

Speech: PM speech on making housing fairer: 5 March

On my first day as Prime Minister, I spoke on the steps of Downing Street about my desire to make this a country that works for everyone.

A country where, regardless of where you live, your race or religion, or what your parents do for a living, you have a fair chance to get on and build a life for yourself and your family.

It's a philosophy that shapes everything this government does, and, over the past 18 months, we've done much to help turn vision into reality.

We're reforming schools, colleges and universities so that all children and young people get the education that's right for them.

We're addressing failures in the justice system, making it more transparent so that racial disparities can be identified and ironed out.

We're raising the national living wage, increasing the income tax personal allowance, and capping energy bills so that people are able to keep more of the money they've worked so hard to earn.

And, as I said at Mansion House on Friday, we're negotiating a Brexit deal that works for the whole of the UK, so that nobody feels they have been left behind.

It's all about making this country a fairer place for all, breathing fresh life into the British dream that every generation has a better future than the last.

But we cannot fulfil that dream, we cannot bring about the kind of society I want to see, unless we tackle one of the biggest barriers to social mobility we face today: the national housing crisis.

The causes and manifestations vary from place to place but the impact is all too clear: in much of the country, housing is so unaffordable that millions of people who would reasonably expect to buy their own home are unable to do so. Others are struggling even to find somewhere to rent.

The root cause of the crisis is simple. For decades this country has failed to build enough of the right homes in the right places.

It's a problem that has plagued successive governments of all colours since post-war housebuilding peaked under the first Wilson administration.

But it was from the mid-1990s that the failure to match demand with supply really began to push prices upwards. In 1997, the average home cost 3.5 times the average wage. By 2010, that ratio had more than doubled.

Higher prices brought with them higher rents, so prospective first-time buyers found themselves able to save less and less even as the size of the deposit they needed grew and grew.

The result is a vicious circle from which most people can only escape with help from the Bank of Mum and Dad. If you're not lucky enough to have such support, the door to home ownership is all too often locked and barred.

Talking to voters during last year's election campaign, it was clear that many people, particularly younger people, are angry about this.

Angry that, regardless of how hard they work, they won't be able to buy a place of their own. Angry when they're forced to hand more and more of their wages to a landlord to whom their home is simply a business asset. Angry that, no matter how many sacrifices they make to save for a deposit, they'll never be able to compete with someone whose parents have released equity from their own home to help their children buy.

They're right to be angry. Income inequality is down since 2010, thanks in part to increases in the personal allowance and the National Living Wage. But wealth inequality continues to rise. And, as figures such as Matthew Rognlie argue, it is housing wealth – unearned, and offering huge returns – that lies at the heart of this growing disparity.

But the impact of rising prices goes beyond the simple division between housing haves and have-nots. This crisis of un-affordability is also creating a crisis of almost literal social immobility.

Think of the skilled, experienced worker who is offered a promotion but can't afford to take it up because it would mean moving to a town or city where he can't afford to live.

Think of the talented young woman from a working-class background who can't afford to take an entry-level professional job because she wouldn't be able to live nearby.

It's not so hard to accept that door-opening internship in London if your parents own a large house in central London. It's a much greater challenge if you share a room with your siblings in a North Wales terrace.

So the shortage of housing in this country reinforces inequality. It prevents social mobility and stops people fulfilling their potential. It creates and exacerbates divisions between generations and between those who own property and those who do not.

And it undermines something more, something less tangible but just as important. The sense of community, of belonging, of responsibility that comes with owning your own home or having an affordable, secure, long-term tenancy.

I still vividly remember the first home that I shared with my husband, Philip. Not only our pictures on the walls and our books on the shelves, but also the security that came from knowing we couldn't be asked to move on at short notice.

And because we had that security, because we had a place to go back to, it was that much easier to play an active role in our community. To share in the common purpose of a free society.

That is what this country should be about – not just having a roof over your head but having a stake in your community and its future. All that is put at risk by the mismatch between housing supply and housing demand and the soaring prices that have resulted.

Now, this Government is already taking action to help hard-pressed buyers. We're putting an extra £10 billion into Help to Buy, giving another 135,000 families a step up the property ladder. We're scrapping stamp duty for 80 per cent of first-time buyers, and looking at ways to make the whole process of buying and selling homes quicker, easier and cheaper.

