

******CHECK AGAINST DELIVERY******

***Speech by Rt Hon Hilary Benn MP (Shadow Secretary of State for
Communities and Local Government) to the Housing Market
Intelligence Conference on 9th October 2013***

Many thanks and good morning.

I want to start by paying tribute to Jack Dromey for the great job he has done as Shadow Housing Minister, working with many of you, and I know that Emma Reynolds will do an equally great job in taking on the role. As you may have seen she will be attending the shadow cabinet – a sign of the importance that Ed Miliband attaches to housing.

It is also a great pleasure to be here at the British Museum, the first national public museum in the world and a monument – in so many ways – to what human beings can do when we put our minds to it.

And that is a fitting reminder to all of us here of what you do for thousands of people every year, whether it is the joy of buying their first home, or that second home big enough to raise a family in, or a home later in life to retire to.

You also provide hundreds of thousands of jobs and apprenticeships.

You make a significant contribution to the economy – 3% of GDP.

And the homes you build give us so much else.

Good homes in the right places enable people to change jobs and help local economies to grow.

Good homes that are safe and warm are also good for our health and our children's schooling.

And above all they enable us to put down roots, to be part of a place and to feel at home in a community. You can be very proud of that.

And it is precisely because of all these things that good homes bring, that we should be so concerned that we are not building enough homes as a country.

Let's be straight. 80% of people say we face a housing crisis.

They are right.

We all know it.

The biggest housing crisis in a generation, and one that has left ordinary people feeling squeezed.

But it's a crisis that hasn't just hit people's pockets; it is also having a profound impact on how we live our lives and on our expectations for the future.

In the last generation, the deal for many was that as long as you worked hard and saved you would be able to realise your dream of owning your own home.

It wasn't always easy, but it was achievable.

But now, for far too many, that uniquely British desire to own your home has shifted from the difficult but achievable, to the frankly impossible.

In 1997, it took the average family 3 years to save for a deposit. Now it takes over 20 years and average house prices are 8 times the average wage.

No wonder home ownership has fallen for the first time in a century.

No wonder there are now 9 million people in private rented accommodation, spending an average 41% of their income on rent, and in some cases wondering if they'll still be in the same home next year when their tenancy ends.

No wonder parents and grandparents worry about where their children and grandchildren are going to be able to afford to live.

And if you've just joined the waiting list for a social home – there are 5 million people already in the queue.

Now while all of us support the idea of helping people, and especially first time buyers, to realise their dream of home ownership, it won't ultimately help them or anyone else if the result of doing this simply pushes up prices further out of reach.

And that is why so many people – including the Treasury Select Committee, the IMF and the Shadow Chancellor Ed Balls – have raised concerns about the Help to Buy scheme. That's why the Bank of England should be assessing its impact now, and not in a year from now.

And anyway, we know that the fundamental problem is supply.

The truth is our housing system hasn't been producing enough homes – under successive governments of all political colours.

In the last three years, the number of homes built has reached its lowest level in peacetime since the 1920s when George V was on the throne and Stanley Baldwin was first in Number 10 Downing Street.

And although we are now finally beginning to see an upturn, in the last twelve months in England, we started to build less than half the number of homes we need to build each year.

And on affordable homes, we are still feeling the effects of the 60% cut in the affordable housing budget made in 2010.

It is not surprising, therefore, that with the slowest economic recovery in 100 years, the IMF has now said twice to the Chancellor that there should be an increase in infrastructure investment.

The £10bn that the IMF has talked about – if used for affordable housing – could deliver 400,000 new homes, create over half a million jobs in construction, and give our economy a real boost.

So the challenge for any Government serious about tackling this crisis must be to close the gap between the homes we're currently building and the homes we need.

That's why Ed Miliband set out in his speech to Labour Party Conference last month the ambitious but realistic aim for the next Labour Government to see the building of 200,000 homes a year in England by the end of the next Parliament – effectively doubling what we're building today.

Of course, we need to be building even more than that but increasing the amount of housebuilding isn't as simple as flicking a switch. As you know better than anyone else, it will take time. But our ambition is clear.

Now, those people locked out of home ownership, paying soaring rents or stuck on those housing waiting lists will – I am sure – welcome our ambition.

And an industry that is all about building homes should welcome it too.

For it to be achieved, however, every single one of us will have to play our part. Developers, housebuilders, the supply chain, local communities and their elected representatives.

And we will need to talk openly about the parts of the system that aren't working right.

We all know that too little land is released which means that the land which is released, and is subsequently given planning permission, is prohibitively expensive.

This means that we have a market that has a high barrier to entry and inadequate competition. In the last survey of small housebuilders by the FMB, the two biggest issues identified were access to land and access to finance.

Both are getting in the way of homes being built and we will need to find a way to overcome that, not least because I want to see small and medium size housebuilders having a greater opportunity to get access to land and build houses. After all, we will need all the housebuilders we can find.

And it's not just the small house builders who talk about dysfunction in the market when it comes to land.

I've had a number of conversations with large developers who say that unnecessary landbanking and trading in land is a problem in the industry, although it's always someone else who appears to be doing it.

And I know some of you will say that the problem is the planning system. Yes, there are some issues with planning and I will say something about how we can work together on this in a moment.

