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Property Tax and Assessment News from Around the World

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Islington becomes latest London council to ask for voluntary tax

Rich residents invited to pay more into social services following Westminster's lead

Islington council is drawing up plans for a "voluntary council tax supplement" as it follows Westminster in asking wealthier residents to contribute more to local services.

"We're committed to building a fairer Islington for all, and helping residents who do not have the same life chances as others," said Richard Watts, Labour leader of Islington council.

"As part of this, we're planning to introduce a voluntary council tax supplement for Islington residents who would like to pay an extra contribution towards important local services.

"Money raised from this voluntary council tax supplement would be used to support the Fairer Islington Fund, a charitable body, and will provide additional early intervention and prevention services to local people, alongside local partners."

The council is expected to aim the tax at band H homes valued at £320,000 or above in 1991 and now worth millions. Residents living in such properties currently pay £2,270 a year to Islington council, plus £588 to the Greater London Authority. Fearing the political repercussions, successive governments have ruled out any recalculation of broad English council tax bands, despite the widening gap between the cheapest and most expensive households within them.

In February, Westminster council called on the borough's 15,600 wealthiest households to pay an extra £833 a year in council tax voluntarily to help support the authorities work on homelessness. But the Guardian disclosed last week that just 350 residents, 2 per cent of those eligible, had signed up to the extra payment.Lindsay Judge, an analyst at the Resolution Foundation, said: "Council tax bears little relationship to the value of properties and has in practice come to look a lot like the poll tax it was created to replace.

"Rather than relying on the kindness of local residents in central London, we should be abolishing council tax and replacing it with a proper property tax right across the country." It is expected that other councils, such as Kensington and Chelsea, and Camden, could follow suit, after eight years of austerity and sustained cuts in grant funding from central government. Local authorities are entitled to hold on to any voluntary contributions they raise.

Wealthiest households in Westminster failing to pay extra £833 in tax

Only 2% have made annual 'community contribution' requested by council leader

Just 350 of the 15,600 wealthiest households in Westminster, one of the country's richest boroughs, have answered the local authority's call to voluntarily pay extra council tax to help tackle the homelessness crisis in the heart of London.
In February, the Westminster council leader, Nickie Aiken, wrote to all residents in the most expensive band H properties to ask them to consider paying an extra £833-a-year "community contribution" to help fund youth clubs, homelessness services and visits to lonely people.

But only 2% of the households have stepped forward to help their poorer neighbours, the Guardian can reveal. Those asked to consider making an extra contribution include the residents of the Candy brothers' luxurious One Hyde Park apartment complex in Knightsbridge and those living in hundreds of multimillion-pound mansions in Mayfair, Belgravia and Maida Vale.

Residents in Westminster pay the lowest council tax in the country, with band H payments of £832 a year plus another £588 to the Greater London Authority. In Poole, Dorset, the band H charge is £3,358.
While very few of Westminster's wealthiest residents have answered the council's plea for help in maintaining essential services, they are paying tens of thousands of pounds a year in service charges to maintain their luxury buildings. The service charge on a £6m one-bedroom apartment in One Hyde Park comes in at more than £22,000 a year. The most expensive flat in the development was sold to the Ukrainian billionaire Rinat Akhmetov for £135m in 2011.

Aiken said she introduced the voluntary contribution scheme following "a growing number of requests from some residents who live in the highest valued homes that they wanted to voluntarily contribute more than their existing council tax".

The council said that in a pilot consultation more than 400 people responded positively to the survey saying they would support the scheme. But it appears that many may have failed to follow through on their initial enthusiasm.
"The outcome of our consultation reflects the kind and generous spirit of Westminster residents," Aiken said in February. "It also confirmed what I had heard from people I had met on the doorstep that those in the more expensive homes are willing to contribute more to community projects. The scheme is most popular among residents of the most expensive homes."

