SOLVING THE HOUSING CRISIS
THE BIG IDEA
So who hasn’t heard there is a housing crisis in the UK? Those of us working in the residential sector are acutely aware, not least because our desks are bowing from the weight of the many papers, commentator theories and draft or existing policies detailing the reasons for the problem and the latest ideas and potential solutions to help resolve it.

This is one problem, however, that is not reliant on industry experts’ interest to retain its profile. Rather, it is something that affects every single one of us. Whether you’re a ‘baby boomer’ enjoying property ownership wealth, or from modern day’s ‘generation rent’ and suffering from being locked out of home ownership, each one of us is aware of the limitations on our housing options.

The UK is simply not producing enough new housing, either in number or tenure type, to meet the demands of a growing and ageing population. Current outputs are broadly half of what is needed to keep up with household formation and demographic and migration challenges. Furthermore what is being delivered is largely of one type – homes for sale, which is the tenure of choice for the UK (upheld by all main political parties, not least because of its positive impact on the economy). However, this form of tenure brings with it huge affordability challenges and is not accessible to a large proportion of society. After all, the availability and affordability of housing is a vital foundation of the country’s dynamic and sustainable economy and has a very real impact on the UK’s regional and international competitiveness.

Meanwhile, private housebuilders are able to manage the supply of new homes into the market to optimise house prices for greatest return, whilst the lack of capacity in the house building industry makes the physical ability to achieve the required output levels hard to imagine. The overall result is mass under-supply of a diverse range of alternative tenures, including private housing to rent and a range of affordable homes.

The issue is now deemed a crisis and there is considerable political will to resolve it. But with wider fiscal challenges, the Government does not have the public money to throw at it. Indeed the housing crisis is already costing the taxpayer too much, not least due to the rising and unsustainable Housing Benefit bill.

The issues relating to this lack of supply are multifaceted and highly complex but the impact on society and the economy means it is time to THINK BIG!
The fall in owner occupiers coincided with a rise in privately rented households. Throughout the 1980s and 1990s, the proportion of private rented households stayed steady at around 10% of the market. However, the sector has undergone sharp growth since the early 2000s and nearly doubled in size by 2012-13, with 18% of households now living in the private rented sector.

The Government encouraged home ownership for those who traditionally rented. From 1971, home ownership has been the prevailing tenure type for households in England.

Between 1991 and 2000 the proportion of owner occupiers was equal to the combined rental sectors. However, the sector has undergone sharp growth since the early 2000s and nearly doubled in size by 2012-13, with 18% of households now living in the private rented sector.

An average of 95,000 sales per year under the ‘Right-to-Buy’ scheme

Large-scale voluntary transfer introduced, enabling local authorities to transfer the ownership and management of the council homes to housing associations

The Government encouraged home ownership for those who traditionally rented.

Large-scale rebuilding programme

Wages grew faster than house prices making owner occupation more affordable

Crash in house prices followed by a recession

Economic growth

Rent subsidies meant social housing was more affordable than private

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Large-scale voluntary transfer introduced, enabling local authorities to transfer the ownership and management of the council homes to housing associations.

Household aged 25-34 were more likely to be renting privately than buying their own home

1

Home ownership has been the prevailing tenure type for households in England since 1971.

The number of owner occupiers peaked in 1980 (16.6 million) and has fallen steadily since then, with 14.3 million owner occupiers in 2011.
The timeline to the left shows the history of housing delivery and tenure trends, and highlights the factors that have made owner occupation the tenure of choice in the UK, taking over from a wartime dominance of private rented housing. It also shows how three broad tenure options have interplayed during economic cycles and times of supply constraint.

The diagram shows the housing output produced in each delivery sector over the last 100 years and the corresponding borrowing, debt and GDP figures for delivery peaks from the public sector. This gives a picture of how these producers of housing have responded through economic cycles and demonstrates the cyclical nature of housing supply. There appears to be little consistency in output, which in itself compounds economic impact through volatility in house price inflation. Public sector output has contributed well during modest Public Sector Borrowing Requirement (PSBR) borrowing, but has, unsurprisingly, drastically dropped off as borrowing has increased to unsustainable levels. The shortage in new supply of more affordable housing has in turn impacted on the trends in housing on the previous page for example, private rented sector adoption has risen during periods of limited affordable housing options.

