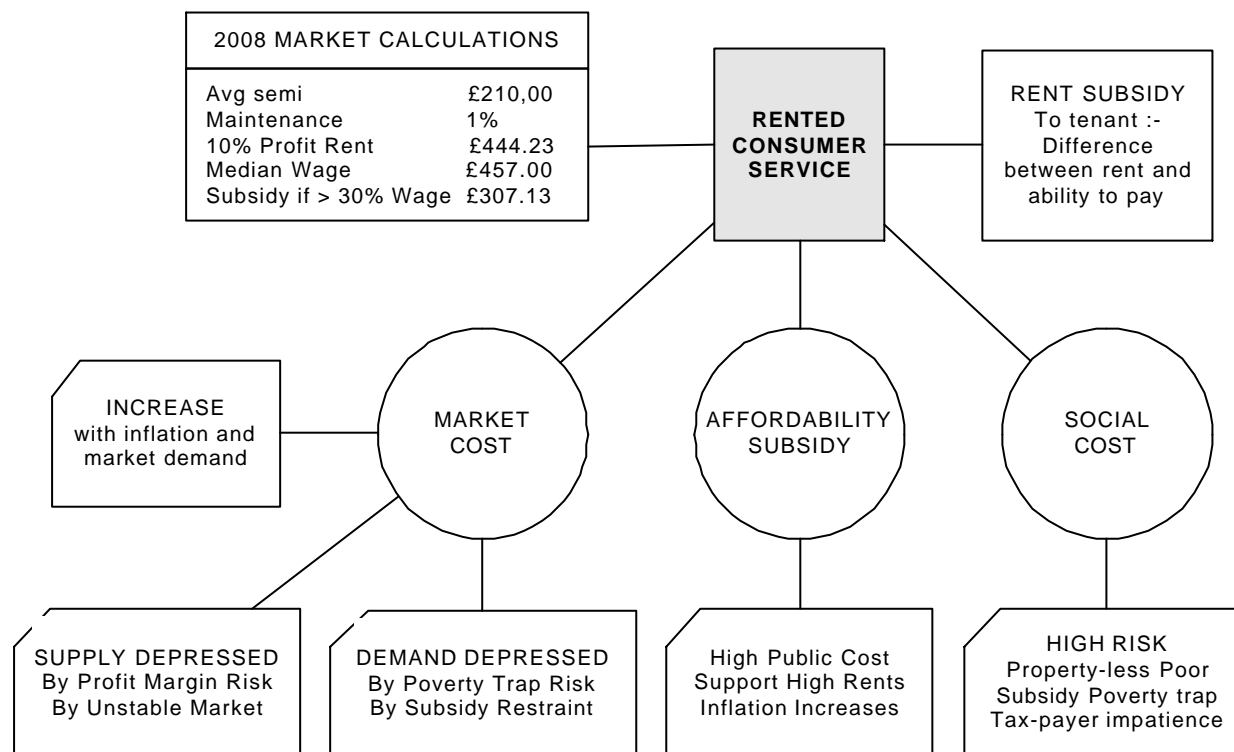


## CURRENT FINANCIAL STRUCTURES OF HOUSING POLICY

Established by Mr Heath and Mrs Thatcher 1971 - 1997



### Market Response

Highly unstable house prices cycling in 50% inflation band with real avg prices rising, but including periods of negative equity for home buyers. UK house market develops a unique sensitivity to bank rate. Supply depressed

### Key implementation policies

Removed council right to set cost-balanced rents. Council subsidies withdrawn. Subsidies switched to support private market rents, but with limited success until council stock was dramatically diminished by right to buy policy. Large subsidies to private housing associations enforcing 'market' rents. Right to buy discounts remove accumulation of stock equity

### Labour Policy since 1997

Establish ALMOs to forstall total loss of council stock to private market and contain the rise in welfare rents and housing benefit subsidies. Maximum limits applied to discounts allowed under the right to buy. Introduced variety of shared equity home buyer schemes for key workers and welfare tenants. Negligible effect on the market response.