

Until there's a home for everyone

Solutions for the housing shortage

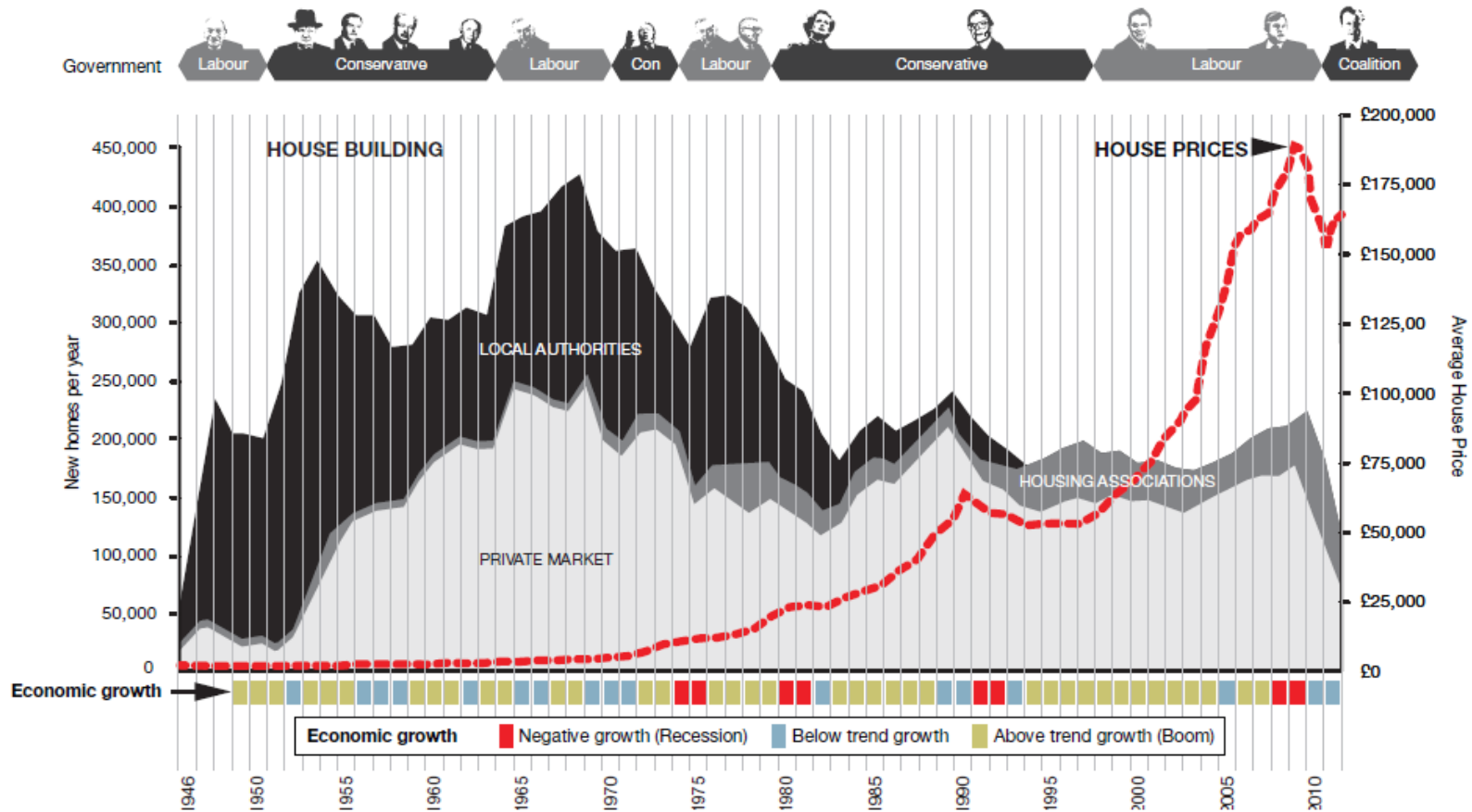
How to build the 250,000 homes we need each year

