

All Party Parliamentary Group on Land Value Capture **Metro Mayors Conference**

Metro Mayors:

London – Sadiq Khan
West Midlands – Andy Street
Greater Manchester – Andy Burnham
West of England – Tim Bowles
Liverpool City Region – Steve Rotherham
Tees Valley Combined Authority – Ben Houchen
Cambridgeshire and Peterborough – James Palmer
Chair of West Yorkshire Combined Authority and Bradford Council Leader – Susan Hinchcliffe
Chair of Core Cities UK and Leader of Leeds City Council – Judith Blake

Devolution

England's regional and city-wide Mayor's agree upon the need for the Government to significantly increase the pace and scale of devolution in order to boost economic growth in Britain and to improve public services.

The Mayor of London, Sadiq Khan, said: "We may come from different parts of the country and represent different political parties but we all share the same belief – that the best way to secure ongoing prosperity across the country is by giving city regions more control. Many of the most dynamic and prosperous cities and regions in other countries have mayors with substantial powers and funding, and it is high time we followed suit.

"There is no doubt that, as regional Mayors, we are the best-placed people to deliver services to meet the specific need of local people – so we are calling on Government to speed up the devolution process and give us more ability to improve peoples' lives."

The Mayor of the West Midlands, Andy Street, said: "This Government more than any other has pushed the devolution agenda with the creation of combined authorities and Mayor's.

"I believe now is the time for Government go a step further and provide us with the tools to tackle the challenges and seize the opportunities we each face. We are already proving our worth, now let us really kick on with the job."

The Mayor of Greater Manchester, Andy Burnham, said: "Through devolution we have the best chance we will ever get to do things differently and take control of our own future. It will be city regions working together that drive the quickest and most progressive change in the future."

“As we leave the EU it is vital that people here have the right skills to get on in life and drive our economy. The Government must urgently increase the speed of devolution and fully devolve skills powers and the ability to allocate the apprenticeship levy. It time to give us the tools we need to change the lives of the people we represent.”

The Mayor of the West of England, Tim Bowles, said: “We need a true partnership between central, regional and local government, and with business.

“As the West of England region, we are best placed to drive economic growth for all. We know our region. We know our businesses, key sectors, the skills that are needed, and the challenges we face in terms of infrastructure. We are the right place to make the decisions, and Government needs to enable us to do that. That is what devolution is all about.”

The Mayor of Liverpool City Region, Steve Rotheram, said: “Devolution is the single most important means of achieving a more economically balanced and prosperous UK. It transfers powers, resources and autonomy to the places that will be our country’s most important growth engines. It is vitally important that the Government sustains and accelerates its commitment to devolution.”

The Mayor of Tees Valley Combined Authority, Ben Houchen, said: “Everyone knows that the best answers for local people will come from local people. Our first Devolution Deal was ground-breaking, but I want to see the Government build on this ambition and go even further by handing more powers to local communities.”

The Mayor of Cambridgeshire and Peterborough, James Palmer, said: “Though we represent very different areas many of the challenges we face are similar and there is great worth in us all coming together to speak with one voice when we can.

“For too long power has been overly centralised in this country. We all agree on the need for further powers to be devolved to enable us to play the fullest possible role in enabling the areas we represent to flourish.

“The creation of the new Mayors is a key part of the process but it’s not the end of the process. The achievement of creating seven new Mayors needs to be built on through further devolution.”

Powers

While London’s Mayor has long-held powers in the delivery of affordable housing, each of the newly created combined authorities has a role in this area. Initial agreed powers for Housing and Planning are reflected in the table below:

Cambridgeshire and Peterborough	Greater Manchester	Liverpool City Region	Tees Valley	West Midlands	West of England
£170m affordable housing grant. Strategic planning. Mayoral Development Corporations.	£30m a year Housing Investment Fund. Strategic planning. Land Commission. Compulsory purchase powers. Mayoral Development Corporations.	Strategic planning. Compulsory purchase powers. Mayoral Development Corporations.	Mayoral Development Corporations.	Compulsory purchase powers.	Strategic planning. Compulsory purchase powers. Mayoral Development Corporations.

Devolved Tax Proposals for consideration at Mayor's conference

London

Sadiq Khan has said "it is now vital that the Government grants them greater powers and resources to take the action that is required to tackle London's affordable housing crisis"¹ noting that in 2015-16 London's stamp duty receipts were £3.37bn while affordable housing investment was just £73m. The London Finance Commission has called for devolution of the full suite of property taxes, including council tax, business rates and Stamp Duty to the capital.²

The Mayor's clear preference is that control over the major property taxes (Council Tax, business rates and Stamp Duty Land Tax) and powers to introduce new charges and levies should be devolved to London, which will make the sorts of changes described below straightforward to implement within London. For this reason, this report should be considered alongside the final report of the London Finance Commission (LFC).

The LFC report notes that short of full property tax devolution, the Government should work together with the boroughs, the GLA and TfL to develop a consultation paper on the objectives, principles and design options of a land value capture charge (Part 4, Chapter 6). 10. National government should work with London's government

¹ <https://www.london.gov.uk/press-releases/mayoral/mayor-calls-for-bold-housing-reforms>

²

<https://www.london.gov.uk/what-we-do/business-and-economy/promoting-london/london-finance-commission>

to trial the operation of a land value tax pilot on undeveloped land (Part 4, Chapter 2)

Cambridgeshire and Peterborough

Cambridgeshire and Peterborough Mayor, James Palmer, wants government approval for a price cap on land values to get more homes built at prices people can afford³ A Land Value Cap would involve placing a cap on the extent to which land adjacent to a significant infrastructure project (the M11 extension) could go up in value. For example, the increase could be limited to ten times the original value. The landowner would still benefit financially from the effect of a major development that would not have taken place without the introduction of a Land Value Cap. The purchaser of the land in question, probably a housebuilder, would be able to secure the land at a far lower price than would have been the case without the cap. On purchasing the land, the housebuilder would sign an agreement, agreeing to pay a charge (say £30,000 per house, payable on the sale of the house) to the organisation funding the road construction project which made the housing development possible. This would have the potential of making the project (in this case the M11 extension) a viable proposition. The Cambridgeshire and Peterborough Combined Authority does not have the legal authority to introduce a Land Value Cap, so parliamentary legislation would be required

Manchester

Manchester Mayor Andy Burnham has set out his belief that HS3 (linking Manchester to Leeds) should be the Crossrail of the North.⁴ Mr. Burnham, proposed LVT as one of his policies when he stood in the Labour 2010 leadership campaign and is now understood to be keen on exploring the potential of LVC as a source of funds for city infrastructure planning and development.

At a recent conference, Liz Peace, Chair of Old Oak Common Development Corporation and Michele Dix drew attention to the ability to use enhanced real estate value to fund infrastructure and therefore unlock development. Crossrail 2 as a scheme including rolling stock would cost circa £36bn. The importance of value capture from land and property was highlighted and very much commended. There

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<https://www.conservativehome.com/platform/2017/07/james-palmer-the-land-value-cap-offers-the-chance-of-more-affordable-infrastructure.html>

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<http://www.fieldfisher.com/publications/2017/06/infrastructure-and-housing-crossrail-2#sthash.NIWJsHGW.dpbs>.

were, it was recognised, a number of lessons learned from Crossrail 1 where more value could have been captured, particularly in increased values around stations.