The Prudential Lending Pathway to Decent Housing

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Kay Saville-Smith, Research Director CRESA

This paper is concerned with the difference between prudential lending and prudent lending. The argument presented here is simple. Prudent lending promotes good social outcomes, but prudent lending does not necessarily involve the application of the traditional prudential guidelines that prevailed prior to the recent housing boom. Those requirements are now being re-applied by mainstream lenders in the context of the current credit crunch. Their re-application without the development of a range of prudent lending products and the development of the rental sector as a real service sector are not likely to generate a stable affordable housing stock that will meet the immediate let alone the long term housing needs of people living in New Zealand.

In this paper, it is argued that prudent lending will not emerge organically. It will require concentrated and measured consideration of:

- homeownership and the range of mortgage products, practices and protections that will support homeownership for households in different circumstances;
- mixed tenure products that maximise the ownership capacity of households in the intermediate housing market; and
- resolving the conditions in the rental market that:
    - associate rental tenure with poor life chances, and
    - make owner occupation a persistent aspiration.

Relaxed Prudential Practices

One of the characteristics of the recent housing boom here and overseas was the way in which traditional lending practices were transformed. The development of intermediaries between mortgagee and mortgagor such as mortgage brokers became common. Alternative methods by which lenders assessed the value of properties proliferated. Mortgage products diversified. Deposits became, increasingly, a thing of the past. Revolving loans in which the value of the mortgaged property effectively underwrote the consumption of undefined goods and services, often with no or little value, became common.

The criteria to assess a potential mortgager's ability to repay debt became measured in increasingly more complex ways. Increasingly it was assumed, by both lenders and homeowners, that capital gains and household incomes would increase. For higher income households, it was assumed too that consumption could be reduced to be subsistence and, consequently, both loan to value and service ratios could be high.[1] In many cases, both in Britain and in the United States, even those more accommodating criteria were frequently ignored to the point that some lending became clearly predatory.[2]

Under those conditions of relaxed or redefined affordability there was enormous expansion of household debt in the 21st century. In September 2006, it was estimated that over a quarter of new Australian loans were being provided at over the traditional prudential debt servicing ratio of 30 percent. Around 9 percent of owner-occupied housing loans had servicing ratios in excess of 40 percent.[3] By 2007 in the United States, household debt sat at 133 percent of disposable income.[4]

For higher income households those practices allowed higher levels of household borrowing and, some would argue, the development of a culture of debt and a belief in a line of never-ending credit. That culture is well embedded even within the context of the current recession. In a recent focus group with tertiary students regarding housing futures in 2050, there was an overwhelming belief among the participants that they would have no difficulty accessing home ownership because they were "not scared" of debt. Not one individual identified the possibility that lenders might choose not to lend to them. For these young people debt was seen as entirely an individual's personal choice reflecting their own taste, inclinations and chutzpah which had no connection to wider institutional structures.

For low income households with a future of higher earnings, no-deposit loans and the relaxation of debt servicing ratios allowed them to get around the deposit barrier. In New Zealand, previous generations had Government assistance to breach the deposit barrier using the 'capitalisation of the family benefit'. That option, however, was removed in 1986/87. The development of no-deposit or low deposit lending products

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[1] Australian Prudential Regulation Authority, 2008.
[2] Whitehead, C., and K. Gaus, 2007: 14; FSA, 2007.
[3] Reserve Bank of Australia and Australian Prudential Regulation Authority, 2007.
[4] Dos Santos, P., 2008.

mitigated some of the difficulties of households looking to enter homeownership for the first time. But of course, the equity of those households was also reduced.

