

With LVT, there's no need for crazy property levies

Contrary to the headline on Jessica de Grazia Jeans's letter (March 28) there is in fact a silver bullet to solve England's housing crisis — namely land value tax.

A new 3-bed home can be built for less than £100,000 and most of England's existing housing stock — poorly maintained, and energy inefficient as it is — is worth far less. It is the land prices which make housing unaffordable.

The land market is dysfunctional. It neither alloc-ates fairly nor efficiently. A land value tax would correct the market. LVT is a tax on all land which has a market value, and is paid by owners. If implemented correctly, LVT would empower local authorities to buy and build houses, which Martin Johnson calls for in his letter (April 3).

It is important to distinguish between land which generates an income, or could as in the case of second homes, and that under principal residencies. A high rate can be set on the former and a lower, affordable rate, or rates, for ordinary homeowners.

Residential landlords in particular would be affected by having to pay the rent on the land they own. Legislation would be necessary to stop them passing on the tax in full to tenants. This neces-sary market correction would force many private rented homes on to the market, leading to lower house prices. It would enable some to buy the home they live in and local authorities to buy the rest with sitting tenants.

Council tax is a disgrace, where the owner of a mansion in Westminster pays little more than the tenant of a bedsit in Weymouth. Business rates have crippled the retail sector. Stamp duty land tax discourages beneficial moves. Meanwhile section 106 agreements — under which developers negotiate with councils over the provision of local amenities, such as schools and clinics, in return for permission to build property — and the infrastructure levy hobbles development.

So I say scrap all these crazy property taxes and replace them with land value tax.

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