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HBF Policy Conference
March 21, 2018



Sales rates strong across increased outlets

Output continuing to increase

Possible changes to regulatory process post-Grenfell

Big challenges for industry looming

Context

Help to Buy

Government commitment to increases supply

Improving policy environment

Outline planning permissions increasing

Quality improving

Positives

Skills

Diversifying the workforce

Quality

Ombudsman

Letwin Review

Leasehold

Grow output from SMEs, retirement builders, other specialists

Planning system

Government narrative

Challenges



Housebuilders delivering Government ambitions

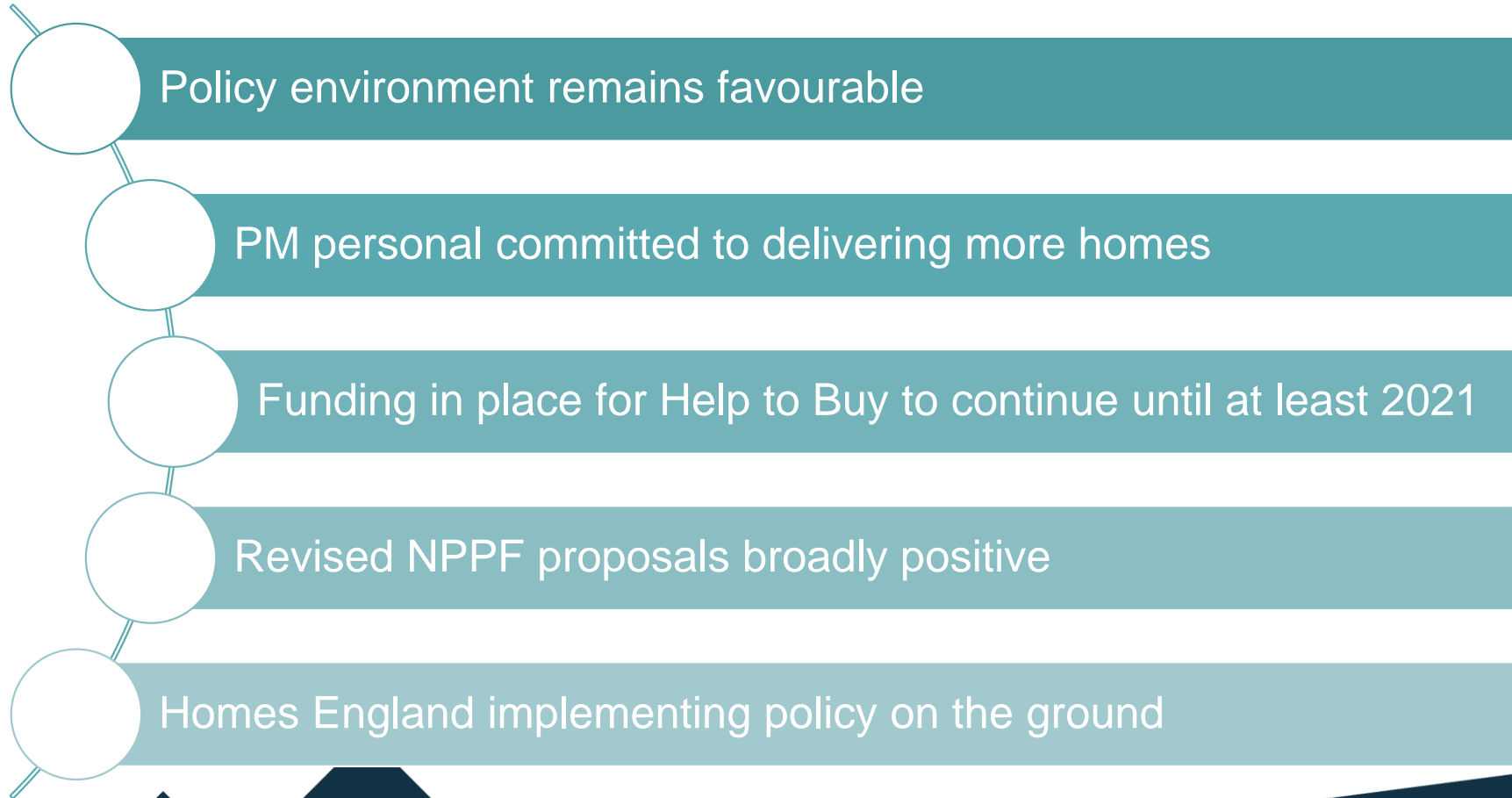
- 217k net additions to stock – up 74% in past 4 years
- 184k new builds – up 55% in past 4 years
- Build quality improving again
- 2% in improvement in industry CSS reflects efforts
- £6bn in contributions last year via S106 and CIL
- £4bn of which is funding affordable housing
- Industry driving forward recruitment and training