However, four months down the line, Aiken said just 350 households had contributed a total of £342,000. The biggest single donation was £2,500. "This scheme had its cynics, but the number of contributions we have had are proof that an innovative idea like this one can make a difference," she said.

The council had explored the possibility of introducing a "mansion tax" on properties worth more than £2m but is legally prevented from doing so by central government. Councils are also prevented from raising the council tax of just one band or from changing the structure of bands. At present, band H is the highest and applies to homes worth more than £320,000, which takes in a high proportion of all private homes in Westminster.

Nickie Aiken, the Conservative leader of Westminster council: 'If we raised council tax, we would have to do so for everyone.' Photograph: Jonathan Brady/PA

"If we raised council tax, we would have to do so for everyone due to the way the banding system works," Aiken, leader of the Conservative-run council, said. "Through the community contribution we have asked only those who can genuinely afford to make a greater contribution to do so. The positive response so far is a credit to the generous spirit of Westminster residents."

The scheme was launched shortly before a homeless Portuguese man was found dead in the shadow of the houses of parliament, sparking outrage at the homelessness crisis in the capital. Research by the housing charity Shelter shows that one in eight people living in Westminster are homeless.

Tony Travers, a professor of local government at the London School of Economics, said the fact that only 2% of residents had signed up "tells us that unless taxation is compulsory it's very hard to get people to contribute". He said the measure had been a "very noble effort" and "politically astute" on the part of the council.

"But I fear they have discovered that it has not been met by the astuteness of the people who live in those expensive properties," he said. "If the rich residents had paid up and made a big contribution it would have weakened the political case for a compulsory mansion tax, which Labour and the Liberal Democrats have both proposed."

Laura Gardener, a researcher at the Resolution Foundation thinktank, said Westminster council's scheme was "admirable" but the weak takeup "demonstrates the need to change the rules so that more money can be raised from mega mansions".

Some of Westminster's famous residents, including the DJ Tim Westwood and The Apprentice star Margaret Mountford, had welcomed the scheme. Westwood said: "Asking people who have done well to contribute a little extra seems a very good idea to me. I also like the fact that young people will be among those who benefit from any money raised."

When the scheme launched, the archbishop of York, Dr John Sentamu, congratulated the council on a "fantabulous" idea.

Councils trying to charge charity shops full business rates

Local authorities are trying to charge charity shops full business rates if they are registered to a trading subsidiary, an expert has said.

Charity shops receive mandatory 80 per cent business rates relief and can be offered the remaining 20 per cent relief at their local authority's discretion.

In recent years, fewer charity shops have been awarded the extra 20 per cent as local authorities' finances have been squeezed and umbrella body the Charity Retail Association estimates that only one in seven now receives the full relief.

But, speaking at the Annual Tax Conference on Tuesday, CRA chief executive Robin Osterley said some local authorities had started challenging his members' right to the mandatory 80 per cent rate relief if the shop is registered through a trading subsidiary.

Many charity shops are registered under charities' trading subsidiaries in order to gain other tax benefits. Osterley said while his members had so far successfully argued their case, if mandatory rate relief were to stop being offered, about half the charity shops in the country would close.

He said: "It is completely crazy that the ownership structure of a charity shop should in some way mitigate against them getting rate relief just because they happen to own a tax efficient system called a trading subsidiary."

Osterley said he was also concerned that the Charity Commission might make it harder for charities to run trading subsidiaries in its current consultation on connected companies.

He said if this were to happen, "many of our shops will have to revert to charity ownership, which will cause some issues down the other end in terms of taxation and VAT".

Full time negotiator

Osterley said one of the country's largest charity shop chains had employed a full time member of staff to negotiate the discretionary 20 per cent business rates relief with different local authorities across the country. He said this was evidence that the discretionary relief system was inconsistent and anti-democratic as a lot of smaller charity shop chains could not afford to employ such a person to negotiate.

