

Housing at the centre of the debate

There has been a tussle going on over how to finance a larger housebuilding programme. The Prime Minister announced her intention to build more homes in her Conference speech, but was only able to agree modest sums of public money for the affordable housing she had in mind. The Treasury is seeking to limit the expenditure of taxpayer cash, and to look at other ways of relaxing the housing market to foster more development.

This week we read that the independent Office of National Statistics who put the £70bn of Housing Association debt onto the government's balance sheet in 2015 is now going to take it off. The Office is apparently now satisfied that the Housing Associations are sufficiently independent of government so their debt is not part of the state's obligations. This follows legislative changes concerning Housing Association finances and management.

This is significant because it removes Treasury concerns that more Housing Association borrowing impedes reducing state borrowing as a percentage of GDP, one of the government's chosen targets. It will allow Housing Associations to borrow more to build more, subject to their own balance sheets and credit worthiness. It means that the Communities Secretary's plea to borrow more at these current low interest rates to invest in housing has just got a bit easier for part of the housing sector.

Thursday we saw the PM out and about highlighting the housing issue. The Communities Secretary made a speech urging Councils to achieve more with their local plans. There remains the issue of the capacity of the housebuilding industry. Successful large companies dominate the activity, and have their own reasons to limit the pace of growth in their activity. They worry about maintaining standards, and recruiting and training sufficient skilled people. Local Colleges can help by putting on sufficient places for building trades courses, and promoting these to potential students.

As the government turns its attention to more affordable housing it is important it includes enough affordable housing to buy, as that is still the preferred tenure for most people. It also needs to expand shared ownership and rent to mortgage models to create additional pathways to ownership.