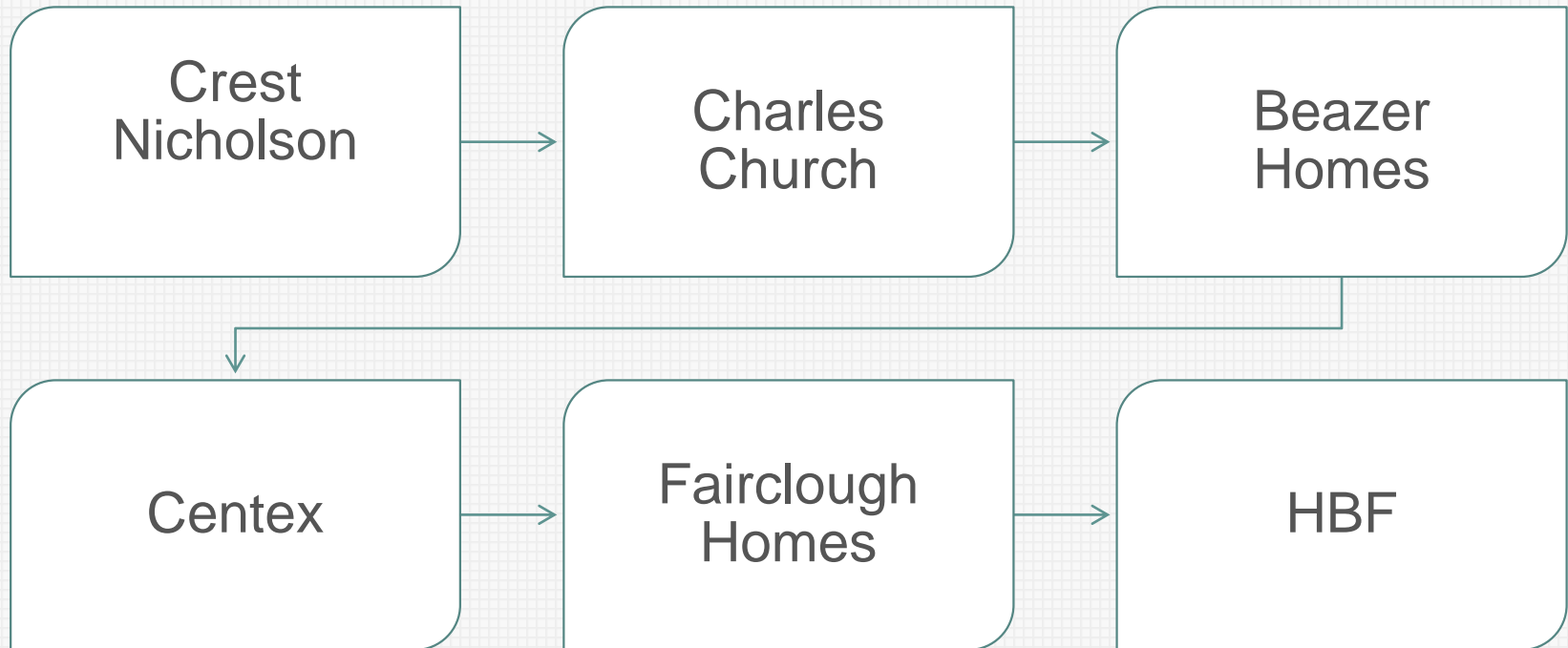


Stewart Baseley

HBF Future Talent Conference
July 5, 2017

My career



Housing shortfall presents opportunity

Strategic undersupply of homes for decades

Country faces a shortfall of 1M homes

Recognised need for 250k homes p/a

