

# Laying the Foundations: A Housing Strategy for England

# Executive summary

## The case for change

1. A thriving, active but stable housing market that offers **choice, flexibility and affordable housing** is critical to our economic and social wellbeing.

2. The Government is clear that **we need to get the housing market – and in particular new house building – moving again**. This is central for our plans for economic growth – but more importantly, it is essential to the hopes and plans of young people, families and older households across the country.

3. But we will **not achieve this by attempting to control the market from Whitehall**. The system of setting top-down targets for housing, vast amounts of planning guidance and excessive regulation did not deliver the homes we need nor the places that people want to live in. **This Government is doing things differently** – freeing up local areas to provide the homes needed for their communities and enabling the market to work more efficiently and responsively.

4. We know that the current housing market is not working. We inherited a housing market where:

- **buyers can't buy** – with the average age of an unassisted first time buyer continuing to rise and families struggling to 'trade up'
- **lenders are not lending enough** – with high deposit requirements excluding young people and families from home ownership
- **builders are not building** – without consumers ready to buy and without enough land for development or access to finance

- **investors are not investing** – without the right framework or incentives in place
- **affordable housing can do more** – to deliver new homes and support the social mobility and aspirations of tenants and communities
- **tenants are struggling** – as pressures increase in the private rented sector:

5. **The problems we face are stark** – we have not built enough new homes for more than a generation and the impact of the credit crunch has simply compounded this challenge.

6. In 2009/10, there were 115,000 new build housing completions in England.<sup>1</sup> Meanwhile, the latest household projections suggest that the number of households will grow by 232,000 per year<sup>2</sup> (average annual figure until 2033).

7. While house building starts in 2010/11 were 29 per cent higher compared with 2008/09, and 17 per cent higher compared with 2009/10, there is still more to do.<sup>3</sup>

8. **Without urgent action to build new homes**, children will grow up without the same opportunities to live near their families, young people will struggle to get a place to call their own and older people will not have the choice and support they need. Some 60 per cent of projected growth in households to 2033 will be aged 65 and older.

9. Housing is **crucial for our social mobility, health and wellbeing** – with quality and choice having an impact on social mobility and wellbeing from an early age, and our homes accounting for about half of all household wealth. Social housing

should provide support for those who need it, when they need it, and should help vulnerable people to live independently. And opportunities for wealth must be open to all, with housing choices helping rather than hindering people's ability to build assets and find employment.

10. Housing is **inextricably linked to the wider health of the economy**, the financial markets and consumer confidence. The current challenging economic and financial circumstances make action on housing even more important – both to tackle immediate pressures now and to lay the foundations for stronger growth and stability in the future.

11. **Getting house building moving again is crucial for economic growth** – housing has a direct impact on economic output, averaging 3 per cent of GDP in the last decade.<sup>4</sup> For every new home built, up to two new jobs are created for a year.<sup>5</sup> Without building new homes **our economic recovery will take longer than it needs to**. The construction workforce has fallen from 2.35 million just before the credit crunch to 2.1 million today and is likely to have been mostly in house building. This 10 per cent fall is around four times greater than the decline in the overall workforce.<sup>6</sup>

### Support to deliver new homes and support aspiration

12. We are taking immediate action to get the housing market moving through:

- supporting a new and innovative new build indemnity scheme led by the Home Builders Federation and Council of Mortgage Lenders to provide up to **95 per cent loan to value mortgages for new build properties in England**, backed by a housebuilder indemnity fund
- consulting on a proposal to allow **reconsideration of those planning obligations agreed prior to April 2010** where development is stalled
- the establishment of a new **£500 million Growing Places Fund** which will support infrastructure that unblocks housing and economic growth

- launching a new **£400 million 'Get Britain Building' investment fund**, which will support building firms in need of development finance, including small and medium-sized builders. This will help to unlock progress on stalled sites which have planning permission and are otherwise shovel ready
- **freeing up public sector land** with capacity to deliver up to 100,000 new homes – with Build Now, Pay Later deals on the table, where there is market demand and where this is affordable and represents value for money, to support builders who are struggling to get finance upfront
- supporting and encouraging more individuals to build their own homes through a **Custom Homes programme, including making available up to £30 million of new funding** to support provision of short-term project finance on a repayable basis.

13. As well as taking action to get house building moving now, **we are also laying the foundations for a more responsive, effective and stable housing market in the future.**

14. We will provide **more support for local areas that want to deliver larger scale new development** to meet the needs of their growing communities – through locally planned large scale development – with a programme of support for places with the ambition to support new housing development on various scales.

15. We are putting in place **strong new incentives** for housing growth through the New Homes Bonus, Community Infrastructure Levy and proposals for local business rates retention.

16. We have consulted on **simplifying planning policy** through the draft National Planning Policy Framework (NPPF).

17. We are giving communities new powers to deliver the development they want through **Community Right to Build.**

### Supporting choice and quality for tenants

18. **To help tenants and to deliver more rented homes**, we are supporting growth and investment in the private rented housing market, as the key

to increasing choice, access and standards in the sector. The private rented sector is continuing to grow in size and importance<sup>7</sup> – that is why we are **supporting landlords and investors to invest** – building on measures announced at Budget 2011. There will be an **independent review of the barriers to investment** in private homes to rent. We are also supporting new **Build to Let** models of development, where homes are built specifically for the private rental market, with funding from investors with a medium to long term interest. Our work includes pilot projects to develop this approach. This is alongside work with local authorities to **tackle the worst properties**.

