

**A place to call home or a place to
accumulate wealth?**

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From a household's perspective: Home or a source of wealth accumulation?

- For some households their dwelling place is both; for some households neither (it may be a place to dwell but not a place to call home)
- Key factors are:
 - The quality/adequacy of the dwelling
 - property rights
 - affordability and
 - allocation process (by markets or by social allocation)
- In most countries these vary crucially with tenure (owner occupation, private renting, social renting)
- Poor quality, weak property rights, unaffordability and pure market allocation contribute to “no place to call home”.

Property Rights

Tenure	Examples of property rights (vary with tenure and national/local policy regime)		
	Capital accumulation	Security of tenure	Certainty of future affordability
Owner occupation	Yes; but dependent on market conditions and taxation	Usually strong but dependent on finance markets and regulations	Often high but strongly linked to finance markets and regulation
Private renting	No	Often weak but dependent on regulations	Often low but dependent on regulations
Social renting	No	Usually strong – but changing in some countries	Can be high – but not always – depends on policies

London: a housing crisis?

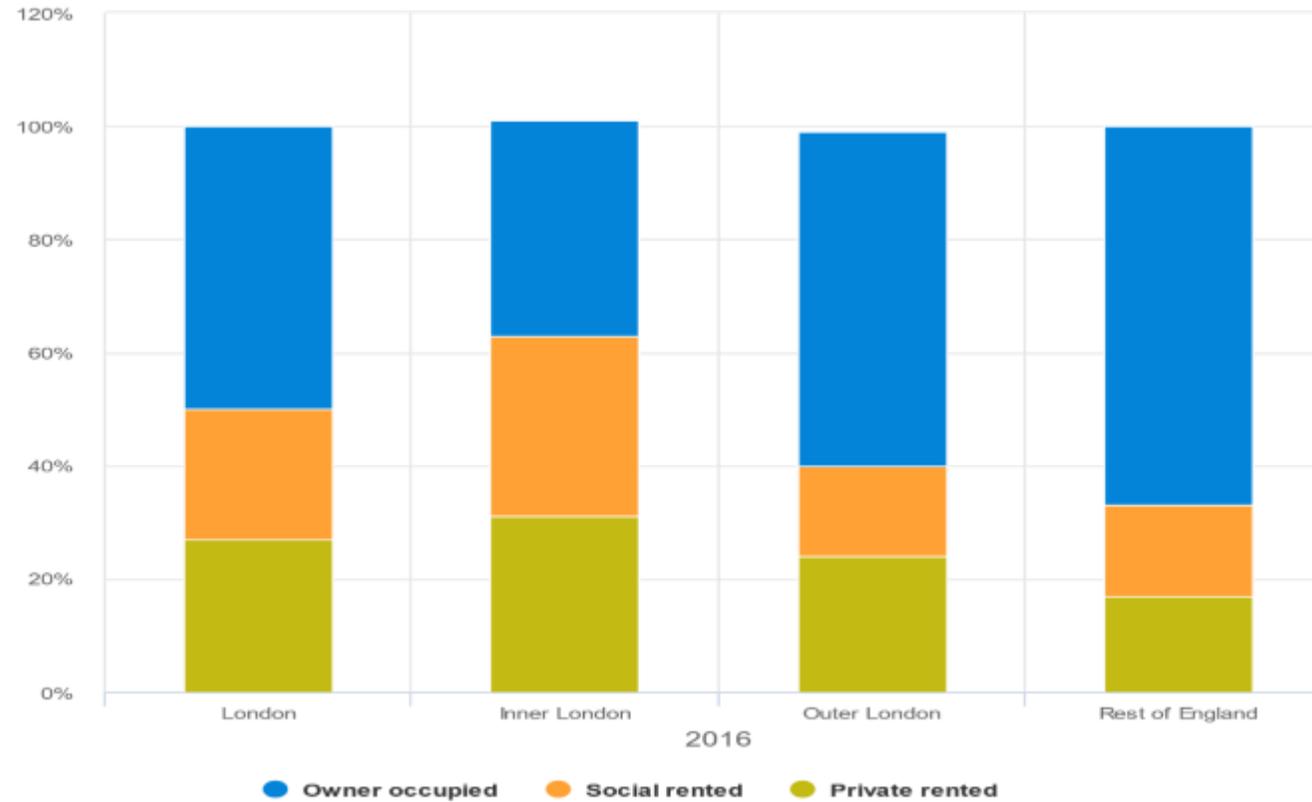
- “Our housing crisis is the biggest threat to London’s future. It is the main reason why all Londoners cannot share in our city’s success”. Mayor of London, London Housing Strategy 2018
https://www.london.gov.uk/sites/default/files/2018_lhs_london_housing_strategy.pdf
- “The cost of housing is a key driver of poverty in the capital. Many Londoners do not have access to genuinely affordable housing which is also of good quality and offers stability. Providing such homes is essential, as is addressing the persistent, and linked, problem of homelessness” Trust For London
<https://www.trustforlondon.org.uk/data/housing-tenure-over-time>

London: Housing Problems

- Low quality for some - especially in the Private Rented Sector
- High rents and increasing unaffordability - especially in the Private Rented Sector
- Insecurity for some - especially in the Private Rented Sector
- Lack of social rented housing relative to needs
- Falling home ownership – lack of access by first time buyers – high house prices
- Low rate of housebuilding

