



MODERN HOUSING POLICIES

Growth, Competitiveness and Social
Justice

The Social Policy,
Research & Evaluation
Conference 2004

What Works?

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OUTLINE

- SET HOUSING POLICY IN CONTEXT
- A MODERN APPROACH, HOUSING
- SHIFTING ECONOMIC CONCEPTS
- THREE LEVELS
- THREE HORIZONS, CYCLE, GROWTH
- EVOLVING POLICIES; UK, AUSTRALIA

1. POLICY CONTEXT

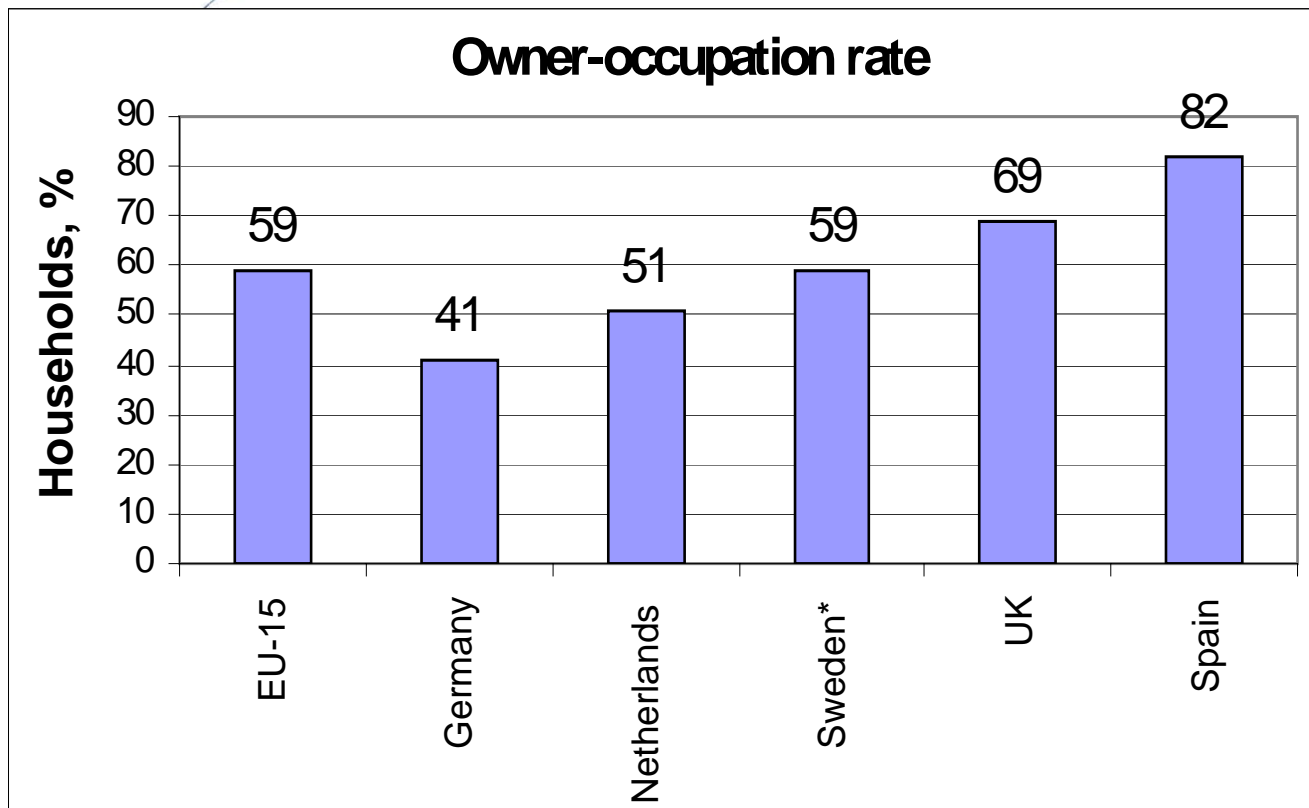
- 25 Years Struggle for Lobbies, Interests
- Inheritance of Welfare state, Keynes
- Needs, plans, poverty versus demands, markets, opportunities
- Conflicts with post 1980's Treasury ecs
- Palliative, redistributive social policies
- Old Lobby, New Politics, Old Economics

Under-values Key Integrative System

2. MODERN APPROACH

- Real Nature of Housing
- Complex good, externalities
- Whole of government, Housing ‘and’
- Link to meta goals, economy
- Recognise as key asset, debt: pathways
- Spatial: inevitable multilevel govt
- Multisector: Community de natura
- Multisector: Private finance; off-budget

End Ideology of Means, Evidence Influenced



3. ECONOMICS AND MARKETS

- More reliant on markets, and quasi markets
- Closer to financial markets
- Labour market changes, new demographics
- Dominant features are ownership growth
- And Price Inflation and Instability
- UK and Australia
- Not alone, Not all different

HOW TO DESCRIBE, UNDERSTAND, ACT

3. ECONOMIC MODELS

- Presentation, economics as rhetoric/model
- Housing: economy 'blind', cause/effect
- 1980's Economics: 'pointless', pinheads
- Development of new macro thinking
- Fast capital/innovation; human capital
- Both poor on space, times
- Real Dimensions matter to 'fixities'
- Local responses to global challenges

DEVELOPMENTAL AND PRODUCTIVITY
GROWTH

3. UNDERSTANDING

- Smith and classical economists: LHK
- Keynesian: investment, starts, multiplier
- Economy to housing with simple feedback
- Persisted in modelling to 1980's
- Monetarist oversimplifies housing
- Ignores consequences, spillover effects

Inevitably palliative, social

4. THREE LEVELS, SPACES

- Spatial imbalances matter
- Land, housing ineluctably national and local
- Macro (with regional imbalance residuals)
- Micro/macro Metropolitan perspective
- Neighbourhoods: human capital effects (MAT)
- Different timing, cycles, impacts, feedback
- Recursive local shapes macro
- Wages, pressures, land prices

