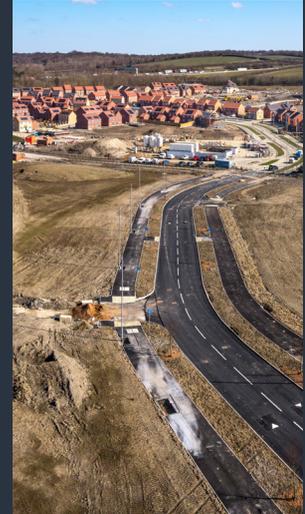


Key takeaways: Roundtable on Land Value Capture

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Introduction

This roundtable brought together practitioners from across the development, planning, surveying and SME housebuilding sectors to examine the current debate on Land Value Capture in the United Kingdom, prompted by a recent inquiry from the [Housing, Communities and Local Government Committee](#) that published its report last autumn.

Participants questioned the report's central premise that significantly greater uplift can be extracted from development without affecting delivery. Contributors drew on live schemes, viability evidence and market data, to argue that the practical headroom for additional capture is far more limited than headline figures suggest.

A consistent theme was the widening gap between political expectation and commercial reality. Speakers emphasised that despite the government's headline ambitions of building 1.5 million homes, delivery depends on landowners and developers actively choosing to transact and build. In a context of rising build costs, layered levies, regulatory change and constrained affordable housing grant, viability has tightened across large parts of the country, and therefore disincentivised landowners and developers from doing business. The discussion therefore focused on what is required to restore confidence, unlock stalled sites and support SME participation. What follows distills the key policy messages for the government, alongside the principal risks and pressures identified during the discussion.

Key takeaways

- **Prioritise delivery over additional extraction**

Participants were clear that the overriding objective should be housing delivery at scale. Attempting to increase Land Value Capture within already marginal schemes risks reducing overall output, and thus decreasing capture at scale. A larger volume of viable schemes will generate more total receipts through existing mechanisms than further tightening on a shrinking base.
- **Recognise landowner and developer incentives as essential**

Without incentive, landowners will not bring land forward, and no land means no homes. If housebuilders do not have certainty of appropriate returns, they will not build houses. Standardised assumptions that do not reflect tax liabilities, abnormal costs and market risk may suppress land supply and stall sites.
- **Reform viability assessment with realism and clarity**

There is a need to re-establish a coherent understanding of viability, distinguishing clearly between benchmark land value and market value. Over-simplified or centralised metrics risk misrepresenting the business case and increasing chances of dispute, delay and appeal.
- **Stabilise and simplify the cumulative levy burden**

Section 106, Community Infrastructure Levy (CIL), Building Safety Levy (BSL), biodiversity net gain (BNG) and other requirements are forms of land value capture, and functional taxes on development. Government should review the cumulative impact in conjunction with other taxes (such as Capital Gains Tax and Stamp Duty Land Tax, which are costs passed on to the landowners), particularly where new requirements are introduced.
- **Support SME housebuilders as a delivery multiplier**

Reviving the SME sector is essential to meeting national targets. Attendees recognised that for many SMEs, any change would already come too late. Resuscitation of the sector requires faster planning determinations, proportionate obligations on small and medium sites, improved access to finance and counter-cyclical public commissioning to smooth boom and bust cycles.
- **Fund affordable housing more directly through general taxation**

Several contributors argued that subsidised affordable housing should not be primarily funded through squeezing development viability. This creates a chokepoint without raising government capital. If government seeks higher levels of genuinely affordable provision, direct fiscal support may be more transparent and sustainable for the long-term.
- **Ensure infrastructure contributions are visibly delivered**

Public consent depends on seeing tangible outcomes. Improved reporting, spending capacity and communication around Section 106 and CIL expenditure would strengthen trust and demonstrate the benefits of development.
- **Provide certainty and speed to the planning system**

Prolonged determination periods erode viability and tie up capital. Streamlining policy, reducing information burdens and enforcing statutory timescales would materially improve confidence, particularly for smaller builders, which would in turn increase land value capture at scale.

- **Adopt a differentiated approach by geography**

Viability varies sharply across regions. A uniform expectation of capture is unlikely to reflect market conditions in lower value areas. Policy should be responsive to local economics rather than anchored to historic uplift assumptions.

Issues raised

- **Overstated assumptions about land uplift**

The report's reliance on headline examples of dramatic value increases was seen as outdated and unrepresentative. Such figures often pre-date newer levies and ignore abnormal costs, planning obligations including affordable housing and regulatory change.

- **Erosion of SME capacity**

The near disappearance of small- and medium-sized housebuilders in many areas was described as acute. Increased regulation, funding constraints and planning delay have disproportionately affected this cohort, reducing competition and delivery diversity.

- **Affordable housing as the 'balancing item'**

In practice, affordable housing is often the element reduced when viability tightens. This creates political tension and community dissatisfaction, particularly where policy targets are high but market conditions are weak or site specific viability constraints limit viable planning obligations.

- **Planning delay and uncertainty**

Extended determination periods and appeals processes increase holding costs and risk. For SMEs with limited balance sheets, prolonged delay can make schemes unviable before a decision is reached.

- **Capital at risk over long timeframes**

Large phased schemes require substantial upfront investment over many years. Fixed assumptions about returns do not always reflect economic cycles, interest rate shifts and construction inflation. These factors are overlooked when 'headline' profits are reported.

- **Grant constraints and perverse incentives**

Restrictions on the use of affordable housing grant can lead to counter-intuitive outcomes, including reduced on-site provision to enable grant funding later. This complexity undermines public understanding.

- **Local authority capacity to spend contributions**

Examples were cited of significant unspent Section 106 funds. Limited delivery capacity weakens the perceived case for extracting additional value from development.

- **Growing perception gap**

A persistent belief that "hidden" profit exists in the system fuels mistrust. This perception gap between committees, officers, members and practitioners complicates negotiations and increases friction.

Conclusion

The discussion underscored a central tension at the heart of Land Value Capture policy. Government ambitions for infrastructure funding, affordable housing and regulatory standards are legitimate and widely supported by actors across development. However, participants argued that these objectives cannot be divorced from the commercial realities of land supply and housebuilding. Where cumulative costs exceed what the market can bear, delivery slows and, ultimately, receipts fall. The evidence shared suggests that in many parts of the country the system is already operating at or beyond its viable limit. As a consequence, negotiation and flexibility tends to be in the most visual and emotive portion of capture: social and affordable housing.

A pragmatic recalibration may therefore be required. Rather than seeking further extraction from each scheme, policy should focus on expanding the pool of deliverable sites, restoring SME participation and increasing planning certainty. Clearer communication of how contributions are spent would also strengthen public confidence. If national targets are to be met, the government will need to align fiscal ambition with market function, recognising that sustainable Land Value Capture depends first and foremost on development actually taking place. This requires fewer restrictions and levies; not more.

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