References: DCLG Live Tables on Dwelling Stock (Table 102 Dwelling Stock: by tenure, Great Britain); Borrowing & Debt figures: ONS Public sector finances release, 20 March 2015.
By looking more closely at delivery and tenure type targeted each year, we see that actual delivery has fallen way short. This creates not only a crisis in housing availability but also in housing choice. In England the picture looks like this:

### Housing Supply and Demand

There have been varying estimates of housing need in recent years, with decades of housing completions in the UK not having kept pace.

**2011**

The Institute of Public Policy Research estimated that by 2025, 3.3 – 4.5 million additional households would be formed and, without a change in building patterns, demand would outstrip supply by 750,000 homes.

**2012**

The Future Homes Commission stated that around 300,000 new homes should be built each year to keep pace with demand.

**2013**

The Town and Country Planning Association projected that household numbers would reach 26.3 million by 2031 and that 245,000 additional new homes would be required each year to meet the newly arising demand (but not to address the backlog).

**2014**

Shelter projected that 240,000 new homes per annum were needed in England alone.

In 2014, Shelter researched and published ‘In the mix: the need for diverse supply of new homes’ which stated that of the 240,000 homes needed annually, half needed to be market housing, 20% intermediate housing and 30% social rented housing.

In 2014, England achieved only 47% of required additional housing and only 43% of affordable housing for both social rent and intermediate form.

In trying to understand this, it is not necessary to look too far back, only to when the housing market suffered understandable distress following the international banking crisis. The interventions of subsequent government initiatives resulted in a better balance of targeted tenure types being delivered. However, overall supply significantly underperformed against actual need.

**Government Housing Supply Target and Tenure Demand in 2007**

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<tr>
<td>Total</td>
<td>240,000</td>
<td>187,680</td>
<td>118,510</td>
<td>112,400</td>
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<td>Market Housing</td>
<td>50,000</td>
<td>24,670</td>
<td>19,630</td>
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<tr>
<td>Social Rented Housing</td>
<td>45,000</td>
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<td>Intermediate Housing</td>
<td>145,000</td>
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**Government Housing Supply Target and Tenure Demand in 2007**

In 2007, the Government set a target for additional homes of 240,000 a year by 2016 with 70,000 affordable homes a year by 2010/11 (parliament.uk).

**Actual Housing Delivery in 2007**

<table>
<thead>
<tr>
<th>Tenure Type</th>
<th>Actual (2006/07)</th>
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<tr>
<td>Market Housing</td>
<td>24,670</td>
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**Overall Housing Need and Tenure Demand in 2014**

In 2014, Shelter researched and published ‘In the mix: the need for diverse supply of new homes’ which stated that of the 240,000 homes needed annually, half needed to be market housing, 20% intermediate housing and 30% social rented housing.

**Actual Housing Delivery in 2014**

Only 112,400 new homes were delivered in 2013/14 (gov.uk statistics), a shortfall of 127,400 against annualised need figures. No segment target was met. Market housing accounted for 62% rather than the 50% share suggested by Shelter’s needs analysis.
1 Develop new ways of funding affordable housing solutions for sale and rent to develop at scale

2 Create a housing market with a greater diversity of provider type

3 Make affordable housing viable without a government-backed grant, and turn the use of public assets into a financial investment for the Treasury

4 Help to address the rising Housing Benefit bill

5 Identify ways to meet housing demand whilst adding £2.84 for every £1 spent on housing construction

6 Incentive production of homes for rented tenures

7 Substantially increase a diverse supply of housing into the marketplace and improve control of house price inflation

8 Develop capacity building to create a long-term pipeline of output using modern methods of construction

9 Implement ‘housing for sale’ as a route to making profits to subsidise affordable housing provision

10 Sustain purchaser appetite

11 Leverage further the public sector’s response to embracing direct delivery of housing

12 Adopt a devolved or devolving structure for delivery which generates greater advantage for local citizens

13 Find innovative ways to use land that create investment returns for the taxpayer

14 Embrace the Government’s planning reform announcements

15 Enhance the public sector’s response to meeting demand, including building capacity building to facilitate delivery of houses

