

Editor's Introduction

↳ By Andrew Heywood

Summer in the Northern Hemisphere has not been a series of carefree days and balmy nights. The past months have been punctuated by unfolding stages in two major debt crises.

The first was the crisis over the US national debt and the unheard of possibility that default might occur. Default was averted at the eleventh hour but the consequences for the dollar and for confidence in the US economy are still unfolding. Meanwhile the outlook for US house prices and for the mortgage market remains poor.

The Euro area debt crisis was the other large cloud on the horizon as Spain and Italy both struggled to avoid being sucked into the vortex that has already engulfed Portugal, Ireland, and Greece. Against this ongoing backdrop it is not surprising that data from the European Mortgage Federation suggests that gross mortgage lending across Europe has been "cooling off" with Denmark, Spain Portugal and Ireland among those posting negative gross mortgage lending figures for Quarter 1 2011. European house prices are levelling off too, significant falls in Greece, Spain and Ireland, are perhaps unsurprising but even France saw the rate of price increases slowing. In the UK house prices continue to edge downwards and gross lending has continued at record lows as transaction levels remain at depressed levels.

This issue of HFI inevitably reflects some of the gloom in certain markets with articles on the failure of GSEs during the US banking and mortgage crisis and an analysis of the depressed housing market in Northern Ireland. Nevertheless there are articles that focus on success stories and on practical issues also.

The Dutch social housing sector has long been held up as an example of a model worth following in terms of its development and funding. In our first article Peter Boelhouwer looks at the

post-war development of social housing in the Netherlands. He examines the guarantee and funding mechanisms that have emerged since the 1980's that have led to a major role for private finance and looks at recent changes in the sector.

Thailand is the focus of our second article. K.I. Woo offers a fascinating account of the co-ordinated action that has enabled Thailand to continue to generate an adequate supply of housing overall, while facilitating access to those on lower and middle incomes. He traces the developing strategies of the main government agencies over several decades.

While it is inevitable that the majority of HFI articles involve analysis of a particular market or jurisdiction by a commentator resident in that market or jurisdiction, there can be a more distanced approach with the possibility to gain fresh insights through selecting an author who can take a view on an issue from the outside. Belgin Akcay uses her perspective as a Turkish academic and government adviser to examine the reasons for the failure of the US Government Sponsored Enterprises (GSEs); Freddie Mac, Fannie Mae et al, during the banking crisis. Their problems followed some 40 years of success in intervening in the US mortgage market to increase market efficiency and promote access to home ownership. Ms Akcay points to a major failure by the authorities and the GSEs themselves to act in a timely way on risks that had already been identified and discussed.

Uganda is the subject of an article by William Kalema and Duncan Kayiira. They focus on the housing finance sector in Uganda and on its capacity to serve the needs of the country in terms of individual access to loans and funding for new development. Uganda has a population of 31 million, which is growing by over 3% a year. At an individual level over 60% of

the population have insufficient income to gain access to housing finance. There is also a significant shortfall in new housing development. Development is constrained by a range of factors including lack of infrastructure, high land costs and constraints on the supply of housing finance.

Though Northern Ireland is part of the United Kingdom, its culture and history have set it apart and its distinct status has been re-enforced by devolution of significant power to the Northern Ireland Assembly. Northern Ireland is also the only part of the UK with a land border with a euro zone country; Ireland. Stanley Mcgreal and colleagues analyse the housing market in Northern Ireland and assess the degree to which it is shaped by the UK and by Ireland respectively. Given the dramatic and continuing downturn in the housing markets of both Northern Ireland and Ireland this article is both relevant and timely.

Our final article deals with technical issues relating to mortgage amortisation in Brazil, which nevertheless have real relevance to ensuring access to mortgage finance for those on lower incomes. The article shows how legal action in relation to the avoidance of usury and the abuse of compound interest can have the no doubt unintended result of creating heavy payment burdens for those on low incomes in the early years of their mortgage.

The next issue of HFI (Winter 2011) will be as wide ranging as the present one, with articles of relevance to professionals, academics and policy makers. Subjects will include an analysis of mortgage market volatility in China, the Icelandic housing and mortgage markets since the onset of the banking crisis, the impact of that crisis on the mortgage market in Ireland and comparative trends in the Mortgage Backed Securities (MBS) and Covered bond markets. Watch this space.