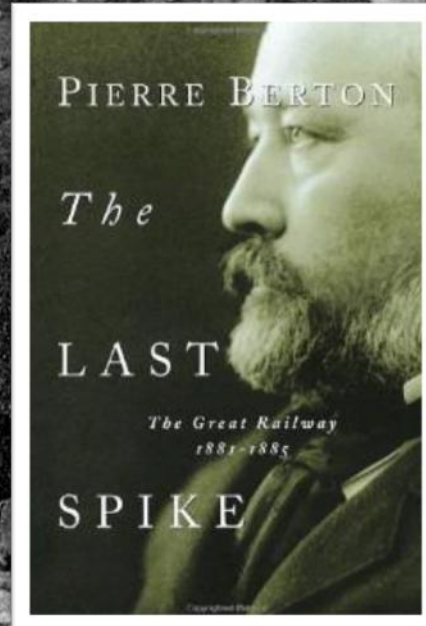
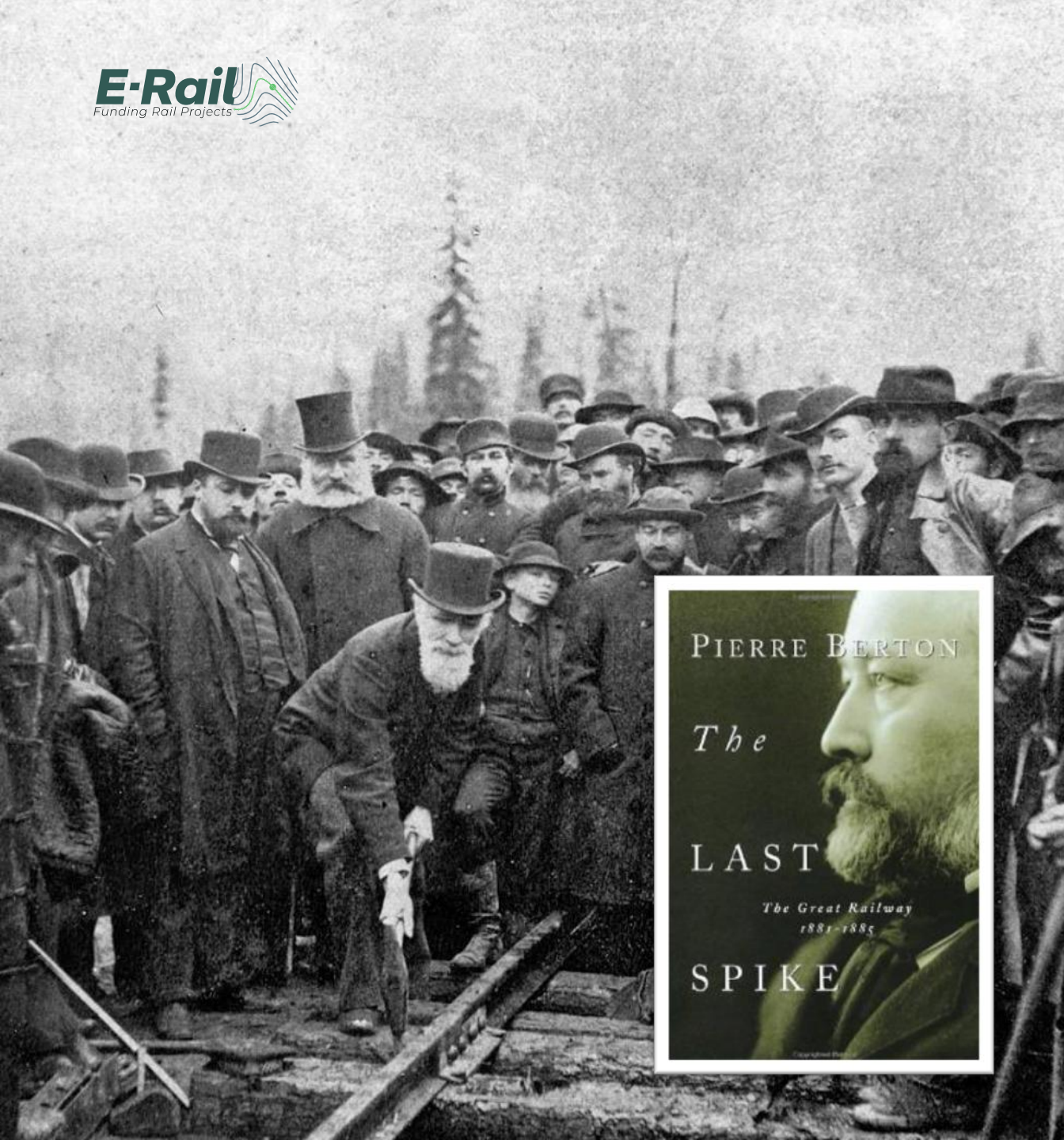




A Financial Contribution Towards New Transport Infrastructure

The Land Value Capture Model

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Land Value Capture Is Not New

The Last Spike

The Canadian government assigned to CPR the construction of the Trans-Canada Railroad (1881 - 1885)
In exchange CPR was granted 25 million acres of land.