And I also know some of you may say that 200,000 homes a year is a big ask. Or even not achievable.

What I would say in response is that where there are obstacles to building homes, we should work together to deal with them, but you should be in no doubt about the scale of Ed Miliband's determination and ambition to deliver a big increase in housing supply.

It's why we have asked Sir Michael Lyons, supported by a panel of experts, to lead our new Housing Commission. Its task will be to set out a roadmap for how the next Labour Government can help secure a big change in the number of homes being built.

Sir Michael and his team will be taking evidence – and I know he is keen to hear from you – but as you will have already seen from our Conference we have identified some of the challenges that need to be addressed if our country is to meet its need for homes.

To start with consent, we must admit that we can't carry on saying on the one hand "where are the homes for the next generation?" and on the other "please don't build them near me".

Local councils and local people – us in the communities where we live – must take responsibility for making sure that we have the homes required to meet the need that councils rightly have to identify under the NPPF. But local authorities also need more ability to influence the system.

Transparency, for example. Communities should be able to know where land is available. I think there is a lot to recommend the proposal from the RTPI that developers and housebuilders should register the land they own or land they have options on.

And where communities have given planning permission they should be able to say to developers: we've given you the go ahead so please get on and build the homes you said you would.

And if you don't do so after a time there will be a charge to pay, or in very extreme cases, the local authority – it would be a local decision – would be able to use CPO powers.

The Commission will look at how we can enhance the role of local authorities on behalf of their communities to unlock land for housing development. In France and Germany for instance, local authorities have a much greater strategic role – buying, assembling and granting planning permission on land and giving it over for private companies to do what they do best – building homes. And I agree that more public land needs to be made available for new homes.

Then there is the vexed question of how we share the increase in value that granting planning permission brings. I know that there are concerns about S106, on the part of both developers and local authorities, and on the Community Infrastructure Levy – and we want to work these through with you.

But is not unreasonable that there should be a fair distribution of that gain, particularly for communities that have to accept the impact of new development and which need to see investment in essential local infrastructure. More school places. GPs' surgeries. Better roads. Shops and community facilities.

The Commission will look at ways to ensure that an appropriate share of windfall gains from planning permission goes to local communities.

I talked earlier about councils taking responsibility. There are, of course, councils that are only too keen to see substantial new housebuilding, but simply lack the land for the homes to be built on.

For example, in Stevenage, an urban extension is required in order for them to meet their locally assessed housing target but the land required falls within North Hertfordshire and the plan cannot be progressed without cooperation, which so far has not been forthcoming.

That is why we will give Stevenage and other communities which cannot meet their housing need within their current boundaries access to the land they need through a new Right to Grow. A Right to Grow that will allow them – if they want – to expand and ensure that neighbouring areas work with them to do so.

The last time we faced such a big need for housing, New Towns and Garden Cities played a big part in meeting it. Indeed, without them we would not have delivered the large increase in housing supply after the war. But currently, there is no clear mechanism, incentive structure or set of institutions for delivering large scale New Towns and Garden Cities.

So we will invite local authorities to come forward, and in return, we will make sure that they get the powers and the incentives they need to acquire land, put in the infrastructure and build.

The Commission will set out how we can deliver such developments in the modern era, working with local authorities in locations capable of sustaining large scale sites.

In all of this, social housing will be very important, for local councils and housing associations are as much a part of this as the private sector.

Homes built by local councils and housing associations averaged over 130,000 per annum in the 1950s and 1960s. In the last two decades it has declined very sharply. So that's why the Commission will look at the obstacles to overcome and incentives needed to get councils, together with housing associations, back into the business of building again.

It is encouraging to see the start that a number of local authorities have already made. Manchester, Liverpool, Southwark, Leeds and others are now building council houses again on a scale not seen for a generation, thus demonstrating what we can do when we put our minds to it.

And whether it is private or public housing, we will need the right number of people with the right skills to build the homes and the materials to build them with.

The Home Building Skills report published last month revealed the skills gap the industry is facing. The facts are stark.

57% of house builders surveyed reported problems recruiting suitable site managers, quantity surveyors and site operatives and a third of companies are spending less on training than they did five years ago.

That is why we must work together to make sure that we have a strong construction industry that is looking ahead to identify the skills gaps now, bringing new people into the workforce and retaining them, investing in apprenticeships and skills training, and offering real career development opportunities.

We cannot have a situation where some companies do the right thing and invest in their workforce only for other companies, who haven't done so, to poach those skilled workers. And we can't expect to find all the workers needed from abroad.

So, let's be clear, it will take some explaining if the sector turns around in the next two or three years and says "sorry, we haven't prepared for this". And it will take even more explaining to the million people in our country between the ages of 16 and 24 who currently find themselves not in work, education or training.

In conclusion, all of us here want to see the nation building and providing the homes we need. It will be good for the industry. Good for jobs. And good for sale of building materials.

But all of us have to recognise that with this opportunity comes a responsibility to play our part because we won't get a major increase in supply – which we are determined to see – without this.

This is a big challenge, of course. But it is also a great opportunity for all of your businesses to thrive. You have a huge part to play in making sure that our country has the homes it needs for the future.

And together, we need to make sure that our aims and ambitions match the hopes and dreams of all those who want a home of their own.

And I very much look forward to working with you to make sure that we do exactly that.

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