

Everyone can BE A WINNER with a housing bond



With home ownership becoming an increasingly distant dream for many young people, Jonathan Fry offers an alternative solution to the UK's housing crisis

Not too long ago most young people starting out in the world of work, marriage and raising a family were encouraged to get their feet on the housing ladder by buying their first home.

While most teenagers or graduates still aspire to find work, they're not so likely these days to want to rush into a marriage and start a family. In fact, that's increasingly the preserve of the more mature 30-somethings rather than the 20-somethings.

Buying a house, however, is proving an ever more remote aspiration among those ready to fly the parental nest, no matter how old they are. Despite the recent downturn in house prices, the shortage of cash for mortgages in the banking sector coupled with demands from lenders for deposits typically of about 20% has served to make home ownership a distant dream for most young people.

Compounding the housing crisis, a recent study by the National Housing Federation states that not only is there a shortage of cash to invest in building affordable housing for home owners but that the downturn in funding hitting housing associations might also threaten the availability of affordable rented accommodation.

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in this country, whether it be owner-occupied or rented.

I would like to see some thought given to the introduction of a bond, issued at wholesale price by housing associations to building societies, who would then sell them at a retail price to savers. The housing associations get a cash injection from the sale of the bonds, the building societies take their mark-up on the difference between the wholesale and retail price and the savers benefit by the Bond providing a return based upon rents

from property.

In short, it

creates a self-generating source of income for all using the capital provided by savers - generally the older generation who have already bought and paid for their homes or have inherited wealth and property from their parents - to fund the housing needs of the younger generation.

And best of all, it doesn't require any of the scarce and emotive commodity called government funding. ■

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