

# Housing Strategy

**National Housing Federation  
Housing London: Investing in the Future**

**Tuesday 13 December 2011**

Terrie Alafat



**The Rt Hon David Cameron MP  
Prime Minister**

*“With this strategy, we will unlock the housing market, get Britain building again, and give many more people the satisfaction and security that comes from stepping over their own threshold.”*



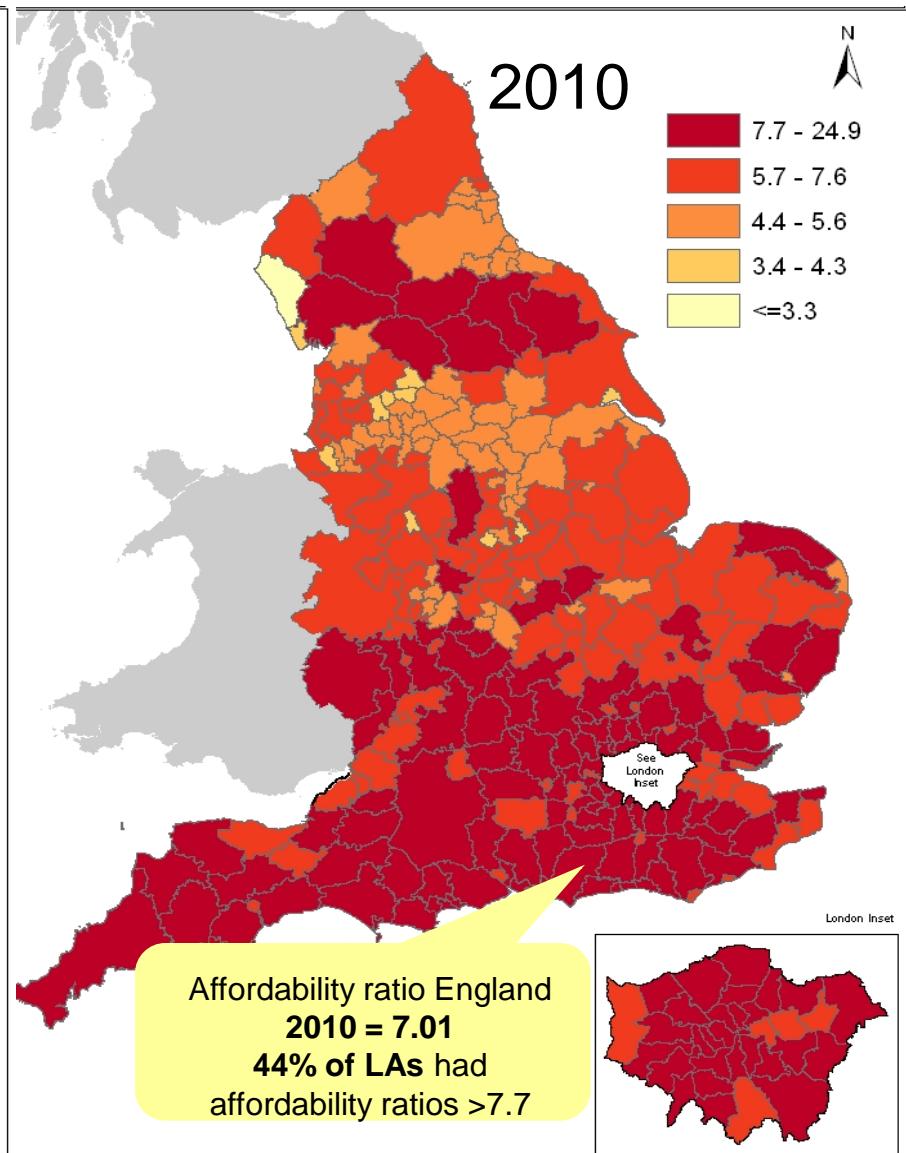
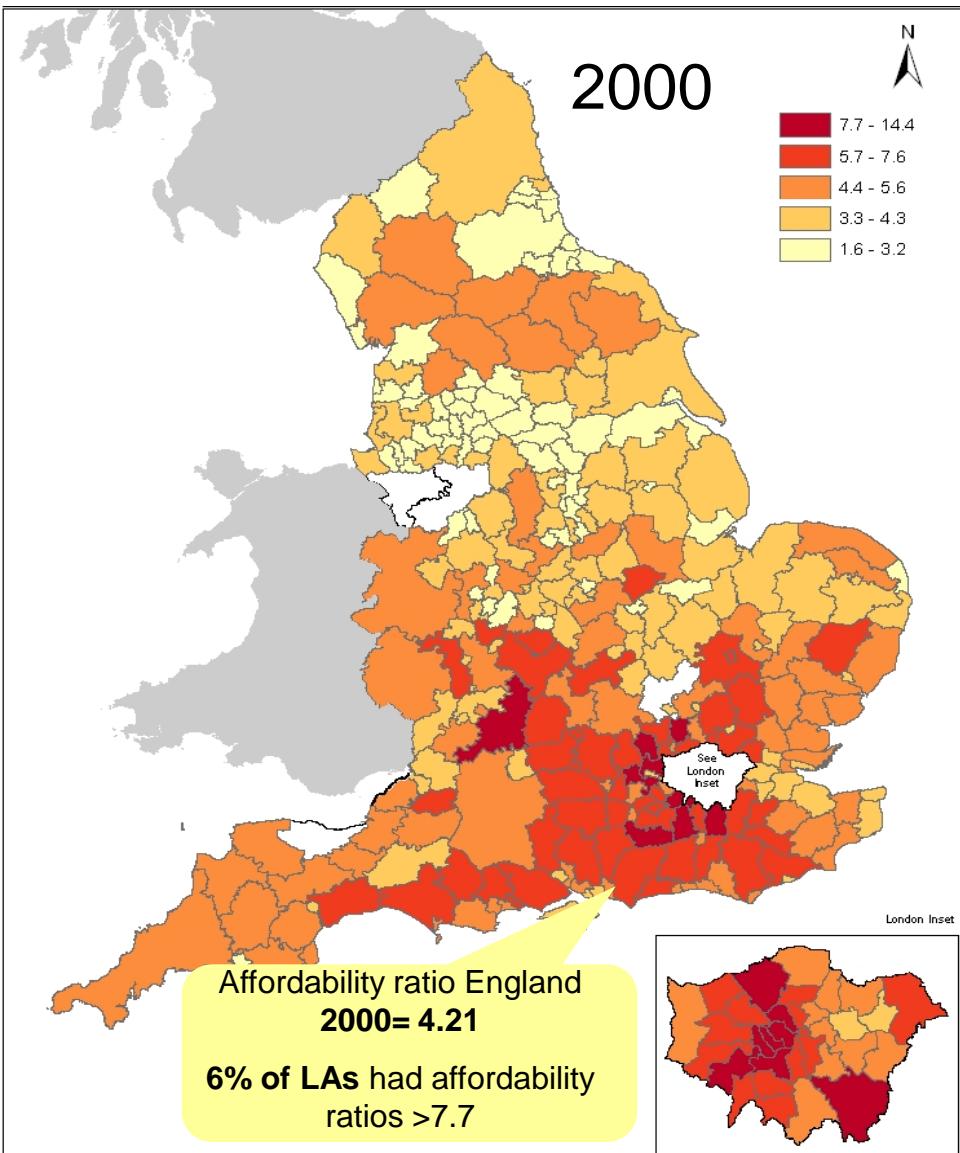
**The Rt Hon Nick Clegg MP  
Deputy Prime Minister**