At the beginning of this world of more freely available credit, low income households, even those likely to remain on relatively low earnings, also found themselves advantaged. Many of those households had existing debt and were enabled to access mortgages through debt consolidation.[5] Indeed some borrowers who would have been, traditionally seen as very poor risks began to access mortgage products. Households and individuals who had not only a poor savings record, but also an impaired credit history entered the market. In Britain, in the first three quarters of 2007, loans to people with impaired credit histories made up 3.5 percent of new lending.[6]

In New Zealand, those who saw access to home ownership as an important pathway to improved life chances and/or inter-generational mobility, the availability of credit to households previously marginal to the housing market was initially welcomed. There was, of course, the problem of persistently high interest rates. However, for modest income households accessing modest homes, it appeared that the housing market was, at last, delivering a range of flexible lending products that met the needs of all but the most marginal.

Over the medium term, however, the disadvantages of a world swimming in credit soon emerged in the form of the housing boom. The housing boom fuelled by liquidity in world financial markets became characterised by over-valued house prices, reductions in affordability and a growing intermediate housing market.[7] House prices rose so much that significant access problems emerged for some households despite the increasingly high loan to value ratios accepted by lenders.

Those dynamics affected European, North American and Australasian housing markets. In Britain the drive to promote home ownership stagnated under the weight of housing price increases.[8] In New Zealand, the House Price Unit reported that by 2006, 71 percent of couples in rental accommodation and 98 percent of unpartnered

[5] Saville-Smith, K., and Campbell, S., 2000.
[6] FSA, 2008.
[7] Golding, E., Green, R.K., and McManus, D.A., 2008.
[8] Stephens, M., (editor), Ford, J., Spencer, P., Wallace, A., Wilcox, S., and P. Williams, 2008.

adults could not afford to buy a lower quartile price house in their region with a debt service ratio of 30 percent of income.[9] With the collapse of the housing boom other problems have been generated.

In Britain, for instance, mortgage repossession orders in England and Wales increased by 21 percent in the third quarter of 2008 compared to that quarter in 2007 to a total of 87,000 repossession orders in the last three months of last year. The Centre for Policy Studies expects that some 145,000 households will be made homeless by repossession in 2009 and a further 270,000 households will have repossession orders made against them.[10]

In the United Kingdom, associated with the increased rate of repossession, is a tendency for repossessed dwellings to remain unsold. According to the Financial Services Authority (FSA), the number of unsold repossessed dwellings has doubled since 2007. In addition, the FSA reports that some 340,000 residential mortgages are in arrears, an increase over the 2008 years of 24 percent.

In February-March 2009, there were only 201 mortgagee sales of residential dwellings in New Zealand. Those added to the 124 mortgagee sales in January-February 2009. However, according to Terralink, the 2008 mortgagee sales have surpassed the previously recorded peaks of 1998/99 and 2001/02.[11] The first months of this year suggest that the number of mortgagee sales in 2009 will increase even further. In addition, there is a distinct increase in the percentage of sales that are mortgagee sales.[12]

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[9] House Price Unit, 2008:4.
[10] Elphick, 2009.
[11] http://www.zoodle.co.nz/cms/terralink-mortgagee-sales-report.
[12] Unfortunately, although this data is publicly available at http://www.zoodle.co.nz/cms/terralink-mortgagee-sales-report Terralink has not been able to give permission for it to be presented in this paper.

Repossession trends, the unsold repossessed stock numbers, the increasing incidence of mortgage arrears, along with tightening access to housing finance and rising unemployment, are all expected to place further pressure on house prices.[13] Downward pressure on house prices is expected to push increasing proportions of households into negative equity. The Bank of England reports that a fall of 20 percent in house prices over 2008 had thrust between 7 percent and 11 percent of homeowners in the United Kingdom into negative equity in the first quarter of 2009. While the Bank of England noted that substantial buffers of house equity remained with three quarters of mortgagors having a loan to value (LTV) of less than 75 percent, the Bank also notes that the value as well as the spread of negative equity among households would increase with further house price falls.[14]

New Zealand's house prices are also falling. In 2008 it was claimed that around 130,000 households may have fallen into negative equity due to house price falls. Negative equity has been described by various banks and commentators as unproblematic for mortgagors as long as they do not fall into mortgage arrears and if they do not need to sell their dwelling at significantly lower prices than their buying