POSITIVES



Government committed to increasing supply



Help to Buy is delivering on its objectives

Increase supply

145k completions

Annual run rate at 45k completions per year & rising

3000 builders registered

Supply up 74% since launch

Help first-time buyers

81% of sales through scheme to first time buyers

Approx. 210k FTBs living in a HtB home

Generate economic activity

C170k jobs sustained through HtB completions

Post-2021

Additional £10bn for the scheme welcomed

Clarity needed on the post-2021



Draft NPPF builds on White Paper

White Paper contained much of what we suggested to Government but draft NPPF contains many challenges for builders and LPAs

Positives.

- Retention of the presumption in favour of sustainable development and 5YHLS
- Introduction of the Housing delivery test and need for early review of plans if under delivery

Negatives

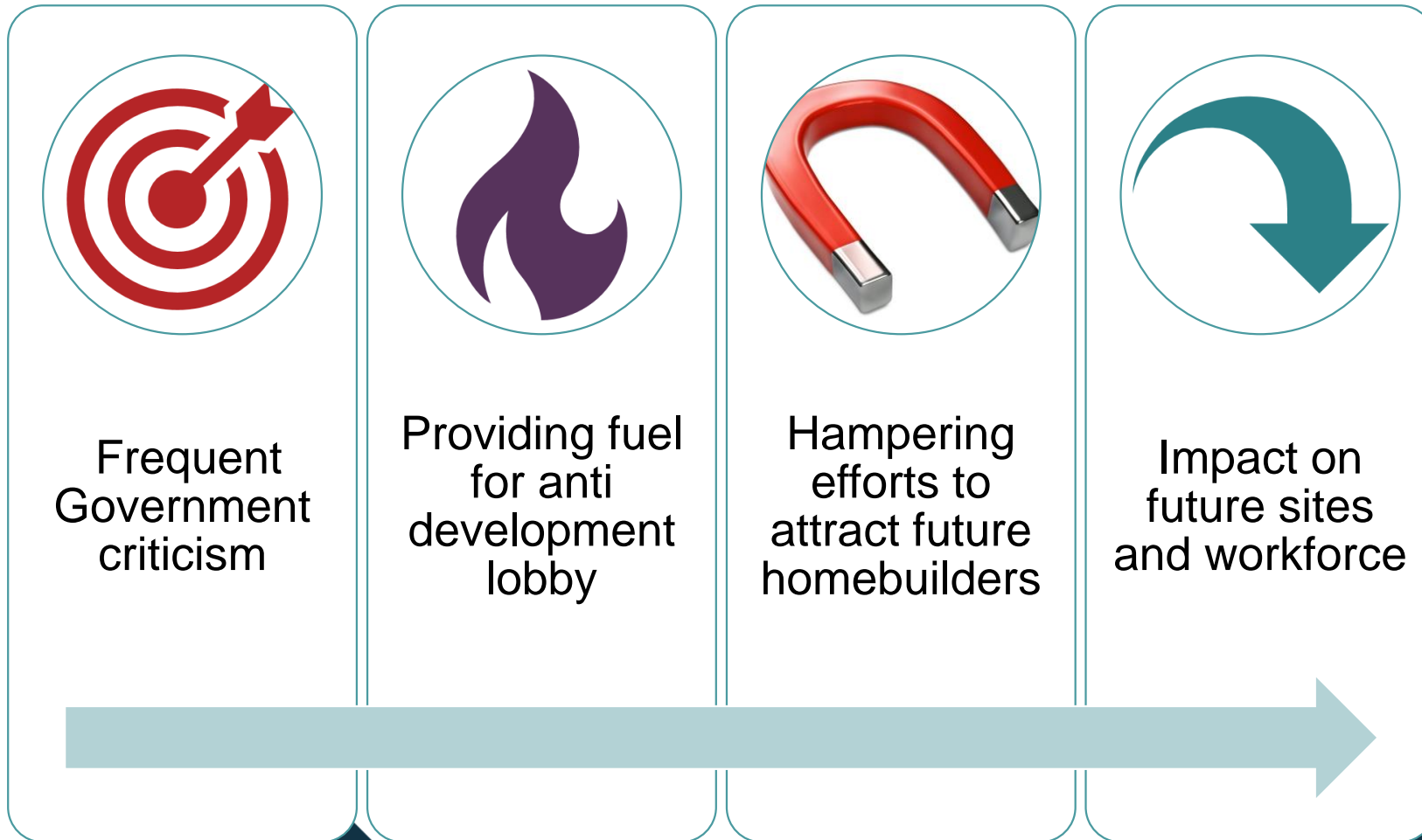
- Standard assessment of housing need and its implications for the North
- Standard assessment of viability and its effect on landowners (developers expected to get 20% of GDV)



