

Theguardian.com

Housing

We face a land crisis, not a housing crisis

By Dr. Justin Robbins / 21 January, 2022

Sam Bowman ([The big idea: could fixing housing fix everything else, too?, 17 January](#)) is quite right in pointing out that one social problem – the housing shortage – lies at the root of many other problems, and he provides a pretty full list of what those problems are.

As he says, it is not the cost of bricks and mortar that has sky-rocketed, but the cost of land. We face not a housing crisis, but a land crisis. It is clearly wrong that when the state – in the guise of the local planning authority – grants permission for development on an area of land, the enormous increase in its value is largely pocketed as unearned income by the landowner, rather than going to the community whose needs and whose taxes that have paid for local infrastructure give value to land in the first place.

Bowman blames the shortage on the scarcity of permissions to build, but Julia Kollewe ([Report, 8 May 2021](#)) told us that since 2010-11, permission for 2.78m houses has been given but only 1.6m have been built in the same period, prompting the suspicion that developers are holding land unused while speculating on further increase in its value, and therefore in their profits.

Bowman considers various ways to fix this modern ill, but fails to mention the best one: a revenue-neutral reform of the tax system so that tax is increased on the unearned income from land, ignoring improvements, and reduced on earned income and consumption. Such a land value tax would be levied on unused land as well as other land and so would put a stop to land speculation. There would be a strong incentive to develop, the cost of land and therefore of houses would reduce, leading to real affordability, as well as to solutions of all the problems he identifies as stemming from our housing crisis.

Dr Justin Robbins
Yealmpton, Devon