Average of 150k homes p/a for past 5 years

Housebuilding is an industry of opportunity

Housing affordability races out of control

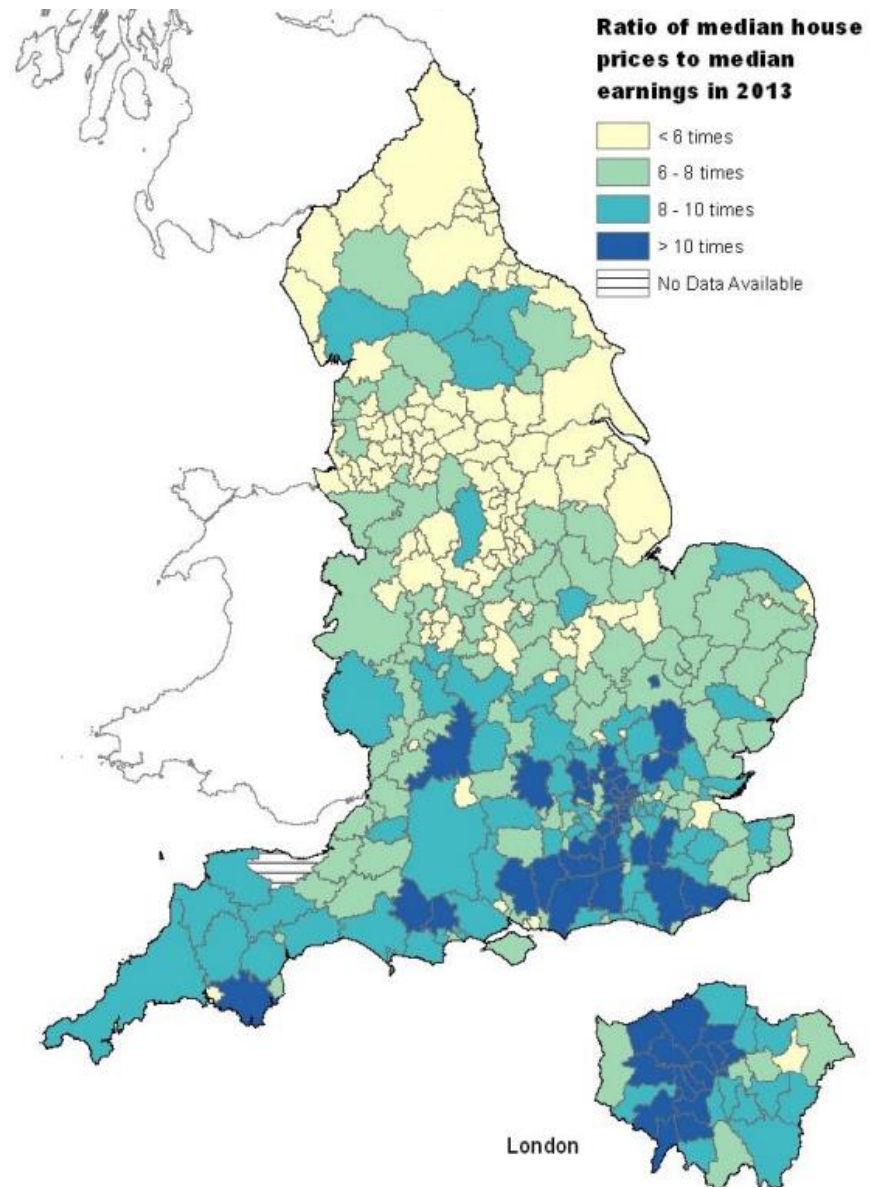
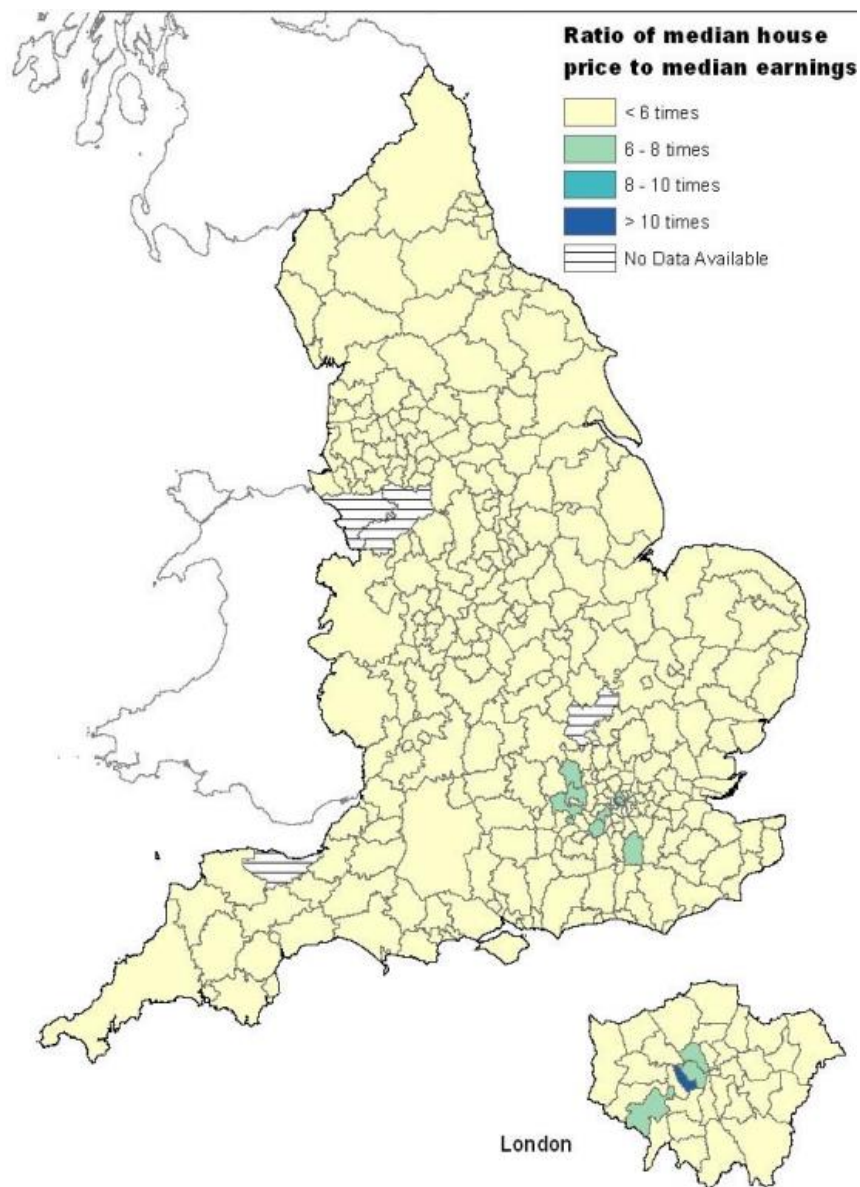
Ratio of median house price to income, England (2002-2016)



