

**SUMMARY: Wealth inequality is a barrier to the government's Plan for Change and especially its commitment to build more houses. This briefing sets out why this is and what can be done about it.**

## The gap between the wealthiest and the rest of us is getting worse

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**Rising wealth has created large gaps between those with wealth and those without it; the wealth gap presents a growing risk to the UK**

- While relative wealth inequality has remained stable (the richest 10% still own about 60% of the nation's wealth) over recent decades, the absolute wealth gap has widened dramatically. Soaring asset prices have triggered a massive surge in UK private wealth. Combined with stark disparities in asset ownership, this has led to the absolute gap in wealth between the top 10% and the bottom half of the population growing by nearly 50% between 2011 and 2019. This gap also drives and magnifies other forms of inequality, especially regional divides.

## The housing shortage is driven by wealth concentration

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**Wealth inequality fuels a vicious cycle of high property prices and stagnant house building**

- The UK has organised too much of its economy around endlessly increasing house prices which has both concentrated wealth and restricted housing supply. Rent-seeking and speculative profits now dominate the housing market, distorting incentives and leading to reduced construction rates, higher prices, and a focus on luxury housing rather than affordable options.

**Wealth inequality concentrates land ownership**

- Around half of the land in England is owned by less than 1% of the population. With so few landowners controlling supply, they can demand exorbitant prices from developers, constraining housing supply and leading to unaffordable housing costs that price out many buyers.

**Wealth inequality encourages NIMBYism**

- Constraints in housing supply in the UK reflect the disproportionate influence of current homeowners' interests on local planning decisions. Features of the English planning system, like localised decision-making and fiscal centralisation, exacerbate the influence of homeowner interests.

**Wealth inequality restricts social housing**

- Unlike countries like Germany and Austria that maintain a more balanced tenure mix, the UK's focus on homeownership has made housing a source of wealth inequality and financial instability. Other tenures that remove housing from private markets have been undermined and systematically underfunded, driving homelessness and housing insecurity.

## We need to break the cycle of high house prices and low building rates

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### There are a number of ways to both reduce the level of wealth inequality in the UK and increase housebuilding

- Updating property valuations, and reforming rates for council tax would ensure that more expensive houses pay more tax than less expensive houses, helping to address wealth inequality and boosting the spending power of lower-income families.
- Alternatively, a land value tax would make the practise of holding land speculatively extremely costly. This would encourage landowners to either develop their land or sell it to those who will, increasing the supply of land available for housing construction. The tax could lower land prices, making it more affordable to acquire sites for building.
- The UK's speculative model of development incentivises slower build-out rates and a focus on luxury housing rather than affordable options. Building more social housing would improve affordability and generate long-term societal benefits through improved employment, better health outcomes and reduced crime.

## The public aren't aware of the full scale of wealth inequality

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### Public awareness of wealth inequality and its impact on house building is limited

- People have an intuitive sense that wealth inequality is getting worse and is unfair in terms of both its causes and its consequences – even if the true extent of wealth inequality and its impacts on our economy, society and democracy is not widely recognised.

### Attitudes are likely to harden as the impacts of wealth inequality become increasingly obvious

- The large and very unequally distributed transfer of inherited wealth that is set to take place over the coming decades will dramatically increase the size of the wealth gap. This will likely undermine popular justifications of wealth being the result skill or effort.

### SUGGESTED PARLIAMENTARY QUESTIONS

- How does the government assess the impacts of wealth inequality on the housing shortage, and what specific measures are being considered to address these impacts, to ensure that we get Britain building?
- What recent discussions has the government had on the relationship between wealth inequality and its Plan for Change, particularly in relation to its house building targets?

### MORE INFORMATION ABOUT WEALTH INEQUALITY

- We published a *Wealth Gap Risk Register* on Tuesday 15 October, with a [webinar](#) featuring Liam Byrne MP, Sonia Sodha of the Observer and Graham Hobson of the Patriotic Millionaires.
- You can read the *Wealth Gap Risk Register* online at <https://fairnessfoundation.com/risks>, including interactive data visualisations, or download a PDF version of the [full report](#) or the [executive summary](#).