217/FUL) Co-living 210 units	FVA July 2021	3.9 (reported)	9.8	June 2023	15.5 (reported)	Price paid above reported RLV but below BLV.
37	So Resi Peckham (Aldi SE15) (LB Southwark 19/AP/1322 168 residential units:36% affordable	FVA Addendum October 2019	1.42 with 40% affordable and grant (reported)	6.00 15.47	August 2022 May 2023 intercompany transfer	13.20 (reported based on extant student scheme)	Price paid significantly above reported RLV but significantly lower than BLV based on extant student scheme.
38	Cornerstone (City of London: ref 24/00176/FULL) Co-living 174 units £8.5m Payment in Lieu of on-site affordable housing	January 2024	7.9 (reported in viability from review – assumes no payment in lieu of on-site affordable housing)	28.5	May 2023	18.95 (reported)	Price paid above both reported RLV and BLV.
39	Rye Parkside (LB Southwark ref 20/AP/3285) 91 residential units: 40% affordable	April 2021	4.765 (reported)	10.2	April 2023	4.78 (reported)	Price paid above both reported RLV and BLV.

	Scheme	Date of Financial Viability Assessment/ Viability	Reported/ agreed Residual Land Value (RLV) (£millions)	Price paid total (£millions)	Date of transaction	Reported/ agreed Benchmark Land Value (BLV) (£millions)	Comments
40	Cuba Street (LB Tower Hamlets ref PA/20/02128/A1) 421 units c30% affordable	May 2021	Viability deficit of c£9m indicating a negative RLV assessed	30.0 (intercompany transfer)	April 2023	3.6 (reported)	Intercompany transfer price above both reported RLV and BLV. Affordable housing reduced at appeal in 2025.
41	Long Term Conditions Centre (LB Havering P1279.23) 96 units 22 affordable	FVA August 2023	Viability deficit of between £4-6m reported indicating a negative RLV assessed	7.2	March 2023	2.0 (reported)	Price paid above both reported RLV and BLV.
42	187 Ewell Road (LB Kingston upon Thames Ref 19/02937/OUT.) 59 residential units: 7 affordable	October 2019	0.854 (reported)	11.08	March 2023	3.78 (reported)	Price paid above both reported RLV and BLV.
43	Timber Yard LB Newham 24/01664/FUL Co-living 175 units	July 2024	Reported profit deficit of £4.22m indicating a negative RLV assessed.	2.52	March 2023	1.65 (reported)	Price paid above both reported RLV and BLV.
44	Tabernacle Court (Glory House Church / Cecil House) LB Newham 24/00192/FUL 80 units – no affordable	Appeal decision December 2024	4.2 (reported)	4.64	February 2023	7.85 (agreed)	Price paid lower than BLV and in line with RLV.
45	Kingsgate Park (Hainault Farm) - Site A LB Redbridge ref 3024/23	October 2023	-4.71 (reported)	7.0	February 2023	2.3 (reported)	Price paid above both reported RLV and BLV.

	Scheme	Date of Financial Viability Assessment/ Viability	Reported/ agreed Residual Land Value (RLV) (£millions)	Price paid total (£millions)	Date of transaction	Reported/ agreed Benchmark Land Value (BLV) (£millions)	Comments
	153 residential units: 121 private, 32 affordable. (20%)						
46	Bridge Close Industrial Estate LB Havering ref P1765.23 1070 units 35% affordable	November 2023	-18.5 (reported)	8.45	Feb 2023	42.0 (reported)	Price paid significantly above reported RLV but significantly lower than BLV. Price paid may include overage arrangements or there may be other valuable interest in the site
47	Former Ford Motor Company - Car Park North LB Barking and Dagenham ref 22/00416/FULL 337 units 14 affordable + school	May 2023	-3.6 (reported)	19.0	Intercompany transfer Jan 2023	7.7 (reported)	Intercompany transfer at figure significantly above reported RLV and BLV.

(Source: Jane Seymour)

Appendix C: Research methodology and data statement

The research team reviewed literature on the history of land value capture in England, its contemporary politics as well as relevant international literature that takes a more critical and political-economic approach to the topic of land value capture. Relevant literature on the political economy of land and housing was also reviewed. Sources were identified via Scopus, Web of Science and Google Scholar.