16 Mobilise resources and mobilise the supply of infrastructure to support new housing developments

17 Utilise existing public assets to provide additional housing

18 Increase the use of land for housing development

19 Enhance the planning regime to encourage and facilitate development

20 Increase the use of affordable housing stock

21 Increase the use of land for housing development

22 Enhance the planning regime to encourage and facilitate development

23 Mobilise resources and mobilise the supply of infrastructure to support new housing developments

24 Utilise existing public assets to provide additional housing

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26 Enhance the ability of the housing association sector to deliver affordable housing solutions

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In reviewing housing trends and cyclical supply outputs of the last 100 years, no intervention has created sustained supply year in, year out nor sustainable impact therefrom. The housing delivered versus the housing need has equally confirmed the crisis in housing choice. We need the housing market to become more sustainable and to provide long-term economic advantages to the UK’s prosperity, whilst achieving a shift in tenure mix and housing choice aligned more accurately to housing need and demand. We need new ways of funding and incentivising the sustainable development of more affordable housing solutions for sale and rent to develop at scale. This in turn will help provide an environment conducive to greater institutional/pension fund investment.

In addition, the existing private sector, including housing associations, needs to scale up its supply, whilst new entrants need to find ways to deliver without capital or revenue subsidy, together addressing the supply demands until the housing crisis is solved.
We need to create a housing market with greater diversity in provider type, giving no one type the power to control supply and influence house price inflation.

3 Make affordable housing viable without a government-backed grant, and turn the use of public assets into a financial investment for the Treasury. The UK deficit is at an all-time high and pressure remains to minimise public sector borrowing. There is clearly no public money to throw at this problem; the days of government-backed grant programmes supporting affordable housing development are limited, whilst the 2015 Budget dealt providers a revenue blow in terms of capping welfare payments and reducing social housing rents.

4 Help to address the rising Housing Benefit bill. The Housing Benefit bill is rising unsustainably. Aside from the 2015 Budget’s measures to reduce rents across social housing for the next four years, there is no sign of the private sector being able to provide enough social rented housing at scale to make a long-term impact on this problem.

5 Identify ways to meet housing demand whilst adding £2.84 for every £1 spent on housing construction. Housing delivery typically provides a 2.84 multiplier on GDP (Construction in the UK economy – the benefits of investment, October 2009). GDP growth helps the UK to pay down the deficit, whilst underpinning the country’s economic prosperity and sustainability.

Finding a way to meet housing demand in England for 240,000 new homes a year would add £2.84 for every £1 spent on construction, whilst giving £0.56 back to the Treasury in associated taxes:

• £1 on construction related wages
• £1.09 indirect expenditure
• £0.75 expenditure on increased household income.

This spend on housing influences the economic competitiveness of regions and localities in which the housing is delivered.

6 Incentivise production of homes for rented tenures. In seeking greater diversity in what is actually delivered, it needs to be recognised that the development playing field is not level for those building to sell versus those building to rent. This is one reason why the Government is set long-term. Making assets such as publicly owned land perform financially in this way is an opportunity to introduce a powerful multiplier effect which would help pay down the deficit.

We need to find a way to turn incentivise investors and developers to produce homes for rented tenures. We need to make affordable housing rents.

We need to create a housing market with greater diversity in provider type, giving no one type the power to control supply and influence house price inflation.

House building is at an historic low and this has been a long-term declining trend. To reach 240,000 in England alone, house building numbers need to rise by circa 100% to miss its target of having helped start 1,000 new build-to-rent homes through a £1 billion fund launched two years ago.

Building to sell confers a distinct advantage. Housebuilders have the opportunity to achieve best value on residual land when they purchase and are also more likely to get planning permission because they can demonstrate the viability of the development.

In order to address this, we need to:

• find measures that level the playing field, which in turn incentivise investors and developers to produce homes for rented tenures
• make sure that Section 106 (6106) for affordable housing provision is delivered on all sites, in and outside London, making all land owners, both public and private, deliver consistently on such obligations
• make sure local planning authorities exert their powers to bring forward and enable land in their local plans for tenures other than outright sale – using the rental covenant for example.