FUNDAMENTALS, BUBBLES

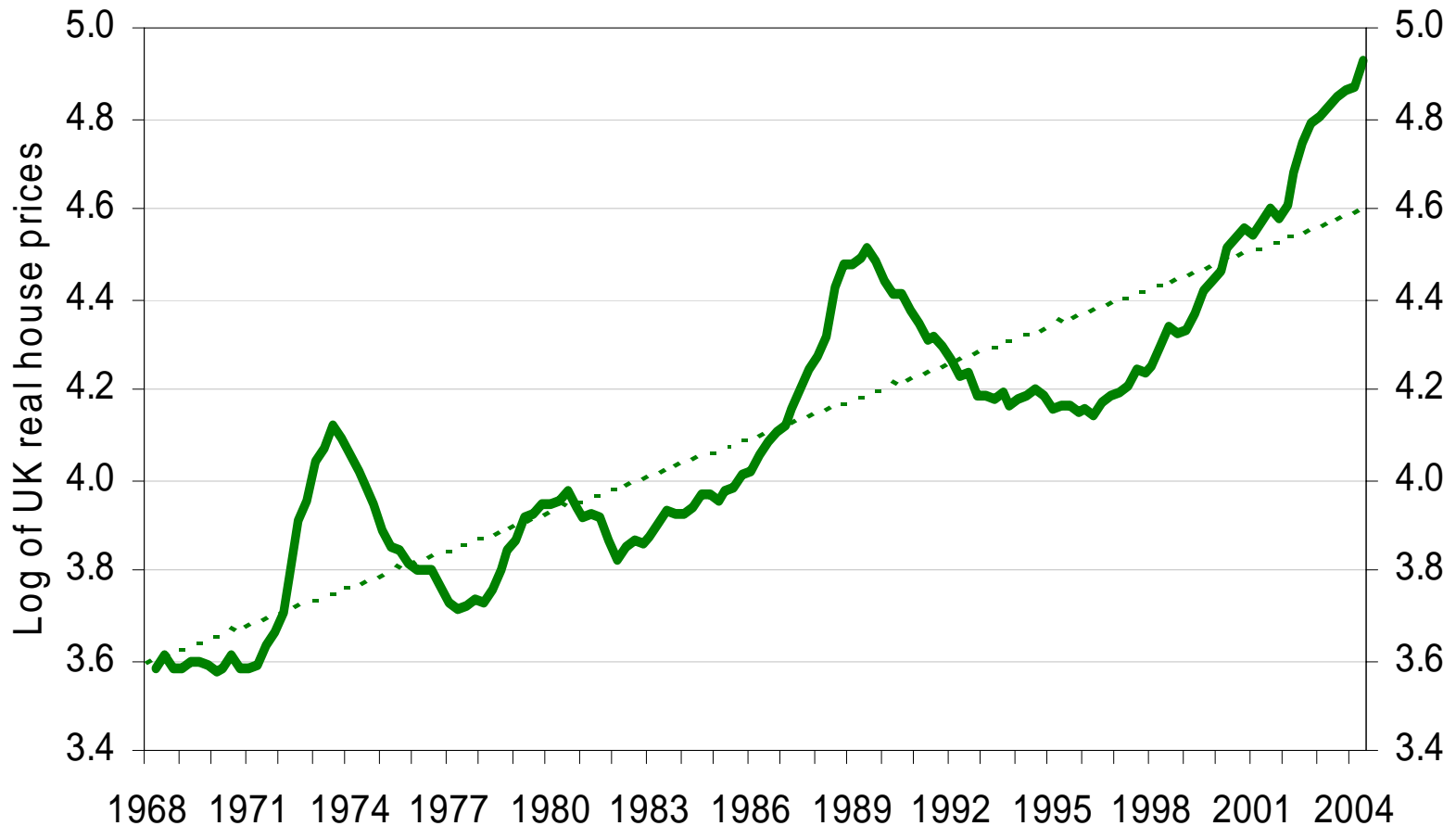
RECURRENT, ENDURING

EMERGING MODELS

- Land, space impact instability/inequality
- Instability/inequality influences growth
- 1980's recognise Competitive capital
- 1990's pre-eminence Human capital
- Now: place/land/infra/housing capital
- Complex, fixed, spatial investment
- Spillovers and dynamics

