

The Spending Review and Housing Supply

Dashed Expectations

Summer 2013

Key Messages

- Unrealistic Expectations of the Spending Review
- Housing Supply Crisis (Despite Local Ideas)
- Delivery of New Housing is Deteriorating In Spite of *OR* Because of National Initiatives
- Consider *Critically* Potential Ideas From Other Countries

National Housing Crisis

- Quantity
 - Need at least 230,000 additional homes per year
 - Annual housing starts and completions declining:
Approx 100,000 per year
- Quality
 - CABE (2010) – Over 80% of new homes only average or poor for design quality
- Affordability
 - Average House Price Income Ratio is 11:1
- Neighbourhood Decline and the Existing Stock

East Midlands Dimension

- East Midlands
 - 120,000 Households on Housing Registers
 - New Lettings Per Year by Councils and Housing Associations: 30,000
 - Average House Price Income Ratio of 8:1

Spending Review Sector 'Bid'

- Capital Grants
- Clarity & Certainty on Rents
- Welfare Changes
- Council Borrowing and Debt Cap
- Evidence-Based Policy

Reality of the Spending Review

Public Finances and National Policies (aka 'We are Doomed?')

- Barnet 'Graph of Doom'
- Policy Priorities: Education, Health & Social Care
- Economic Growth
- City Region Policy Landscape
 - Local Enterprise Partnerships, Community Budgets, Transition Councils, Combined Authorities, Local Growth Fund, City Deals, Metro Mayors, Economic Prosperity Boards...

Failing Housing Supply Policies

- Affordable housing
 - Reliance on planning agreements ... but recession and renegotiation downwards of agreements
 - Declining Homes & Communities Agency grants
- Private sector housebuilding
 - Structure of housebuilding sector
 - Finance
 - Planning and land-banking
- Initiatives
- Bizarre Policies e.g. Help to Buy

Radical Rethink

- NOT 'Business as Usual' Post 2017ish?
- Radical Rethink: Essential - Not an Option
- Opportunities
 - 'Window of Opportunity' and One Source of Innovation - Learning from Elsewhere
 - But...Caution Necessary
 - Is the Grass Greener?
 - 'Hard' Learning and Not Copying!

Radical Ideas

- Possibilities include
 - Local Tax on Employers and Rights over Allocations (France)
 - Housing Supply Bonds (Austria and Australia)
 - Community Land Trusts & Community Development Corporations (North America)
 - Custom-build / Self-build (Netherlands)
 - Housing Co-operatives (North Western Europe)

Influencing Politicians

- Evidence-Based Policy or Evidence-Free Policy?
- Play Politics e.g.
 - Build Cross-Party Consensus
 - ‘Brand’ Initiatives
 - Localism
 - Alternative Funding