7 Substantially increase a diverse supply of housing into the marketplace and improve control of house price inflation. Peaks and troughs in housing supply contribute to volatility in house price inflation and ultimately housing market booms and busts. These in turn trigger unemployment and lower GDP, impacting the country’s economy for years, as we saw in the 2007/08 property crash.

Substantially increasing and then sustaining diverse supply in the market would help control inflation, which in turn would help stabilise the housing market for all providers.

8 Develop capacity building to create a long-term pipeline of output using modern methods of construction. As we reported in our most recent paper, ‘People and Money – Fundamental to Solving the Housing Crisis’, the country’s capacity to build is constrained and in a crisis of its own. House building is at an historic low and this has been a long-term declining trend. To reach 240,000 new homes in England alone, house building numbers need to rise by circa 100%. Putting this into perspective – numbers grew from 2001 to 2007 by 36%, adding a further 47,000 new homes per annum. Between 1958 and 1968 there was an increase of 53%, representing 121,000 new homes per annum. So boosting the industry to quickly provide an additional 120,000 homes a year is a huge ask.

The output base we have today is similar to that of between 2001 and 2007 and it took no less than six years to achieve less than half of what we need today. This was achieved within a favourable economic environment and, importantly, from a labour market perspective, also supported by a large influx of migrant workers. These workers helped to reduce the high and increasing constraint on production from skills shortages in the late 1990s and early 2000s.

Whatever the intervention, we must find a solution which is given time to create sustainable outputs and is underpinned with capacity building for a long-term pipeline of output including skills/human capacity, building materials and technical solutions such as modern methods of construction, which drastically reduce construction times.
If we create a solution that is viable by using profits from housing for sale to deliver the diversity we need in more affordable housing provision, we must also seek to sustain purchaser appetite, against a backdrop of reducing levels of house purchasing as a nation in favour of the private rented sector.

11 Leverage further the public sector’s response to embracing direct delivery of housing
Since the advent of the Localism Act 2011, which introduced refinancing rules and greater operating freedoms, we have seen local authorities seek to directly deliver new housing.

12 Adopt a devolved or devolving structure for delivery which generates greater advantage for local citizens
The devolution agenda is changing the public sector landscape, with Greater London Authority (GLA) and Manchester already having control of their budgets and policy design for housing supply.

Exploring how devolved structures, including Local Enterprise Partnerships, can best serve a considerable increase in housing outputs and generate greater advantage for citizens locally must be considered. The solution needs to deliver an implementable blueprint, providing consistency of delivery, which in turn will give the market a consistent pattern of play and encourage investor confidence.

With house price inflation far outstripping that of wages, the UK tenure of choice needs both sustainable support at the point of purchase and a stable economic environment to remain affordable throughout ownership.

The Elphicke-House Report summarises the emerging innovation and appetite from many councils leveraging these powers.

We need to consider how this can be scaled up and public direct delivery made part of the supply challenge solution.

13 Find innovative ways to use land that create investment returns to the taxpayer
There is a long-standing issue of land availability, accessibility and affordability. We need greater visibility of public land ownership and innovative ways of using it which control its sale value whilst creating ‘investment’ returns to the taxpayer.

There should also be greater incentives for private land owners to release their land rather than speculating on house price inflation to generate greater returns.

The Government Property Unit’s work over recent years and its One Public Estate strategy will clearly underpin the collaboration needed here. Meanwhile, the GLA has commissioned a database of surplus public brownfield land in London to be ready by the end of 2015. Likewise a new Greater Manchester Land Commission will be created to build a database of public land across Greater Manchester and identify land that can be used for housing.

14 Embrace the Government’s planning reform announcements
Despite the intended brevity and simplicity of the National Planning Policy Framework introduced in 2011, aimed at putting places and people at the heart of the planning system, there are mixed reactions from planning professionals as to whether the provisions within it are working successfully to boost housing supply.