NEW CONCEPTUAL/POLICY CHALLENGES

Real UK House Prices: Time

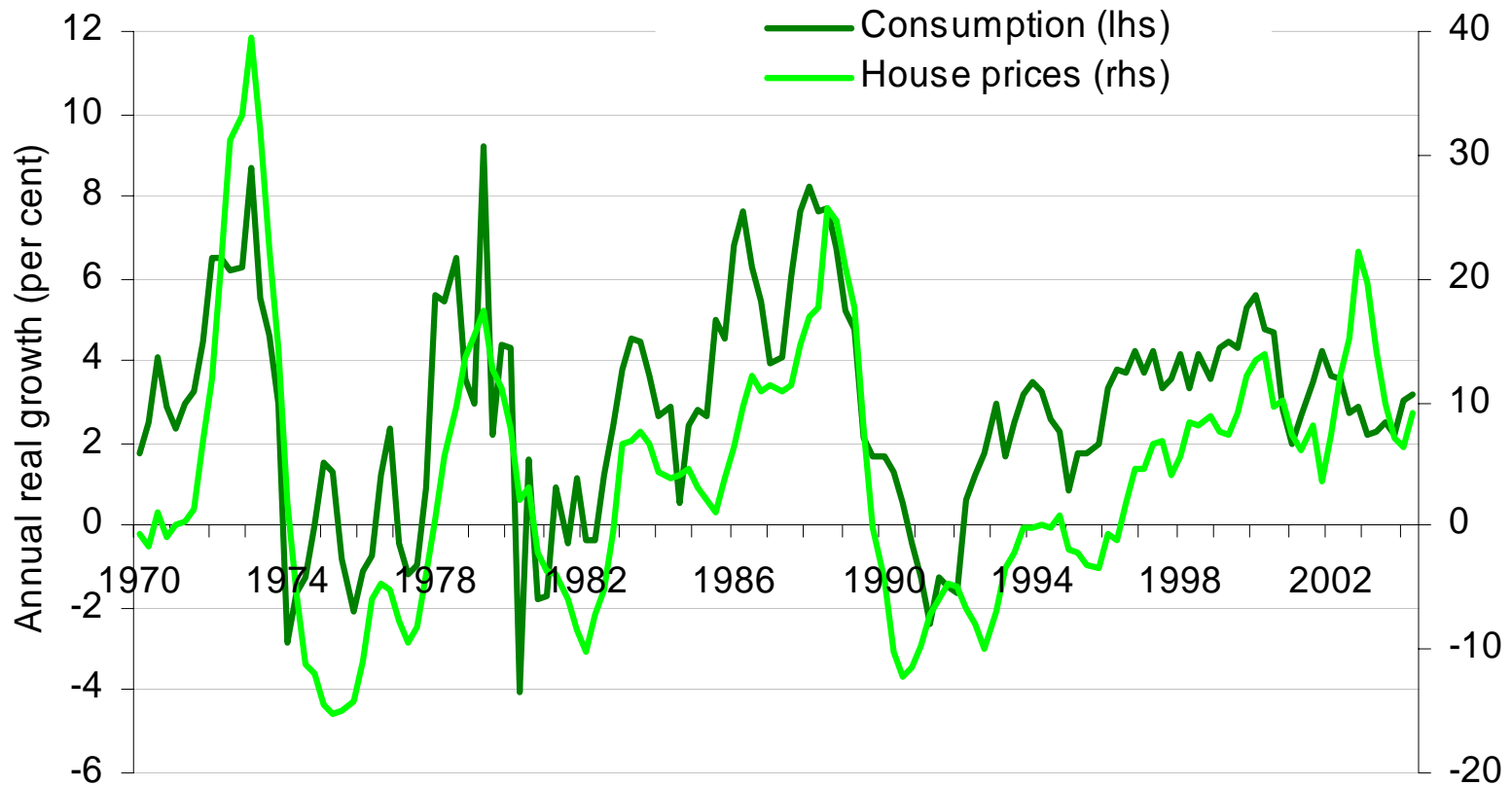


5. THREE TIME HORIZONS

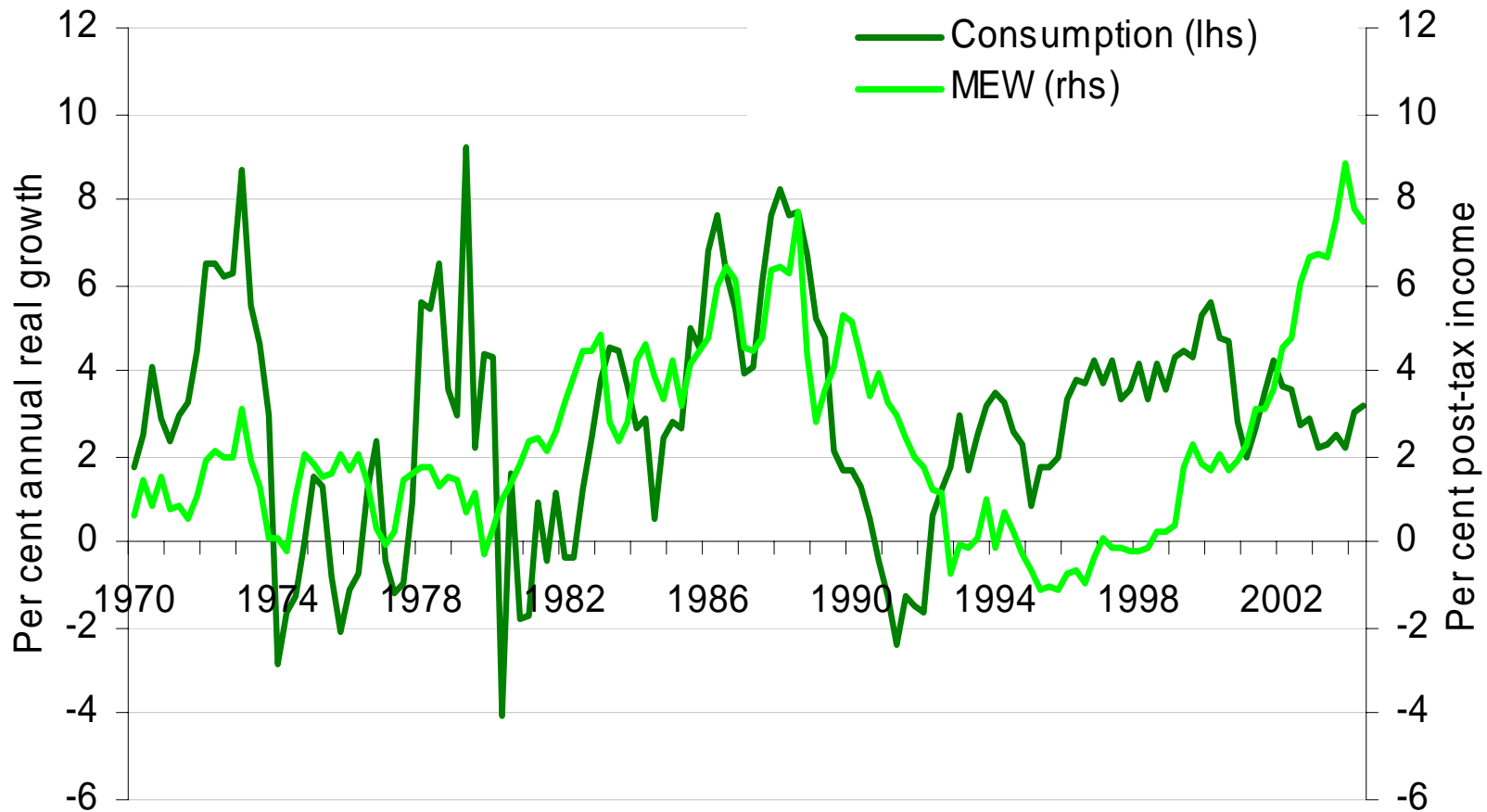
- Static/income:instability/cycles: growth/prody
- Price rises,relatively sluggish supply
- Price rises equity release, consumption
- Price rises, accelerates purchase
- Price rises, ratchets?
- Price rises, affordability issues
- Price rises wage effects, real incomes/bricks
- ?

AND BUST?

