

London South Bank
University

Module Guide

HOUSING ECONOMICS

UEL_6_HEC

SCHOOL OF LAW AND SOCIAL
SCIENCE

Level 6

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1. MODULE DETAILS

| | |
|--|---|
| Module Title: | Housing Economics |
| Module Level: | 6 |
| Module Reference Number: | UEL_6_HEC |
| Credit Value: | 20 |
| Student Study Hours: | 155 |
| Contact Hours: | 45 |
| Private Study Hours: | 20 |
| Pre-requisite Learning (If applicable): | None |
| Co-requisite Modules (If applicable): | None |
| Course(s): | Housing Studies |
| Year and Semester | 2019-18 Semester 1 |
| Module Coordinator: | Andrew Jones |
| MC Contact Details (Tel, Email, Room) | 02078157798 |
| Teaching Team & Contact Details | jonesah@lsbu.ac.uk Andrew Jones Room BR158C |

Summary of Assessment Method: Essay 4000 words

External Examiner appointed for module: Angela Maye-Banbury

2. SHORT DESCRIPTION

This module focuses on basic economic theory and its application to housing finance in the UK and the place that housing finance has within the wider economy. The lectures will use the idea of housing markets as the framework for analysis, therefore assessing the links between owner occupation, the private sector rented and social rented sectors and the inclusion of economic principles to housing finance policy development. The module looks at the economic mechanisms that influence national housing policy, the links between capital and revenue, funding mechanisms and the impact on national economic priorities. In addition to national frameworks, including welfare economics, the module will discuss the application of national policy to the businesses of housing organisations including local authorities, housing associations, and private landlords and explore the resultant financial environment within which they operate. The financial priorities and mechanisms of housing organisations business plans will be analysed to offer the student an appreciation of the role of finance directors and boards and the financial relationships that underpin the housing business.

3. AIMS OF THE MODULE

The module aims to:

- Introduce students to basic principles and appreciation of economic policy, and the economics of housing consumption, allocation and production;
- Enable students understand the micro and macroeconomic contexts within which finance affects housing organisations;
- Familiarise students with the current framework of loans, rents, subsidies and taxation operating in the different tenure sectors of housing, and their consequences for housing intervention;
- Enable students to develop an appreciation of the links between economics, finance and policy objectives; and

- Enable students to understand the English institutional context in which economic processes affect housing provision;
- Assess the role of public and private finance in regeneration programmes.

4. LEARNING OUTCOMES

4.1 Knowledge and Understanding

Students will:

- Understand the economics of housing and the influence of broader economic policy on housing
- Understand the effects of housing finance on housing organisations

4.2 Intellectual Skills

Students will:

- Apply basic economic theory to the analysis of housing demand and supply problems
- Understand the context and nature of housing finance
- Debate and analyse economic models to consequences in housing provision and services
- Appreciate the relationship between national housing fiscal policy and local impacts

4.3 Practical Skills

Students will:

- Undertake analysis of the consequences of policy changes for housing provision in different tenures
- Understand the elements that make up housing accounts and business planning. Evaluate the significance of housing accounts in both housing associations and local authorities.

4.4 Transferable Skills

Students will:

- Use options analysis, policy evaluation, data analysis skills
- Use structured critical discussion of policy and practice
- Appreciate the role of governance regulation and accountability in housing organisations in relation to finance

5. ASSESSMENT OF THE MODULE

The assignment based on a given question as set out below - Essay 4000 words (100% of assignment).

Assignment Question: You must answer all parts

- A) *Explain the theory of competitive markets. What are the distinct features of housing markets? Distinguish between supply and demand subsidies and use demand and supply diagrams to explain the impacts of each.*
- B) *Use the framework of welfare economics to explain the rationale for state intervention in any market. What are the particular reasons for state intervention in the housing market?*
- C) *How, and to what extent, has the state in the UK disengaged from the housing market? Give examples*
- D) *What are the financial and economic challenges currently social housing organisations? (How might they (housing associations and councils) respond to recent and current policy changes in their business plans?).*

Hand in date for assignment – 23:55, Monday 6 January 2020. Work must be submitted via Moodle

The assessment is made on the following:

- Demonstration of relevant reading (20%)
- Application of economic models (20%)
- Understanding of the issues and the development of the key arguments (20%)
- Application to housing organisations (20%)
- Presentation and referencing (10%)
- Use of English (grammar and spelling) (10%)

The standard expected is that all work is presented in good Standard English and all sources must be fully referenced. Poor spelling and sentence construction will be penalised up to 10% of the mark for any individual piece of coursework.