Toby Lloyd
Head of Policy

Shelter

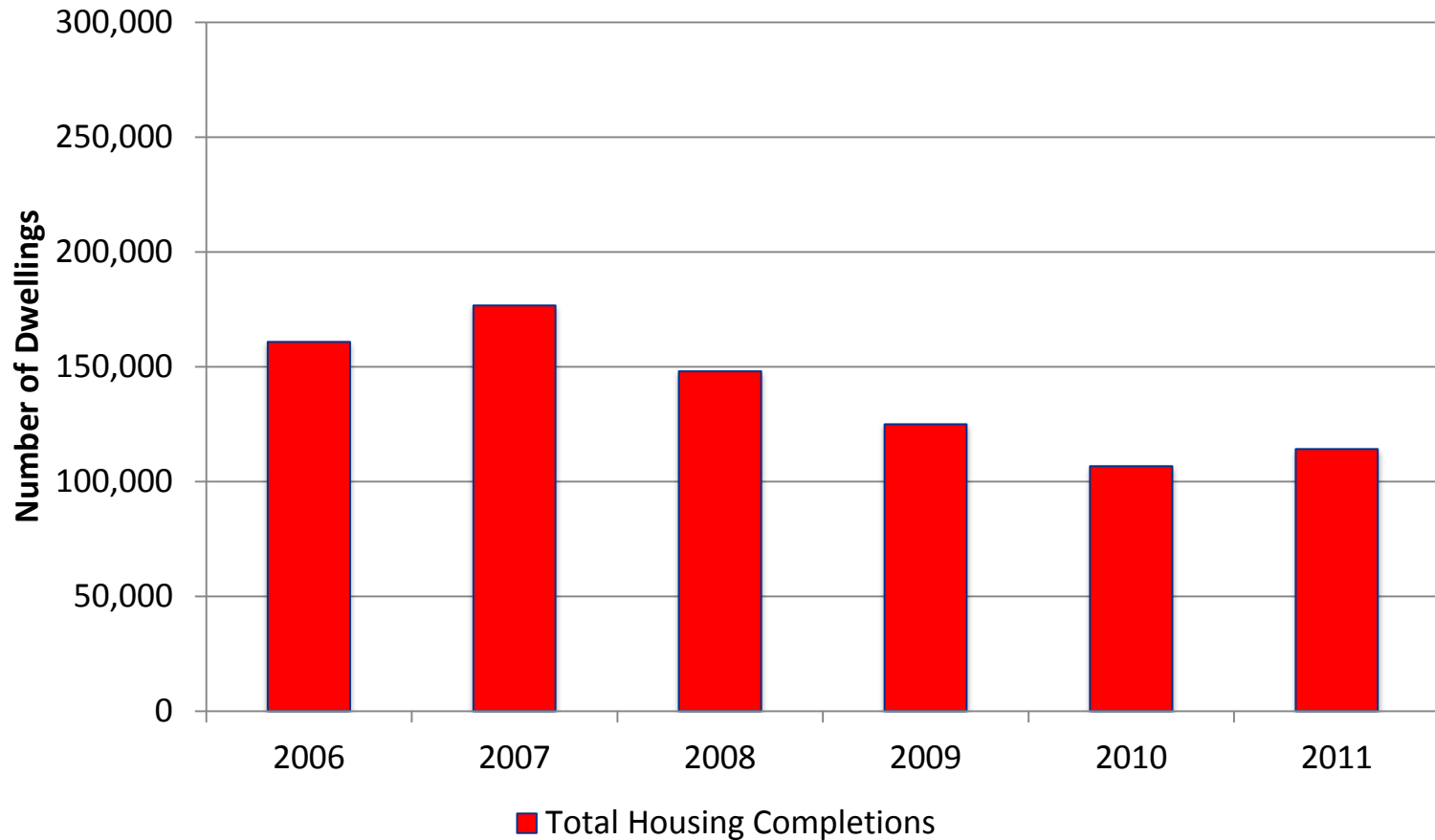
How bad is the housing shortage?

Since the 1960s, we've built fewer and fewer homes.



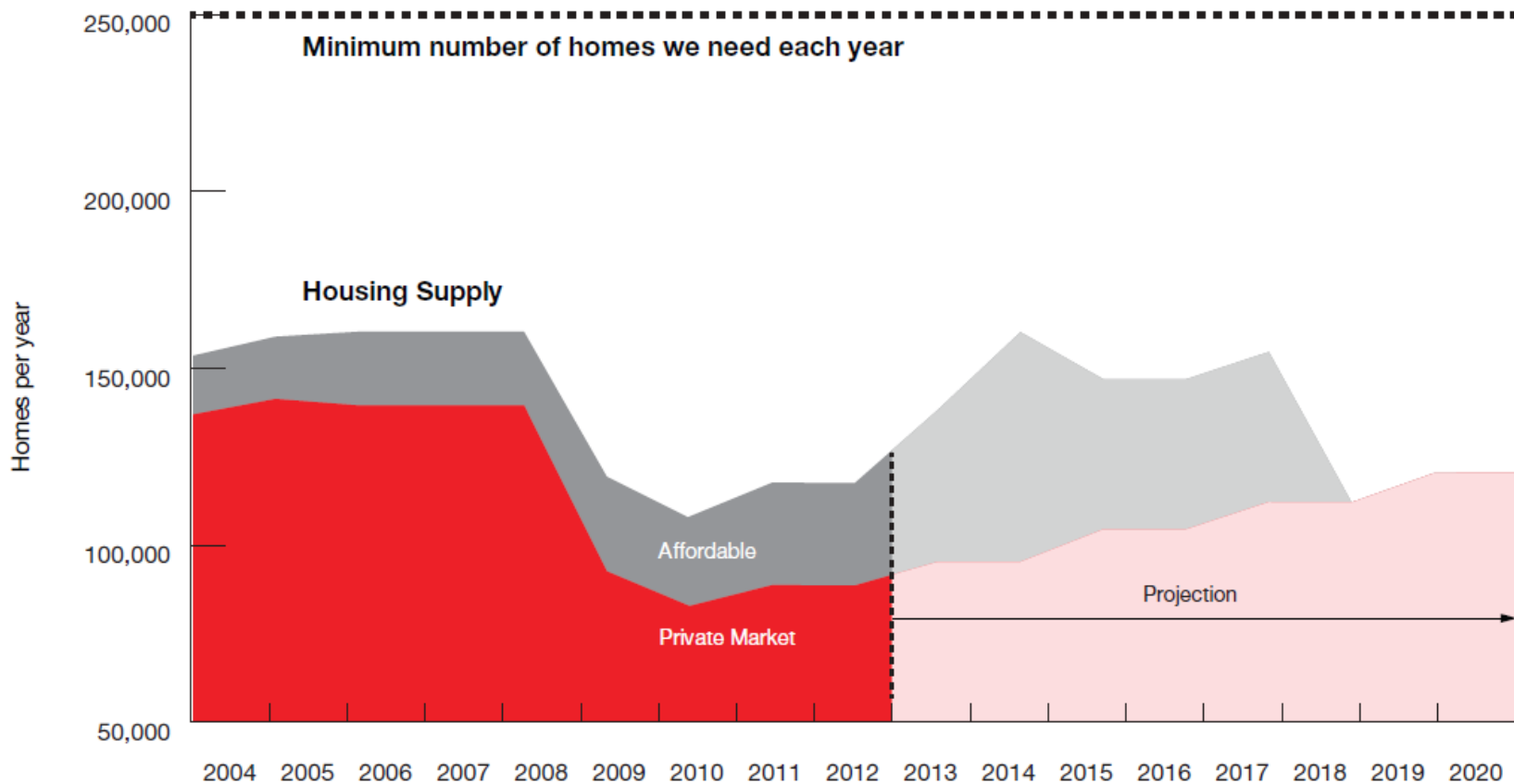
How bad is the housing shortage?

