



# RTPI

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Patron HRH The Prince of Wales KG KT PC GCB

13 May 2016

Dear Sir/Madam,

### **Response to Consultation on further reform of the compulsory purchase system**

Thank you for the opportunity to respond to the above consultation. The Royal Town Planning Institute (RTPI) is the largest professional institute for planners in Europe, representing some 23,000 spatial planners. The Institute seeks to advance the science and art of spatial planning for the benefit of the public. As well as promoting spatial planning, the RTPI develops and shapes policy affecting the built environment, works to raise professional standards and supports members through continuous education, training and development.

Our response is divided between the general comments first and response to the individual questions second. We have not provided answers to every question contained in the consultation, but have instead focused on the areas where we feel the expertise and experience of our members enables us to make a valuable contribution. If you have any questions regarding our responses please do not hesitate to contact us.

Yours Faithfully,

Joseph Kilroy

### **Policy Officer**

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## **General**

RTPI welcomes the DCLG / HM Treasury consultation on further reform of the compulsory purchase system. In particular the RTPI welcomes the attempt to provide clarity around valuation, as uncertainty in this area tends to drive up land values thus making strategic land assembly more difficult. We also share the concern that landowners are benefitting disproportionately from large scale public investment, and therefore welcome proposals to codify the 'no scheme' world.

While it is a welcome endeavour to attempt reform of the Compulsory Purchase Order (CPO) system, it is important to bear in mind that successful implementation of the process requires skill and resource at the local authority level. At present CPO is rarely used by Local Planning Authorities (LPAs) as very few retained officers have the necessary experience; and very few resource starved Council's have the fiscal appetite to undertake CPOs for regeneration schemes. Therefore any reform of CPO should be done in conjunction with an analysis of how local authorities can be equipped to carry out the process. If a reformed CPO process is to be effective there needs to be appetite for Government (national or local) to back up CPO with the necessary resources.

Finally, as the consultation document points out, while focusing attention on valuation assumptions and disregards is worthwhile, government should be working towards a reform of CPO legislation that goes further and allows local authorities to play a more proactive role in land assembly. This would necessitate land being acquired at close to existing use value, with an additional premium provided to compensate land owners. The inability of local authorities to acquire land at less than residential use value leads to fewer housing projects being viable due to the high cost of land, which ultimately exacerbates the shortfall in housing supply.

### **Question 1: Do you agree with the proposal to codify the 'no scheme world' valuation principle in legislation?**

The proposals suggest a change to Section 14 that makes the non scheme world assumptions clearer and allow a wider scheme to be identified, and therefore disregarded. This would be to ensure that an acquiring authority should not pay more for the land it is acquiring by reason of public investment. A key example would be where there has been recent and substantial public investment in adjoining or nearby transport infrastructure.

We wholeheartedly support the principle of an acquiring authority not paying more for land by reason of public investment. The windfall in value which goes directly to private landowners when public investment in infrastructure is made on or near a piece of land, is a clear potential source of revenue for the public purse which should not be overlooked as a source of funding for the housing and infrastructure the country needs. Furthermore lack of clarity with respect to policy tends to drive up land prices so codifying the 'no scheme world' valuation principle in legislation may combat this trend.

However isolating the 'no scheme world' value of land will be complex, and potentially costly. Given the amount of investment that typically goes on around parcels of land, estimating the 'true' value of land is difficult, particularly in view of the fact that a lot of previous land transaction prices would be based on 'hope' value which is now to be disregarded by the terms of this proposal. A decision will need to be taken whether the true value of land is the underlying use value, or the value of the last land transaction made prior to the scheme announcement which anticipated the development for example, or another alternative.

- **Question 2: Do you consider that the proposal by the Law Commission (Rule 13) should be used as the basis on which to take forward amendments to the relevant legislation?**

Many studies using hedonic pricing methods to measure land values consistently show that infrastructure investments not in the immediate vicinity of a piece of land can have a significant impact on the value of that land.<sup>1</sup> It therefore makes sense - in accordance with the principal of private landowners not benefitting disproportionately from public investment in infrastructure - that the acquiring authority could make the case for a wider statutory project for valuation purposes (i.e. the scheme that is to be disregarded) which could be larger than the area covered by that particular compulsory purchase order.

- **Question 4a: Should the definition of the statutory project be extended to include an enabling power which would allow specific transport infrastructure projects to be identified that are to be disregarded within a defined area, over a defined period of time?**

Yes and this should be extended to other types of infrastructure projects too.

- **Question 4b: If yes, do you have any views on how the wider definition should be expressed?**

The Community Infrastructure Levy Regulation 123 list could provide a template for a Compulsory Purchase infrastructure list, containing projects (or types of project) in each local authority area that should be disregarded. This would be subject to a link being shown between the infrastructure on the list and benefit to the land affected by the compulsory purchase.

- **Question 5: Should other types of infrastructure schemes also be included within an extended definition of the statutory project?**

Any infrastructure which can be shown to link to the project in a way that enhances the value of the affected land should be capable of inclusion in an extended definition.

- **Question 6: Do you agree that for the purposes of assessing compensation the whole mayoral development corporation area and all development in it should be disregarded in the same way as it is for new town and urban development corporations?**

Yes. We welcome the confirmation that mayoral development corporations' activities should all be capable of being disregarded when it comes to assessing compensation – thereby maximising the prospect of the public benefitting from increases in land value associated with public investment. This principle could be applied even more widely to other long term and large scale comprehensive regeneration schemes, requiring phased CPOs, so that the costs of acquisition in the later phases are not increased as a result of investment in the earlier phases.

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<sup>1</sup> See [http://www.rtpi.org.uk/media/1685379/rtpi\\_working\\_paper\\_-\\_investing\\_in\\_planning\\_february\\_2016.pdf](http://www.rtpi.org.uk/media/1685379/rtpi_working_paper_-_investing_in_planning_february_2016.pdf)

- **Question 13: Do you agree we should repeal section 15(1) of the Land Compensation Act 1961?**

As stated at the outset if it prevents land owners benefitting disproportionately from public investment in infrastructure this is welcome, however removing 15(1) may deny certainty to an assumed planning status in some circumstances.

- **Question 14: Do you agree that we should repeal Part 4 of the Land Compensation Act 1961?**

The proposal makes the non scheme world assumptions clearer and allows a wider scheme to be identified, and therefore disregarded.

- **Question 15: Do you agree with the proposal to allow the Greater London Authority and Transport for London to promote a joint compulsory purchase order?**

Yes. This proposal is a welcome announcement. By encouraging collaborating on CPOs between bodies such as TFL and GLA it will facilitate joined up delivery of housing and infrastructure.

- **Question 16: Do you agree that the proposal should also apply to new combined authorities with mayors?**

Yes. We have previously argued for a suite of devolved planning powers,<sup>2</sup> and well resourced combined authorities would be placed to take a strategic approach with respect to land assembly.

- **Question 26: Do you consider that there are potential equalities impacts arising from any of the proposals in this consultation paper? Please provide details including your views on how any impacts might be addressed.**

No.

Overall, we would welcome a continued dialogue with government on the matters covered by this consultation and compulsory purchase reform generally.

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<sup>2</sup> See <http://www.rtpi.org.uk/media/1230885/RTPI-Strategic%20Planning-Brochure%20FINAL%20web%20PDF.pdf>