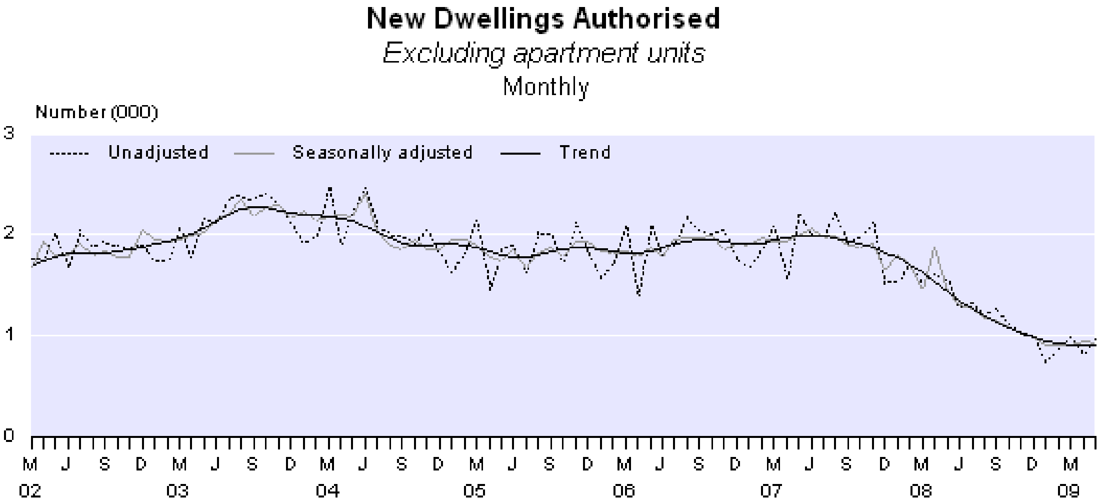
[13] FSA, 2009.
[14] Hellebrandt, T., Kawar, S., and Waldron, M., 2009.

price. Both those contingencies are less likely to be meet by overleveraged households. The impacts of repossession are likely to be most negative on households that are unable to downsize within the owner occupier market and are forced to move into the rental sector.[15]

There has also been a marked impact on the supply of housing through new builds. In the UK, building rates have slowed with a 6 percent fall in housing starts in 2007. They are continuing to decline. In 2008/09 the number of residential building starts was down 42 percent on 2007/08 and 51 percent on the peak start numbers experienced in 2005/06. Those falls are occurring despite the failure of stock growth to keep up with household growth and the desire of the British Government to encourage new build.[16]

Similarly, New Zealand has seen residential building consents fall away both in number and in value. Excluding apartments, the number of residential building consents has fallen by 54 percent from June 2007. The May 2009 value of residential building consents is 26 percent lower than at the same time in 2008. Since the June 2007 peak, the value of residential building consents has fallen by 44 percent.

New Zealand Residential Buildings Consents March 2002 to March 2009[17]



[15] The problems associated with consumption of rental housing in the New Zealand market are discussed later.
[16] Communities and Local Government, 2009.
[17] Statistics New Zealand, 2009.

All of these problems present conditions that give rise to poor social outcomes. Negative equity, over-leveraging and repossession have the potential to push people out of their communities as well as out of their homes. The owner occupier households most vulnerable are clearly low income households that have little opportunity to downsize within their localities. For some downsizing may mean changing tenure. For others, older people for instance, whose intention may have been to downsize to release equity for income maintenance purposes, those options may be constrained significantly.

The negative impacts of repossession are not confined to owner occupiers. Repossession also affects tenants. In Britain rental property repossessions were up by 7 percent between 2007 and 2008. According to Elphicke, in England "a household living in a rented property is more likely to be able to be evicted immediately following a repossession order than a household living in a mortgaged property."[18] Data related to the New Zealand situation of tenants in relation to mortgagee sales is limited. However, according to Terralink,[19] 60 percent of mortgagors involved in mortgagee sales own more than one property.