In 2010, we built the lowest number of homes in peace-time since WW1



How bad is the housing shortage?

We calculate, that current plans mean we won't build enough homes in any year for the foreseeable future.



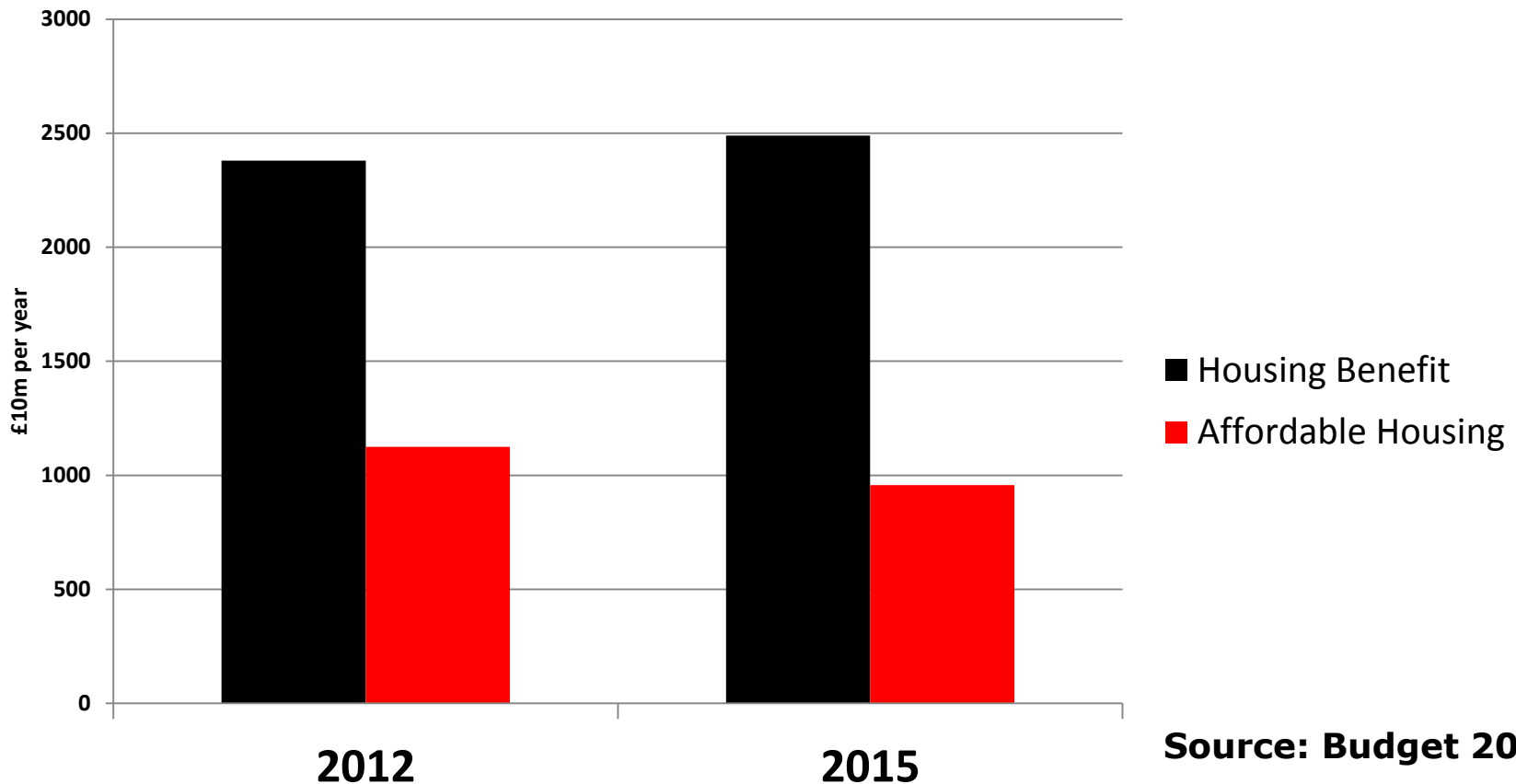
How bad is the housing shortage?

Conclusion: the shortage is huge and growing.

- We need **250,000 homes per year** to meet need. People are living longer, relationships break down and new ones start. This means the number of households grows.
- Currently and into the future, the housing shortage is **100,000 to 150,000 homes per year**.
- This means, that at current building rates the shortage will grow by **1m homes every 7 years**.

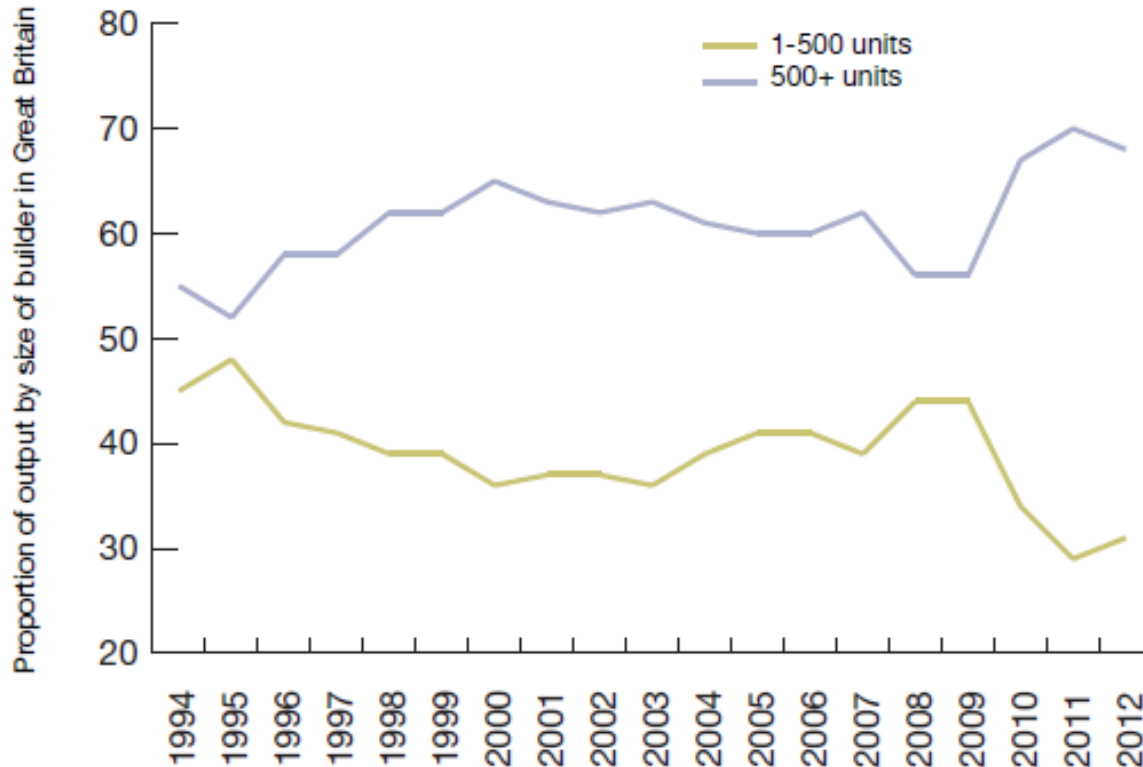
Why aren't we building homes?