Over 100 parliamentary debates and associated policy papers, reports, government consultations and responses were analysed covering the period 1941 to the present. These were selected because they provide an account of the policy history and the evolving political and ideological framings of land value debates. The sources were imported into the Nvivo qualitative data analysis package. They were then analysed via thematic coding, whereby a range of themes are identified in the text from which a shorter list of themes is distilled (Fugard & Potts, 2019). Although this report includes some elements from this stage of the research, its primary output has been published in Shepherd (2025). However, some relevant historical and contemporary debates, policy material and grey literature have been included in this report where relevant, particularly when they are used as a means of triangulating the interview data.

The research team conducted 51 semi-structured interviews from the following categories:

- ◇ Campaign groups and associations – land and property (n=8)
- ◇ Campaign groups – housing and land justice (n=9)
- ◇ Professional bodies and associations (n=4)
- ◇ Academic researchers (n=5)
- ◇ Legal experts (n=2)
- ◇ Think tanks (n=2)
- ◇ Policy specialists in Whitehall (n=2)
- ◇ Other government advisors (n=4)
- ◇ National politicians (n=2)

- ◇ Public bodies and public sector practitioners (n=3)
- ◇ Real estate businesses / developers (n=5)
- ◇ Real estate and planning consultancies (n=5)

The interviews were conducted between November 2023 and September 2024. Interviewees were identified via purposive sampling i.e. they were selected due to their profile, activities and expertise in relation to land value capture practice and debate in England. A pool of interview questions was developed by the authors from which bespoke question lists for each category of interviewee were selected. The purpose of the interviews was to generate insights into the politics of the policy formation process, how policy changes happened, and the nature of the power relations shaping land value capture policy and practice.

The interviews were complemented by two round table discussions. The first of these was held in London in September 2024 and included five Europe-based international academics specialising in land value capture. The purpose of this round table was to discuss the emerging findings in relation to different international contexts to identify commonalities and differences. The second event was held in London in February 2025 and was attended by eight England-based participants who had backgrounds in academic research, policy development, campaigning, public sector planning, housebuilding, and housing and development consultancy. All but one of these had previously been interviewed. The purpose of this discussion was to discuss the emerging findings of the research and to help refine them.

All research participants were provided with an information sheet about the project and how their data would be used so that they could provide informed consent via signing a consent form.⁷⁸ This provided consent for anonymised data and direct anonymised quotes to be used in research outputs. All interviews and round table discussions were therefore recorded and transcribed. The transcripts were de-personalised before being imported into the Nvivo qualitative data analysis package before thematic analysis.⁷⁹

⁷⁸ One research participant consented to be interviewed although did not respond to requests to sign the consent form. As a result, their data have not been used in the research and the total number of 51 interviews excludes them.

⁷⁹ All transcripts have been fully anonymised and have been deposited with the UK Data Service (DOI: 10.5255/UKDA-SN-858291).

Based on their familiarity with the interview data, the authors inductively developed an initial list of codes (themes). Tim White then coded the interview data transcripts with these themes, while inductively identifying and coding to any additional themes as they arose from the data. Tim's coding was periodically reviewed by Edward Shepherd to ensure consistency in approach. Following completion of the initial coding, the coded data were repeatedly reviewed by both authors to arrive at a list of 10 master themes:

1. Attitudes to the state in landownership and development.
2. Complexity and power.
3. Consensus and dissensus.
4. Generalisations and blind spots.
5. Salience and visibility of land value capture.
6. Limits to land value capture.
7. Power of homeowners.
8. Power of landowners and housebuilders.
9. Source of value.
10. Supremacy of supply-side thinking.

The analysis of the interview and round table material was conducted over the course of the first half of 2025 and the report was drafted throughout 2025 and early 2026. This involved continuous monitoring of the changing political and policy environment regarding the research topic, as well as newly published academic literature.

This report constitutes just one of the project outputs. It is therefore not a total encapsulation of the entire research project. Already-published outputs and future outputs are accessible via the project page: <https://gtr.ukri.org/projects?ref=ES%2FW001675%2F1>

Glossary

Benchmark land value

Benchmark land value (BLV) is a central concept in the contemporary calculation of **development viability** for planning. It is the price at which it is considered (for the purposes of viability for planning) that a 'reasonable' landowner would be willing to sell their land for development. Current **national planning guidance on viability** (post-2018) states that it should include a premium above **existing use value** that is sufficient to provide the landowner with incentive to sell the land, while also allowing a sufficient contribution to fully comply with policy requirements and that landowners and site purchasers should consider policy requirements when agreeing land transactions. These measures were added to the policy guidance in 2018 as a result of the **circularity issue**. However, despite this update to the policy wording, it is still the case that land is transacted at prices that do not fully reflect policy requirements, and that planning permissions are granted for developments that do not fully comply with developer contributions policy e.g. for affordable housing (House of Commons, 2025; NAO, 2025).