A seismic change over the course of a generation

1997

2013



Housing's high priority in this campaign reflects consensus on need for more homes

2005

- Right to Buy
- Green Belt
- Crack down on traveller camps



2017

- 240-250k homes p.a. by 2021
- Implement Housing White Paper
- Green Belt
- New build quality
- Capture land value more efficiently
- Address leasehold abuses
- Powers for housing associations and councils to build more



- First-Time Buyers Initiative
- Support for housing association and council tenants who wish to buy



- Extend Help to Buy
- 'First dibs' on new homes for locals
- Minimum space standards
- New build quality
- Address leasehold abuses
- Establish 'Department of Housing'
- 100k affordable homes per year
- 1m homes over (1/2 affordable)



- 100,000 affordable homes p.a.
- Brownfield first
- Increase SDLT threshold
- Planning class for holiday homes



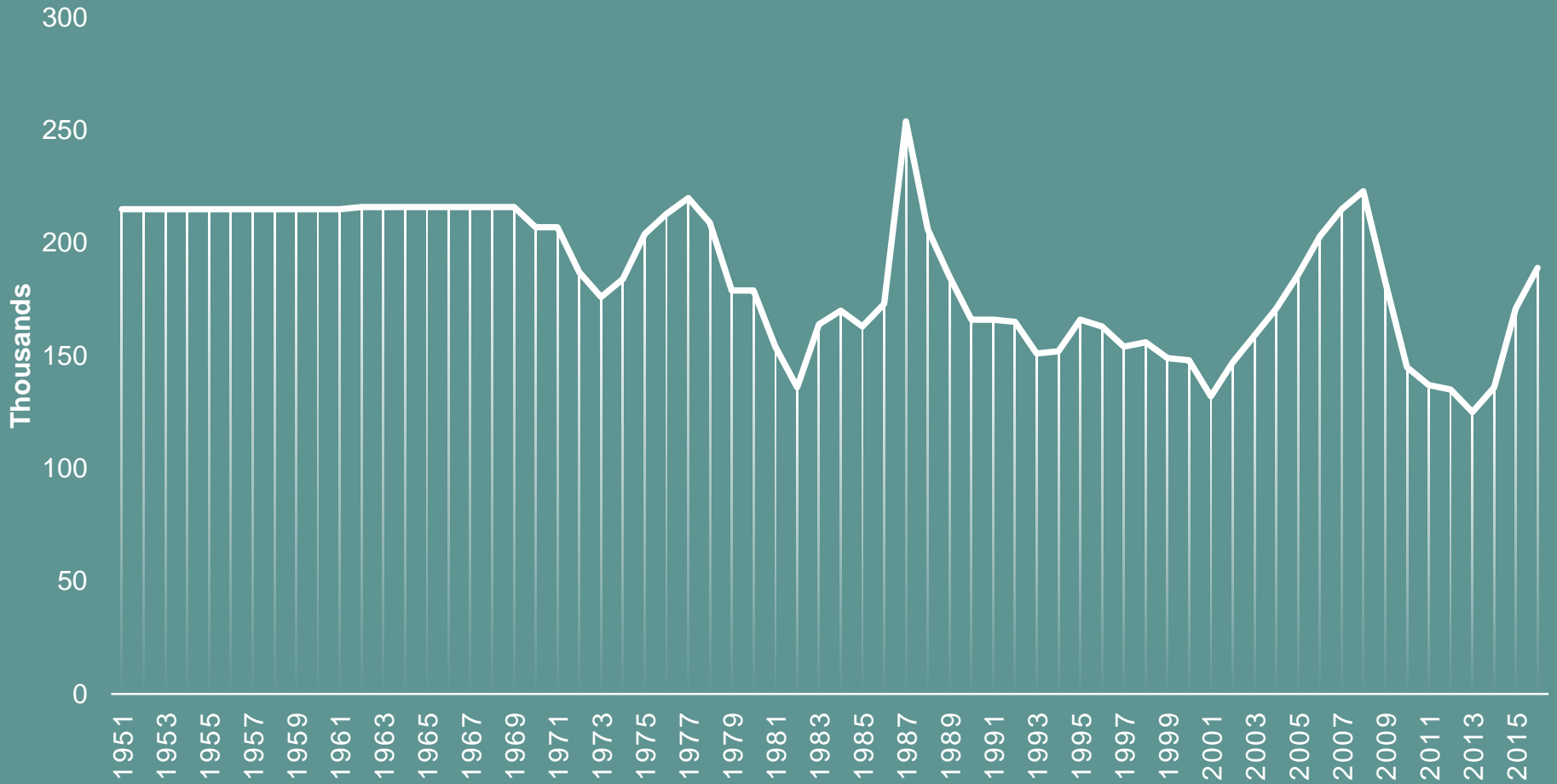
- 300k homes p.a. by 2022
- Scrap small site AH exemptions
- 100k affordable homes per year
- Housing and Infrastructure Bank
- 10 Garden Cities
- Double council tax for second homes



