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Conference or Workshop Item

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Housing Studies Association Conference 2013

University of York, 10 – 12 April 2013

“Socioeconomic and institutional landscapes:
what are the consequences for housing?”

“Is there a cogent argument to make for
seeking a deliberate reduction in UK house prices?”

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Are UK prices high?

- First 21st Century bubble
- Un-affordability ratios
- Partial fall post-Recession
- Constrained new supply
- Second 21st Century bubble



Why reduce them?

- To maximise ownership –still the tenure of choice
- To check private rents – numbers are rising & costs all-consuming
- To remove poor practices (*sic*)
- To sustain community links
- To challenge the ideology of speculation and ‘investments’



Can the market not alter them in due course?

- Allocate more land for building?
- Raise building rates when custom is secure?
- Amend lending conditions?
- Raise interest rates?



Are direct interventions evident in the UK?

- Contemporary examples:
 - Mortgage base-rates
 - Minimum wages
 - Renewable energy tariffs
- Housing / planning examples :
 - Fair rent mechanisms to 1986
 - RTB discounts post-1979
 - Afford Hsg Circ 6/98 & since
 - PPS3 low-cost 'targets'
 - NPPF 'viability'



What controls are feasible? (1)

- Price conditions set by public sector for:
 - disposal of land and assets
 - mortgage / loan guarantees
 - housebuilding grant / loans
 - affordability for those ‘in need’
 - input from new ‘state bank’



What controls are feasible? (2)

- Price conditions set upon private sector participation:
 - % and pace of newbuild sites
 - within designation of sites
 - when sites are possessed
 - deviations from local policy
 - future mortgage lending
 - conditions on resales



What issues are key?

- Setting of new price controls
: *capitalised rent stream + RPI?*
- Negative equity
: *Help to Buy?*
- Stimulating new supply
: *targets beyond volume builders*
- Overall regulation
: *new 'Off-Home' role?*



Would prices become more stable?

- Approach addresses money / land / building fundamentals
 - New mechanisms for pricing newbuilds & resales
 - ‘Use it or lose it’ element to site valuations
 - Support for price conditions within lending provision
- Gradual challenge percolates from price-controlled units



Would markets become more inclusive?

- Mechanisms would challenge speculative bubbles
- Threat to dispossess would stimulate new building
- Lending requirements would facilitate more ownership
- Unease over newbuild excess replaced by local support
- Increased opportunities for democratic developments



So the cogent argument is....

- “A clear, logical and convincing one....”
- Drawing from how UK opinion cares about inclusivity
- Examining the technicalities for providing sound intervention
- Promoting community above ‘investment’
- Believing that cheaper and lower values make ideological sense



General references

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