

“Life is what happens to you when you’re busy making other plans”

The late John Lennon was not thinking of housing finance when he coined the line above. However, in the pre-referendum frenzy that currently afflicts the UK it has a strong resonance.

As referendum day (23rd June) approaches politicians and pundits are bringing the furore of claim and counter claim to an unholy climax. At times the debate takes on the air of farce; remain campaigners seriously suggesting that the UK could find itself short of professional footballers if we leave the EU and BREXIT campaigners arguing that the EU is an evil empire belatedly putting Hitler’s geo-political aspirations into practice.

In spite of these sometimes bizarre (if entertaining) ideological by-ways, the meat of the campaign has focussed on the economy and migration. Any members of the public who are still listening, are having to work their way through a bewildering maze of statements which are made by one side and promptly denounced in vehement terms by the other. In the absence of any source of hard data accepted by all sides it has become almost impossible for the average citizen to distinguish truth from fiction and hard fact from speculation. Will leaving the EU put a “time bomb” under the economy, or will the saving in net financial contributions to the EU solve the problems of funding the National Health Service? Will leaving the EU really enable politicians to slash the level of inward migration? Who really knows?

Anyone with a serious interest in housing finance will be feeling very short-changed by the campaign. True, the “remain” side have claimed that house prices could fall sharply if the British people choose BREXIT. Independent commentators (such as the present writer) have claimed that there could be a range of impacts if the UK leaves the EU including more expensive mortgages, costlier borrowing to fund affordable housing and falling government investment, but in general housing finance has received comparatively little attention.

It is therefore perhaps not surprising that in housing terms “Life is what happens to you when you’re busy making other plans.” While overseeing the referendum campaign the Government has simultaneously shepherded the *Housing and Planning Act 2016* through Parliament, achieving Royal Assent on 12th May. The Act aims to

address a shortfall of almost 100,000 new homes completed per year. It is an explicit Government objective to reverse the progressive fall in home-ownership since 2003. To achieve these ends, the Government intends to build 200,000 “Starter Homes” to be sold at 20% discount to first-time buyers under 40. 135,000 new shared ownership units are to be built by 2020. In contrast, there will be no more grant for new social rented housing, housing associations have been manoeuvred into a “voluntary” agreement to sell social rented homes under an extended Right to Buy policy and local authorities are being forced to sell off their high-value social rented stock. In many ways the Act and its associated policies represent a revolution in the provision of affordable housing.

All this has taken place without any significant reference to the EU referendum debate. Yet the vote on 23rd June could have profound implications for the feasibility or even the desirability of these policies. Whether the UK leaves the EU and net inward migration falls from c. 300,000 to less than 100,00 per annum must have an impact on the number of new homes needed. If interest rates rise and the economy falters, will building 200,00 Starter Homes be realistic? Will selling off social rented housing look such a good idea if unemployment rises and governments cannot afford to build new affordable housing? John Lennon was right; we may be making other plans but life goes on and will ultimately impact upon those plans.

Affordable and public housing is an important topic in this issue of HFI. In our first article *Federal structures and public housing*, Julie Lawson addresses some key structural issues in relation to the implementation of affordable housing strategy. She traces a trend toward devolving the provision of public housing investment to lower tiers of government within the US, Canada, Germany and Austria and examines the implications for funding and the maintenance of standards and social focus. She offers some key findings for making devolved administration work.

As the UK Housing and Planning Act referred to above illustrates, policies relating to affordable housing, and indeed the definition of affordable housing, are matters that are complex, subject to change over time and differ widely across different national markets. In a timely and controversial article, *Funding affordable housing;*

a rapid and concise review, Peter Williams and Michael Oxley offer an analysis of the shifting affordable housing landscape and raise important issues such as what makes housing “affordable” and the relationship between affordability and depth of subsidy.

In the UK, institutional investment in the affordable housing sector has grown rapidly in the wake of the Global Financial Crisis and its aftermath. In 2013-14 institutional investment amounted to 52% of all new investment within the sector. Such investment has proved to be a viable and important alternative to the traditional secured bank finance. The picture for institutional investment has not been so positive in other countries however. In their article *Exploring institutional investment in social rented housing in the United Kingdom, the Netherlands and France*, Marietta Haffner and colleagues look at the reasons why investors will participate in particular markets and at the role of Government in developing appropriate policies to foster such investment.

Making housing affordable is, of course, as much about providing appropriate finance for those wishing to access housing as it is about providing the housing itself. In a fascinating article *Housing microfinance; does it make sense?* Victor Mints asks why, over 50 years since its introduction across much of the developing world, microfinance still needs to be promoted and why in many markets it cannot survive without special subsidy. Mints examines the interactions between microfinance and its customers and with other products in the market in order to analyse how microfinance can be used more effectively and proposes some significant changes.

There is evidence that housing markets and underlying economies are slowing in many parts of the World, leading to speculation about future outlooks. In his article *Stimulus measures driving confidence and growth in the Thai real estate sector in 2016*, K.I. Woo examines how in Thailand the Government has intervened to stabilise the market and housing production and analyses how successful those interventions have been.

At a time of significant uncertainty across the Globe, we commend this issue of HFI as an important contribution to ongoing debate about the role of housing finance in different markets and housing sectors.