

Homes for Londoners Board

Date of meeting: **13 June 2017**

Title of paper: **Overseas Investment: Homes for Londoners Board Sub-Group Report**

To be presented by: **Hugh Bullock, Chair of the Overseas Investment Sub-Group**

Cleared by: **James Murray, Deputy Mayor for Housing and Residential Development and Jamie Ratcliff, Assistant Director –Programme, Policy and Services (on behalf of David Lunts, Executive Director of Housing & Land)**

Classification: **Public**

1. Executive summary

- 1.1 The Homes for Londoners Board convened a sub-group to investigate overseas investment and purchase in London’s residential property market. This is the final report of the sub-group, which has considered the findings of the research on overseas investment in London’s property market commissioned by the GLA, along with other evidence. The report makes recommendations to the Mayor and others on possible policy responses to the issue.
- 1.2 The research is summarised in the consolidated research report accompanying this paper at Appendix 2. The report found that:
- overseas buyers bought 10% of all new homes in London between 2014-16, although if new affordable homes are excluded from this total, the figure is 13%. This activity was focused in central London and this means that UK buyers bought 87% of market sale homes;
 - at least 70% of overseas purchases were bought with the intention to rent out, suggesting that, overall, up to 4% of market sale homes were bought by overseas buyers and might potentially not be regularly occupied. Within this 4%, a spectrum of uses was identified, ranging from occupation by students to occasional business or leisure use, commensurate with London’s role as a global city. The number of homes deliberately kept empty was considered to be negligible;
 - overseas investment in London’s property market finances and de-risks development at an early stage, helping to unlock housing supply and provide associated community benefits. Overseas investment had a net benefit on housing supply, meaning that many times more homes were built and lived in overall than were bought and not regularly occupied;
 - London attracts a significant amount of institutional investment from lenders and business globally, bringing forward development on major development sites faster and with more homes than would otherwise have been the case.

1.3 The sub-group's recommendations take these findings into account, and also seek to address public concerns and perceptions about the nature and extent of overseas investment. The recommendations are focused in three directions: the Mayor and London's boroughs; Government; and the homebuilding and lending industries. They seek to increase access to new homes for Londoners; to address the issue of empty homes; and to improve public confidence in London's property market.

1.4 The sub-group makes the following recommendations:

The Mayor and London's Boroughs

- a) The Mayor should take steps with the homebuilding industry in London to make more new homes available to Londoners before anyone else, with any measures particularly focusing on homes sold for prices that Londoners, especially first time buyers, are more likely to be able to afford;
- b) All boroughs should levy the empty homes council tax premium and work positively with the Mayor to explore other ways in which incentives could be applied to ensure that homes built in London are occupied;
- c) If there is compelling local evidence of significant numbers of long term vacant homes, boroughs could introduce planning policies to incentivise the occupation of homes. Effective monitoring and enforcement would need to be put in place as a corollary of this;
- d) The Mayor should agree, with collective input from the homebuilding industry, a common basis to collect data on the occupancy of new homes that can be shared with the GLA and act as an evidence base with which to assess what future measures may be required;
- e) The Mayor should continue to lobby Government to increase transparency in London's property market to ensure that there is no place for 'dirty money' to hide;

Government

- f) Government has made a number of commitments in relation to foreign ownership of UK property. It must keep to these and ensure that London's property market is as transparent when it comes to ownership of property by overseas nationals and companies as it is for UK nationals and companies;
- g) Government should support the Mayor and boroughs to achieve (b) above by allowing a higher council tax premium on empty homes particularly in high value locations. This will incentivise application of the surcharge in high value locations where the current premium does not act as a sufficient incentive for authorities to levy it;
- h) Government should ask the HCA to remove restrictions on its Help to Buy rules so that the period during which homebuyers can purchase a home through the scheme is limited only by their mortgage offer period;
- i) Treasury should use the data resulting from the research undertaken by the University of York to make an assessment of the scale of payment of the SDLT surcharge by overseas buyers in London in recent years and if necessary pursue any non-payment from previous purchases on homes.

