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Housing Crisis

The hidden truth



CHANGING FACES

**2017 served up the country's 15th
housing minister in 17 years ...**

Just when it looked like political will and political certainty would finally fall into line and address the UK's 1.2m housing deficit, 2017 served up the country's 15th housing minister in 17 years.

While the incumbent Alok Sharma is yet to set out his stall, he has arrived at a critical time, amid hopes he will implement the reforms set by his predecessor Gavin Barwell in February's housing white paper.

A million new homes by 2020 is the target. All eyes now turn to Sharma to keep housing firmly on the political agenda. It has been said many times, there is no silver bullet that will fix the crippling shortage of UK homes and housing affordability. Instead, a variety of investment and policy solutions will.

According to Concert consistency and clarity in planning regulation, clearer strategic visions for regeneration and new build, and a more concerted approach to modern methods of construction, will at least lay some strong foundations for housebuilders.

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**A million new
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The white paper unveiled a shake-up of Local Plans which was largely welcomed by the housing sector for making local authorities more accountable for their housing delivery targets.

And a planning system that frees up public sector land for new homes, as well as supports the need for affordable homes to be built in the right locations with the appropriate infrastructure, are reforms the housing minister is expected to continue to advocate.

But the planning system has major shortcomings. According to Shelter, 320,000 homes across the UK could have been built over the past five years had local authorities forced developers to build out after awarding planning consent.

Unpredictable, time consuming and ...

Landbanking is an issue, but reforms are empowering councils to stamp it out, including shortening the length of permissions from three years to two years.

Further carrot and stick measures that have been mooted to accelerate delivery include granting automatic planning permission to small housebuilders developing on brownfield land.

Permission to convert buildings from one use to another, such as office to residential, is a measure that is likely to remain indefinitely.

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And local authorities must now review their Local Plans every five years to make sure they are delivering sufficient housing, with the government imposing plans if they fall short.

But he reforms must go further, said Chris Patrick of Concert, citing the planning process as “unpredictable, time consuming and costly”.

Permission in Principle for example, gives developers permission to build a specified amount of housing on a site before they need to provide the costly technical proposals to implement it, but the mechanisms by which that can happen are yet to be revealed, Patrick said.



... costly

He is also exasperated by the disconnect between central government drives, such as those for speculative housing development and a greater variety of tenures, and how they are interpreted by local planning policy.

“Providing further clarity on what can be delivered and where, and providing early guidance on this, including affordability content, would help housebuilders hugely,” Patrick said. “It would give greater certainty to speculative schemes in terms of what can be built and when, and allow market forces to drive well-designed and demanded homes.”

Meanwhile, Patrick would welcome further clarity from the government on how public land can be brought forward earlier, with greater certainty on what can be built, and further information on long-term plans around permitted development rights.

And while they are at it, incentives for building homes for the elderly, plus measures that would support local authorities who want to invest in housing development and regeneration, would be nice too, said Patrick.

The latter would pave the way for greater public and private sector collaboration, “allowing both sides to understand the wider panorama of what can be delivered”.

The potential for the blending of skills to help identify land for viable development, to support deferred land sale, and to provide access to funding where local housing need is fulfilled by the development, is worth more thought indeed.

The success stories are already there, there just needs to be more of them to have any real impact on the housing deficit.



Demographic shifts

While addressing the chronic homes shortage, planners and housebuilders should also be mindful of demographic shifts.

Supply, affordability, spikes in demand and working trends, are forces that are seeing millennials gravitate towards major cities, and young families and baby boomers move away from them.

**Young
families
and
baby
boomers**



Changing the dynamics

It is a trend largely responsible for the resurgence of coastal towns and communities as well as other areas that have previously not seen great levels of demand.

Patrick said: “We should ask ourselves if creating the places where people are moving to is the right thing to do, or is it more sensible to provide amenities where people want them?”

London alone is expected to grow by one million residents over the next decade and this should prompt serious thought about building density.

