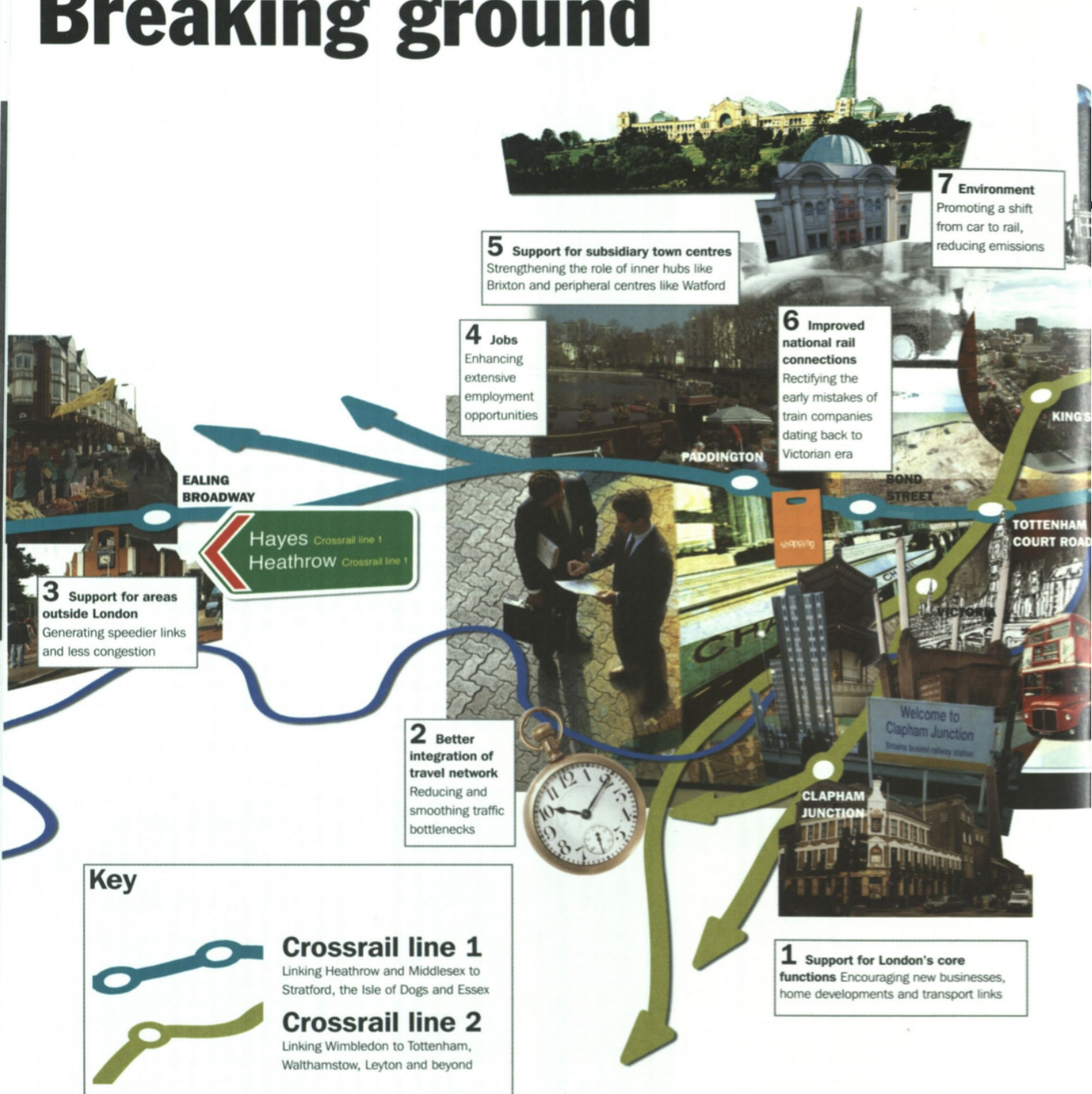


Breaking ground



7 Environment
Promoting a shift from car to rail, reducing emissions

5 Support for subsidiary town centres
Strengthening the role of inner hubs like Brixton and peripheral centres like Watford