House Price Inflation, Consumption



Household Consumption and HE

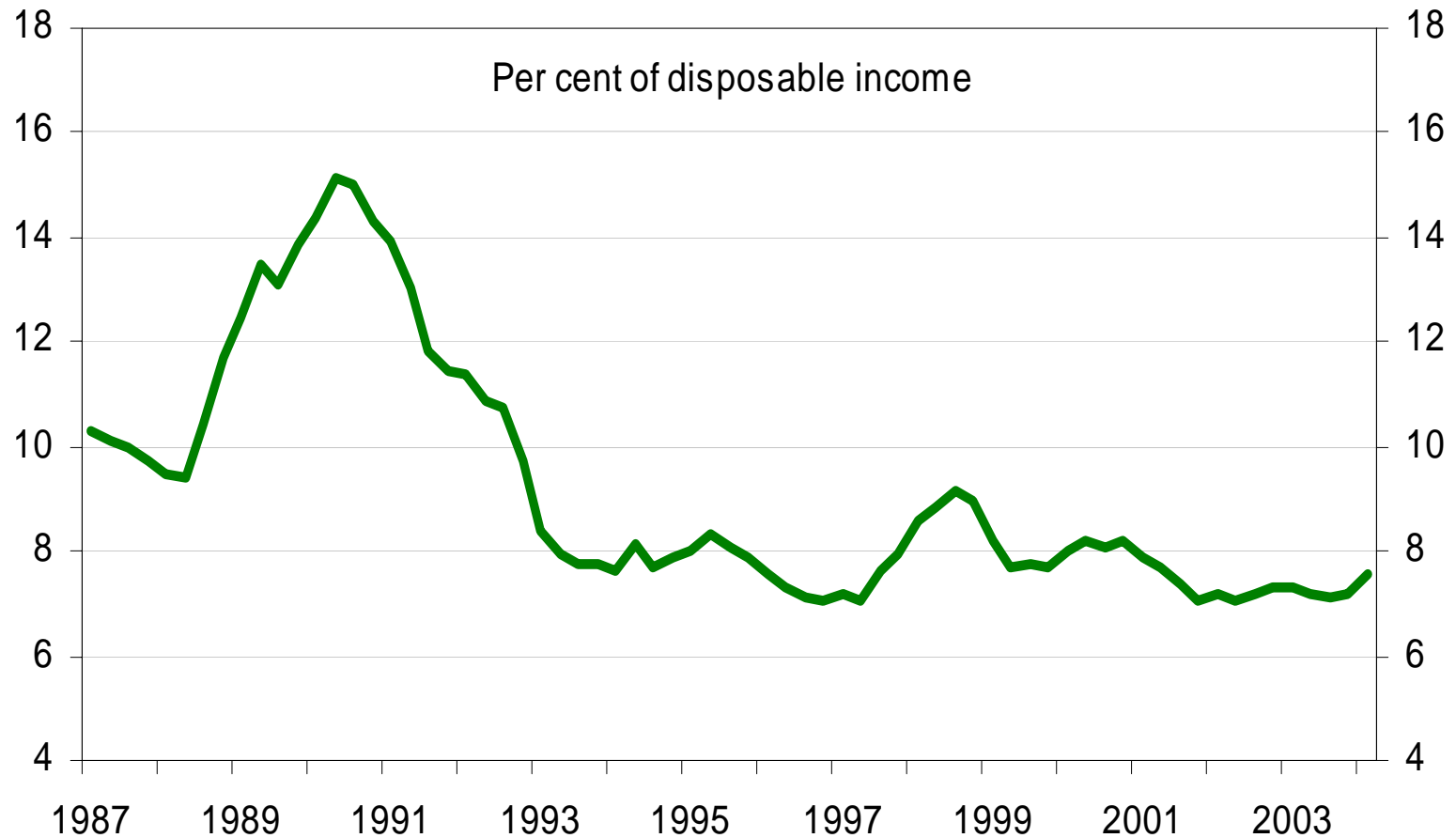


.....And Bust?

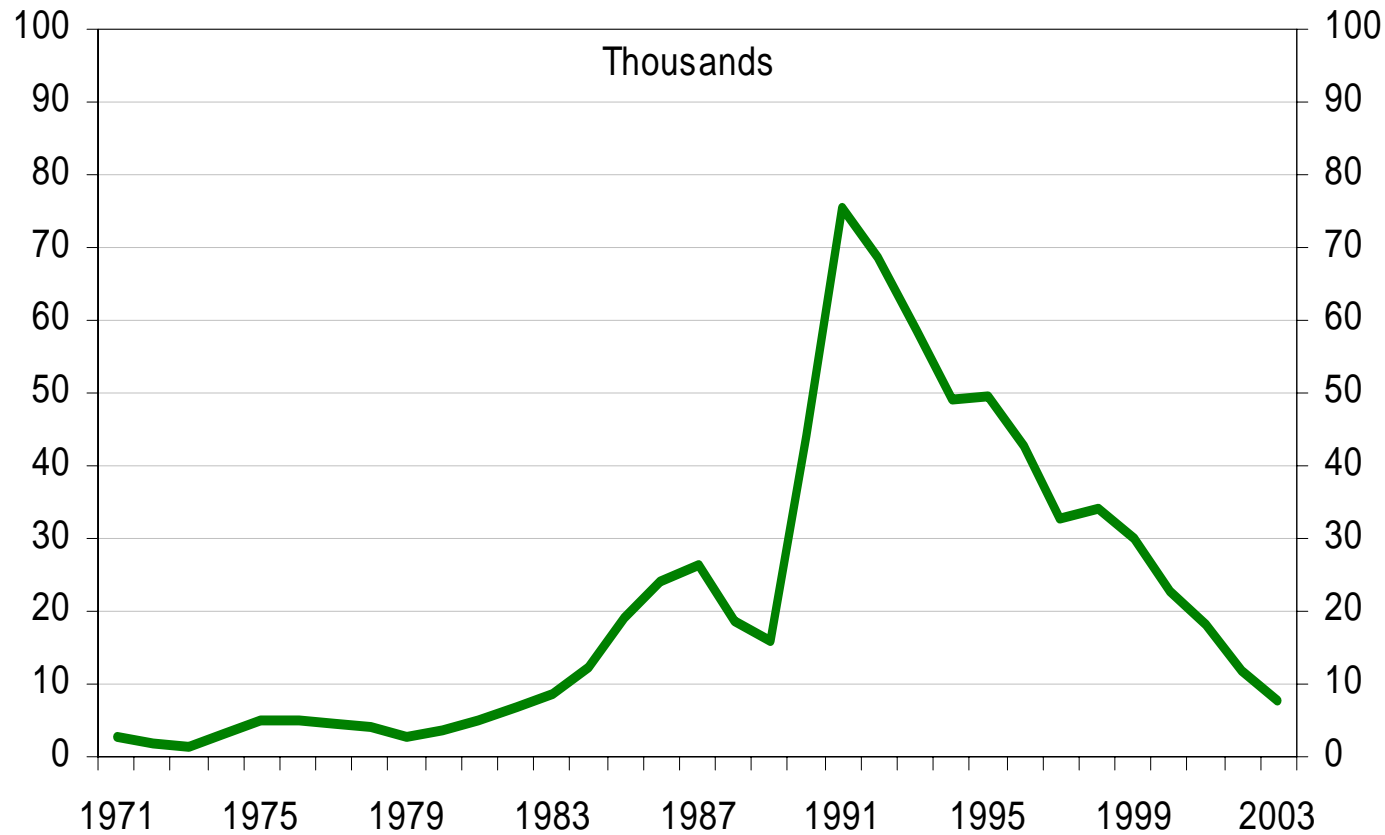
- Not inevitable, likely
- Real and nominal unwinds
- Price falls, slow new entry
- Price falls, reduce EW
- Price falls, different mobility issues

And Beyond Bust?