KEY CHALLENGES



Public perceptions of the industry



Skills

Huge challenge and pressure on

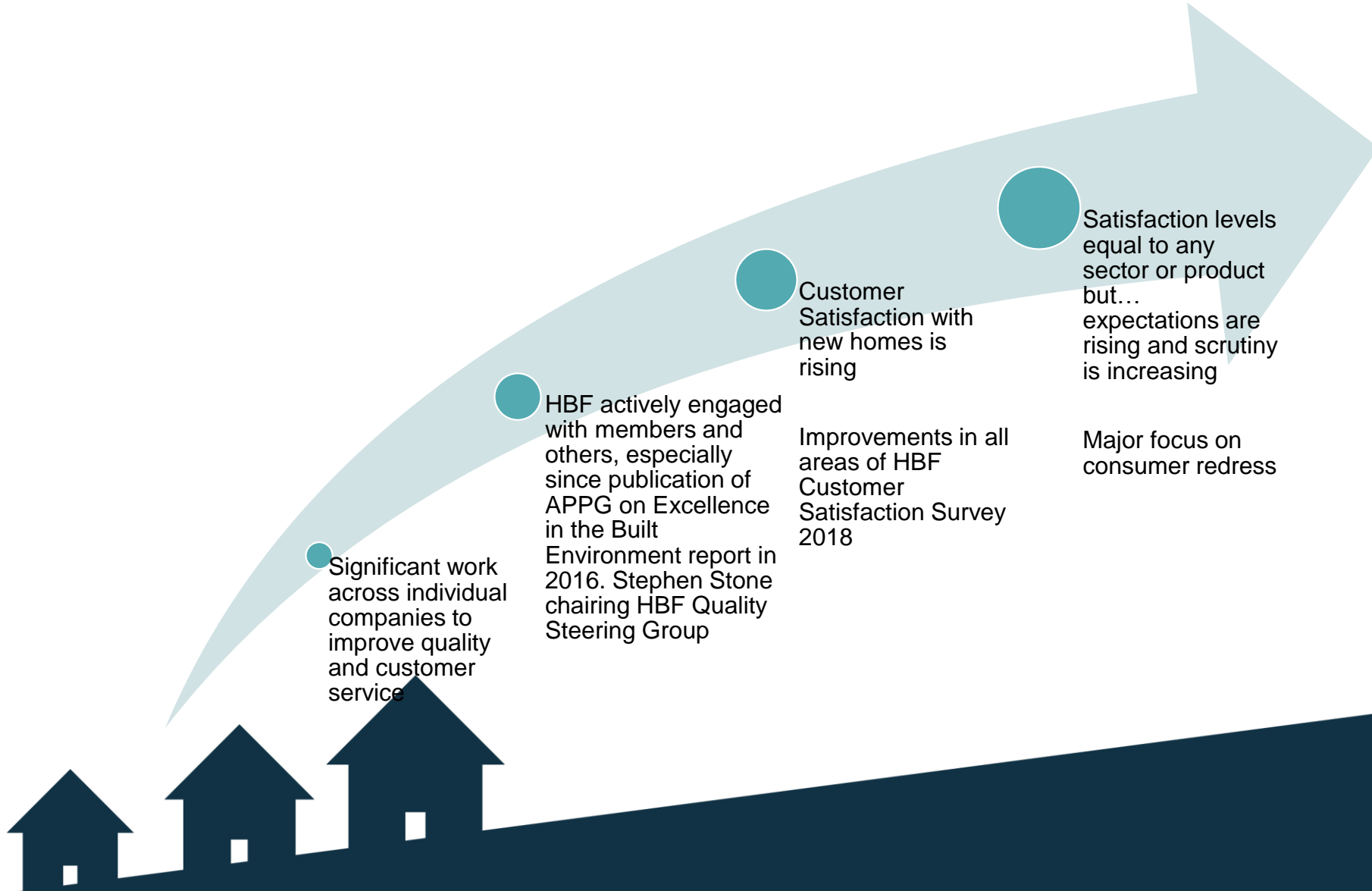
- Industry has recruited and trained tens of thousands in past few years
- Capacity increasing but pool of labour too small to deliver volume and quality of homes needed
- Foreign labour key to increases delivered. Census proves our case to Government
- Government pressure on industry to deliver
- Opportunity to unlock the benefits of a more diverse workforce

