DEMOS

A NEW CIVIC GENERATION

HOW TO CAPTURE VALUE FOR COMMUNITIES IN NEW DEVELOPMENTS

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Any errors that remain are the authors' own responsibility.

Lucy Bush, Elle Griffin and Priti Billimoria

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ABOUT THIS REPORT

Demos is on a mission to upgrade democracy, to one powered by trusting relationships, civic and democratic participation, and technology. We are in a democratic emergency, fuelled by the breakdown of relationships – between state and citizen, between institutions and citizens, and between citizens themselves. The 'democratic doom loop' of mistrust, disengagement and political ineffectiveness inhibits government's ability to deliver on its democratic promises, which in turn further damages trust in institutions. Our answer is a raft of tangible policy solutions with the power to repair and reset these relationships: solutions that ladder up to a 'new deal'.

This paper sits within two of Demos' pillars of work: our '**Citizen Economy**' which is about building a new economic deal in which citizens are treated as rule-makers, not just rule-takers, and in which work, tax, investment and land deliver growth that is shared with the places that create it. The paper builds on Demos' concept of 'citizenship of place', extending it into its economic dimension. It makes the case for a new deal between people and place combining both a democratic and an economic settlement, wired in from the outset, in the way that new neighbourhoods, towns and cities are built.

Forest City

This piece of work has been generously sponsored by the Forest City project.

Forest City proposes the UK's first new city in over fifty years: a home for a million people on 45,000 acres east of Cambridge, Britain's most important and most constrained innovation hub. It would be a city that owns itself. Its £43bn of water, rail, power and civic infrastructure, and 8,000 acres of commercial land, would be held as a commonwealth, with revenue ploughed back into public life rather than extracted by distant shareholders. Its 400,000 homes would form the world's largest Community Land Trust, sold 40% below market or let on a not-for-profit cooperative basis, affordable for generations. It would sit within England's largest nature reserve and fully built, it would add £53bn a year to the economy ensuring the next generation can be assured of prosperity and opportunity well into the future.

At the heart of Forest City is the intergenerational compact: the promise that those who come after us should inherit more than we have. Restoring it demands a radical rewiring of how we own land, generate wealth, treat nature and govern ourselves.

FOREWORD
BY PATRICIA HEWITT DBE

This timely and rich report from Demos knits together three themes central to this political moment: the crisis of political disaffection, disengagement and division; the urgent need to build thriving places that ensure life is both affordable and prosperous; and the equally pressing need to invest in the infrastructure that will help power growth.

Nowhere in this report will you find proposals for more public spending, higher taxes or nationalisation. By drawing on other traditions on the Left - notably those of municipalism, mutualism and co-operative communities - and revealing the potential of existing legislative structures, *The New Civic Generation* sets out a completely do-able prospectus for a radical but cash-strapped Labour government.

Through detailed economic analysis and inspiring case-studies, *The New Civic Generation* makes a compelling case for a new deal 'between people and place'. It starts with the government's commitment to building new homes. But it goes much further, making the case for a double revolution: an economic transformation where the land value, infrastructure revenue and commercial income created by new developments are shared with local residents through a multi-generational settlement. And a social transformation where neighbourhood governance, stewardship and civic infrastructure give people real agency over the place where they live.

I am proud that Forest City, whose advisory board I chair, has sponsored work that helps provide a more solid foundation to the very same ideas the project is pursuing at city scale: community ownership of infrastructure, housing and natural green-space through vehicles such as community trusts.

Our new Prime Minister has made the devolution of power and resources the centrepiece of his administration, promising to give people and places 'what they were promised 10 years ago, ownership and control. And from that control over their destiny comes change and growth.' His belief in the power of local communities is well-founded: alongside the well-known collapse of trust in national politics and government, Demos quotes the often-ignored evidence that people are more likely to trust their local council, to feel pride in their neighbourhood and - crucially - to believe that residents and community groups hold the ideas and skills that their local community needs to improve. What has been elusive are the practical ways in which these aims and values can be delivered, most especially at scale.

Perhaps surprisingly then, the authors find that no new legislation is required to implement this re-wiring of people and place. The policy tools exist already, equally applicable to a small development, a new town or a new city. But it does require a radical overhaul of the development model. Instead of permitting developers to build, sell and then move on, rethinking who owns the foundational elements of a place and how it is governed well into the future, needs to become far more integral to delivery.

I particularly welcome the authors' case for what we might call 'twin-track' democracy: elected local government, strengthened by mayoral authorities, driving forward to establish and then bolster the participatory democracy of citizens' panels, community land trusts and other social-purpose bodies that own and steward a place on behalf of those who live there.

Both are needed if the Prime Minister's commitment to decentralisation is to mean more than just moving decision making powers from Whitehall to the town hall. And the prize is bigger than better places. Every new home, town and city built, is a chance to show people that change can be done with them, not to them: that the value they help create stays where they live, and that their voice shapes what gets built. Place by place is how trust is rebuilt. And it is how a new civic generation is forged.

Rt Hon Dame Patricia Hewitt DBE

EXECUTIVE SUMMARY

If British democracy is to survive the century, it needs a system upgrade - **a radical rewiring of how money and power flow between the state, citizens and private interests.** For too long money and power have flowed up and out of local places. The time has come for a change to that direction of travel and for communities to be recentred as decision-makers and budget-holders.

New housing developments provide a critical opportunity where the government can get that wiring right from the point a new neighbourhood, town or city is built.

The recommendations in this paper are grounded in a central truth that *place creation is value creation*. This means when a new housing development or neighbourhood is raised from the ground, it generates economic value. For one, the land itself can increase in value by over 100 times. A hectare of agricultural land in England is valued at around £23,000. Once residential planning permission has been granted, it shoots up in value to about £2.67 million per hectare.[1]

However, the majority of that massive increase in value - the 'land value uplift', created by a decision made by the local planning authority - will flow up and out of the local area and straight into the private sector. Parliament's Housing Committee estimates that only 27–50% of this kind of uplift is currently captured for the public, with the rest flowing to landowners, promoters and shareholders.[2] Of the 50 new towns and urban development corporations created since the war, just four kept the land and assets they created in local hands.

Economic modelling for this paper shows the scale of the financial value available. At New Towns scale, assembling land ahead of permission on a site like Crews Hill & Chase Park, could capture an illustrative £11.9 billion in uplift, against an acquisition cost of £262 million. The mechanism works in the same way on a single, much smaller site: at Tresham Garden Village, the value of the land can be expected to increase by roughly £8 million even after taking into account the cost of infrastructure construction.

There are mechanisms in place - Section 106 agreements and the Community Infrastructure Levy (CIL) - that enable the local planning authority to capture some of that value. The proposition put forward in this paper, is not only that this mechanism needs to be strengthened but also that a portion of that value should be directed to flow directly into asset-locked trusts rather than to councils - community-led bodies that can keep that money circulating at the local level and in the service of community benefit projects.

1 Housing, Communities and Local Government Committee's report Delivering 1.5 million new homes: Land Value Capture (28 October 2025) Available at: publications.parliament.uk/pa/cm5901/cmselect/cmcomloc/672/report.html
2 Ibid.

The report highlights places that have been wired with a different 'economics of place'. They show that it is possible for communities to retain value and use it to fund the things that councils in other places have been forced to cut:

- **Letchworth Garden City** was founded in 1903, and its community foundation still owns 5,500 acres and lets to 291 commercial tenants. In 2025 it earned £11.6m in property income and reinvested £6.6m directly into the town. That money has funded an educational farm, a subsidised cinema and poverty-relief schemes, all paid for from land rather than council tax.
- When Milton Keynes' Development Corporation wound up in 1992, it leased 4,500 acres of parkland to a new **Parks Trust** for 999 years and transferred £20m of commercial property to pay for their upkeep. The trust now manages 6,000 acres, holds assets of £158.8m and earns £11.1m a year in investment income. The parks left with the council are, by the council's own admission, in disrepair.

The key mechanism in all these case studies is that value is transferred into an asset-locked trust, one tailored to the strength and needs of the place. The task is to make this type of community ownership a default outcome on all new developments, not a fortunate exception.

The recommendations are organised around three things any new housing development needs if it is to become something a community builds for itself, and holds, in perpetuity:

1. **Citizen voice:** to inform the design of any asset-locked trust, every development should convene a citizens' panel before masterplanning begins with a specific role to define local strengths, assets and needs, which in turn informs how a portion of developer contributions are spent.
2. **Transfer of value into asset-locked trusts:** on Development Corporation-led sites - new towns and major urban extensions - the DevCorp should buy land early, capture the uplift, and endow a community trust with it as standard practice; on every other development, Section 106 and the neighbourhood portion of CIL should route community assets and contributions into a trust by default, not general council ownership.
3. **Ongoing stewardship:** every trust created this way should carry a guaranteed resident presence on its board, and every Development Corporation should be required to agree a stewardship and reinvestment plan for its assets before it is allowed to wind up.

None of this depends on a single new law or a single new institution. It depends on treating the tools that already exist - Development Corporations, Section 106, CIL, the community land trust model - as parts of one system so that community voice is a standard input into what gets built, and community ownership a standard outcome of building it. Done this way, a new economics of place and the citizenship of place, are wired in from the start.

The approach put forward is neither statist in its framing, nor reliant solely on private companies. Indeed, it is set in distinction to the prevailing forces of nationalisation and globalisation. It is a profoundly localist and communitarian proposition. One that foregrounds collective benefits as the purpose, collective decision-making as the means and civic pride as the fuel. In that sense it has a long heritage, rooted in Victorian municipalism, and the cooperative and mutualist movements. If the ideas and values running through those movements are the inspiration for this paper, then this proposition is about bringing them to bear on the specific challenges of 21st century polarisation, division and democratic disengagement.

One new place at a time, it can herald the emergence of a new civic generation.

INTRODUCTION

"People are not apathetic; they're hungry for agency and connection"[3]
- Andy Burnham

If British democracy is to survive the century, we need a system upgrade - a fundamental rewiring of how money and power flow between the state, citizens and private interests. A new economics of place must make communities the new beneficiaries

Faith in the national vehicle is bleak. Polling this year puts the proportion of the public who have 'a lot of trust in the UK government' at a dismal 10%.[4] A feeling of powerlessness amongst citizens - that politics is something 'done to you' from a far away place - is pervasive, as only 5% of people feel they have any substantial opportunity to influence Westminster.[5] And there is something interesting running alongside this - a crashing decline in our sense of pride in the country. Demos polling this year revealed a 27% point drop over a 15 year period in the proportion of the public who said they were 'proud of their British citizenship' - from 74% in 2011 to 47% in 2026.[6]

But if you look at the local level - the places that people live in and identify with - something else is happening. Local government consistently scores better on trust measures, with ONS data from their most recent Trust in Government survey putting trust in councils/local authorities at 34% compared to national government (27%) or Parliament (24%).[7] There is also a far greater sense of agency at the local level, however modest: 26% of people say they can influence decisions in their area, more than five times the number who feel any real ability to influence decisions at Westminster.[8] And fascinatingly, trust and pride in one's local community has also bucked national trends. 60% of people say that others in their community are trustworthy, compared to only 45% who trust the British public at large.[9] 40% of people say they are 'proud of their local community', up from 29% in 2011[10] - a notable divergence from feelings about the country as a whole. Further, 70% say that residents and community groups hold the ideas and skills that their local community needs to improve.[11]

3 2025, Britain Renewed: Labour and the Communitarian Tradition
4 www.electoralcommission.org.uk/research-reports-and-data/public-attitudes/public-attitudes-elections-and-democracy-2026-findings
5 Electoral Reform Society/Savanta ComRes, 2021
6 https://demos.co.uk/wp-content/uploads/2026/08/A-Place-for-Pride-2026_Report.pdf
7 Trust in government, UK: 2023, ONS
8 Office for National Statistics/DCMS, Community and Engagement Survey 2025/26 - influencing local decisions: report
9 p.25 in Demos' A Place for Pride 2026: The collapse of pride in Britain – where to find it and how to rebuild it
10 ibid.
11 DCMS Community and Engagement Survey 2025/26 quoted in JRF: Essential but unequal: the need for social infrastructure in every place

This amounts to a significant and interesting difference in what is going on at a national vs. local level. The picture in communities is far from rosy. But in those indications of positivity and progress lie the seeds of change.

There is an untapped opportunity to make citizens and local communities the drivers of civic and democratic renewal

There is evidence that putting communities in the driving seat, fuels change and delivers results. In England we can draw on the rich heritage of working class innovation and ambition that created the cooperative and mutualist movements in the 19th Century. The creation of member-owned shops, mutual insurance societies, building societies, and friendly societies gave ordinary people collective control over trade, credit, and welfare. Around the same time, and led by industrialists themselves, a handful of model villages were being built for workers - profits were literally being poured into the foundations of places and communities that still exist and thrive today.