What proportion of those mortgagors are providing rental housing is unclear. What is clear, is that mortgagee sales can degrade the lease conditions of residing tenants. A mortgageee or new owner must take over the existing tenants. Indeed, current legislation requires that a mortgagee can not give notice to a tenant until they have actually taken possession of the property. The threat of a mortgagee sale, for instance, is not enough to give the mortgagee the rights of the landlord in relation to ending a tenancy. However, if a tenant on a fixed term tenancy finds their dwelling subject to a mortgagee sale, that tenancy is effectively transformed from a fixed term tenancy to a periodic tenancy. Moreover, if the mortgagee decides to sell the repossessed property and the buyer wants it vacant the notice to a tenant can be reduced from at least 90 days written notice to 42 days. In short, a fixed term lease tenant in a repossessed dwelling may find themselvews with not only an unplanned move but the loss of their home within six weeks.

[18] Elphicke, 2009.
[19] Radio New Zealand interview, 2008.

Returning to Pre-boom Prudential Practices and Lending Products

The recession has driven a frenzy of criticism directed at relaxed lending practices, the overheated house prices that accompanied them, and the deteriorating risk profile of homeowners. In the hard light of the recession, the global financial crisis and the credit crunch, here and overseas there is evidence of tightening access to households seeking mortgages.

The deposit is being revived and loan to value is falling. Lenders are paying more attention to property valuations. The credibility of property valuations are being more closely assessed as is the credibility of intermediaries such as mortgage brokers. Debt servicing ratios are being more closely considered and, possibly more importantly, the longer term earning prospects of those applying for mortgages are being explored by lenders.

There are those that argue that increased affordability associated with lower interest rates and falling house prices will allow some households excluded from home ownership during the height of the housing boom into owner occupation. It is doubtful whether house prices have fallen enough to make a significant affordability difference for households in the intermediate housing market. Moreover, tightened prudential requirements for households in the intermediate housing market are more likely to merely add accessibility problems to affordability problems. In some cases, some households that may be able to service loans will become excluded by the re-emergence of the deposit hump.

It might also be argued that the re-application of these types of prudential practices will protect some households from becoming over-leveraged and exposed to the possibilities of negative equity or repossession. This is rather like protecting an individual from the risk of occupational injury by excluding them from employment. In that case, occupational injury may have both personal and externalised social and economic costs that are desirable to avoid. But the benefits of employment are clearly enormous, particularly if the risks of injury can be managed and the effects of injury mitigated. So it is with home ownership.

There is a plethora of research that shows in New Zealand and similar countries an association between home ownership and improved life chances, wealth generation and inter-generational upward mobility. There is a equally weighty body of research that shows that health status is associated with home ownership.[20] So while, there are clearly risks with entering home ownership, re-applying old-fashioned prudential practices is likely to deny households on the intermediate housing market those owner-occupation benefits.

People do intuitively at least recognise the benefits of owner occupation. It must be remembered that the practices expressed in the housing boom of the last two decades was not simply about world financiers attempting to off-load a flood of liquidity. Those products and practices were also a reflection of an enormous demand by households that had previously only marginal access to owner occupation. Willing sellers and willing buyers were brought together.[21]

The range of new products, processes and market players that appeared late last decade emerged because large numbers of households could not access home ownership under the previous tight prudential environment. Or, at least, they could not do so without the support of Government.

In New Zealand, it will be recalled that in the immediate post-war period there were State Advances loans and, later, New Zealand Housing Corporation loans. Capitalisation of the universal family benefit to meet the deposit gap was common. But the latter was abolished in the late 1980s and in the early 1990s the lending portfolio was sold off and the lending programme virtually dismantled. Relaxed prudential requirements and private mortgage products filled the gaps left by the 1990s Housing Reforms.

Despite the credit crunch that same desire for home ownership continues. It is inevitable, then, that if some households can not access credit through prudent lending,[22] those households are likely to seek other means of achieving that aspiration.

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[20] Department of Prime Minister and Cabinet, 2008.