The learning outcomes are linked to the assessment (Please see Appendix A) General criteria for marks ranges are set out in section 11.

6. FEEDBACK

Feedback will normally be given to students 15 working days after the final submission of an assignment or as advised by their module leader.

General feedback, applying to all students, will also be placed on the module VLE site within 15 working days.

7. INTRODUCTION TO STUDYING THE MODULE

7.1 Overview of the Main Content

- Introduction to macroeconomic principles in relation to contemporary housing and associated welfare finance policy
- Applying economic models to housing finance requirements
- Practitioner guest(s) – financial aspects of business planning financing
- Finance in housing organisations – organisational issues/the role of the finance team
- Financial governance, regulation and accountability

- Finance for development and regeneration
- The local economy
- Personal access to housing finance (all tenures)
- Futures for housing finance
- Workshops on assignments

7.2 Overview of Types of Classes

This module employs a range of teaching approaches including;

- Lectures, discussion groups and practitioner content.
- Guest practitioners are invited to speak to students and take discussion and questions.

There will be at least 4 discussion seminars over the period of the module. There will be four broad areas for discussion:

- The politics of the housing market
- The economics of social housing
- The current housing crisis
- Financing affordable social housing in the UK

Students will be expected to have read a given article before their discussion group and offer further reading that may assist the discussion.

*We wish to foster a learning environment for all students as part of the standards expected by the university and by the professional guests and institutions associated with the Housing Studies course. Lectures and seminars will commence promptly at the agreed time. **All students are expected to be on time and not come into the classroom late or cause disruption to other students and staff.** Students who are aware that they will be late should email the tutor at least 60 mins in advance of the start of the lecture so that permission to enter late to the class can be recorded. Students are advised that persistent absence through lateness or any other form of disruption to lectures or to other students will be referred to the Head of Dept.*

7.3 Importance of Student Self-Managed Learning Time

Self-managed time is an important part of the process of integrating knowledge, applying the ideas that have been introduced in class, and undertaking more 'in-depth' study of the policy and practice issues addressed. Self-managed time is also an important factor in preparing for the work associated with the assignments. Students will be given guidance throughout the semester on the issues to be reflected upon and researched further to support the work done in class.

Housing finance is a subject that is under constant development at a national level. Therefore students are expected to read current professional publications and commentaries in authoritative newspapers and maintain an up to date knowledge of current affairs in this area of study. The module designers will strive to ensure that up-to-date material is available on Moodle.

Student responsibility in the learning and development process will be emphasised. Students are required to undertake directed self-study and prepare solutions/discussions to questions relative to various topic areas. Students will be encouraged to identify for themselves particular problems of difficulty and to use seminar discussions, where appropriate, for the resolution of these. Students must regularly access the Moodle site for this module. They should download

the class/lecture material from the Moodle site, and do the recommended reading, before each lecture/class.

Where appropriate, students are also expected to download the relevant seminar questions and study them in advance of each seminar, in order to derive maximum benefit from seminar time. The programme of teaching, learning and assessment gives guidance on the textbook reading required for each week, the purpose of which is to encourage further reading both on and around the topic.

7.4 Employability

This module prepares students for employability by:

- Drawing on material and resources from the contemporary housing finance fields and encouraging students to engage with this material
- Introducing students to the 'realities' of the strategic financial decision making processes and the practical dilemmas organisations and agencies face when undertaking such decisions
- Using 'policy in action' examples in the delivery of the module to explore attitudes and develop evidence based and logical approaches to interpretation and argument

8. THE (INDICATIVE) PROGRAMME OF TEACHING, LEARNING AND ASSESSMENT

Lectures commence **at 10am** unless otherwise stated.

| Week | Date | Subject | Indicative Content |
|------|-----------|---|--|
| 1 | 23th Sept | Introduction to the Module | Structure and content of the module Focus on financial aspects of housing Emphasis on housing markets The relationship between housing finance and economics The current situation |
| 2 | 30th Sept | Introduction to Microeconomics (1) Competitive markets | Essentials of Supply and Demand Price and income elasticity Theory of the firm Production Industry structure General Equilibrium Theory |
| 3 | 7th Oct | Introduction to Microeconomics (2) Competitive markets | Welfare Economics Rationale for state intervention Housing as a merit good |
| 4 | 14th Oct | Introduction to Macroeconomics | The basic Keynesian framework National income The classical critique Introduction to financial markets The 2008 financial crisis Austerity The public expenditure cycle |
| | | | |

