



# Housing at the heart of Government

A Manifesto for change

 Building Societies  
Association

## What sort of housing market do we want in Britain?

If the answer is one that allows easy access to the tenure that best suits an individual's means, then in many areas up and down the country our current housing market is failing badly.

We have failed to build sufficient property in Britain for decades to keep up with demand. In England alone in recent years we have seen some of the lowest house building rates since 1923.

It has been gratifying then to see in the run up to the election all the major political parties take the provision of new housing seriously.

But the combined problems of the cost and availability of land, planning permissions and restrictions, the business models of the major private house builders, a lack of labour and materials and the inability of Local Authorities and Housing Associations to build at the sort of volumes seen 4 or 5 decades ago, all weigh heavily on house building.

There is no quick or simple solution to any of these problems, as can be witnessed by the fact that for decades successive Governments have been happy to stoke demand rather than address the underlying limits on supply.

Building societies have been the means by which generations of Britons have got on the housing ladder. But we are deeply worried about the knock on impact lack of sufficient housing is having on communities.

The consequences of failing to address this problem threaten to get worse, with the pressure on housing only set to continue.

Government figures show in England there were 22.3 million households in 2012 and this is set to rise to 27.5 million by 2037.

Our housing needs are not going to be met purely by the major private house builders. Analysis of the Government's housing figures shows that since 1972 there has only been one year (1988) when private house builders' output exceeded 170,000 properties.

There are alternatives out there: Local Authorities, Housing Associations, SME builders and custom builders all need help to expand their output.

There are also alternative forms of building like offsite construction to radically reduce the time it takes to finish a home.

But all these elements need a champion in Government and that's why we are calling for the position of Housing Minister to be a Secretary State position in the next Government.

We need a revolution in the provision of new housing, in governance, planning, construction and funding, to ensure as a society we work to build a better Britain.

# All the figures point to a system that no longer works

## We've been under building for years

- 🏠 There were 109,000 completions in England in 2013, one of the lowest house building rates since 1923<sup>i</sup>.
- 🏠 Q4 2014 figures for residential house building showed annual completions in England up 8% at 118,000 and new homes started up 10% at 137,000<sup>ii</sup>. But it's still not enough.
- 🏠 In fact, on a quarterly basis the gains in new homes started seen since Help to Buy was first introduced have fast eroded. In Q2 2014 there were 36,770<sup>iii</sup> new homes started, but by Q4 2014 this figure had fallen by 19% to 29,800 – only 4% above the 28,630 reported when Help to Buy was first announced in Q1 2013.
- 🏠 In 2013-14, £23.9 billion was spent on Housing Benefit, 15% of the Department for Work and Pensions' total benefit spending<sup>iv</sup>.
- 🏠 We have backlogs in available council homes – 1.37 million people<sup>v</sup> in England alone are on the waiting list for one.
- 🏠 The average rent is £595 per calendar month in England and £1,300<sup>vi</sup> in London, with a quarter of privately rented households receiving help paying their rent in the form of housing benefit<sup>vii</sup>.
- 🏠 The Nationwide House Price Index shows the average house price across the UK to have now hit £188,000<sup>viii</sup>.
- 🏠 For first-time buyers the average amount paid for a home in London is £357,000<sup>x</sup>. This is 9 times<sup>x</sup> the income of the average first-time buyer.
- 🏠 The very departments in Local Authorities we're relying on to plan and coordinate new building have been substantially reduced. Planning and development departments have taken the brunt of cuts to Local Authority budgets, with a 46% reduction in spending between 2010/11 to 2014/15<sup>xi</sup>.
- 🏠 We're all living longer - by 2037 period life expectancy at birth is projected to reach 84.1 years for males and 87.3 years for females, an increase of around five years since 2012<sup>xii</sup>. Between 2002 and 2013 the number of people 90 years old and over has risen by 36%.<sup>xiii</sup>
- 🏠 And land is at a premium. Just 9% of England is developed with designated Green Belts occupying 13% of land<sup>xiv</sup>.



## Learning the lessons of the past

Around 100 years ago Britain faced another housing crisis as the country emerged from the shadow of the First World War. With his rallying cry of ‘Homes fit for Heroes’, British Prime Minister David Lloyd George redefined housing and house building.

But today, many communities no longer see the value of new housing and one of the key barriers to building more houses has been the backlash to new developments.

Radical and bold action to change the status quo can only happen if we have a co-ordinated approach addressing the nation’s infrastructure and housing needs. It’s no coincidence that the big spikes in major house building over the last 100 years have been between 1950 and 1970 when the Housing Minister was a Secretary of State. The provision of adequate shelter is as essential to our nation’s prosperity as health, education and defence and that’s why it’s vital that housing has a strong voice in Government.