Output continuing to increase



NET ADDITIONAL HOUSING SUPPLY, 1951-2016



Forward indicators point to further increases – NPPF is delivering record numbers of plots

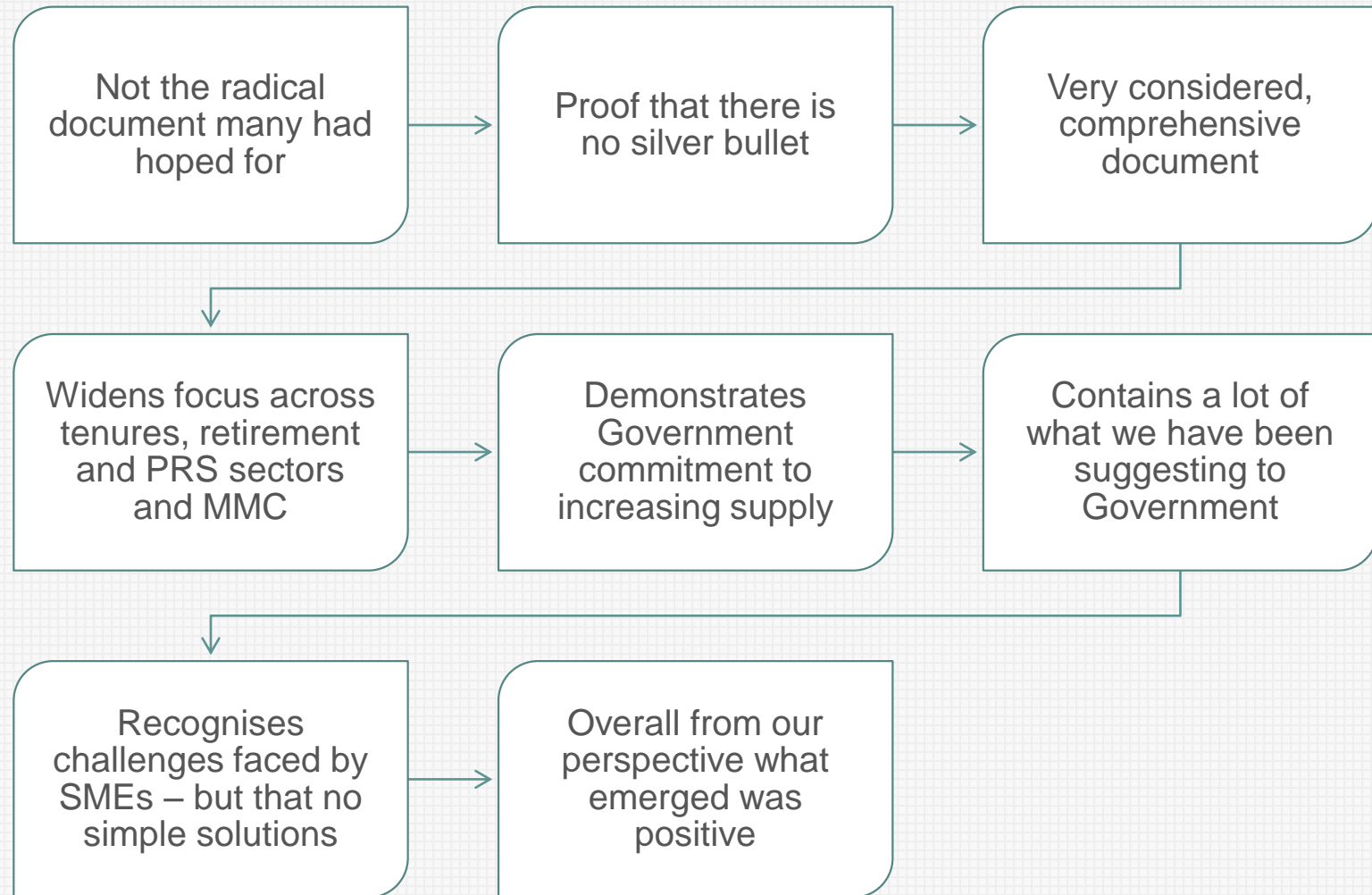
Annualised permissions for new homes, 2006-2016