But to stop the seemingly endless rise in house prices, we simply have to build more homes – especially in the places where un-affordability is greatest.

Getting more homes built: new planning rules

Doing so requires action on many fronts, and at the very heart of the matter is the planning process. Planning professionals may not be as visible as the bricklayers and carpenters and roofers. But we cannot build the homes we need without them.

Because if there's one thing I learned from my time working on housing at Merton Council, it's that good planning is all about detail. It's very easy for a politician to stand up and say he or she will build however many homes in however many years. But it's an empty promise if they don't also address the hundreds of smaller issues that underpin it.

Where in the country will they be built? In which communities? On what sites? What kind of homes will they be? What infrastructure will be needed to support them? Will these plans be imposed from above, or will local people have a say on what happens in their area?

These are the kind of questions that need to be answered by anyone who is serious about getting homes built. They're the kind of questions that are asked every day by planning professionals. And they're the kind of questions this government is answering with the new, fairer, more effective planning rules that we're launching today.

When used incorrectly, as was the case for so many years, planning policy creates barriers to building, tying up councils in red tape and allowing developers to game the system. But in the right hands it can be a powerful tool with which to shape, regulate and drive the construction of homes in this country.

So this government is rewriting the rules on planning. With the major overhaul being published today, we're giving councils and developers the backing they need to get more homes built more quickly. More homes at prices

that are affordable for first-time buyers. More homes for the NHS staff, teachers, firefighters and other key workers on whom all communities depend. More homes for rent on family-friendly, three-year tenancies.

We're streamlining the planning process, so that much-needed homes aren't held up by endless appeals and bureaucracy.

We're making it easier for neglected and abandoned commercial sites to be turned into housing.

And we're making sure councils do all they can to find sites, grant planning permissions and build homes. That includes creating a nationwide standard that shows how many homes authorities need to plan for in their area – making the system fairer and more transparent.

Our new rules will also see to it that the right infrastructure is in place to support such developments. When people oppose large-scale development in their area, it's often because they're worried their village or town simply won't be able to bear the weight of hundreds of new arrivals.

Their schools are already full, their roads are already congested, the waiting list at their GP is already too long. They want to know that any new homes will be accompanied by appropriate new facilities and infrastructure.

Under our new planning rules, that's exactly what will happen. And local communities will be put at the heart of the planning process by seeing to it that all areas have an up-to-date plan.

Turning planning permissions into homes

Yet we must not lose sight of the fact that planning for the homes we need is not the same as building the homes we need. After all, families can't live in a planning permission. A well-designed local plan won't keep your children safe and warm at night.

The reforms driven forward under our last Prime Minister led to a great and welcome increase in the number of planning permissions granted. But we did not see a corresponding rise in the number of homes being built.

All that is changing.

The Secretary of State for Housing, Sajid Javid, along with his ministerial team and their officials, are doing incredible work in tackling failings at every level of the housing sector.

And I've taken personal charge of meeting the housing challenge, leading a task-force that brings together ministers and officials from every corner of Whitehall to attack the crisis on every front.

Because, while planning reform is part of the answer, all the evidence shows that just reforming planning and expecting the existing developers to build all the homes we need is pie in the sky.

Of course they have a clear and vital role to play, but the government must also step in homes are going to get built.

So we're committing at least £44 billion of capital funding, loans and guarantees to support our housing market. We've changed the rules so authorities facing the greatest affordability pressures can access the finance they need to build more council homes for local people.

We've given Homes England a more muscular, proactive role in the process of site assembly, bringing together patches of land to create a coherent site suitable for development.

We're investing in innovative modern construction methods that get more homes built more quickly.

The £5 billion Housing Infrastructure Fund has already made its first awards, investing almost £900 million in the roads, cycle paths, flood defences and other essential works that will allow for the construction of up to 200,000 homes that would otherwise not get built.

And we've put an additional £1.5 billion into the Home Building Fund, helping smaller developers deliver homes that don't attract finance from the private sector. As one builder put it after finishing a development in Derbyshire: "The banks were very sceptical and very unhelpful. The Home Building Fund finance made all the difference."

The results are clear. In 2016/17 net additions to England's housing supply reached some of the highest levels seen for a generation. More than 217,000 homes of all types and tenures providing a place to live for couples, families and individuals right across the country.