The Homebuilding and Mortgage Lending Industry

- j) We recommend that homebuilders in London work with the Mayor to achieve (a) and (d) above to strengthen Londoners' support for new development;
- k) We recommend that the Council of Mortgage Lenders, homebuilders and regulators such as the Financial Conduct Authority and the Prudential Regulation Authority convene a working group to review the regulatory framework with a view to supporting greater access for mortgage offers longer than their current standard terms.

2 Recommendations

2.1 The Board is asked to:

- a) Note the report and the recommendations made by its Overseas Investment Sub-Group as set out at paragraph 1.4; and
- b) Discuss how these should be taken forward.

3 Introduction and Scope

- 3.1 The Mayor has stated that housing is his highest priority. There are two core and interrelated challenges – not enough housing is being built to meet demand, and much of what is being built is not affordable to rent or buy for many Londoners. Experts agree that London needs at least 50,000 homes every year for the foreseeable future and on average only just over half that number are built each year.
- 3.2 As a global and open city, overseas investment plays an important role in London's housing market. Yet, the scale of overseas investment in London, particularly the individual purchase of homes by overseas buyers, has attracted a great deal of adverse public comment and analysis recently¹. Despite this interest, there is relatively little evidence available on the scale and impact of overseas buyers.
- 3.3 In order to ensure that the debate is informed by a thorough analysis of the available evidence, the Mayor commissioned the most detailed research ever undertaken on this subject in the UK. The GLA asked the London School of Economics (LSE) to undertake the main body of the research, supported by additional quantitative data gathering by the University of York. The research brief and findings of the research are summarised in a consolidated research report that accompanies this paper.
- 3.4 The Mayor also established a sub-group of the Homes for Londoners Board to consider the issue and to act as a steering group for the research. The sub-group membership was drawn broadly from the private, public and third sectors and met four times between February and April 2017. The membership and terms of reference of the sub-group are appended to this report.

¹ For instance, see: 'London for Sale', The Smith Institute (2012) ; 'The UK Housing Crisis', The Bow Group (2015); or 'Faulty Towers', Transparency International (2017)

3.5 This report to the Homes for Londoners Board is the sub-group's response to its terms of reference and to the findings of the LSE's and York's research. The recommendations are intended to be a focused and practical response to the evidence. It is hoped that they will address public concerns in relation to overseas investment in London's housing.

4 Context

4.1 Overseas investors are associated with several positive aspects of London's housing market. Individual overseas buyers are often investors, seeking to purchase homes to rent out, and as such are more likely to be cash buyers able to buy homes early in the development process, de-risking development and unlocking new housing supply. Even where they are not investors, their purchasing of homes still unlocks developments and the associated community benefits, such as infrastructure improvements and social housing.

4.2 At an institutional level, overseas investment brings a substantial amount of capital into London's housing market, and has been instrumental in supporting the Build to Rent sector and in purchasing and developing large brownfield sites around London. These investments are delivering thousands of homes and jobs.

4.3 In contrast to these positive aspects of overseas investment, public concerns in relation to its impact on London's housing market tend to focus on four issues. These are:

- the impact of off-plan sales of new homes to overseas buyers on the availability of homes for Londoners;
- the impact of sales to overseas buyers on the number of empty homes in London;
- links between the number of overseas buyers and criminal activity such as money laundering; and
- the impact on house price inflation.

Availability of homes for Londoners

4.4 Approximately 90% of new homes built in London are flats². This type of high-density development requires substantial upfront capital outlay, and incurs large financial risks, which in turn requires a high proportion of units to be sold "off plan" – i.e. before a brick is laid. Since mortgage finance is generally available only six months prior to homes being completed, many off-plan sales are to cash buyers and investors. These may be based in the UK or overseas. The relative importance of overseas buyers in this picture has been a key part of the research commissioned by the GLA.

