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Government guarantee of land values would spur land sales, report claims

## New bid to bridge £185bn housing gap

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Landowners must be guaranteed a slice of their property's future increase in value to boost house building, according to a new report.

The Association for Consultancy and Engineering's plan, seen exclusively by Inside Housing, would give landowners a percentage of estimated gains over a set development period, as well as the initial sale price.

ACE, which represents 650 firms in the UK, believes the proposal could help bridge the difference between the number of new households and homes built - which is due to reach 886,000 homes worth £185 billion by 2021, according to ACE.

Under the new model, landowners are incentivised to sell at the early stages of planning and reduce the time and cost taken up by compulsory purchase procedures.

To do this, the association is calling on the government to guarantee the risk of a fall in land values so that landowners still receive the original percentage of expected gains agreed with councils even if land prices fall. ACE argues this would be viable because the risk to the government of values falling is relatively small - it estimates values fell in about 13 per cent of cases over the past 25 years. This support would be available on strictly adhered to timescales, with the risk for the government offset by improving market conditions for private house builders.

ACE is lobbying the government to take up the proposals after the next spending round in 2015/16 as part of the growing emphasis on prioritising national infrastructure to stimulate the flagging economy.

Nelson Ogunshakin, chief executive of ACE, said: 'The model would streamline planning, secure a good return for landowners and local communities, and enable developers to deliver much-needed new homes.'

He added this would give local authorities more control over what communities gain from new developments and would reverse the current situation, where landowners see little uplift from eventual development and where developers invest a lot of effort with no guarantee they'll be permitted to carry out the work.

ACE said the model would run parallel to the national planning policy framework and allow authorities to make initial strategic plans to outline development over five and 10-year periods.

'We're very supportive of the principles of the report in trying to drive more

housebuilding and it adds to the debate,' said Ashley Lane, group partnerships director at Persimmon Homes. He said establishing an efficient planning system and boosting access to consumer finance remain the most critical issues.