## The UK is divided on house building...

Research conducted by the BSA found that more than half of the UK would oppose a major house building programme if it was in their immediate neighbourhood.

58% would be opposed to building more than 300 properties in their neighbourhood and 53% are anti-developments of between 100 and 299 properties.

But when asked how much of the UK they believe should be ‘urban’, which is defined as housing, gardens, train lines and parks, nine out of 10 said more than 10% of the country should be developed when currently just 7%<sup>xv</sup> of the UK is. The majority of Britons are only willing to support developments of 1 to 10 properties being built in their local area.

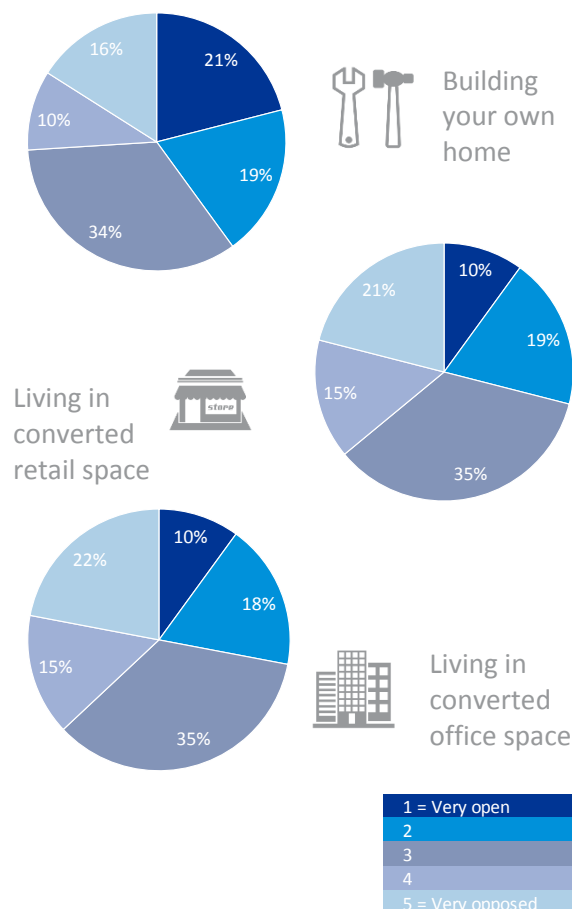
## ....But open to change

Against that, the research also shows that Britons are increasingly open to the types of properties they want to live in and want greater diversity in the types of properties and tenures available to them.

Over one in five people say they would be open to buying a shared ownership property, living in an off the shelf kit home, living in a converted retail or office space and even renting long term.

And despite the fact that less than 10% of properties built in the UK are custom/self-build, well over a third of Britons are open to building their own home.<sup>xvi</sup>

## House about something different?



# Five Building Blocks to a better housing market

## A Housing Ministry with a Secretary of State in Cabinet

Housing needs to be at the centre of future Governments and the only way that can be achieved is if we have a Housing Ministry with a Secretary of State, rather than the current situation where responsibility for housing is spread among a variety of Government departments.

## Define a successful housing market with a 15-year plan

A key issue with the current crisis is that there is no plan or joined up thinking about what the UK's housing needs are, either nationally or locally for home ownership, social housing and the private rented sector. A cross party 15-year plan based on national and regional long-term demographic changes, employment, environmental concerns, infrastructure and house price inflation should be the first priority of the next Government.

## Use NS&I Pensioner Bonds as a means of creating an intergenerational benefit

Though in principle the BSA is opposed to the National Savings & Investments' Pensioner Bonds for those 65 and over due to the high cost to Government, hypothecating these funds for house building could help to provide housing to younger generations. A revolving fund that helps Housing Associations and the UK's growing number of Community Land Trusts ensure properties remain permanently affordable would provide greater security for lenders and encourage a more competitive market.

Use of the funds in such a way would also allay criticisms of Pensioner Bonds, by creating an intergenerational benefit.

## Double the size of Custom build, SME builders and offsite construction

UK housing is dominated by the country's volume house builders. But there are alternatives:

- 🏠 Custom build has the promise to enable a wider group of people to realise the dream of building their own home.
  - 🏠 Alternative construction models like offsite construction using modern methods and materials is already speeding up the rate homes can be built, but it needs Government support to achieve its full potential along with the backing from lenders.
  - 🏠 Boosting the size and scope of SME builders will not only benefit overall residential house building but also communities by way of employment and materials.
- But they all need continued support, funding and pivotally, access to land.