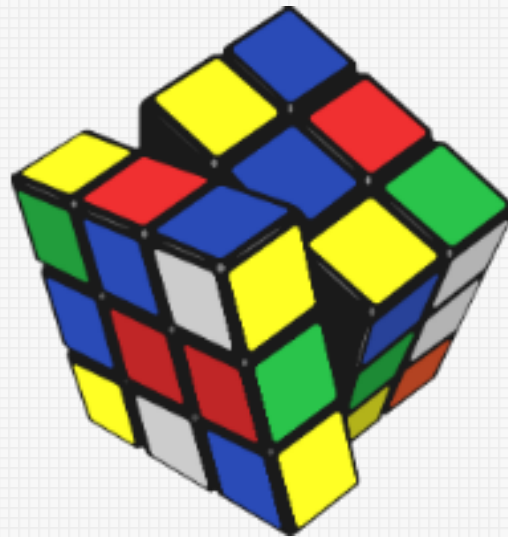
A million homes 2015-2020

- Achievability of target was widely doubted in 2014/15
- 190,000 in first year of target period
- 2.7% annual growth required to 2020
- Eminently achievable provided stability:
 - Economic
 - Political
 - Policy
- Looming shadow of Brexit but no evidence of major changes in the market to date
- Conservative manifesto raises target for last two years of next parliament to 500k

White paper builds on policy framework



KEY CHALLENGES



Political and policy environment

- New government with some new ministers
- Challenging aspects to the Housing White Paper proposals
- Brexit will dominate policy, political and legislative agendas for much of the next three years
- ... But industry remains under intense focus
- Continue to build capacity to get close to 250k new homes per year – new recruits and new builders

DIVERSIFYING THE INDUSTRY: THE POTENTIAL OF SMALLER BUILDERS – AND THE BENEFITS THAT BRINGS TO NATIONAL BUILDERS

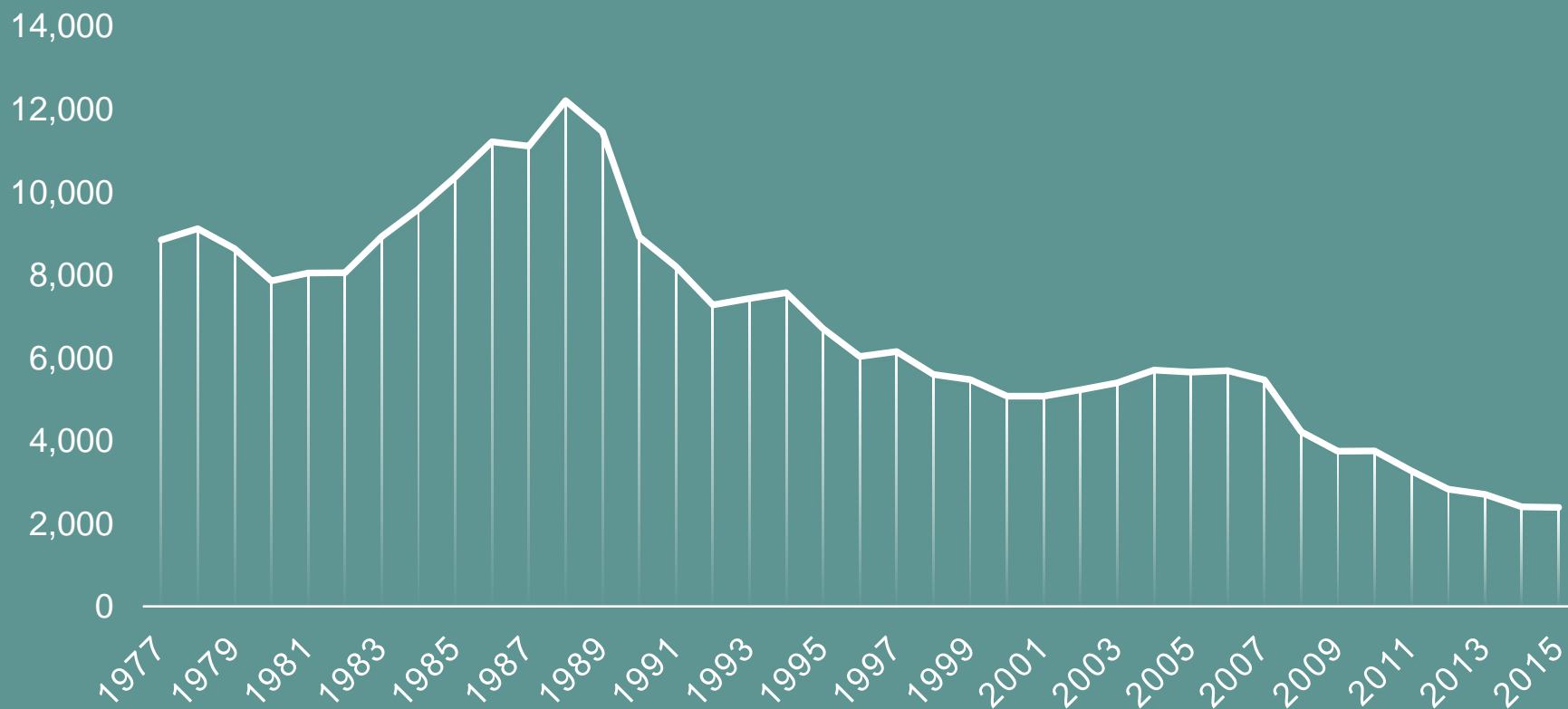
Reversing the decline of small housebuilders:

