

## [There's a much simpler way to solve this housing shortage thing you know](#) [1]

Written by [Tim Worstall](#) [2] | Sunday 24 November 2013



I'm always amused to see our rulers tying themselves into ever greater knots to avoid having to admit that the problem they're trying to solve is in fact just terribly simple to deal with. The latest is this idea that those who cannot afford a house should have a free building plot given to them by [the State](#) [3]:

Young people who cannot afford to buy a home should be given land by the state so they can construct their own houses, the planning minister has suggested. Nick Boles said it would be a way of reaching out to a generation of young Britons who want to be 'given the opportunity to get on and help themselves?'. Instead of renting or applying for council housing, young people should be able to 'put themselves on the list for self-build,' he said.

What we really have here is an admission that it isn't the cost of building a house which is the problem. It's the scarcity value of the planning permission to be able to build on a certain plot that is. It's most certainly not the cost of land itself: even in SE England this is rarely above £10,000 an acre and you can get five or six houses on that. It's not the cost of the land nor is it the cost of building a house (£120k or so for a nice three bedder). It's that chitty from the State that allows you to marry the two together that makes housing unaffordable where people desire to live.

As, of course, is being admitted here by the suggestion that a solution is to give people one of those chitties for free.

Which is a very complicated and in some senses appallingly stupid way of trying to solve the problem. For I'm deeply unsure that the country actually needs more houses put up by self-building bodgers. Nor does it need the local commissars being able to gift a couple of hundred thousand pounds to favourites by controlling the allocation of those chitties.

Why not, instead, simply reduce the scarcity value of those chitties by issuing more of them? We get to the same end point, housing becomes the cost of building plus the cost of the underlying land. No artificial pumping up of the price at all through "planned" scarcity.

We've even a blueprint for you, [Land Economy](#) [4] by Mischa Balen.

But there's a much more basic point here too. When the original problem is government screwing things up the solution is not yet more levels of complexity but rather vying to get the government to stop screwing things up. In this case housing is expensive because government doesn't let people build houses where

people would like to live. Why not get government stop doing that and the rest of us can then get on with our lives?

[blog comments powered by Disqus](#) <sup>[6]</sup>

---

**Source URL:** <http://www.adamsmith.org/blog/planning-transport/theres-a-much-simpler-way-to-solve-this-housing-shortage-thing-you-know>

**Links:**

[1] <http://www.adamsmith.org/blog/planning-transport/theres-a-much-simpler-way-to-solve-this-housing-shortage-thing-you-know>

[2] <http://www.adamsmith.org/taxonomy/term/5778>

[3] <http://www.telegraph.co.uk/news/politics/conservative/10468658/Give-young-land-to-build-their-own-homes-says-planning-minister.html>

[4] <http://www.adamsmith.org/research/reports/land-economy>

[5] [http://disqus.com/?ref\\_noscript](http://disqus.com/?ref_noscript)

[6] <http://disqus.com>