More recently, a different strand of evidence helps compound the picture of neighbourhood strength and community-led progress. Last July, Locality published the results of a 15-year longitudinal comparison of neighbourhood-led initiative areas against 29 similarly deprived benchmark areas that didn't get resident-led investment. Those areas with neighbourhood-led initiatives saw a 41% increase in local business units, against 22% in benchmark areas - that's nearly double the rate. Child poverty rose more slowly (5.5 percentage points vs. 8 points between 2014–2021) and crime fell further (19.1 fewer offences per 1,000 residents vs 10.5) in the resident-led areas.[12]

It is both this heritage and kind of data that demonstrates the latent power in our neighbourhoods, towns and cities. It is in such physical places where we will be best able to reinvigorate a sense of citizen agency and of collective endeavour. Where civic pride - even competition - can be harnessed to drive innovation and where belief in change can be powered by accountability loops that are both watertight and powerfully simple. It's in the everyday places and spaces of our lives that positive social change will be witnessed and experienced. Where any 'feelgood factor' about life in the UK - if we are to find it again - will be driven and be given substance.

It is a sentiment shared by the new Prime Minister Andy Burnham, who took office in July this year having built his political career and his pitch to the country, on the argument that Britain's over-centralisation is itself the problem. He is explicit in his belief that rewiring the state by devolving power to regions and people "can transform lives and rebuild trust in politics".[13,14] No surprise then that Burnham's first major speech put devolution at the centre of his government's vision. Within his first fortnight in office he had made a series of policy announcements to bring this ambition to life. Mayors are to receive a share of business rates from 2027 and a share of income tax from April 2028.[15] Along with other local leaders, they also will be granted the power to introduce a levy on overnight stays to capture a source of income from visiting tourists.[16] Every government department must now justify why it is retaining a power rather than devolving it "by default".[17] And he opened No 10 North in Manchester, with a speech to staff declaring he

12 localtrust.org.uk/news-and-blogs/news/new-research-shows-local-resident-led-regeneration-has-doubled-business-growth-in-the-uks-most-disadvantaged-communities/

13 www.ucl.ac.uk/engage/news/2026/jun/reclaiming-power-together-can-politics-community-renew-britains-purpose

14 And there is evidence the public agrees - when asked whether 'giving more power to local people and community organisations' had the ability to restore trust in democracy, 72% of people agreed https://www.right-here.org/wp-content/uploads/2025/04/WRH-polling-devolution-and-community-power-Feb-2025.-09.04.25.pdf

15 Press Release from: Prime Minister's Office, 10 Downing Street and The Rt Hon Andy Burnham MP: Available at: PM hands mayors share of income tax to make lives better in every postcode

16 https://www.gov.uk/government/news/local-leaders-handed-powers-to-drive-investment-in-communities

17 www.gov.uk/government/publications/rewiring-the-state-cabinet-statement/rewiring-the-state-cabinet-statement-html

was "putting power in every postcode so that people can turn things around for themselves."[18]

His project is one that will combine political and fiscal devolution, a project intended to bring decision-making closer to the ordinary citizens of the country. But how 'close to the ground' does his vision extend? So far, policy announcements have focussed on a rebalancing of powers between tiers of government - what Whitehall hands down to combined authorities and their mayors. Almost nothing has been said about what this means in practice for communities and citizens themselves. What will their new role be? Their new powers? Their new budgets? What do communities themselves need to make good on the promise Burnham has made them?

The answer is a new economics of place that diverts money to communities that would otherwise end up in private hands or with the Treasury

The first thing that needs urgently fixing is the critical tension at the heart of places today - that the link between economic activity and the areas that generate it does not exist in any meaningful way. Despite the scale of the opportunity in communities, the way the state and financial flows are currently set, actively weakens local prosperity and starves local people of the resources they need to do anything meaningful.

It is a diagnosis that many others have identified and sought solutions to. It is the premise of the community wealth building movement from the early 2010s (with primary case studies being Preston in the UK[19] and Cleveland in the US)[20]; Community Land Trusts (which hold land collectively and in perpetuity)[21]; mutual and cooperative housing (in which residents hold their homes through a mutual home ownership society rather than individual freehold)[22]; Germany's municipally owned utilities - Stadtwerke, (which recycle surpluses from energy, water and transport into local services and infrastructure rather than distributing them to shareholders)[23]; and it runs through Locality's work helping communities use the Community Right to Buy to take pubs, shops and other assets into collective ownership.[24]

The focus of this paper is to address the same challenge but through the specific lens of *new places* - new neighbourhoods and new towns that are built from scratch. The language coming from the government is all about 'rewiring' the state. But what if we could show how to get the wiring right in the first place? So that in every new development that is built, the ownership models, financial flows and decision-making bodies re-route economic value and autonomy directly to residents. The ambitious place-building programmes of the 20th century - extensive slum-clearances, urban regeneration projects, New Towns and the Garden City Movement - were shaped by a bold and progressive vision of what life in the UK could be. We need to reconnect with that level of ambition and purpose in the creation of new places and neighbourhoods.

This is not a theoretical exercise. The building of new neighbourhoods and places is a national strategy, with the government's own target of building 1.5 million new homes by the end of this parliament setting the scale and pace of the ambition. Councils need to deliver hundreds, often thousands of new housing units each year.[25] And the New Towns programme - currently comprising a shortlist of seven locations spanning greenfield new-build, urban extension and

18 Prime Minister's Office (2026) Prime Minister's opening remarks to staff following his arrival at No 10 North: 24 July 2026. Available at: https://www.gov.uk/government/speeches/prime-ministers-opening-remarks-to-staff-following-his-arrival-at-no-10-north-24-july-2026
19 https://cles.org.uk/news-events/the-preston-model-of-community-wealth-building-in-the-uk/
20 Cleveland's Evergreen Cooperatives, launched in 2008, undertook a similar project of directing the spending of the city's largest hospitals and universities to worker-owned businesses that captured wealth rather than allowing it to pass through the city on its way to shareholders elsewhere (Democracy Collaborative).
21 https://www.communitylandtrusts.org.uk/about-clts/what-is-a-community-land-trust-clt/
22 https://www.housinginternational.coop/resources/lilac-mutual-home-ownership-community-in-leeds-england/
23 https://www.cleanenergywire.org/factsheets/small-powerful-germanys-municipal-utilities
24 https://locality.org.uk/what-is-community-right-to-buy
25 (2025) Appeal Finder, Latest Minimum Housing Need Figures.

brownfield regeneration sites - is the biggest singular commitment to creating a swathe of 'new places' up and down the country, each with at least 10,000 new homes in each development.

The solution proposed here is an economics of place that looks at how land value, infrastructure revenue and commercial income can be captured, retained and recycled at the local level, so that collectively the people of a place become the primary beneficiaries of investment. It is intended to be a powerful proof of concept, with implications for urban regeneration and neighbourhood renewal projects alike. The idea is grounded in the central truth that *place creation is value creation*. That when a new neighbourhood or town is raised from the ground, it generates economic value. Economic value that can be captured in the service of a new civic project.

It guarantees communities two things: 1) ownership of local assets and infrastructure and a real stake in their survival; and 2) a governance vehicle for citizen control fuelled by a healthy and sustainable source of funding. It is this pairing - money and power being stitched together at the community level - that can reconnect ordinary citizens to a level of agency that can only truly flourish in a democracy.

AN OUTLINE OF THE PROBLEMS LOCAL PLACES HAVE

PROBLEM 1

LOCAL PLACES HAVE LIMITED ABILITY TO RETAIN AND INVEST THE MONEY THAT IS GENERATED AT A LOCAL LEVEL

This is true in two ways:

Firstly, the architecture of the state and delineation of fiscal powers and responsibilities, routes funding and decision-making through the centre. This is not a new phenomenon, but a long-term trend that can be traced throughout the 20th Century as successive governments of all political persuasions, increasingly redirected locally-raised money through the centre and back out again in the form of grants.[26]

The upshot is that in 2026, the UK is the most fiscally centralised country in the G7 with 95% of tax revenue going to central government and just 5% going to sub-national government bodies.[27] Income tax, VAT and corporation tax generated by a place's residents and businesses are collected nationally and redistributed by formula, with no automatic link back to where they were generated. What income a city does earn - from council taxes, business rates, and government grants - is capped. Council taxes are based on 1991 property values,[28] which means they are earning only a fraction of what they could be. They keep just 50% of business rates (75% in some pilot/devolved areas) and the rest goes to the Treasury.[29] And council earnings are constrained by laws that determine how they can be spent. Rent from council housing can build and maintain council homes but it cannot pay for a library or greenspace.

26 Travers, T. and Esposito, L., The Decline and Fall of Local Democracy: A History of Local Government Finance (Localis / Policy Exchange, 2003)
27 https://www.centreforcities.org/blog/england-needs-fiscal-devolution-here-is-how-to-design-it-for-growth-and-fairness/
28 www.gov.uk/guidance/understand-how-council-tax-bands-are-assessed
29 Reviewing and reforming business rates (House of Commons Library, CBP-7538)

The story of land value uplift is illustrative. There is hardly any asset more 'of a place' than the land it sits on. Yet every serious attempt to capture the windfall that comes from development has been a national tax rather than a local retention mechanism: the Development Charge (1947), the Betterment Levy (1967) and Development Land Tax (1976) were all legislated by Parliament and paid into the Treasury, not held by the place whose planning permission generated the gain.[30] Each was relatively short-lived, repealed by the succeeding government, because it depended on Westminster's continuing political will rather than being built into the place's own fabric. What we have in place now does little to change the economic dynamics. Capital Gains Tax, the main value capture mechanism that applies when land is sold on, is a wholly national tax with no automatic link back to the community that created the value. And the mechanisms designed to work locally - Section 106 and the Community Infrastructure Levy - capture only a fraction of the uplift in the first place (the Housing, Communities and Local Government Committee puts current capture at roughly 27–50%, depending on methodology).[31]

Secondly, the commercial and financial wiring of places mean that money spent in a place is often swiftly removed from the local economy. This trend can be traced over the same time period as the erosion of local taxes - albeit the journey is a slightly more complex one. But there was, for example, a point at the end of the 19th Century where councils actually owned and derived a serious income from commercial enterprises - most notably utilities provision. The forces of nationalisation, privatisation and globalised financialisation were to remove those revenue sources from local places over the subsequent 100 years.

Joseph Chamberlain, Mayor of Birmingham from 1873 to 1876 was a trailblazer of the municipal movement and showed what could be done with an audacious place-based approach to improving the lives of his fellow citizens. His fundamental idea was that *"the municipal ownership of utilities could bypass the Council's limited tax base by using profits which would have gone to private shareholders to fund instead civic improvements or even reduce the rates."*[32] In his tenure he masterminded council acquisition of two privately held gas companies, the annual profits of which quickly ran into tens of thousands of pounds. This money was saved down into funds, invested in civic infrastructure such as the Birmingham Museum and Art Gallery and, most significantly, used to transfer control of the privately owned waterworks to a not-for-profit committee. Improvements to public health and a steep reduction in the death rate, swiftly followed the improvements to water supply and sewage treatment that were brought in under municipal ownership.[33] Other cities and boroughs followed suit,[34] so that by 1902, an official Parliamentary Return counted 193 municipalities in England and Wales running their own waterworks, 102 their own electricity supply, 97 their own gasworks and 45 their own tramways.[35]

From this "heydey of local government",[36] the model of municipal enterprise was rolled back in the twentieth century, though not in a single continuous movement. The decisive break came with postwar nationalisation - a continuation of the centralisation of power that had seen the country through the war itself and needed to power the rebuilding effort. Over the course of a few years in the late 1940s, hundreds of separate electricity and gas holdings were taken under nationalised, public control; water was first run by regional bodies and nationalised in the 1970s.[37]

30 Scottish Land Commission, An Assessment of Historic Attempts to Capture Land Value in the UK (2018).
31 committees.parliament.uk/publications/49932/documents/268911/default/
32 Tristram Hunt, Building Jerusalem: The Rise and Fall of the Victorian City (London: Phoenix, 2005) p.337
33 Ibid.
34 Glasgow was another place at the time where civic innovation and municipal power flourished - the city took gas into council hands in 1869, water via the Loch Katrine scheme in 1859, and the tram network in 1894. At the smaller end of the scale, Shoreditch's 1897 Refuse Destructor and Electricity Generating Station literally closed the loop on civic self-sufficiency, burning the borough's own rubbish to light its own streets and heat its own public baths (municipaldreams.wordpress.com/2013/12/03/shoreditch_electricity/)
35 Parliamentary Return of Reproductive Undertakings Carried on by Municipal Authorities (England and Wales, London excluded), as at 31 March 1902, cited in Theo Rothstein, Municipal Socialism, Social Democrat, April 1903.
36 https://www.localis.org.uk/wp-content/uploads/2003/08/Travers-T-Esposito-L.-The-Decline-and-Fall-of-Local-Democracy.-A-History-of-Local-Government-Finance.pdf
37 Electricity Act 1947; Gas Act 1948; Regional water authority; Water Act 1973 | LexisNexis

The next major transition was the transfer of that value out of the public sector altogether into private hands under Thatcher. This major structural change to our economy set up new powerful extractive flows of capital out of local areas. In their essay The Productive State, Mathew Lawrence and Alex Williams explain how, since the mid-1990s *"privatised transport, energy, and water companies have paid out close to £200 billion (in today's prices) in dividends while delivering lower investment rates than their publicly owned predecessors."*[38] That's billions of pounds generated in actual places in the UK, that has been extracted from local circulation never to return or be replaced by similar levels of inward investment.