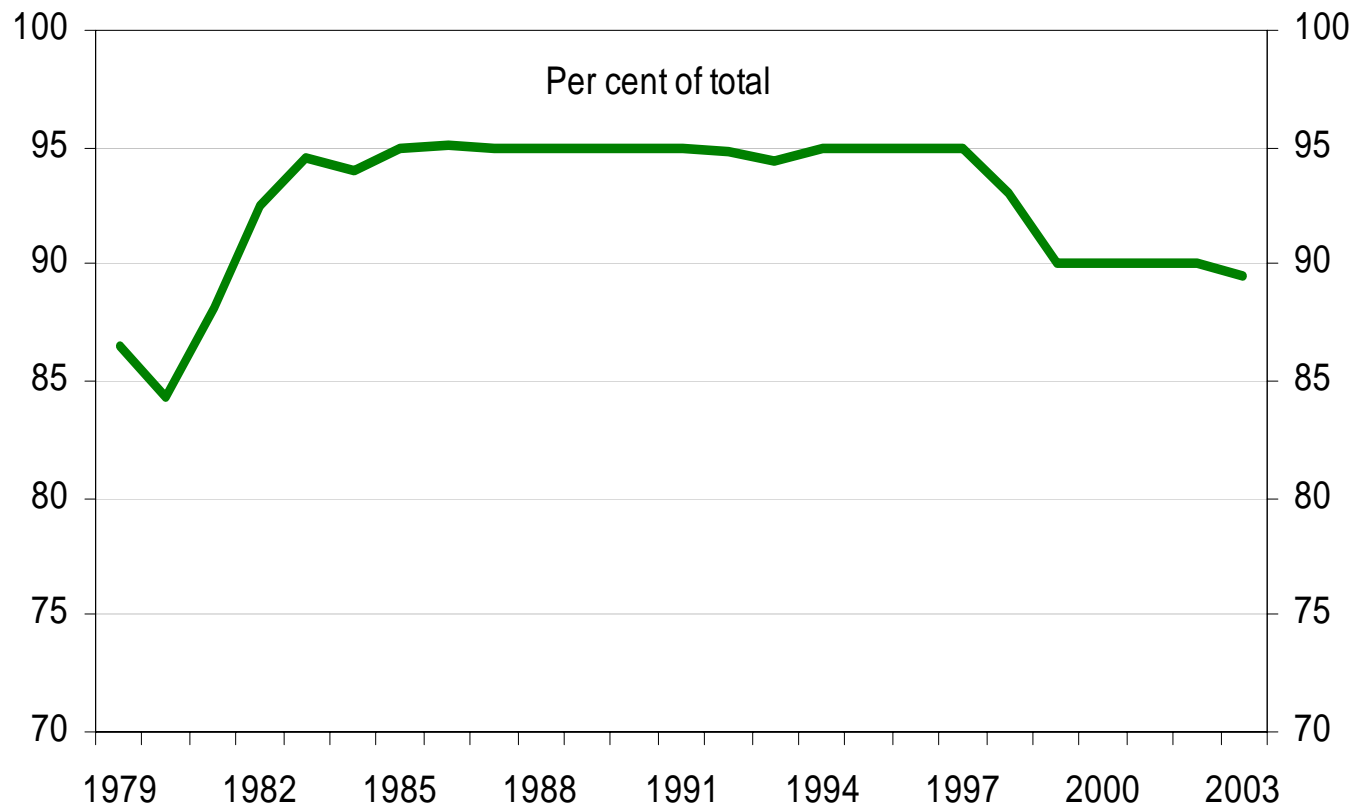
Interest Payments to Income, UK



Housing Repossessions, UK



LTV First Time Buyers, UK



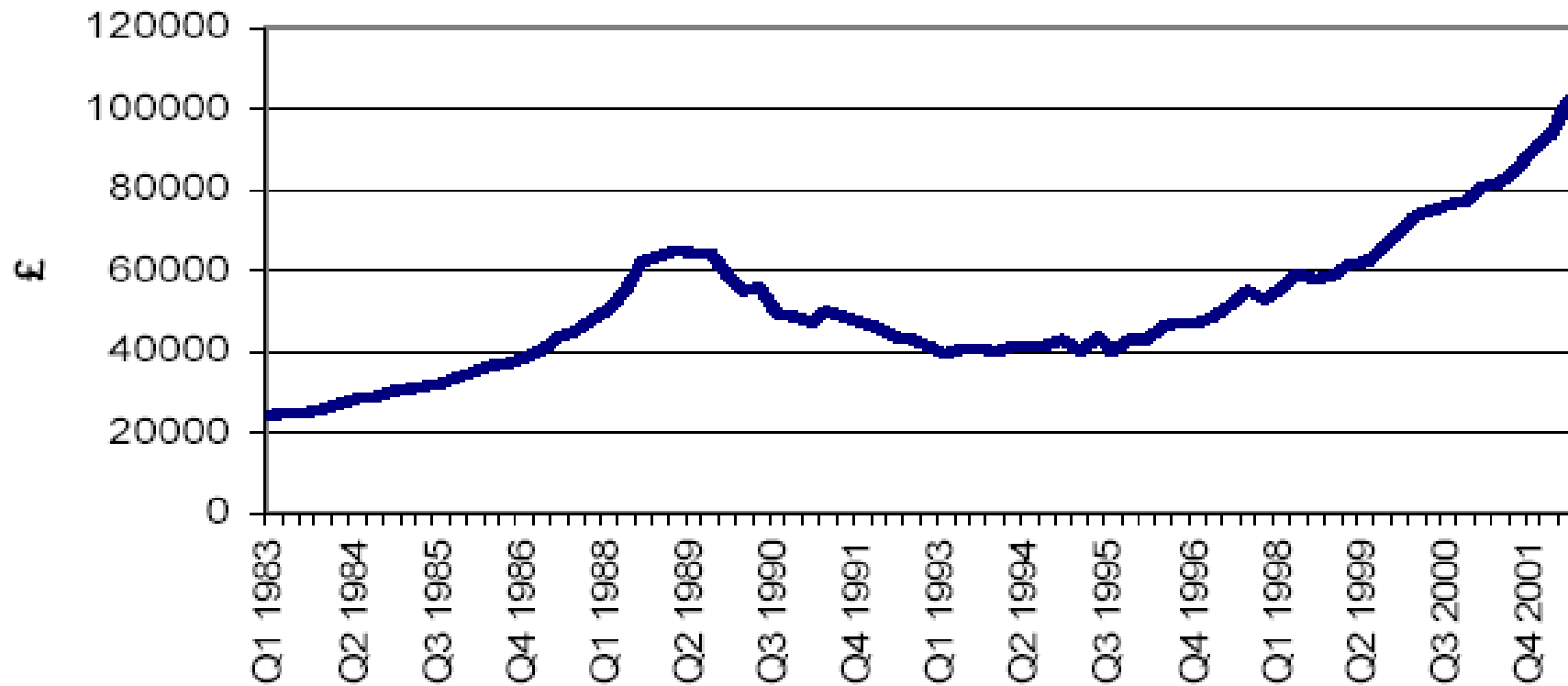
.....GROWTH EFFECTS

- Impact on Capabilities
- Movement Effects
- Effects on wealth gaps, families etc
- Savings and spending
- Enterprise culture
- Incomes, happiness and pricier bricks
- Productivity, imbalance, instability

Just Starting to Understand

Figure 5 First Time Buyer House Price Rises in South East England

Average House Prices In South East England (first time buyers)