“There is a tremendous amount of green space we want to protect, which we can if we just add a bit of height. I’m not talking towers, but changing the dynamics from four-to-six storeys to seven-to-eight. That would make an enormous difference to housing quanta and add to the ability to create different uses and bring vibrancy to many places.” Housing variety is also critical to a viable and sustainable market. Tenure mix, and a move away from the focus on home ownership, was one of Gavin Barwell’s hallmark reforms.

And it is backed by London Mayor Sadiq Khan who recently pledged £1.7bn towards the building of 50,000 affordable homes. They will be for rent and to buy, and delivered by a mixture of private developers, housing associations and London councils. Patrick noted: “It’s strange we have very few planning classifications for residential development, which is inherently something that has a great variety of choice.

“In this landscape we will see social housing providers become multitenure providers, building everything from social rent to the discount market, to intermediate purchase, private sale and build to rent.

A blended offer just better responds to the range of requirements.”



MODERN METHODS OF CONSTRUCTION

A shrinking construction workforce, cost inflation, and sheer pressure to plug the housing gap, means the industry is turning increasingly to modern methods of construction.

Finding the right balance

And a recent investment by Sadiq Khan into modular house builder Pocket Living to the tune of £225m via the Mayor's Innovation Fund is an indication that is being taken seriously indeed.

The investment will help Pocket create 1,059 new one- and two-bed flats for first-time buyers in London, which will then be sold at 20 per cent below the market rate. Using its modular housing model, the developer can build 32 flats in 10 days.

“Modular building not only has the inherent ability to plug the housing shortfall quicker than by any other means, but it also provides a more defect-free solution,” said Patrick, who is adamant MMC should be pursued further by the government, with emphasis on the regions.

Providing the thrust for modular construction is the rise of build to rent, and companies the likes of Laing O'Rourke and Legal & General are backing the model with large investments. L&G is building a £55m 500,000 sq ft factory site in Leeds which can produce 3,000 homes a year for its build to rent schemes.

Patrick said: “Houses are just about the only thing that we still build and use in situ. Ford motors don't build cars at your home.”

However, the practice of assembling flats entirely off site has its flaws, specifically the ability to roll out the model on a large scale. This is because of limited factory space, availability, and restrictions on what can be transported by road.



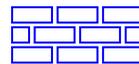
“It’s just a matter of finding the right balance, finding the scale of the supply chain to make it work, and making sure we are cognizant of the design nature of the scheme, the delivery programme and the risks,” said Patrick.



Overcoming some of the issues is the concept of off-site construction on-site. And where scale warrants this, it should be explored further, he said.



Alternatively, robotics is something widely used across other industries, but with a slow take up in housing. Robotics has already been used by Construction .



Robotics has already been used by Construction Robotics to lay bricks at six times the rate of a manual solution, and by Winsun to produce concrete printed building shells in China.



“Improvements to methods of manufacturing have already created greater affordability and availability in other industries, and it can provide a housing solution that does not rely on a labour force that in the UK is currently insufficient,” said Patrick.



And on the topic of a workforce, the housebuilding sector can no longer shy away from making major investments in training, warns Patrick, as this has already led to a limited and ageing skills base.



