



**PARAGON MORTGAGES PRESS RELEASE
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**PARAGON WARNS OF THE RISK OF DISTORTIONS IN THE HOUSING MARKET
A long-term, strategic comprehensive review of housing policy
and housing need is required, says Paragon**

- Paragon responds to Stamp Duty consultation
- Recent actions may distort housing market and fail to meet country's housing need
- Calls on Government to recognise contribution of private landlords
- Thorough review of housing policy and housing need required

Paragon Mortgages has responded to the Treasury's consultation on the changes to Stamp Duty announced last year in the Autumn Statement, and warns that without a comprehensive review of housing need and housing policy, piece-meal changes such as Stamp Duty may create serious distortions in the housing market to the detriment of those who cannot afford to or choose not to buy.

The Chancellor announced in his statement last year he would look to increase the Stamp Duty paid on buy-to-let property purchases and second homes from 1 April 2016 by 3%.

As part of their consultation response, the specialist buy-to-let lender has called on the Government to carry out a thorough review of housing policy and properly evaluate the changes in housing dynamics the UK has seen over the past 30 years.

An extract from Paragon's consultation response states:

"Whilst we agree that support for home-buyers is an important strand of housing policy, if the interests of home-buyers are prioritised above the interests of those in the Social Rented Sector (SRS) and the Private Rented Sector (PRS), then serious distortions may arise as a result to the detriment of those who cannot afford to buy or choose not to buy.

“Policy changes that may result in reduced supply of properties to the PRS, risk driving up rents and constraining choice to the dis-benefit of those who rely on the PRS for a home – without delivering corresponding benefits in owner-occupation.

“There are more significant structural issues at play in the heart of the housing market. We would urge the government to consider therefore a comprehensive review of housing need and housing provision across all tenures. In this process the Government should consider the very significant changes that have taken place in society and as a result in the housing market over the last 30 years.”

John Heron, Director of Mortgages, said: “Paragon has been operating in the buy-to-let market since the inception of this specialist finance for landlords in 1995. We therefore have extensive experience of the market, a deep understanding of how landlords operate and how important buy-to-let finance is to the supply of property to the PRS.

“What the Government appears to be overlooking with their focus on driving up home ownership, is that regardless of aspiration, home ownership is not a suitable solution for everyone. Some demographics need and want to live in the PRS because it best suits a variety of their individual requirements including lifestyle choice and financial capability.

“The proposed 3% increase in Stamp Duty will not bring the market to a grinding halt and is unlikely to deter most landlords from their current, immediate investment plans – but it will undoubtedly impact on some landlords’ future plans for growing their portfolios.

“Our fundamental issue with these changes and also the proposed changes to tax relief of mortgage finance is that private landlords provide a valuable contribution to the wider housing market mix and this is not being recognised. With a declining social housing sector and with more people choosing not to buy their own home, it is important that the service the PRS provides is not overlooked.”

ENDS

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NOTES TO EDITORS

Paragon Mortgages is a leading provider of buy-to-let mortgages delivering lending solutions designed for professional landlords with more complex requirements. These include lending to limited companies as well as private individuals, lending on more complex property including HMO's and multi-unit blocks, higher aggregate lending limits and the ability to accommodate more complex letting arrangements including local authority leases and corporate leases along with standard ASTs.

Paragon Mortgages introduced its first product aimed at the professional property investor in 1995 and is a member of the Council of Mortgage Lenders (CML), the Intermediary Mortgage Lenders Association (IMLA), National Landlords Association (NLA) and the Association of Residential Letting Agents (ARLA).

Paragon Mortgages is part of The Paragon Group of Companies, a FTSE 250 company and a specialist provider of finance.

In February 2014 Paragon Group launched its banking subsidiary, Paragon Bank PLC. It is a retail-funded lending bank with a direct-to-consumer Internet platform for savings. Its loan products are distributed via intermediaries. The Bank is authorised and regulated by the Prudential Regulation Authority and the Financial Conduct Authority.