

PRESS RELEASE

For immediate release

RESPIRE FOR LANDOWNERS AS MP'S CASH RAID FALTERS



A bid by MPs to seize more of the value gain in development land has been rejected by the Government – for now.

Members of the all-party Housing, Communities and Local Government select committee had proposed in a review that the Government should “capture” more of the value uplift when land was given development consent.

Committee chairman Clive Betts, a Sheffield MP, said the current system allowed landowners to make substantial profits from land values that were effectively given to them by the State as the result of policy decisions and it

was only right that a significant proportion of the profits should be shared with local communities.

“The view taken by the committee over-simplifies the true situation,” explains Andrew Bays, partner at BCM Rural Property Specialists in Winchester. “The Government rejected the committee’s views on value uplift, arguing value gain can be affected by many factors, including location and previous land use.

“There is often uncertainty in the viability of a scheme and in some ways the MPs’ idea of a structured ‘tax’ might be welcome if fairly applied to deliver consistency. However, the Government wants to first finalise compensation arrangements when property is taken via a Compulsory Purchase Order before it tackles the land value capture issue.

“With the lack of housing supply high on the Government’s agenda and greatly publicised as a ‘crisis’, lobbyists against the MPs’ proposal claimed it would restrict the housing pipeline as the viability of development projects was tested like never before. In turn, this could deter landowners with suitable sites from coming forward as the financial reward becomes eroded, particularly with the increased emphasis on including a greater proportion of affordable housing making the returns very slim.

“Although these plans have been rejected in the short term, the Government has hinted that capturing more of the value seems sensible in the long run in order to make the developer contributions system more efficient. For now, the Government wishes to allow new compulsory purchase reforms to settle in so stakeholders benefitting from near term development projects can rest easy this Christmas and into the New Year that their financial projections will be realised.”





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