*“This is a radical and unashamedly ambitious strategy – and it has two main aims. First, to help drive local economies and create jobs. Second, these plans are designed to spread opportunity in our society.”*

## 6 Facts: the scale of the challenge.

- **We predict there will be 232,000 new households every year until 2033.**
- **In 2009-10, only 115,000 new homes were completed.**
- **House prices almost doubled between 2000 and 2010.**
- **Young people are renting for longer, buying their home later and often relying more on family support.**
- **There are 4.5 million people waiting for social housing, many of whom will not be allocated a home.**
- **The number of homes (dwellings) rented privately in London has nearly doubled in the last ten years - increasing from 464K in 2000 to 850K in 2010.**

# The Challenge: Affordability remains a major issue...



# A Vision for Housing

## Laying the foundations:

A housing strategy  
for England

“A thriving, active but stable housing market that offers **choice, flexibility and affordable housing** is critical to our economic and social well-being.”

“Getting house building moving again is **crucial for economic growth.**”

“We will not achieve this by attempting to control the market from Whitehall.”

## The Housing Strategy

**Indemnity scheme to provide accessible mortgages for new build**

**Funding infrastructure through £500m Growing Places Fund**

**Releasing public-sector land with the capacity for 100,000 new homes**

**£400m Get Britain Building fund to unlock stalled sites.**

**Additional £50m for tackling worst areas of empty homes**

**£30m support for custom home builders**

**Simplifying planning policy in the NPPF**

**Support for locally planned large scale developments**

**Land Auctions**

**Build to Rent**

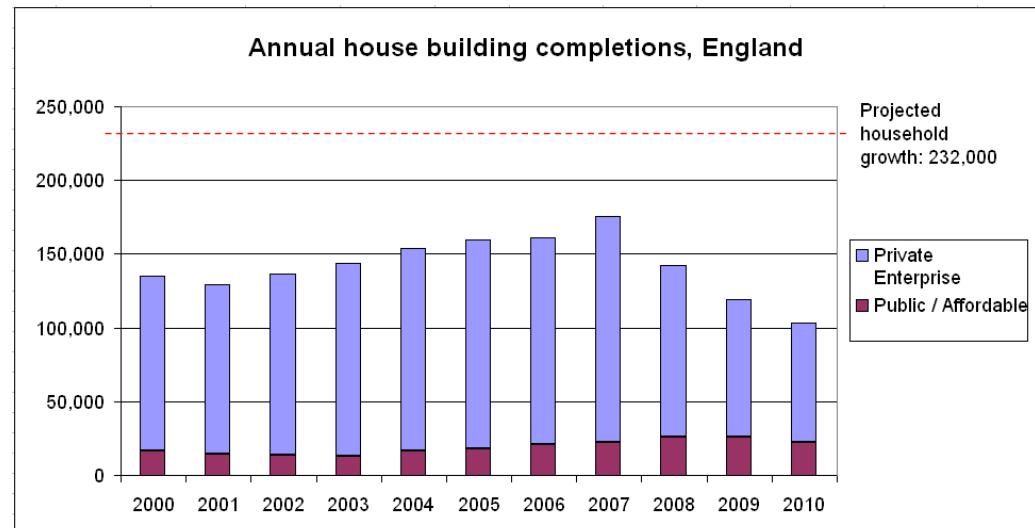
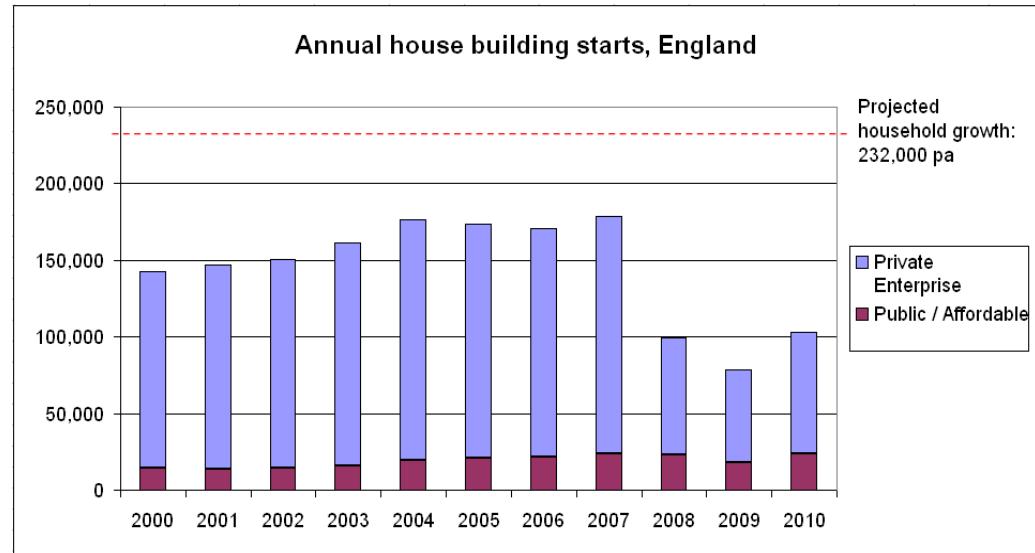
**“Laying the Foundations: A Housing Strategy for England” builds on existing reforms already in place:**