## Ensure Local Authorities and Housing Associations build

One key element missing from UK housing supply since the late 1970s has been a major lack of social housing. Measures to boost this sector include:

- 🏠 The removal of borrowing caps on Local Authorities to allow them to build the 80,000 homes in the social sector required to meet demand should be a top priority
- 🏠 And give councils the freedom to switch off Right to Buy where it is a disincentive to build and they are unable to replace lost homes on a 1:1 basis.

As mortgage lenders, building societies play their part in fulfilling Britain's housing aspirations. But finance alone will not solve the problem. We need a huge increase in the momentum of house building if we are to have any hope of bridging the current gap that exists.

We need sustainable development as the term was defined in 1987 by the UN - development that meets the needs of the present without compromising the ability of future generations to meet their own needs<sup>xvii</sup>.

But we need action to be taken now to ensure we have sufficient homes for the population of tomorrow.

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## Championing house building

The Building Societies Association is calling on all political parties to pledge their support for significant additional house building and work together to provide a workable 15 year plan to ensure we manufacture sufficient numbers of properties.

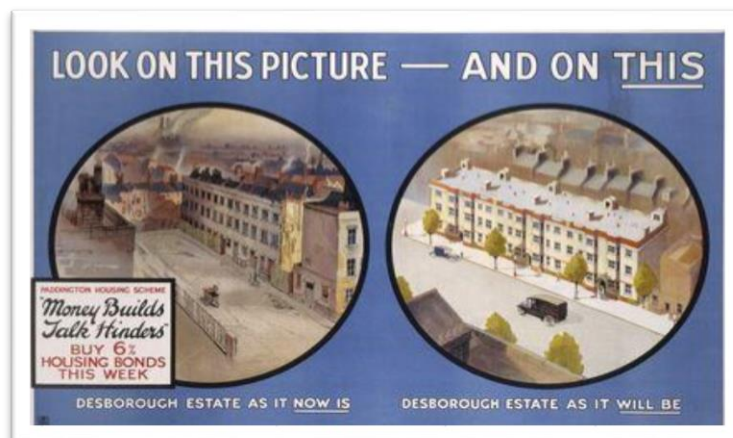
That cannot simply be provided by volume house builders – just as we need corporate diversity in finance, we also need diversity in construction.

Custom build, Community Land Trusts, shared ownership models, local authority and housing associations all need to be allowed to deliver more.

We need to ensure that communities can grow in a sustainable way, with the right incentives and infrastructure in place for new developments. We also need to address the deep rooted prejudices many have towards construction as summed up with the rallying cry of 'Not in my Back Yard' (Nimby).

## Housing bonds 2.0

The Housing and Planning Act 1919 kick started the mass provision of social housing and led to a boom in construction over the next 60 years. This construction was in part funded via the marketing of Housing Bonds (see print and film advert from the 1920s below). The use of National Savings & Investments' recent Pensioner Bonds could be a means for older generations to provide support for a younger generation by providing seed capital for a revolving fund for shared ownership schemes and other forms of sustainable and affordable housing in this country.



Copyright: Museum of London

## Principles of a sustainable housing market

- 🏠 A housing market that promotes all tenures
- 🏠 Support from Government and all political parties to the goal of building at least 250,000 properties per year
- 🏠 Facilitate and promote the readjustment of Green Belt boundaries where communities are unable to cater for demand
- 🏠 Incentivise and enable Local Authorities and Housing Associations to build at least 80,000 properties each year<sup>xviii</sup>
- 🏠 Support via transport and commercial infrastructure to ensure new communities are viable and sustainable
- 🏠 A land market that enables rather than restricts new development
- 🏠 Double the size of the custom and self-build house building
- 🏠 Work to change the negative view of new house building