(a) Public investment has declined. We spend far more on rent subsidies than on house building and the gap is set to grow.



Why aren't we building homes?

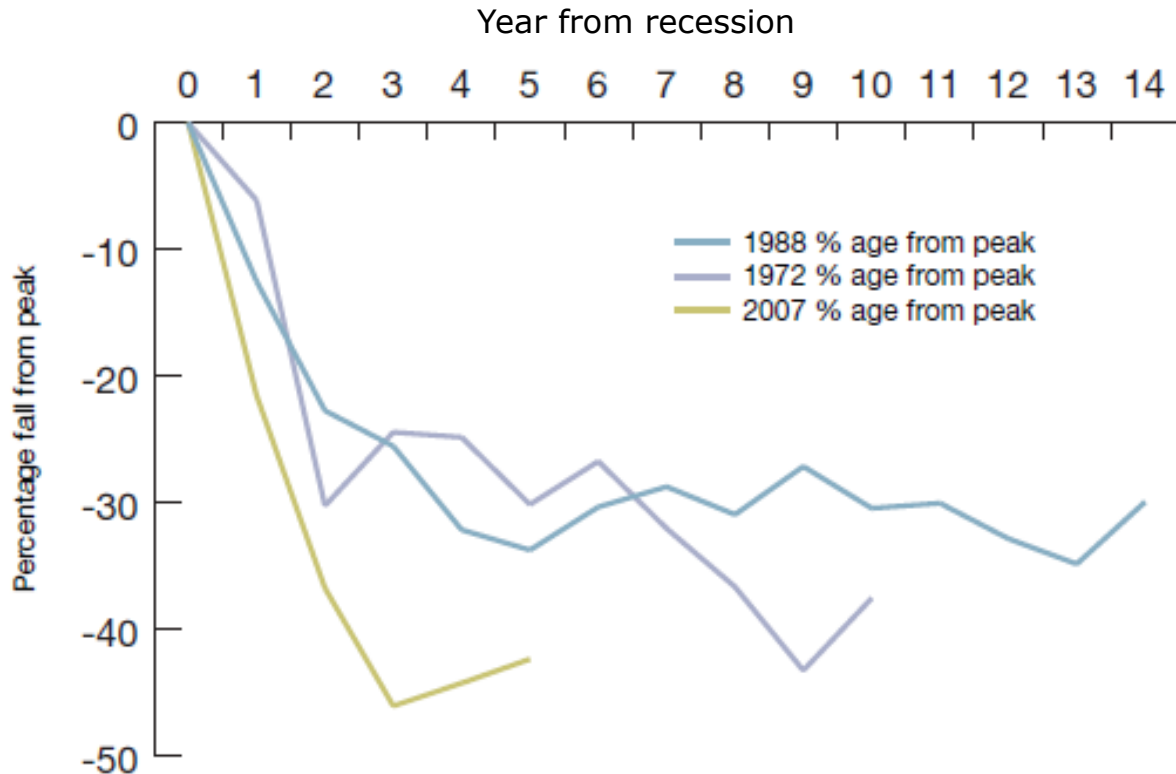
(b) The private house builder market is **controlled by a few big builders**, who are very risk averse. It's not very competitive...



Source: NHBC

Why aren't we building homes?

(b) Plus, the historical record of recovery from recession is very poor for the private house builders...



Why aren't we building homes?