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|----|----------|---|--|
| 5 | 21st Oct | Housing Finance by Tenure | Owner Occupation Council Housing Private Rented Housing Association |
| 6 | 28th Oct | Introduction to investment appraisal | Cash flow forecasting Capital budgeting Future discounting (NPV) Internal rate of return (IRR) Risk management |
| 7 | 4th Nov | Managing housing finance | Guest Speaker (tbc) |
| 8 | 11th Nov | Financing development in the social sector | Guest Speaker (tbc) |
| 9 | 18th Nov | Business planning | Regulation and governance Debt and interest assumptions Income and expenditure assumptions |
| 10 | 25th Nov | Housing and the welfare state Workshops | Housing benefit; welfare reform; Housing as personal insurance |
| 11 | 2nd Dec | Review: The current housing crisis | The housing system; systemic aspect of the crisis; state or market solution? |
| 12 | 9th Dec | Review of the course Review of assignment issues | Workshop |

Hand in date for assignment – 23:55, Monday 6 January 2020. Work must be submitted via Moodle by Turnitin.

9. STUDENT EVALUATION

Students are asked to complete an evaluation sheet at the end of each unit. In 2013/14 (62%) students completed the evaluation sheets. 78% of these students rated the experience of this module as good.

Final year students are encouraged to participate in the National Student's Survey
<http://www.thestudentsurvey.com/>

10. LEARNING RESOURCES

Reading List

Essential items not included in the list below will be posted on Moodle as the course proceeds.

Important: Students should find an introductory text on economics and keep it throughout Semester One. The most popular is Begg (see below) but there many others, all very similar, and with the same class number.

Reading List

It is ESSENTIAL that you use a basic economics textbook as an accompaniment to the lectures and the course notes

Either:

Economics: David K. H. Begg, Gianluigi Vernasca, Stanley Fischer, Rudiger Dornbusch (Either the 2014 or 2011 edition)
Location: 330 BEG (preferred)

Economics (ninth edition): John Sloman, Alison Wride, Dean Garratt (2015)
Location: 330 SLO
(Online)

Other Essential

The economics of social problems - Le Grand, Julian, Propper, Carol, 1956-, Smith, Sarah (2008) Location: 338.47362042 LEG

Finance for housing: an introduction - Davis, Cathy (2013) Location: 363.5820941 DAV

Understanding housing finance: meeting needs and making choices - King, Peter 2009
(Available as e-book) 363.5820941 KIN

Important

The SAGE handbook of housing studies - Clark, W. A. V., Gibb, Kenneth, Clapham, David 2012 (Online)

Housing finance - Garnett, David, Perry, John, Chartered Institute of Housing, Housing Studies Association (Great Britain) 2005

Housing economics and public policy - O'Sullivan, Tony, Gibb, Kenneth, RICS Research Foundation 2003

Desirable

Introduction to microeconomics: Laidler, David, Estrin, Saul (1989)

Housing and the economy: integrating strategies - Chartered Institute of Housing (Great Britain) 2008 (Online)

The ascent of money: a financial history of the world - Ferguson, Niall

The future of social housing - Fitzpatrick, Suzanne, Stephens, Mark, Shelter (Organization)

Rhetoric to Reality: a report on affordable housing prospects in an age of austerity - Andrew Heywood, Smith Institute 2010

The End of the Affair - implications of declining home ownership - Andrew Heywood, Smith Institute 2011

Housing economics: an applied approach - MacLennan, Duncan 1982

Moving homes: the housing corporation 1964-2008 - Murie, Alan

After council housing: Britain's new social landlords - Pawson, Hal, Mullins, David, Gilmour, Tony 2010

The allocation of marks is given in section 5. This general marking criteria shows the standard bands for the completed piece of work.