Circularity issue

The circularity issue refers to the problem caused by the wording of the original 2014 **national planning guidance on viability** which opened the way for developers to argue that 'comparable, market-based evidence' should primarily be used to determine **benchmark land value**. As explained by Crosby (2019), the determination benchmark land value became a key area of debate at planning appeals, with Planning Inspectors tending to agree with developers based on the contradictory and ambiguous wording of the national guidance. This meant that in many planning cases, comparable land market transactions at prices that did not reflect full **planning obligation** policy requirements for affordable housing were used to set benchmark land values on subsequent viability cases. This meant that developers could pay higher prices for land on the expectation that they could reduce affordable housing contributions by negotiation. This resulted in further downward pressure on affordable housing contributions. It was this that formed a key area of debate in the **Parkhurst Road** case and resulted in the planning guidance on viability being updated in 2018 to seek to close this 'loophole'. However, significant issues remain (see chapter 7).

Community Infrastructure Levy (CIL)

The Community Infrastructure Levy (CIL) is a form of **land value capture** mechanism that was introduced in 2010. It is used to secure contributions from new development for the provision of strategic infrastructure via a charge per square metre of new floorspace (it is not used to secure affordable housing). Once the CIL charging schedule is adopted by the local authority, the payment is non-negotiable. This contrasts with **planning obligations** which can be subject to negotiation at planning application stage.

Compulsory purchase

Compulsory purchase (sometimes referred to as CPO i.e. 'compulsory purchase order') is the legal power that enables public authorities to expropriate land from landowners with compensation. It is relevant to **land value capture** because of debates concerning the appropriate level of compensation payable to owners of development land. Since 1959, owners of development land have been compensated at **market value**. However, between 1947 and 1959 development land could be compulsorily acquired at existing use value. The intention was for development land to be able to be compulsorily purchased at prices that would enable the social redistribution of **development value**. In the context of the deepening housing crisis post 2010, some campaigners promoted the idea of a return to a compulsory purchase regime where land could be acquired for public purposes at prices that did not include full development value to enable more value to flow towards the provision of public goods, such as affordable housing. This ultimately led to the introduction of powers via the Levelling Up and Regeneration Act 2023 to compulsorily acquire land net of **hope value** (see chapter 2).

Development appraisal

Development appraisal is the financial modelling process by which **development viability** is calculated. In England, it is standard practice for this to be based on the **residual method** of land valuation.

Developer contributions

Developer contributions is the collective term in

England for any financial and in-kind contributions made by developers and landowners to mitigate the impact of development and make it acceptable in planning terms. The two primary mechanisms currently in place are **planning obligations (Section 106 agreements)** and the **Community Infrastructure Levy**. These mechanisms (and developer contributions in general) are generally considered to be forms of **land value capture** because, in theory, developers should factor in their costs in the prices they pay for development land. However, this does not always happen due to the fact that planning obligations are negotiated (see the **circularity issue**) and some local development land markets can be competitive, thereby resulting in bidding up the price of land.

Development value

In the context of this report, development value is defined as the difference between the land's **existing use value** and the **market value** of land in a more valuable alternative use e.g. as a result of planning permission. **Land value capture** mechanisms that are embedded in the planning and development process are oriented towards redistributing development value i.e. seeking to ensure that the landowner does not retain the entirety of the **land value uplift** and that a proportion of this is secured for the delivery of public benefits such as affordable housing or infrastructure.

Development viability

Development viability is the assessment of the financial viability of a development calculated using a **development appraisal** underpinned by the **residual method** of land valuation. It seeks to determine whether a development is viable by assessing whether the total value generated by the development covers the costs of delivery, including the developer profit and the land value. Developers have always assessed development viability when deciding how much to bid for land and whether to engage in specific development projects. However, over the course of the 2000s, development viability became progressively embedded in the English planning system (see chapter 5). This has been controversial due to the way in which it has enabled developer profit and landowner financial return expectations to discipline policymaking and, in particular, the amount of affordable housing provided on developments.

