

Home ownership

Many more people want to own their own home than currently do so. Generation Rent tells us they want more opportunity to buy, but feel crowded out of the market by high prices and scarcity of homes.

I agree with the majority view that home ownership is usually the best answer for people. It is good to have control of our property, so you can decide how to decorate it, how to arrange the internal space, and how to organise the services. Above all home ownership is a good lifestyle choice as you get older. Once the mortgage is repaid it is much cheaper living in a home you own than living in rented accommodation. Those who rent all their lives end up paying most for their property once retired, on a lower income than they had when working. If you pay rent for 60 years rather than a mortgage for 25 years, you pay so much more. If you rent a property for £1000 a month that would be £720,000 over a lifetime, but of course it will be so much more as the rent is likely to go up a lot over the next 70 years. If you buy the home instead for £250,000 on a mortgage you might end up paying £400,000 of interest and capital repayments over your lifetime.

None of these numbers requires house prices to go, though in the past they have done so. If they do then of course the home owner is better off again. In old age they can sell the property and move to a smaller place, releasing capital to spend if they wish. The person living in their own home also can pass it on to their heirs or to a charity of their choice, whilst the person in rented accommodation just leaves the termination costs of the tenancy to their estate.

Many Conservative MPs and advisers think there is an urgent issue of how we can help more people to own. We want to empower a new generation of home owners. The last government put in place schemes to help purchasers. There is the Help to buy scheme to assist with raising the money for the deposit. There are various affordable homes for sale projects. The question is what more needs to be done.

Reducing the numbers of new migrants arriving and needing homes would help. This is something the government can do with its new border control scheme for when we leave the EU. Increasing the supply of new homes would help, which the government is working on. Looking at ways to help finance homes and to make them more affordable is moving to the top of the agenda.

There can be more sales of public sector owned homes at a discount to tenants. There could be a rent to mortgages scheme, where good public sector tenants get credit for regular rent payments and build a stake in their home. There can be more shared ownership schemes, with easy ways of a person buying a bigger share as they can afford it.

We need to make the case again for ownership. Doubtless we will be told that selling existing public sector homes reduces the supply and adds to the problem. This is the most absurd criticism of them all. If a tenant buys the

home they are living in the supply of homes is totally unaffected, as the same family are living in the same home after the transaction. The advantage is twofold. That family have something they want , and the state has money from the sale that it can spend on building an additional home, thereby expanding the supply of property.

Yours thoughts on what we could do would be appreciated. I will return to this topic with more specific proposals in due course.