

Keeping more people in their own homes

A letter to the Herald, November 2008

Sir,

In the deepening recession, we are likely to see further rises in home repossessions – a tragedy for those affected. Areas like East Hampshire, where many have had to stretch hard to buy a property, are as susceptible as elsewhere.

In its re-capitalisation package, the government ‘instructed’ banks to keep repossessions to a minimum. But they also told the banks to act commercially and maximise profits – and it turns out that government-owned Northern Rock is one of the biggest repossessors.

In fact, repossession is also a costly and complex process for banks. And forced quick sales in a slow market give bad returns, further depressing property prices.

It ought to be possible for banks and policy-makers to come up with more creative ways to keep more people in their homes. Payment re-scheduling often actually makes good commercial sense, as well as giving a breathing space to struggling families.

In tougher cases, more radical options could include conversions to shared equity, and fair sale-and-rent-back arrangements. Such programmes should be time-limited, and could be stimulated by the government without being run by them. It is still awful to lose equity you have built up, but at least more families could stay in their home. Residents could have first refusal to fully re-purchase, when the economy, and their circumstances, improve.

Sincerely

Damian Hinds

Prospective parliamentary candidate (Conservative) for East Hants