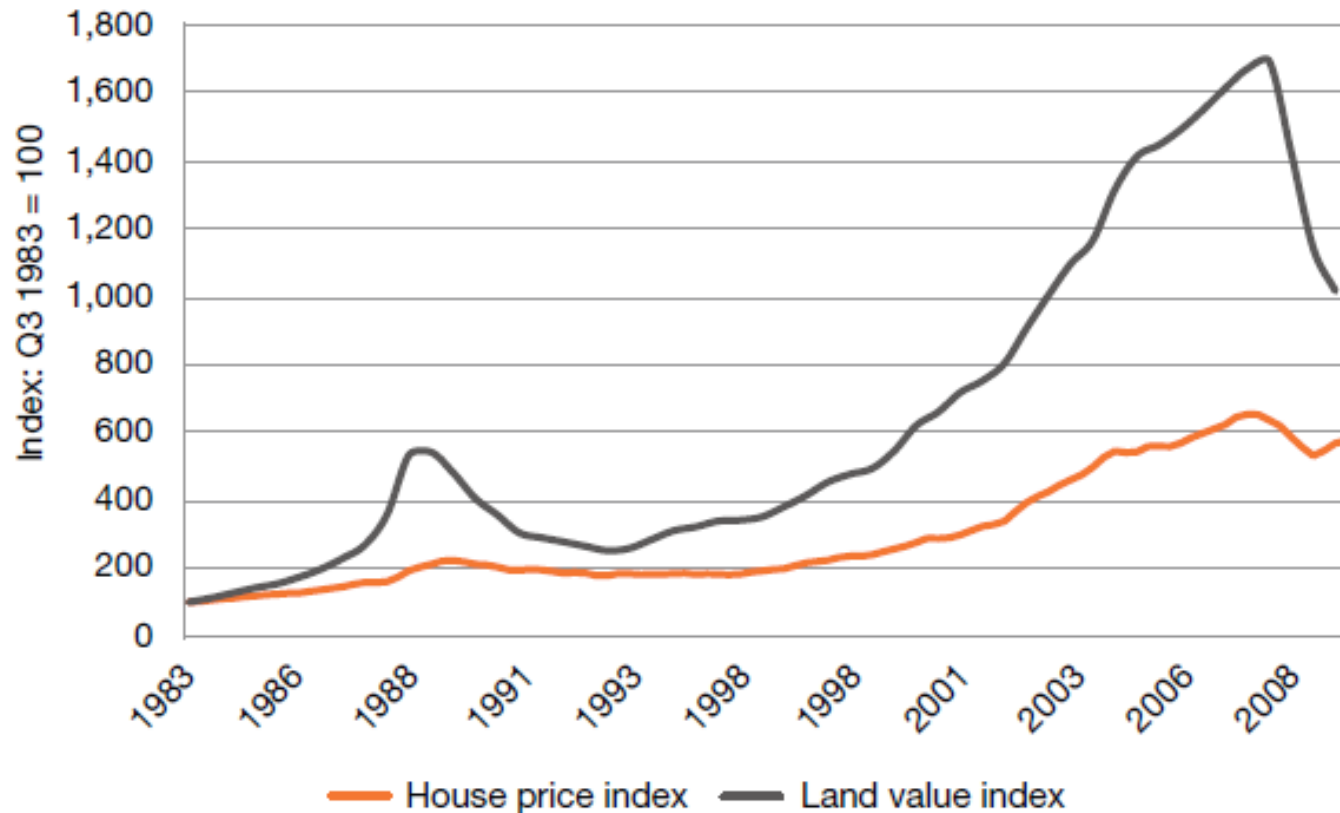
(c) Not only is the house builder model dysfunctional, so is **the land market.**

Not enough land is made available for house building:

- A lot of prime land is protected: 'Green Belt'
- It's hard to buy land for small builders – hard to find out who owns what and make offers
- Major builders control much of the land market through private agreements which are not transparent. These are the long term 'land banks'

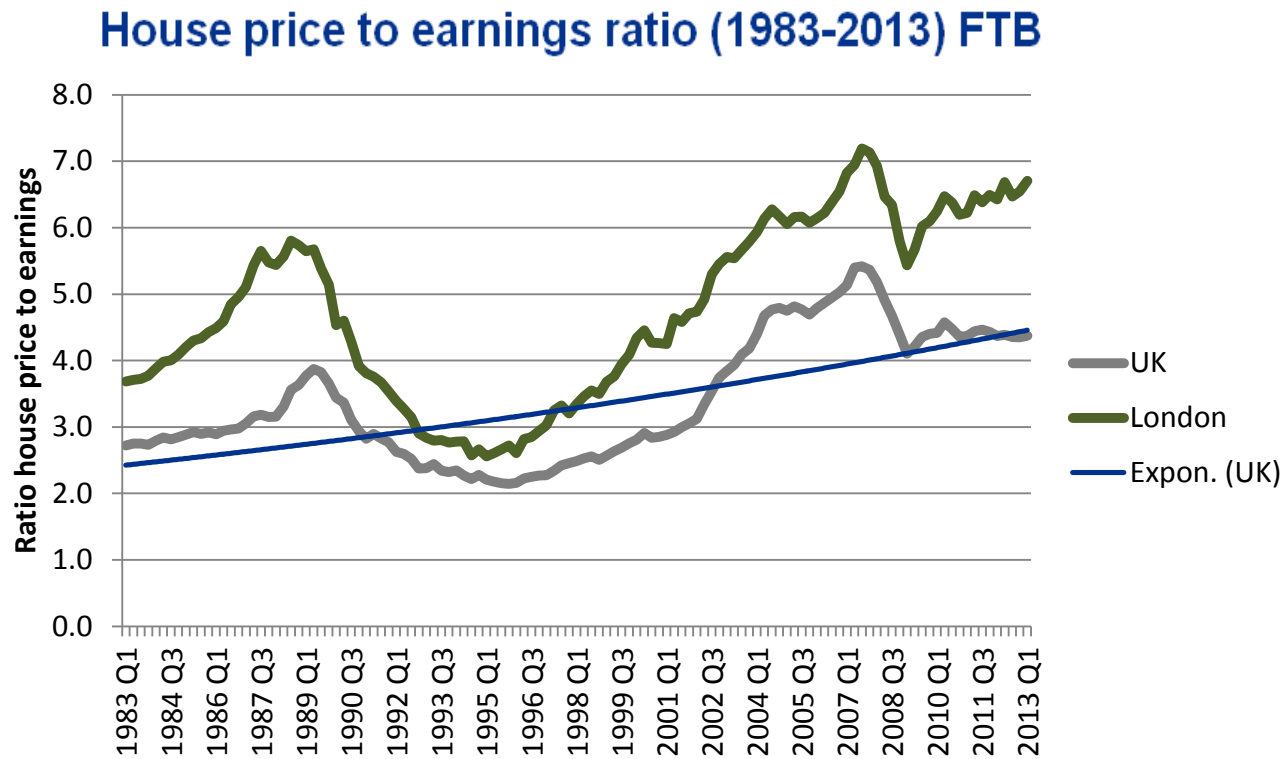
Why aren't we building homes?

