

## **Press Release September 2008**

### ***Government measures to support ailing housing markets – Consortium comment***

Government has announced new measures to support the ailing housing market. The move has been seen as a much-needed acknowledgement that action needs to be taken now to ensure that those families facing difficulty have the appropriate support structures in place to prevent an upsurge in repossessions, and offer some support to the construction industry.

The Northern Housing Consortium (NHC), which represents housing providers across the North, welcomed these measures, but offered a note of caution. NHC Chief Executive, John Moralee, said, “We are delighted that government has recognised the need to act now to ensure that a range of interventions and policy tools are in place to both support vulnerable households and to maintain momentum within the wider housing market. However, these proposals, welcome as they are, will only be part of the answer and should be seen as a temporary intervention that will help those at the bottom of the housing market in the short term. We still face major challenges of improving liquidity and credit access and rebuilding consumer confidence over the long term, and whilst long term house prices still show an increasing trend, if the scale of this current downturn in relation to recent growth mirrors previous experiences, the housing market could suffer very dramatic collapse.”

“For the Consortium, we know we need to continue to work closely with our Members to develop innovative solutions that will support access to housing markets - solutions that will increase the level of new housing of all tenure types provided across the North, and solutions to support vulnerable households. We are already actively engaged with many of our Members in this work, and would encourage further contributions to this fast moving agenda.”

Responding to the new measures individually, he commented:

#### ***Stamp Duty Threshold***

“We welcome the raising of the stamp duty threshold to £175,000 – which should help those purchasing properties in the Northern regions where the *average* house price is below this threshold – although this of course masks much higher prices within the region and does not take into account income and mortgage access.”

#### ***£300million shared equity scheme***

“It is encouraging to see government attempting to boost access to home ownership to those first time buyers who have not been able to get onto the housing ladder and to support the construction industry by maintaining a supply of potential buyers. However, the second quarter of 2008 saw over 56,000 first time buyer mortgages offered – and whilst this is a declining trend (down from nearly 100,000 for the previous year), the £300 million shared

equity package will only help 10,000 new first time buyers over the next two years – so comparatively small scale.”

### ***Mortgage rescue***

“The Government’s intervention to put in place support structures that can be accessed by vulnerable households is to be applauded. We know that the repossession action can have an immensely damaging impact on family life but also can negatively impact on wider housing market transactions. The NHC has been working with our Members to understand the scale of the problems facing them and is working with several projects to pilot mortgage rescue schemes. Whilst the finances announced are welcomed, they cannot be the only solution – the figures alone suggest that as the Council of Mortgage Lenders are projecting 45,000 repossessions during 2008, 12,000 mortgage possession actions were issued in the three Northern regions in the second quarter of 2008 alone (clearly not all of these will result in repossession but it does provide an indication of the scale of the challenge we face), and the mortgage rescue proposals will directly support only 6,000 households. We will need to work creatively with our Members to put in place wider support proposals.”

### ***Regeneration and new social housing***

“Bringing forward funding to support the delivery of new social housing is a big positive. We have long argued the need to increase social housing across the North as we see increased demand. We also welcome the Government’s intention to work with RDA’s to support critical regeneration schemes. The embedded market renewal and regeneration activity taking place across the North is crucial to rebalancing our housing markets and economic aspirations and the current credit crunch can jeopardise the success and impact of these schemes. We look forward to working with government, the RDAs and the HCA to explore the range of possible interventions.”

To find out more about the work that the NHC are engaged with, please visit [www.northern-consortium.org.uk](http://www.northern-consortium.org.uk), or contact Charlotte Howse, Director of Policy and Practice on 0191 566 1000.

### **Notes to editors**

The Northern Housing Consortium is a non-political, not for profit, member based organisation, whose members between them manage almost 90% of social housing in the North. Our main roles are:

- To provide a comprehensive range of timely, relevant and affordable services for members with a distinct focus on Northern issues
- To take a lead role in enabling the improvement of housing and organisational performance in the North
- To work with Government and other bodies to ensure the region benefits from the resources and funding available to provide safe, vibrant, sustainable communities

Our provision of support is delivered across four themed areas: Quality of Life, Quality of Place, Performance Improvement and Investment & Resources.

Further information can be found on our website at [www.northern-consortium.org.uk](http://www.northern-consortium.org.uk)