Brett Christopher's 2023 book *Our Lives in their Portfolios; Why Asset Managers Own the World*, recounts another thread of the same story - namely how global investment funds have been increasingly buying up, and extracting profits from, physical assets and infrastructure that are foundational to the shape and quality of our lives. He picks the county of Kent to illustrate the extent to which asset managers have "colonised the local physical landscape" and "stitch[ed] themselves into the very fabric of [our] social metabolism".[39] He names over a dozen investment funds - based variously in New York, Sweden, Australia, Chicago, Canada and Luxembourg, as well the UK - who own rental properties, care homes, student housing, solar farms, parking spaces, water and waste-water infrastructure, a broadband network, hospitals and schools across the entire county.

The predominant financial flow - from the local, then up and out - has therefore been over a century in the making. From municipal ownership, to public sector nationalisation, to globalised privatisation, the changes have been both seismic and incremental. That financial flow now covers the millions of smaller scale transfers that are close to home as well as larger scale extractions. There are the regular transfers of money from households to nationally or internationally headquartered supermarket chains, energy providers, online retailers, mortgage providers or estate management companies. Then there is money that goes straight to landowners, developers and housebuilders from the value uplift on land sales, or service contracts procured by anchor institutions, such as universities or the HQ of a major company. In each case money is leaving (or never hitting) the pocket of a person, business or institution located in a given place and finding its way very quickly into a nationally or internationally owned enterprise, sovereign wealth fund, foreign state-owned enterprises, or an asset manager's investment fund.

PROBLEM 2
THE UK IS NOT ESPECIALLY GOOD AT BUILDING NEW PLACES THAT CAPTURE AND DELIVER VALUE FOR LOCAL COMMUNITIES

The dominant model of place-making and stewardship in this country fails to deliver developments that are economically or socially vibrant. New development extracts value from communities, both at the point of sale and on an ongoing basis, while civic life in newly built places stays thin: social infrastructure is notable by its absence, and residents, old and new, have few real mechanisms to shape the places they live in or create a genuine sense of belonging.

The result is that new places too often feel like a burden on the local area rather than an asset to it. Despite a widely recognised housing crisis, new development generates real ire: existing residents push back, newcomers strain local services, and new estates tend to sit awkwardly at the edge of settlements, struggling to integrate either socially or economically. A place can be built and still add up to less than the sum of its parts.

38 p.18 actionnetwork.org/user_files/user_files/000/144/509/original/the-productive-state-a-framework-for-manchesterism.pdf
39 P.18 Brett Christophers, Our Lives in Their Portfolios: Why Asset Managers Own the World (London: Verso, 2023), p. 18.

Land value uplift - the increase in what land is worth once it is granted planning permission and connected to new infrastructure - is largely privatised.[40] As land transforms from undeveloped ground to a lived-in place, value is created and large sums of money start flowing between landowners, developers, housebuilders, local authorities, banks, management companies and residents themselves. But it is existing residents who bear the costs of change. Economic capital fails to circulate locally, and the community infrastructure and third spaces that would generate social capital are not sufficiently funded.

PROBLEM 3

LOCAL PLACES HAVE SEEN A TRANSFER OF LAND AND HOUSING OUT OF PUBLIC OWNERSHIP INTO PRIVATE HANDS, REDUCING THE ABILITY OF COMMUNITIES TO GENERATE VALUE FOR THEIR OWN COLLECTIVE BENEFIT

Council-owned land and housing have both declined sharply in recent decades, following almost exactly the same arc as the fiscal centralisation traced above.

In 1979, 42% of people in Britain lived in council housing, the product of 4.4 million homes built since 1946.[41] Council-owned county farms had also reached their historic high of 426,695 acres.[42] But Thatcher-era privatisation, Right to Buy, and later austerity-driven asset sales have put council landholding into terminal decline. It is estimated that Right to Buy alone transferred £430 billion (in today's prices) from the public purse to private hands.[43] An estimated 75,000 of council-owned community assets, worth £15 billion,[44] have been sold off between 2010 and 2023. And councils are selling off an additional £1.2 billion[45] in assets each year, including sports clubs and commercial real estate centres, with 60% planning to use the money to shore up social services costs and avoid bankruptcy.[46]

The New Towns programme is a powerful illustration of the same dynamic. Legislation in the 1940s let the government designate a site, compulsory-purchase the land at agricultural rates, and masterplan a complete new town, on the model of a town capturing its own uplift. As a building programme it was a genuine success: around 32 new towns now house roughly 2.8 million people. But housing built by the Development Corporations was transferred to councils, which later sold much of it under Right to Buy. The commercial real estate meant to fund each town in perpetuity saw its rents flow to central government rather than the town itself, and the commercial estate was eventually sold off to private investors too.

The same mechanism was used a second time, to regenerate 18 existing cities through Urban Development Corporations. These corporations are temporary by design: once an area is built, they transfer their assets to various parties and dissolve. Community assets - parks, town halls, recreation facilities - typically went to councils, as did much of the housing, which was later sold off under Right to Buy into ordinary market-rate stock; the commercial real estate went instead to the Commission for the New Towns, which in turn sold it on to investors. Across both waves - the 32 New Towns and the 18 Urban Development Corporations - only four kept that value at home for the benefit of local communities. The rest sold land and assets for the benefit of private property owners or the Treasury.

40 Housing, Communities and Local Government Committee, Delivering 1.5 million new homes: Land Value Capture
41 2026, UNISON, Firm Foundations part three: the history of council housing
42 Guy Shrubsole, "How the extent of County Farms has halved in 40 years", Who Owns England?, 8 June 2018.
43 Common Wealth, "Wrong to Sell: How Right To Buy Gave Away Billions in Public Wealth",
44 https://www.ippr.org/media-office/revealed-an-estimated-15-billion-local-public-assets-sold-since-2010
45 https://www.ippr.org/media-office/revealed-an-estimated-15-billion-local-public-assets-sold-since-2010
46 https://www.theguardian.com/society/2025/nov/15/english-councils-sell-off-social-clubs-sports-centres

LESSONS ON CAPTURING VALUE FOR LOCAL COMMUNITIES

There are plenty of examples - historical and international - that can provide inspiration and models for a different wiring of local economies, different financial flows at the local level and a corresponding civic architecture that enables decision-making to happen in places. In this section we build out the argument by drawing on case studies that hold lessons for us in how we can capture value for communities. The section is structured around three core questions:

1. What legal structures do we need to capture value for communities?
2. How can that value be used for the benefit of communities?
3. How can the new model be created using the planning system?

1. WHAT LEGAL STRUCTURES DO WE NEED TO CAPTURE VALUE FOR COMMUNITIES?

Communities need asset-locked structures that bring money and power back to localities, and protect that value in perpetuity

Asset-locked organisations are a key legal entity that can be used to capture and retain value for communities over generations.

An asset locked organisation does three things: permanently holds assets, earns revenue from those assets, and recycles the earnings from those assets back into a defined community. They generate a circular economy that makes and spends money back on itself, rather than extracting that value away for the benefit of private companies or central governments. The asset, be it property or otherwise, it holds cannot be sold or developed for the benefit of financial shareholders. Instead, it is held indefinitely, and for the benefit of the community.

Land trusts are one of the most common asset-locked structures, and there are several versions of it. The town of Letchworth, for one, is a charitable community benefit society that must use any and all financial gains for the benefit of the local community - those who live and work within the 5,500 acres of commercial and residential properties it owns. The town of Bournville does the same, owning land and using income earned from for the benefit of its residents.

The City of London is an example of a local authority that holds a number of assets in asset locked organisations - parks, woodland and commercial property[47] - from which it derives income and community benefit. This means that no board, council, or government can sell those lands or properties out from under the communities who benefit from them.

That allows asset-locked organisations to preserve wealth locally in a way that councils can't. Over the past 100 years asset-locked organisations like Letchworth, Bournville, and many of the properties owned by the City of London, have retained ownership of their land and grown richer over time, continuing to invest in massive greenspaces and gardens as well as community infrastructure. During that same period of time, councils sold off their land, were defunded, spent less on gardens and greenspace, and became financially constrained to the point that they can't balance their own budgets. This is a huge loss to communities as land leaves public ownership and enters the private market instead.

Asset-locked land trusts that hold onto land forever bring money and power back to localities. That doesn't mean they should replace councils, nor are they governed by them. Instead, they sit parallel to one another: a land trust owns the land and earns revenue from the land - it's the circular economy protected away from the councils and political budgeting. The council provides statutory services to those who live on that land, and earns tax revenue to provide them - it's the roads and the schools and the infrastructure.

In Letchworth, for example, the trust holds the property and earns revenue to preserve aspects of the community councils usually cut first - the 13-mile Greenway around the town, its independent Broadway Cinema, its educational Standalone Farm, and grants programmes for local groups. Meanwhile, Hertfordshire County Council provides Letchworth with schools, social care, and roads while North Herts Council provides the planning and waste. Both councils have a seat on Letchworth's board, but maintain only minority influence over it.

This creates a dual governance structure: the trust owns the land and land value, and is governed by a volunteer board that is legally bound to spend earnings on purposes fixed in the trust's constitution. The council remains responsible for services and is governed by elected councillors on a four-year cycle, with a budget it must balance every year. The combination is better than either one acting alone. Councils provide necessary services through democratic governance, while trusts provide neighbourhood-level self governance.

Land trusts have quite a lot of flexibility over how they are governed, and how decisions about income and investments are made. Not every trust is democratic - the Milton Keynes Parks Trust has no resident elections at all. But community governance can also be built in with great effect. Letchworth has 30 governors: six elected by area electors, 10 nominated by the town's registered clubs and societies, two for local councils, and the remainder appointed by the board for certain skills. It is this body of community governors that elects up to 7 of the 11 trustees responsible for overseeing the budget.

The Bournville Village Trust, while composed of just 12 trustees appointed by existing members, also has a large variety of resident-led associations. The Bournville Village Council, established in 1903, is a volunteer-led residents association that informs both the Bournville Village Trust and Birmingham City Council. It also holds the annual Bournville Village Festival and holds

47 These include: Epping Forest, Hampstead Heath, Burnham Beeches, Ashtead Common, Highgate Wood and Queen's Park, West Ham Park, West Wickham Common, Sir Thomas Gresham Charity, and Keats House

one seat on the trust's Estate Management and Scheme Committee. The Committee itself is a resident organisation in charge of the aesthetics of the town - the most recent design guide, written in 2021, consulted more than 7,000 residents.

Every asset-locked organisation can enshrine local governance into its board structure, as Letchworth has, and every community within it can create ground-up organisations that influence it, as Bournville has.

Asset-locked trusts provide a healthy and sustainable income for communities, from sources tailored to the strengths of each place

Asset-locked organisations can support themselves through a variety of revenue streams. One city might have a large commercial district, and use those leases to fund affordable homes and rentals as well as green space. Another might invest in infrastructure and energy, and use the revenues from their wind power to fund a better marina or waterfront district. Still another might establish a housing formula to keep homes affordable, or invest in golf courses or tourist infrastructure.

This can work effectively at vastly different scales and in very different types of place - from a commercial district governing 676,000 workers (City of London), to a smaller urban settlement of 30,000 (Letchworth), to a rural community of 11,000 (Stornoway Trust), or even an island of 100 people (Eigg).

Communities in large urban areas can derive income from commercial land

Commercial real estate is one of the most effective forms of revenue generation, as evidenced by the City of London—one square mile of the most productive land in Britain. The City of London generates £109 billion a year - 4% of the entire UK economy on just 0.001% of the country's land.

Most of that land is commercial - owned by property companies or pension funds. Some of it is even owned by international developers: Norway's oil fund owns a quarter of Regent Street. Qatar owns the Shard, Harrods, and much of Canary Wharf. One parcel, Broadgate, is a 32-acre commercial development worth £2.7 billion, generating £125.8 million in annual rents - half of it belonging to the Singaporean Government. That means the most valuable land in the nation sends its earnings to companies, pension funds - even Sovereign Wealth Funds internationally. Except, that is, the part of its territory owned by the City of London itself, which recycles earnings right back to the City.

The City of London, unlike any other council in the UK, is a truly medieval corporation preserved into modern day. Every other council was a local authority that later acquired land, but the City of London Corporation was a landowner that later acquired council powers. In fact, it's the last surviving example of what a local authority looked like before we decided they should be funded by taxation instead of by property. That comes with advantages. The City governs 716 acres in the heart of London, and owns much of the land within its jurisdiction. In 2024, the City's Estate brought in £227 million, £85 million of that from property and investments, 100% of which the corporation got to keep.[48] Of the £1.3 billion they raised in taxes,[49] they kept only 4.3% of it - £56.1 million[50] - with the rest flowing out to the national government for redistribution elsewhere.

This means the endowment earns more from *owning* commercial real estate than the city keeps from *taxing* it.

