

Why we need a housing wealth tax

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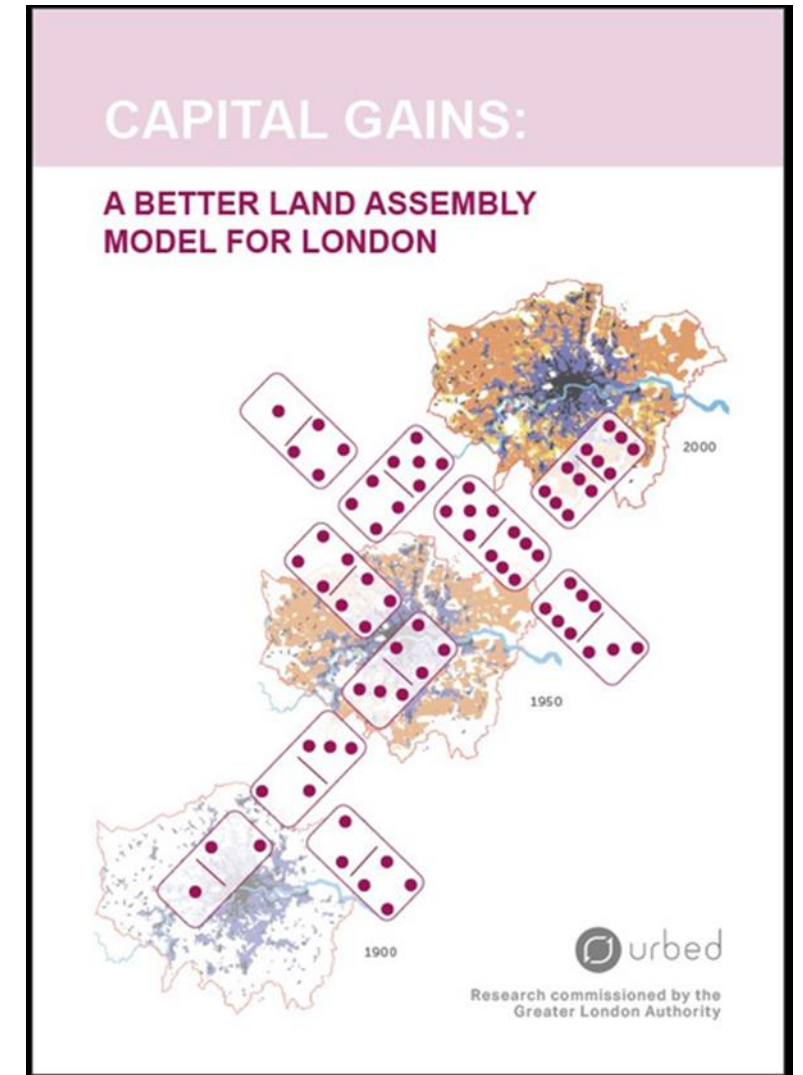
Housing investment needs a switch change:

- Housing is at the roots of poverty
- It is also a solution to ‘levelling up’
- It needs to address climate change
- But the UK persistently builds too little and badly
- Planning has become ineffectual
- A major obstacle is over-valued land
- We need to share land value uplift



