

The future of housing supply: How can councils help build ONE MILLION HOMES



Clr Keith House
Co-author “Local Government
Role in Housing Supply” (2015)
Leader, Eastleigh BC



Context

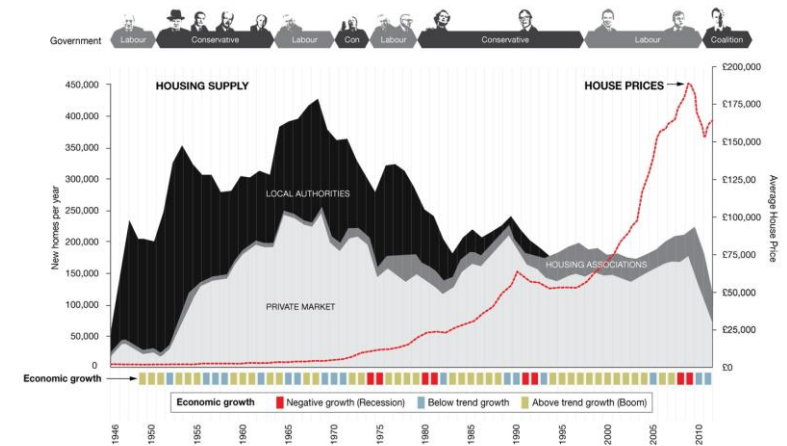
- Under supply of housing for nearly 40 years
- Accepted need between 200-300,000 allowing for catch up
- Current supply typically 150,000
(last quarter '16 showed 190,000 inc 30,000 conversions)

- Government target of “One million homes”
- Fundamental – more homes = more affordable

Not like other markets:

House building, house prices and economic growth in England

Over the last 35 years, housing supply has fallen rapidly whenever the economy has shrunk or house prices have fallen. But supply has not increased during boom years, despite growing demand.



Data: DCLG, Nationwide, HMT. Image: A Right to Build, Architecture 00/, 2012 <http://issuu.com/architecture00/docs/arighttobuild>

Local government's wider role in housing

- Planner and place-shaper
- Developer
- Landlord
- Housing duties to the vulnerable
- Housing duties to enable an effective private rented sector



But: we're not building enough homes. Why?

But we're not building enough homes...

- Isn't it all about planning?

***It's what government
has often said***



- Isn't it all about lack of useable cash?

***It's what councils
have often said***



What are we going to do?

- Big changes from Government
 - Housing & Planning Act
 - Autumn Statement 2015
 - Budget 2016
 - Autumn Statement 2016
 - Housing White Paper
 - *all will help, won't it?*
- Local authorities resource constrained
 - *or are they?*



Chancellor Osborne

- £20bn for housing before AS 2016 - possibly biggest ever boost for housing
- Funding for Starter Homes
- Funding for Help to Buy
- Loan funding for developers
- Emphasis on more home ownership



Housing & Planning Act

- ~~Aimed at clear shift to home ownership~~
- ~~Extension of Right to Buy to Housing Associations~~
- ~~Pay to Stay~~
- ~~Starter Homes~~
- Compulsory Purchase Orders
- Rogue Landlords



Housing and Planning
Act 2016

Chancellor Hammond

Autumn Statement 2016 – A reality check

- £2.3bn Housing Infrastructure Fund to unlock supply – 100,000 homes?
- £1.4bn for 40,000 extra affordable housing starts for affordable rent and low cost ownership
- £2bn for accelerated construction on surplus public sector land
- Pay to Stay becomes voluntary



The Housing White Paper

- “The right homes in the right places”
- We need to build homes faster
- We will diversify the housing market
- We will help people now



The Housing White Paper

- Speed up Local Plans
 - Objectively assessed housing numbers
 - Ensure every Council has a plan, updated every 5 years
 - Option of combined plans
- Homes in the Right Place
 - No greenbelt reduction
 - Renewed focus on brownfield
 - Increase density
 - Public land (again)



The Housing White Paper

- Build Homes Faster
 - Increase Fees
 - Charge for Appeals
 - 2 Year Permissions
- Infrastructure and Skills
 - £2.3bn Housing Infrastructure Fund
 - Review S106 and CIL
 - “Housing Delivery Test” for councils



The Housing White Paper

- Councils and Housing Associations
 - Potential post 2020 to borrow against income
 - New vehicles and JVs?
 - Homes England (HCA) to help
- Diversify the Market
 - £3bn Home Building Fund
 - Review S106 and CIL
 - Modern methods of construction
 - Councils to plan for more homes for older and disabled people



The Housing White Paper



Lots of good stuff...

