

More homes

The government's White Paper today needs to look at ways to provide more homes, all the time we remain in the EU and have to accept more than 300,000 additional people each year coming to stay in the UK. Even after we are out it is likely we still want to invite in a large number of people. Ministers have made clear we will still welcome talent from around the world, whilst controlling the numbers seeking low paid employment. It's no good inviting people here if we do not provide homes for them to buy or rent, and if we fail to provide all the other public services people expect in a rich country.

Much has been made of the need for more homes to rent. We should not forget that there are many more people wanting to buy who currently rent, than there are people who currently own who want to become tenants. Many of the people who now settle for the rented option do so because they cannot afford the deposit or think they will have problems getting the mortgage to buy.

Nor should we forget that it is much dearer over a lifetime to rent than to buy. If someone needs a home for 60 years as an adult, it will be much cheaper to take on a 25 year mortgage and pay it off over the 25 years, leaving you free of any rent or mortgage costs for more than half your life, than to have to pay rent for all 60 years. The joy of owning comes in retirement when you have no rent or mortgage payments to make, and when you also have a capital asset which you can sell to pay the nursing home fees in a home of your choice if need arises. In rented accommodation you will be paying the highest rent of your life as a pensioner, because rents always seem to rise. You have no asset to fall back on if you need to move to a care home.

The good news today is more mortgages are available and mortgage rates of still very low by historical standards. The bad news is house prices are high, and saving for the deposit even with the help of government schemes can be difficult.