

11 October 2016

Ref: FOI2016/19575

## Freedom of Information Act 2000: Housing

Thank you for your Freedom of Information enquiry of 13th September 2016.

You asked for the following information:

*"On 12th September Ms Jane Ellison MP, Financial Secretary (HM Treasury), stated in the House of Commons in answer to a written question that "Given that only a small proportion of the housing market is affected by this change, the Government does not expect these changes to have a large impact on rent levels or house prices. " originally made by HM Treasury in support of Section 24 of the Finance Act (No.2) 2015. Can HM Treasury please provide the evidence/original data and methodology used upon which it was able to draw such a conclusion, and to say that the above statement was accurate?"*

I can confirm that HM Treasury does hold information within the scope of your request.

Using actual self-assessment data, HM Revenue and Customs (HMRC) estimate that only 1 in 5 landlords will pay more tax as a result of this measure. To arrive at these figures, HMRC ran simulations on actual Self-Assessment and property income data that they hold, modelling the impact of the new rules on real data; this showed that around 18% of landlords would pay more tax as a result of the changes.

Statistics from the Council of Mortgage Lenders show that there are 1.6m buy to let mortgages outstanding in the UK overall, whilst the Department for Communities and Local Government's 2013-14 Housing Survey state that the total private rented sector is made up of 4.4m households and there is a total housing stock of 22.6m households in England<sup>1</sup>. Given the small proportion of buy to let mortgages compared to the overall housing stock, the Government does not expect these changes to have a large impact on either house prices or rent levels.

<sup>1</sup>The statistics given by the Council of Mortgage Lenders and the Department for Communities and Local Government differ as they are based on research done at slightly different times.

Further information about these statistics is online at the below links. The Freedom of Information Act does not require public authorities to reissue information that is publically available (section 21). However, to be helpful we have summarised this information above:

<https://www.cml.org.uk/news/news-and-views/cml-analysis-housing-wealth-grew-8-in-2014/>

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/461439/EHS\\_Households\\_2013-14.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/461439/EHS_Households_2013-14.pdf)

If you have any queries about this letter, please contact us. Please quote the reference number above in any future communications.

Information Rights Unit