

Should the government encourage home ownership? essay sample

[Government](#)



**ASSIGN
BUSTER**

With the current economic downfall, high unemployment rates and the economy going into a vicious recession, you'd think that the last thing the government should be concentrating on is pushing "home ownership" rates higher.

However, the social advantages in which "home ownership" is good for society certainly appears as one which the government should be backing.

Among the benefits of home ownership rather than renting are:

Home ownership gives an incentive to invest in their local community.

Owners are more likely to vote in local elections and volunteer for social activities.

There is also evidence that homeowners have higher "self-esteem and happiness" than renters which has a favourable effect on their productivity at work.

However, there are negative effects to "home ownership". From an economic point of view, it's good for those that rent because they are able to move easily to other locations where there might be more work.

Homeowners are less likely to move, especially when they can't afford to sell their houses due to the impacts on the housing market from the credit crunch.

The reluctance from homeowners keeps unemployment high in struggling areas where business need to attract workers to make the company grow.

Nevertheless, home ownership has been critical in the retail economy by stimulating purchases such as cars and dishwashers and spurring the large scale development of infrastructure.

As more lower-income people buy homes, many of them are going to be at the financial edge, and the economic impact of this will show. This will make them work harder and gain more qualifications in order to gain better jobs with higher salaries, which would be used to pay off their mortgage.

The government's various home ownership schemes and initiatives aim to make more affordable homes available to first time buyers priced out of the housing market. One of these is the " HomeBuy" schemes which help buyers by subsidising part of the cost for their house.

The drop in mortgage rates has also improved the housing market slightly, with many banks following the government ordered policy to cut mortgage rates in light of the economic crisis. The government's new policies and rules have led to an increase in homeowners with " The Daily Telegraph" estimating over 2 million new homeowners since 1997.

The government have also taken action on a number of fronts: the number of homes has increased over time making housing more affordable.

In addition to this, they have challenged the construction industry to drive down costs of houses and release more public land for development. The recently reformed " stamp duty" has also widened the opportunity to buy houses. New " shared equity schemes" from private lenders have also taken a stand.

One important part of the reconstruction of the housing market is the transformation of “matured housing estates” into mixed estates, creating sustainable communities.

There has been increased spending and investment in housing developments to the tune of “£7.2 billion” and a reduction in debt for UK homeowner which has created economic stability.

Local councils have been provided with resources and incentives to speed up the planning process. All this has enabled benefits for those with low incomes.

The Government have moved decisively to stimulate the economy and fend off a major chance of a recession or economic slowdown. The “housing market” will now almost certainly depend on the decision of “first time buyers” with over 20% of potential home buyers falling into this category.

Any stalling in this section of the market would have a significant impact on the housing industry and its decreasing property values. With first-time buyers having problems with securing deposits, the initiative offered by the government combats this problem in a sensible way.

Should the government continue to encourage home ownership? The answer, from both an economic and social point of view, is yes because it facilitates first time buyers and strengthens the “housing market” at a time when the UK economy is likely to face recession.