Issues

• Did poor lending cause the crisis?
• Why has supply fallen so sharply?
• Does low supply matter?
• Policy questions.
House price to income ratio

Index: 1980 = 100

Sources: BEA, BLS, MOD, Thomson Financial Datastream and Bank calculations.
(a) Calculated as HPI / compensation per employee.
Data not on FSCDB.
(b) Dotted lines show averages over the period.
Impact of lower interest rates

Sources: ONS and Bank calculations.

Interest payments as a percentage of post-tax household income
US 60+ and UK 90+ arrears on ‘subprime’ mortgages
Loan-to-value ratios

% of new mortgages for house purchase

LTV >= 80 (RHS)

LTV >= 90 (RHS)

LTV >= 100 (LHS)

Source: FSA
Arrears and repossessions

Source: CML.
UK housing completions

Source: Department of Communities and Local Government

N.B. Data may not be reliable for earlier years and definitions are inconsistent throughout
Net additions to housing stock in England

Thousands of dwellings

Net additions to English housing stock

Source: Department of Communities and Local Government

N.B. Data prior to 1987 is from a slightly different source
Residential land values

Source: Department of Communities and Local Government

England
South East
Yorkshire & the Humber
Contributions to mortgage lending growth (a)(b)

(a) 12-month growth rates in the stock of lending.
(b) Excludes housing associations.
(a) Gross lending split by purpose during 2008 is estimated using gross lending data and the split of loan approvals between house purchase, remortgaging and other advances.

(b) Gross lending split by purpose in the Lending Panel data from January 2009 onwards are reported, rather than estimated, data. Lending Panel data are generally of lower quality than existing data sources and have a short history. As a result, less weight should be attached to the level of gross lending as measured by the Lending Panel data in this chart than to the level of gross lending captured by official data.

(c) Seasonally adjusted data.
Starts and completions in England

Starts and Completions

Percentage change on previous

Thousands of dwellings

Sources: Department of Communities and Local Government and Bank calculations.

Data is seasonally adjusted.
Starts and completions in Scotland

Sources: Department of Communities and Local Government and Bank calculations.
## Population Uncertainty

### Household Projection – Annual Growth

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<td>15.4(^{(d)})</td>
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- a) Published as 1996-2010
- b) Published as 2002-2016
- c) Published as 2004-20024
- d) Published as 2006-2031
Housing Q and real private new dwellings investment

'Simple' housing Q (assumes cost of S106 planning obligations is constant in real terms - right-hand side)\(^{(a)}\)

Housing Q (including actual cost of S106 planning obligations - right-hand side)\(^{(a)}\)

Private new dwellings investment (left-hand side)\(^{(b)}\)

(a) Average of both measures of Q set equal to one over the period 1986–2007.
(b) Private new dwellings investment data are provided by the ONS, but are not published. They have therefore not been subject to the same level of scrutiny as published National Accounts variables.
‘Regulatory’ costs

Code for sustainable homes

2016 cost estimate
• Level 5 £14,730
• Level 6 £23,685

S106 - 2005/06
£4 billion: £27,598 per dwelling
Present and Future Policy Challenges

• Loss of supply capacity
• Mortgage supply and regulation
• Ownership or private renting
• Low cost home ownership
• ‘Regulatory’ burden
  - sustainability
  - infrastructure
  - life-time homes
• Social rent – role and scale