Map 1 National Housing Affordability

Affordability Index - Terraced/ FT Average Earnings

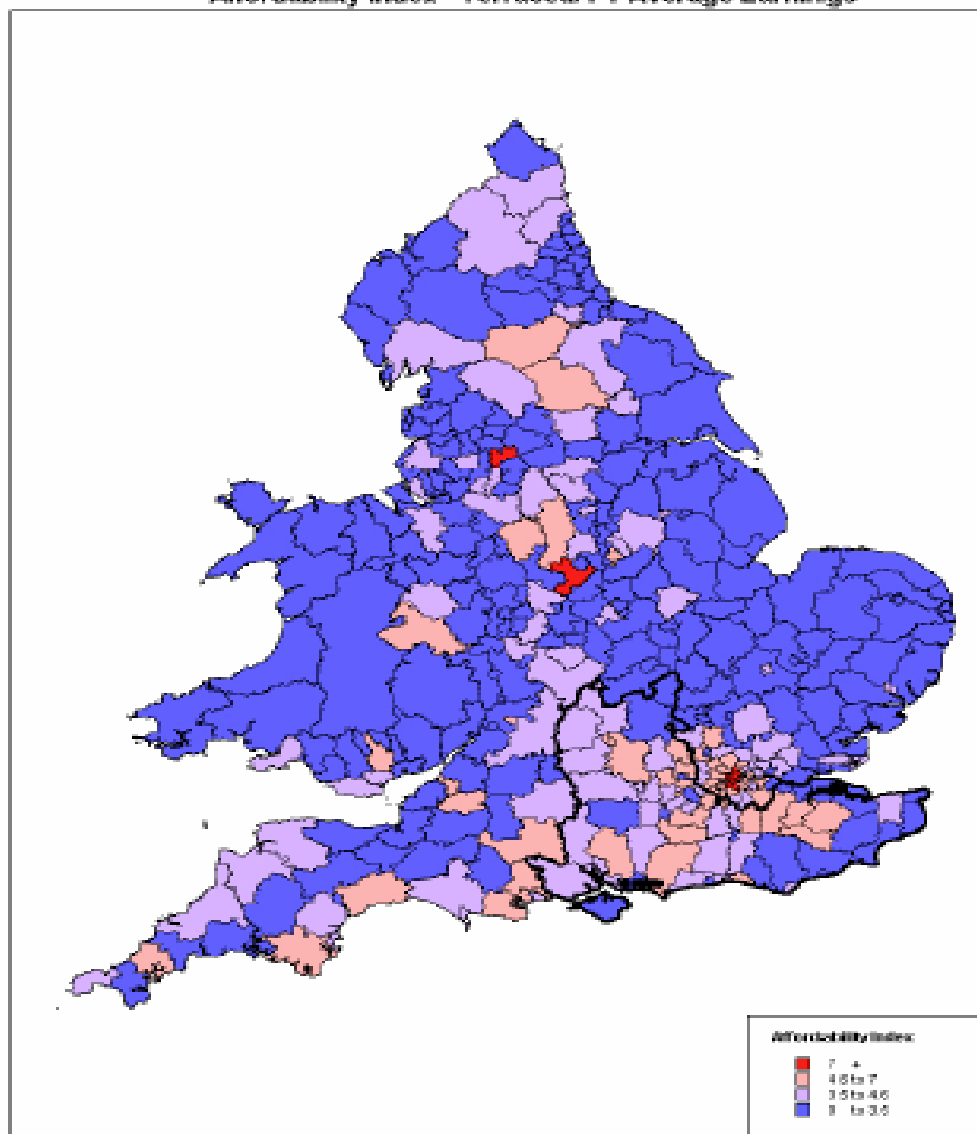


Figure 2 Affordability Index by Occupation

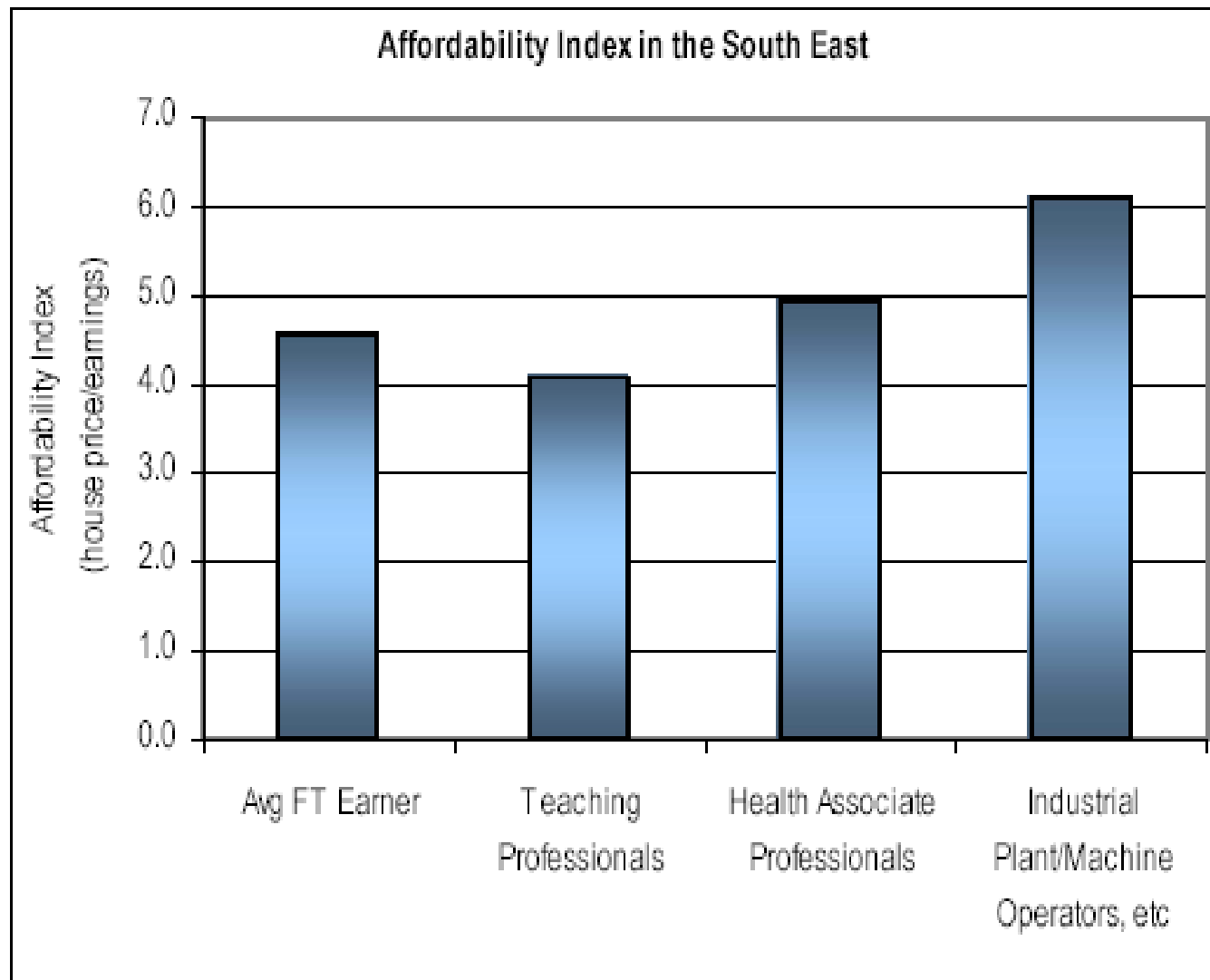
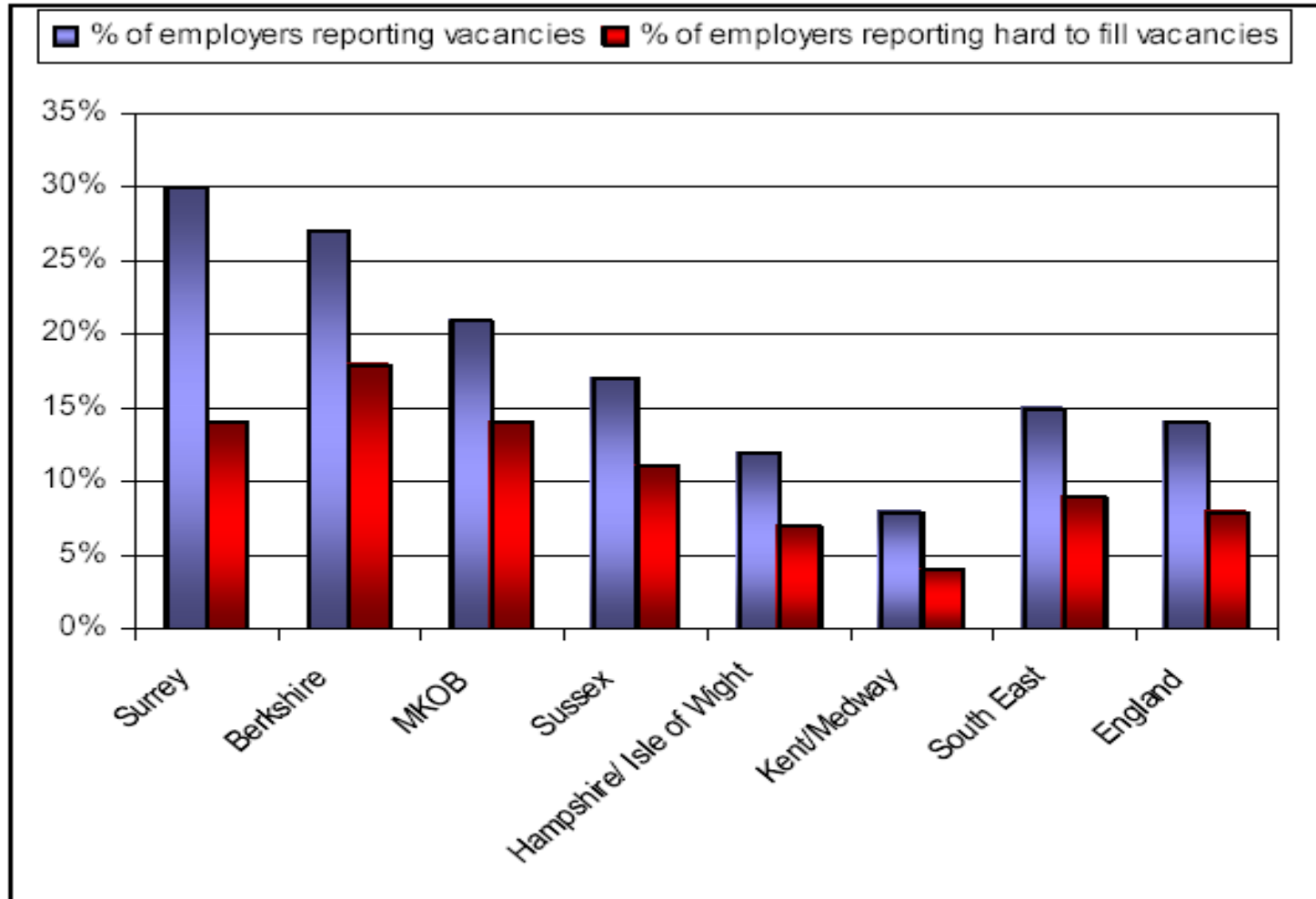


