

# The road to 300,000: A route out of the housing crisis

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# Quiz

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Q1. Since decimalisation, in how many years has England's net housing supply surpassed 217k (inc. 07/08)?

**A: Three times (2007/8; 1987/88; 1976/77)**

•Q2. Excluding 2013-17, during the reign of Queen Elizabeth II, how many times has growth exceeded 70% in a four-year period?

•**A: Never.**

•Q3. Since World War II, during which period did we see net supply go beyond 250k for more than a single year?

•**A: Never.**

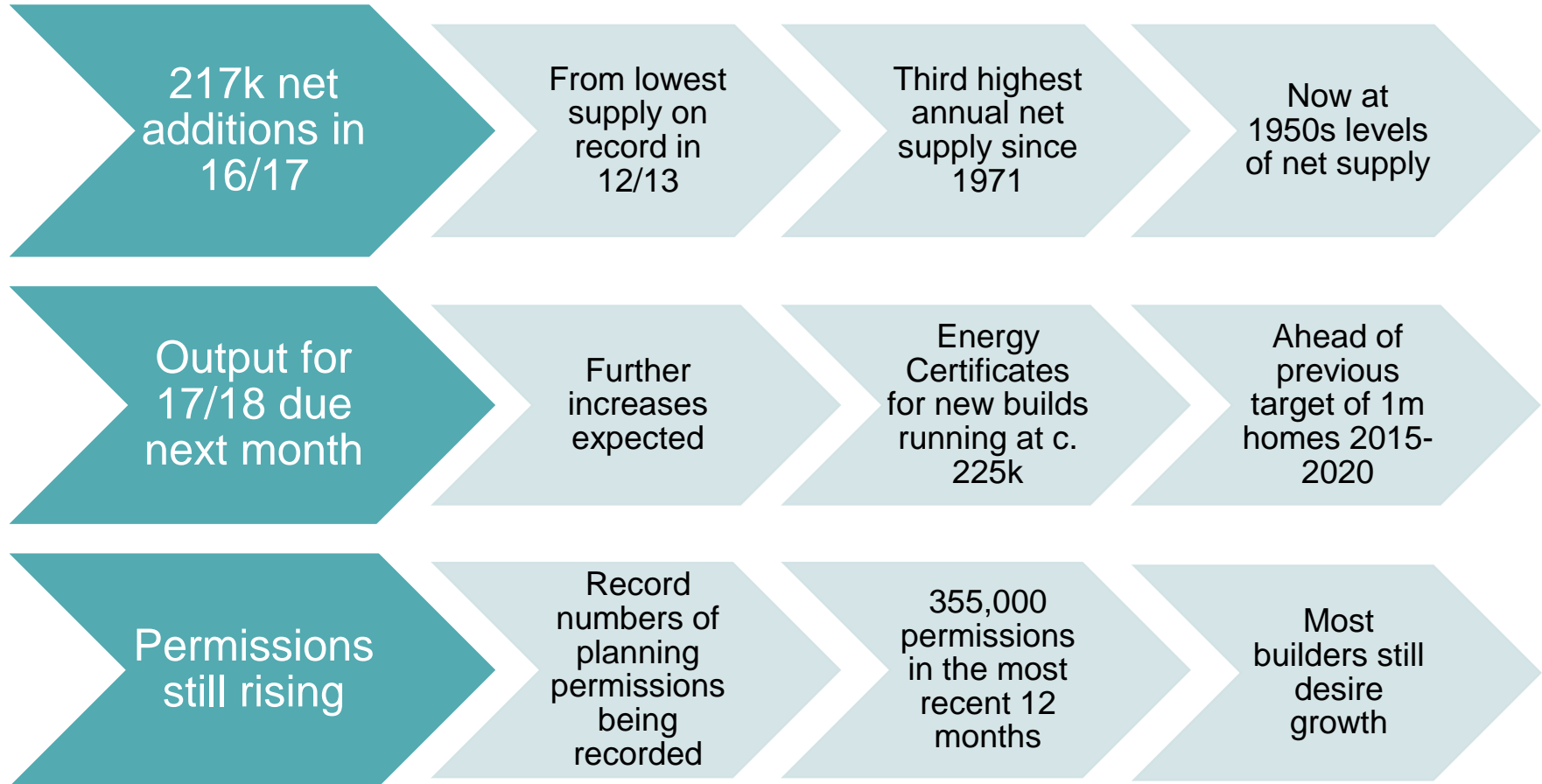
•Q4. Which of these taxes generates highest receipts for the Exchequer? (a) CGT; (b) Stamp Duty; (c) Tobacco duties

•**A: Stamp Duty**



# Progress to date

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# 300,000 net additions is unprecedented

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- Total housing output surpassed 300,000 in the mid-20<sup>th</sup> Century, but at a time of 50-100k demolitions per year due to slum clearance and post-war rebuilding
- Net supply peaked during the 1960s at an annual average of 224,000 (with a much greater proportion from councils)
- Today's drivers and obstacles are *very* different
  - Land usage
  - Much more restrictive planning & regulatory system = costly process
  - Affordability



# Challenges

## Macro constraints

- Future of Help to Buy
  - Mortgage market remains tough for deposit-poor FTBs
- Brexit uncertainty
- Sluggish second hand market
  - Volumes
  - Delays and length of chains holding up delivery and investment

## Other constraints and considerations

- Over-reliance on small number of providers. Untapped potential of:
  - SMEs
  - Retirement builders
  - HAs and councils
- Skills shortage
  - Long-term challenge
  - Potential impact of Brexit
- Quality, innovation & design
- Building regs & new approach to fire safety



# **MEDIA PORTRAYAL OF THE INDUSTRY COMPOUNDS THESE CHALLENGES...**



Greedy house developer: London  
right to Homebuyers battle toxic leases  
Help + high-cost leases  
house As many as 100,000  
Loop h... proj  
in rural  
Develop  
Help to  
Help to Buy is really  
Developers accused of 'go  
affordable housing  
Leasehold property headaches  
Warning to greedy developers hits property shares  
Labour takes  
loophole  
supply of  
unnecess

Planning  
Housing  
W...  
...planning  
...best developers dodge  
...house

# As demand rises, the reputation of new-build homes is crumbling

Developers 'sitting on brownfield land  
... can build on green fields'  
... boom could leave a  
... negative equity  
... practice  
... announced  
... feudal' practice  
... houses in  
... councils to expose developers' 'murky'  
... viability claims to increase cheap homes  
... alarming  
... building affordable homes leads  
... hhortfall

Big bonuses set to turn housebuilders into new  
pay villains  
Help-to-buy: S... has helped  
biggest developers to double profits  
... investors snapping up London  
... for first-time buyers  
... that the daughters of their new  
... y tried to move, and they're not alone



# Summary

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Industry will continue to build more, high quality new homes, but achieving 300k will require:

- Economic and policy stability
- Diversity of provision
- Access to skilled workers





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