Osterley said: “It would be much more sensible to have 100 per cent rate relief across the board. It would be much easier to administer. It would be more logical. It would be much fairer for the charities. It would be more transparent. Everyone would understand what is going on.”

VOA stats show 1.3 % of rating assessments contested last year

The government’s Valuation Office Agency (VOA) has released its annual appeals statistics revealing that only 1.3% of the 1.85m rateable properties in England have been contested in the past year.

The figures showed that 23,770 properties in England appealed the VOA’s assessment of their business rates in the year to 31 March, compared to 222,960 last year. This 89% reduction in appeals comes after the VOA introduced its new ’Check, Challenge, Appeal’ (CCA) system last year.

Introduced last April, the 2017 Rating List included significant business rate increases across London and the South East, with some ratepayers seeing 50% to 100% increases in their assessments alongside a downward transitional scheme for the rest of the UK.

The government said that it published this data “as part of a drive towards making the VOA’s data more accessible as well as continuing to improve and make more consistent presentation of information to assist users to conduct their own analysis of VOA data”.

A VOA spokesperson told *Property Week*: “These statistics cover the first whole year of our check and challenge service. They show that many customers and their agents are registering and claiming properties. Some are choosing to move on to submit checks and, if needed, make challenges, and some are not. This is how the service was designed to work. The previous appeals system was broken and encouraged speculative appeals - around 70% of appeals did not result in any change in valuation.”

Industry leaders have criticised the statistics and Jerry Schurder, head of business rates at Gerald Eve, said the numbers show ”CCA is clearly not working”.

John Webber, head of business rating at Colliers International, added: “It beggars belief that businesses are so happy with their rate bills in 2017 that hardly any one is contesting. It is pretty obvious that the figures are so low purely because despite claims otherwise, ratepayers still can’t navigate through the new system.

“When the government introduced its new CCA Appeals system on the same day as the new Rating List we and other experts had warned that it was unworkable at the time. Since then businesses have been really struggling to get registered; and even to claim that they are the ratepayer is a further hurdle. And that is before they get to the start of the check stage - a three-part appeal process, which many find unworkable and “not fit for purpose.
Clients have been coming to us for advice as to what to do.”

At the end of the first year of the 2010 Rating List there were 222,000 appeals against the new rating list and over the last seven years the VOA has received a total of 1,132,000 appeals and has been clearing these at a rate of about 128,000 a year, leaving around 133,000 claims still outstanding.

Webber added: “Given the numbers in 2010, I can’t believe 98.7% of businesses are so happy with their rating assessments in 2017 that hardly any one is appealing.”

Research reveals 100% rates retention pilots are not cost-neutral

When the government announced 100% business rates retention pilots it said the scheme would be “cost-neutral”. However, research by the Institute for Fiscal Studies shows that cannot be the case. Neil Amin-Smith reveals how the conclusion was reached.

Since 2013-14 the business rates retention scheme (BRRS) has meant that English councils bear (up to) 50% of the real-terms changes in local business rates revenues. In April 2017, four city regions plus Cornwall began piloting 100% retention of the real-terms changes, and as of April this year have been joined by a further 11 pilot areas.

In our recent paper we estimate that the councils taking part in these pilots will receive extra funding of £873m in 2018–19, money that would otherwise have flowed into central government coffers.

We therefore disagree with the government's previous assertions that the pilots are "cost-neutral at the point of delivery". Given this isn't small change we're talking about, it's perhaps worthwhile setting out how we arrived at our estimate of such substantial gains to pilot councils.

Forecasts

First, using councils' own forecasts of their 2018–19 business rates revenues, as stated in their NNDR1 returns, we estimated all pilot councils' expected income from the BRRS in 2018–19.

We then estimated the income that each pilot council's forecast implies they would have received if they had remained under the standard 50% retention scheme, i.e. there were no 100% retention pilots. £873m is the difference between pilot councils' income under the two scenarios.

