

LAND&LIBERTY

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message from the honorary president

In order to promote sustainable development and the provision of affordable housing our Government is proposing radical changes to the way it limits what *people are permitted to use our nation's land for*. According to its consultation documents the changes it proposes for the planning system need to secure net gains across each of three spheres - environmental, social and economic. Clearly each of these are also affected by the Government's tax system because that affects *what people are economically able and willing to do on and with our nation's land*. The two systems are inextricably linked and as they affect the two primary factors of production (land and labour) they lie at the heart of economic management. Sadly the Government's consultation documents indicate that the need for the two systems to be complementary has been completely ignored. This is particularly clear in connection with the 'affordable housing' issue.

In making "The Case for Change" in its consultation document "First Homes - Getting you on the ladder" the government says only: "*Affordability is the biggest barrier to home ownership - and while this is partly due to a shortage of housing supply, low interest rates and high rents have limited the ability for young people to save the deposit they need to buy a home*". No reference to what determines rents or the price or cost of housing or what determines the real or even net earnings of young people or the negative impact that current government tax interventions and negligence have on housing costs or real earnings.

"Build, build, build" is the Government's primary response to the affordable housing crisis and that building must be where its proposed algorithm the "standard method for addressing future local housing needs" indicates. This algorithm increases the existing baseline projection of housing need in each planning area by an "Adjustment Factor" that is based on both a current and past affordability assessment. It uses a 'local affordability ratio' that is house price divided by *gross* earnings - so all taxes affecting employment are ignored. The current ratio for London is 12.43, for South East England 9.44 and for North East England 4.78. This means the affordability adjustment increases the apparent need to build affordable homes in the south east (where land represent a large fraction of house prices) more than in the north east where building costs and their associated taxes represent a much larger fraction of house prices.

One is bound to ask how this squares with the Government's promise to 'Level Up' since this should mean more and better employment opportunities in the country's more deprived areas. Jobs building sustainable developments that contribute to desirable economic, social and environmental objectives would help, especially if they flowed from a coherent blend of enlightened planning and tax systems.

Most readers of Land&Liberty will know how taxes on employment and trade seriously diminish employment prospects, reduce real earnings and increase living and building costs. They will also know that failing to collect as public revenue the rental value of the land, upon which every dwelling stands, seriously increases the price of all homes - and the deposits required!

The Government's planning consultation provides a timely reminder that in order to secure net gains across the environmental, social and economic spheres, it is necessary to observe *the primary duties that every landholder owes to the community that secures their holding*: (i) to keep the land in good condition, (ii) not to interfere with their neighbours' quiet enjoyment and (iii) to pay the rent.

David Triggs
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