6 Improved national rail connections
Rectifying the early mistakes of train companies dating back to Victorian era

4 Jobs
Enhancing extensive employment opportunities

2 Better integration of travel network
Reducing and smoothing traffic bottlenecks

1 Support for London's core functions
Encouraging new businesses, home developments and transport links

EALING BROADWAY
Hayes *Crossrail line 1*
Heathrow *Crossrail line 1*

3 Support for areas outside London
Generating speedier links and less congestion

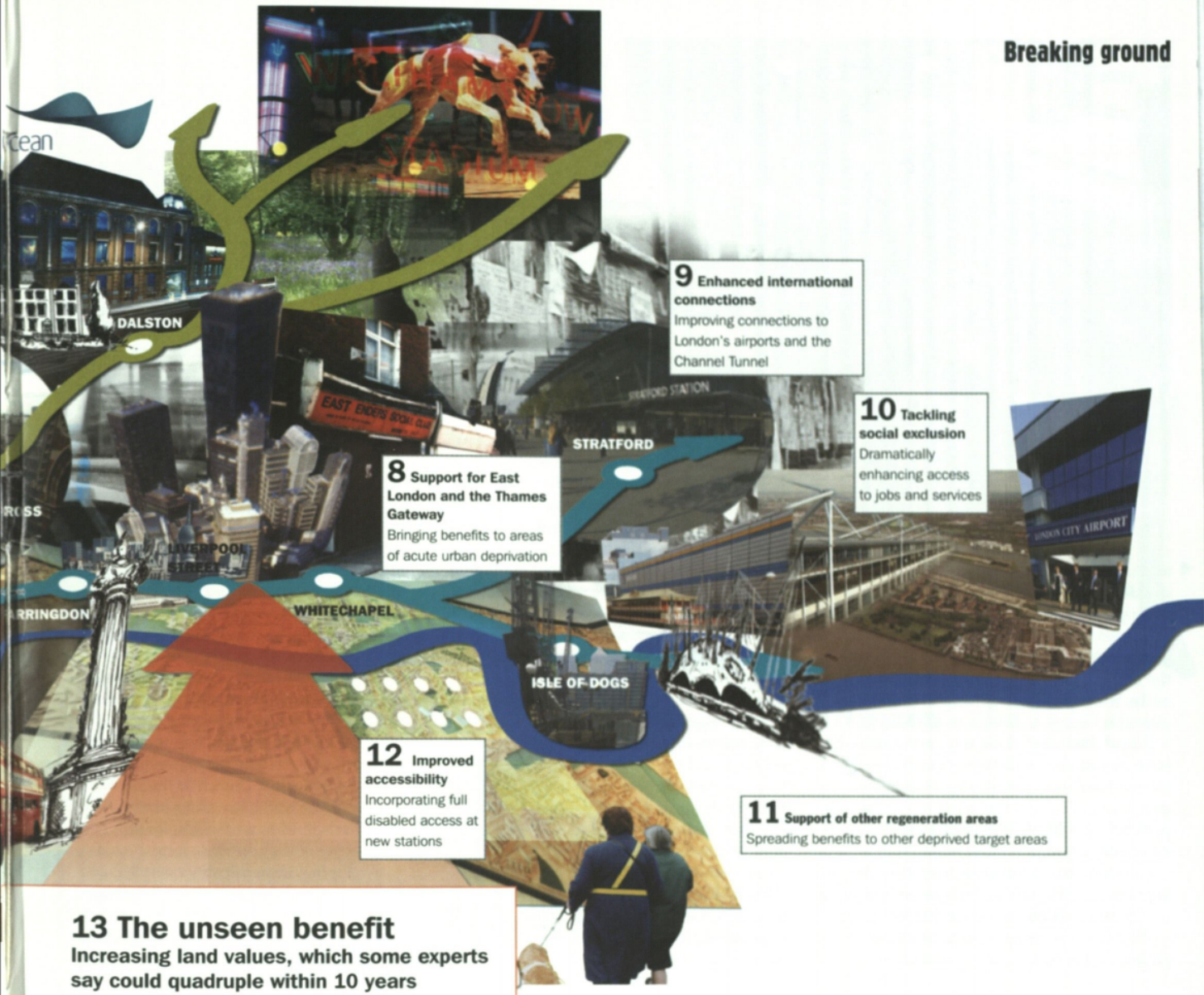
Key

 **Crossrail line 1**
Linking Heathrow and Middlesex to Stratford, the Isle of Dogs and Essex

 **Crossrail line 2**
Linking Wimbledon to Tottenham, Walthamstow, Leyton and beyond

With thanks to: the Corporation of London / Andrew Baker, Newham Council / Camden Council / Ealing Council / Richard Davis, Ocean / britishwaterways.co.uk / the London Tourist Board / Ria Dastidar