- **Reform of social housing**
- **New incentives for housing growth, such as New Homes Bonus**
- **Simplifying planning**
- **New powers to deliver Community Right to Build;**

## **'GET BRITAIN BUILDING'** **INVESTMENT FUND**

- A targeted £400 million investment fund, to support building firms in need of development finance
- This will help unlock progress on sites with planning permission.

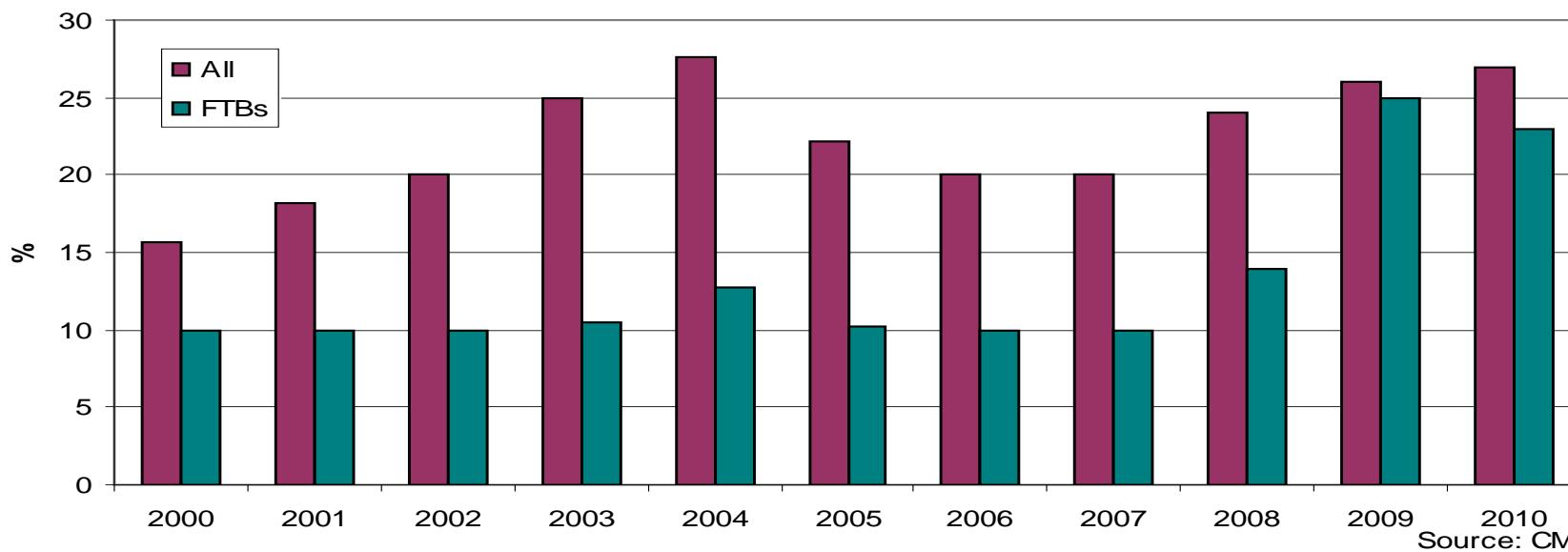
**In London:** House building has fallen to just under 16,000 in the 12 months to September 2011.