Why are they set to gain such a significant sum? In large part, it is because the way the 100% retention pilots have been implemented means pilot councils are retaining 100% of the real-terms change in revenues since the BRRS was set up in 2013–14, not just 100% of the real-terms change from when they became pilots.

The extent to which each individual pilot area is set to gain thus reflects their respective real-terms growth since 2013–14.

Councils in the Berkshire pilot, for example, are set to gain £53m in total, or 8.3% of their collective core spending power, largely due to around 13% real-terms growth in rates revenues since 2013–14.

By contrast, Liverpool is set to gain only £2.5m, or 0.6% of its core spending power, having experienced less than 1% real-terms growth since 2013–14.

Pools

Of course, the modelling task is not as simple as the above suggests. One reason for this is the existence of business rates "pools". As part of the BRRS, groups of councils are allowed to form pools and councils in any such pool are subsequently treated as one entity for the purposes of rates retention. Under 50% retention, being treated thus can enable councils to reduce certain payments into the scheme.

New pilot councils in 2018–19 took part in pilot schemes as business rates "pools" rather than as individual councils. This impacted on our modelling in two ways.

Firstly, within pools constituent councils may decide how to allocate revenues between themselves, complicating any calculation of exactly how much income would flow to each pilot council.

Furthermore, in some pools a portion of their collective total revenue is set aside into a general fund, meaning it is not possible to breakdown revenues by individual councils.

We address this by modelling those pilot councils in pools at the level of their respective pools. This allows us to abstract from intra-pool allocation decisions, but means we are not able to calculate the gains made by individual pilot councils within pools.

The second issue posed by the ability to form pools was that we do not know what pooling arrangements pilot councils would have made in the absence of the pilot schemes.

Our counterfactual assumes that they would have formed the same pools as they have for the pilot schemes, something they would have been free to do. However, they may not have done so, and this could have implications for any estimate of the increase in funding of pilot councils.

On the one hand, if, in reality, most pilot councils would not have pooled in the absence of the pilot schemes, our calculation of the extra funding flowing to pilot areas is likely to be an underestimate — since councils tend to gain from pooling.

On the other hand, councils might have formed different pools in the absence of the pilot schemes, ones that could, perhaps, have been more financially beneficial.

We also model councils that entered pilot schemes in 2017–18 as not in pools in either scenario, but we cannot be sure what pooling arrangements they would, or wouldn't, have made in the absence of the pilot schemes.

Gains

In light of these considerations, we performed various sensitivity checks. We tested the implications of alternative pooling arrangements and found that they would have made little difference to the overall gain expected to accrue to pilot councils.

In summary, we have estimated that pilot councils are set to gain around £870m, although we are not able to estimate individual gains for those councils in pools.

Sensitivity checks show that alternative pooling arrangements in the absence of the pilot schemes would not make a significant difference to our results, and there can be no doubt that implementation of the 100% retention pilot schemes will not be anywhere close to "cost-neutral".

Neil Amin-Smith is research economist at the Institute for Fiscal Studies.

Emerging land value capture schemes using compulsory purchase at restricted value

Land value capture is a hot topic at the moment with politicians and policy makers increasingly looking to alternative mechanisms of land value capture as a solution to the shortage of affordable housing and the difficulty in funding infrastructure for new developments.

Whilst much of the debate has been south of the border, the views are increasingly gaining support in Scotland. The Scottish Land Commission report published last week on historic attempts to capture land value uplift in the UK points the way to using publically created land value increases to deliver new housing and development.

At present in Scotland, planning obligations including s.75 contributions and affordable housing provision are the main mechanism for securing the uplift in the value of land arising from planning permission. The effectiveness of planning obligations as a land value capture mechanism will potentially be increased as a result of provision for a new infrastructure levy for identified infrastructure projects in the Planning (Scotland) Bill.

