

2010 Housing Manifesto

“Let’s Start at Home”

Building out of Recession

Introduction

We all need somewhere to live and we all know that our confidence in having a roof over our head is key to many other important things in our lives.

That is why the provision of sufficient homes of the right kinds in the right places is fundamental to both our individual and collective national welfare - as well as to our future economic prosperity.

The housing and construction industry also employs some 3 million people – 8% of UK employment – providing vital apprenticeships for those entering the jobs market

For many years now we have not been building enough homes of any type – whether for market sale, private rent, shared ownership or social rent.

The consequence is real difficulty for many.

First-time buyers have found it increasingly difficult to enter the market. The waiting list for socially rented homes has grown continuously. Many are forced to travel further than they would wish to their work and the future of many rural communities is threatened.

The housing shortage is also directly contributing to household debt and crowding out desirable economic activity, while job opportunities have been lost.

We cannot afford to leave this situation unaddressed or to worsen. The damage to people and the country would be too great.

In this manifesto therefore we set out our plan for providing the homes the country so badly needs.

As the election approaches – and afterwards - we ask the political parties to embrace our ideas as a prerequisite for ensuring Britain’s future success – based on a confidence that starts with our homes.

The case for more housing

Let's begin with the facts that demand action on housing:

- It has been estimated that we now have a shortfall of supply approaching 1 million homes
- This shortfall is being exacerbated by the reduction in the number of homes being built due to the recession and financial crisis
- Between 2000 and 2008, expansion of the housing stock fell short of household growth by some 40,000 homes per year
- Even in 2007 at the high point of recent housing supply the additional homes provided fell short of demand by some 40 - 50,000 a year
- With the recession we are building less homes now than at any time since World War II
- On average a home built today would have to last for over 1100 years because we are not building enough to replace it sooner

The implications of this supply shortage are serious and profound:

- The shortage is affecting all parts of society – from those wishing to buy to those seeking homes for social rent
- Surveys over the last two decades have consistently shown that 8 out of 10 adults aspire to own their own home
- Yet the number of first-time buyers able to enter the market has fallen to record low levels
- Around 80% of first-time buyers able to buy require financial help from their family
- And the average age of first-time buyers *excluding those getting financial help*, has now risen to around 37
- Approaching one third of men aged 20-34, and nearly one fifth of women of this age, are still living with their parents, primarily because of housing affordability problems

- In some rural communities average house prices are up to 12 times average local incomes
- The waiting list for socially rented homes has reached 1.8 million households – approaching 5 million people.
- 1.6 million children are living in overcrowded, temporary or run down housing
- Overall the housing crisis means many couples are now delaying starting a family as they cannot afford to buy and may not be eligible for socially rented homes
- Nor are enough homes being planned and provided to meet the needs of the elderly
- High house prices as a consequence of housing shortages exacerbate local labour shortages, hold back economic growth and damage the competitiveness of local companies

These facts paint a national picture that is letting too many people down – frustrating their aspiration for a home of their own or for housing that adequately meets their needs at different stages of their lives.

The need to build more new homes than we have been is overwhelming and essential to our future.

The wider benefits of an improved housing supply

Alongside the need to build more new homes, however, there are other strong reasons why doing so would be good for Britain;

- Each new home built directly creates 1.5 jobs through construction activity – around 335,000 people were employed in home building in 2007
- With 900,000 – about 20% - of 16 to 24 year olds currently unemployed, home building and construction offers a wide range of routes to a job
- The construction, sale and servicing of a new home also provides up to 6 full time jobs indirectly in the supply chain, the professions and in sectors linked to the property market such as the furniture and white goods industries
- Construction is one of the best ways of stimulating economic activity – with each £1 spent generating a total of £2.84 in economic activity
- Home building and construction imports less than 8% of its supply, much less than in many other industries – maximising benefit for the UK
- There are many smaller, local companies building homes and providing local jobs across the country
- Hundreds of thousands of people have lost their jobs as a result of the recession hitting home building – but these jobs can be built back with the right policies to support the industry
- Today's new homes are being built to increasingly high standards of energy efficiency that will help tackle climate change and reduce energy bills
- From 2016 onwards, new homes will achieve a world-leading zero carbon standard of energy performance
- New private sector residential development provided some 60% of affordable homes in 2007 and has also contributed to the provision of local infrastructure such as roads, community centres, schools

