

Growth In Buy To Let Lending Will Fuel Public Spending, As Rent To Nearly Half Private Landlords In North West Is Paid From Housing Benefit, Says GMB

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Taxpayers already pay rent to private landlords owning more than 1.5 m dwelling in the UK and this latest growth will likely add another 16,000 new claimants, says GMB.

GMB responded to the report from The Council of Mortgage Lenders (CML) that 40,000 mortgages, worth £5.1bn, were advanced to buy-to-let investors in April, May and June. See notes to editors for report on BBC.

A GMB study of official data shows that of the 462,899 private rented household in the North West some 221,809 or 47.9% are in receipt of housing benefit. The comparable figures for the top ten areas in the North West are Blackpool UA, 91.3%, Knowsley, 79.5%, Sefton, 68.1%, Wyre, 67.8%, Burnley, 66.4%, Wirral, 65.5%, Hyndburn, 63.9%, Barrow-in-Furness, 62.4%, Halton UA, 62.4% and Oldham, 60.6%. Set out in the table below are the figures for all 39 local councils in the region.

The study shows that tenants in 40.4% of the 3.9m private rented homes in England and Wales are in receipt of housing benefit. The figure ranges from 51.5% in the North East to 34.4% in London. The figures for all regions in England and Wales are set out in notes to editors below. See notes to editors for sources.

Paul McCarthy, GMB Regional Secretary, said: "This growth in buy to let lending will give rise to even more claims by landlords for housing benefit to pay the rents. Taxpayers already pay rent to private landlords owning more than 221,809 dwellings in this region dwelling and this latest growth will likely add more claimants.

Housing benefits to meet housing costs for rented accommodation on low incomes is a Thatcher Tory policy. The cost has ballooned to £23 billion per year.

Over the past 30 years a huge slice of the £411billions of taxpayer's funds spent on this Tory policy has been funneled to private landlords as "corporate" welfare.

Labour's traditional and more cost effective policy of building good quality houses to let at affordable rent for those on low incomes was ditched. Much of the stock of social housing that was sold off is now in the hands of "buy to rent" private landlords.

In Wandsworth for example there are 977 private landlords who own more than one of the 6,180 ex council leasehold homes sold under the "right to buy" which are now owned by "buy to let" landlords. One private landlord owns 93, another owns 32, another 15 landlords each own 10 or more and a further 83 landlords each own between 5 and 9 of these dwellings. Many of their tenants are in receipt of housing benefit rather than being charged affordable rents.

Public funds should be switched to investment in social housing and away from this failed expensive Tory policy of corporate welfare and private greed.

Half the cash spent in Britain on housing benefit last year would fund over 80,000 new homes each year across the country.

GMB wants a Labour Party election manifesto insisting that councils build new homes to let at affordable rents all across the country.

Ending corporate welfare will save taxpayer's money and will kick start the local economy. It will provide families with better quality houses with more security of tenure."

- Ends -

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Notes to Editors:

1. Source: Housing Benefit Source: www.gov.uk/government/publications/housing-benefit-and-council-tax-benefit-caseload-statistics-published-from-november-2008-to-present

Households Source: Census of Population data from Nomis, table QS405EW - Tenure - Households

2. Private rented households per region (please see attached table).

3. Report on BBC 9th August:

Buy-to-let lending tops £5bn, says CML

Buy-to-let lending in the UK hit its highest level for nearly five years in the second quarter of the year, lenders say.

The Council of Mortgage Lenders (CML) said that 40,000 mortgages, worth £5.1bn, were advanced to buy-to-let investors in April, May and June.

This was the highest since the third quarter of 2008.

This trend could see new buyers fighting it out with investors as the housing market gathers pace.

'Renewed appetite'

The second quarter level of buy-to-let lending was 19% higher by volume and 21% higher by value than in the preceding three months.

Year-on-year, buy-to-let lending was 19% higher by volume and 31% higher by value, although it was picking up from relatively low levels. The peak during the housing boom for any one quarter was £12.7bn, which was reached in the autumns of 2006 and 2007.

This change echoes increased activity in the overall housing market to a degree.

The CML said landlords had been taking the opportunity to remortgage their properties during the spring, and were also benefitting from strong demand from tenants.

Groups serving and representing landlords welcomed the figures.

George Spencer, chief executive of online lettings company Rentify, said: "This growth is fuelled by a renewed appetite from investors - both experienced and novice alike, along with better availability of buy-to-let mortgages at lower rates and with looser criteria than at any time in the past five years."

Many think the pick-up in lending to landlords will continue after the Bank of England signalled a continuation of low interest rates.

"The Bank of England's forward guidance on interest rates has given investors more confidence, which should translate into further activity over the coming months and years," said David Whittaker, managing director of Mortgages for Business.

However, the state of the housing market varies in different areas of the UK, and is still being driven primarily by London and its attractiveness for overseas investors.

Stuart Law, chief executive of Assetz, a group of property companies, said: "While the growth of the sector in London is clear to see, the house price ripple effect is only just beginning now in the north of England."

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