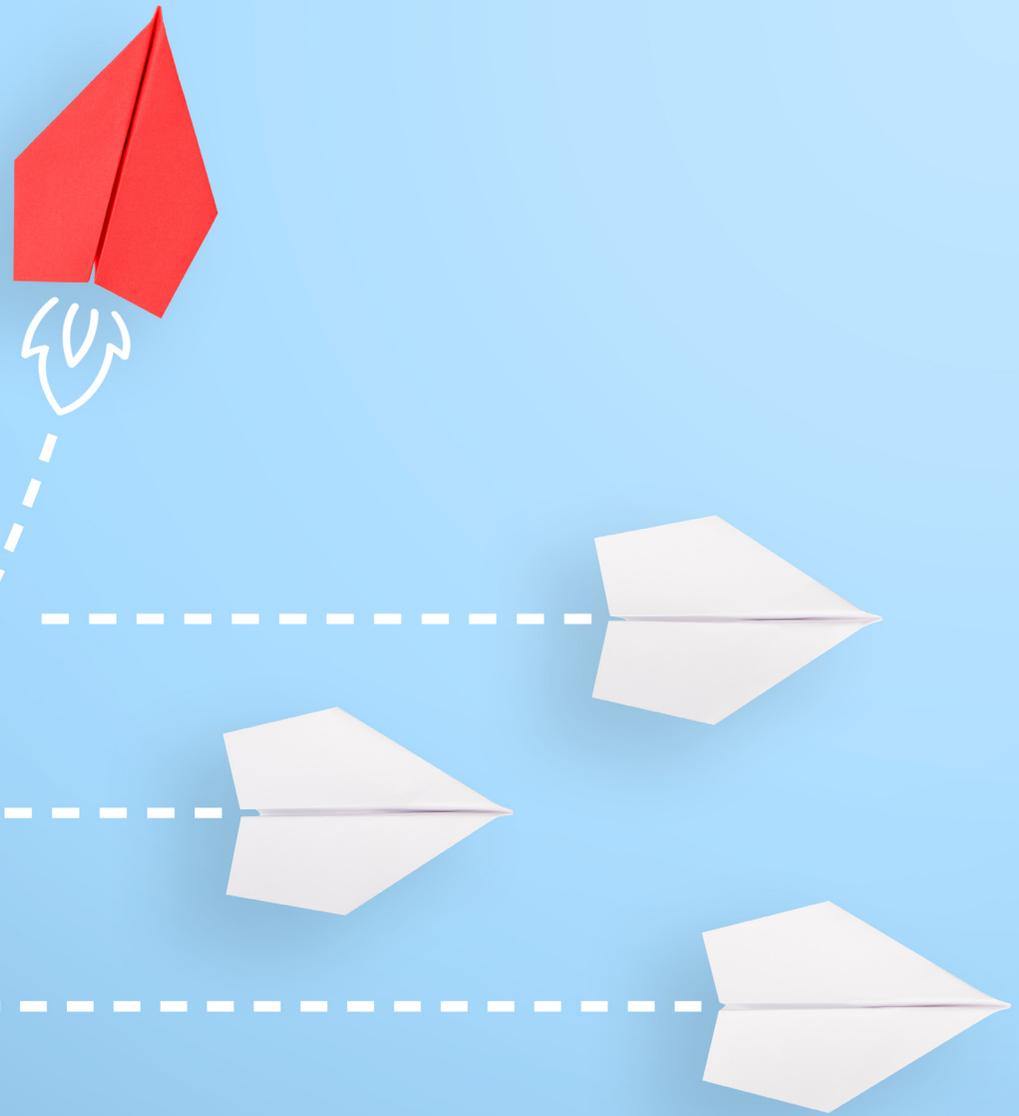
“We need to make a construction career attractive to the young and those considering a change of career”.

Moving forward

In all, if the UK is to really ramp up housing supply, Concert strongly believes that the only effective approach will be a concerted one.

Put simply, this would combine clarity in planning, collaboration in regeneration, and a greater investment in MMC.

“It is a lot to come together, but the support of everyone involved can only enhance our ability to tackle this crippling crisis,” said Patrick.





/ Planning / Regeneration / MMC



In summary, moving forward we believe that by doing the following, we can give some viable options to deliver against the growing housing crisis:

Provide clarity to developers of expectation for what should be built and when by local government's greater use of the intention of the housing white paper, Planning In Principle and planning permission periods, to measure new home creation against targets and evolve strategies for delivery.

More collaboration and less delay between government investment of time, money and land with public sector expertise and risk management to unlock regional delivery and make delivery paramount.



**Greater investment in the training of new apprentices
and workforce benefits to accelerate innovation.**

Greater investment by the public and private sector in developing more factories to deliver modular homes, in the training of new apprentices and workforce where traditional construction is better suited and financial support to developers of mechanised construction in the form of taxation benefits to accelerate innovation.



Contributor

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Rebecca has covered the breadth of the property industry, including city growth, offices and office design, housing, industrial, investment, plus global and regional UK markets encompassing the issues affecting the industry's next generation.

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