- Home builders also provide homes for private rent which are broadening the affordable housing options available to people
- The great majority (78%) of new housing is now delivered on previously used brownfield land
- New development plays a key part in the regeneration of run-down urban areas

Harnessing such benefits while at the same time facilitating national economic performance by assisting labour mobility and reducing the social tensions of inadequate housing supply is a course and a policy that makes full sense for Britain.

The industry's vision and commitment

Home builders' wish is to build a sufficient supply of all types of high quality new homes in the right places, so meeting peoples' requirements while also achieving environmental standards fit for the twenty first century.

Private home builders will have to finance and deliver the vast majority of new homes over the next decade as severe public spending constraints limit any public sector contribution.

The industry's success depends on meeting its customers' wishes and aspirations and in surveys at least three quarters are satisfied with their new home.

With the right business climate companies will therefore compete for customers while increasing output. Everybody wins from that.

Our manifesto plan that we ask the political parties to embrace is aimed at enabling house builders to realise their potential to unlock a better housing future for the country.

Why are we not building more?

There are three broad reasons we are not building sufficient homes to meet our needs:

- Not enough land is gaining planning permission for the number of homes we require. The amount of land approved for housing development through the planning system has been falling steadily over the last ten years
- Policy and regulatory demands by both central and local government on new housing projects have reached unrealistic levels and are making even the land that is obtaining planning permission unviable to develop in many cases
- The lack of finance for both mortgages and business following the financial crisis and the recession. Many people – particularly first-time buyers – can't get mortgages on affordable terms and without unrealistically large deposits. Many smaller home builders in particular are also finding it difficult to obtain finance on affordable terms in order to invest in building the homes people need

Action is needed urgently to tackle each of these barriers to providing the homes the country needs.

What the new Government needs to do to enable the industry to deliver

Whatever the political makeup of the new Government elected in 2010, success in creating a climate that enables home builders to deliver a sufficient number of the types of homes people need will depend on it adopting policies to:

- Ensure the planning system provides a sufficient supply of land with permission in the right locations that can be viably developed to meet identified housing requirements – including making more public land available
- Address the damaging lack of mortgage availability for people and of business finance for smaller firms - as without a return to sensible levels of lending to sound borrowers no recovery will be sustainable and the demand for new homes cannot be met

- Provide tailored financial help for the millions of people who want to own their own home, especially first-time buyers, but whose wishes are currently being frustrated – through shared equity, deposit saving and other effective schemes
- Reduce the cost, complexity and uncertainty of regulation that is preventing the building of more homes, more quickly – so that the combined total of what development is expected to contribute does not cripple desirable and much needed housing projects
- Maintain public investment that facilitates or unlocks housing development – including the current HomeBuy Direct and Kickstart schemes – given the substantial economic and employment benefits this brings alongside the provision of homes

Supporting these policies, the new Government should also:

- Ensure the planning system enables the industry to respond flexibly to peoples' particular housing requirements in a particular way
- Encourage and incentivise the timely adoption and maintenance of up to date local plans to meet identified housing requirements
- Plan positively to meet the needs of our growing elderly population
- Help those wanting to own their own homes by introducing a government-backed deposit savings scheme for first-time buyers offering tax bonuses
- Foster innovation and quality outcomes by working in a new partnership with the industry to find smarter ways of delivering valid public policy and regulatory objectives
- Support the provision of affordable housing and other low-cost housing solutions by using public money imaginatively
- Provide and facilitate funding for necessary infrastructure – including by considering new forms of locally-based finance such as Tax Increment Finance