48 https://www.cityoflondon.gov.uk/assets/about-us/budget-and-spending/citys-estate-accounts-2024-25.pdf
49 https://www.cityoflondon.gov.uk/assets/about-us/budget-and-spending/audited-statement-of-accounts-2024-25.pdf
50 Based on page 106: National business rates (net of reliefs and voids): 1,292.8 m. And page 41: Retained National Business Rates 56.1 55.2

And because the city's income is independent of taxation - which changes with political cycles and is controlled by the nation, not the local authority - it has its own revenue source. That gives the City of London something few other councils have: combined assets worth £4.3 billion.[51] The City reinvests its earnings into properties, schools, and greenspace. It invests in 11,000 acres of the aforementioned parks and forestland, which collectively cost £21.7 million a year to maintain. The City also invests £40 million a year in grants which fund capital projects like new and expanded court buildings like Salisbury Square—something a council would have had to borrow for or forgo.

But, and this is key, none of this funding comes from taxation - it comes from the City's endowments, a portfolio that grows in value as its assets do. Outside real estate properties, the endowment also invests in financial markets, 64% of which is invested outside the UK.[52] That means this one council has a globally diversified financial portfolio - it's basically a sovereign wealth fund - but with the money earmarked for local benefit rather than national.

And the City of London is proof the model can persist for 800 years.

Only the City of London, which has always owned itself, and earned its own revenue, was insulated from national sell offs, and protected from sending all of its value out to the nation in the first place. And it has used its land and value for extraordinary local gain.

This is what happens when land is owned locally - the value is returned locally.

The City did all of this as a medieval corporation with a constitution nobody would design today - businesses vote in its elections, and there are many more of them than residents. But today, land trusts serve a similar function, and with better results for locals. Here, the trust owns the land and earns income from commercial and residential leases. And just like the City of London, those earnings go right back to local services.

Letchworth, however, does the same as a land trust. It owns 5,500 acres and lets 291 commercial tenants. In 2025, it earned £11.6 million in property income, and was able to reinvest £6.6 million back into the local community - including investment in an educational farm for children and families, a local cinema with subsidised tickets and community events, as well as recreational facilities and poverty alleviation schemes. They're currently investing in three new nature preserves, and poured £171,500 into local food banks and financial support for medical bills.

Not only can asset-locked organisations earn revenue from their assets, but they can also borrow against those assets for future development. Housing associations, for one, are asset-locked organisations that have borrowed £105 billion against £218 billion of housing assets. This finances waves of new home building, putting £14.2 billion into development and delivering around 54,000 new homes in the year to March 2025.

51 https://www.cityoflondon.gov.uk/about-us/budgets-spending/statements-of-accounts: 1) City's Estate £2,838.5m net assets citys-estate-accounts-2024-25.pdf; 2) City Bridge Foundation £1,493.3m total funds CBF Annual Report and Financial Statements 2024/25; 3) City Fund investment property £1,504.8m audited-statement-of-accounts-2024-25.pdf
52 https://www.cityoflondon.gov.uk/assets/about-us/budget-and-spending/citys-estate-accounts-2024-25.pdf: p. 46: Currency GBP is 354.3 (37.5%)

Communities can derive an income from owning parts of essential infrastructure such as energy generation assets and infrastructure

It's not just commercial land that can deliver an income stream to communities. In rural or agricultural areas that lack a commercial centre, communities can own the infrastructure they rely on, and be supported that way too.

Sealladh na Beinne Mòire (SnBM for short), for one, is a Scottish community land trust that holds 92,000 acres, 850 crofts, and three quarries. In 2013, the trust took out loans and capital grants to build three wind turbines, which now provide energy and income for the islands. Today, the trust generates between £763,000 and £1.5 million a year from wind farm profits, much more than the £250k and £800k a year it earns in ground rents.

Here the wind farm becomes the commercial entity earning revenue for the trust, and nearly all of those surpluses are reinvested back in the community. That income, plus grants from regional development agencies like Highlands and Islands Enterprise as well as the Western Isles Council funded a £10 million new marina in 2015, which supported the growth of leisure and industrial marine economies. And the success of both projects led to further investments: A harbour expansion project, an investment in the local seaweed industry, and a tourism centre and golf course. Each project funding the next.

Today, the trust invests between £200k and £450k in new buildings, plants, or turbines each year, with another £650k going to paying down their loan principal for the wind farm. As of 2023, it's holding £3.5 million in cash, and as of 2024 it's holding £4.8 million in wind farm loans. When the loans are paid off, that's even more money for community reinvestment - on a population of only 3,200 people.[53]

Here, a small community of people are supported by owning something people *have* to pay to use: land, energy, water. That gives them a natural monopoly over local infrastructure, and provides a stable revenue source that can support the local community indefinitely.

Every Scottish land trust does this differently. Some, like SnBM, Gigha Heritage Trust, and Eigg Heritage Trust own the land as well as the turbines on it. Others, like the Stornoway Trust, own the land, but lease it to power companies who can provide the infrastructure. Lewis Wind Power, a commercial developer, has consent for 33 turbines on Stornoway land. The Point and Sandwick Trust's Beinn Ghrideag turbines also lease Stornoway land. The latter wind farm, built in 2015, generates £900,000 in net income for the Point and Sandwick community each year, expected to grow to £2 million a year once capital costs have been repaid, even as it pays a lease to the neighbouring Stornoway trust.

Some trusts own both the land and the infrastructure, but separate the services: The Galson Estate Trust, for example, leases land to Galson Energy Ltd, a subsidiary of Sminig Energy Society Limited, a community benefit society. Galson Energy owns and runs turbines, but profits are routed back to the Galson Trust. This allowed Galson Energy to raise £705,800 from 167 investors in 2015, even as the risk remains with the energy company, not the trust. Galson Energy's turbines, installed between 2013 and 2015, have produced £4.35 million in surpluses to the trust over a decade.

Establishing a land trust can give any community the ability to invest in and own its own infrastructure and generate revenue that can be funnelled back into the community. In Scotland, ownership of utilities has benefitted communities of 100 (Eigg), 3,000 (Gigha), and 11,000

53 Comparing 2023 and 2022 balance sheets from the three organizations within SnBMs portfolio: South Uist Estates which holds the land and earns rents. South Uist Renewable Energies which owns and runs the wind farm. Storas Uibhist which owns and manages the Grogarry Lodge, as well as hunting and fishing on the island: 1) https://find-and-update.company-information.service.gov.uk/company/SC046532/filing-history 2) https://find-and-update.company-information.service.gov.uk/company/SC367861/filing-history 3) https://find-and-update.company-information.service.gov.uk/company/SC262354/filing-history

(Stornoway) in a way that public, and certainly private, ownership was never able to do before. Before Eigg built its own wind turbines, the island relied on diesel generators with fuel boated in from the mainland. Adding wind energy was a lifeline for residents, as well as made them self-sufficient.

That doesn't mean that trust ownership of utilities is the only way to benefit communities. Great British Energy's Local Power Plan aims to share ownership of clean energy infrastructure with local communities who can earn a direct stake and share in the profits. Its parent, the Department for Energy Security and Net Zero, is consulting to make that policy, forcing renewable energy projects to offer local communities a chance to buy in. In towns and cities with other revenue streams, the goal of community ownership might not be income, but inexpensive services. In Denmark, municipalities own the heat networks that support them, and in rural areas, customers do through cooperatives. Both are prohibited from making a profit on the supply of heat. All revenue generated must be reinvested to maintain the system and keep it affordable, and the cost to customers is simply the cost to provide it. That means heat always remains affordable, serving the interest of the community who pays for it.

This is the direct opposite of the investor-owned utility companies, which have to go out for funding, then raise their electricity and water bills to pay back investors. Companies grow richer at the expense of local communities who must pay a premium for the utilities based in their own backyard. For example, in 2023–24, the water companies of England and Wales spent 35% of everything customers paid on finance costs and dividends. Scottish Water, which is publicly owned, spent only 8%.

Cooperative and municipal ownership of utilities are better, and are by far the better alternative to private ownership, especially when it comes to providing affordable services for residents. Trust or community ownership of utilities can even provide a direct line of capital for villages, towns, and cities interested in investing in their own communities.

2. HOW CAN THAT VALUE BE USED FOR THE BENEFIT OF COMMUNITIES?

Asset-locked trusts work by routing funds back into communities. If a land trust owns land and earns revenue in the form of commercial leases and infrastructure development, then the trust has revenue to spend. And unlike land and buildings owned by property companies, pension funds, and sovereign wealth funds, the trust is mandated by law to spend that revenue right back on those who live there.

Use the value generated by an asset-locked trust to provide affordable housing, forever

One of the most important benefits land trusts provide is affordable housing - both for households in a position to purchase a property and those in the rental market. And affordable housing has a number of knock on implications and benefits - housing security, more money for households to spend on other things and a greater ability for people to choose where they want to live.

Land trusts can deliver affordable housing through three mechanisms:

- Purchasing the land below market rate, typically before land is developed
- Keeping the land off the market in perpetuity; and by
- Setting the terms of the lease so that homes built on it remain affordable forever.

In areas of high demand, typically around the places we work, one of the most expensive parts of buying a house is the land, and it keeps going up in price because there's a limited supply. As demand drives the price up, housing becomes increasingly unaffordable. But trusts can purchase land inexpensively, before it's been developed - or in some cases be donated or gifted for free - and because it never sells, the asset never goes up in value.

As the landowner, the trust can set the terms of the lease. Community land trusts in the United States set home prices using a resale formula that returns their original investment, plus a set percent increase, ensuring owners see a modest increase in their investment over time, while the next generation can still get in affordably. The Champlain Housing Trust is the largest land trust in the US, and has kept housing affordable for 40 years. Homes are appraised when they are purchased and when they are sold, with the seller able to charge the amount they invested in the property plus 25% of the uplift. If a home is appraised at $200,000, and a buyer purchases it for $150,000, 10 years later the home might be appraised for $300,000 - a $100,000 appreciation - but the seller can only charge their invested $150,000, plus 25% of that $100,000 appreciation. That's a $175,000 sale price for a home worth $300,000.

The seller earns an uplift, the buyer still gets an affordable home, and the trust still owns the land, ensuring 75% of the appreciation is never charged to anyone. Because the formula is set this way, home affordability compounds over time, and tends to remain significantly below market rate. Not only that but, in the years after the 2008 crash, American community land trust homeowners were 10 times less likely to be in foreclosure proceedings and 6.6 times less likely to be seriously delinquent than mortgage holders in the Mortgage Bankers Association's national sample. That's not just because of home affordability, but also because the trust owns the land and can intervene in support of the owner.

While they live there, residents pay a monthly lease for the land beneath their homes - typically in the tens of dollars - to cover trust costs. It's worth noting that in the United States this isn't enough. Most trusts are residential and residential housing is designed to be inexpensive, for this reason US trusts rely on government grants and private philanthropy to purchase land and build housing. This has been a big factor in the limited growth of such projects. Trusts that include commercial land and development, as evidenced in the City of London and Letchworth, can build a substantial endowment with asset-generating properties that fund the entire operation for centuries, without needing tax or government financing at all.

There is a lot of variation in ways that land trusts can preserve affordability. In the UK, some index housing costs to local median income, like London Community Land Trust, or a percent of the market rate, like Cornwall Community Land Trust.

Land trusts can also preserve affordability through the rental market, as evidenced by Austria. The country has built 660,000 rental units, 200,000 of them in Vienna, all of which have remained permanently affordable for decades. They are able to do this through one innovation: The city sells or leases land to a limited profit housing authority (LPHA), which builds the housing and rents it. And these are available to all residents - not just low income residents.

Of the LPHA associations nationwide, roughly half are cooperatives, and half are private non-profit. Both operate under laws that cap profits and force surpluses back into building more housing. The buildings charge "cost rent" - the cost of the building loan and maintenance, plus a set profit percentage on top. Once the construction loan is repaid, rents go down. As a result, in 2021, limited-profit rents averaged €7.3 per square meter while for-profits averaged €9.8 - that's 34% more expensive. And they scale: limited profit housing associations continue to build 13,000-19,000 homes a year, a quarter to a third of Austria's total housing construction, while their rentals make up 21% of Vienna's entire housing market.

In Vienna, the city even retains ownership of the land, functioning more like a land trust. Cooperatives and limited profit *lease* from Vienna, rather than *buy*, allowing the city to retain control and earn a revenue stream, even as they build and lease housing. A land trust could replace Vienna in this case, owning and controlling the land, while using a similar limited profit entity to lease, build, and rent. In fact, a lot of the things Austrian law mandates are things the trust could impose as conditions of leasing - a cost rent calculation, a duty to reinvest surpluses in new homes, etc. And this would effectively solve the problem where, in the UK, co-ops weren't incentivised to keep building, so they didn't.

Use the value generated to support local businesses and create thriving places

Land trusts can choose to support independently, locally owned businesses - family run restaurants and boutique shops of the kind that everyone wants to live near, but which struggle to survive because of market-rate rents. Landlords who own a few shops need to turn a profit, so they prefer large spaces and chain restaurants. But a landlord that is actually a large trust gets its revenue from elsewhere - from commercial leases and ground leases - and can afford to build small spaces with low rents in districts where people live. This benefits everyone: a high street full of independent shops and restaurants draws footfall, makes the neighbourhood a desirable place to live, and raises the value of every residential and commercial lease around it.