Existing use value

The existing use value (EUV) of land is its value in its current use without taking account of the prospect for development.

Hope value

Hope value is the segment of land value (over and above **existing use value**) deriving from the prospect of planning permission for a more valuable use. It is a proportion of overall **development value**. Usually, the more certain the development prospects, the higher the hope value. As a result of powers introduced by the Levelling Up and Regeneration Act 2023, some acquiring authorities can acquire sites via **compulsory purchase** at prices that exclude hope value so as to enable more **development value** to flow towards the provision of public goods such as affordable housing.

Land Question

The Land Question refers to historical and contemporary debates concerning the use, ownership, control and distribution of land in society and the political, social and economic institutions that shape such relations. As such, it is an unresolved question with different histories and contemporary currents across many countries. In Britain, the term came to prominence in the 18th and 19th centuries and by the mid-Victorian period had become a major and mainstream political issue with Liberals and radicals campaigning against aristocratic landowners, landlordism and highly concentrated landownership while promoting agrarian reform. Conservatives, meanwhile, mobilised to protect the interests of landowners and the aristocracy against these attacks. The Land Question was not confined to the rural context – the urban Land Question in Britain rose to prominence in the late 19th and early 20th centuries. For land reform campaigners, many of the ills afflicting urban residents were a result of existing patterns of landownership distribution, speculative land holding and exploitative landlordism – all directly impacting the availability, affordability and quality of urban housing.⁸⁰ As chapter 4 explores, this contributed to political support for urban planning and land value capture. Of course, the Land Question in Britain is not confined to history, but remains a live and pressing issue, albeit one (as this report contends) that is largely confined in the English context to specialist debates in policy areas relating to housing, planning and land value capture rather than constituting a broader popular and political movement.

⁸⁰ For an illuminating history of the Land Question in Britain (1750 – 1950), see Cragoe & Readman (2010).

Land value capture

For the purposes of this report, land value capture primarily refers to any mechanism that enables the state to collect a proportion of **development value** (or **land value uplift**). Currently, in England this is primarily achieved via event-based mechanisms embedded in the planning consent process (e.g. **planning obligations** and **the Community Infrastructure Levy**), although there has been a longer history of this being achieved via development levies and taxes as well as via compulsory purchase at prices net of these. However, land value capture can also be more broadly conceived as being any mechanism that enables the redistribution of land value, such as via property taxation that is not embedded in the planning and development process.

Land value uplift

The land value uplift is another way of referring to the difference between the land's **existing use value** and the value of land in a more valuable alternative use e.g. as a result of planning permission. It is this uplift that is the target for redistribution via **land value capture** policies.

Land rent

In the context of this report, rent (specifically economic rent in land or 'land rent') refers to the 'unearned income' enjoyed by landowners merely by virtue of their ownership of a scarce resource, rather than from any productive activity or sacrifice. This is a much-simplified definition of land rent – see Stratford (2022) for an excellent account of the evolution of the concept of rent, and varying justifications for the socialisation of land rent.

Market value

The market value of a piece of land is the price that would be achieved in an open market between a willing buyer and a willing seller. The market value is shaped by the prevailing legal and regulatory environment that shapes land markets. For development land, this includes planning regulations as well as **developer contribution** policies. The market value of a plot of land could include a combination of the **existing use value** and some **hope value** (or, if there is a planning permission already, the **development value** which that permission confers). In land valuations, valuers would look for comparable evidence of land sales, and these could include both existing use value and hope value, although it would be

difficult to separate these out in practice as the comparable sale produces a single price signal. Valuers of development land would likely also use the **residual method** to value the land.

National Planning Policy Framework

The National Planning Policy Framework (NPPF) was first introduced in 2012 under the Conservative-Liberal Democrat coalition. It was intended to streamline existing national planning guidance. Although **development viability** had been part of the planning system for the previous decade, the NPPF was widely viewed as going further to embed this consideration into plan-making and planning decisions. The NPPF was followed by further national planning guidance, which includes a section on viability which was first published in 2014, and has since been updated nine times.

National planning guidance on viability

The national planning guidance on viability (formally known as the Planning Practice Guidance) is (at the time of writing) supplementary to the NPPF's paragraphs on this topic. It sets out key principles in understanding viability in plan making and planning decision making. The first version was published in March 2014. This guidance came to be criticised due to its contribution to the **circularity issue**. The guidance was subsequently updated in July 2018 in response to these criticisms and the efforts of campaigners to raise awareness of the issue.