It is in this context that proposals have emerged to promote compulsory purchase orders (CPOs) against developers and land promoters to acquire land where planning consent has been granted but not used, generally referred to as a 'use it or lose it' threat.

Elsewhere, proposals include the acquisition of land at existing use value, ignoring hope value and potentially even ignoring the value attributable to any existing planning consents.

Whilst such proposals may appeal to politicians, interest and lobby groups:

- Does this represent sound planning policy?
- Does it fit within, or undermine, the current CPO code?
- Will the proposals really capture land value?
- Will such policies expedite housing delivery?
- Where do such proposals fit in the context of Article 1 of Protocol 1 of the European Convention on Human Rights?

The Compulsory Purchase Association of Scotland is hosting a law reform debate in Edinburgh on 11 June which will focus on emerging land value capture schemes using compulsory purchase at restricted value.

Council Tax soars by up to 563%: worst hit areas revealed

Council Tax bills have soared over the past 25 years, but at the same time services have been cut. We look at the areas where households have been hardest hit, and those who have escaped relatively unscathed.

A bill levied on every home to help fund local services was introduced back in 1993.

Since then, the ever-unpopular Council Tax has soared, with some areas seeing a 563% increase in their bills over the past 25 years, an investigation by Money Mail has revealed.

In parts of the UK, the levy has risen nine times faster than inflation.

For example, in Wellingborough, Northamptonshire a band D property – the most common council tax bracket – paid £245.25 a year back in 1993.

Now, that same property faces a £1,625.82 annual Council Tax bill.

That's a 563% rise over 25 years. In contrast, inflation – which measures the cost of living – has gone up by 'just' 65% over the same period.

More than 300 local authorities have hiked Council Tax faster than the cost of living, but others have risen at a far slower rate showing that the ultimate postcode lottery exists when it comes to Council Tax.

In North Dorset, Council Tax has risen by 315% since 1993, up from £463.50 a year for a band D home to £1,924.94.

Biggest Rises

Council Area	Annual rate in 1993 for a Band D property	Annual rate Now	Percentage change
Wellingborough	£245.25	£1,625.82	563%
North Dorset	£463.50	£1,924.94	315%
Huntingdonshire	£434.25	£1,753.39	304%
Purbeck	£484.88	£1956,69	303%
Hambleton	£424.13	£1,695.68	300%

Lucky Londoners
Homeowners in London have seen the smallest Council Tax rises over the past 25 years, with residents in Wandsworth seeing their bills rising slow than inflation, meaning they're effectively paying less in real terms.

A band D property in the South London area paid £448.88 when Council Tax was introduced – far more than residents in Wellingborough at the time.

Since then, Wandsworth council has increased rates by just 61% taken that annual bill to £722.65, almost £1,000 less than the unfortunate people of Wellingborough.

Residents in several other London boroughs including Greenwich and Islington have also enjoyed relatively small rises in their tax bills.

Smallest Rises

Council Area	Annual rate in 1993 for a Band D property	Annual rate Now	Percentage change
Wandsworth	£448.88	£722.65	61%
Greenwich	£783	£1,429.46	83%

Hammersmith & Fulham	£549	£1,022.04	86%
Hackney	£698.63	£1,374.67	97%
Islington	£679.50	£1,429.45	105%

Generous salaries

One area of council spending that has soared as much as council tax over the past 25 years is the salaries of senior council workers. Over 2,000 earned more than £100,000 in 2017.

Mark Rogers, the former CEO of Birmingham City Council receives the highest pay in 2017.

His total package was £662,662 made up of a £168,985 salary, £118,000 compensation for loss of office when he resigned and pension contributions of almost £370,000.

Care costs are key

When Council Tax was introduced back in 1993 the aim was for it to cover the cost of local services. But, while bills have soared many of us have seen our council-provided services cut.

From disappearing bus routes to ever-larger potholes it seems we are paying a lot more for a lot less.

Councils defend the soaring cost by saying it's needed to help cover increasing elderly care costs and protect other services from further cuts.