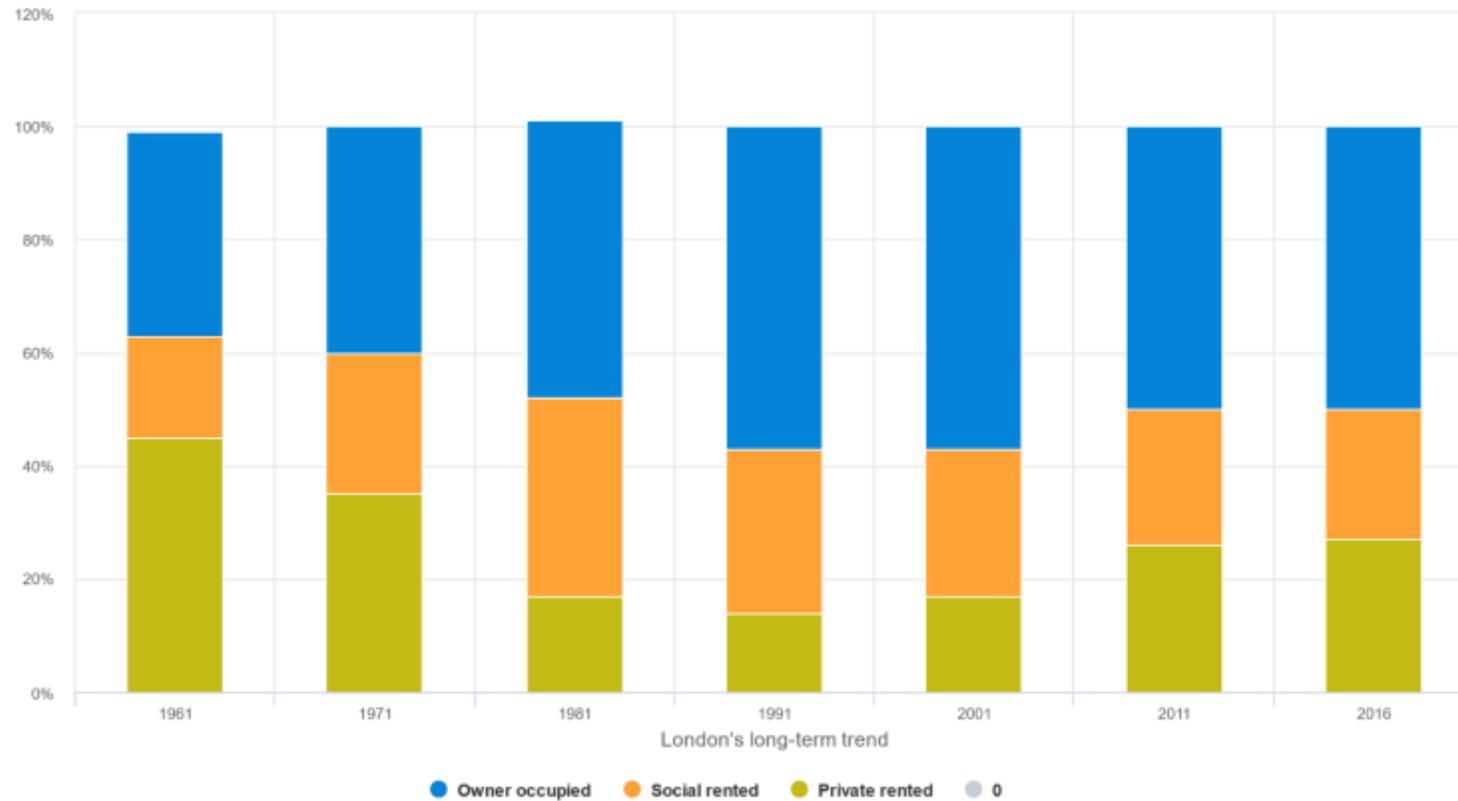
Housing Tenure London and England, 2016

Source: <https://www.trustforlondon.org.uk/data/housing-tenure-over-time>



Housing Tenure in London over time

source: <https://www.trustforlondon.org.uk/data/housing-tenure-over-time>



London: Foreign Investment

- Amid concerns that foreign investment in residential property in London was driving unaffordability and a lack of housing for Londoners, the Mayor of London commissioned in 2016 an investigation into **The role of overseas investors in the London new-build residential market**
- Report from LSE, May 2017,
<https://www.london.gov.uk/moderngovmb/documents/s58640/08b2b%20LSE%20Overseas%20Investment%20report.pdf>

The role of overseas investors in the London new-build residential market

Report found:

- 13% of new market housing was sold to overseas residents across London as a whole in the two years to March 2016.
- There was almost no evidence of units being left entirely empty - certainly less than 1%.
- Almost all London's very large residential development sites have used overseas investment to get them started and speed up development.
- On reasonable, conservative assumptions Londoners may be excluded as tenants or owners from perhaps 6% of private new-build units.
- Overseas investment -- has had a positive net effect on the availability to Londoners of new housing, both private and affordable.

A final thought

What to do about capital accumulation v home:

1. Make renting better for households (especially private renters) so that quality, property rights and affordability are improved and/or
2. Promote tenures that (from a household's perspective) combine some wealth accumulation and strong security of tenure – e.g. some forms of co-operative housing – need to think radically about new tenure forms.

<http://www.cchpr.landecon.cam.ac.uk>