Empty homes

4.5 Many media reports suggest a link between overseas purchasers of properties and homes being left empty. Although the number of empty homes has declined to historic lows in recent years (see paragraph 5.15 below), it is understandable that there are public concerns that any are left empty at all. However, to date there has

² Source: GLA analysis of London Development Database statistics

been very little robust analysis of this issue – something which the GLA research sought to address.

Criminality

- 4.6 There have been some reports that have linked ownership of UK, and especially London, property to suspect or criminal individuals³. Some media reporting of the issue of overseas buyers may have given the impression that the majority of overseas buyers of London homes were in some way connected to illegal or suspicious activity. Although there is almost certainly an element of criminal practice in purchases of some London homes⁴, it is important to be clear that there is no evidence at all to suggest that it is widespread or indeed a phenomenon solely linked to overseas buyers. Given the ongoing work by Government to improve transparency and enforcement of these kinds of criminal practices, the sub-group was not asked to consider this issue as part of its work.

Impact on house prices

- 4.7 Finally, there has been some debate about the impact of overseas investment on house prices in London. While the sub-group did consider this issue as part of its discussion (some conclusions of this discussion are outlined in the next section), it was not formally part of either the sub-group's terms of reference or the commissioned research.

5 Findings of the Sub-Group

- 5.1 The sub-group considered a number of options for approaching the issue of overseas investment, given the findings of the research. It looked at the scope for applying planning and taxation policy to homes owned, or sought to be owned, by overseas buyers. It considered domestic and international responses to the issue, ranging from planning approaches used in St Ives, to property taxation approaches in a variety of global locations, such as Vancouver, Hong Kong and Singapore. The group also considered case studies of examples of overseas investment in London development.
- 5.2 Based on the findings of the commissioned research and the sub-group's discussions, the sub-group's findings and recommendations are structured around three key themes:
- a) To maximise access to new homes for Londoners;
 - b) To ensure that homes built in London are lived in, and not kept deliberately empty; and
 - c) To build public confidence in London's property market.

³ 'London Property: A top destination for money launderers', December 2016 & 'Faulty Towers: Understanding the Impact of overseas corruption on the London property market', March 2017 both by Transparency International

⁴ <https://www.theguardian.com/uk-news/2015/jul/25/london-housing-market-launder-offshore-tax-havens>

A - Maximising access to new homes for Londoners

Advance sales to Londoners

- 5.3 As noted above in paragraph 4.3, access to new homes is a matter of significant public concern for Londoners. They perceive that new homes built in the city are sold off-plan to investors (whether from the UK or overseas) before being available to many potential domestic owner occupiers. Buyers reliant on time-limited mortgage offer periods are clearly put at a relative disadvantage compared to investors who are not constrained in putting down a reservation deposit.
- 5.4 The LSE's research noted the importance of off-plan and pre-sales to the development model for much of London's new housing supply, concluding that pre-sales enable development, and that, without them, many new housing projects would probably not have been built at all or would have been built more slowly. It is clear that overseas buyers are vital to delivering new housing supply in London.
- 5.5 The University of York's research found 6.5% of new build homes, representing half of sales to overseas buyers, were sold to overseas buyers at values between £200,000 and £500,000. This is a price range at which ordinary working Londoners might be able to buy new homes, particularly first time buyers and those accessing support through schemes such as 'Help to Buy'⁵.
- 5.6 The sub-group heard that homebuilders in London do not prefer to sell to overseas buyers over UK-based buyers, but that such sales are a necessary corollary of the nature of London's development process. There is a willingness among London developers to sell more homes to potential owner occupiers rather than investors, but they are constrained by their own financing arrangements from doing so. The sub-group makes recommendations on mortgage availability in paragraph 6.14. There are also other actions that the Mayor can take to ensure greater accessibility to new homes for Londoners.
- 5.7 The Mayor has said that he wants to increase access to new homes for Londoners. The sub-group believes that there is scope for the Mayor to deliver on this ambition by harnessing the willingness of homebuilders to make more homes available to Londoners in the first instance rather than marketing them overseas, and by focusing this action on properties costing less than £500,000. This approach would capture slightly more than half of all new build property sales in London⁶ and target help to potential owner occupiers otherwise unable to access new homes.

