

SA422: HOUSING ECONOMICS AND FINANCE 2008/2009
Finance Essay (Christmas 2008)

Demand-side subsidies

1 What are the objectives underlying the introduction of a system of *Local Housing Allowances* and associated changes to the UK housing benefit system? In particular, how should these changes affecting the way that tenants and landlords behave?

Reading:

- The proposed changes are set out at: www.dwp.gov.uk/housingbenefit/lha
- Look also at:
www.dwp.gov.uk/housingbenefit/publications/2002/building_choice/prospectus.pdf

2 “Housing policy has to strike a balance between providing a safety net and assuming that households can insure themselves against the risks they face”. To what extent do mechanisms in the UK achieve this balance?

Reading:

- Mainstream Housing Finance texts
- Office of the Deputy Prime Minister (2004) *Homeowners Risk and Safety-Nets: Mortgage Payment Protection Insurance (MPPI) and beyond* available at www.communities.gov.uk/embedded_object.asp?id=1150972
- Croucher et al, *Paying The Mortgage? A Systematic Literature Review of Safety Nets for Homeowners*

All students are encouraged to answer one of these questions in essay form during the Christmas break. Completed work can be e-mailed at any time to rachelandalastair@dulverton11.freeserve.co.uk. It will be returned with comments within two weeks.