11. HOUSING ECONOMICS GENERIC MARKING CRITERIA

80- 100%

Work shows:

- Evidence of originality and independent thinking, as appropriate to the subject
- Exceptional in depth knowledge across specialist and applied areas of relevant literature, available information and conceptual issues and relevance to practice
- Well written and presents an excellent synthesis of appropriate available information, coherently structured
- Excellent presentation

70-79%

Work shows:

- Confident expression of relevant literature available information and conceptual issues and relevance to practice
- Well written and presents an excellent synthesis of appropriate available information, coherently structured
- Excellent presentation

60-69%

Work shows:

- Good knowledge of the relevant literature available information and conceptual issues and relevance to practice

- Well written and presents a good synthesis of appropriate available information, coherently structured
- Very good presentation

50-59%

Work shows:

- Adequate knowledge of the relevant literature available information and conceptual issues and relevance to practice
- Well written and presents an adequate synthesis of appropriate available information, coherently structured
- Good presentation

40-49%

Work shows:

- Demonstrates a clear but limited attempt to be acquainted with relevant sources
- Work is not fully coherent, structure is adequate
- Only a simplistic relevance to practice shown

Under 40% (Fail)

Work shows:

- Does not demonstrate an understanding of relevant literature: limited sources used and little attempt made to write coherently
- Key concepts are not understood
- Poor presentation and unacceptable standard of English

11.1 Submissions

You must:

- Submit your coursework via Moodle
- Check that you have submitted your work via **Turnitin** by the submission date
- Refer to the University's Academic Regulation regarding late work and Extenuating Circumstances (No extensions for work can be given by lecturers)

You must not hand coursework to your Module co-ordinator or other lecturer.

11.2 Plagiarism

Plagiarism is easy to avoid. The standard method which is accepted in all academic institutions is to acknowledge your sources. This can be done in the following ways:

- Separate all direct quotations from your own work by using quotation marks (and if using, long quotations separate by indenting the quoted section)
- Cite the precise source of the quotation either in a footnote or in a note in brackets within the main text, including the page number on which it appears in the edition quoted.

- List all sources used in preparing the essay or dissertation in a clear and detailed bibliography at the end of your work.

Where you are not using a direct quotation but are paraphrasing someone else's argument, it is advisable to note the original source in the same way as for a direct quotation, except that here quotation marks should not be used.

If in doubt about how to acknowledge sources, students should consult their unit co-ordinator tutor or the course leader. All course submissions are routinely checked for plagiarism. There is a range of penalties for plagiarising work, including expulsion from the university.

12. APPENDIX A: LINKING LEARNING OUTCOMES AND ASSESSMENT

| Learning outcome | Assessment Area |
|---|---|
| <p>4.1 Knowledge and Understanding <i>Students will:</i></p> <ul style="list-style-type: none"> • Understand the economics of housing and the influence of broader economic policy on housing • Understand the effects of housing finance on housing organisations <p>4.2 Intellectual Skills <i>Students will:</i></p> <ul style="list-style-type: none"> • Apply basic economic theory to the analysis of housing demand and supply problems • Understand the context and nature of housing finance • Debate and analyse economic models to consequences in housing provision and services • Appreciate the relationship between national housing fiscal policy and local impacts <p>4.3 Practical Skills <i>Students will</i></p> <ul style="list-style-type: none"> • Undertake analysis of the consequences of policy changes for housing provision in different tenures • Understand the elements that make up housing accounts and business planning. Evaluate the significance of housing accounts in both housing associations and local authorities. <p>4.4 Transferable Skills</p> | <p>Demonstration of relevant reading Understanding of the issues and the development of the key augments</p> <p>Application to housing organisations</p> <p>Application of economic models</p> <p>Demonstration of relevant reading</p> <p>Understanding of the issues and the development of the key augments Application of economic models</p> <p>Understanding of the issues and the development of the key augments</p> <p>Demonstration of relevant reading Understanding of the issues and the development of the key augments</p> <p>Application to housing organisations</p> <p>Application of economic models</p> |

| | |
|--|--|
| <p><i>Students will</i></p> <ul style="list-style-type: none"> • Use options analysis, policy valuation, data analysis skills • Use structured critical discussion of policy and practice • Appreciate the role of governance regulation and accountability in housing organisations in relation to finance | <p>Application to housing organisations</p> <p>Demonstration of relevant reading Understanding of the issues and the development of the key augments</p> <p>Demonstration of relevant reading Understanding of the issues and the development of the key augments Application to housing organisations</p> |
|--|--|