Mortgage finance

- 5.8 It was clear from discussions within the sub-group, and from the research findings, that mortgage availability is a key barrier to Londoners being able to buy the new homes that are built in the city. Off plan sales might occur three years before completion of a development and construction start might occur two years before completion, but mortgage offers are only valid for six or nine months. This means that potential owner occupiers cannot make an offer for a home at the point when most pre-sales happen.

⁵ The threshold for homes available for Help to Buy in London is £600,000 although many homes will be at or around the £500,000 mark

⁶ GLA analysis of ONS house price data shows that 58% of all new build property sales in 2014-2016 were at or below £500,000, with the median London new build house price in Q4 2016 being £472,000

- 5.9 Homebuilders need the certainty of advance sales to undertake development, but the prudential approach of mortgage lenders means that they are unwilling to offer mortgages more than nine months in advance of completion. This is not likely to change at the level of individual lenders as they are governed by legislation and regulation around what is considered prudential lending, a view confirmed to the sub-group by the Council of Mortgage Lenders and the Financial Conduct Authority.
- 5.10 Therefore, in order to address the barriers to longer mortgage offer periods, and/or to find an alternative mechanism that could achieve the same ends, homebuilders, lenders, the regulatory agencies and Government should work together to find a solution that addresses the systemic barriers to lending for longer periods. Imaginative ways need to be found to meet the challenge of supporting access to new homes without undermining delivery of more development. In the time available, the sub-group was not able to work through the complex issues that need to be unpicked. A working group with this specific aim could investigate the matter, bringing together the relevant stakeholders and developing proposals that can unlock the issue of mortgage availability.

HCA regulation for Help to Buy

- 5.11 One relatively small but straightforward way in which mortgage availability could be eased for Londoners would be for the Homes and Communities Agency (HCA) to be more flexible in its application of the rules for Help to Buy. The GLA has delegated administration of the Help to Buy scheme in London to the HCA, which applies a restriction whereby it will only allow purchases of homes within six months of that home's completion, even if the purchaser has a longer mortgage offer period. This prevents, for example, a buyer who has a mortgage offer for nine months from being able to exchange contracts for a home under the Help to Buy scheme any time before six months before the anticipated completion, despite the longer offer period. Aligning Help to Buy rules with mortgage offer lengths would help Londoners access new homes earlier.

B - Ensuring that homes are lived in and not kept empty

- 5.12 The research by the LSE suggests that the overwhelming majority of homes bought by overseas buyers are bought either as a primary residence, or to be rented out to Londoners, or for use by family members. This latter category could include use by children of the purchaser with students at university – suggesting use throughout the year during term time – or for the owner to use when visiting London for leisure or business reasons, which might be for only a few days or weeks a year. The extent of a property's occupation in this category is hard to quantify. Homes for all of these purposes, whether owned by Londoners or not, are an important part of London's housing market, and the sub-group is of the view that this is, to an extent, a normal and necessary part of London's functioning as a capital city and as a global centre of economic activity, higher education and tourism.
- 5.13 The research found that there may sometimes be a perception that new homes are empty when in fact this is not the case. Affordable homes will often be finished before private ones in a development and can be occupied very quickly from borough waiting lists. Private homes often complete later and, even once externally complete, can take several months to be finished internally and become habitable. In the meantime, those homes will appear empty next door to the affordable

homes, suggesting that they are vacant when in fact they are not yet finished or acquired and occupied.

