

Boost deposit savings to reignite home-ownership dream, urges Localis

Monday 16 October, 2017

Employers and government should both chip in to radically quicken the time taken for first-time buyers to save house deposits through the auto-enrolment of monthly pay-packets – a think-tank has today urged.

The call comes as one of three main recommendations presented by the think-tank Localis in a report focused on how to disrupt the housing market for the benefit of aspiring home-owners currently locked out of the property ladder.

Entitled **‘Disrupting the Housing Market’** the paper, sponsored by housing-led regeneration experts Lovell, presents three key policy recommendations for breaking the housebuilding impasse and addressing structural problems affecting supply, demand and affordability of new homes nationwide, including : -

- extension of principle of auto-enrolment from pensions to saving deposits among 18-40 year olds to radically speed up the time it takes young people to earn the deposit for their first house;
- giving local authorities discretion to re-designate greenbelt land through the creation of ‘yellowfield registers’ - allowing the sustainable release of land for new homes in areas where green belt protection is unwarranted;
- state investment in – and ownership of – new housing factories to disrupt the housing industry and produce a generation of new modular homes – for on-site assembly.

Jack Airey, senior researcher at Localis, said: “Whether out of choice, or simply because they do not have enough money at the end of each month to do so, a majority of people are not building any financial capacity with which to get a mortgage and purchase a home in the future.

“This crisis of saving transcends people of all tenures, ages, regions and socio-economic classes yet these consequences are underappreciated, least of all by non-homeowners themselves. Under this auto-enrolment scheme, rather than relying on the ‘Bank of Mum and Dad’, employers and government would help young people onto the housing ladder.”

According to a YouGov poll conducted for the report, **some 58% of those** who did not own their home said they were saving nothing at all each month for a deposit, with **fewer than one quarter (23%)** admitting to putting aside any cash for a new home. However, the research also revealed that the overwhelming majority, just under **four-in-five (78%)** of all homeowners were either happy or fairly happy with their accommodation, **with only 8%** admitting to be fairly or very unhappy.

Liam Booth-Smith, chief executive at Localis, said: “Home-ownership is a bulwark against populism and radicalisation - when you have a tangible stake in society you are far less likely to want to tear it down. It is also an important life ambition, one that recent generations have enjoyed and future generations should too.

“The housing market is everyone’s problem - those who already own their home are dependent on someone else buying it. If the first rung of the housing ladder is lifted too high, there will be fewer and fewer buyers to sell to in the future.

“A Burkean intergenerational contract needs to be restored between those who wish to own their home, those that already do; and those that want to leave for retirement.”

The report also contains a suite of policy recommendations for overcoming deep-rooted structural obstacles to quickening the pace of house-building, with priority areas focused on: -

- giving local authorities more flexibility to plan for new homes;
- tasking the National Infrastructure Commission (NIC) with creating a programme of new towns where they are needed around the South East;
- disrupting the housing industry through strategic state support for modular homes factories and offsite construction methods;
- a more direct use of surplus public land to site new housing developments;
- extending protections and flexibilities for the increased number of individuals and families who

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use the private rented sector by allowing them to choose their initial tenancy length at six-month intervals up to thirty-six months, with a one-month break option after six months.

Jonathan Goring, managing director of Lovell said: “As a developer of housing of all tenures, Lovell plays a frontline role in helping to tackle the undersupply of new homes in the UK.

“We are calling for more flexible and imaginative use of greenbelt and public land, and more widespread use of modern construction techniques. These measures will more swiftly deliver new homes in places where people want to live.

“Our proposals are practical and logical, provide a solution to the housing crisis and will enable the next and future generations to enjoy the benefits of affordable property ownership.”

ENDS

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Notes to Editors:

1. The report is being launched at **09.00 a.m. on Monday 16 October** at the [Lecture Room, RICS, Parliament Square, 12 Great George Street, London, SW1P 3AD](#) – **housing and planning minister Alok Sharma MP** will be making a speech at the event. There are a limited number of places available for journalists – please apply for a place at contact points above.

2. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1,593 adults. Fieldwork was undertaken between 18th - 19th July 2017. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

Roughly how much money, if any, do you save each month for a deposit to buy a property in the future?

[This question was NOT asked to those who own their house outright or own through a mortgage; n=633]

Nothing at all	58
Less than £25	4
£25 – £50	3
£50 – £100	5
£100 – £200	4
£200 – £300	2

£300 – £400	1
£400 – £500	1
£500 – £1,000	2
More than £1,000	1
Prefer not to say	9
Don't know	10

Generally speaking, how happy or unhappy are you with the home you currently live in?

