

# Speech: Housing Market Intelligence conference 2018

Thank you Steve. You are quite right I am this Housing Minister this week.

You are probably wonder who is this guy? You are quite right, I was appointed Housing Minister 12 weeks ago.

Plucked from obscurity from the Department for Work and Pensions where I had been responsible for housing benefit and introduced to the dynamics of social housing.

Before that I developed commercial property in the 1990s and later became the finance director of a small boutique development firm.

When the Prime Minister asked me to take on this job, she was clear about my task. These are now 3 words I live by: more, better, faster.

So today I'd like to talk a little more about that mission statement – more, better, faster – and how we can get there.

## **More**

Starting with more. Back in 2010 we were getting 134,000 net additional homes a year. You are have all done very well and today that's up 55% to 217,000.

My first note to you is thank you! On behalf of government and the hundreds of thousands of people who now have a home.

But moving forward to our target is 300,000 – we're a government in delivery mode. But that needs a bold and radical approach.

Anyone that wants to be building houses should be enabled to do that.

The last time Britain was building enough homes, local councils were making a huge contribution.

And again today, councils want to step up and play their part. But they need to borrow more to build more.

So, as the [Prime Minister announced](#) in her conference speech, we're scrapping the cap on how much councils can borrow against their Housing Revenue Account – entirely.

We've empowered them to build the next generation of council houses – homes that will help make the housing market work for everyone.

As well as enabling local authorities to deliver as many as 10,000 homes a year, it will help diversify our building market, with councils able to take on projects and sites private developers might consider too small.

Homes England – our new national housing agency – is buying and assembling land and building the infrastructure we need. They're ironing out those market failures that all too often hold us back.

And we're freeing up surplus public land for development – from the likes of the NHS and the Ministry of Defence – enabling thousands of homes to be built and helping us to reinvest in vital public services.

But as everyone here knows, to build more homes we've got to move beyond that conventional wisdom of supply and demand.

We need to recognise that this is not just a housebuilding industry, but a finance industry. When I was involved it was much about our finance structure, than our supply numbers.

I'm reminded of that great moment in the film *The Founder*, where Ray Croc – the guy who expanded McDonald's and made it what it is today – was getting schooled by his financial advisor.

He told him: "You don't seem to realise what business you're in. You're not in the burger business. You're in the real estate business".

Like them, we recognise that land and finance are at the heart of growth.

And since the crash of 2007-08, these have been 2 particularly tough challenges.

It's why we in government are taking a more assertive approach on both – intervening in the market where it isn't working.

But there are other clever things we can do, like our recent deal with Barclays: we've put in £125 million targeted at housebuilding with a tilt to SMEs, and they've topped it up to a billion pounds.

Or the Build to Rent market, which hardly existed 5 years ago, but because of our support we've now got more than 125,000 Build to Rent homes delivered or in the pipeline.

It's only these kinds of bold and innovative steps that can get us to our 300,000 targets, and we are keen to do more of this.

Lastly, we need to send long term capacity signals.

Ambitious developers need to know their commitment is being matched by the government, which is shown with our £44 billion of total investment.

## **Better**

But building more doesn't mean we can't build better – we've got to quash that myth for good.

In fact, the more we build, the more important it is we get it right.

Those of you who follow politics may have heard of Lynton Crosby, who famously said “you have to look at the qual over the quad mate”.

Design matters on all sets of levels, for planning and acceptability.

It’s perfectly possible for modern, efficient, technology driven design to echo our history and reflect the local area without becoming pastiche.

And when it comes to design, no matter what you do, there are always people who won’t be happy. It’s a bit like being a politician!

But we know what those places should feel like.

Places that not only make you happy but keep you well.

Places that can move you from fear and anxiety to hope and happiness.

Places that welcome you, inspire you and smash stigma.

Because no matter where you’re coming from on this, our first obligation must be to the people we serve.

And I believe there is a role for government here, to ensure people get what they need.