- 5.14 The data analysis by the University of York suggested there was a higher rate of vacancy of homes in prime central London and of more expensive homes, and that this was true of homes owned both by UK buyers and by overseas buyers. Homes owned by overseas buyers were twice as likely to be vacant than ones owned by UK buyers, albeit from a low base level of empty homes and including homes that are lived in for part of the year and not solely homes that are empty. The research suggested that around 4% of market sale homes were sold to overseas buyers and only lived in for part of the year, and it is likely that the homes identified by York as vacant will include these homes.
- 5.15 Clearly if a large proportion of homes in London are not lived in for substantial parts of the year, this would not represent an efficient use of the city's scarce housing stock. Furthermore, if this were to happen at scale in particular locations, this could have an impact on the amenity of an area, and the sustainability of local services. The evidence does not suggest that this is the case. Only a minimal amount of housing is kept empty for substantial periods of time – indeed, the number of empty homes in London has been declining for several years now, and is at its lowest level since the 1970s, at 0.6% of the city's housing stock⁷.
- 5.16 The sub-group considers that there is a good opportunity for the Mayor to reiterate his commitment to ensure that use of London's homes should be maximised. Wherever homes are left empty, every reasonable incentive should be applied to bring them back into active use, regardless of whether their owner is UK- or overseas- based. Care is needed to ensure that any intervention is not counterproductive, for example by increasing development risk and reducing overall supply of new homes.
- 5.17 Paragraphs 5.12 and 5.13 above note the difficulty in determining the extent of occupancy of homes. It is clearly not in the interests of homebuilders to have homes which are visibly empty on a long-term basis. Many new developments have key fob systems and all have water meters to which managing agents will have access. The Mayor should work with all parties using these and any other relevant information to build up a consistent evidence base to inform future policy development on empty homes.

Planning Policy

- 5.18 In July 2015 Islington Council brought in the Supplementary Planning Document (SPD) 'Preventing wasted housing supply', which requires developers of new major residential schemes (of more than 20 dwellings) to enter into a Section 106 agreement to ensure that individual homes are regularly occupied in order to avoid wasted housing supply. Islington has been clear that this policy is not aimed at overseas buyers per se, but rather at owners of homes that are bought and deliberately left empty, wherever they are from. The practical issues of enforcement, and effects on supply, have yet to be tested.
- 5.19 The sub-group considered options for requiring occupation of homes, as Islington has done, across London. The evidence base from the research suggested that,

⁷ 'Housing in London', GLA, 2017

rather than implement such approach London-wide, if there were to be compelling local evidence of new homes being deliberately left empty, a local authority could, through planning policy, implement their own policies incentivising occupation.

Council Tax

- 5.20 London's boroughs can currently levy a council tax 'premium' on empty homes of 50% of the council tax payable for that home, in addition to the council tax payable for that property. Only twenty-nine of London's thirty-three local authorities currently apply this premium. This should be levied by all boroughs to incentivise occupation.
- 5.21 The sub-group understands that in some higher value boroughs, such as the City of Westminster, a 50% premium on the council tax payable may not be a sufficient incentive for occupation, especially where owners may be wealthy enough to absorb this cost rather than live in a property, and where the cost of the council tax premium will be negligible in relation to value of that property.
- 5.22 There is therefore scope to introduce further mechanisms to incentivise occupation of empty homes, especially in high value locations. The first and most straightforward way to do this would be to allow a much higher level of council tax premium to be levied. The sub-group has no set view on what level this should be, but the guiding principle should be to set it at a rate that will ensure occupation and use of high value homes, suggesting a level several times that which is currently applied. Although important in its own terms, it should be recognised that occupation, or not, of high value properties will not have any material effect on meeting London's general housing needs.
- 5.23 Beyond applying or increasing the current council tax empty homes premium, there is potential for making changes to the council tax system to take account of the rapid increase in values in London's prime property market since 1991 (the year to which council tax band values are linked). The sub-group recognises that a widespread change to the council tax system would be an upheaval in local government finance, but this should not preclude the Mayor from exploring options that would make the current incentive to ensure that homes are occupied more robust and meaningful.