Home Building Skills Partnership

- Tangible results now emerging
- 12 key job areas identified
- Working with supply chain / education providers
- Site manager training standards agreed and tested
- Analysis to understand the size of the skills shortage
- 'Attract' campaign being developed
- Pledge to work together has 70+ companies signed up



Quality



Significant work across individual companies to improve quality and customer service

HBF actively engaged with members and others, especially since publication of APPG on Excellence in the Built Environment report in 2016. Stephen Stone chairing HBF Quality Steering Group

Customer Satisfaction with new homes is rising

Improvements in all areas of HBF Customer Satisfaction Survey 2018

Satisfaction levels equal to any sector or product but... expectations are rising and scrutiny is increasing

Major focus on consumer redress

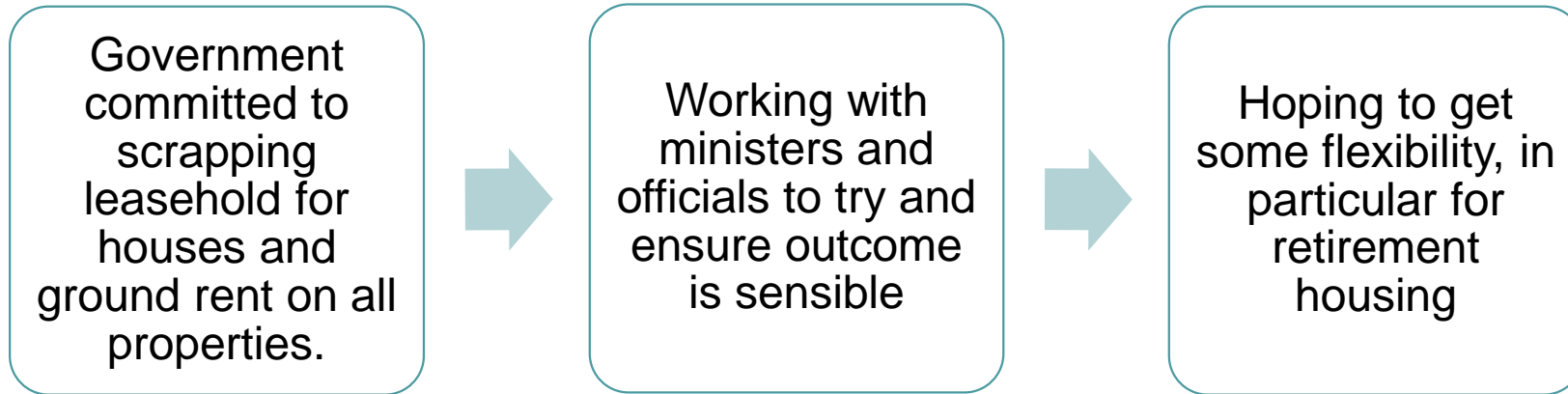
Ombudsman

Government committed to putting an Ombudsman in place for new homes

- HBF commissioned WPI last summer
- Building on recommendations made in their report
- Working with broad range of stakeholders to develop a proposal for how to put an ombudsman in place
- Need to create an independent body with wide market coverage that has a broad remit - including covering first two years of occupation
- Proposal will form basis of response to MHCLG consultation



Leasehold



Build Out Review and “landbanking”

Vociferous anti-private builder groups

- Over-simplified analysis of gap between permissions & completions leads to media accusations of builders ‘sitting on land’

Letwin is not just conducting another landbanking review

- Barker
- Calcutt
- OFT

Focus of review is very specific

- What factors influence the speed of build out on very large residential sites?