Reforms aimed at making the planning system quicker and simpler to use are high on the Government’s agenda. The July 2015 Productivity Plan, ‘Fixing the foundations: creating a more prosperous nation,’ contained a number of proposed planning reforms, including:

- intervention by the Secretary of State over the production of local plans where local authorities are judged to be too slow
- a zonal system for brownfield land creating automatic permission for housing
- a tighter planning performance regime designed to encourage faster planning application processing times
- new legislation to allow major infrastructure projects with ‘an element’ of housing to be considered as part of the Planning Act 2008 development consent regime.

We need to embrace the Government’s planning reform announcements, in addition to the acts that seek to support

custom/self-building and build-to-rent whilst seeking to level the playing field through a more standard approach to delivering diversity in housing tenure.
THE BIG IDEA
THE BIG IDEA

A multifaceted solution is required – it is time to implement big thinking! **THE BIG IDEA** uses four pillars of transformation which seek to increase housing supply to at least 240,000 per year in England over a sustained period of time, whilst providing:

- the diverse range of tenures needed
- investment returns to the taxpayer
- a platform of opportunity to address skills shortages and provide employment
- considerable simultaneous growth opportunity for the private sector
- powerful productivity outputs for the Treasury.

THE BIG IDEA starts with the creation of a National Housing Service which will:

- be in control of strategy and provide the mandate for direct public delivery of housing of all tenures at scale (target 65,000 per annum)
- deliver locally within devolved or devolving regional structures
- deliver for a sustained period (30 years plus) to catch up with demand forecasts
- adopt profits from housing for sale tenures and revenue streams from rental homes to support cash flow in the financial model
- be the developer/contractor but not the housing manager
- take up to two parliamentary cycles to mobilise a sustainable model
- seek first call on public land suitable for residential development and purchase under a delayed payment mechanism
- be self-sustaining by adopting a delivery model that does not require any grant funding or any draw upon the PSBR
- use private finance for cash flow, as required, through non-PSBR arrangements
- optimise affordable housing delivery whilst providing a clear pathway for customers from social rent into forms of home ownership
- sell portfolios of National Housing Service rental stock through the term to institutional investors (based upon maintaining tenure type) to pay back public land value with value appreciation
- use surplus cash to repay initial 'set up' costs in the early years of development
- buy private land once public reserves are depleted.

Ensure that new supply from the private sector (including housing associations) is sustained and increased year-on-year through sharing elements of the National Housing Service’s supporting infrastructure.

Build capacity to deliver by providing the private sector with incentives to increase volumes and innovate.

Ensure that government-backed home ownership incentives remain and are added to for a sustained period of time, spanning parliamentary terms.

Ensure that new supply from the private sector is sustained and increased year-on-year through sharing elements of the National Housing Service’s supporting infrastructure.
The critical success factors for implementing the four pillars of transformation