C - Building public confidence in London's property market

Transparency of property ownership

- 5.24 In its discussions, the sub-group noted the apparent contrast between London's welcoming attitude, supportive policy environment and global perspective on valuable inward investment in residential regeneration and development, and the occasionally suspicious tone of some reporting of overseas purchases of the homes that are subsequently funded and built.
- 5.25 The sub-group is of the view that, as with UK buyers of homes, the available evidence suggests that the overwhelming majority of overseas purchases of London homes, and investment into London's development industry more generally, is legal and done with honest motives, whether to secure a return on an investment or to provide a home for the owner or for family members.
- 5.26 While there is certainly reason to be suspicious of some of the purchases of UK property by foreign buyers, the sub-group considers that it is neither accurate nor

helpful to the debate to suggest that all or even a majority of overseas buyers are criminal. They are not. The sub-group considers that there should be nowhere to hide for criminal home buyers, and there should be no freedom to use London's property to launder the proceeds of crime. Addressing this issue would do a great deal to address public concerns over the criminal aspect of the impact of overseas buyers on London's property market.

- 5.27 Where there is evidence of criminal activity in buying homes this should be investigated and acted upon. In order for the authorities to be able to do this, there needs to be a much greater degree of transparency in the housing market. This particularly applies to the purchase of homes by individuals through companies registered overseas, and is a matter for central Government.
- 5.28 The sub-group is aware that the Mayor has in the past called for measures to increase transparency⁸. These have included calls to: make overseas-registered company ownership as transparent as that for UK-based companies when holding property; ensure that anti-money-laundering checks are also carried out by estate agents on the purchaser, not just the seller of a home; and pursue those who break the rules, with proper sanctions available to the authorities.
- 5.29 The Government is also developing measures to increase transparency in property ownership by companies and entities registered overseas⁹.

Ensuring collection of the Stamp Duty second home surcharge

- 5.30 In April 2016 a SDLT surcharge was levied on the purchase of homes in the UK whereby, if in purchasing that home, the homeowner owned two or more properties anywhere in the world, there would be a liability for a surcharge of 3% on the relevant payable rate of SDLT for that property.
- 5.31 The mechanism for assessing whether an overseas purchaser already owns a home in another country is for the conveyancing solicitor to ask the purchaser whether they own another home. If they say that they do not, this is accepted and is not double checked by HMRC. If a UK-based purchaser buys a second home, their property ownership can easily be ascertained by UK authorities. This is not the case with overseas buyers, whose countries may not have accessible registers of property ownership.
- 5.32 There is no evidence of evasion of the SDLT surcharge by overseas buyers. However, the sub-group is of the view that if an overseas buyer is buying a home in the UK, there is a reasonable chance that they already own a home somewhere else in the world, and that the current mechanism for determining this is ineffective. There is therefore a risk that buyers of new homes from overseas may not be paying the full amount of SDLT for which they are liable.

Impact of overseas buyers on house prices

- 5.33 The sub-group considers that the fundamental and primary cause of increasing house prices is the long established imbalance between supply and demand for

⁸ <https://www.theguardian.com/politics/2016/mar/02/sadiq-khan-make-london-property-ownership-transparent>

⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/606611/beneficial-ownership-register-call-evidence.pdf

homes in London evident over many years under Governments and Mayors of both parties. Whilst overseas buyers may add to the demand for new homes to a limited extent, and while there may be occasional highly localised upwards pressure on prices as a result of overseas demand, there is no indication that if all overseas buyers disappeared tomorrow house prices would become more affordable for Londoners. Indeed, given the role of overseas purchasers in buying homes off-plan, thus reducing funding and development risk, and hence helping to deliver new homes in the first place, housing supply would probably be significantly adversely affected if all overseas demand vanished, *reducing* the number of homes available for Londoners to rent and buy. The sub-group has therefore made its recommendations in light of the need to maintain, and indeed to increase, the supply of homes in London, with a priority that homes are lived in and not kept empty, actually meeting London's housing needs.

