Increasing Demand And Providing More Land For New Homes Will See Build Rates Continuing To Rise

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Reaction to the announcements today on house building in the spending review

Housebuilders broadly welcomed announcements by Chancellor George Osborne in today's Spending Review to boost house building.

Housing output is directly linked to demand for new homes – and the availability of developable land. Over the past two years the Help to Buy Equity Loan scheme has been a driver for demand for new homes and as a result housing output has risen at the steepest rate for decades. Latest figures show the number of new homes delivered in 2014/15 was up 25% year on year to 171,000 homes a year up from around 124,000 just a few years ago.

Retargeting the Affordable Housing Programme to further boost home ownership clearly has the potential to increase output still further if it can create additional demand by helping people currently barred from the market to buy. The extension of Help to Buy Equity Loan to 2021 will provide greater certainty for house builders buying land and planning for future production.

The Starter Homes scheme in principle has the potential to assist a section of the population currently unable to buy. The additional £2.3bn to fund 60,000 Starter Homes over and above units included within Affordable Housing will help the industry deliver, and expanding the range of brownfield land defined within the exception sites policy will provide a further boost to supply. However, much detail needs to be agreed before it can deliver the projected 200,000 homes over the next five years.

Prioritising affordability in London by doubling the Government's Equity Loan to buyers to 40%, where buyers are particularly squeezed is especially welcome and should lead to the provision of more affordable homes in the capital.

Increasing levels of shared ownership, and opening up this programme to private home builders, also has the potential to increase overall demand and thus provision of new homes, providing a more cost effective way of boosting supply than subsiding social rent homes.

With the shift towards an older population money to spark an increase in retirement housing is a much needed move that needs to be done in conjunction with changes to planning policy to allocate more land for such homes.

A lack of land is currently the biggest constraint on supply. As the biggest owner of land, if the public sector can find a way of releasing more land more quickly for development – a target of successive Governments – it could deliver increases in build rates.

Further reform of the planning system to ensure more planning permissions are processed more quickly by Local Authorities would also address builders' concerns that they cannot get on to new sites quickly enough to accelerate build rates still further. The new delivery test for local plans, along with measures to increase the supply of smaller sites, will help ensure the planning system is delivering an adequate supply of housing land.

We also welcome an extension of the Builders Finance Fund to 2020-21, an important initiative to help smaller home builders. Extension of the large sites infrastructure fund will also help support higher levels of home building.

Stewart Baseley, executive chairman of the Home Builders Federation said;

“The Government is clearly committed to increasing both housing supply and home ownership. Measures introduced in recent years have led to a big increase in house building levels but the scale of the challenge requires further action to close the gap between demand and supply. The Chancellor's announcements today will provide extra impetus to deliver further increases in housing supply.

'The industry has been gearing up to boost its capacity to a level where it can deliver the increases in housing supply that are so desperately needed. Over the past two years the industry has initiated a huge recruitment and training drive, taking on tens of thousands of new staff to achieve the 30 per cent

increase in output seen over that period. Today's announcement could lead to thousands of new jobs and apprenticeships created in the sector.

“Boosting home ownership and creating additional actual demand for new homes enables builders to invest in the people, land and materials necessary to accelerate supply. If buyers can buy, builders will build.

“Further reforms of the planning system to increase the supply of smaller sites, to ensure local plans deliver, and to increase the rate at which planning permissions are processed – as well as releasing more public land - would be a huge step towards speeding up the rate at which builders can build.

“Building more high quality homes will give more people of all ages access to their own home, and boost existing communities by providing improved infrastructure and amenities. Building more homes will also deliver a boost to the UKs economy, creating jobs and benefitting local economies in every area.”

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For media enquiries, or to arrange an interview, please contact Steve Turner on 020 7960 1606 / 07919 307 760 orsteve.turner@hbf.co.uk

Notes to editors

1. The Home Builders Federation (HBF) is the representative body of the home building industry in England and Wales. The HBF's member firms account for some 80% of all new homes built in England and Wales in any one year, and include companies of all sizes, ranging from multi-national, household names through regionally based businesses to small local companies:www.hbf.co.uk

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