Reinvigorating entrepreneurialism
and building more homes



‘Returning to 2007 levels of SMEs could help produce 25,000 more new homes per year’
(*Reversing the Decline of Small Housebuilders, HBF*)

SME HOUSE BUILDERS, 1977 TO 2015 (1-100 UNITS) (NHBC)



Other than finance SME issues largely mirror those of large builders but have bigger impact

- Land and Planning
 - Too few suitable sites
 - Delays and uncertainty in the planning process
 - Difficulty obtaining permission to develop sustainable infill sites
- Other red tape
 - Water provision and charges
 - Highways

Promoting improvements for SMEs will bring benefits for all home builders

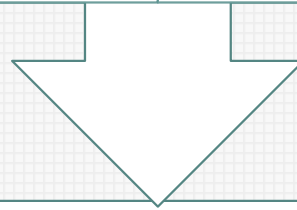
Housing White Paper seeks to address the role of SMEs with provision of small sites and delays and risk in the planning process

Skills

Home Building Skills Partnership

Already starting to deliver, workstreams emerging

Key priority for next 12/24 months



CITB

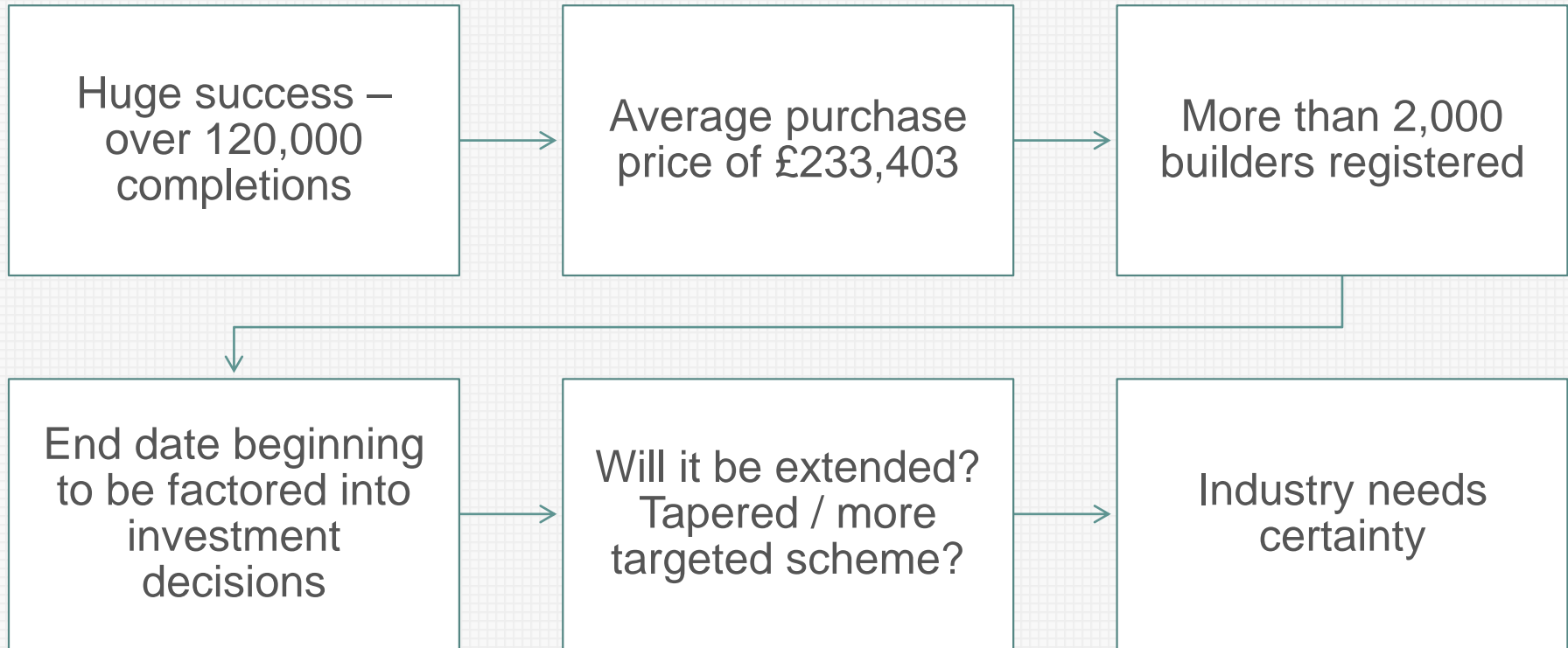
Reviewing how we respond to levy consultation