Interest in build out rates is not new

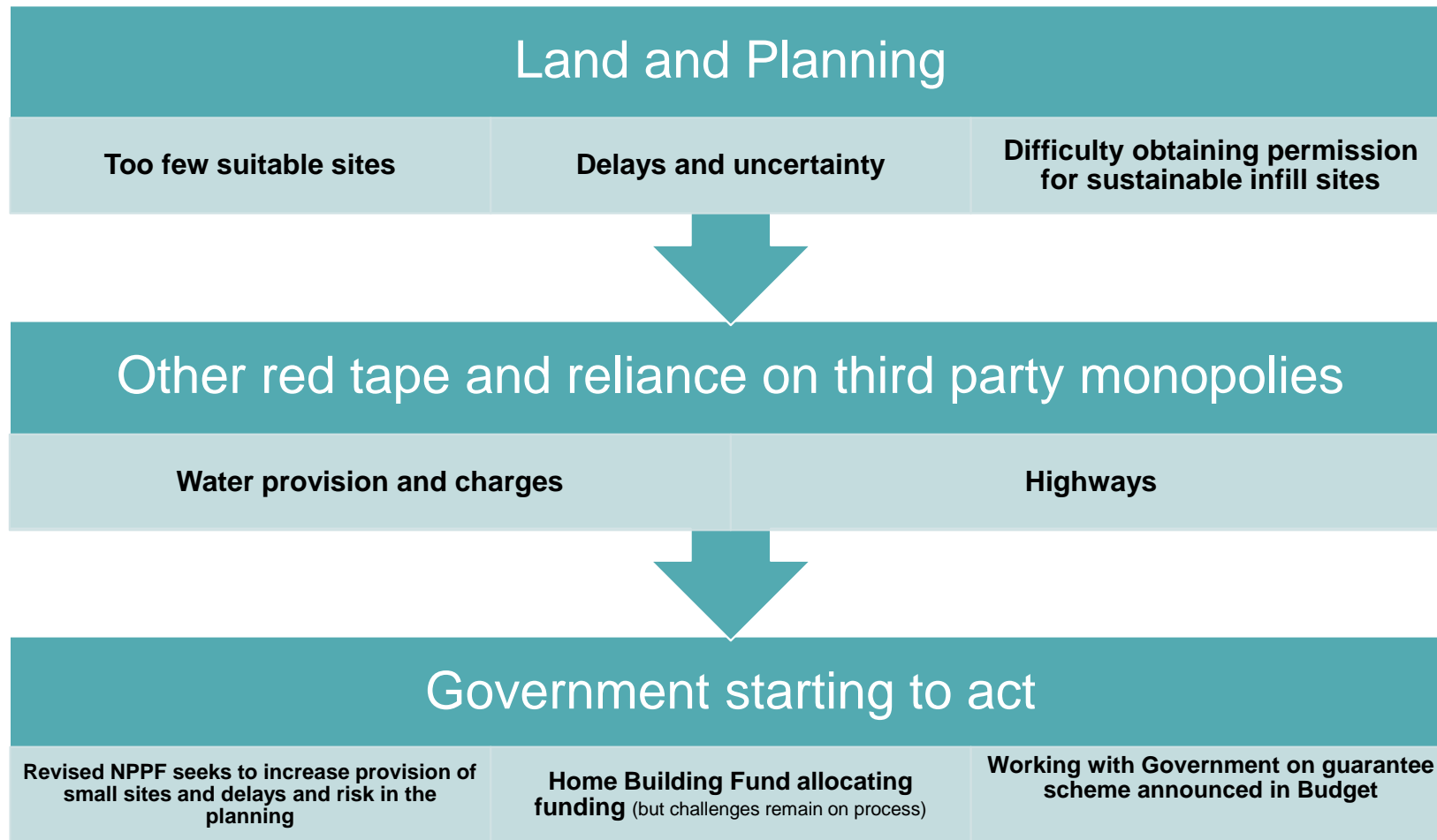
- HBF worked with members in 2015 to gather data showing like-for-like build out rates doubled between 2012 and 2015