Neoclassical economics

Neoclassical economics conceptualises the economy as the product of choices made by rational utility-maximising individuals whose decision-making can be represented through abstract mathematical models. Neoclassical economics shifted away from a classical economics preoccupation with the true source and objective nature of value, instead focusing on value as signalled in the price mechanism as the subjective representation of utility. These shifts meant that economic analysis floated free from its historical grounding in social and political institutions, including that of landownership. For land economics, this resulted in the conflation of land with capital – meaning that the significance of the special characteristics of land (and **land rent**) and its ownership declined in mainstream economic thinking. Neoclassical economics is the orthodox approach to economics, having displaced classical economics over the course of the 20th century.

NIMBY/YIMBY

NIMBY stands for 'Not In My Back Yard'. It is a pejorative term used by pro-development campaigners to criticise the perceived tendency of local communities to oppose new housing development. Such campaigners have lately adopted the moniker of YIMBY – 'Yes In My Back Yard'. There is now a pro-housing development campaign group called YIMBY Alliance that was set up in England in 2022.

Option agreement

In the context of this report, an option agreement is a contract entered into by a landowner and a housebuilder whereby the housebuilder agrees to purchase the land from the landowner at a future date, usually once planning permission for residential development has been granted. Terms vary, but usually the housebuilder covers the costs of promoting the land through the planning system and then purchases the land at a discount from **market value**. This determination of the purchase price means that the landowner and the housebuilder can be at odds. This is the key difference compared with **promotion agreements**, in which the interests of the promoter and the landowner are more closely aligned with regard to the land price.

Parkhurst Road

Parkhurst Road refers to a notorious legal case fought by the London Borough of Islington in relation to a controversial development for which Islington had refused permission on the basis that it was not making a sufficient affordable housing contribution. The developers ultimately argued it was not possible to make more than 10% affordable housing contribution due to the high **benchmark land value (BLV)** of £11.9 million (they had paid £13.25 million for the land), whereas Islington argued that the affordable housing contribution should be 34% based on a BLV of £6.75 million. While the benchmark land value issue had become highly contentious at various planning appeals, this was the first time the issue was considered in this much detail in the Planning Court. The April 2018 judgement ruled in favour of the London Borough of Islington, finding that the developer's purely market-based approach to determining BLV was not in accordance with national policy guidance and that the claimant could not therefore demonstrate that 10% was the maximum reasonable amount of affordable housing. The judgement also recommended that the Royal Institution of

Chartered Surveyors should revise its guidance.

Planning obligations

Planning obligations (also known as Section 106 agreements) are a form of **land value capture** mechanism that have been used in their current form since the early 1990s by local planning authorities in England to secure a proportion of affordable housing (and to mitigate impacts from development) from developers and landowners via policy-based negotiation. Local planning policy generally specifies a proportion of affordable housing and other contributions that may be sought via **Section 106 agreements**. However, the exact level and nature of **developer contributions** made via planning obligations can be subject to negotiation at planning application stage.

Promotion agreement

In the context of this report, a promotion agreement is a contract entered into by a land promoter and a landowner whereby the land promoter agrees to pilot the land through the planning process to secure planning permission before the land is sold to a housebuilder. Terms vary, but usually the land promoter covers the costs of promoting the land and then takes a share of **land value uplift**. Both landowner and land promoter are therefore incentivised to achieve a high purchase price. This is the key difference compared with **option agreements**, in which the interests of the promoter (usually a housebuilder) and the landowner diverge in the agreement of the purchase price.

Residual method

The **residual method** is a way of valuing development land. It underpins the **development appraisal** model and the calculation of **development viability**. The residual method functions by calculating the predicted value of the completed development and then subtracting all the costs of delivery. These costs include construction, professional fees, marketing and agency fees, contingency and so on. Importantly, development costs also include a fixed developer profit allowance. The value remaining once all costs have been covered is the residual land value i.e. the amount that can be paid for the land. Alternatively, if the land cost is known (perhaps because the land has already been purchased), the developer profit becomes the residual. However the calculation is structured, the residual method (and the development appraisals and viability calculations that are based on it) can be uncertain

and contestable (see chapter 7).

Section 106

See **planning obligations**.

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