Harnessing Cros



9 Enhanced international connections
Improving connections to London's airports and the Channel Tunnel

10 Tackling social exclusion
Dramatically enhancing access to jobs and services

8 Support for East London and the Thames Gateway
Bringing benefits to areas of acute urban deprivation

11 Support of other regeneration areas
Spreading benefits to other deprived target areas

12 Improved accessibility
Incorporating full disabled access at new stations

13 The unseen benefit
Increasing land values, which some experts say could quadruple within 10 years

A bottlenecked, gridlocked London is a blight for all UK taxpayers. Crossrail promises to unblock the capital's clogged arteries and quadruple land values in the process, reports **Peter Wilsher**. As a result funding the project calls for a recasting of the unsatisfactory tax system, argues **Paul Brandon**

EACH OF THE 13 separate benefits offered by the proposal to build Crossrail has the potential to enormously enhance the whole nation's prosperity and quality of life (see graphic).
It is of great importance to recognise, when the major political and planning decisions come to be made, that the gains will not accrue only – or even mainly – to London and its possibly pampered and over-provided citizens. A bottlenecked, gridlocked London is a blight for every UK taxpayer,

Crossrail's unseen benefit



hardest figures. The consultants have worked out that just building Core Route 1, with the expected knock-on effect on jobs and demand for extra office and residential space, would result in a roughly £6bn increase in property values. Other estimates reckon that the benefit could mean a quadrupling of property values throughout London. This is often unacknowledged as a benefit of Crossrail.

and unblocking its clotted arteries will bring dividends for all.

Properly exploited, the returns will spread wide and deep: to the Home Counties' communities of the Green Belt and beyond; to the often rundown cities, towns and villages of the South East at large; and in several important ways, to Britain as a whole.

As yet, however, there is no accurate estimate for the total investment that might be involved, and certainly no accepted decision on how the financing of such a vast project might be most equitably and efficiently shared.

Anything like a full-scale, cost-benefit analysis is still at a very early stage, but some preliminary estimates are starting to emerge.

West End property consultancy firm Hillier Parker has so far calculated the

funding purposes Hillier Parker discuss two methods available under current legislation – one, via the Planning Gain charges which can be levied under Section 106 of the 1990 Town & Country Planning Act, or alternatively, through the directly related increase in rateable values.

Either way they reckon that a contribution of some £2bn to £3bn could be levied, leaving two-thirds of the resulting "planning gain" still in private hands.

There is increasing distaste, however, for the idea that the provision of

major-scale infrastructure improvements, largely built at public expense, should end up making multi-millionaires of those lucky people who own land on or near the chosen routes.

Gradually more radical, and equitable ideas are being explored for spreading the gains, extracting a larger and fairer contribution from the lucky few, and at the same time increasing society's own willingness to undertake a properly assessed share of the very substantial costs.

One possible set of solutions, following a line pioneered in the United States and partially embraced by London's mayor Ken Livingstone and his transport adviser Bob Kiley, goes under the generic title of Tax Incremental Financing.

However, critics – even those sympathetic to the general notion – find its details flawed, especially when an attempt is made to apply them to a Britain where city design and development, and the embedded property interests they have generated, go back not decades but often hundreds of years.

Those who have thought seriously about such matters tend to favour a much more root-and-branch approach to the problem of capturing and harnessing land value.

That would require a wholesale recasting of the country's long-developing, impenetrably complex, and increasingly unsatisfactory tax system, with all the immense rethinking and political fall-out that that would involve (see Metropolis rising, below).



Metropolis rising

Crossrail promises to revive London but, says **Paul Brandon**, how it's paid for will mean the difference between taxing the poor to make a few millionaires or wiping away poverty in the capital



FUNDING OF THE London Crossrail project is now a key issue. The London Chamber of Commerce and the property developer Canary Wharf have in recent months felt the need either to discuss or research various options. But the decision over funding rests elsewhere.

Bob Kiley, transport commissioner for London, favours Tax Incremental Financing (TIF), as one tool in his fiscal toolbox. Aware of the land price boom that followed the Jubilee Line Extension he considers the "land levy" as the "ideal way to go" to fund Crossrail. TIF also features in Mayor

Livingstone's ambitious London Plan and during the summer received the backing of Lord Rogers, another key member of his team. So what is the attraction of TIF?

In the Sixties and Seventies, the federal and state governments in the US began cutting back economic development programs. In the Eighties and Nineties, TIF increasingly helped cities to revitalise their communities. There are now at least a 1,000 schemes underway across America.

The Wisconsin Department of Commerce describes TIF as a tool that "can help a

municipality undertake a public project to stimulate beneficial development or redevelopment that would not otherwise occur. It is a mechanism for financing local economic development project in underdeveloped and blighted areas. Taxes generated by the increased property values pay for land acquisition or needed public works". In other words the capital cost of regeneration projects are securitised against the projected increase in land values and economic activity. The project becomes self-financing.