Metropolitan Line, London

In the 1880's, the 'Met' was the first London rail service to exploit the land value created by development of the suburbs to the north of the capital.

The rail company secured options on sites where the stations were planned on the 50-mile route and undertook housing and commercial developments at every new station which paid for the route over time.

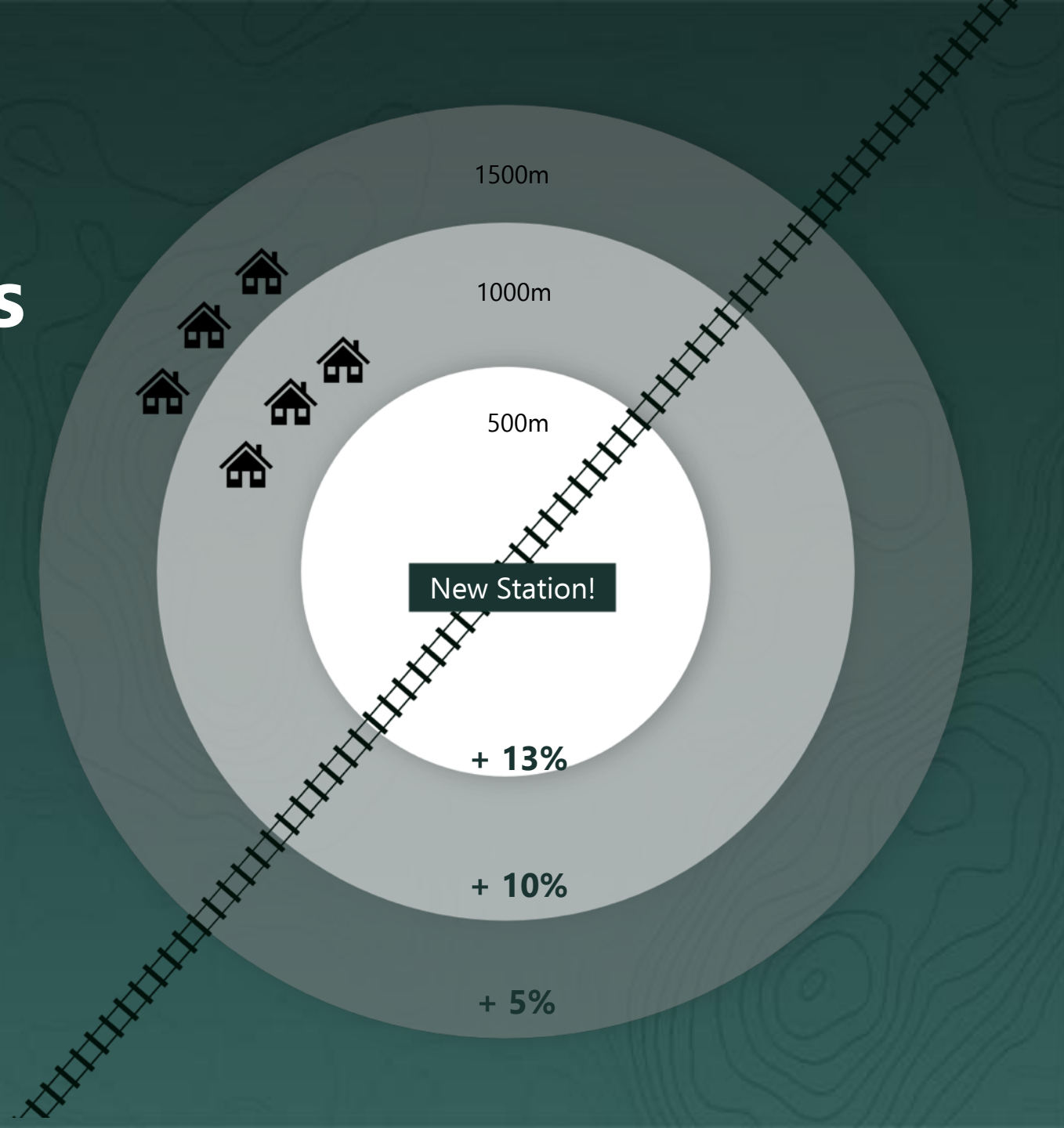


Land value increases around stations

Land uplift values shown in diagram reflect those found at new stations constructed on the Montréal Metro project.

— The impacts are more evident in the immediate proximity to the station

— **This is the end game but not what we target!**



Northumberland Line Project

5 Proposed New stations;

- Seaton Delaval , South Newsham, Bebside, Bedlington and Ashington

E-Rail involvement:

- E-Rail instructed by Northumberland CC in 2017 to explore the fund raising opportunities as part of the proposed re-opening of the Ashington-Blyth-Tyne rail route
- Contribution Agreements executed with landowners along the route, covering over 20 sites
- Value expectation exceeds initial predictions
- About 50% of the increase in land value will be collected, representing 25% - 30% of the project capital cost



Contribution Agreements (CA)

This is NOT a TAX; it is a sharing of the wealth created and therefore landowners and developers have shown themselves willing to co-operate.