Need to ensure we are getting value for money

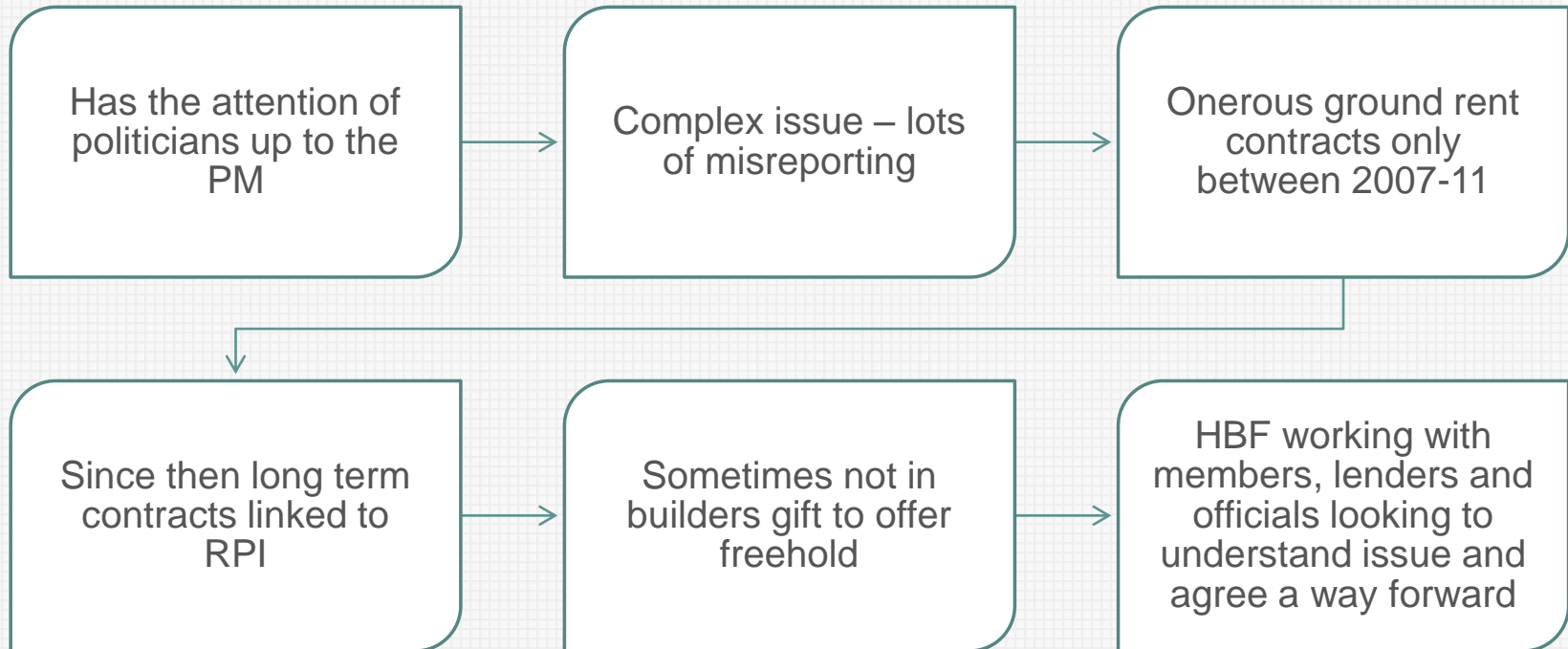
Imperative it dovetails with wider Government apprentice levy