The number of people buying their first home has reached its highest level in more than a decade: 365,000 last year, with an average age of 30.

A challenge for developers

Yet there remains much to do. The gap between permissions granted and homes built is still too large. The new, fairer planning rules we're publishing today will help to close it. But it's also time for builders and developers to step up and do their bit.

The bonuses paid to the heads of some of our biggest developers are based not on the number of homes they build but on their profits or share price. In a market where lower supply equals higher prices that creates a perverse incentive, one that does not encourage them to build the homes we need.

Oliver Letwin is currently reviewing the causes of the planning permission gap. If he finds evidence of unjustifiable delay, I will not rule out any options for ending such practices.

That may include allowing councils to take a developer's previous rate of build-out into account when deciding whether to grant planning permission. I

want to see planning permissions going to people who are actually going to build houses, not just sit on land and watch its value rise.

Where councils are allocating sufficient land for the homes people need, our new planning rulebook will stop developers building on large sites that aren't allocated in the plan – something that's not fair on residents who agree to a plan only to see it ignored.

And, by ending abuse of the “viability assessment” process, we're going to make it much harder for unscrupulous developers to dodge their obligation to build homes local people can afford.

The Government will make sure land is available for homes and make sure our young people have the skills needed to build them. In return, I expect developers to do their duty for Britain and build the homes our country needs.

Public investments in infrastructure and schemes such as Help to Buy have provided a real boost to house builders. If they want that to continue, they will have to raise their game.

Protecting the green belt

But that doesn't have to mean destroying the country we love.

This is not an overcrowded nation. Only around 10 per cent of England has been built on. We are not faced with a zero-sum choice between building the homes people need and protecting the open spaces we treasure.

That's why the answer to our housing crisis does not lie in tearing up the Green Belt. Barely 13 per cent of this country is covered by such a designation, but it serves a valuable and very specific purpose.

Not protecting beautiful scenery, unique wildlife or accessible landscapes. For that we have National Parks, Areas of Outstanding Natural Beauty, heritage coastline and more. Indeed, our new planning rules also include stronger protections for ancient woodland and historic coastlines everywhere.

No, the defining characteristic of Green Belt land is not its beauty or its greenness, but its openness. Green Belts exist not to preserve landscapes but to prevent urban sprawl. That is what they were created for in the 1950s and that is the valuable purpose they still serve today.

Where cities surrounded by Green Belts still need more homes, we can increase housing density, make better use of brownfield sites, build upwards rather than outwards.

Our new planning rules make it easier to do this, allowing for minimum densities around transport hubs and city centres so that more homes can be built in areas with the highest demand.

They also support conversions of empty spaces over shops and upward

extensions, allowing planners to make the most efficient use of available space and helping families to extend their homes.

Planning rules already say that Green Belt boundaries should be changed only in “exceptional circumstances”. But too many local authorities and developers have been taking a lax view of what “exceptional” means. They’ve been allocating Green Belt sites for development as an easy option rather than a last resort.

To prevent this, we’re strengthening existing protections so that authorities can only amend Green Belt boundaries if they can prove they have fully explored every other reasonable option for building the homes their community needs.

In the handful of cases where land does have to be removed, councils and developers will have to find ways to offset the impact.

And our 25-year environment plan commits us to leaving the natural environment in a better state than we found it. So we’ll expect any development, whether in the Green Belt or outside it, to look first at sites that have previously been built on rather than opting immediately for virgin countryside.

I’d rather see an ugly, disused power station demolished and replaced with attractive housing than a wood or open field concreted over – even if the former is in the Green Belt and the latter is not.

A fairer deal for tenants

This concerted action, in planning and beyond, will get more homes built and bring home ownership back within the grasp of ordinary people.

But while ownership is a wonderful thing, there is nothing inherently wrong with renting your home. More than a third of English households rent at present, and almost all of us will do so at some point in our lives – I know I have.

Yet the tragedy of Grenfell Tower shone a spotlight on experiences shared by too many tenants. The fire took place in a local authority tower block, but the stories we’ve heard from the people who lived there – concerns not being acted on, voices not being listened to, needs being ignored – were all too familiar to tenants in all kinds of homes across the country.

