

F.A.Q.'s

Q: If LVT is so sensible, why don't we have it already?

A: LVT, first proposed by the American social economist Henry George in the 19th Century, received wide popular support. But it was suppressed from mainstream economics just because it is fundamentally pro-community (the whole community) and anti-elitist. Mainstream economists are the priesthood of our wealth-elitist political system, which favours privatisation and leads to the exhaustion of natural resources. LVT is part of a more enlightened agenda for a just and sustainable society.

Q: Could LVT be introduced tomorrow ?

A: Yes. But, once the principle had been accepted, there would need to be a debate about the form it should take and as to transitional provisions to avoid disruption.

Q: Will LVT be yet another tax?

A: Not necessarily. It could replace an existing tax that is considered harmful to the economy.

Q: Where else has LVT been implemented?

A: Denmark, Hong Kong, lots of cities in the US - especially in Pennsylvania, cities in Australia, including Sydney.

Q: How does LVT effect the planning system?

A: It doesn't. Land can still be zoned/designated as industrial/residential/public space/agricultural as normal, and differential tax rates set accordingly.

Q: How can we persuade the legislators to act?

A: Popular pressure. The principle of LVT will be opposed by big landowners and their hangers-on who will spend millions campaigning against it. But we live in a democracy. And LVT benefits the majority, including builders and house-buyers and tenants, as well as strengthening the community as a whole.

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Mr Noel Ahern: "One of the main aims of this Government is to address the issue of the cost of land required for development and affordable housing in particular,"

Might LVT be what you are looking for, Mr Ahern?

Land Value Taxation

Land is special because

- ***there is only so much of it***
unlike manufactured goods, higher prices don't result in more land being produced
- ***you can't move it around***
a tax on land cannot be avoided
- ***it's a free gift***
people who profit from increased site values haven't earned one cent of this profit
- ***it's a basic necessity of life***
everyone needs somewhere to live

WHAT IS LAND VALUE TAX (LVT) ?

LVT is a tax on the **site value** of land.

The **site value** is the unimproved value of the land. It is the part of the total value of the land not attributable to any buildings on the land or any work of improvement, so neither the present owner nor any previous owner can claim to have contributed to the site value. The site value is created by nature or by the community, often by publicly funded infrastructure provision.

However it is imposed, LVT is a way for the community to receive back the value created by public expenditure, or for the community to share the benefit of nature's gift.

HOW DOES LVT WORK?

LVT can take many forms. It can be an annual tax, or it can take the form of a levy payable on the sale of the land, the zoning of land for development or the grant of planning permission.

The tax can be made payable to a local authority, a parish or city council, or to central government.

The tax can be used to increase the total revenue available to the local authority or central government to spend on public services. Or it can enable other, less efficient, taxes to be reduced. As a single tax, it would replace all other taxes.

LVT can be 'hypothecated', ie ring-fenced to be spent in a certain way for the benefit of the community.

LVT is often imposed in addition to a tax on the buildings on land: the site value is taxed at a higher rate than the buildings: this is known as the 'dual rate tax.'

LVT can be charged at different rates for different per acre site values, at higher rates for more valuable land, as in Barbados.

At the moment

- open market housing is **unaffordable** to the vast majority of people, especially the young, and those who can afford to buy can only do so by taking out **massive mortgages**
- meanwhile speculators and other landowners are **making unearned fortunes**. If not taxed, land ownership confers superior bargaining power and leads to concentration of wealth

A few winners and many losers

Why?

Because at the moment there is a fundamental flaw in the system: the site value of land, which is created not by the landowner but by nature and the community, belongs to the lucky landowner. The landowner is getting the value that ought to belong to the community.

We need to correct the system, not just tweak it.

More regulation and bureaucracy aren't the answer: they address the symptoms, not the cause of the problem. They are inefficient and open to abuse. We need a system that eliminates the basic flaw; a system that ensures that increased site values created by nature and the community are **enjoyed by the community**.

The solution is Land Value Tax - a tax on the site value of land

The benefits of Land Value Tax

LVT corrects a basic flaw in the existing system. Not surprisingly, there are many benefits:

Economic: it discourages land speculation - the tax encourages landowners to develop or sell. It brings **more land onto the market** for housing at **lower prices**.

Social: the site value of land belongs in justice to the community: LVT ensures that the economic advantages of land-ownership are fairly shared.

Logistic: easy to assess and collect, can't be evaded.