THE HOUSING STRATEGY

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We’ve been building houses at historically low levels for a generation.

We project that 221,000 households will be formed on average every year. The last year we built at least 221,000 new homes in a year was 1978.

Source: DCLG
The Challenge: Barriers to demand

- Sharp fall in annual mortgage lending in 2007-8 ……
  …….. then it flat-lined.

- Decreases in loan to value ratios meaning soaring deposits for first time buyers.
The Challenge: Barriers to supply

Perceptions of house builders - top 4 constraining factors for production

- Planning delays
- Land availability
- Land prices
- Development finance

Percentage

Dec | Jun-2010 | Dec | Jun-2011 | Dec | Jun-12
The Housing Strategy

- Supporting demand
  - recognition of aspiration of home ownership and
  - Increasing demand for rented homes

- Removing barriers to supply across all tenures

- Long term housing market reform – systemic issues like planning
Total Government Investment 2011-15 approx £11bn
+ up to £11bn Guarantees
Our demand measures are working

- Over 5,000 households helped into their brand new homes in the first 6 months of the Help to Buy: Equity Loan scheme (to end Sept)

- Over 20,000 new home reservations made in the first 8 months of the scheme (to end Nov)

- Builders are increasing output in response to increased demand

- Highest number of mortgage approvals since Feb 2008

- Quarterly lending to first time buyers at its highest since 2007
Programmes to increase supply

Total Government Investment in housing approx £11bn for 2011-15

**Affordable Homes Programme:** Nearly 100,000 affordable homes delivered in first two years. On track to deliver 170,000 by 2015.

**Large scale sites:** unlocked 11 major schemes delivering over 69,000 homes. 14 more deals to deliver 38,481 homes are in due diligence.

**Get Britain Building:** 190 sites are under contract to provide 12,209 units. Work on 11,674 units has started on site.

**Build to Rent fund:** expected to deliver up to 10,000 homes – first contracts signed

Underpinned by **planning reform** and **removing red tape**
Surplus Land – Current Programme

• **40% of developable sites** are owned by the public sector.

• Government will sell surplus public land (including NHS Trusts) with capacity for **100,000 homes by March 2015**

• To date, sold land for **62,000 units**, including New Covent Garden Market;

• **Build Now, Pay Later** means development happens quickly on the largest sites;

• Engaging with developers and marketing sites, eg. through Sitematch.
Planning Reforms

Reform of the planning system is speeding up development

Residential approvals are up 45% on 2012
Good evidence that builders are responding

- Residential planning permissions up 45% from Q2 2012
- Quarterly housing starts hit their highest point since the start of 2008. Builders are planning more.
- BUT from a low base

- The total volume of new housing construction orders was up 19% in Q2 2013.
- This is the highest level seen since Q4 2007.
- And UK construction PMI showed the fastest rate of growth in 6 years.
**Spending Round: housing package**

**DEMAND**
- Help to Buy: **Equity Loan** £1.3bn in 15/16
- Help to Buy: **Mortgage Guarantee**

**LAND**
- £102 million to **unlock large sites**
- Strategic review to identify **Government surplus land** and set disposal target
- HCA will be **Land Disposal Agency**

**AFFORDABLE HOMES**
- **Affordable Homes** programme £3.3bn, plus Guarantees
- **Rent certainty CPI + 1%**
- New £400m **Rent to Buy** programme

**PRIVATE RENTED SECTOR**
- **Build to Rent** £300m 15/16
- Guarantees

**LOCAL GROWTH**
- £2bn/yr **local growth** pot
- local **transport** investment

**LOCAL AUTHORITY ASSETS**
- £160m **Decent Homes**
- £100m for **Stock Transfer**

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**Stronger focus on driving out efficiencies and managing assets actively.**

Transport settlement provides infrastructure necessary for new housing settlements.
Surplus Land – Future Programme


• Cross Government Strategic Land Review (SLR) will identify public land which is, or will be, surplus or redundant and can be sold.

• Right to Contest will allow the public to challenge Government to sell land not vital for operations for better economic use.

• Sales of developable land will be centralised in the Homes and Communities Agency.

• The Homes and Communities agency will bring commercial expertise and local knowledge, and will drive efficiencies.
Going forwards

- Further speed up of development
- More investment in infrastructure
- Setting out plans to free up land
- Support small developers