Coin Street Community Builders is a particularly effective case study. In the 1980s, 13 acres along the south bank of the Thames in London's Waterloo, were a post-industrial wasteland. Developers spent years trying to turn it into office buildings and hotels, but local residents fought against commercial development for seven years and won. The Greater London Council declared most of the buildings couldn't be used for commercial development, which killed its worth on the market, and that allowed Coin Street to purchase the lot in 1984 with just a £1 million mortgage - nearly entirely borrowed from the Greater London Enterprise board and the Greater London Council. The organisation is not a trust, but a company limited by guarantee, with a constitution mandating that profits be spent on public service goals, not investor gain.

Early on, the organisation put up car parks, markets, and a few temporary rentals to pay the mortgage, then created Gabriel's Wharf - prefab garage units with storefronts to attract foot traffic. Within 5 years, they opened the riverside walkway, and built the Mulberry Housing cooperative - 56 homes funded via Housing Corporation grant. As they built more equity and expanded their revenue, over the next two decades, they invested £20 million to refurbish the historical, but dilapidated Oxo Tower Wharf, and built three more housing cooperatives and the Coin Street Neighbourhood Centre with offices and conference facilities.

Today, Oxo Tower has a rooftop restaurant and brasserie and commercial event space, and the Neighbourhood Centre, plus car parks - all of which pay market rate rents. They also earn substantial revenue from renting the whole lot out for filming, festivals, markets, and events, which earns three quarters as much as rents for the entire property. Because Coin Street earns good money from its commercial holdings, it is able to keep other units affordable: The ground floors of Oxo Tower have 26 maker studios which let below market rates, and 220 cooperative homes house more than 1,000 people at social rents. This is proof community-owned commercial properties can subsidise affordable workspace and housing in high-value locations.

Queen Camel Community Land Trust shows the same mechanism working at a fraction of Coin Street's scale - a single-village land trust that grew into a mixed-use community landlord subsidising local start-ups.

The trust was set up in 2011 by residents of the South Somerset village of Queen Camel, initially to deliver affordable housing. In 2019, after two years of grant-funded feasibility work, it acquired the Old School, a Grade II listed former primary school in the village centre, for around

£250k, financed almost entirely externally: a £187,500 grant from Power to Change (75% of the price) plus £65,000 in loans. The trust then let space in the building to local tenants, including a mental-health therapy practice and a café run by a local resident, renovating room by room as funds allowed. A 2020–21 community share offer, matched pound-for-pound by a further Power to Change grant, brought membership from 44 to 128 and share capital to over £44,000, funding further capital works.

By the year to March 2025, the trust was generating £157,519 in income through rents, service charges, ground rents and grants, against £300,982 of tangible fixed assets, and posted a £33,789 surplus. Crucially, the structure lets it do what a conventional small commercial landlord could not: because most of the capital cost of the building was covered by grant and community share capital rather than a market-rate mortgage, the trust doesn't need every square foot to earn a commercial rent. It can let modest rooms to a single therapist, a single café operator or a single start-up at a rent that operation can actually afford - the same logic as Coin Street's maker studios, just scaled to what one village needs rather than what central London can support.[54,55]

Use the value generated to protect and enhance green spaces and nature

Trusts can conserve vast tracts of open space the same way. We've already discussed the City of London, which funds 11,000 acres of open space without taxpayers money. Peterborough does the same, its Nene Park Trust holds 2,535 acres on a 999-year lease, with a permanent endowment worth £12.6 million and producing about £807,000 a year in investment income. Milton Keynes followed in their footsteps. As of 2025, the Milton Keynes Parks Trust manages 6,000 acres, and has assets worth £158.8 million, an annual investment portfolio income of £11.1 million, and reinvests those funds into the woodlands each year.

In San Francisco, Congress established the Presidio Trust in 1996 after the army left 1,500 acres of forest and coastland in public hands. The trust mandated that the land be financially self-sufficient or be sold by 2013. The trust did so eight years ahead of schedule—it restored historic buildings, leased them out, and still uses the rents to pay for the parkland. In 2025, the trust earned $230 million, including $69 million from residential leasing and $59 million from commercial, with 100% of the Trust's $58 million net operating income reinvested into the park. The Presidio is the most beautiful and iconic part of San Francisco but it has never needed any federal or state funding to survive. It earns its own revenue and funds itself.

This is how all greenspace should work. Parks and forestland are highly valued by every community, but they don't make money. And hoping that public funds can protect them isn't reliable - English councils spend £330 million less on parks and open spaces annually than they did a decade ago. That's roughly a quarter of their parks budgets cut.

Instead, we can fund and govern greenspaces locally, with trusts that earn commercial revenue and use it to fund forestland, as with the City of London, Milton Keynes, and the Presidio.

3. HOW CAN THE NEW MODEL BE CREATED USING THE PLANNING SYSTEM?

If we want to create community ownership and local governance of our villages, towns, and cities - then our goal should be to create more asset-locked structures. And we can do that by transferring land to trusts or making it inexpensive to purchase, freeing up access to low cost and long-term funding sources, and making community ownership a condition of development.

54 https://mutuals.fca.org.uk/Search/Society/73
55 https://www.oldschoolqueencamel.org.uk/

Development Corporations should be used to ensure asset-locked trusts are a default outcome in new developments

England already has a national vehicle set up to build more cities and invest in communities: Development Corporations (or DevCorps) are public entities that were created to build new towns and more housing after the second World War. These temporary corporations have the power to borrow from the Treasury on long horizons, compulsory purchase land, spend decades building a city or town, then sell or lease plots to housebuilders and commercial tenants at the new value. The difference between what it paid and what it sells for, the uplift, is used to repay the Treasury loans.

The post-war DevCorps used these powers to build 32 New Towns now housing 2.8 million people and anchored by thriving economies - they are the most successful city-building vehicles in the world. DevCorps have also been used to invest in existing cities through 18 urban development projects. But DevCorps are temporary. After cities and developments are built, the corporation transfers land to various parties, then dissolves. This often means community related assets like parks, city halls, and recreational facilities are transferred to council ownership and then at risk of being later sold off. Indeed only four of the 32 new cities and 18 urban developments created a land trust with a DevCorp - Ebbsfleet, Milton Keynes, Telford, and Peterborough. The rest didn't. The result was an unintentional A/B experiment.

After Milton Keynes was built and the DevCorp dissolved, it leased 4,500 acres of parkland to the trust on a 999-year lease, granted the freehold to the council, and transferred £20 million in commercial property to the trust to fund it. Twenty-six years later, the parks run by the trust are flourishing, while the parks run by the council are in disrepair.[56] Land given to trusts have been funded and protected for decades, but land given to the councils didn't go as well. According to Milton Keynes Council, ageing infrastructure didn't get investment partly because it wasn't "statutory" and thus not always a priority of the council to cover. Now new development in the area must transfer green space to the trust, along with an endowment that will fund in perpetuity - a condition of new development.

Ebbsfleet Garden City Trust is now following in their footsteps. Once again, a DevCorp is funding and building the infrastructure. But, at dissolution the trust will get, not just parks and community buildings, but also six income-generating commercial properties, so that public spaces can self-fund forever from leases. A new community building has already been transferred into the trust, with the transfer gifting it to the community as a subsidy. Ebbsfleet is even building in community governance - trustees will include residents, local businesses, and community groups.

Any future New Towns programme should learn from history and set out to work the way Milton Keynes and Ebbsfleet do: transfer land into locally held community trusts on the dissolution of the DevCorp. That's how we create more community-owned land and assets governed by locals, rather than more private property benefitting far away developers and paying taxes to Whitehall.

Mayors should use their powers to create Mayoral Development Corporations that can transfer land and assets into community ownership without ministerial approval

Local organisations no longer have to wait around for national DevCorps to do this. In 2011, the Localism Act gave the Mayor of London the ability to create DevCorps to develop the former Olympic Park for permanent use. Then in 2016, the Cities and Local Government Devolution Act gave combined authority mayors the ability to do the same. Ten mayoral DevCorps have been created since the Localism Act passed, including several in 2026 alone. Councils outside

56 https://www.milton-keynes.gov.uk/sites/default/files/2022-01/Matter%207%20Written%20Statement%20-%20The%20Parks%20Trust.pdf

mayoral areas have a version of this power too: locally-led development corporations, given statutory footing by regulations in 2024, let a single local authority set up its own DevCorp for regeneration without needing a mayor in place - Liverpool is on track to be the first council to use one.

This put a lot of power into mayoral hands to build better communities, especially because mayoral DevCorps have the same ability to designate land for development and compulsory purchase land with mayoral and Secretary of State consent. Mayoral DevCorps can't borrow from the Treasury like national DevCorps can, but they can use mayoral funds, as well as grants and private financing to build whatever they want. This is an enormous, but unused, opportunity. Mayoral DevCorps have yet to take advantage of their true superpower: the ability to transfer land to the community, as much as it wants, whenever it wants, and without needing Secretary of State approval.

Every one of these DevCorps will dissolve to private ownership without a better framework in place, and we already know the better framework we should be following. Just like Milton Keynes and Ebbsfleet, mayoral DevCorps could establish asset-locked land trusts that hold commercial and residential, and become community-owned in perpetuity. That's a huge community-building asset already available to mayors across the nation, and it's one key to keeping land and housing in local hands after development is done.

Councils can use their existing powers and planning obligations to route value into communities

Councils have a lot of power to create more asset-locked communities too. They already own 1.3 million acres in England and have it in their gift to give away up to £2 million worth of land to a trust, or much more than that with ministerial consent. This is a win-win for the community who gets protected and endowed assets indefinitely, and for the council who is no longer responsible for funding those assets with tax revenue. This is how Scotland moved so much land into community hands. Between 2016 and 2021, 40% of Scottish Land Fund cases were community asset transfers from public bodies.

And councils have a lot of control over new developments through Section 106 of the Town & Country Planning Act, which allows them to make community carveouts an obligation of development. If a condition of development is that a certain portion of it will be reserved for a land trust, that is built into the "planning obligation" and reduces the cost of the land, more than the developer's profit line. That's how public goods and affordable housing work in England right now through Section 106: a council demands that a new development include roads, schools, or affordable housing, that cost is included in the "planning obligations" and deducted from the final sale price.

This is the very mechanism Milton Keynes uses to claim new greenspace and new commercial land with each new private development. The planning obligation includes that every home must be within 300m of a pocket park, 600m of a local park and 1,200m of a district park, and the district park must be at least 20 hectares. And every park must come with a cash endowment that can fund its maintenance. Based on past endowments, parks in Milton Keynes generally cost between £40,000–£370,000 depending on a number of factors. The trust can then use that endowment to invest in commercial properties that will fund the new acreage. This is how a quarter of the area remains green space even as the city grows.

This proves there doesn't need to be a battle between residents who oppose growth, the so-called NIMBYs, and developers who want to build and grow. The Milton Keynes Parks Trust, for one, has made community benefit a direct outcome of growth. Every new development transfers new greenspace to the trust, along with an endowment that will fund that land in perpetuity. Building more houses means building more green space.

Councils also control the Community Infrastructure Levy, a flat charge on qualifying development that funds local infrastructure. Since 2013, they've had to pass a "neighbourhood portion" - 15% of CIL receipts, or 25% where a neighbourhood plan is in place - straight to parish and town councils, or spend it in consultation with the community where no parish council exists. It's a smaller lever than land transfer or Section 106, since it routes cash rather than assets, and there are other limitations to the amount that can be routed to neighbourhoods - but it's a mechanism that does already exist and could be used more purposefully to fund say the running of an ALT.

Councils determine these costs, which means councils have a lot of power to determine that developable land has a planning obligation to create or add to a community land trust in the process. Whether through DevCorps or private development, the centralised government, mayoral districts, and councils can develop land and place it in community land trusts that are protected and locally benefitting forever.

MAKING THE ECONOMIC CASE

THE OPPORTUNITY THAT NEW TOWNS OFFER

1. The scale of land value capture

Our stylised land value modelling across the seven shortlisted New Towns (2026), starts from a simple question: how much value is created through the planning process? It aims to capture the direct product of public decisions: allocation in a plan, the grant of planning consent, and the certainty that comes with a named national programme. Land value capture theory rests on exactly this distinction - value created by the state, or by collective public decisions, should be available for the state or the community to capture, not simply retained by whoever owned the land when the decision was made.

