

# Restitution of Planning Gains in the UK and Policy Considerations

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## □ Necessity for restitution of planning gains

- An increase in land prices arising from changes in urban planning or permission of development projects is the result of social acts, not the result of efforts by landowners. Thus such gains should be diverted to the public sector.

## □ Restitution of planning gains in the UK

- In the UK, several systems to retribute all or part of increase in land prices caused by decisions on or changes in urban planning, including betterment levies, have been adopted since the early 20th century.

- Recently, the UK has introduced planning obligations and community infrastructure levies for smooth restitution of planning gains without undermining development projects.

## □ Implications from the UK case

- The UK has continuously and systemically enhanced its system to retribute planning gains: they have developed a flexible system customized to local circumstances while establishing a

network that is densely connected with the basic development plans of each municipality.

▪ The urban planning department of each local government has enough specialists in charge of the restitution of planning gains and discloses the cases on the negotiation over the restitution of planning gains. In addition, they have operated a planning inspectorate for ex post facto inspection and adjustment.

### | Policy implications |

① It is necessary to re-establish the concept of development gains to improve an adjustment system to retribute planning gains. First of all, it is required to reach social consensus over the adjustment of planning gains.

② A measurement system to reasonably calculate planning gains, standardized guidelines, training to nurture specialists in urban administration and planning, and supervision and assessment systems are needed.

③ For the adjustment of planning gains, it is necessary to consider the imposition of development charges under the Restitution of Development Gains Act, the utilization and supplementation of the prior negotiation system, and the enhancement of a link between development projects and land donation.