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# London Evening Standard

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## David Miliband's tax blow to 34,000 homes in London

Paul Waugh, Deputy Political Editor 02.08.10

Under the plan a home worth £3 million would pay a minimum of £10,000 extra a year, while a home worth £4 million would pay £20,000. Mr Miliband said the tax, which was first proposed by the Liberal Democrats until an internal party revolt, would allow the next Labour government to reverse the cuts being carried out by the coalition government.

But Trevor Abrahamson, of agents Glentree Estates, said: "Anyone with an ounce of nous wouldn't even suggest this policy, let alone implement it.

"It would be disastrous for London. It would change the whole dynamics of the market, which would solidify as people stopped selling so as not to realise their tax liability.

"That would have a knock-on effect on consumer demand as people wouldn't be realising property gains and spending that money. This tax would also stifle demand for high level properties from abroad, which is what has helped revive the market in the last year. The British economy is far too dependent on the property sector to do something like this."

The Treasury announced in its emergency Budget that it hoped to slash £1.3 billion from housing benefit costs by cutting the current rates paid on behalf of tenants. Housing campaigners say that the

Owners of homes worth more than £2 million should pay an annual "mansion tax" to help the poor, Labour leadership favourite David Miliband said today.

In an interview with the Evening Standard, Mr Miliband said he would use the £1.7 billion raised to restore housing benefit to the least well-off. His proposal would hit London hardest, with an estimated 34,000 homes in the capital liable for the one per cent tax.

cuts would force many of London's "working poor" to move out of the city.

Mr Miliband said: "We've calculated that a mansion tax of one per cent on homes over more than £2 million would more than cover the money that they claim to be saving from housing benefit reforms."

Under the plan, the Queen would be in line for a £9.35 million tax demand on Buckingham Palace, which has been valued at £935 million. Kensington and Chelsea has about 24 per cent of the £2 million-plus homes in the entire country. Four London boroughs, Kensington, Westminster, Hammersmith & Fulham and Camden would pay 60 per cent of the total.

Property website Zoopla has calculated that the levy would cost wealthy homeowners an average of £12,270.

Mr Miliband's plans could also split the Liberal Democrats as they campaigned hard for it in the general election. When Business Secretary Vince Cable first mooted the mansion tax idea for £1 million homes, he was criticised for over-estimating the sums it would raise. Former Richmond MP Susan Kramer, who was defeated by Zac Goldsmith, opposed the policy amid fears it could be "suicidal" for the party in London

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