

THE HOUSING MARKET: HOUSE PRICE STABILITY

House prices continue to rise quicker than wages and inflation, and first-time buyers find it almost impossible to buy a home. If wages had gone up by as much as house prices since 1997, the average person would be earning almost £30,000 more a year.

When house prices crash there are consequences for the whole economy.

The Green Party will aim for house price stability by making property investment and speculation less attractive and by increasing housing supply. We will:

- Give the Bank of England the powers it has requested to *limit the size of mortgages* in relation to the property value and the borrower's income.
- Take steps to ensure that *development is more evenly distributed* across the whole of the country, so reducing pressure on housing in the South East in particular.
- Make '*buy to let*' less attractive, so reducing pressure on house prices, by removing tax incentives, including the deduction of mortgage interest as an expense, and reforming the 'wear and tear' allowance.
- Introduce new *higher Council Tax bands* for more expensive homes, with higher rates for empty homes.
- Scrap the government's *Help to Buy* scheme, which does nothing to help those in the greatest housing need and contributes to excessive demand, saving £600 million a year.
- Take action on *empty homes* to bring them back into use. There are about 700,000 empty homes. Halve this number through Empty Property Use Orders.
- Gradually *phase out Stamp Duty Land Tax* and consider a Land Value Tax.
- Minimise encroachment onto undeveloped '*greenfield sites*' wherever possible by reusing previously developed sites that have fallen into disuse.
- Reduce VAT on housing renovation and repair work (including insulation) to 5%, costing £1.6 billion a year. At present there is no VAT on constructing new dwellings but there is VAT at 20% on converting and renovating old buildings to be used as homes. This encourages new building at the expense of saving land and using what we have.
- Introduce the *right to rent* (where local councils step in to help those in difficulty with their mortgage to rent their home). One-third of mortgage borrowers are expected to struggle if interest rates increase by 2%.
- Break up the big builder cartels and *diversify the house-building industry* so that more homes are built by small- and medium-sized builders and by community-led and cooperative initiatives. In the short term we would achieve this by measures including bringing transparency to the land market, the transfer of public land into community land trusts, and parcelling big regeneration sites into smaller plots through the Custom Build model.