

SA422: HOUSING ECONOMICS AND FINANCE 2008/2009
Finance Class 2: December 11th 2008, 10.00 – 11.30

Public spending and supply side subsidies

Use your lecture notes, and any other reading you have time to do, to answer the following questions:

1. What has been the trend in spending on housing and community programmes in the last decade? Separate this analysis into capital programmes and income subsidies to households. (See <http://www.ukhousingreview.org.uk> table 15 and 114)
2. Under what circumstances will Governments face pressures to (a) increase housing subsidies and (b) decrease housing subsidies? How do these pressures (and Government's reaction to them) vary according to the kind of housing subsidy that is involved?
3. What mechanisms does the UK Government use to maximise outputs from housing programmes?
4. What problems arise when housing costs are lowered by control over the rents that landlord charge?
5. How does a landlord use the technique of *Net Present Value* to decide what level of subsidy it needs in order to provide additional affordable housing? Under what circumstances might a landlord actually ask for less subsidy than this?

Presentation at the finance class

There will be two presentations from students, the first covering (1) and (2) and the second covering (3) and (4). Question (5) will be covered at the end of the class.

Written material

Each student is expected to submit two pieces of written material arising from the four Housing Finance classes. For this week, these should address questions (2) and (3).

Any written material can be submitted at the class itself, or by e-mail to rachelandalastair@dulverton11.freeserve.co.uk. All work will be returned with comments the following week (a bit longer during the Christmas and New Year holidays).