- **Use** the scale of delivery of housing of all tenure types to provide a highly attractive investment portfolio pipeline for institutional investors/pension funds
- **Make** the National Housing Service politically neutral, spanning parliamentary terms
- **Develop** a build-to-rent (of all affordability levels) planning toolkit which seeks to exit to future investors in a sustainable private rented sector market place, whilst levelling the playing field with build-to-sell
- **Ensure** that the National Housing Service’s remit complements and aligns with the Government Property Unit (GPU) and the activity that it is leading, as it will increasingly shape the public sector footprint and, by extension, the surplus in the public estate
- **Close** alignment between the GPU and the National Housing Service, focusing particularly on the former’s ‘Hubs’ strategy and its ‘One Public Estate’ programme will be paramount, whilst connecting to sub-regional and local agendas on public assets
- **Apply** demographic trend modelling using the Strategic Housing Market Assessment data to financially model how to meet need whilst joining up thinking with the Department of Health for adult social care
- **No** adoption of affordable rent, only provision of social rent
- **Use** the Home and Communities Agency (HCA) frameworks to procure Official Journal of the European Union (OJEU) compliant construction partners and professional services
- **Introduce** effective purchaser incentives (ideally investment-based ones), applying new initiatives as required to meet evolving market dynamics, as greater supply hits the market from the National Housing Service and private sector
- **Optimise** self-build/custom-build (and use of local development orders) as a major contributor to skills development and delivery to achieve 100% affordable housing schemes by virtue of the delivery mechanism. Self-builders save circa 20% compared to purchasing fully completed homes direct from housebuilders
- **Build** for outright sale, market rent and as much social rent as is viable in addition to mandatory compliance with standardised s106 provision
- **HCA** to continue to protect social housing assets which are supported by grant through regulation
- **Use** housing associations and local authorities with stock to manage the social rented units and specialist private rented sector managers for build-to-rent. This will provide existing landlords with an opportunity to become more efficient through greater scale, thereby freeing up resources for further supply
- **Pay** all planning obligations in full, for example, s106 and Community Infrastructure Levy (CIL) provisions for infrastructure supporting the wider agenda of placemaking with housing growth at scale. This is to support the delivery of economic and social infrastructure in each locality
- **Apply** a planning strategy that standardises s106 for affordable housing provision including the legal agreements, across the board (public and private) - 35% in London and 25% in the rest of England – and make compliance mandatory
- **Apply** ‘Right-to-Buy’ to all housing provided but apply a 20% discount (rather than the current 30%), after three continuous years of tenancy. The 20% will level the playing field with all other forms of intermediate housing for sale. All proceeds to fund new National Housing Service supply
- **Sustain** the National Affordable Housing Programme (NAHP) to support the private sector and use HCA to administer it
- **Turn** the NAHP into credits per unit for solutions using modern methods of construction (MMC), providing the order book to underpin capacity building investment
- **Leverage** HCA/devolved land commissions to support the assembly of a public land portfolio, including provision above new public infrastructure of 5000 hectares, whilst recognising that the faster public services reform efficiency wise, the faster sites will come forward for re-purposing.
THE STEPS TO IMPLEMENTATION

**FOUR PILLARS OF TRANSFORMATION**

1. **Set up a National Housing Service to deliver housing of all tenure types at scale**
   - A fully operational National Housing Service by 2029
   - 15,000 new homes delivered annually by Year 5
   - Full operational capacity by 2039

2. **Build capacity to deliver**
   - Targeted training and work smoothing across the industry
   - Private sector responds to supply

3. **Sustain private house building**
   - Use National Affordable Housing Programme to provide ‘credits’ in MMC factories
   - Apprenticeship programmes set up

4. **Incentivise tenure of choice to sustain demand**
   - Off-site, offsite delivery set up and scaled in phases

**TWO PARLIAMENTARY CYCLES TO SET UP FOR SUSTAINABLE SUCCESS**

**OUTPUT**
- Year 1–3: 15,000
- Year 4–5: 23,000
- Year 5–9: 30,000
- Year 10–12: 37,000
- Year 13: output reaches target of 45,000 new homes per annum

**2016**
- Regional direct delivery (contractor) in place
- First repayments made to Treasury for public land

**2029**
- Regional direct delivery (contractor) fully mobilised
- First sales receipts flowing and supporting viability of wider programme

**2039**
- Regional direct delivery (contractor) fully mobilised
- First homes for new private rental sample settlement starting to deliver

**2046**
- Right-to-Buy sales with 20% discount – receipts recycled into new development
- Strategic Review of years 1–3 interventions and improve as necessary every three years

**THE STEPS TO IMPLEMENTATION**

**1. Set up a National Housing Service to deliver housing of all tenure types at scale**

**2. Build capacity to deliver**

**3. Sustain private house building**

**4. Incentivise tenure of choice to sustain demand**

**‘Right-to-Buy’ sales with 20% discount – receipts recycled into new development**
The steps to implementation

The diagram to the left outlines the implementation stages required to set up and deliver THE BIG IDEA over an initial 30-year timeline. The steps for setting up a National Housing Service have been financially modelled to establish proof of concept.

