



## MF Case 1: London, UK: Crossrail

In London, the city uses land value capture to partly fund its new metro line – Crossrail which includes ten new stations and around 118 kilometres of new and upgraded line, including 42 km of new rail tunnels through central London.

### London Crossrail



New Crossrail rolling stock By Sunil060902 - Own work,  
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### Policy Context:

National and Local. Infrastructure budgets are highly constrained in the UK which is struggling to reduce its fiscal deficit.

## **Preconditions**

The law allows local governments, in this case the Greater London Authority, to surcharge property taxes as a contribution to “betterment”

## **Financing & Funding**

The 2005 business case identified tenants and owners of large commercial properties in the financial districts in the City and Docklands as key beneficiaries of the project. As a result, three value capture mechanisms were implemented:

A Business Rate Supplement (BRS) of 2% on commercial properties with a rateable value of more than £55,000 in the Greater London Area. Income from the BRS will generate a £4.1 billion. In addition, £600 million from development revenues, including through the Mayoral Community Infrastructure Levy (CIL) and development application charges known as Section 106 charges. The resale of surplus land is expected to contribute a further £500 million. Voluntary contributions were secured for about 35% of the project’s total funding package, with an additional 30% to be raised from projected Crossrail fares (user charges). Value capture mechanisms contributed 32% towards the total cost of the project.

In Hong Kong’s metro system, land value capture (known as “betterment taxes”) represented a financial windfall. By the 1980s, the system was already showing a profit, in large part due to capture of the increase in land value.

## **Institutions & Management**

Transport for London is managing the project – this organisation runs the entire “Tube” network under the Greater London Authority.

## **Lessons Learned**

Surcharge of taxes is accepted if residents see direct benefit. These taxes do not have to be land taxes but they do have to be geographically targeted.

## **References and Information/ Sources:**

<https://tfl.gov.uk/travel-information/improvements-and-projects/elizabeth-line> accessed 2 Nov 2017

Using Value Capture To Help Deliver Major Land Transport Infrastructure: Roles for the Australian Government [http://investment.infrastructure.gov.au/files/value\\_capture/Value-Capture-Discussion-Paper.pdf](http://investment.infrastructure.gov.au/files/value_capture/Value-Capture-Discussion-Paper.pdf) accessed 2 Nov 2017.

## **Credentials**

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