[21] Indeed, some have argued that the problem was not that lending was directed to the sub-prime market through a variety of new mortgage products. Rather, they suggest that the crisis has been a classic example of imperfect information arising out of multiple asymmetries between "borrowers and brokers, aggregators and rating agencies, and investors and issuers" aggravated by increasing competitiveness in the mortgage market. See Golding, E., Green, R.K., and McManus, D.A., 2008.

[22] Of course, the return to earlier prudential practices by mainstream lenders is not only prompted by a concern to minimise risk. Those practices also act as a way of allocating the constrained pool of funds available to 'premium' customers.

There is already concern in Britain that over-regulation of the sub-prime housing market may drive households into even less stable sources of credit.[23]

In New Zealand, there are an emerging a range of products to fill the gap. Many of those products are being offered by players in the housing market that have been hit hard by the fall in demand – the building industry and real estate agents with excess stock. Rent to buy schemes and shared ownership schemes are one product that can be expected to become more widespread.

An example of an existing house being sold on a rent to buy basis in Otara is advertised :

Recently renovated 3 bedroom home plus 2 room sleepout. 1 bathroom + separate toilet. Off street parking for at least 3 vehicles. Fenced 943m2 section. Walking distance to […] and close to […] Primary School Purchase Price $315.000. Rent to buy weekly payment amount will depend on deposit paid down. Bank said no? Low deposit? Bad Credit? Don't have Residency yet? No problem. We can help finance you into this home. If you can afford to pay between $530 - $600 per week (including rates and house insurance). you could rent to own this lovely family home in a quiet cul-de-sac! This is comparable to what it would cost you if you qualified for a bank mortgage for the same house (bank mortgage payment for $315.000 at 7.5% interest =$537.19 per week. plus rates. plus insurance). Not to mention the fact that all of your deposit and some of your weekly rent would also go towards your purchase price!

The following as an example of a new build financed through a building firm:

[We] offer home and land packages we already own the land and for a fee we may be able to forgo the progress payments normally required. This may make it much easier for you to obtain funding from your bank or via a mortgage broker. Special conditions apply and we normally only offer this to first home buyers so ask one of our new home consultants for more information and to see if this produce might apply to you. Other possibilities […] include: Save your deposit while we build your home; Repay consumer debt (credit cards & HP's) while we build. Financing a new home or a building project can seem like a difficult prospect. Relax, we have years of experience at putting together finance packages to build new homes for all types of different customers. Let us show you how easy it can be.

Rent to buy schemes and builder financed schemes are not new. But they do often lack transparency and, apart from generic protections under the Credit Contracts and Consumer Finance (CCCF) Act, they are neither regulated nor managed by industry standards. A number of issues have already been revealed, for instance, in the

[23] Whitehead, C., and K. Gaus, 2007.

operation of rent to buy schemes offered by the private sector. The Department of Building and Housing and the Ministry of Consumer Affairs have both been advising caution for some time.

One website concerned with housing finance and conveyancing provides the following warnings to those who may be interested in rent to buy.[24]

The DBH has come across rent-to-buy cases where a tenant has fallen behind with rent payments and the landlord has lodged an application to the Tenancy Tribunal seeking an order for payment of rent arrears, or an order for termination of the tenancy, ending the tenant's dream of buying that property. Tips from the DBH for tenants considering rent to buy include:

> *Make sure you can afford to maintain the level of repayments for the duration of the agreement, keeping in mind possible changes in circumstances and your financial situation.*
>
> *Check that the deal you have is not just a tenancy agreement.*
>
> *Find out what happens to your deposit and whether you get any rent money back if your loan application is declined.*
>
> *If you have already entered into a scheme and have been told that you do own the home, check with Land Information New Zealand (LINZ) to see that your name is on the property.*

The Ministry of Consumer Affairs recommends tenants always get the contracts checked out by their own lawyer before signing. If not, you leave yourself vulnerable should there be problems or a default in payment.