Also reviewing how we respond to wider Government consultation into CITB

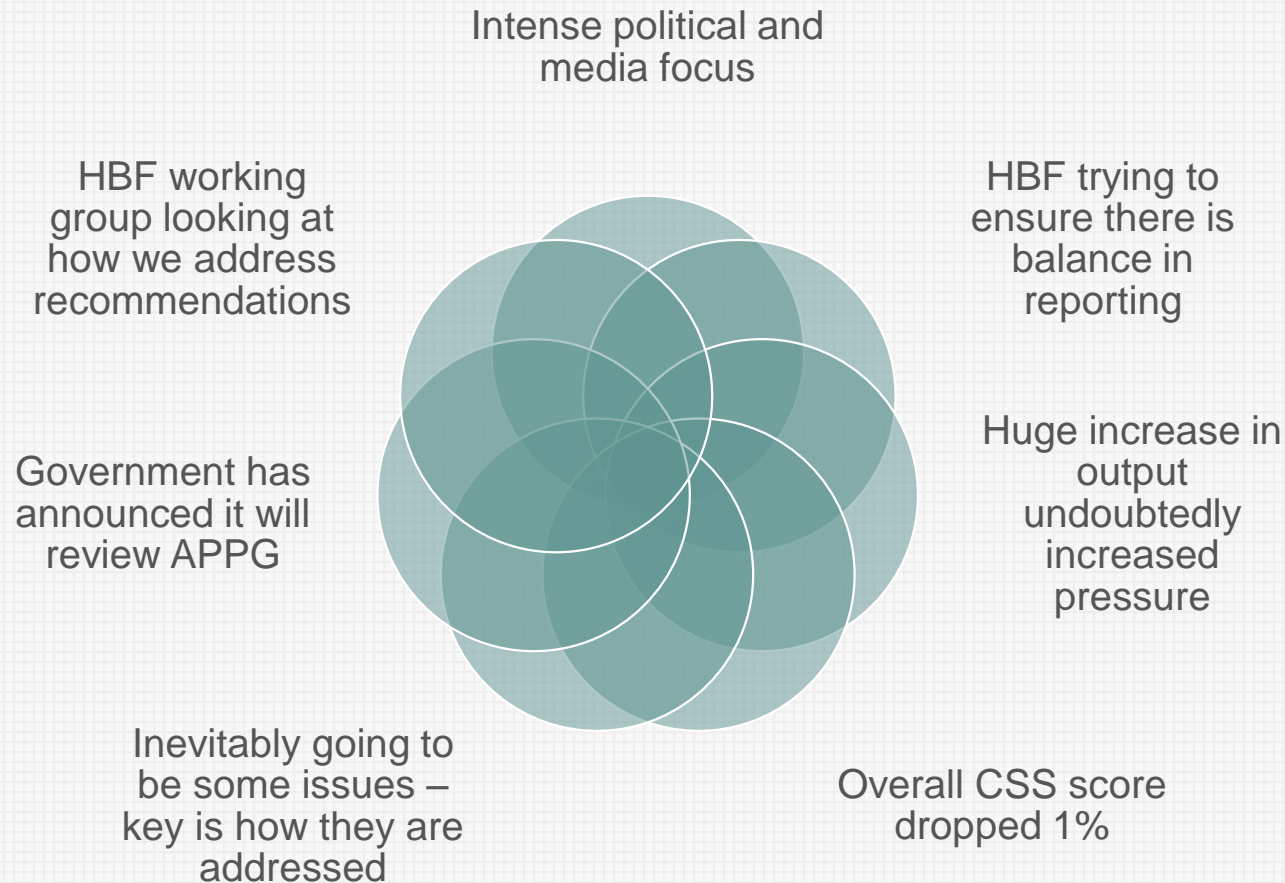
Help to Buy



Leasehold



Quality



HBF's Quality Working Group

Chaired by Stephen Stone with sub-groups now developing workstreams for each of the recommendations of the APPG including:

- An independent review of the Consumer Code and how it would compare to a New Homes Ombudsman
- Possibility of minimum build quality and inspection standards?
- Guidance on information to be included in Customer Information Packs
- Standardisation of sales contracts
- Updating the CML process and developing some standard industry QA processes
- Minimum warranty standards?
- Consult members on changes to CSS following Ipsos Mori review
- An industry 'charter' for quality and service that incorporates these changes that members can sign up to

Changing attitudes and expectations of buyers

- Twitter in 2006 - 400,000 tweets posted per quarter.
- Twitter in 2017 - 350,000 tweets *per minute*. (500m per day)



- Importance of *perception*: Consumers report expending more energy dealing with organisations
- Ease of dealing with new companies using modern platforms has affected attitudes and perceptions

UBER



Spotify[®]

amazon*Prime*

- Unhappy customers can compare notes with others around the country
- Journalists mining Twitter for disgruntled customers – house builders in the spotlight (HtB, quality, profits, leasehold)

Summary





*The voice of the
home building
industry*