Because so little land is released, land prices for building homes are a **massive barrier to delivering homes**



Main government solution is addressing the wrong problem

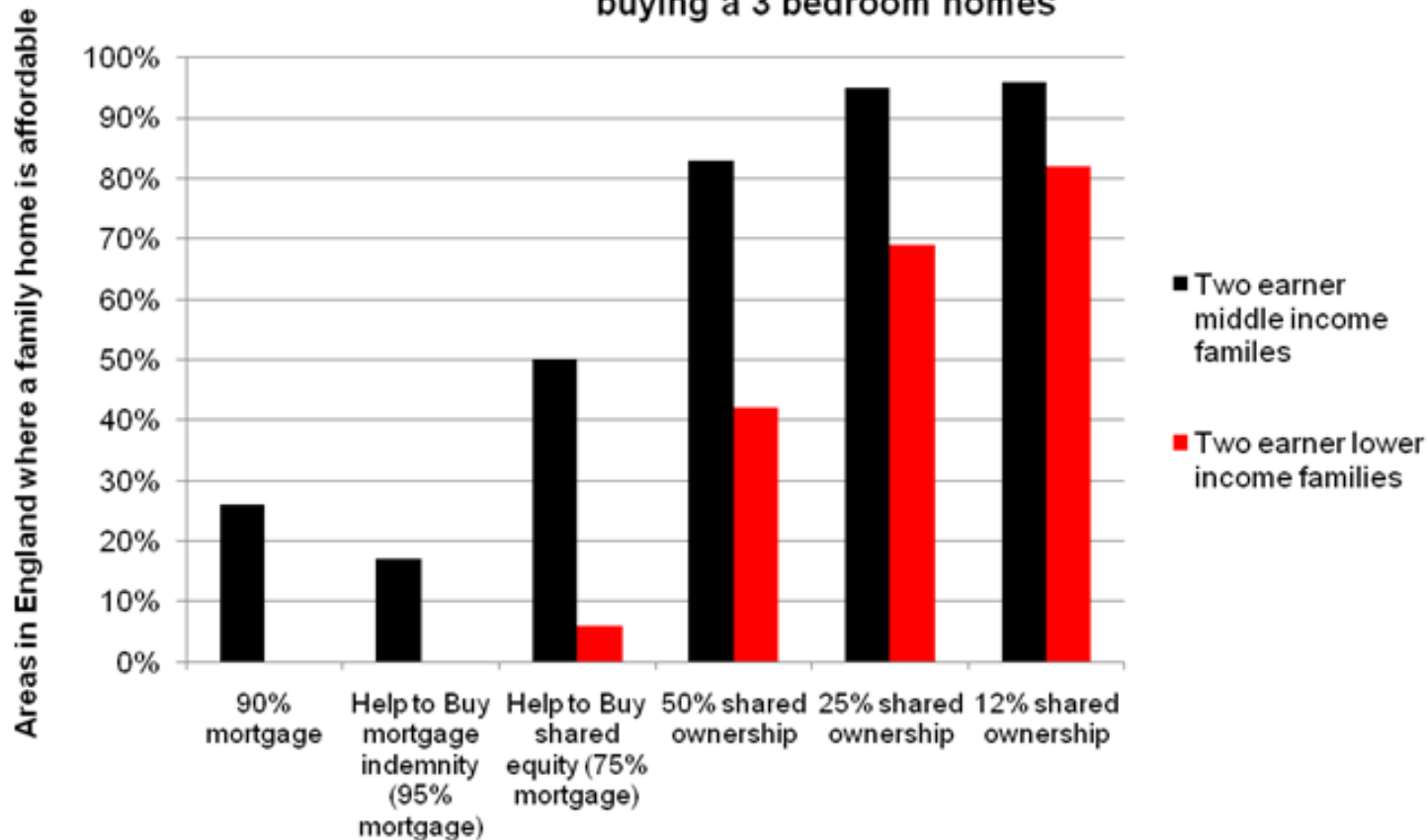
Gov't's Help to Buy scheme boosts mortgage availability. But this doesn't deal with underlying problem



And won't help middle earners...

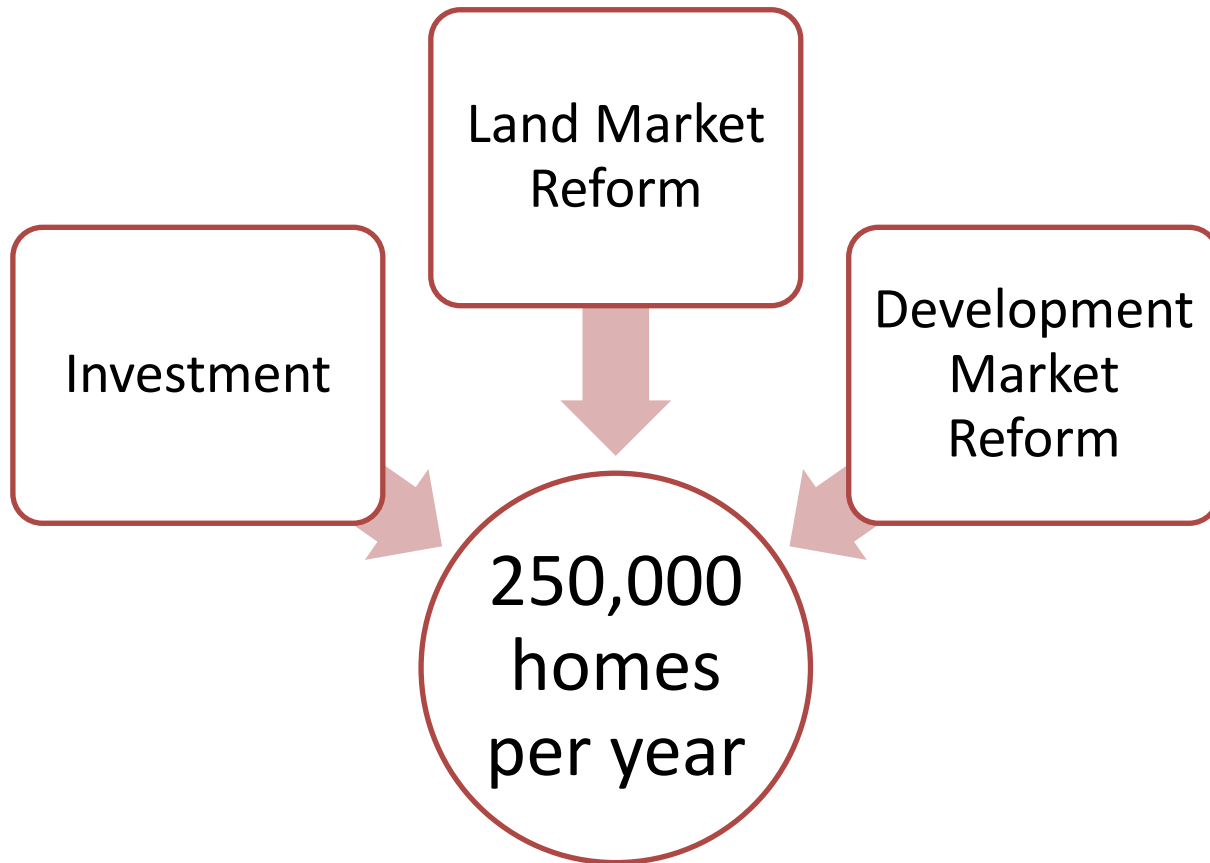
Shelter analysis shows that even HTB won't really help.