- Each CA is tailored to individual property and owner
- Landowners, private and public can participate
- No rail project, no contribution
- No planning consent, no contribution
- Payment becomes due when the transport project is committed and planning has been granted
- An independent body holds the CAs, which the transport proponent approves
- The CA is time controlled – typically 5 – 20 years depending on the anticipated project delivery timeframes



The Transport Fund

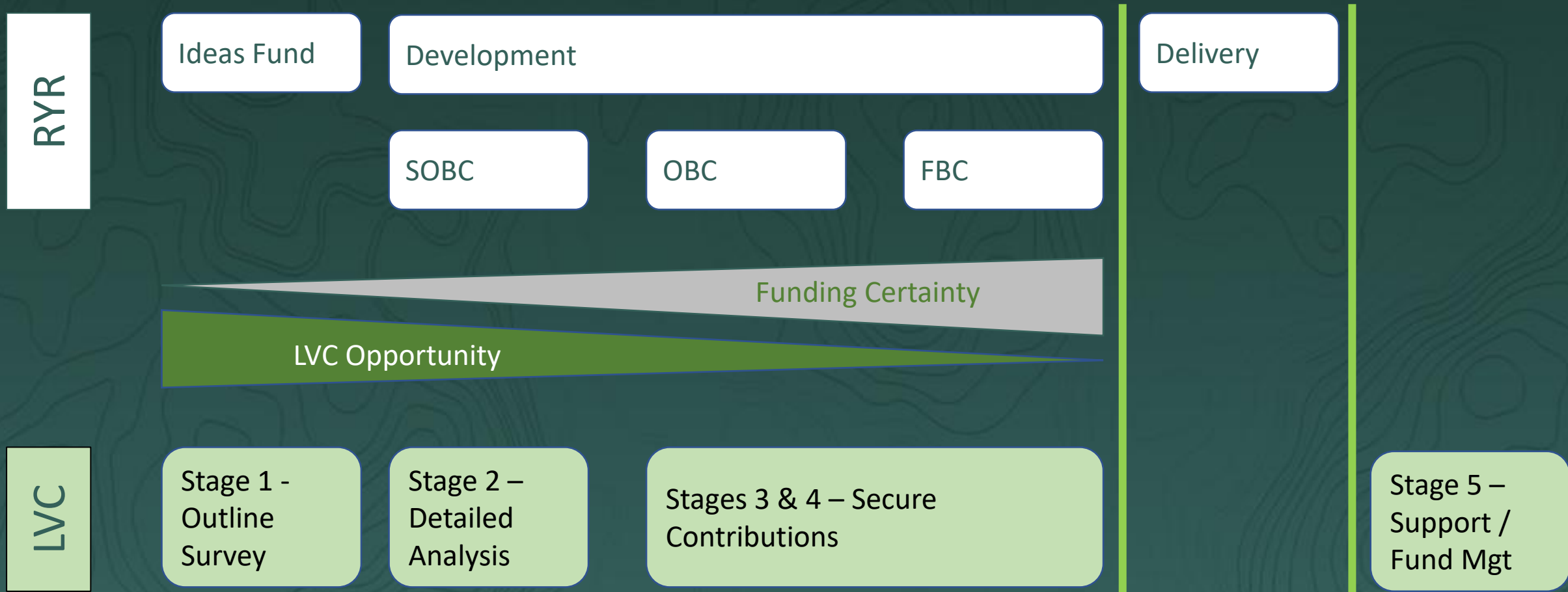
Key points:

- Dedicated solely to the project
- Set up and then managed by a Fund Manager
- Fund is independent of E-Rail, sponsor or developers
- Proponent has 'step in' rights to protect the fund
- CAs are registered in the title and lodged with the Fund when signed by developer/landowner

Once the Contribution Agreement milestones are achieved (i.e. planning granted) the Fund Manager will:

- Call down funds from developers/ landowner
- Disburse funds to the project and E-Rail
- Once all contributions received and paid out, the Fund is closed

Optimum Alignment to RYR Development



Funding Business Cases

- Security & Surety – secured against title, step-in rights
- Return on Investment – proven, funding potential on Northumberland Line is c. x120 cost of the agreements
- Securitising future returns – risk-based decisions (such as enterprise zones) are not new ... making LVC the subject is!
- Timing & funding considerations:
 - Promoters think about assembling grant funding first, **but securing LVC should be first**;
 - Cashflow management is normal, and possible; and
 - If the project will happen anyway, lost opportunity;



Key Points

- LVC must be secured as early as possible, needs funding gap
- No new legislation required
- E-Rail works as an agent of the public sector procurer
- Method does not change the transport or planning process
- Transport Agency and Local Authority retain control at all times
- LVC sits at the front of the process, the funds follow later





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