“Since 2010, council tax bills have risen by less than inflation and other key household bills,” a Local Government Association (LGA) spokesman told the Daily Mail.

“But, faced with severe funding pressures, many councils feel they are being left with little choice other than to ask residents to pay more to help them try to protect their local services.”

The LGA said that the funding gap will exceed £5 billion by 2020.

Homeowners near Crossrail 2 stations could face a property tax

People living near Crossrail 2 stations could be hit by a new tax under a proposal from Transport for London.

Estates Gazette reported that people owning residential or commercial property within one kilometre of stations could be in the firing line. There could be three circular zones around each station, with the charge reducing further away from stations.

However a Transport for London spokeswoman played down the likelihood of new homeowners in such areas having a tax imposed on them.

She added that TFL currently doesn’t have the powers to make such a tax happen, while this is one of a number of proposals when it comes to funding Crossrail 2, which should cost £31bn.

A TFL statement said: “As part of our overall infrastructure investment work, TfL published a land value capture report last February setting out the uplift in value benefits along the route and how people might help contribute towards the cost of a scheme.

“Any new land value capture proposal would need to be carefully considered and new powers granted.

“In response to the government’s call to make Crossrail 2 more affordable we have been continuing our work to reduce the cost of the scheme through savings in the design and delivery in order to ensure best value for money.

“We have been working closely with the DfT on the proposals and are assisting with the Independent Affordability Review currently underway.”

James Chidgey, new homes relationship manager, Mortgage Advice Bureau, said: “This is an interesting twist on land values for homes close to major transport links, which we know increases their attraction to buyers.

“Whether this proposal will ever fly is another question, but it is a potential solution we will hear more about in future, as a funding source for major government expenditure.”

The full list of Crossrail 2 stations is as follows: Broxbourne, Cheshunt, Waltham Cross, Enfield Lock, Brimsdown, Ponders End, Angel Road, Northumberland Park, Tottenham Hale, Wood Green, New Southgate, Alexandra Palace, Turnpike Lane, Seven Sisters, Dalston, Angel, Euston St. Pancras, Tottenham Court Road, Victoria, King’s Road Chelsea, Clapham Junction, Balham, Tooting Broadway, Wimbledon, Motspur Park, Worcester Park, Stoneleigh, Ewell West, Epsom, Malden Manor, Tolworth, Chessington North, Chessington South, Raynes Park, New Malden, Berrylands, Surbiton, Thames Ditton, Hampton Court, Norbiton, Kingston, Hampton Wick, Teddington, Fulwell, Hampton, Kempton Park, Sunbury, Upper Halliford and Shepperton.

Winners and losers in long awaited rates revaluation

Northern Ireland businesses should not fear the upcoming rates revaluation

MANY business owners will have recently opened ‘Rent and Leasing Questionnaires' received from Land & Property Services (LPS) regarding the 2020 Non-Domestic General Rating Revaluation. Whilst this correspondence is likely to have been opened with a sigh, puff and a moan about the prospect of an increased rates bill, the revaluation shouldn't necessarily be treated in this vain.

In layman's terms, the Non-Domestic rating system (ie business rates) is based on a hypothetical rental valuation at a fixed point in time known as the Antecedent Valuation Date which is April 1 2018 for the proposed 2020 Non-Domestic Revaluation. Rental evidence from this point in time is used to calculate a hypothetical rent or ‘Net Annual Value' which is in turn used to calculate rates payable through the ‘rate poundage' for the various council districts.

The proposed 2020 Non-Domestic Revaluation will come five years after the adoption of the 2015 non-domestic valuation list, a list that was 12 years (or more) in the making, following the 2003 revaluation which was long past its shelf life. Regular rating revaluations should be embraced by rates payers and the five-yearly revaluation cycle is something which Land & Property Services has been aiming to achieve for years, like its UK mainland counterparts.