Percentage of areas in England affordable to lower and middle income families buying a 3 bedroom homes



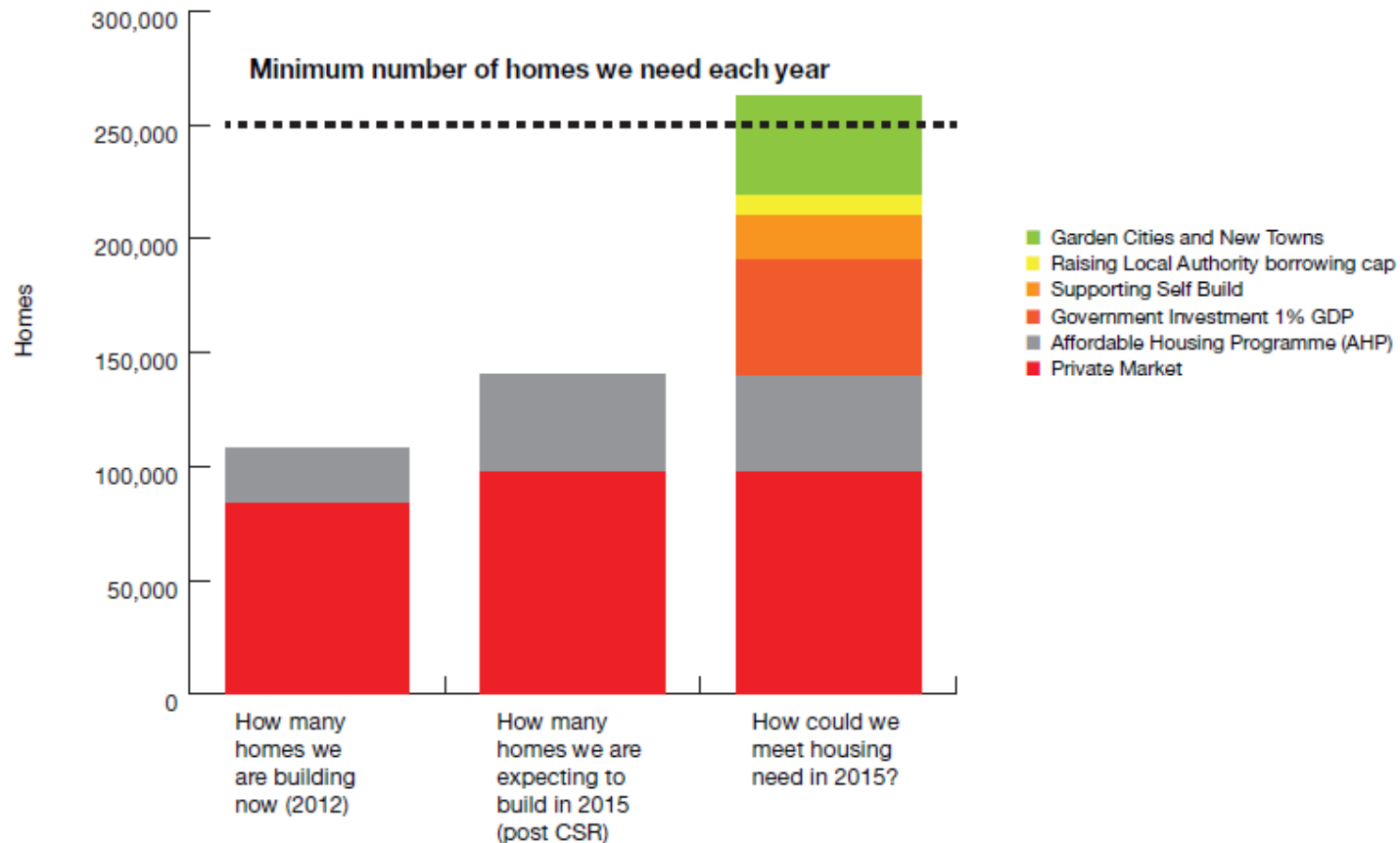
What are Shelter's solutions?

We need both investment and reform to build enough homes



What are Shelter's solutions?

We've looked closely at the options and it will take a **balanced package of measures** (investment and reform)



What are Shelter's solutions?

Our recommendation on investment:

£12 billion

- **Four year programme**
- **Delivers 52,000 homes per year**
- **Balance is towards social rented (genuinely affordable)**

Key barriers	Potential solution
Deficit	Off-balance sheet models
Product must be politically appealing	Shared ownership models
Priority versus other spending commitments (transport)	Shelter 2015 campaigning

What are Shelter's solutions?