Letwin’s interim update letter points to sound analysis

- Importance of absorption rates
- Benefits of product and tenure mix where possible
- Over-reliance on very large sites in local plans



Enabling a broader supply base - SMEs



Retirement housing providers

3.5m over 60s
1 in 4 of
population

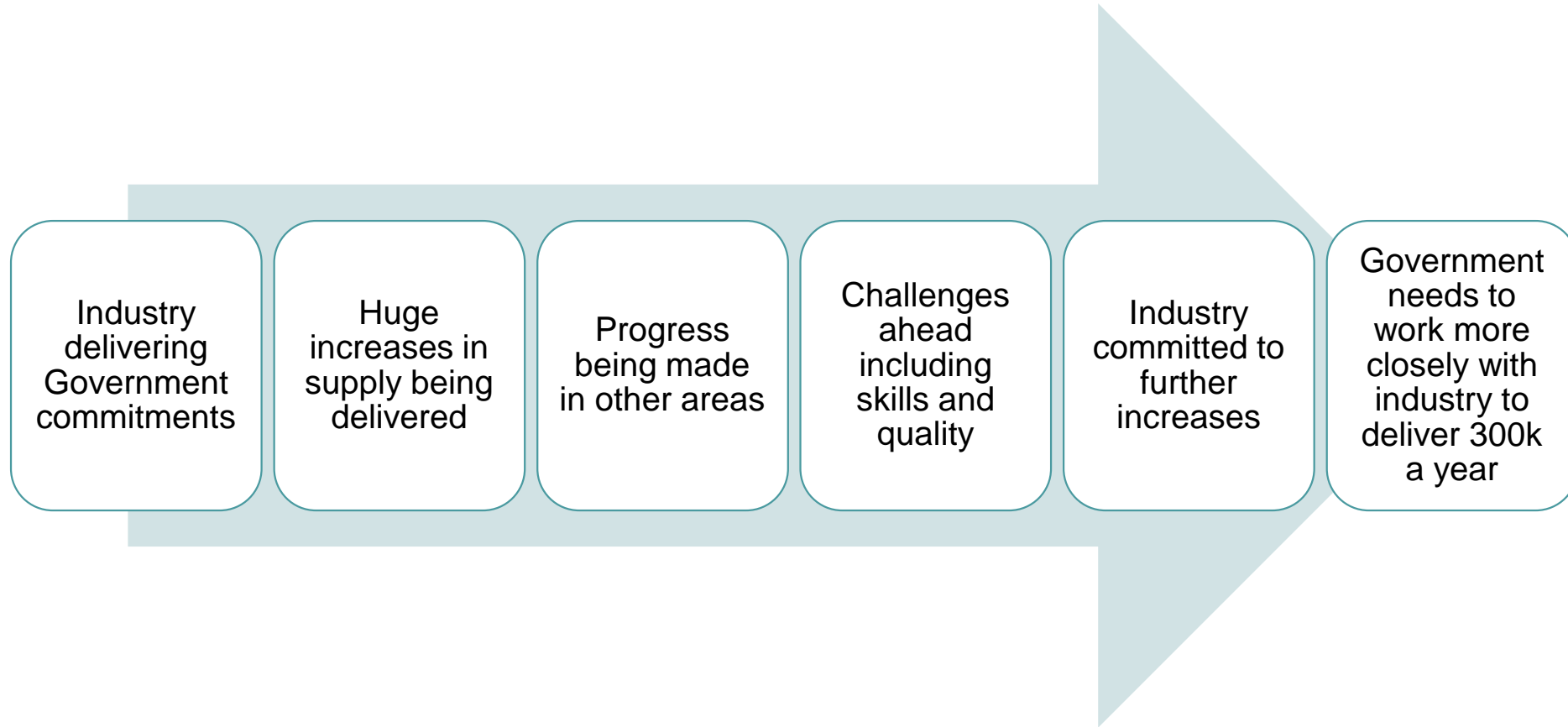
- 35% over 60s interested in moving and 33% in downsizing
- Less than 150,000 private retirement properties in England
- Currently building C5,000 a year
- Estimated demand C30,000 a year

Need supply
and demand
side action:

- HBF inputted in to drafting of new SoS planning guidance on retirement development
- New report on supply and demand side incentives published last autumn
- Improving supply will free up family housing and bring big health and care benefits



Summary





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home building
industry

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