



The Chartered Institute of Housing

HOUSING 2011 CONFERENCE



Housing 2011 Session Information

The new economic landscape

Government argues the economy is growing while Labour claims it is flat-lining. Who is right? How effective will the measures taken by the government be in reviving the economy? Would the opposition measures be less or more effective? How dangerous is it that public spending is being cut so drastically – as against the dangers of government debt spiralling upwards? Should there be a ‘Plan B’ and if so what it is?

KEY FACTS

The credit crunch is having profound effects on the housing market:

- in 2010 mortgage repossessions fell by 24%
- homelessness is on the increase for the first time in several years
- an estimated 1.8 million households are on social housing waiting lists
- the current *UK Housing Review* estimates that 100,000 buyers can't enter the housing market because they can't afford deposits, compared with the position before 2008
- Halifax expects house prices to fall a further 2% in 2011.



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BACKGROUND

The state of the economy affects housing in many different ways.

First, it is having a major impact on the housing market (see Key Facts). Housing starts have picked up but (for the UK) are still running about 90,000 lower annually than five years ago.

Second, job losses are hitting all householders and having an impact in neighbourhoods where social landlords operate. Apart from the higher levels of unemployment, it means fewer people feeling confident or able to step on the homeownership ladder, and higher demand for social housing.

Third, it is affecting the finances of social landlords. Local authority housing might be protected by the housing subsidy system but is under pressure from cuts in wider council budgets. Housing associations are facing pressures on costs of borrowing as well as on their incomes. Both are likely to be affected by cuts in housing benefits now taking effect.

In its assessment of the Government's Spending Review last year, the Institute of Fiscal Studies said that housing investment had been hit particularly hard – even though other areas of infrastructure investment were protected.

UPDATE

Government is taking a number of measures in response to the recession. These include:

Reducing bureaucracy: reforms to the planning system are intended to make it easier for builders to get projects going. Public sector land is to be released.

Measures to boost supply: the Affordable Rent programme and other measures are intended to deliver 150,000 affordable housing completions over 4 years.

Measures to boost the market: Government is helping up to 10,000 first-time buyers to enter the market through FirstBuy. Temporary changes to Support for Mortgage Interest have been extended for a further year.

OTHER INFORMATION

The HCA's Monthly Housing Market Bulletin
http://www.homesandcommunities.co.uk/housing_market_research

The latest edition of the CIH's UK Housing Review 2010/2011
<http://members.cih.org/bookshop/Catalogue.aspx>

The CIH *UK Housing Review Briefing* to be launched at Harrogate and available from the CIH stand.



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