The new revised [National Planning Policy Framework](#) – our new planning rulebook – gives communities a greater voice on the look and feel of developments.

Because in decades to come, we want to look back on this new golden age of house building, not through the windscreen of a bulldozer, but with the view to treasure, preserve and invest in it.

And today, I don’t think many people can honestly say they’re building the conservation areas of the future.

But the bottom line is this: build more beautifully, sell more houses.

Because you’re more likely to get permission and you’re more likely to find willing buyers if you do.

Today, 60% of people surveyed said they’d never live in a new-build. If people think that, clearly we’re not building the right types of new-build.

This has to be about design right? Any other industry with this response to their product would be in trouble.

I urge you to look at design.

Developments of 500 units or more are bigger than most villages, so we need to think in terms of those kinds of neighbourhoods.

Although they won’t necessarily need a world-class concert hall like here at the Barbican, our communities do need vital infrastructure like roads,

clinics and schools.

Get that right, and you will find yourself in that most rare and wonderful of situations – one where residents actually welcome new development.

When you as an industry have moved into your 90s and retired. Will you look back at what you build over your career with pride?

Have you built the conservation area of the future?

## **Faster**

And the third area is faster. What can we do to power through to 300,000 homes a year.

While building better will get permissions up, we also need a faster and more flexible planning system to match.

That's what the new revised National Planning Policy Framework does.

We have had big regulation on planning and asking councils to be upfront on what they need for their 106 requirements.

We want to give you as an industry more certainty on how you can build, where you can build and what you can build.

So, the whole process is quicker.

We are also pressuring local authorities, to have a clear plan in place for their local need.

Both through the National Planning Policy Framework delivery test and political pressure.

But we also need to see a change on the side of developers.

If you took a builder Back to the Future in the DeLorean from 1985 to a present-day construction site, they would find that very little has actually changed.

Innovation is coming, and I urge you to grasp it.

We are starting to see it already with new modern methods of construction, offsite construction.

There's robot brick layers who can build a house 4 times faster than a human; push fit systems that are changing plumbing; and before long we'll have far-field charging transforming how electricians work.

The winds of change are coming and I don't want to see anyone become the Kodak of the housebuilding industry.

Obsolete because new technologies have taken over.

And that's not just about technology – it's also about talent.

Look at the financial industry, highly regulated and only 10 years ago dominated by a few small big players at the top.

Innovation has blown a hurricane through the finance industry, with talented members of those organisations have started their own thing.

We want to see small and medium sized builders, and even people who are half way down big organisations, to think they have the support to become the next Lawrie Barratt.

I want to see a vigorous and vibrant market, competing on design, on volume, on quality and on tenure.

We'll support you. Our [Home Building Fund](#) is giving SME builders the confidence to grow while promoting modern methods of construction and custom build.

So far, more than £120 million of loans have been agreed for projects using modern methods of construction, and we're working with the finance and insurance industries to make these properties more mortgageable.

## Conclusion

So why are we doing this? What's this for? Let's make hay when the sun is shining. All the stars are aligning. Demand is there with more land becoming available.

Cheap rent is available, and the government is able to assist when it's not.

The ambitious is there, with our Ox-Cam-Milton Keynes corridor is going to deliver 1,000,000 homes by 2050, with little resistance from local authorities.

All the stars are aligned for industry to make hay.

We need to bear in mind that we don't operate on an island. That there is currently a breakdown in society in this sense of intergeneration fairness.

Young people have a growing sense of resentment to a housing industry they feel has failed them.

Owning a home is becoming a distant dream to people in their 20s and 30s.

They don't feel like the generations before them is giving them a fair deal.

We have a moral duty to the future generation.

The triple challenge – more, better, faster – is the key to to this country's happiness, health and prosperity.

If we get to 300,000 by the mid-2020s, I hope and believe future generations

will look back at us as a golden generation of housebuilding.

And I look forward to working with all of you, to build a housing market that works for everyone.

Thank you.