19. We are giving more **freedom to local authorities** which have retained their housing stock. Local authorities will have, for the first time in generations, direct financial and strategic responsibility for the 1.7 million council homes – and we expect them to grasp the opportunity of self-financing to provide a better deal for current and future tenants.

20. We have introduced a radical programme of **reform of social housing** through the Localism Act 2011, changing the way in which people access social housing, the types of tenancies which are provided and the way that the homelessness duty is discharged. Social housing must both provide the support that people need, when they need it, and be a springboard for social mobility, rather than trapping people into patterns of worklessness and benefit dependency. And we are doing **more to tackle fraud and tenancy abuse** – we propose to give social landlords the tools to identify and recover properties that are being used unlawfully; to charge more reasonable market orientated rents from people earning very high salaries; and to prevent people who already own a suitable home from seeking social housing too.

21. And we are considering how we can **encourage more affordable housing** – supporting greater innovation and competition between social landlords – including encouraging new private entrants into the social housing market, and considering innovative new approaches to funding affordable housing in the medium term.

22. We are **reinvigorating the Right to Buy** – to support social housing tenants who aspire to own

their own home, by raising the discounts to make it attractive to tenants across England. And to **support tenants and help build more affordable housing**, we are matching this with a commitment that, for every additional home bought under Right to Buy, a new affordable home will be built. Our firm intention is to increase the caps on discounts substantially and hence the average discount received by buyers in England would be up to half the value of their homes – which would be roughly double the current average discount.

### Tackling empty homes

23. We are **bringing more empty homes and buildings back into use** – we are providing £100 million of funding to bring empty homes back into use as affordable housing and are announcing **£50 million of further funding** to tackle some of the worst concentrations of empty homes. We are also consulting on changes to Council Tax to help tackle empty homes and bring them back into productive use.

### Better quality homes, places and housing support

24. We are **committed to providing appropriate support, protections and opportunities to struggling households** and to making the best use of social housing to provide stable homes for those who need them most. We **prioritised protection for the vulnerable** in last year's Spending Review and have established a **Ministerial Working Group to tackle the complex causes of homelessness**. We are also setting out a **new deal for older people's housing**, with a better offer to support older people to live independently for longer.

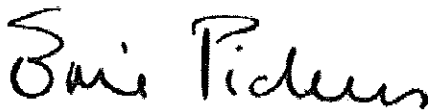
25. This strategy is **not about building more homes at any cost**. We know that the quality, sustainability and design of housing are just as important as how many new homes are built, and that getting this right is crucial if communities are going to support new homes.

26. People want to live in a home and a place that they can be proud of. We are **committed to improving the design and sustainability of housing** in ways which give communities a say over the design of new homes and

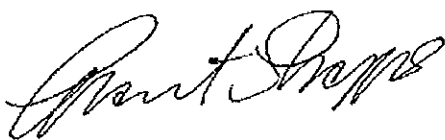
neighbourhoods. We are funding the Design Council to support communities in shaping development in their area, improving the energy efficiency of both new and existing homes, and ensuring protection of the green belt and protected areas as part of our commitment to sustainable development.

27. At the heart of this is our commitment to delivering the **Zero Carbon Homes standard** for all new homes from 2016, which will mean that all the carbon emissions covered by Building Regulations – such as from heating, lighting, hot water and other fixed building services – will need to be abated.

28. This strategy sets out the actions taken across government to support communities (including current and prospective owners and tenants), local authorities, landlords and developers to work together to meet the housing needs of the country – now and in the future.



The Rt Hon Eric Pickles MP  
Secretary of State for Communities and  
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The Rt Hon Grant Shapps MP  
Minister for Housing and Local Government

## Notes

- 1 See: [www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/housebuilding/](http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/housebuilding/). Net additions over the past ten years (2000/01–2009/10) have been around 160,000 per annum on average. See: [www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/netsupplyhousing/](http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/netsupplyhousing/)
- 2 Average annual figure until 2033. DCLG (2010) *Household Projections, 2008 to 2033, England*. See: [www.communities.gov.uk/publications/corporate/statistics/2033household1110](http://www.communities.gov.uk/publications/corporate/statistics/2033household1110)
- 3 103,750 starts in 2010/11, 88,690 in 2009/10 and 80,550 in 2008/09. DCLG (2011) *House Building: September Quarter 2011, England, Table 1a*. See: [www.communities.gov.uk/publications/corporate/statistics/housebuildingq32011](http://www.communities.gov.uk/publications/corporate/statistics/housebuildingq32011)
- 4 Office for National Statistics (ONS) Construction Output. See: [www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-224276](http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-224276)
- 5 DCLG analysis (based on Scottish Government estimates of construction employment multipliers and previous English Partnerships guidance). See: [www.scotland.gov.uk/Topics/Statistics/Browse/Economy/Input-Output/Multipliers](http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/Input-Output/Multipliers)
- 6 ONS Labour Market Statistics
- 7 From 8 per cent in the late 1980s to 16 per cent in 2010. Rugg, J and Rhodes, D (2008) *The Private Rented Sector: its contribution and potential*. Centre for Housing Policy, University of York; English Housing Survey (2010/11)