Good advice. But is it enough to protect households that may be tempted into this pathway to home ownership? Moreover, if some of these products are being offered by businesses in the real estate industry and the building industry, how sustainable are they? What will happen to householders in rent to buy schemes of builders and developers who themselves run into financial difficulties? What recourse will householders have in relation to these and other schemes if the businesses delivering them go into receivership? How can households assess the likelihood of these businesses being able to sustain the financial stream required to make such schemes work in the long term? These schemes are effectively acting as financiers but they are not subject to the close scrutiny and monitoring of banks or the controls placed on credit unions. Nor are they subject to the, albeit limited, checks and balances associated with charitable trusts.

[24] Clement, D, 2008, Try before you buy, rent-to-buy plans, http://conveyancing.co.nz

Why do Vulnerable Households Want Homeownership?

What the experiences of the housing boom and the housing recession show is that products will emerge where it suits the immediate interests of both ‘sellers’ and ‘buyers’. Both the housing boom and the housing recession have been, in part, about shifting what the key players want to sell.

For sellers, the boom involved financial institutions anxious to sell and profit from the apparently endless liquidity in world financial markets. In the recession, the desire to sell will be driven by developers and builders that have, so to speak, stock on hand and need to shift goods. They will, effectively, provide the equivalent of ‘easy credit’ sales among retailers.[25] Among buyers, whether in boom or recession, there is a persistent enthusiasm among households for home ownership, although home ownership will pose a significant short term, and possibly long term, financial struggle.

It must be concluded that if the desire to sell remains and if the desire to buy persists, the re-application of traditional prudential practices by mainstream lenders is simply a recipe for a proliferation of poorly developed and managed home ownership products targeted to vulnerable households. At the minimum, those products are likely to fail some of those householders and, at worst, the social and economic costs of those failures will not be restricted to the households themselves.[26]

This raises the question of why do these households persist in trying for home ownership despite the barriers and despite the risks? Are they simply won over by real estate agents, builders and developers? Possibly. But there are other messages in the public arena which often contradict the ‘buy’ message. Are these households that struggle to enter home ownership simply socially and economically irrational? Probably not.

[25] The difference between the housing and retail sectors is, however, that for houses the length of time for the transaction to be completed is very long, there are significant sums involved, and, because of those, there is heightened risk.

[26] Taylor, Jenkins and Sacker (2009) show, for instance, financial incapacity is associated with greater mental stress, lower reported life satisfaction, and a greater likelihood of reporting health problems associated with anxiety or depression. The latter, of course, is recognised as a major contributor to lowered productivity and a driver of health costs. See WHO, 2006.

There is strong evidence to suggest that the desire for home ownership by individuals and families is a rational response to four key and inter-related issues. Those are:

- The lived experience of social mobility, resource accumulation and household fluidity among New Zealand families.
- Issues of identity, attachment and belonging.
- The dynamics of the rental market in New Zealand.
- The condition and liveability of New Zealand's rental stock.

For New Zealanders home ownership is demonstrated to be associated with improved life chances. Pearson and Thorns demonstrated some years ago that the egalitarianism and mobility of New Zealand society was driven largely out of inter-generational transfers associated with inheritance of housing assets.[27] Moreover, there is considerable evidence to show that where owner occupation is both normative and the mainstream experience of housing, as it is in New Zealand, that achieving that tenure status is an important part of a sense of identify, attachment and belonging. It is notable that one of the main reasons for planned residential movement in New Zealand is a change of tenure status from tenant to owner occupier.[28]

Those drivers of home ownership aspirations are reinforced by the problematic nature of New Zealanders' rental experiences. Three issues emerge. Firstly, New Zealand's rental sector provides tenants with low levels of control and flexibility around their homes. Tenancy periods, even for fixed tenancies, are relatively short-term. Unlike in some countries overseas with leases of decades rather than years, it would be rare for a tenant to be able to transfer a tenancy inter-generationally.