## Endnotes

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- <sup>i</sup> This is cited in the book *The British Building Industry Since 1800* by Christopher Powell, published in 1980 and an extract of which can be found [here](#). On page 106 Powell says that wartime house builders recovered slowly from the end of World War One, "with fewer than 100,000 completions before March 1923".
- <sup>ii</sup> This is from the DCLG's House Building: December Quarter 2014, England, published 19 February 2015.  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/404996/House\\_Building\\_Release\\_-\\_Dec\\_Qtr\\_2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/404996/House_Building_Release_-_Dec_Qtr_2014.pdf)
- <sup>iii</sup> This is from the DCLG's House Building: December Quarter 2014, England, published 19 February 2015.  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/404996/House\\_Building\\_Release\\_-\\_Dec\\_Qtr\\_2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/404996/House_Building_Release_-_Dec_Qtr_2014.pdf)
- <sup>iv</sup> Evidence compiled by the Public Accounts Committee.  
Committee.<http://www.publications.parliament.uk/pa/cm201415/cmselect/cmpubacc/706/70606.htm>
- <sup>v</sup> This is based on the DCLG's Local authority housing statistics for year ending March 2014.  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/385091/Local\\_authority\\_housing\\_statistics\\_-\\_year\\_ending\\_March\\_2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/385091/Local_authority_housing_statistics_-_year_ending_March_2014.pdf)
- <sup>vi</sup> Valuation Agency Office, Private Rental Market Statistics, December 2014. The **median rent** recorded between 1 October 2013 and 30 September 2014 in England was £595 and London has the highest median rent, at £1300.  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/385316/20141211\\_-\\_Release\\_Notes.doc](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/385316/20141211_-_Release_Notes.doc)
- <sup>vii</sup> This is based on the Department for Communities and Local Government's English Housing Survey 2012/2013  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/335751/EHS\\_Households\\_Report\\_2012-13.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/335751/EHS_Households_Report_2012-13.pdf)
- <sup>viii</sup> This is based on Nationwide's January House Price Index. [http://www.nationwide.co.uk/~media/MainSite/documents/about/house-price-index/Jan\\_2015.pdf](http://www.nationwide.co.uk/~media/MainSite/documents/about/house-price-index/Jan_2015.pdf)
- <sup>ix</sup> This is based on Nationwide's Q4 2014 figures on house prices by buyer type.  
<http://www.nationwide.co.uk/~media/MainSite/documents/about/house-price-index/downloads/first-by.xls>
- <sup>x</sup> This is based on Nationwide's Q4 2014 figures on First-time buyer gross house price to earnings ratios, which calculates the ratio of Nationwide's first-time buyer house price to mean gross earnings in each region.  
<http://www.nationwide.co.uk/~media/MainSite/documents/about/house-price-index/downloads/ftb-hper.xls>
- <sup>xi</sup> The National Audit Office conducted a report in November 2014 titled 'The impact of funding reductions on local authorities', analysing which departments have borne the brunt of cuts and which have been protected. On page 4 of its key facts it describes a 46% budgeted real-terms reduction in spending on planning and development services, 2010-11 to 2014-15.  
<http://www.nao.org.uk/wp-content/uploads/2014/11/Impact-of-funding-reductions-on-local-authorities.pdf>
- <sup>xii</sup> Based on ONS estimates of historic and period mortality data. <http://www.ons.gov.uk/ons/rel/lifetables/historic-and-projected-data-from-the-period-and-cohort-life-tables/2012-based/stb-2012-based.html>
- <sup>xiii</sup> Based on ONS estimates of the very old – in 2002 350,700 were 90+ and this figure had risen to 478,220 by 2013.  
<http://www.ons.gov.uk/ons/rel/mortality-ageing/estimates-of-the-very-old--including-centenarians-/2002---2013--england-and-wales--united-kingdom-/rft-estimates-e-w.xls>
- <sup>xiv</sup> This is based on the Department for Communities and Local Government's estimates on England's Green Belt in October 2014. Green Belt area in England for 2013/2014 was estimated at 1,638,610 hectares. 1 hectare = roughly the size of a rugby pitch.  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/364066/Green\\_Belt\\_Statistics\\_England\\_2013-14.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/364066/Green_Belt_Statistics_England_2013-14.pdf)
- <sup>xv</sup> Urban areas in the UK cover just under 7% of land area. They are home to 8 out of 10 people, often living at extremely high population densities, UK National Ecosystem Assessment 2011.  
[http://news.bbc.co.uk/1/shared/bsp/hi/pdfs/28\\_06\\_12\\_uk\\_national\\_ecosystem.pdf](http://news.bbc.co.uk/1/shared/bsp/hi/pdfs/28_06_12_uk_national_ecosystem.pdf)  
[http://news.bbc.co.uk/1/shared/bsp/hi/pdfs/28\\_06\\_12\\_uk\\_national\\_ecosystem.pdf](http://news.bbc.co.uk/1/shared/bsp/hi/pdfs/28_06_12_uk_national_ecosystem.pdf)
- <sup>xvi</sup> We commissioned Canadean Consumer to ask 2000 adults "If you could not afford to buy the type of property that you ideally wanted, which of the following concessions would you be most open to considering?" between 29 - 31 August 2014. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).
- <sup>xvii</sup> Gro Harlem Brundtland, 1987, United Nations, Report of the World Commission on Environment and Development: Our Common Future.  
<http://www.un-documents.net/ocf-02.htm>
- <sup>xviii</sup> Notional figures from Homes for the Future. Cambridge Centre for Housing Planning Research, for Shelter, 2008 – 243,000 figure per year based on 165,000 from the market sector and 78,000 from the social sector. [http://www.tcpa.org.uk/data/files/HousingDemandNeed\\_TCPA2013.pdf](http://www.tcpa.org.uk/data/files/HousingDemandNeed_TCPA2013.pdf)

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