SITE	HOMES	TYPE	ILLUSTRATIVE ACQUISITION COST	ILLUSTRATIVE LAND VALUE WITH PERMISSION	ILLUSTRATIVE TOTAL LAND VALUE UPLIFT
Thamesmead Waterfront	15,000	Brownfield	£1.00bn	£2.68bn	£1.68bn
Leeds South Bank	13,000	Brownfield	£297m	£1.2bn	£1.00bn
Brabazon & West Innovation Arc	40,000	Brownfield	£860m	£5.22bn	£4.36bn
Milton Keynes	40,000	Mixed/ expansion	£707m	£4.9bn	£4.19bn
Manchester Victoria North	15,000	Brownfield	£155m	£2.2bn	£2.06bn

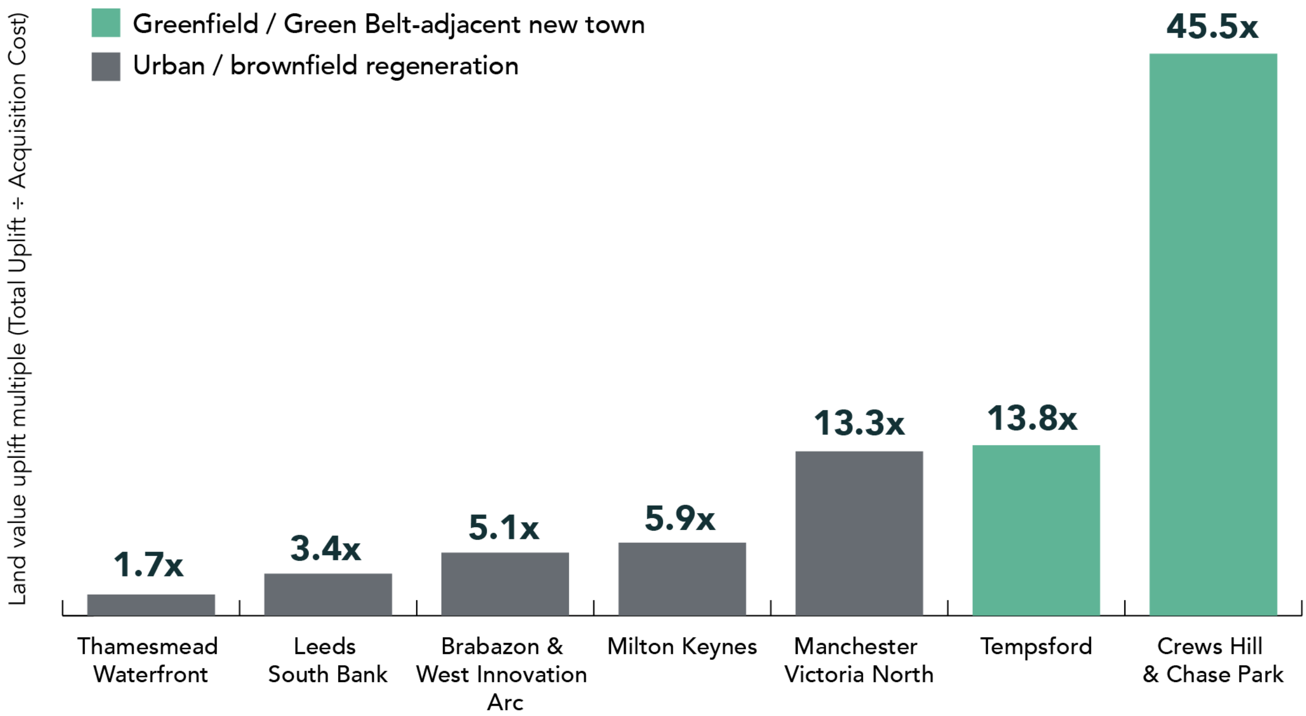
SITE	HOMES	TYPE	ILLUSTRATIVE ACQUISITION COST	ILLUSTRATIVE LAND VALUE WITH PERMISSION	ILLUSTRATIVE TOTAL LAND VALUE UPLIFT
Tempsford	40,000	Greenfield	£288m	£4.25 bn	£3.96bn
Crews Hill & Chase Park	21,000	Greenfield	£262m	£12.17bn	£11.91bn

Data Sources: *New Towns Taskforce Report (2025), MHCLG Land Value Estimates for Policy Appraisal (2023). Modelling Assumptions & Notes: See full list in appendix. Development size and homes figure taken from published New Towns Taskforce data where available; where not stated, estimated using the average medium-density benchmark for the local authority. Land acquisition cost is a blend of agricultural value (with x8 uplift) and industrial land values, based on broad land classification. Land value with permission is a blend of residential land value (medium density, lowest quartile land values), with up to 7% retail reflecting descriptive info in New Towns report. By definition, this land value assumes 100% market housing, and excludes any developer contributions via S106/ CIL - which would depress actual saleable value. All figures are illustrative model outputs.*

While the modelling outputs are only illustrative and may overstate the true realisable uplift, when we look at land value uplift multiple (additional value generated for every £1 of estimated acquisition cost) the pattern is stark and consistent. Greenfield sites (sites like Tempsford, Crews Hill & Chase Park) have the potential to generate uplift multiples significantly higher than the range observed across the brownfield and mixed regeneration comparators. This is driven largely by the higher cost of land acquisition, alongside the more difficult land assembly and compensation requirements for existing residents and businesses.

CHART 1

LAND VALUE UPLIFT MULTIPLE BY SITE



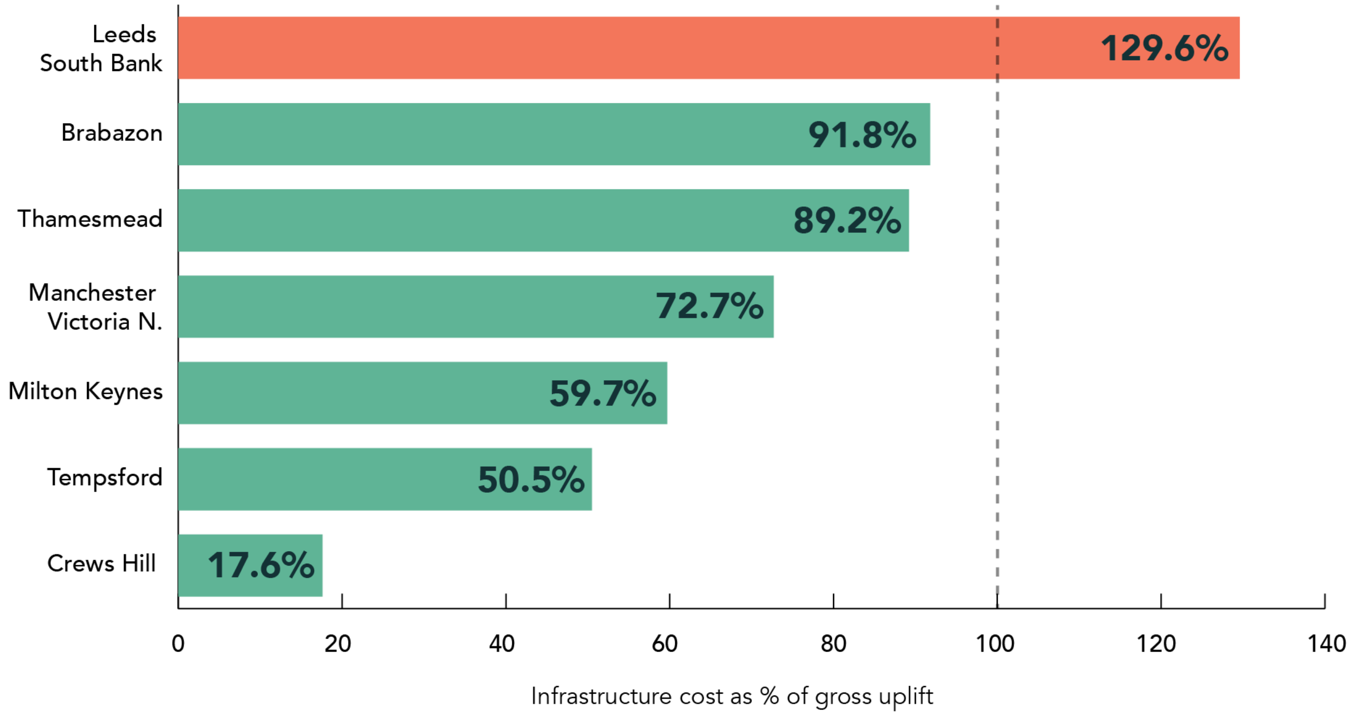
This is the starting argument for an asset-locked community-ownership model: the larger the gap between what land is worth under its existing designation and what it becomes worth on allocation, the larger the pool of value available for a public-purpose or community vehicle to capture and recycle - rather than letting it flow, largely uncaptured, to option holders and volume developers under conventional promotion agreements. It is interesting to note that two of the sites, Thamesmead and Tempsford, already have ownership structures that will see this benefit taken distributed in more novel ways - as explored in Appendix 1.

2. Infrastructure costs and net uplift

Gross uplift is not the same as what is actually available to spend. Every site carries an infrastructure cost - roads, utilities, schools, transport links - before any homes can be built, and this consumes a variable share of the uplift depending on site type and scale. Table 2 sets out the infrastructure assumption for each site and the resulting net uplift after an illustrative infrastructure allowance is deducted.

SITE	INFRASTRUCTURE / DWELLING	ILLUSTRATIVE INFRASTRUCTURE COST	NET UPLIFT AFTER AN ILLUSTRATIVE INFRASTRUCTURE ALLOWANCE	ILLUSTRATIVE NET UPLIFT / DWELLING
Tempsford	£50,000	£2.00bn	£1.96bn	£49,014
Leeds South Bank	£100,000	£1.30bn	-£297m	-£22,834
Milton Keynes	£62,500	£2.50bn	£1.69bn	£42,249
Thame-smead Waterfront	£100,000	£1.50bn	£181m	£12,075
Brabazon & West Innovation Arc	£100,000	£4.00bn	£357m	£8,920
Manches-ter Victoria North	£100,000	£1.50bn	£564m	£37,592
Crews Hill & Chase Park	£100,000	£2.10bn	£9.81bn	£467,158
TOTAL	-	**£14.9bn**	**£14.3bn**	-

CHART 2
HOW MUCH OF THE GROSS UPLIFT INFRASTRUCTURE CONSUMES



Infrastructure cost as a share of gross uplift ranges from 17% at Crews Hill to 130% at Leeds South Bank - where indicative infrastructure costs exceed the modeled uplift generated, producing a net loss before any land value capture can happen at all.

This is significant in two ways. First, it highlights that land value capture is not a mechanism that works everywhere: on sites where existing land values are already high and infrastructure costs are substantial, there may be no surplus left to capture, however the land is held. Second, it shows that the sites best suited to a DevCorp/ALT model are Greenfield and Green Belt-adjacent sites, where lower infrastructure-to-uplift ratios leave the largest net surplus for a trust structure to work with.

3. Case study: funding social homes at Crews Hill & Chase Park[57]

Crews Hill & Chase Park generates the largest hypothetical net uplift of the seven sites and is the clearest test case for what a CLT could actually do with that value. One simple way the model could work is with the trust holding only the social housing (and the land beneath it); the market-rate homes are sold to developers in the normal way. The value created by allocating land for those market homes is realised upon sale and can act as a cross-subsidy for social and affordable housing, with those homes being retained by the trust. This mirrors how Section 106 and CIL already work in principle, but captures a materially larger share of the uplift at source rather than through negotiation after the fact.

The table below sets out four illustrative scenarios, varying the number of social rent homes (25 or 50%, out of 21,000 total) and whether central government Social and Affordable Housing Programme (SAHP) grant (£0 or £100,000 per home) is available to reduce the trust's build cost.

57 At the time of writing, Enfield Council has withdrawn its support for this site's inclusion in the New Towns programme, following a change in political control after the May 2026 local elections - though the government's own position on the site remains unresolved, and there are several routes by which it could still go ahead regardless of the council's stance. We've included it as a case study because, whatever this specific site's fate, it is exemplary of the value uplift that may be captured in this type of location.

SOCIAL UNITS	**SAHP GRANT / HOME**	**CROSS-SUBSIDY POT** *(market-share of net uplift)*	**COST TO BUILD SOCIAL HOMES**	**COST TO BUILD SOCIAL HOMES MINUS GRANT**	**ILLUSTRATIVE REMAINING UPLIFT**	**ILLUSTRATIVE 20-YR SOCIAL RENT INCOME**	**REMAINING UPLIFT ÷ ENFIELD'S ANNUAL COUNCIL TAX TAKE**
5,250 *(25% of homes)*	£0	£6.83bn	£1.18bn	£1.18bn	£5.65bn	£880m	32x
5,250 *(25% of homes)*	£100,000	£6.83bn	£1.18bn	£656m	£6.18b	£880m	35x
10,500 *(50% of homes)*	£0	£3.86bn	£2.36bn	£2.36bn	£1.49bn	£1.76bn	8x
10,500 *(50% of homes)*	£100,000	£3.86bn	£2.36bn	£1.31bn	£2.54bn	£1.76bn	14x

Modelling Assumptions & Notes: *Assumes a build cost per unit of £225,000 and uses Outer North London Broad Rental Market Area (BRMA) for 2 bed 2026-27 (at £322.19/week) discounted by 50% for social rent, with 0% escalation. Cross-subsidy pot = (total uplift × market-rate share of homes) - total infrastructure cost. Rental income excludes allowances for maintenance or management. All figures are illustrative model outputs.*

Even in the most conservative scenario - 50% of development delivered as social rental housing with no SAHP grant, the cross-subsidy pot (£3.9bn) comfortably covers the £2.4bn cost of building the houses, leaving £1.49bn of uplift still unallocated, before the trust has collected a single pound of rent. To give a sense of scale: that remaining uplift alone is equivalent to roughly 8 years of Enfield Council's entire current annual council tax income (£174.5m a year) - collected once, from a single site allocation decision, and held by the trust rather than central or local government.

4. Beyond social rent: diversifying the trust's income

The scenarios above assume every retained home is let at social rent, with the rent set at 50% of LHA. This is a deliberately conservative baseline, chosen to show that the model works even at the lowest plausible income level. If, instead, half of the retained homes in the zero-grant scenarios were let as affordable rent (up to 80% of local market rent), the projected 20-year rental income rises by around 30%. This amounts to an additional £20m to £40m of income to the trust each year, without changing the number of homes, the build cost, or the amount of land value captured at the outset.

