



VIEWS

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A few manifesto suggestions – housing building

– *Sam McGrady, Director, DTP*



It may not have escaped your attention that a General Election campaign is currently underway. As I write, all the main manifestos have been published and we are beginning to get a clearer picture of each of the parties' positions on a range of issues (notwithstanding the odd u-turn, of course!). Housing has been jostling for position against the nation's other pressing concerns including (of course) Brexit, as well as health and social care, education, the economy and fiscal policy minutiae.

As I see it, there are two areas of housing policy which are demanding most attention from those who would wish to form the next government.

The first relates to the pressing need to build more homes. Chronic underinvestment in house building by successive governments has created the currently unsustainable situation we find ourselves in. House prices continue to inflate to levels beyond many people's ability to pay – with the situation among first time buyers especially acute. While housing associations have been trying to do their bit when it comes to affordable homes, construction rates continue to fall short of what's required. The construction of new homes by councils is so low in most cases as to barely even register.

The second area of concern relates to the impact of a series of government welfare reforms on the housing sector. I believe that policy makers of whatever political hue must confront the effect these reforms are having on social housing providers. And that isn't to ignore the impact they are also having on individuals and families.

So what is to be done? That's ultimately down to whoever forms the next government and I will of course refrain from passing any form of judgement on who that should be. But myself and my colleagues at DTP have at least a few ideas which might begin to address some of these concerns.

In this two-part blog I'd like to tackle first the issue of house building, with an obvious emphasis on the affordable end of the market.

In our view, the sector firstly requires clarity over what the government deems as 'social housing'. Agreeing a common definition matters because it is critical to ensuring we build not just more homes, but more homes of the right type. When working out how many new 'affordable' homes we need, a future government needs to drill down into the detail. So, as well as traditional social rented homes, we also need to throw into the mix sub-market private rented homes, and low cost home ownership options, ensuring a 'pathway' and choice for those who need sub-market accommodation either in the short term or for most of their lives.

Next, there needs to be a focus on how we can get builders building. We've a few suggestions but this is by no means an exhaustive list.

A good start would be to stop developers sitting on land in order to profit from rising values. One solution might be to impose a retrospective Council Tax levy if developers fail to develop land earmarked for housing within three years. A corresponding incentive could grant a Council Tax 'holiday' for those who do build homes within three years of buying a plot.

A commitment from government to replace all social housing lost to Right to Buy and Voluntary Right to Buy would also help increase the supply of affordable homes. With housing waiting lists continuing to grow and owner occupier rates falling, not to mention a less than perfect private rented sector, this is essential.

Policy intervention is also needed to address the fact we have become too reliant on larger developers to deliver on housebuilding. Smaller developers used to account for a much greater proportion of new homes construction, and by addressing this we could kick start development on plots of less interest to the big players. Many LSVT providers, for example, inherited smaller plots of land which could be sitting vacant or where you might find rented garages now in low demand. Large developers, seeking the economies of scale of large development sites, might not be interested in this type of scheme. But smaller developers might be. On their own these might not amount to much, but added up across the country they could result in significantly more additional homes.

We might also be able to find ways to financially support these developers – with for example a loan guarantee offer by government. Similarly, partnership arrangements whereby larger developers supported smaller developers to deliver schemes could also be an idea worth pursuing.

In addition to these top level responses, there are other less obviously related issues which will require government action in the next parliament whoever wins the election. All will have a bearing on the social housing sector's ability to deliver on house building.

The post-Brexit trade deal which the government strikes with the EU, and future immigration / free movement policy, will for example, affect the price of raw materials used in construction, or indeed housing repairs. Efforts to tackle issues such as productivity, skills and training will likewise impact on the sector. Here is probably not the place to offer detailed answers on these issues – but we would suggest they are critical for our sector, as well as other parts of the economy.

For our take on the welfare reform issues impacting on the housing sector read part 2 of this blog.