

Housing costs

Many people who rent would prefer to own their own home but cannot afford to. Anyone who owns a home is free to rent if they wish, but most do not want to do so.

Over the long term owning is cheaper than renting. Paying the interest and making the repayments of a 20 or 25 year mortgage may be a bit dearer than renting a similar property. After the mortgage is repaid there are no rent or mortgage payments for the rest of your life. It becomes a much cheaper option, even allowing for the high Council taxes and the repair bills which will still catch you. Best still, the time of least cost is your retirement after you have paid off the mortgage. If you rent the period of highest rents will be in your old age, as house rents trend remorselessly upwards.

Encouraging and helping people to own their own home makes sense for the government too. If more people own their own home the government does not have to spend so much on building and owning extra homes for rent. Part of the large state debt is a massive collective mortgage on a big estate of Council houses and debts to finance grants and loans to Housing Associations to own property. During the heydays of Council house sales some of the receipts went to reduce Council and therefore wider state debt, and some went to build new homes.

Home owners have greater freedoms to improve and decorate their homes as they please. As the value of the property rises, as it often has in the past, so the family have an appreciating asset. They can borrow against it to set up a business or meet other one off costs or investments.

The government wishes to expand home ownership. It is worth doing so . It chimes with the wishes of many people, builds prosperity and can lead on to reduced state debts. State subsidised housing is a dear way of providing homes when many of the tenants would prefer help to buy anyway. Clearing more of the costs and obstacles to home ownership should be a priority. Recent Stamp duty reductions are a good start.