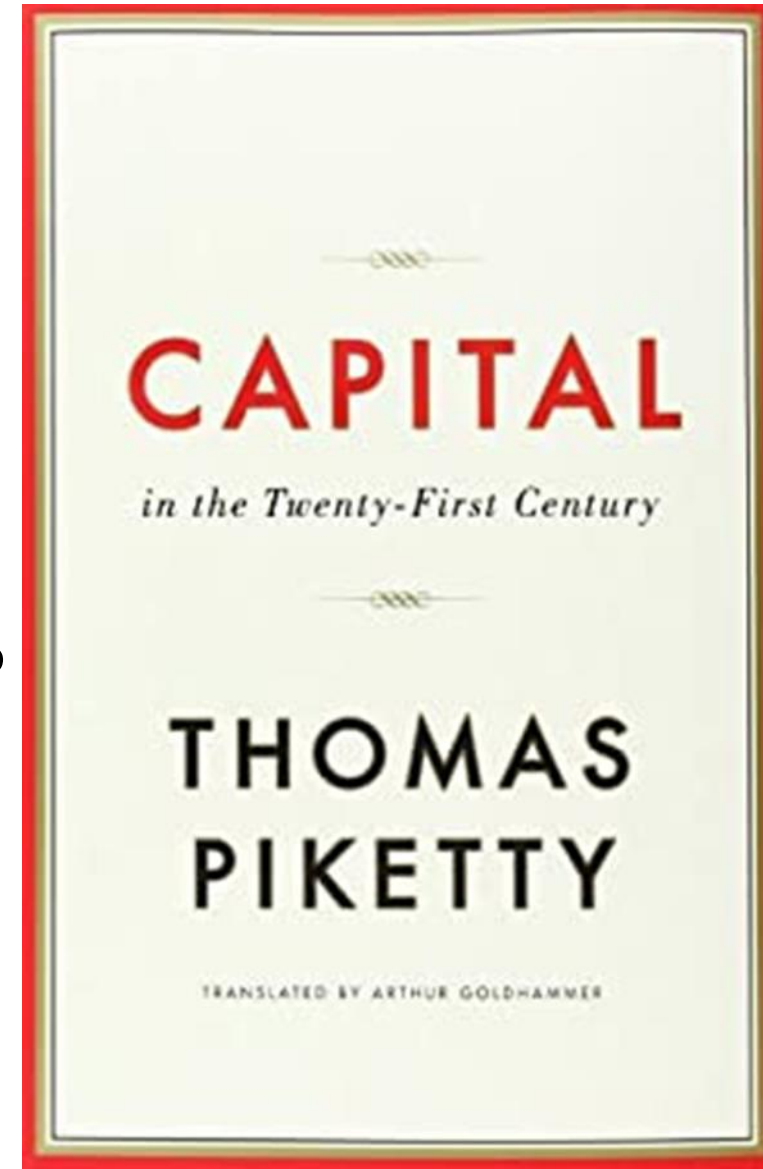
A Land Efficiency Tax (LETs) in high value areas would help to

- Stop sprawl
- Boost municipal capacity and pride
- Level spatial inequalities
- Tax the 'unearned increment'
- Focus housing where wanted
- Turn the vision of a 'green new deal' into reality



Housing is the easiest form of wealth to tax

- Housing is a store of private capital
- Disparities keep rising
- Homes are tangible ('real estate') and hard to conceal
- Land value can readily be assessed
- The overall value of housing is far in excess of GDP
- It now is an obstacle to real growth
- Other countries show the way e.g. Copenhagen, Freiburg



The 'tax' should charge the wealthiest house owners (top 20%?)

- The proceeds would go to Counties or development corporations
- It would be hypothecated to infrastructure (like parking charges)
- GIS and rating records will make the job easier
- The Land Charge will supplement charges on the value of NEW development
- Council Tax will remain to pay for services

The benefits should outweigh the objections

- Rebuilding local autonomy and capacity (real devolution)
- Encouraging more efficient use of land
- Tackling inequalities in wealth
- Stopping sprawl
- Reducing need for 'bad' taxes
- Rebalancing housing supply and demand

A Land Efficiency Tax could be implemented progressively

- Starting in designated Growth Areas where house prices far exceed incomes e.g. Oxfordshire
- Using development corporations to assemble land e.g. Oxford Station
- Making powers available where infrastructure is being upgraded e.g. OxMkCam Arc, Greater Bristol
- Investing in areas of under-development e.g. around railway stations, edge of town centres e.g. Southall/Ilford

LET's start with pilots

- Identify suitable areas e.g. Combined Authorities and elected Mayors
- Raise enough to make a difference e.g. Tax Increment Finance (TIF)
- Assess scope for prudential borrowing
- Use the initial proceeds to cut Business Rates in town centres
- Assemble land at Existing Use Value Plus
- Apply what works

Urban Maestro New governance strategies for Urban Design

Applying land value capture tools

lessons from Copenhagen and Freiburg

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The Highbury Group could be the catalyst:

- Forming a wide enough alliance e.g Fairer Tax campaign, IPPR, RICS
- Promoting a Commission on reforming property tax
- Getting progressive authorities as allies e.g.TfL?
- Other???