

Breaking ground

Crossrail's unseen benefit



A bottlenecked, gridlocked London is a blight for all UK taxpayers.

Crossrail promises to unblock the capital's clotted arteries and quadruple land values in the process. **Peter Wilsher** reports

EACH OF THE separate benefits offered by Crossrail could enormously enhance the whole of the UK's prosperity and quality of life.

When the major political and planning decisions come to be made, the benefits will not accrue only – or even mainly – to London and its citizens. A bottlenecked, gridlocked capital is a blight for every UK taxpayer. Unblocking its clotted arteries will bring dividends for all.

Properly exploited, the returns will spread wide and deep: to the Home Counties' Green Belt and beyond; to often rundown cities, towns and villages of the South East at large; and in 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 might be most equitably and efficiently shared. Any full-scale, cost-benefit analysis is still at a very early stage, but some preliminary estimates have emerged.

West End property consultancy Hillier Parker has worked out that just building Core Route 1 would result in a roughly £6bn increase in property values. Other estimates reckon the benefit could mean a quadrupling

of London's property values – an often unacknowledged benefit of Crossrail.

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

Either way they reckon 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 infrastructure improvements, largely built at public expense, should end up making multi-millionaires of those lucky few 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 ones, while increasing society's own willingness to undertake a share of the substantial costs.

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

sympathetic to the general notion – find its details flawed, especially when an attempt is made to apply them to Britain where city development, and the property interests generated, often go back hundreds of years.

Those who have thought 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.

Now, at the start of the 21st century – as the country's still largely Victorian infrastructure networks decay and fall apart – we have probably the best moment to make a fresh start. Crossrail, so long an impossible dream, could provide the impetus for a much-needed breaking of fiscal and planning log-jams.

1 Support for London's core functions

London-based jobs could rise by 1m over the next 20 years, requiring around 54m sq ft of new development and some 54,840 new dwellings. Big jumps in transport capacity are needed to serve finance and business centres and key retail and service locations.

2 Better integration of travel networks

Reducing and smoothing bottlenecks can only be applauded.

3 Support for areas outside London

Higher capacity, faster links and less congestion will help spread benefits and relieve pressure on the central area.

4 Jobs

Reduced costs, support for growth, improving brownfield sites, boosting regeneration priority areas and building the system, will enhance job opportunities.

5 Support for subsidiary towns

Improvement will strengthen inner hubs like Brixton, and peripheral areas like Watford and Croydon.

6 Improved national rail connections

Victorian nimbyism made trains stop at Kings Cross, Liverpool Street, Victoria, and Paddington. 150 years on, the error still needs rectifying.

7 Environment

By promoting a major shift from car to rail, Crossrail will make a big contribution to energy saving and emission reduction.

8 Support for East London and Thames Gateway

Areas of urban deprivation will benefit from improved connections with London's economic heart and new links north and south.

9 Improved international connections

Better links from Central London, the City and Docklands to Heathrow; services to Gatwick and Luton via a new Farringdon Interchange; a Stansted Interchange at Stratford; and Channel Tunnel Rail Links at Stratford and possibly also Ebbsfleet.

10 Tackling social exclusion

Access to jobs and services could be enhanced by schemes like a Whitechapel link to an extended East London line. The same applies to other Development Strategy and Opportunity Areas like Park Royal.

11 Accessibility

All the new stations, and a lot of remodelled ones, will incorporate full access for the disabled and "mobility impaired".

12 The unseen benefit – rising land value

Under the present fiscal regime public investment in infrastructure benefits private property owners – the value of whose land rises as a result of the increasing benefits provided to it by the surrounding city.