Very happy	35
Fairly happy	43
TOTAL HAPPY	78
Neither happy nor unhappy	11
Fairly unhappy	6
Very unhappy	2
TOTAL UNHAPPY	8
Don't know	2

3. Full List of Report Recommendations

- To incentivise a wider coverage of local plans, government should announce it will withhold New Homes Bonus from local authorities without an adopted local plan from 2018/19. Government should also reaffirm its support for the Homes and Communities Agency (HCA) or relevant strategic authority to intervene in plan-making where little progress is being made towards that deadline, or where plans, under preparation or submitted, do not sufficiently respond.
- Strategic authorities, with support of constituent lower-tier authorities, should put forward 'housing deal' proposals to government.
- Government should once again treat the green belt as part of the welfare state, outlining a new direction based on public welfare for local authorities to follow:
 - Either the NPPF should be amended stipulating that unmet housing need represents exceptional circumstances in which green belt land, which local authorities deem inappropriately regulated, can be allocated for residential development;

- Or local authorities should be compelled to prepare, maintain and publish yellowfield registers.
- Central government should take a more muscular role in the planning and delivery of new towns in the South East:
 - The National Infrastructure Commission's remit should be widened to shine a light on where new settlements are needed, sustainable; and what support each would require;
 - Local authorities, strategic authorities and the HCA should then work together to plan and deliver new settlements;
 - In places where land ownership is necessary to drive forward delivery the state should purchase land either via planning freedoms schemes or reformed CPO powers;
 - The HCA should be supported with requisite loan funding to be more active in the private land market.
- To achieve its aims of using more public land to build homes, government should:
 - Make e-PIMS publicly available and mandate that all land owned by departments is registered on the Land Registry;
 - Direct government departments and Arm's Length Bodies to manage their assets more strategically and proactively;
 - Allow disposing departments to keep a bigger cut of proceeds made through outright sale or co-development of land;
 - Revise Cabinet Office guidance for departments to place greater emphasis on achieving long-term best value when selling land.
- Government should allow small sites that are brownfield or infill to qualify as permitted development.
- To expand the provision of sub-market homes for sale and rent, the HCA and local authorities should look to enter joint ventures with institutional investors, putting forward public land as equity. This requires the HCA and/or local authorities to establish investment vehicles in which they invest land as equity and the institutional investor brings debt.
- Government should be more active in kick-starting the off-site construction industry:
 - Via direct equity investment, loan finance or the provision of land, government should support the building of more modular and new technologies factories;
 - State subsidy for building new homes should be weighted towards rewarding housebuilders who use off-site construction methods.
- The auto-enrolment of employees aged 18-40 to pension schemes by employers should include an option to make contributions towards a Lifetime ISA. Employers should be expected to make contributions equal to three percent of the employee's qualifying salary and, as with the Lifetime ISA, government should continue to match twenty-five percent of employee contributions.
- Government should reform SDLT for first-time buyers by either:
 - Allowing the transfer of SDLT liability to point of onward sale;
 - Waiving SDLT liability on the first £250,000 of the property cost;
 - Allowing SDLT liabilities to be paid in instalments.
- The legislation which guides private tenancy agreements should be amended to:
 - Allow private renters to choose their initial tenancy length at six-month intervals up to thirty-six months, with a one month break option after six months;
 - Allow rent increases at only twelve-month intervals and for those increases to be locked-in from the contract's start.

- Strategic authorities should be devolved powers from central government to permit landlord licensing schemes.
- Local authorities should, like with empty homes, be able to levy council tax surcharges on second homes. The rate at which this surcharge can be applied should be increased to one-thousand percent.

4. Advisory Panel Members

This research project was supported by an Advisory Panel, whose members are listed below.

- Niall Bolger, Chief Executive of Sutton Council
- Eamonn Boylan, Chief Executive of the Greater Manchester Combined Authority
- Nicholas Boys Smith, Founding Director of Create Streets
- Louise Brooke-Smith, Partner at Arcadis
- Sir Merrick Cockell, Chair of London Pensions Fund Authority
- Keith Exford, Chief Executive of Clarion Housing Group
- Liam Halligan, Economics Commentator, The Sunday Telegraph
- Sir Edward Lister, Chair of the Homes and Communities Agency
- Toby Lloyd, Head of Housing Development at Shelter
- Sadie Morgan, co-founder of dRMM architects
- Brian Reynolds, Programme Director at One Public Estate

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