Whether you’re renting by choice or necessity, you’re not any less of a person for doing so and you should not be treated as such. But the rise in houses prices has helped create a rental market in which bad practice can flourish, where people can be exploited, and where tenants are all too often seen as an inconvenient commercial necessity rather than as individuals with rights and needs.

Private landlords play an important role in the housing market. Talk to tenants, however, and you’ll repeatedly hear complaints that people are

paying more and more for less and less. So this government is taking action to clean up the rental market and bring down the cost of renting.

Too many tenants have got used to being hit with rip-off fees by letting agents, facing huge upfront bills to check references or sign contracts. That's simply not fair, so we're banning letting agents from charging most tenants any fees at all.

Families face being uprooted every six months when their leases expire, so we're working to make longer tenancies the norm.

Rogue landlords have been flouting rules that protect tenants' rights and safety. So we've given local authorities new powers to crack down on such behaviour, and we're backing legislation that will ensure all rental properties are fit for human habitation.

With no regulation in property management, the door has been open to cowboy agents – with tenants, leaseholders, freeholders and honest agents all paying the price. That's why we're working with reputable property managers and their clients to clean up and regulate the sector.

Our new planning rules encourage providers to build more homes specifically for rent, so supply goes up and rents come down.

And, later this year, our social housing green paper will look at what more can be done to ensure everyone living in social housing is treated fairly.

Whether in the private or social sector, renting your home should be affordable, safe and fair – and I'm working hard to make sure that's the case.

Tackling homelessness

Just as Grenfell highlighted failings in parts of the housing sector, so the tragic deaths of rough sleepers have reminded us of the plight of those forced to live on the streets.

And let me take this opportunity to thank the thousands of council staff, charity workers, volunteers and members of the emergency services who have done so much to help rough sleepers during the recent cold weather.

In 2018, in one of the world's largest, strongest economies, nobody should be without a roof over their head. This isn't just a British problem – in recent years homelessness has risen across Europe – but it is source of national shame nonetheless.

That's why we pledged in our manifesto to halve rough sleeping by 2022 and eliminate it altogether by 2027. We've already committed £1 billion to help bring this about, and are piloting the Housing First approach in three of our great cities to see how it can work in this country.

We're also implementing the Homelessness Reduction Act, to help more people

sooner. We've changed the rules around funding so local government can use £400 million to help prevent homelessness, instead of just responding to it. And we've changed the law so councils can place families into private rented accommodation – meaning they get a safe, secure suitable place sooner.

But it's not just about housing. Homeless people often have complex needs, so we're taking unprecedented action across the board to help address them.

Here in London, 47 per cent of rough sleepers have mental health needs. That's why we're spending record levels on mental health support.

Forty four per cent need help to overcome alcoholism, so we're spending around £200 million on treatment for alcoholism every year.

And 35 per cent need help for drug misuse, which is why our new Drug Strategy will protect the most vulnerable and help them turn their lives around.

There's undoubtedly more to do. But we're taking action that will make a real difference.

Because this is a government that isn't afraid to uncover and face up to challenges. And that's exactly what we're doing with homelessness, and with the wider housing crisis.

A property owning democracy

More than 70 years ago, Anthony Eden told the world that “the ownership of property is not a crime or a sin, but a reward, a right and a responsibility that must be shared as equitably as possible among all our citizens.”

This country agrees with him. For decades after, home ownership steadily grew as more and more people acquired and passed on not just a patch of land but a stake in their communities, a piece of our shared society.

Yet ownership peaked in 2003. With prices rising and affordability falling, we became a nation where buying your own home went from a shared aspiration to a distant dream. Where rising rents led to an increasingly rootless population. Where housing wealth coalesced in the hands of those lucky enough to be on the property ladder, creating division, increasing inequality and undermining communities.

The British dream is about each generation being better off than the last, but today's young people are forced to spend three times more of their income on housing than was the case for their grandparents.

The picture we see today is the result of many failures by many people over many years. Fixing it won't happen overnight. But the size of the challenge is matched only by the strength of my ambition to tackle it.

More home ownership. A rental market that works for tenants. Greater fairness for all.

That is what the people of this country need.

That is what will make this a society that truly works for everyone.

And, as Prime Minister, that is what I am determined to deliver.