### NEW BUILD INDEMNITY SCHEME

- Up to 100,000 prospective buyers to gain access to 95 per cent loan to value mortgages to purchase new build properties, both houses and flats.

**Deposit (%) paid on mortgage completions for house purchase (UK)**



## **GROWING PLACES FUND**

- Establishment of a new £500 million fund to support infrastructure that unblocks housing and economic growth.

## **FREEING UP PUBLIC SECTOR LAND – GOING FURTHER**

- Capacity to deliver up to 100,000 new homes, with Build Now, Pay Later deals

## A more responsive, effective and stable housing market in the future (1)

### LOCALLY PLANNED LARGE SCALE DEVELOPMENT

- Local areas to deliver larger scale new development to meet the needs of their growing communities.

### CUSTOM BUILD HOMES

- Custom build homes programme of up to £30 million.

### RESPONSIBILITY FOR COUNCIL HOMES

- More freedom to local authorities through self-financing.



## A more responsive, effective and stable housing market in the future (2)

### **TACKLING EMPTY HOMES**

- Providing up to £100 million of funding to bring empty homes aback into use as affordable housing and £50 million of further funding to tackle some of the worst concentrations of empty homes.
- From next year, the Mayor of London will have new housing and regeneration powers and he proposes to ensure that no more than 1% of homes should stand empty and unused for more than six months.

### **REINVIGORATING RIGHT TO BUY**

- Consultation on proposals soon
- Raise the discounts to make Right to Buy more attractive to social tenants;
- Commitment to build a new affordable home for every additional home bought under Right to Buy.

**In London:** Under the current system, most Right to Buy discounts are limited by caps set in secondary legislation. These currently range from £16,000 in most of London to £38,000 in the South East. The effect of the caps is that the average discount rate received by buyers in England is around 25 per cent – ranging from 13 per cent in London to 32 per cent in the North West.

## The Affordable Homes Programme: The Breakdown



18,000 homes will be delivered as part of funding pots for Mortgage Rescue, Empty Homes, Homelessness Change and Traveller Pitches, as well as grant free and local authority funding.

Under the new programme, 146 Providers will deliver 80,000 homes.

There are 72,000 properties committed from the previous programme.

£4.5bn will deliver 170,000 new homes over the Spending Review period

## **BUILDING ON THE POSITIVE RESPONSE TO THE AFFORDABLE HOMES PROGRAMME**

- Support greater innovation and competition between social landlords
- Collaboration- local authorities and housing associations
- Focus on efficiency- more proactive approach to value for money regulation
- Consider new approaches to funding affordable housing in the medium term.

## **Supporting choice and quality for tenants (2)**



### **SUPPORTING GROWTH IN THE PRIVATE RENTED SECTOR**

- Supporting growth, and investment as the key to increasing choice, access and standards in the sector;
- Working with local authorities to tackle the worst properties;
- Independent review of barriers to investment in private homes to rent;
- Supporting Build to Let models of development, with funding from investors with medium to long term interest.

**In London:** Over the 12 months to September 2011, the average monthly rent for a one bedroom self contained property in Greater London was £1,073, almost double the England average of £586.

## **TACKLING FRAUD AND TENANCY ABUSE**

- Propose to give social landlords tools to identify and recover properties being used unlawfully.
- Prevent those who already own a suitable home from seeking social housing.

## **HIGH INCOME TENANTS**

- Consultation to follow on charging more reasonable market orientated rents for people earning very high salaries.

## **Supporting choice and quality for tenants (4)**



## What does this mean for housing associations?

- Continued focus on successful delivery of current Affordable Homes Programme.
- Focus on efficiency- more proactive approach to value for money regulation
- The Housing Strategy supports innovation in the sector and new ways of delivering.
- Government will be going further in freeing up public sector land.
- Reinvigorating Right to Buy.
- Reviewing the barriers to investment in the Private Rented Sector

# Laying the Foundations: A Housing Strategy for England

[www.communities.gov.uk/publications/housing/housingstrategy2011](http://www.communities.gov.uk/publications/housing/housingstrategy2011)

## QUESTIONS?