



## Finance

### Responding to the financial crisis: international housing perspectives

#### Australia

Australia arguably has the worst housing affordability in the developed world, compounded by decades-long shortages in the housing supply, especially in social housing and transitional accommodation. Much of the social housing stock is ageing and inadequately maintained. In response, the Australian Government is investing \$6.4 billion to construct 20,000 new social housing dwellings and upgrade a further 2,500. 15,000 of the new homes are to be completed by December 2010. It has made historically significant commitments to indigenous housing and to half homelessness by 2020. Other initiatives include \$1 billion to subsidise the building of 50,000 new affordable rental dwellings; measures to lower the cost of buying new homes at entry-level prices; and a temporary increase to the First Home Owner Grant. Banks have agreed to provide extended non-repayment periods to defaulting mortgagees to minimise potential repossession.

#### China

In November 2008 the government announced a RMB 4 trillion (about US\$570 billion) economic stimulus package with an initial RMB 1.18 trillion provided by the government. It is spread over 2 years to finance programmes in 10 major areas and signifies the Central Government's shift to an "Active fiscal policy and moderately loose monetary policy". The 10 ten areas, include major infrastructure projects in transport networks, power grids, industrial restructuring, tax relief, financial support to banks and small businesses, as well as poverty relief and improvements in primary health services.

Local government can seek approval for raising funds through loan transfers or appropriate channels but are prohibited from raising capital through bond issues. Regional polices were also granted to regions of Guangdong Province; metropolis of Beijing, Shanghai and Tianjin; cities of Dongguan, Shenzhen, Zhuhai and Macao SAR.

In the housing and property services sector, there are about 4 million personnel working for buildings and properties all over the country. Apart from training and upgrading the service standards, a nation-wide accreditation system of Certified Property Managers for senior levels has been established and is being implemented in China through the China Property Management Institute (CPMI).

## Finance

### Responding to the financial crisis: international housing perspectives

#### Hong Kong

The SAR Government introduced a package of strategic measures in its February Budget:

- Liquidity assistance to banks, a contingent bank capital facility and a deposit protection scheme to bolster confidence in financial services;
- New measures to help small and medium enterprises (SMEs) which include greater flexibility in the SME Loan Guarantee Scheme and an increase in the Government's guarantee ratio to 70 per cent;
- A series of measures to boost employment, including more than 60,000 employment opportunities this year expediting works projects, civil service recruitment and other posts in both the public and private sectors;
- Hong Kong maintains close liaison with the Central Government and following the stimulus package (see above) it introduced further measures to underpin Hong Kong's financial stability and economic development.

The SAR Government again in late May announced a plan of additional HK\$16.8 billion help. It included six months exemption from rates (tax) and two months rent paid by the government for public rental housing tenants. A total of 700,000 households will benefit. HK\$1 billion will be reserved to increase the "Building Renovation Programme". Besides the government action, many property management companies have frozen or waived management fees level for tenants and owner-occupiers. In addition to tackling the financial crisis the Hong Kong Government has taken measures to protect the population against Swine Flu. Housing and Property Management professionals are playing important roles in this continuous battle. Up to 2009 June 3rd, only 26 imported cases are confirmed.

#### More information

Information about Groundwork – its programmes, current partners and key areas of work is available from [www.groundwork.org.uk](http://www.groundwork.org.uk) where you can also find details of your local Groundwork Trust or Regional Office.

#### Groundwork UK

Lockside, 5 Scotland Street, Birmingham B1 2RR  
T 0121 236 8565 F 0121 236 7356  
E [info@groundwork.org.uk](mailto:info@groundwork.org.uk)

#### New Zealand

Financial institutions in New Zealand have been relatively unburdened with toxic debt, but there has still been large scale deleveraging, leading towards rebalancing the economy away from borrowing to saving. The housing market ran out of steam in late 2007 and a collapse in consumer confidence followed, as lending criteria were tightened. The volume of house sales fell sharply, and prices have fallen moderately. The Reserve Bank has moved aggressively to maintain liquidity and bolster confidence. Interbank lending has been guaranteed, and the Official Cash Rate dropped from 8.25% to 2.5% in the 10 months to April 2009. The condition of the housing market has become a key indicator, and further monetary easing has not been ruled out. The new government's flagship housing policy aims to enable the building of new homes on leasehold land provided by the state. Economic stimulus measures have also featured extra spending on refurbishing the state housing stock, and the recent budget included additional money for home insulation.

#### South Africa

South Africa was proactive with the implementation of strict lending policies which helped to safeguard over-lending. Due to an almost 60% contraction of demand, exports of uranium, iron-ore, diamonds and similar economies have dwindled contributing to further job losses in these sectors. At the moment the prime interest rate is 11% and inflation is currently estimated at 8.4%. South Africa lags behind Europe and America and is only now starting to feel the true effects of the credit crunch.

#### Contacts and further learning

**Australia:** <http://www.housinginstitute.org>

**Hong Kong:** <http://www.hkhs.com/>; <http://www.housing.org.hk>

**New Zealand:** <http://www.hnzc.co.nz>

**South Africa:** <http://www.sahf.org.za>

Keeping an eye on what goes on overseas can be a stark reminder of the one global issue that is too big to ignore: climate change. Whilst the government and local authorities decide just how to introduce essential changes into our society, Groundwork has, for years, been working with local communities to make their immediate environment a healthier one. Nurturing and maximising green space whilst helping individuals and businesses to cut carbon emissions through using less energy more wisely, is the best start we can make. Saving the planet is a global challenge, but it begins with genuine and lasting local action.