

## Oxfordshire to survey land values

A trial land valuation and study of LVT has been initiated in Oxfordshire. The County Council, which has a joint Tory / Lib Dem administration, saw Labour, Lib Dem and Green councillors voting together last June to "set up a Working Party to investigate the possibility of following Liverpool's example, by lobbying the government to allow it to raise a Land Tax." The Working Party intends to carry out a valuation of an area of Oxfordshire, showing the effect of LVT on residential, commercial and agricultural land use, in a part of the UK that is very different from Liverpool or Scotland. One of Oxfordshire's District Councils, the Vale of White Horse, has now voted to support the County by undertaking "an analysis of a representative area of the Vale."

On the 15<sup>th</sup> July a seminar was held for officers and members of both Councils. Leading supporters of LVT spoke, including Dave Wetzel, Tony Vickers and Robin Harper MSP. The cross-party, cross-council coalition is set to raise funds for a valuation of about 3 km sq, including 3000 homes and farming land, straddling the Oxford Ring Road at Botley. The Chair of the Working Group is Margaret Godden, the Lib Dem Deputy Leader of the County Council. An HGF member, Cllr Godden hopes the valuation will be done before the end of the year.

## Too good to be true?

The month of May saw a conference held in London with the title 'Self-financing transport infrastructure through land value gains: Too good to be true?'

The assembled audience of transport, property, regeneration and local government professionals heard that the answer to this question was an emphatic 'no, it's not too good to be true.' The conference went on to discuss in detail the practicalities of using land value capture to pay for transport and regeneration.

Organised by the Waterfront Conference company, the event was chaired by HGF member Dave Wetzel. HGF chief executive Peter Gibb spoke on LVT, and London's Transport Commissioner Bob Kiley delivered the keynote address. Kiley stressed the importance of ensuring that land owners who were advantaged most by new rail projects contributed to the cost of their delivery.

# Mixed messages

Signs are growing that the UK government is seriously considering a land value tax to fund regeneration, housing and transport. After months of hints from within Whitehall (see *communiqué* Spring 2003) John Prescott has openly declared his interest in land value capture.

Speaking to Nick Mathiason of *The Observer* in June this year, Prescott said: "If you want extra money you've got to find new forms of financing. I've always found it unacceptable that we can have massive value increases in areas by the local authority investing in something and we don't see the real benefit from it. 'We're looking at other forms of funding to get the development. One of the ways is looking at getting more from the benefit of increased land value that comes from [the development]." Prescott also hinted that Chancellor Gordon Brown was behind the new tax (see press cuttings on accompanying pages).

Yet at the same time, the Treasury has just killed off hopes of including a levy for land owners in the Business Improvement District scheme. BIDs are intended to regenerate urban neighbourhoods by charging companies within the area increased property taxes. The idea is imported from the US, where many declining cities have been revived by BIDs. The scheme requires approval by a majority of contributing businesses. In the US, the extra charge is levied on property owners and businesses that rent premises within the area. But over here the government has refused to include landlords in any way.

This failure means that occupiers are now expected to pay the extra charge in order to fund regeneration. This will simply increase their rents, and therefore also raise their rates still further. This means that the chances of BIDs being voted for by businesses are slim – so the government's most radical regeneration initiative seems doomed to fall at the first hurdle. In the mid of all this, the landlords are actually pleading to be allowed to help pay for BIDs. Almost every property industry organisation – including the British Property Federation – has lobbied the government not to exclude land owners. They know all too well that regeneration will boost the value of their property, and that it's worth their while to pay a little up front in order to reap a huge windfall gain later. But it now seems the entire BIDs process will fail.

## Land tax on wheels?

Following the success of London's congestion charge, the government is set to introduce nationwide road pricing.



Drivers monopolise prime locations

The Transport Secretary Alistair Darling has published a paper exploring the possibility of charging motorists for every mile they drive. (Controversially, the plan would fund a new £7bn road building programme.) In fact, such a scheme for all of Britain's 430,000 lorries is being introduced in 4 years, using satellite tracking to monitor vehicles and levy charges.

The idea behind road pricing is that drivers should pay more to drive on congested roads at busy times, and less in remote rural areas or at night. But is such a move wholly desirable?

It is also intended that fuel tax would be cut correspondingly – signalling a shift in the tax burden from flat rates to charges for benefits received. Is road pricing effectively a form of mobile LVT – levying a charge on those who monopolise valuable locations with their cars?

## Crossrail is on

On July 14<sup>th</sup> the government finally gave its support to London's Crossrail project. Transport Secretary Alistair Darling said that if the project was to go ahead there would need to be "a very substantial contribution to its costs from those who would benefit most from it" – and announced a comprehensive review to examine the funding options.

Given Transport for London's interest in capturing land values, and the absence of any other funding mechanism that could raise the £15bn needed, the Crossrail project could represent the best chance in a generation for the introduction of some form of land value taxation.

Even Digby Jones, head of the CBI, recently called for a levy on land value increases to pay for the line. In the *Telegraph* on 6th July, Jones claimed that business was willing to help fund Crossrail, saying "we don't need an increase in business rates right across London, but it's only fair that business shares the gains which Crossrail could create."