We need reform as well as investment, to make sure we build enough homes even when money is tight.

Some reforms could be 'quick wins':

- **Letting councils have more powers to do **Green Belt Swaps**
Could deliver 33,000 extra homes per year**
- **Giving councils more power to **convert commercial buildings into residential**
Could deliver 10,000 extra homes per year**
- **Supporting **rural affordable housing** with 'Exception Sites'
Could deliver 1,500 extra homes per year**

What are Shelter's solutions?

Some reforms will take longer, but are crucial:

- **New ways of bringing together powers over infrastructure, planning and housing to fix the land market.**
- **This could be in the form of new Garden Cities.**
- **These new models must support smaller builders to break the monopoly of the big house builders**
- **They must also make sure land prices are controlled, so that the homes are not unaffordable**

What are Shelter's solutions?

We've done this recently in a small corner of East London...



What are the options?

And there are plenty of international and UK local authority examples of transformative approaches:



Accordia, Cambridge



Self-build in Almere, Holland

What are Shelter's solutions?

Overall, our package of measures could deliver **170,000 homes per year**. Enough to close the housing shortage

Action now

Short-term measures could give an immediate boost to housing supply to start addressing the backlog and stimulating economic growth.

<i>Option</i>	<i>Homes/year</i>
Boost direct central government investment	51,072
Green belt swaps	33,000
Raise the local authority borrowing caps	12,000
Commercial property conversions	10,000
Extending rural exception sites	1,500

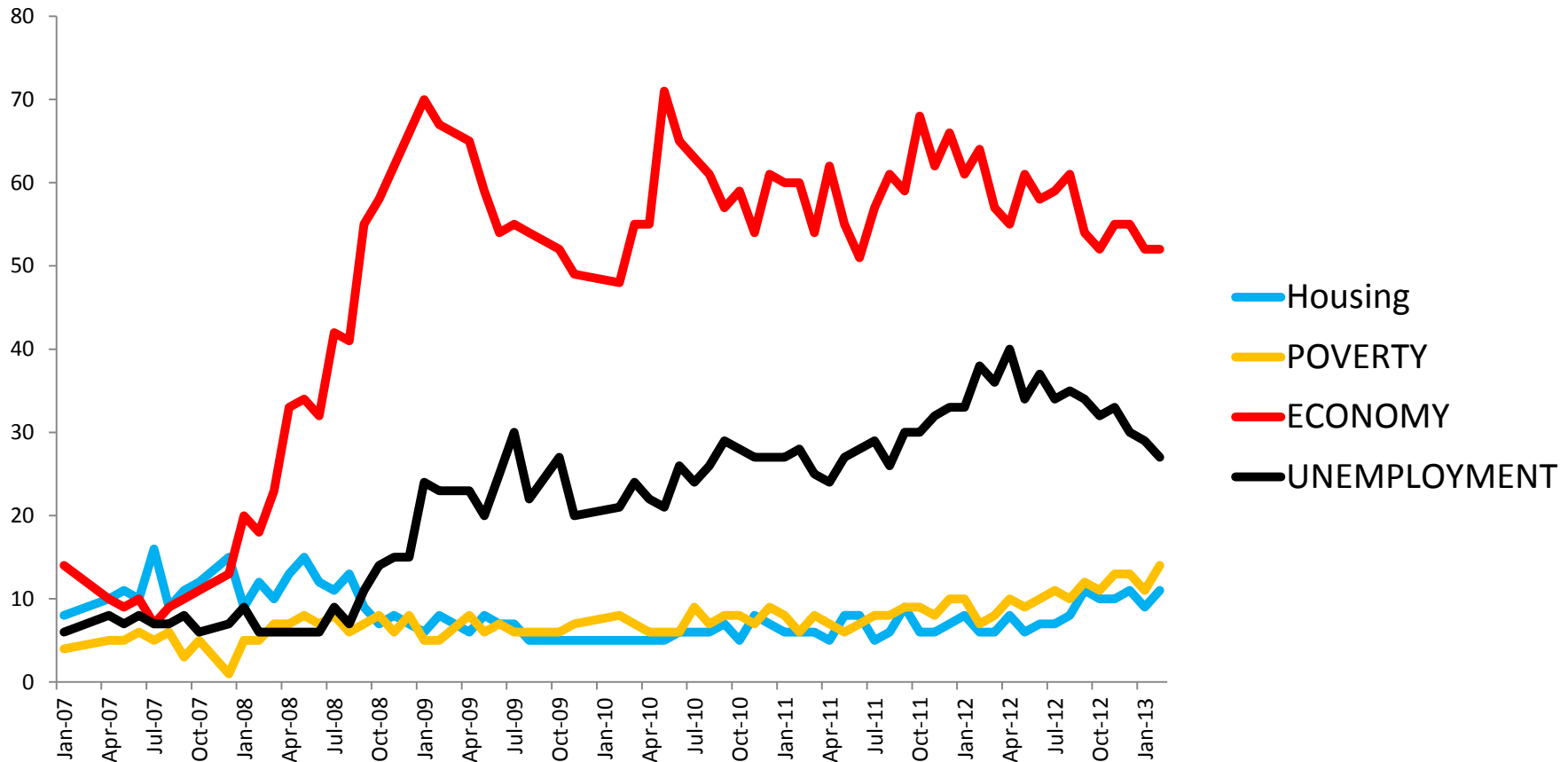
Longer-term reform

Policy makers also have to confront the systemic problems that pre-date both the credit crunch and current pressures on government spending.

<i>Option</i>	<i>Homes/year</i>
Garden cities and new towns	43,000
Supporting self-build	19,000
Local authority development management	
Restructuring local borrowing	17,000

But it will be an uphill struggle to convince politicians to act...

IPSOS MORI polling on 'key issue facing Britain'



Until there's a home for everyone

Shelter

Monday, 23 September 2013