

# All I want for Christmas is certainty

↳ By Andrew Heywood

“It puts the uncertainty behind us. It commits Britain to Europe; it commits us to playing an active, constructive and enthusiastic role in it.” How things have changed since UK Home Secretary Roy Jenkins uttered these words in 1975 to celebrate the two-to-one vote in favour of staying in the European Economic Community – the predecessor of the EU. In 2019 Brexit looms – or does it?

“Constructive and enthusiastic” are not words that presently spring to mind when contemplating the UK’s unravelling relationship to the EU, indeed “divided and despairing” might be more apt. On 11<sup>th</sup> December Prime Minister Theresa May was belatedly forced to recognise the near-certainty of defeat in the House of Commons and delay the crucial vote to accept the withdrawal agreement painstakingly (and painfully) negotiated with EU leaders over many months. Within 24 hours she was subject to a vote of no confidence demanded by members of her own party. In the event, she won the vote but with over a third of her MP’s voting against her.

The UK now faces a situation in which it has a divided governing party led by a Prime Minister who cannot command the support of a large proportion of that party. There is currently no obvious alternative government and no scheduled election until 2022. Worse still there is no UK Brexit strategy which can command a majority in Parliament or, probably the support of a majority of the British people.

Uncertainty is now the name of the game. Business leaders and employees, including those in the financial sector, vainly hope for some credible way out of a mess that makes constructive forward planning almost impossible, while the clock ticks toward 29<sup>th</sup> March when the UK is due to leave the EU. From a UK perspective at least, this new issue of Housing Finance International makes for welcome relief; however serious the situation across the globe, the articles have a positive and constructive focus; we deal in solutions

as well as problems. If, in spite of everything, you do still fancy reading something about Brexit, then Mark Weinrich tackles the potential impact on financial services in his Europe article.

France has had its share of political turmoil over recent weeks. In this context our first full-length article by Jean-Pierre Schaefer is relevant. In an in-depth study, Schaefer shows that although the social rented sector has been growing rapidly, it is now at something of a turning point. He focusses on recent policy changes in respect of social housing in France and on the need to resolve severe financial strains caused by a desire to reduce public expenditure and a shift from supply-side grants to demand-side subsidy in the form of personal income support. Schaefer shows how it is becoming increasingly urgent to find a way of financing social housing that allows it to continue to provide secure homes for the poorest households in France.

Even before the 2010 earthquake, Haiti was estimated to have a shortage of housing of around 500,000 units in a country with a population of only 10 million. The earthquake destroyed a further 180,000 housing units. In their article in this issue Olivia Caldwell and Claude Clodomir focus on the demand and supply value chains which underpin the housing market. They analyse the structural weaknesses, which include an under-developed residential mortgage sector which currently focusses on the high-end of the housing market. This provides the context for their description of the approach and impact of the USAID-backed HOME initiative, which aims to work with developers and financial institutions to increase the development of affordable homes.

We are pleased to publish an article by Davina Wood of the Affordable Housing Institute which presents the outputs from the important Centre for Affordable housing finance [CAHF] study of the Southern Africa Development

Community’s [SADC] investment landscape. Focussing on the 16 SADC countries, Wood provides a valuable analysis to trends in housing investment including allocation across countries as well as offering a taxonomy of investors themselves by identifying the top investors and examining the different classes of investor including development finance institutions, governments and pension funds. The article contains a particularly interesting section on the level and distribution of housing and other social investment by China across the SADC countries.

Our next article makes a strong contrast with the previous articles in this issue, which focus on the affordable end of the housing market. Based on recent research by Savills, the real estate advisor, Paul Tostevin’s article is entitled *The international market for second homes: global trends in ownership and renting*. In the wake of the Global Financial Crisis [GFC], the second homes market has revived but is changing. Tostevin shows how the desire to achieve rental returns has now overtaken holiday usage as the main motivation for purchase. In a low-yield environment, additional homeowners are seeking an adequate return from short-lets and holiday homes. The article also explores who buys second homes, where they buy, the types of properties purchased and how those purchases are funded.

Our final article is a report by Alix Goldstein on the European Federation for Living [EFL] Autumn Conference in Milan. The conference covered a range of topics including affordability, urban transformation and city renewal and development and innovation in the construction industry. The report makes for interesting and worthwhile reading.

Brexit may be in a mess, and uncertainty may be the order of the day, but one thing is certain; this issue of HFI is “active, constructive and enthusiastic” to quote Roy Jenkins again. It only remains to wish all our readers all the best for the New Year.