After the Election: New Consensus?

Progress since publication -

- Sajid Javid announces prospectus for Housing Infrastructure Fund at LGA Conference
- And states that consultation on new “Objectively Assessed Need” simplification will follow later in July

Grenfell Tower Disaster

- Renewed emphasis on regulation
- Questions on standards and building control
- Retrospective refits?
- New emphasis on affordable housing?



Will it build more houses?



...a qualified “yes”

...it won't
happen by
itself...



HM Treasury

BUDGET 2015

2.66 Housing Finance Institute: The government will work with local councils and Housing Finance Institute to implement a Housing Finance Institute, as recommended by their review, of the role of local authorities in housing supply, in conjunction with the Local Government Association and Business.


Natalie Elphicke OBE 18/03/2015
For Housing #Budget2015 announcements incl the Housing Finance Institute page 75 gov.uk/government/upl...

The Elphicke-House Report

From statutory provider to
Housing Delivery Enabler:

Review into the local authority role
in housing supply



 The Lyons
Housing Review





Leadership!

Planning Matters

- Local Plan
- 5-Year Supply
- Being innovative

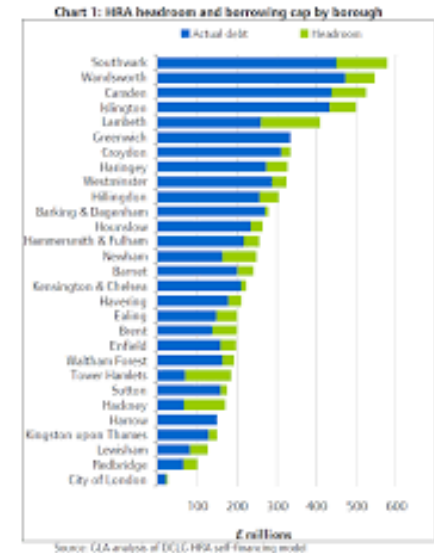


Finance Matters

- The Council's business plan
- Borrowing powers
- Understand why development is blocked
- Sort it out




**KEEP
CALM
AND
DIAL A
PIZZA**





Leadership Matters

- Political and managerial leadership
- Own the problem
- Identify solutions
- Deliver them

The Elphicke-House Report

**From statutory provider to
Housing Delivery Enabler:**

**Review into the local authority role
in housing supply**

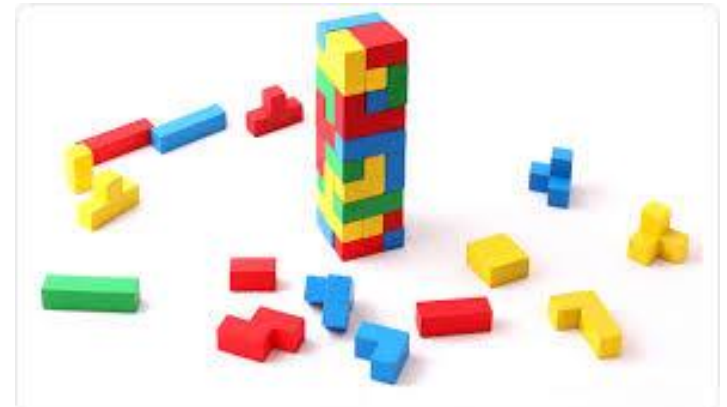


The Lyons
Housing Review



What can councils do?

- Maximise use of HRA borrowing
- Understand stalled sites - and deliver
- Re-examine underused land
- Setting up a housing company
 - Directly invest for market sale and rent
- Forward-fund infrastructure
- Buy and develop land



Why directly invest?