6 Recommendations of the Sub-Group

6.1 The sub-group believes that action on the three objectives set out in paragraph 5.2 needs to be taken at three levels – the Mayor and London's boroughs; Government; and the homebuilding and mortgage lending industry. The recommendations are directed accordingly below.

The Mayor and London's boroughs

- a) The Mayor should take steps with the homebuilding industry in London to make more new homes available to Londoners before anyone else, with any measures particularly focusing on homes sold for prices that Londoners, especially first time buyers, are more likely to be able to afford.
- b) All boroughs should levy the empty homes council tax premium and work positively with the Mayor to explore other ways in which incentives could be applied to ensure that homes built in London are occupied.
- c) If there is compelling local evidence of significant numbers of long term vacant homes, boroughs could introduce planning policies to incentivise the occupation of homes. Effective monitoring and enforcement would need to be put in place as a corollary of this.
- d) The Mayor should agree, with collective input of the homebuilding industry, a common basis to collect data on the occupancy of new homes that can be shared with the GLA and act as an evidence base with which to assess what future measures may be required.
- e) The Mayor should continue to lobby Government to increase transparency in London's property market to ensure that there is no place for 'dirty money' to hide.

Government

- f) Government has made a number of commitments¹⁰ in relation to foreign ownership of UK property. It must keep to these, and ensure that London's property market is

¹⁰ <https://www.gov.uk/government/news/pm-announces-new-global-commitments-to-expose-punish-and-drive-out-corruption>

as transparent when it comes to ownership of property by overseas nationals and companies as it is for UK nationals and companies.

- g) Government should support the Mayor and boroughs to achieve (b) above by allowing a higher council tax premium on empty homes particularly in high value locations where the current premium does not act as a sufficient incentive for authorities to levy it.
- h) Government should ask the HCA to remove restrictions on their Help to Buy rules so that the period in which homebuyers can purchase a home through the scheme is only limited by their mortgage offer period.
- i) Treasury should use the data resulting from the research undertaken by the University of York to make an assessment of the scale of payment of the SDLT surcharge by overseas buyers in London in recent years and if necessary pursue any non-payment from previous purchases on homes..

The Homebuilding and Mortgage Lending Industry

- j) We recommend that homebuilders in London work with the Mayor to achieve (a) and (d) above to strengthen Londoners' support for new development.
- k) We recommend that the Council of Mortgage Lenders, homebuilders and regulators such as the Financial Conduct Authority and the Prudential Regulation Authority convene a working group to review the regulatory framework with a view to supporting greater access for mortgage offers longer than their current standard terms.

7 Equality Comments

- 7.1 The recommendations in this paper seek to improve access to new homes for Londoners, bring empty homes into use and maintain the delivery of homes through overseas investment. These will all increase the supply of housing in London, helping more Londoners access homes and meeting housing need.
- 7.2 The lack of a sufficient supply of homes adds to rising housing costs both for renting and buying homes, which disproportionately affect those on lower incomes. Specific protected groups are more likely to experience poverty, including households headed by minority ethnic individuals, young people and disabled people, refugee and asylum seekers, Gypsies and Travellers, and workless households.¹¹
- 7.3 The Mayor's policies for housing will be published in the draft London Housing Strategy and draft London Plan, both of which will be subject to equality impact assessment.

¹¹ Equality and Human Rights Commission (2016): Is England fair: the state of equalities and human rights

8 Next Steps

- 8.1 The Homes for Londoners Board is asked to consider the recommendations outlined in this report and direct further work as appropriate.

Appendices:

Appendix 1 - Terms of Reference and Membership of the Overseas Investment sub-group

Appendix 2 - Consolidated research note (with full research brief and reports attached)