

Editor's Introduction

↳ By Andrew Heywood

Change is in the air at HFI. As many readers will be aware, HFI is the journal of the International Union for Housing Finance (IUHF). The IUHF and the journal received administrative services until recently from the European Mortgage Federation in Brussels. Following protracted discussions to secure an expanding future for the IUHF, it and the journal have moved home and will be administered by the European Federation of Building Societies based in Berlin. The move will offer HFI the opportunity to make real improvements in the design and content of the journal while maintaining the same high editorial standards that we have always achieved. Watch this space as our new ideas unfold over the next few editions!

As a journal with an interest in housing and mortgage markets around the globe, HFI has covered the apparently inexorable rise in home ownership across a range of diverse markets.

At an intellectual level, promotion home ownership has been seen as part of a broader move away from strongly interventionist states that took on responsibility for meeting individual housing needs through direct initiatives that by-passed or sought to control local housing markets and which frequently resulted the provision of public rented housing. Such intervention characterised countries such as the UK and Holland in Europe. Both these countries built up substantial stocks of publicly funded homes during the post-War period.

Since the 1980's however there have been moves to pull back the role of the state and to shift housing priority in many countries from the provision of social rented housing towards owner occupation. Home ownership was seen as the most appropriate tenure for an increasing proportion of households and was seen as very much part of what is now characterised as a neo-liberal economic and political agenda under which individuals take more responsibility for their personal needs with the state withdrawing in terms of welfare and service provision. Such moves were widely seen as part of the necessary preparations for a de-regulated globalised future.

The UK was very much in the forefront of the shift in housing priorities and of moves in the direction of an "enabling" state. The public funding of new-build housing for social rent was dramatically cut

back in the early 1980's with the expectation that the slack in supply would be taken up by an energised private sector. Home ownership was promoted for all but the neediest.

Nearly 30 years on and the tenure picture in the UK and in a number of other states is complex. In the UK at least the level home ownership is now falling and there has been a chronic shortage of new-build supply. Were it not for direct sales from the social rented sector home ownership levels would now be little higher than in the early 80's. The tenure that is now growing is the private rented sector that is about to overtake social renting as the second largest tenure.

The UK is not alone in seeing levels of home ownership fall. There are now a number of countries where this is the case, including the US, Austria, Finland and Ireland. There are now real questions as to the extent to which home ownership, with its high transaction costs, and its requirement that individuals make large long-term individual investments in a single asset is really best suited to serve the needs of a mobile, flexible and less secure work force.

Another country where home ownership may have peaked is Australia, the subject of our first article in this edition of HFI. Judith Yates examines the drop in the levels of home ownership amongst younger age cohorts in Australia since at least the 1980's and analyses a range of contributory factors including social and demographic changes such as an increase in single person households, economic factors such as increasing inequality of incomes and Government policies imposing higher costs on individuals.

In stark contrast to Australia our next article focuses on the Republic of Benin. Benin has one of the lowest per-capita incomes in the world and has been subject to major regime change since independence in 1960 though the past 20 years have seen democracy take root. Joachim Boko provides a valuable overview of housing policy in Benin since independence, focussing on the efforts to build affordable homes for a population for whom slums and informal settlements are a significant problem.

It is some time since Japan has been featured in HFI and we are therefore very pleased to include an article from Masashi Niimura focussing on

energy efficiency measures in Japan. The article discusses the work of the Japan Housing Finance Agency, showing how the Agency offers mortgage finance products that promote energy efficiency measures amongst home owners. The article shows how access to certain products is conditional on specific energy efficiency standards being met.

In the second of two articles Jie Chen returns to the housing and mortgage market of Shanghai to analyse the relationship between mortgage availability and house price movements during the recent period of volatility in China's economy and real estate markets.

With European bond markets in turmoil as a consequence of the Eurozone sovereign debt crisis covered bonds have been seen as relatively important due to the reassurance they offer to investors, and have been a prominent feature of recent bank issuance. We are pleased therefore to have an article from Otmar Stoecker, a well-known international expert on covered bonds. His article discusses the new and revised covered bond legislation that has been introduced across most of Europe since 1995 and the economic importance of covered bonds. The article then identifies 5 distinct models for European covered bonds and examines their key features. This is a valuable piece of work for anyone wishing to gain an up to date overview of a complex but topical area.

Iceland figured spectacularly on the international stage during the banking crisis when its banking system collapsed and was nationalised. The Icelandic housing and mortgage markets have a long and interesting history however and demonstrate some unusual features such as index-linked mortgage loans. We are pleased to be able to include a very useful article setting out the key features of the Icelandic markets, the developments that contributed to the serious events at the time of the banking crisis and the aftermath of that crisis.

We have an excellent issue of HFI, which offers some fascinating and relevant analysis. I hope you find it helpful and look forward to receiving any reader feedback. Finally may I take this opportunity to offer best wishes to all our readers at a time when many will be celebrating the Christmas season. Here's to 2012!