Figure 4 Proportion of employers with Vacancies, and Hard-to-Fill Vacancies by South East LLSCs



Source: Milton Keynes, Oxfordshire and Buckinghamshire LSC: Employers Skill Survey - Key Findings for the Milton Keynes, Oxfordshire and Buckinghamshire Area July 2001

Table 4.7 Workers with long distance commutes (private sector)

Wage levels of workers travelling long distances for work	Public sector employers with employees with long commutes		Private sector employers with employees with long commutes	
	% of those travelling long distances (actual number)		% of those travelling long distances (actual number)	
Lower	0%	(0)	19%	(7)
New graduate	0%	(0)	19%	(7)
Management	14%	(1)	24%	(9)
Senior	14%	(1)	5%	(2)
All levels	71%	(5)	41%	(15)

NB Percentages may not total 100 due to multiple responses

6. POLICY QUESTIONS, ACTION:UK

- Affordability and mobility
- Effects in neighbourhoods
- Mortgage markets: failures?
- Supply Inelasticity:planning
- Does housing reinforce instability?
- Medium term Inflation effects
- UK growth and productivity
- Central to EMU debate
- Asset based welfare

EVOLVING POLICIES:MARGINALS

- Key Workers, Ownership bonuses (Silly)
- Increased affordable Rental budget post
- Public housing Off- balance sheet
- Social Security and rent reform
- Link housing to city/n'hood strategies
- Communities Plan