A further option, well precedented in existing CLT practice, is to sell some retained homes on long leasehold at a discount to open-market value rather than holding every unit for rent (for example through shared ownership or a resale covenant tying future sale price to local incomes). This would generate a one-off capital receipt to the trust, as well as a marginal on-going income stream via ground rents. This could be blended with the rental model to diversify the trust's cash flow between upfront capital and long-term yield. This option has not been quantified here, but is worth setting out as a lever the trust could use once the balance between capital needs and long-term income is agreed.

5. Beyond housing: funding wider community assets

The same logic that lets the trust retain and monetise social housing can extend to other community assets, turning a single land value capture event into a permanent, diversified community endowment rather than a one-off housing subsidy.

- **Retained retail and commercial space:** rather than selling all commercial floorspace to investors at completion, the trust could retain a portion (ground-floor retail units, workspace, or community-let commercial premises) as a recurring income asset. Shoreditch Trust,[58] a community anchor organisation in Hackney, offers a working precedent: it holds around £7m in property assets, including office space let at commercial rates and a health centre, using the resulting rental income to fund local health, wellbeing, and skills programmes on an ongoing basis rather than relying on grant funding alone. At the scale of the proposed New Towns, there is scope for local commercial space to be held by the trust - giving each area the option of a revenue generating asset or a support mechanism for local businesses.
- **Green and civic space:** As discussed in previous sections, rather than transferring parkland, playing fields, or civic squares to the local authority or a private management company, the trust could hold these in perpetuity alongside the social housing. This generates limited direct income, but underpins the long-term amenity value, and by extension the long-term land and rental values, of the wider settlement, while guaranteeing the spaces cannot later be sold off or built on.
- **Trust-based community energy:** the trust could develop or host renewable energy generation or battery storage across the social housing stock it retains, using rooftop photovoltaics or similar schemes to generate income and lower residents' bills. Brixton Energy, a community-owned co-operative established in 2012, offers a proven model at a much smaller scale: a 37kWp solar array on the roof of Elmore House, a social housing block in Lambeth, funded through community share offers and generating income through electricity sales and Feed-in Tariff payments, reinvested into a local Community Energy Efficiency Fund. Applied across a social housing stock of 5,250–10,500 homes rather than a single block, a comparable model could generate meaningful recurring income while directly reducing energy costs for trust tenants.

58 Trust was initially funded by the New Deal for Communities and took a deliberate strategy of investing in community assets that not only established a community presence in neighbourhoods but also secured the long-term impact.

None of these income streams are quantified in the modelling above, but serve to illustrate the breadth of opportunity to generate and retain value at a local level. Land value capture at the scale seen at Crews Hill does not have to be a one-off transfer used only to build homes. Structured through a trust that retains a mix of social housing, civic space, and income-generating assets, a single land allocation decision can fund a genuinely long-lived community institution rather than a single capital project.

WORKING AT A SMALLER SCALE - TRESHAM GARDEN VILLAGE

The New Towns are about scale - chosen and funded as national priorities for that very reason. But the mechanism demonstrated above for capturing land value does not depend on scale. It applies just as cleanly to a single development as to a New Town programme.

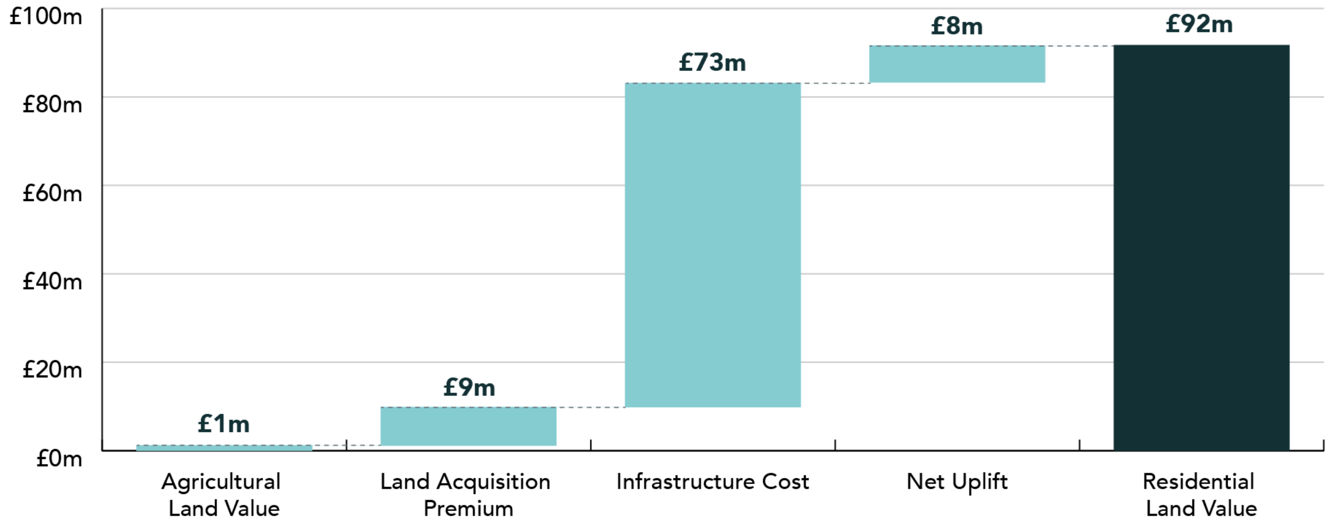
Tresham Garden Village is one such example. A proposed development of up to 1,900 homes on the former Deenethorpe Airfield near Corby, on land owned by the Deene Estate. Designated in January 2017 as one of the government's 14 garden villages, it was intended to be an exemplary, largely self-sufficient community with extensive green space, local jobs and first-class schools.

Nine years into the Tresham Garden Village process, £608,000 of public money has been spent and planning has still not been submitted, let alone any homes delivered. The scheme is structured as two separate private parties - the landowner and a promotion LLP - whose commercial terms have to align before anything can move. Homes England identified this bilateral dependency as the specific blockage in 2023, and infrastructure funding remains contingent on a discretionary central grant that could be withdrawn.

How land value capture could solve the immediate issue

If the council can assemble the site (either through a LLNTDC or other structure - as discussed with St Cuthbert's Garden Village) it would hold the land itself and capture the uplift when planning permission is granted. This would take land value from an estimated £1.25m agricultural value to over £90m in residential value. After an assumed land acquisition cost of £10m, what remains is around £80m of retained uplift available to finance infrastructure directly, without waiting on a discretionary grant. Even after funding the estimated infrastructure needs for 1,900 homes, £8.4m remains for affordable housing cross-subsidy and community assets.

CHART 3
RESIDENTIAL LAND VALUE DISAGGREGATED



Data Sources: *MHCLG Land Value Estimates for Policy Appraisal (2023). Modelling Assumptions & Notes: See full list in appendix. High grade agricultural land value estimate. Development size at 1,900 dwellings. Land acquisition premium set to x8 agricultural land value. Residential land value at medium density, lowest quartile land values. By definition, this land value assumes 100% market housing, and excludes any developer contributions via S106/ CIL - which would depress actual saleable value. Infrastructure costs based on Handforth Garden Village estimates (Place North West, Sept 2025). Cost of financing between acquisition of land and disposal are not modelled. All figures are illustrative model outputs.*

This approach would allow the full value of the land value increases to be captured by the Council, and sell the site to developers free of any S106 or CIL obligations (since those would be discharged directly via framework agreement). With grant funding, the rationale becomes even stronger - with the benefits of the grant being retained by the local area, rather than boosting private profits from the scheme.

But with an asset locked body we could go further.

Instead, a council-backed land trust could take ownership of the land and then retain the rights to the land into perpetuity.[59]

The local community would be able to benefit from the additional land value since, unlike the private promotion model, where the uplift is negotiated away in a landowner-promoter transaction, the trust's returns are constitutionally tied to the site rather than distributed to shareholders.

The Trust could choose to dedicate a proportion of the land to affordable housing - directly building units specifically for social rent using support from the SAHP. It would forfeit some of the land value capture, but allow the Council (via the Trust) to meet current needs while also creating an ongoing income stream for reinvestment into the community, after any financing.

59 The Trust would have 3 options to realise the gains:
- Sell freehold outright: full uplift realised immediately, but the asset and all future value growth are gone forever.
- Lease with full premium: similar upfront cash to a sale, but the trust keeps the freehold, so at lease expiry (and at any rent reviews in between) the land and any reversionary value come back to it.
- Lease with lower premium + real ground rent: less cash upfront, but a recurring income the trust can either spend as it arrives or borrow against now - and the freehold plus the rent stream both stay permanently within the asset lock.

SOCIAL UNITS	SAHP GRANT / HOME	CROSS-SUBSIDY POT *(market-share of net uplift)*	COST TO BUILD SOCIAL HOMES	ILLUSTRATIVE REMAINING UPLIFT	ILLUSTRATIVE 20-YR SOCIAL RENT INCOME	ILLUSTRATIVE 20-YR FINANCING COST
43 *(max units without additional funding)*	0	£6.56m	£6.45m	£0.11m	£3.59m	-
43	100,000	£6.56m	£6.45m	£4.41m	£3.59m	-
95 *(5% of total units)*	100,000	£4.32m	£14.25m	-£0.42m	£7.92m	£0.68m
190 *(10% of total units)*	100,000	£0.24m	£28.50m	-£9.26m	£15.85m	£14.86m

Data Sources: *VOA Modelling Assumptions & Notes: Assumes build cost of £150,000 per unit and uses Northants Central Broad Rental Market Area for 2 bed 2026-27 (at £695/month) discounted by 50% for social rent, with 0% escalation. Cross-subsidy pot = (total uplift × market-rate share of homes) - total infrastructure cost. Rental income excludes allowances for maintenance or management. Financing with a 20 year fully amortising loan at 5%. All figures are illustrative model outputs.*

As with the Crews Hill example, this is a simple way of showcasing the long term value that can be captured and retained by a local community to help build a strong sense of place and belonging.

Indeed, the benefits of land trusts with built in community engagement go beyond the finances. A 2020 report by Capital Economics, showed the estimated wellbeing benefits of volunteering and resident engagement in CLT equate to just under £1,575 per home per year.

Whether at the scale of a 40,000-home New Town or a 1,900-home garden village, the underlying opportunity is the same - for more value to be generated and captured for the communities that are affected - giving local citizens and politicians more freedom to create the kind of places they want to live and work in.

POLICY RECOMMENDATIONS FOR A NEW DEAL BETWEEN PEOPLE AND PLACE

This paper has argued that the dominant model of place-making in England routinely fails to convert the economic value new development creates into anything that lasts for the people who live with it. Land value uplift is largely privatised as are many of the longer term sources of income, e.g. commercial leases, rents etc. But none of this is inevitable or unchangeable. Rather it is the product of historical choices about who gets to realise the value that is generated. The recommendations here are about a reappraisal of where that value flows and ensuring that local communities are default beneficiaries on every new development.

Development Corporations, the New Towns programme, and the ordinary planning system between them already hold most of the levers needed to get the wiring in new places right: to make the voice of the people who will live somewhere a standard input into what gets built there, and community ownership of assets and income sources a standard outcome on all new development sites.

Which lever does the work depends on scale and delivery vehicle. On the largest sites - new towns and major urban extensions delivered through a Development Corporation - the DevCorp itself is the transfer mechanism: it can assemble land ahead of permission, capture the uplift directly, and build community ownership into the site from the outset. On everything else - there is no DevCorp on site, so the council is the body left to do the equivalent work, using powers it already has to negotiate a Section 106 agreement on every application. The recommendations that follow are organised around three things any development, whichever route it takes, needs if it is to leave its community better off than it found it: a real say in what gets built; a mechanism that transfers the value created into local hands; and an institution capable of holding that value in trust for the long term.

1. CITIZEN VOICE NEEDS TO BE A DEFAULT INPUT INTO DEVELOPMENT AND HAVE A SPECIFIC PURPOSE

The evidence in this paper is consistent: people trust the local level roughly twice as much as they trust Westminster, and want far more agency over decisions that affect their own area than they currently have. Yet consultation on new development typically arrives once a masterplan is largely fixed, asking residents to comment on a plan rather than help set its terms. Somewhere like Vauban, in Freiburg, shows what the alternative looks like in practice: around 40% of homes there were delivered through resident-led cooperative building groups that shaped the site directly.[60]

Every development – whatever the delivery vehicle – should convene a citizens' panel to define local strengths, assets and needs before masterplanning begins

A panel drawn from existing residents (for an urban extension) or the wider community (for a new town) should be asked a specific question early: given what this place already has and lacks, what should the value this development generates actually buy? That could be a community energy scheme, a health hub, space for local businesses, or cash reserves the community controls directly. That answer should come from the people who will live with it and be set to benefit from it.

