



Department for
Communities and
Local Government

Local Authority Land Release Fund

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OPE Open Day
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Department for Communities and Local Government

Budget 2016: *local authorities will collaborate with central government on a local government land ambition, working with their partners to release surplus land with the capacity for at least 160,000 homes by 2020.*

£45m Land Release Fund Announced in the Housing White Paper 2017 Launched 1 August 2017

For land remediation and small-scale infrastructure to support the release of surplus local authority land for housing, by 2020.

Background



More
1.26
the mo
owners

release surplus public land with capacity for 160,000 homes during this Parliament. We are operating our Accelerated Construction programme on some of this land. Local authorities are working on parallel proposals to use surplus public land for a further 160,000 homes over the Parliament. **We are providing further support for local authorities by launching a new £45m Land Release Fund** and have already had a large number of expressions of interest for participation in the Accelerated Construction programme outlined in Chapter 3.



Key facts

- ✓ Competitive
- ✓ Capital grant funding
- ✓ Funding for land remediation and small scale infrastructure to bring forward land that otherwise would not have been viable
- ✓ Final bids must be received by 3 November.

Land Release Fund aims:

- Aimed solely at land owned by local authorities
- Aimed at an early stage of the development process, enabling land to be released for development where it would otherwise be unviable
- Land must be released for housing development by end March 2020



Application Criteria

Value for Money

60% of application weighting

Economic appraisal based on the present value **economic benefits** of a scheme divided by its present value **costs to central government**. This will generate a benefit cost ratio.

1. **Economic Benefits:**

- Land Value Uplift
- Additionality:
 - Site specific market failure
 - Market displacement

2. **Costs:** appraisal of costs on central government, spending through the Land Release Fund and any other central government funding

All costs and benefits will be discounted at the standard rate of 3.5 per cent p.a. This will tend to favour delivery sooner rather than later.



Application Criteria Value for Money

The Technical Annex Ready Reckoner is a tool to give an indication of the Value for Money of the bid

Information needed for VfM:

- Funding requested
- The total land areas of unlocked housing sites (in hectares), including breakdown of brownfield and greenfield (in hectares)
- The local authority the site resides in;
- The number and profile of housing completions;
- The previous use value e.g. industrial or agricultural use.
- Expected gross development value;
- Cost of developing the site;
- Additionality assumption;
 - demonstration of clear site specific market failure, including, where relevant, evidence that the works would not have been undertaken by the private sector
 - evidence that releasing land for residential development on the site won't displace activity elsewhere, for example due to:
 - market displacement – increases in housing supply that will be off-set by reduced supply elsewhere in the same housing market, due to a limit on the level of private supply that the market can support
 - local plan substitution – increases in land allocated for housing that will result in reductions in allocated land elsewhere in the same local authority.



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Application Criteria

Innovative Models of Delivery

40% of application weighting

Innovative Models of Delivery

- proposals to take forward development at pace
- proposals for development to be taken forward by small and medium enterprises
- proposals to work with private developers who are taking forward modern methods of construction/innovative design
- joint ventures
- land swaps
- joining up across local authority boundaries

Site in an area that supports government's strategic growth ambitions.



Other DCLG funds

Housing Infrastructure Fund

- £2.3 billion of grant funding to be allocated to local authorities on a competitive basis in period from 2017/18 to 2020/21, to deliver up to 100,000 homes
- To fund physical infrastructure e.g. roads, healthcare facilities, digital infrastructure, to unlock large sites for housing
- Open for bids until 28th September 2017

Accelerated Construction

- Expected to be allocated to local authorities on a competitive basis.
- Aim to deliver 15,000 home starts on central and local government surplus land by 2020.
- Designed to support our market diversification objectives by supporting non-major builders and help tackle the construction skills gap, including through greater use of Modern Methods of Construction (MMC).

Some councils have expressed an interest in the Accelerated Construction programme. We are working closely with this programme to consider how the Land Release Fund could help the Accelerated Construction approach and ensure that local authorities get the funding most suitable for their housing need.



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Q&A