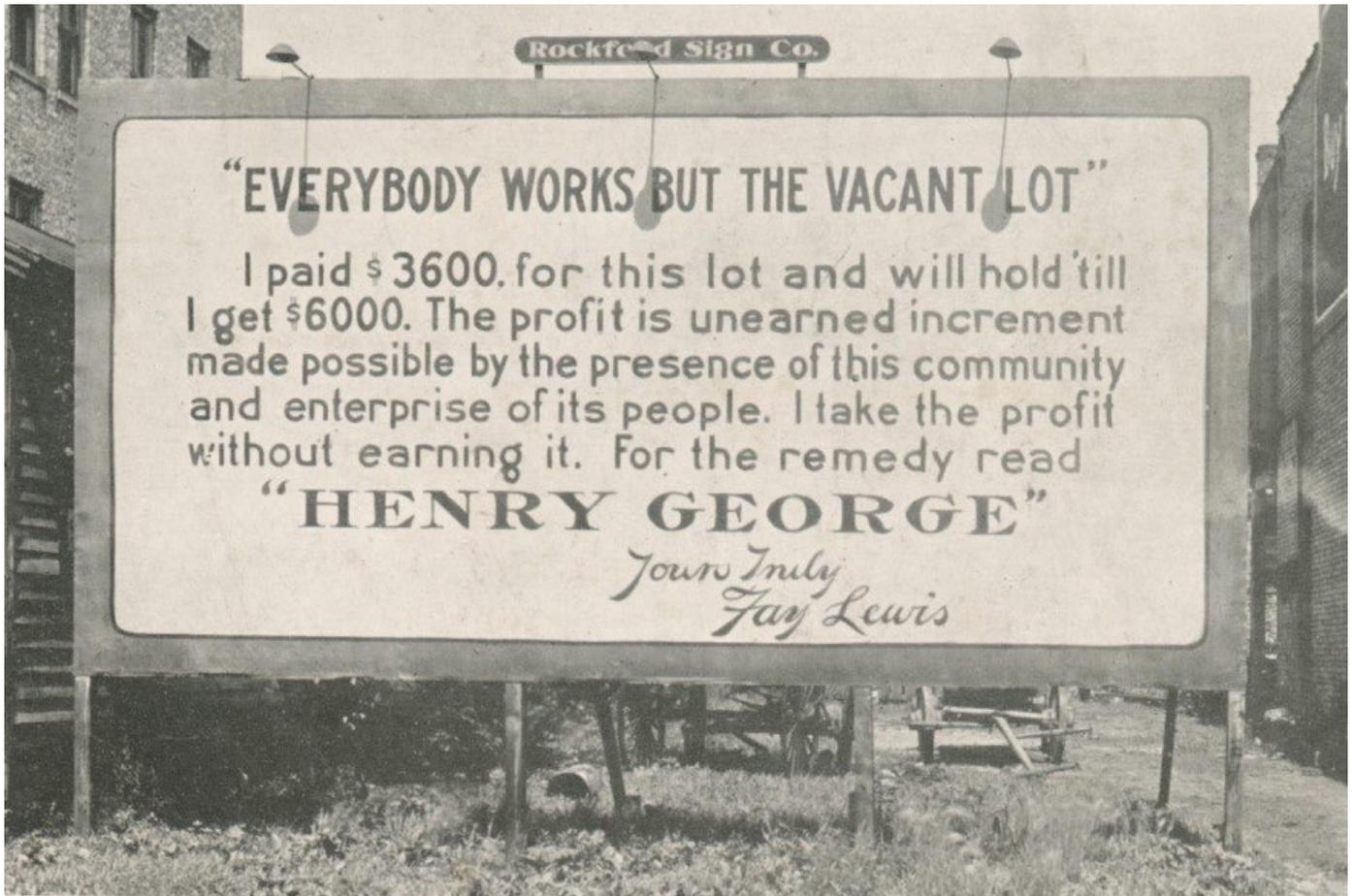


# **Thread by @paulbeard: "There is something to this but \*local\* concentrated wealth — land values and the reaping of wealth by property owners — is a factor. Housing [...]"**

There is something to this but \*local\* concentrated wealth — land values and the reaping of wealth by property owners — is a factor. Housing inequality starts with low costs to hold/high costs to acquire land for development. 1/

20% of Seattle's precious single family homes are rentals: that keeps prices higher through scarcity and rewards owners. 1% property tax makes land cheap to hold and the red-hot economy's demand makes land more valuable each year. 2/



We can talk all day long about new programs to develop affordable housing but without affordable \*land\* we're just wasting time. A parcel that sells for \$1M zoned for 10 units means each unit has a \$100k basis before the first shovel of dirt is turned over. 3/

Add in the actual cost of development at that low density and those units are out of reach for many who aren't high-tech workers. Increased density helps but then there's parking which, with a comprehensive approach to car-less density, can be dispensed with. 4/

The optimal price to acquire land for development is \$0: the value of the land should be collected through a land tax/ground rent for the benefit of those who created that value. Remember "location, location, location?" That means "close to other things." IOW, density. 5/

Seattle has acres and acres of vacant (the Mercer megablock), disused (see Lake City Way at 100th), and surplused (Northgate Mall – 55 acres) land that has a high price based on the value of what's around it, value the owner never lifted a finger to create. 6/

That value. the wealth, was created by the people who live and work here everyday and they should get the dividends of that investment through ground rents. Instead of a sale windfall, the Mercer megablock should be a perpetual revenue stream of ground rents. 7/

Developers will tell you that many projects don't pencil out because of the cost of land, that they are forced to build small numbers of luxe units just to recoup their costs, if they can even get financing to get the land. Land under the old viaduct is changing hands... 8/

...because of its future value, its speculative value: that value belongs to the people who created it. That long vacant city block across from City Hall: the asked price kept it dormant more than 10 years. An old trailer park on Lake City Way, now luxe units... 9/

...many of which will be investments, AirBnB units, as long as high land prices keep affordable housing scarce for those who live and work here. The solution to housing and wealth inequality is literally under our feet...10/

...but it threatens the windfall gains of the dominant voting class. A SFH bought in 1995 for \$200k might be worth 4 times that now...and the owner will vote to preserve that while voting to clear tent encampments. 11/

A lot of that wealth stems from scarcity (SFH rentals), redlining, and housing covenants, even here in progressive Seattle. A lot of what we call Seattle used to be suburbs and they were not...progressive. No one wants to think they owe their wealth to hateful policies. 12/

The economic justice we claim to want is at hand, if we want it. More than half of Seattle rents which means less than half controls the wealth in land that everyone — even renters — created. But it will be a hard pull to get enough people to see that. 13/F