

SA422: HOUSING ECONOMICS AND FINANCE 2008/2009
Seminar 5, Week 6: 19 February 2009: The economics of tenure choice

1. What are the economic factors that help determine how households choose between owning and renting? Are these factors different from those that determine the overall allocation of the stock between different tenures? [Suggestion: look at the first part from the perspective of households' decisions, while approach the second part from a general market perspective and its final allocation between different tenures.]
2. What is the economic rationale for government intervention to assist owner-occupation? Can this help to explain current government policy with respect to (i) the tax treatment of owner-occupation as compared to other tenures and (ii) policies assisting access to owner-occupation?

Reading

Basic economics text books on the relationship between renting and owning

Lecture notes on investment and tenure choice

K Gibb & M Munro

C Whitehead, "Why Owner-occupation?" *CES Review*, No 6

B Turner & C Whitehead, "Reducing Housing Subsidy: Swedish Housing Policy in an International Context" *Urban Studies*, Volume 39, No 2, 2002

G Wood, "Taxation, Subsidies and Housing Markets" in *Housing Economics and Public Policy*, eds O'Sullivan and Gibb

Housing Studies, March 2001, Focus Issue on Supporting Home Ownership

Shelton P J (1968) The Cost of Renting versus Owning a Home, *Land Economics* Vol 44, No.1: 59-72 [old paper but useful general concepts]

Whitehead C (1998) Economic flexibility and the private rented sector, *Scottish Journal of Political Economy*, Vol.45, No.4

Scanlon K and Whitehead C (2004) *International Trends in Housing Tenure and Mortgage Finance*, Council of Mortgage Lenders

ODPM (2005) *Evaluation of English Housing Policy 1975-2000*, Themes 2 and 4 - accessible at <http://www.communities.gov.uk/index.asp?id=1150685>