Citizen panels should have a guaranteed route into the decisions that spend developer contributions

The neighbourhood portion of the Community Infrastructure Levy already carries a statutory duty to consult the local community on how it is spent, including in unparished areas, where the charging authority must still spend it on - or to support - infrastructure near the site of the development, in consultation with residents. That is what a citizens' panel should plug into. Southwark's current work with the New Economics Foundation on a Social Purpose of Land Framework, which puts embedding community voice early into decisions about the council's own land at its centre, is a live example of a council starting to build exactly this kind of standing mechanism.[61]

2. ON EVERY DEVELOPMENT THERE SHOULD BE TRANSFER OF A PORTION OF THE VALUE CREATED INTO AN ASSET-LOCKED TRUST

An asset lock is what makes any of this durable: it ties the uplift a development releases, or the income an asset goes on to generate, constitutionally to the place itself, so that no future board, council, or change of political control can sell it off or spend it down. Letchworth's 5% cap on shareholder dividends and Milton Keynes' 999-year endowment of parkland to its Parks Trust are, at heart, the same mechanism. The task now is to make that mechanism the default outcome of development.

On DevCorp-led sites, Development Corporations should acquire land early, capture the uplift, and endow a community trust with it as a matter of course

The modelling in this paper, at Crews Hill and at Tresham, shows what buying land near its existing-use value and capturing the resulting uplift is actually worth - tens of millions of pounds, even on a single garden-village-scale site. Rather than treating that uplift purely as a one-off

60 Participedia, Innovative Participation during the Development of the Vauban Sustainable District
61 New Economics Foundation, Social Purpose of Land Framework, a proposal prepared for Southwark Council, published 30 March 2026: https://neweconomics.org/2026/03/land-that-works-for-us ; full framework: https://moderngov.southwark.gov.uk/documents/s130604/Appendix%201%20SPLF%20Report.pdf.

subsidy for infrastructure, a defined share should capitalise an asset-locked trust: either as a cash endowment, or as freehold or long-leasehold income-generating assets - commercial space, parkland, local energy - following the Milton Keynes Parks Trust template. And because Mayoral Development Corporations can already transfer land into community ownership whenever they choose, without Secretary of State approval, that should become their default use of the power, not the unused 'superpower' this paper has identified.

On every other development, Section 106 and (Neighbourhood) CIL agreements[62] should place community assets and contributions into an asset-locked trust by default, not general council ownership

For the majority of sites, there is no Development Corporation to do this work, so it falls to the council negotiating the Section 106 agreement. Councils already have the power to route contributions - a playing field, a community building, a share of affordable homes - into a trust rather than their own asset register; what is missing is a presumption that they will do so. Every Section 106 agreement should include a standard clause transferring these assets into a trust, and the neighbourhood portion of CIL should be able to fund that trust up on an ongoing basis. The default should flip: a trust holds these assets unless the council can show good reason to keep them itself, not the other way around.

Councils should be required to consider a joint DevCo/Trust delivery structure whenever they apply for Development Corporation powers

This should be built into the delivery-options appraisal process itself - Stage 1 and Stage 2 of applying to establish a Development Corporation - so that the choice between a DevCorp acting alone and a DevCorp paired with a trust from the outset is made explicitly and early, rather than left to whichever structure is administratively simplest at the time.

Government should expand funding for community-led delivery vehicles, so new trusts have the working capital to act as landowners and developers in their own right

The £20 million Resonance Community Developers Fund, launched in March 2025 to help community land trusts and housing co-operatives access development finance, is a useful first step and template - expected, with match funding, to unlock up to £50 million towards more than 2,500 homes. A trust asked to buy land ahead of permission, as this paper recommends, needs exactly this kind of patient, upfront capital before it has any asset or income stream to borrow against; the fund's scale should grow in step with how many trusts these recommendations are designed to create.

Separate land and infrastructure financing to reduce the cost of funding community assets

In order to work at scale, future asset locked organisations need access to low-cost, long-term finance - not solely relying on good will of existing landowners. By leaning into the lower rates of lending generally available to public institutions, municipalities have the opportunity to generate an additional return that can be fed into asset retention.

62 Community Infrastructure Levy Regulations 2010 (as amended): 15% of CIL receipts from a chargeable development must be passed to the parish or town council for the area (capped at £100 per existing council-tax dwelling per year), rising to 25% with no cap where a neighbourhood development plan or order is in place. In unparished areas, the charging authority retains this "neighbourhood portion" but must spend it on, or to support, infrastructure in the area where the development took place, in consultation with the local community. See gov.uk, CIL guidance, and e.g. Gedling Borough Council's guidance note on the neighbourhood portion: https://www.gedling.gov.uk/media/Guidance%20note%20-%20CIL%20neighbourhood%20Portion.pdf

Conventionally, a housebuilder finances both land and infrastructure, and the homes built on it from the same balance sheet. Its profit requirement is applied to all of it - adding an estimated 20–30% to development costs.[63] An alternative model separates the two: cheaper, patient institutional finance funds the land and infrastructure and is repaid via an annual charge to the trust, while housebuilders raise only short-term finance to build the homes themselves. A commissioned study of this approach at Kennett Garden Village found it could cut land and infrastructure financing costs by up to 15% - enough, in that case, to fund community assets like CLT-owned rainwater harvesting that the conventional model couldn't afford.

3. A MODEL FOR ONGOING COMMUNITY STEWARDSHIP SHOULD BE BUILT INTO EVERY NEW DEVELOPMENT

Transferring an asset is not the same as making sure it is looked after. Milton Keynes is the clearest illustration in this paper of what the difference is worth: the parks endowed to its Parks Trust in 1992 are flourishing, while the parks that went to the council instead are, by the council's own admission, in disrepair, because park maintenance has never competed well against statutory services for a shrinking council budget. Letchworth's Heritage Foundation is still reinvesting commercial income into the town more than a century after its founding. The difference in every case is not the transfer itself, but the governance that survived it.

Every community trust created through transfer should carry a guaranteed community and resident presence on its governing board

Letchworth and Bournville both show a workable template: elected community representation sitting alongside the council on the same board, with the trust operationally independent of both political budgeting cycles and shareholder pressure. A trust that residents sit on is the beginning of the "citizens, not consumers" relationship this paper has argued for throughout.

Every Development Corporation should be required to agree a stewardship and reinvestment plan for its residual assets as a condition of being wound up

DevCorps are temporary by design, so what happens on their dissolution should be considered. The 1980s sell-off of New Town commercial assets, and the patchwork of outcomes across Ebbsfleet, Milton Keynes, Telford and the rest, both show what happens when this question is left open until the last moment: whichever structure is easiest to unwind at the time wins, not whichever one serves the place best. A stewardship and reinvestment plan - naming the trust, the assets it will hold, and its governance - should be a condition of a Development Corporation being established in the first place, not a decision deferred to the point it closes.

None of this depends on a single new law or a single new institution. It depends on treating the tools that already exist - Development Corporations, Section 106, the neighbourhood portion of CIL, the community land trust model - as parts of one system, rather than a set of unconnected options a lucky site might happen to combine well. Wired together, with citizen voice built in at the start and community ownership guaranteed at the end, they are how new development stops being something done to a place and starts being something a community builds for itself, and holds, in perpetuity.

63 https://static1.squarespace.com/static/65a8f1c60057e116c14c4600/t/6a427a5d38b66d015d116387/1782741597629/EWSC+CLS+Insights+Report.pdf

CONCLUSION

This paper opened with a diagnosis: that for a century, the wiring of the British state and economy has moved money and decision-making up and away from the places that generate them, and that the dominant model of place-making compounds rather than corrects this pattern. Land value uplift is privatised. Commercial income leaves. Civic life in newly built places stays thin, and the residents have no stake in or control over the value their own community creates. The government's commitment to 1.5 million homes and seven new towns will, on the current model, simply reproduce the same dynamics of extraction at a larger scale.

What we have argued for instead is a new deal: an economics of place that captures, retains and recycles value locally, wired together with a citizenship of place that gives residents real voice, real stake and real responsibility in what gets built around them.

None of this requires waiting for a new institution or a new act of Parliament. Development Corporations, Section 106, the Community Infrastructure Levy and the community land trust model already exist, tested at every scale from a single garden village to a new town of 40,000 homes; what has been missing is the decision to use them together, and to make community ownership their default output rather than an ad hoc exception. Modelling shows what land value capture would be worth if applied at the scale of the government's own New Towns programme. This is the moment to make that choice. A Prime Minister who has staked his premiership on devolving power to the places people actually live in has, in new development, one of the clearest levers available to him: **a chance to wire money and power into a place from the day it is built.**

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APPENDIX 1

Of the proposed New Towns candidates, only two are asset-locked organisations that would return asset value to community benefit, though in very different ways. In Thamesmead, Peabody formed a charitable community benefit society that owns 65% of Thamesmead's 760 hectares (1,878 acres) and 85% of the developable land, including £73 million in commercial and industrial property, 6,000 social homes, 240 hectares of parks and green space, 5 lakes, 5 kilometers of river frontage, 7 kilometers of canals. Most (78%) of Peabody's earnings came from rented social housing, which brought in £805 million for the year ending March 31, 2025, and the surplus, £47 million, must benefit the foundation's mission to "relieve the need of persons in Greater London who are in conditions of need hardship or distress by the provision of accommodation or otherwise," and whose object is the 30-mile radius of the Royal Exchange in the City of London. Note: the beneficiary here is not Thamesmead, it's people in need in Greater London. So even though Peabody is an asset-locked organisation, those assets don't return benefits to the community who lives and works on those assets, but to a community outside of it. And, Peabody's partner at Thamesmead is Lovell, a subsidiary of Morgan Sindall Group, meaning half the development profits flow to a publicly traded construction company.

The next best candidate is in Tempsford, where the master developer Urban&Civic is owned by the Wellcome Trust. Here, the trust holds no land, just the developer itself, which plans to option 2,100 acres, win planning permission, lay the roads and the pipes, then sell full-service parcels to homebuilders. Here, they act just as any developer would - the freehold passes to home builders and then to homeowners. The asset-lock is purely on the cash the developer earns, which in this case funds medical research. Tempsford's land value will thus go to an important purpose, but not to the local community in Tempsford. And that windfall will come from a one-time sale, rather than a perpetual revenue source.

The rest of the shortlisted New Towns candidates are traditional development projects, with the land value uplift benefitting private shareholders, and even - in the case of Victoria North and Brabazon - shareholders in Hong Kong and Malaysia, respectively.

APPENDIX 2

MODELLING ASSUMPTIONS

LOCATION	LA	REGION	HOMES	PUBLISHED SIZE	GREENFIELD
Tempsford	Central Bedfordshire (OxCam Corridor)	East of England	40,000	1200	Yes
Leeds South Bank	Leeds, West Yorkshire	Yorkshire & Humber	13,000	258	No
Milton Keynes	Milton Keynes, Buckinghamshire	South East	40,000	-	Mixed
Thamesmead Waterfront	Greenwich, London	London	15,000	100	No
Brabazon & West Innovation Arc	South Gloucestershire (Bristol)	South West	40,000	-	No
Manchester Victoria North	Greater Manchester	North West	15,000	155	No
Crews Hill & Chase Park	Enfield, North London	London	21,000	884	No

LOCATION	COMMERCIAL %	DPH*	NET DEVELOPABLE	AGRICULTURAL LAND VALUE**
Tempsford	2.00%	35	1,143	30,000
Leeds South Bank	5.00%	55	236	30,800
Milton Keynes	7.00%	55	727	37,000
Thamesmead Waterfront	5.00%	240	63	37,000
Brabazon & West Innovation Arc	5.00%	50	800	28,000
Manchester Victoria North	5.00%	130	115	-

LOCATION	COMMERCIAL %	DPH*	NET DEVELOPABLE	AGRICULTURAL LAND VALUE**
Crews Hill & Chase Park	2.00%	65	323	37,000

LOCATION	ASSUMED % AGRICULTURAL	INDUSTRIAL LAND VALUE	ASSUMED % INDUSTRIAL	LAND ACQUISTION P/HA
Tempsford	100.00%	-	0.00%	240,000
Leeds South Bank	0.00%	1,150,000	100.00%	1,150,000
Milton Keynes	75.00%	3,000,000	25.00%	972,000
Thamesmead Waterfront	0.00%	10,000,000	100.00%	10,000,000
Brabazon & West Innovation Arc	0.00%	1,075,000	100.00%	1,075,000
Manchester Victoria North	0.00%	1,000,000	100.00%	1,000,000
Crews Hill & Chase Park	100.00%	-	0.00%	296,000

LOCATION	RESIDENTIAL LAND HA	RETAIL LAND HA****	INFRASTRUCTURE PER DWELLING
Tempsford	3,140,000	11,550,000	50,000
Leeds South Bank	3,470,000	22,170,000	100,000
Milton Keynes	6,120,000	8,760,000	62,500
Thamesmead Waterfront	32,320,000	17,630,000	100,000
Brabazon & West Innovation Arc	6,320,000	4,020,000	100,000
Manchester Victoria North	7,660,000	33,700,000	100,000
Crews Hill & Chase Park	19,150,000	10,670,000	100,000

**MHCLG Land Value Estimates, 2023, medium density benchmark for area **Agricultural high grade by region ***Industrial by LA ****Assume commerical land at retail rates conservative assumption, zero office space). For Greenwich,*

Kingston used, Cambrdige used for Tempsford, Barnet for Crews Hill

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