- 1/3 – 1/3 – 1/3 – Sale / Market Rent / Affordable
- Market rent
 - Improve quality of sector
 - Tenure diversity
 - Insatiable forward demand
 - Income to council
 - Increase supply as avoids absorption issues
- Market sale
 - Direct commissioning as part of business case
 - Cash-flow assistance for viability
 - Market sale





Local government improvement

- Councils committed to sector-led improvement
- Financial circumstances forcing new innovations and partnerships
- LGA has sector-led innovation hub, keen to capture and share practice
- Housing & Finance Institute set up following Elphicke-House Report & Budget 2015





4 sections of HBR

Leadership



HBR Building Blocks



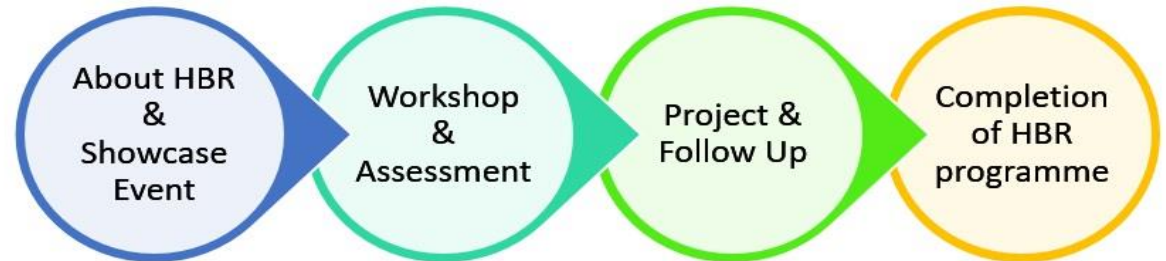
Working with Others



Driving Housing Delivery

The Housing & Finance Institute

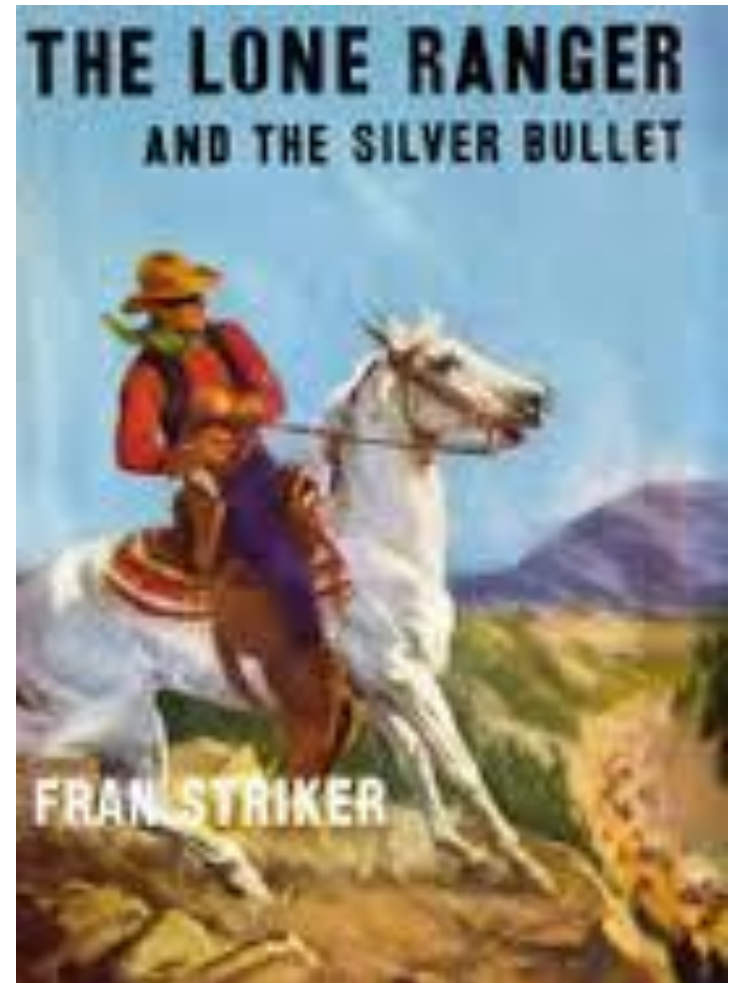
- The HFi works nationally with business and councils to support capacity building for homes
- Flagship Housing Business Ready programme for councils
- Worked with around 50 councils (district, borough, unitary, county) and LEPs
- Launching new Growth Programme for county councils in 2017
- Running first national Infrastructure dependencies pilot – housing & growth capacity



4 parts to the programme

There is no silver bullet

- Improvement relies on:
 - Powers
 - Flexibilities
 - Certainty
 - Partnership
 - Leadership



One Million Homes



www.thehfi.com

Keith.House@eastleigh.gov.uk