In addition, there is considerable churn among landlords which makes tenancies unstable. The 2003 National Landlords Survey found that the population of landlords tends to be dominated by those with shorter rather than longer careers in the sector. Over a fifth of landlords (21.9 percent) reported being a landlord for a year or less. Over half (55.6 percent) of the respondents to the National Landlord Survey have been landlords for less than eight years.[29]

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27 Pearson, D. and Thorns, D., 1983.
28 Statistics New Zealand, 2007.
29 Saville-Smith, K., and R. Fraser, 2003.

This landlord churn and associated changes in the ownership of rental stock are often associated with changes of tenancy. The 2006 census found that the median residence of people in a rental dwelling was two years compared to over six years for people in owner occupied dwellings. As the Table below shows, this is a longstanding pattern.

Median Years at Usual Residence by Tenure of Household – NZ Census

Census Year	Median Years at Usual Residence	
	Owner Occupied/Family Trust Households	**Rental Households**
1996	6.9	1.9
2001	6.7	1.8
2006	6.3	2.0

Moreover, many of the households that struggle to enter home ownership also struggle to find landlords that wish to provide housing to them. Again the 2003 National Landlord Survey found that landlords had distinct preferences regarding tenants. As the Table below shows, the tenants preferred by landlords are those that are most likely to be able to enter owner occupation through mainstream financing or are already overwhelmingly owner occupiers – professional couples and older people.

Tenants Explicitly Identified as Preferred and Not Preferred by Landlords (National Landlord Survey 2003 n=818)[30]

	Tenant Group	% Landlords
Tenants Explicitly Identified as *Preferred*	Professional Couple	70.3
	Retired Couple	51.1
	Professional Single	45.2
	Retired Single	39.7
	Young Single Female	30.3
Tenants Explicitly Identified as *Not Preferred*	Large Families	67.4
	Students	62.8
	Sole Parent Family	32.4
	Refugee/Migrant Family	30.0

Multiple Response

[30] Saville-Smith, K., and R. Fraser, 2003.

Finally, the rental stock tends to be older than the owner occupier stock. While the owner occupier stock has a number of performance problems and tends to suffer from under investment in repairs and maintenance, those problems appear to be even more pronounced in the rental stock.

A 2008 survey of 491 private landlords with 2,398 rental dwellings found that 75.4 percent of the stock had been built before 1978. Only 58.8 percent of their stock was reported as having ceiling insulation and over half the landlords reported that stock was draughty. Almost half the stock did not have hot water cylinder wraps. Over one third (39.9 percent) of the landlords reported that they set aside no monies for repairs or maintenance, although 84.1 percent of landlords reported having undertaken work on at least one of their dwellings to improve thermal comfort. While almost half (46.2 percent) of landlords reported a willingness to retrofit their rental stock if supported by central government, take up of subsidies for retrofitting by landlords is very low compared to take up among owner occupiers. Almost a quarter of landlords were categorical that they did not want to retrofit their properties at all. [31]

Getting New Zealanders Decently Housed

With the anxieties of the current recession and the impact of the credit crunch, here and overseas it is easy to advocate for a sort of back to basics approach to house finance. This fails to acknowledge why vulnerable households get caught up in the desire for home ownership in the first place. It also fails to take account of the infinite capacity of markets to generate new products outside the mainstream to meet demand which by their very nature maybe of doubtful quality and sustainability.

What is required under current conditions, as has been required previously, is a two pronged strategy. Firstly, a strategy that recognises home ownership is a pathway to decent housing and encourages the development of products and processes that encourage prudent lending and prudent borrowing. This will require placing the development of mixed tenure products, safety nets and industry standards of delivery to households into the intermediate housing market right at the centre of the housing agenda. Second, a strategy that transforms the rental sector to a well performing

[31] Saville-Smith, K., 2009.

service industry that provides decent housing for those that can not or do not pursue home ownership.

Neither of these strategies need be pursued through a command and control approach in which central government substitutes for the private sector or the non-profit sectors in either rental or home ownership product provision. But it does require a fundamental review and rethinking of the array of institutional arrangements, policy settings, regulatory processes and products that currently prevail.

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