



# The end of 'muddling through'- making the case for STRATEGY

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## UK coalition government and housing



The Coalition:  
our programme  
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The Coalition: our programme for government 4

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Housing!

## Pre-election Northern Ireland

- Budget cuts of 35% to capital budget- end of an 18 year period of upward investment
- Budget predicated on land and other public asset sales
- a deflated and contracted construction sector, down 11% on 2009- housing output has fallen steadily
- high levels of housing need and fuel poverty
- Welfare reform will affect the poorest

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## Pre-election Republic of Ireland

- Unprecedented volatility in housing market- average national house prices now at Quarter 2 2002 levels
- Establishment of NAMA and disposal of assets
- Contraction in construction industry- construction output at 9% of GNP (from 25% in 2006)
- High levels of negative equity among recent purchasers
- Phenomenon of underuse of stock, as well as unfinished developments
- High levels of housing need- in particular since 2008
- End of an era of fiscal incentives to ownership?

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## What do we have in common?

- Lack of confidence in housing
- We have undervalued housing
- The deficit will drive everything
- Almost nothing is protected
- Housing will be offered up
- Inequality of Space: demand and supply issues

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## Have we learned nothing?



# ‘Scottish Housing Market Faces Lost Decade’

18<sup>th</sup> January 2011

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## What have we learned?

- The public funding model for housing was unsustainable
- The economic value of housing cannot be overstated BUT it can be overplayed
- Any public investment must be maximised- housing sector must OUT PERFORM
- Planning has THE positive role to play in meeting economic priorities- working in partnership with housing
- Several policy levers are required- all working together towards a mixed housing economy
- The importance of strategy

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## Priorities- Demand and Supply

- A strategic approach to housing supply and demand-based on evidence
- Some difficult decisions required in social housing, and in the private sector- flexible tenure, greater use of PRS, fiscal disincentives for under-occupation
- Achieving greater balance between under-occupation/over supply and housing shortages
- Resolve the deposit barrier to homeownership for FTBs – sustainably! Policy levers to support entry to homeownership.

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## Priorities- Market Operation

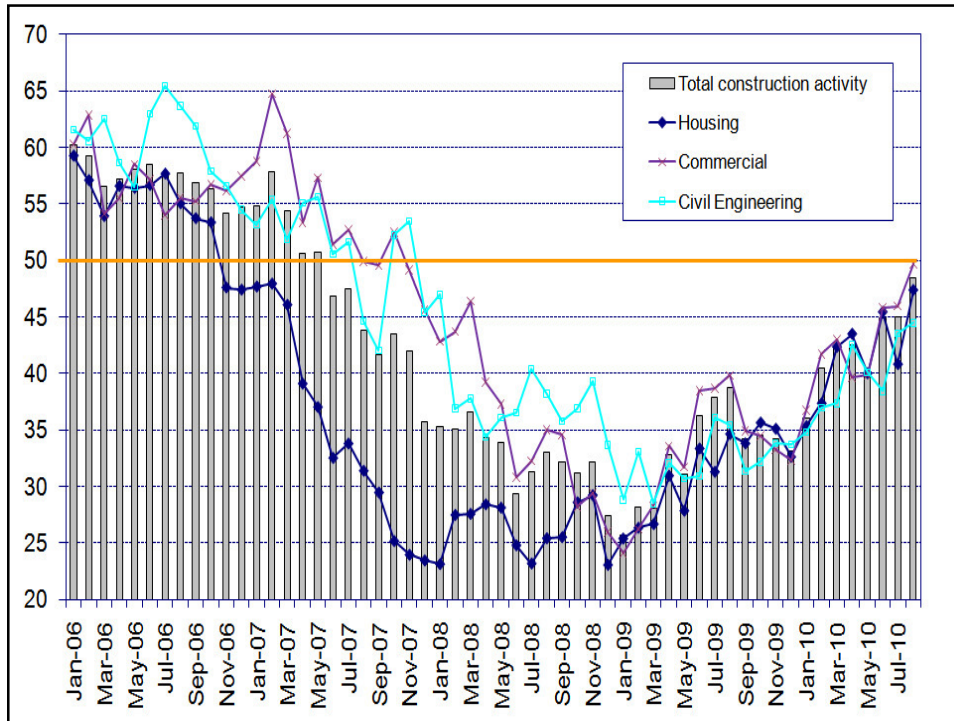
- A robust regulatory framework- one that attracts investment but enhances standards
- Welfare reforms that don't undermine mobility
- Policy reforms that reduce inequality- including fiscal measures?
- Maximise the benefit of housing investment
- Coherence between housing and jobs markets

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## Priorities- Institutions

- Long term planning reform in NI-
- Strategic housing agencies, acting as enablers
- Planning should achieve social and economic objectives- ensuring the right homes in the right places
- Government using the range of policy and fiscal levers- strategically
- Governance at the right tier- regionalism and localism

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## final thoughts

- housing could lose its political focus
- We must make the case for the economic value of our housing system
- Be honest about learning lessons
- Plan strategically for the next cycle!

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