Like all non-domestic rating revaluations, there will inevitably be winners and losers, however, regular revaluation periods will help to ensure that sector specific changes in rates liabilities for occupiers are more manageable. In addition, regular revaluation cycles will enable rate payers and LPS to iron out market anomalies on a more frequent basis.

The non-domestic rating system, in theory, should follow the market and the growth in activity and market rents for Belfast's city centre office market has been well documented. As we dust down our crystal ball, we would foresee the office sector perhaps taking a greater share of the rates burden with increases in ratable values expected. On a provincial level, the office sector has been largely stable and we would foresee nominal changes in Net Annual Values.

Rental levels in the retail and industrial sectors, on the whole, have been largely stable and we wouldn't foresee considerable change in LPS values in these sectors. There will, as always, be certain locations that are the exception.

Despite an envisaged increase in ratable values for certain sectors it is too early to accurately quantify how individual rate payers will be affected as the rate poundages are dictated by budgeting and changes in the overall value of the Non-Domestic Revaluation List.

As rate payers contemplate completing LPS Rent and Leasing Questionnaires, we would suggest that care and attention is taken when doing so. Accurate rental details along with details of any incentives or capital contributions received from a landlord should be disclosed to ensure your assessment is fair.

Business rates form a considerable overhead for any business and it is imperative that such liabilities are kept to a minimum. In light of this, we recommend that professional advice is sought when engaging with LPS to ensure accuracy of valuation and that any available rating reliefs are applied where due.

Report outlines way to use land value increases to deliver new developments

Effective approaches for Scotland to use publicly created increases in land value to help finance the infrastructure needed to deliver new housing and other development have been highlighted in a report published today.

Written for the **Scottish Land Commission** by a team from **Heriot-Watt University**, the report reviewed the UK's historic experience of land value capture and identifies what lessons current policy makers could take from this experience.

The report concludes that previous attempts at introducing land value capture have failed largely due to the absence of political consensus. Connected to this, schemes need to be well resourced and seen to be fair, to command public consent.

However, with politicians of all persuasions now talking about the issue, it may now be possible to shape an approach that works.

The value of land is heavily dependent on the use to which it can be put and the amenities and infrastructure in the surrounding area.

The value of well-connected land, with planning permission, located close to public amenities is typically much higher than land without such advantages and typically arises because of the public sector granting planning permission or investing in infrastructure.

Talking about the report, **Hamish Trench, Land Commission chief executive**, said that ever since development rights were nationalised in 1947, a debate about how to capture for public benefit, the uplift in land value associated with planning permission and public investment in infrastructure, has waxed and waned.

He said: "The shortage of affordable housing currently afflicting many parts of the UK means that this debate is well and truly back in the ascendant – but in looking for solutions, it is important that we learn from the past.

"Our purpose in looking at land value capture is to help deliver well-planned sustainable communities in places people want to live and at prices they can afford to pay – something everyone can get behind. Really this is about reinvesting some of the land value in unlocking development. A solution may well involve a range of approaches suited to the different market conditions and geographies across Scotland. In many parts of Scotland – and elsewhere in the UK – market demand for housing is relatively low so there is not a large value to capture."

The ability of public authorities to acquire land at or near existing use value has underpinned some of the more successful attempts at capturing land value both in the UK (New Towns) and elsewhere in Europe.

"Changes to the rules of compulsory purchase and compensation could be part of the answer to capturing publicly created uplifts in land value" explained Mr Trench "but our work so far suggests that effective solutions will need to look beyond this. Changes will need to be designed to support the delivery of wider place-making objectives and be combined with a more proactive role for public authorities."

The Commission's next steps will be to work with partners in the sector to explore different models of using publicly created uplifts in land value to finance investment in enabling infrastructure and to investigate further the questions of market and existing use value.

Today's report is one in a series of pieces of research on land for housing and development, a priority area of work for the Scottish Land Commission.