

Why is housing so costly in Britain?

It is not the housing but the land

- Homes cannot be built without land.
- A small house in London costing £5,000 in 1970 would fetch more than £350,000 now. The price would have been £59,000 if it had gone up only with inflation. The difference is the huge rise in the price of land. **Land Value Tax** would have helped prevent that.

Not enough housing is being built

- Britain's population is growing, and the number of households even more so. We need to build 232,000 extra homes a year until 2033. Currently, barely half that is being achieved.
- The big house builders own or have options on land with planning consent that could help fulfil that demand, but build only slowly to keep prices (and profits) high. **Land value tax** would spur development of that land, and force down prices.
- Councils and social providers are constrained by high land prices. **Land Value Tax** would bring down prices so that more money would be available for construction. The government must also increase lending to social providers at low rates of interest.

It is the huge growth of easy credit

- Since deregulation, banks have dramatically expanded their lending for housing, including buy-to-let, disregarding old rules that measured ability to repay the loans plus interest.
- This increased demand, which inflated the price of land and therefore the prices of homes to rent and to buy.
- **Land Value Tax**, along with credit controls and investment in social housing for rent, would have prevented those house price bubbles, so that housing to buy or rent would have been more affordable.

Who benefits from inflated land prices?

- The big house builders who already own large land banks, who can profit just from the land.
- The banks because they make more profit from interest on the larger mortgages people are forced to take out.

- The big landowners and owners of properties to let, because they can charge more rent.
- Owner-occupiers who took out mortgages years ago when prices were much lower.
- Speculators who buy homes not for occupation but in order to sell at a profit in the future.

All of which are forms of unearned income at the expense of the rest of society.

Who suffers from inflated land prices?

- Tenants, lodgers, those living with family and friends, and other non-property owners, as well as those with huge mortgages.
- Society as a whole, due to the distortion of the economy caused by land speculation, including the effects of 'property crashes'.

Who would benefit from a Land Value Tax?

- With **Land Value Tax**, **everybody** would benefit because it would convert rising land values into improved public services, while land and property prices would start to fall, making homes to buy or rent more affordable.

Introducing Land Value Tax

- **Land Value Tax** is an annual charge payable by landowners not tenants against the value of a site – which is determined by the popularity of a location and its permitted use decided by planning authorities – disregarding any buildings on the site.
- The major economic benefit of **Land Value Tax** – which would cover all land – is that it would bring idle land with planning consent into use, and it would reduce land prices, so that more money could be spent on investment in housing, public services and business activities. It would render housing more affordable.
- **Land Value Tax** would not be additional, but offset by reducing or abolishing other taxes that are harmful to the economy
- **Land Value Tax** has many other important benefits covered in more detail in our other publications – see below.

Labour Land Campaign publications: *Manifesto of the Labour Land Campaign: Towards a Fairer Tax System and a more just society* (£1); *Land Value...for public benefit* (£2); *Welfare for the Rich: Who really receives the biggest subsidies in the UK?* (£2); *A Proposal to Replace the Council Tax and the National Non-Domestic Rates with a Land Value Tax*. All available at www.labourland.org.

The Labour Land Campaign encourages debate and investigation into economic policies that will bring about positive and more efficient land use and a sharing of the wealth of land values, which we all create. We lobby, campaign, organise meetings and conferences, write articles, brief politicians, journalists and property professionals. We take part in discussions and join with other like-minded organisations with the aim of moving towards a more just society – a society that will make better use of our natural resources, help reduce pollution and offer a fairer, more efficient and logical tax system.

The **Labour Land Campaign** invites all in the Labour, Trade Union, Co-operative and Green Movements to join our meetings and to help us take forward our economic policies that are part of the solution to the inequalities in life arising from a fundamental flaw in our economy: a denial of the importance of land in the economy, the undeserved and unjust power in its 'ownership' and the acceptance of land wealth being given as unearned income to owners of land rather than being returned to those that create it – that is all of us!

The **Labour Land Campaign** welcomes people who want to find out more about who we are, what we have to say and who are willing to contribute to developing our knowledge and thinking on environmental and economic issues relating to land – its ownership and its importance and strategic role in the economy.

Do you want to know more about Land Value Tax or add to the debate?

- If you are interested to find out more about Land Value Tax or about the Labour Land Campaign please visit our website www.labourland.org
- If you would like to attend one of our meetings or arrange for a speaker from the Labour Land Campaign to lead a discussion or seminar with your organisation, please email carol.wilcox@labourland.org



Britain needs affordable housing to buy or rent

Young people especially cannot afford to buy or rent housing near where they work. Many are forced to live with their parents because of the high rents. Many people, if they do get a place, are faced with half or more of their pay going on rent or mortgage repayments.

The **Labour Land Campaign** says

- Stop the building of properties exclusively for the rich
- Require half of all new housing in towns to be affordable for local people
- Build more council housing
- Put a cap on rents
- Stop speculation in the housing market
- Introduce a **Land Value Tax** to reduce housing costs and release more land for housing