The big results

In the first 30 years, the National Housing Service would be capable of delivering:

- Over half a million new affordable homes – 267,000 new social rented units and 236,000 intermediate homes (124,000 shared ownership and 112,000 intermediate for sale)

  **1,499,000 new mixed-tenure homes**

- Larger and more sustainable self-build market developed and underpinned by National Housing Service plot supply opportunities

  **£1.307 trillion**

  Significant GDP impacts resulting from overall construction spend over 30 years × 2.84 multiplier effect = £1.307 trillion

- Sustainable vehicle for delivery developed (demonstrated through confidence generated in the marketplace as a result of consistency of application across devolved regional structures), with the ability to continue beyond 30 years

  **£20 billion**

  All CIL and s106 supporting infrastructure paid in full – circa £20 billion

- Compelling route for local authorities discharging their responsibilities for greater housing provision in strategic enabling, planning and landlord efficiency terms

  **97,500 new jobs**

  Skills and capacity built by creating 97,500 new jobs by leveraging trajectory of sustainable supply. Capacity building through the provision of 80,000 new trainee placements

- Concept of ‘Right-to-Buy’ fully supported and delivered throughout but with discounts comparable to other intermediate forms of housing at 20%

  **Larger and more sustainable social rented unit**

- All CIL and s106 supporting infrastructure paid in full – circa £20 billion

  **£2.9 billion cash reserve after 30 years and when all land paid for**

  - Enhanced deferred land payments generated to benefit taxpayer worth £38 billion (enhancement of £20.2 billion from purchase date)
  - No public borrowing used for cash flow
  - Volume of rental property delivered – prime for institutional investment
  - 57% more social rent delivered on top of s106 obligations

- Win-win outcomes for central and local government

  **£38 billion (enhancement of £20.2 billion from purchase date)**

- Within 30 years, as a combined effort, the private sector and National Housing Service will have the potential to provide:

  - Skills and capacity built by creating 97,500 new jobs by leveraging trajectory of sustainable supply. Capacity building through the provision of 80,000 new trainee placements

  **97,500 new jobs**

  - Better health and education outcomes through tenure diversity and impact on placemaking agenda via large-scale investment in social and economic infrastructure

  **Combined annual housing supply outputs of circa 240,000 and beyond**

- More attractive regions for external investment with housing becoming more affordable and high quality

- Reduced homelessness

- Rebalanced diversity of tenures in annual outputs by strict delivery of standardised s106 and over-delivery by National Housing Service of social rented homes

- Reduced Housing Benefit bill

- More stable rents through greater supply competition

- MMC supply set up, stabilised and in growth mode

- More stable house price inflation with less chance of boom and bust

- Better health and education outcomes through tenure diversity and impact on placemaking agenda via large-scale investment in social and economic infrastructure
THE RESULTING OPERATING ENVIRONMENT

There would be a significant difference between the current operating environment and the environment as a result of implementing **THE BIG IDEA**:

### CURRENT

<table>
<thead>
<tr>
<th>Owner occupation UK’s tenure of choice</th>
<th>GDP</th>
<th>Delivery of housing</th>
<th>Skills and capacity</th>
<th>House prices</th>
<th>Housing Benefit bill</th>
<th>UK economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK’s tenure of choice</td>
<td>UK deficit at an all-time high – house building outputs suboptimal for GDP well-being</td>
<td>Not meeting output targets in volume or tenure diversity</td>
<td>Major shortage in skills capacity to meet annual housing target</td>
<td>Restored to pre-crash levels and rising</td>
<td>At record high</td>
<td>Still in recovery with austerity measures still in place for local government</td>
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<tr>
<td>with policies in place to support it. Trends show significant barriers to entry exist</td>
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### RESULTING OPERATING ENVIRONMENT

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</thead>
<tbody>
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<td>Affordable and accessible</td>
<td>Improved with routes to deficit pay-down in place and GDP supported significantly by size of house building market</td>
<td>Building at least 240,000 per annum across all tenures with capacity to build greater volumes if required</td>
<td></td>
<td>Less volatile through greater and more sustained supply</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Skills and capacity
Skills developed and capacity generated to sustain the production of 240,000 new homes a year through traditional and modern methods of construction

**UK economy**
Public land set to repay £17.8 billion plus an additional £20.2 billion of interest by the end of a 30-year initial period, plus £2.9 billion cash reserve. This provides a significant return on investment, which will help pay down the deficit.
THE BIG IDEA – achieving regional, national and international competitiveness by alleviating pressures on housing supply and affordability, providing skills and employment opportunities and delivering compelling levels of economic productivity.