

Dorling, D. (2014) Overseas property buyers are not the problem: landlord subsidies are, Comment, The Guardian, February 10th, <http://www.theguardian.com/commentisfree/2014/feb/10/overseas-property-london-landlord-subsidies>

Overseas property buyers are not the problem: landlord subsidies are

To stop the market overheating, we must end tax incentives for buyers, improve tenants' rights and make better use of our stock



Danny Dorling

theguardian.com, Monday 10 February 2014 18.32 GMT

[Jump to comments \(155\)](#)



'Rising prices results in less efficient use of property. We have enough housing for every family to have a spare room, but not for spare homes.' Photograph: PA

Labour has recently announced plans to [block overseas investors buying homes in London](#) when they do not intend to live in them. The proposal was instantly rebuked by a group called [The British Property Federation](#), which claimed that it "[would not help anyone](#)". Maybe the federation does not consider those who are not its members, landlords or property speculators as being "anyone"?

The model for blocking overseas investors comes from Switzerland, where foreigners have to obtain a permit from the cantonal and federal authorities to buy in popular areas. Only 1,440 homes a year can [be sold to non-residents](#); once that limit is reached, overseas buyers have to obtain Swiss residency, and they must actually live in the home and cannot rent it out.

To apply the Swiss system to Britain would be very difficult. Anyone who is a European Union citizen has a right to reside and own property in Britain, just as the British have in the rest of the EU. For rich investors, gaining EU citizenship is not difficult. Furthermore, under British law, the actual ownership of expensive property [can be hidden through a company](#). There are better ways to curb house price inflation than bans on foreign buyers.

First, the tax incentives that landlords and property investors are given to buy in Britain must urgently be reduced to stop the market overheating. The chancellor has already announced that capital gains tax will apply to profits made by overseas buyers on property, but that will influence only the very top of the market, just as Labour's new proposals will. Landlords benefit from a complex and wide range of tax reliefs which encourage them to buy more properties and force prices up. If these incentives were phased out and new loopholes blocked, that would dampen demand from those wanting to make [a quick buck from housing](#). Property prices in the capital are so high because landlords have become so desperate to buy there.

Second, tenants need decent rights – at the very least the right to a stable rental contract that allows them to stay for a minimum of five years, [as proposed by Shelter](#). Today, one in four of all children in England lives in a family in private accommodation. These families can be moved on with just two months' notice. Shelter also estimates that 2% of people in Britain are landlords. Recently, the Financial Times revealed that this small group increased their wealth [by £434bn](#) in the last decade.

Third, we need not just to build more homes but to make better use of the housing we already have. There are an estimated 15m empty bedrooms in owner occupied properties in England. In this sector, around [half of all bedrooms are not slept in each night](#), compared with 10% amongst social renters and 16% for private renters. Even within

inner London, there are more bedrooms than people; the number of unused properties in the heart of the capital is growing each year. Rising house prices results in less efficient use of property. We have enough housing for every family to have a spare room, but not for so many to have spare homes also.

So what is government doing? It introduces the help to buy scheme, risking taxpayers' money to underwrite 95% mortgages on property worth up to £600,000 in what may be one of the most cynical "homes for votes" scams ever undertaken. Ridiculed as "help for votes" or "help to bubble", even the website [Conservative Home](#) hosts articles headlined: "Help to buy is immoral because it encourages ordinary people to risk ruin". The only purpose the various government housing schemes now serve is to hold escalating home prices up in the south until the election in May 2015.

So why is there so little debate among our politicians? Estimates suggest that at least a quarter of our MPs are landlords. Many own multiple properties in London or the south-east. We can't be entirely sure of the number because, remarkably, MPs are not required to list the capital gains or rent they make each year from property. Is it any wonder the most significant element of the cost-of-living crisis – housing costs – is something MPs are so uncomfortable about tackling?

Danny Dorling's new book, All That is Solid: The Great Housing Disaster, is published this month