EMU CHANGES THIS

Employment Status, Social Housing, 1981 and 2003

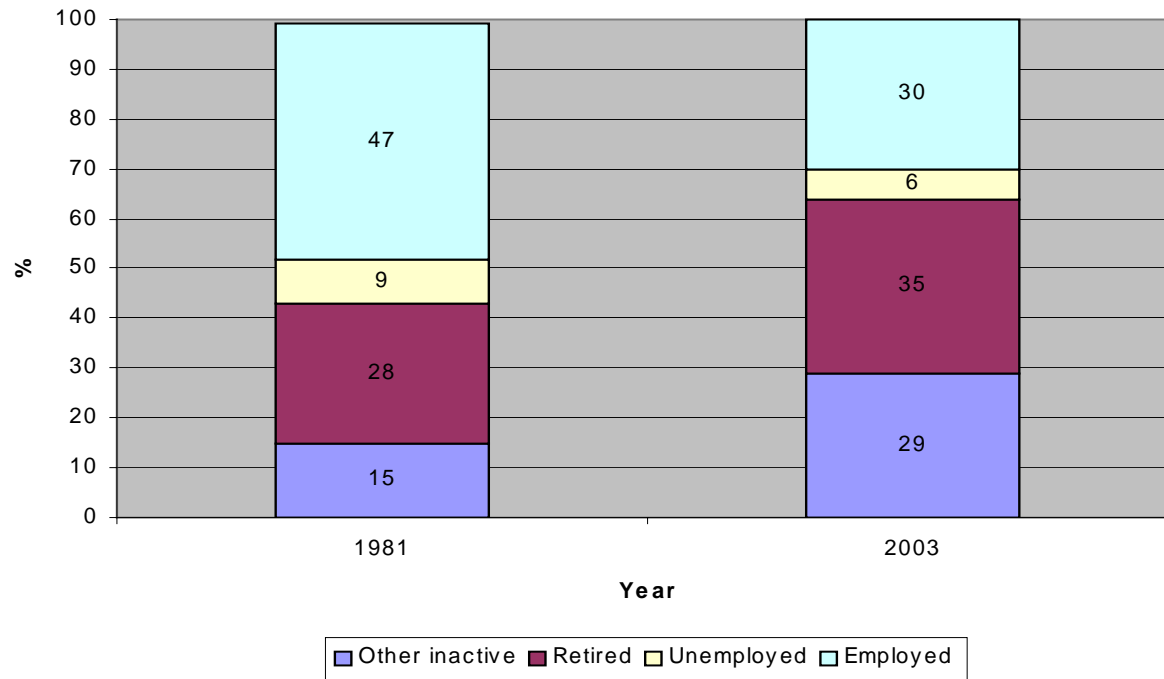
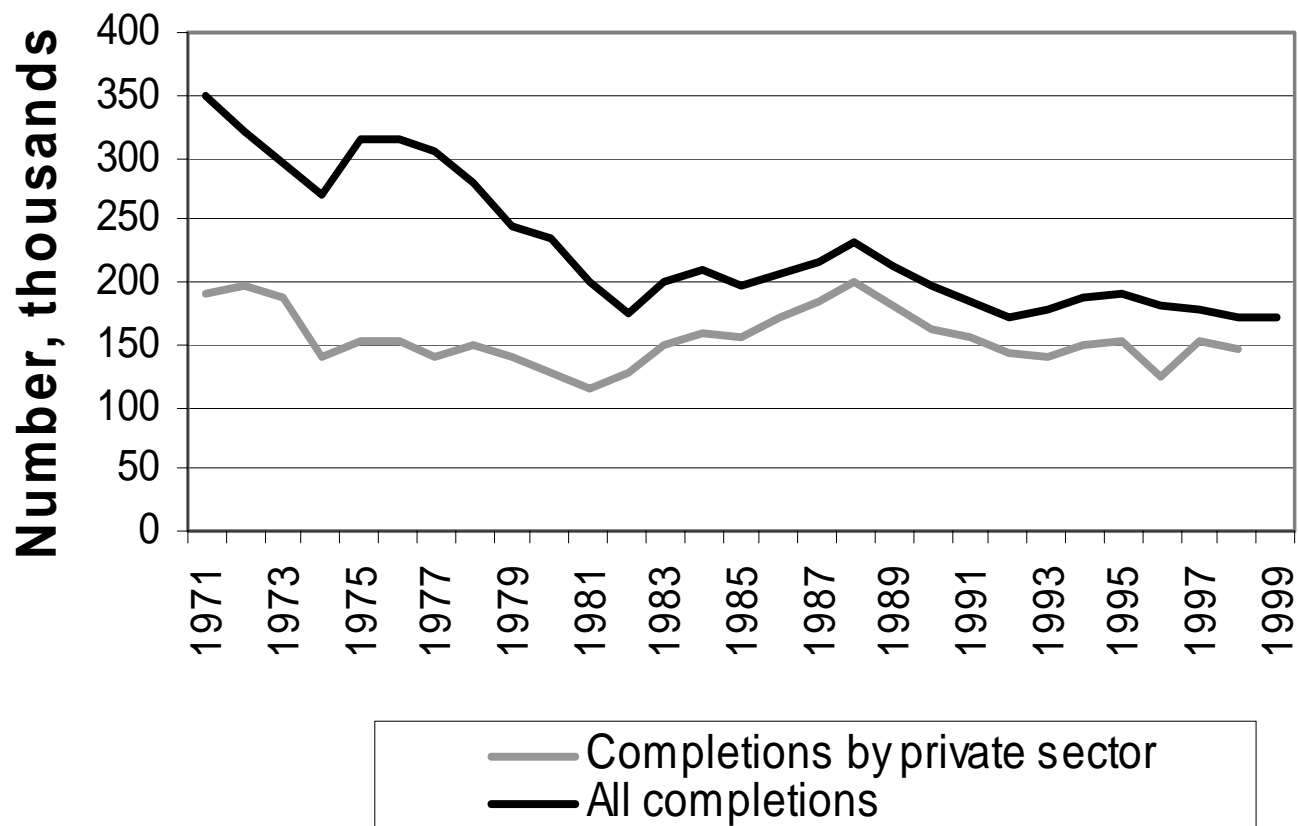




Fig. 4 GB Completions by sectors

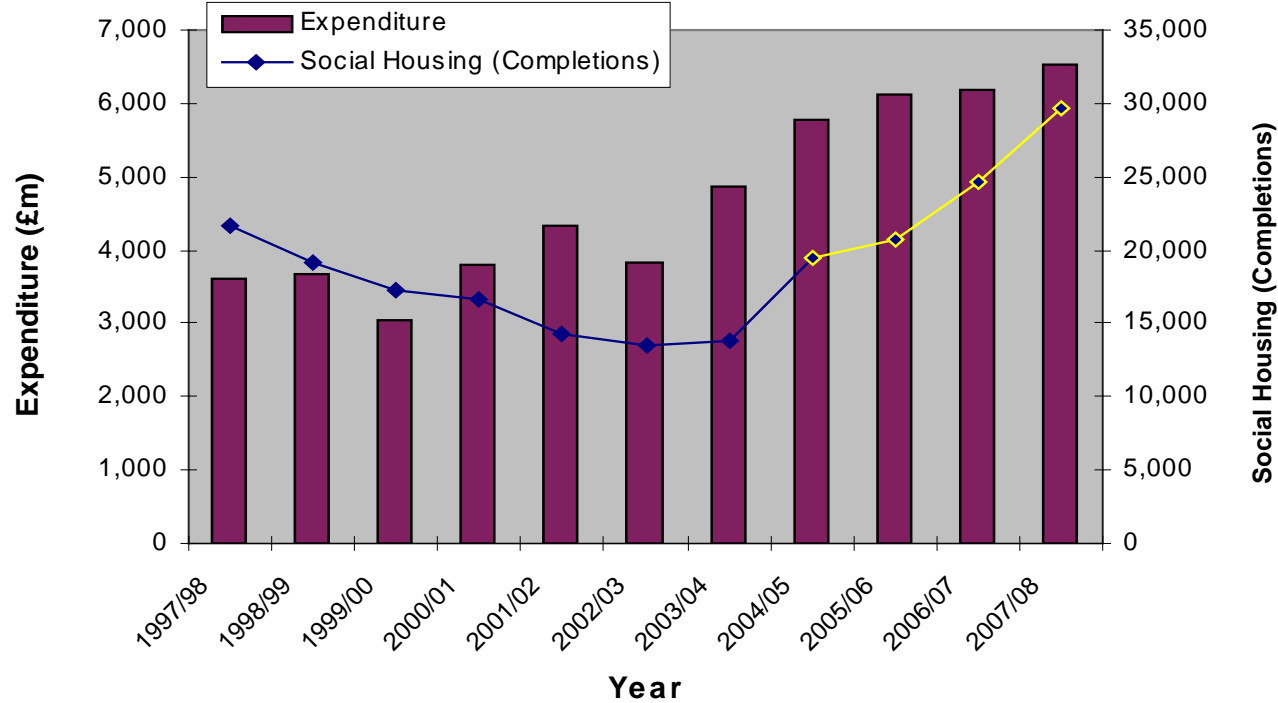


EVOLVING POLICY :RADICALS

- Review housing policy
- MILES Review: mortgage markets
- BARKER Review: supply shift
- Planning: part, culture, speed, complexity
- Infrastructure: public, pricing
- Development: unspecialised?
- Construction: shortages
- Government: Funds, Roles, Understanding

HOUSING AND LAND FOR FLEXIBLE
ECONOMIES

Total Housing Expenditure



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Good Luck

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