

Speech: RESI Conference 2017

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Thank you for inviting me today. It is an absolute pleasure to be here at Celtic Manor.

The last time I was here was with my family a few years ago for a weekend stay. Little did I know that four years later, I would be returning to speak to you at this brilliant venue as Housing and Planning Minister!

You will know better than I that over the past 5 years, there have been 5 planning Ministers. A bit like Doctor Who, I am the latest incarnation.

However, I very much hope to be in place for a decent length of time, to see through many of the reforms which are laid out in the Housing White Paper.

It is fair to say that it has not been the easiest of starts. The day after I was appointed, we had the terrible tragedy at Grenfell Tower.

Those terrible events have raised concerns right across the country. And have led many of us connected with housing to think very deeply about the issues that we need to address.

As you know, the Government is committed to making sure that we get help to those affected. I and other ministers, including the Secretary of State, meet regularly with the individuals affected to try to focus this help. We are ensuring that buildings across the country are safe.

We have carried out extensive tests, issued building owners with guidance on fire safety, announced an independent review of building regulations and fire safety led by Dame Judith Hackitt, and a full independent public inquiry into the tragedy is taking place. In headlines today there's a lot about the start of this.

I will also be meeting with and hearing from social housing tenants in the Grenfell area and up and down the country over the coming years to build up a full picture of some of the immediate issues facing tenants. And identify any common concerns that must inform a national approach.

I have already spoken with national tenant organisations to listen to their views and understand some of the main issues that may be raised.

I will be announcing further details about where I will be going, and when, very shortly.

But stepping back from that initial start and reflecting on what I have learned, what has been absolutely clear to me and that is that we absolutely need to build more homes. And faster. Whether the homes are to buy, or to rent.

We also need to improve the quality and design of those homes.

We need to change the public mind set towards new development.

We need to make sure individuals who need help to buy a home, get that help. And that housing, whether to buy or rent, is more affordable.

We need to support small and medium sized builders to access the market.

And, we need to encourage innovation and choice, and make sure that the skilled workforce that we need is in place to build homes at the rate that we want.

Above all, I believe that everyone should feel a sense of fairness about the housing market. Whether they are home buyers, or they are renting. And whether they are in the private or social sector.

To coin a phrase: we need a housing market which works for everyone.

Ahead of this Conference, the well-known publication Property Week, which is going to become part of my essential weekend reading, threw down a gauntlet listing what the industry wanted from me.

They wanted to me to do five things.

First, turn the Housing White Paper into action – I absolutely agree, that is precisely what my department is engaged in doing.

Second, I was asked to breathe down the necks of local authorities – I agree local authorities need to get their local plans in order. The Secretary of State will be making a statement to Parliament later this morning, setting out our plans to consult on an open and honest approach to assessing local housing need.

Thirdly, address the future of Help to Buy – again, I agree. The industry needs certainty.

Fourth, I've been asked to bang the drum for the construction industry and Brexit talks – yes, I very much understand the importance of access to the labour that you need.

And finally, I was told to be bold on the Greenbelt. As you know, the Housing White Paper is clear that Green Belt land can be released, but only in exceptional circumstances.

So there you have it. That could be the end of the speech.

But I guess you probably want a bit more detail.

So let's start with turning the White Paper into action. Our Manifesto made our commitment to delivering this clear.

We consulted on some of the proposals in the White Paper in May this year. As I said earlier, the Secretary of State will today set out plans to consult on

proposals to agree on a clear, open and transparent approach to assessing local housing need.

This consultation will need to be read alongside our other White Paper proposals, so we will publish our combined consultation response early next year, alongside the draft new National Planning Policy Framework.

We believe the sum total of these changes will mean that plans will start from an honest assessment of the need for new homes. More land and a more diverse range of sites will be brought forward in places that people want to live. And we want to see greater focus on getting sites built-out.

How many of you are developers – let's have a show of hands! And how many of you are connected with the private rented market in some way? And how many of you are financiers? And is there anyone in this room that has walked in by mistake and too embarrassed to leave?

Let's talk about the developers first. I believe that the Housing White Paper sets out lots of carrots for the development players. We have been vigorous in our promotion of our £3 billion Home Building Fund.

This provides £1 billion in loans for small and medium sized builders, custom builders and for offsite construction. And £2 billion of long term loan funding for infrastructure. It has proved extremely popular. Conversations that I have had with the industry suggest that this is precisely what people want.

Now obviously it is too early to see homes completed through this fund, but I am confident that over time it will unlock around 200,000 new homes.

So turning to the private rented sector, I believe the Housing White Paper has something for you connected with that sector as well. We will promote increases in new and quicker methods of quality construction, and increase in the number and quality of homes for private rent.

Many of you will have a crucial role to play in this. For example through increasing the numbers of build to rent homes.

My predecessors did sterling work getting this ball rolling, through the Montague Review. And the Government has supported the sector with funding.

You told us that planning is the biggest obstacle to moving forward. We've consulted on options to change planning policy on build to rent, and published those results last month.

People were positive about making the changes. Our next step will be to spell out the necessary changes in the revised NPPF.

And on build to rent finance, let's not forget we've done a lot already. We have put the Government balance sheet on the line by supporting build to rent schemes through our £3.5 billion PRS guarantee scheme. It is going from strength to strength and approvals have already topped £1 billion.

I recently visited Wembley Park in North West London, the biggest Build to Rent site in England. Here we have announced a £65 million infrastructure debt financing package for this site, under our Home Building Fund. This will help to unlock almost 7,000 quality new rented homes. Wembley Park is a great example of where we have been taking action to create a bigger and better private rental market. Boosting the choice and quality of homes on the market, and meeting the needs of renters.

This comes on top of a £39 million bond guarantee under the PRS guarantee scheme, for the first two PRS blocks at Wembley Park.

We hear that the market is ready to support far more build to rent. This is fantastic news, and we will support you in making this happen.

Although build to rent as a concept is relatively new in the UK, there is an opportunity to build on lessons from the established “multi-family housing” sector internationally. As you will know, the US is now delivering around 300 thousand multifamily homes every year.

But it took them 30 years to get there. We have the opportunity to develop the sector more quickly here, by welcoming international investment and hearing from others.

Having said that, I want to see more UK investors coming into this market as well. So we are listening to your concerns and tackling the problems.

For example, I know some of you have concerns that rent controls may destroy future markets. Let me be absolutely clear, under this Government rent controls are not going to happen.

Turning to local authorities, they have a crucial role to play in housing delivery, and we’ve set out the tools they need to deliver.

We launched a £2.3 billion Housing Infrastructure Fund in July this year, designed to support the infrastructure underpinning delivery of new homes. Infrastructure such as roads, healthcare centres and schools.

It will help ensure that more homes mean better, not more stretched, local infrastructure and community facilities.

This is an opportunity for local authorities to come forward with infrastructure proposals that show real ambition for the future. It will support local authorities to step up their plans for growth, release more land for housing and get homes built at pace and scale.

So far, I can tell you over 150 local authorities have applied. I want to encourage more local authorities to place their bids by the 28th September deadline.

Local authorities say they need more resources. So the Government is offering higher fees and new capacity funding to develop planning departments.

The White Paper outlined a 20% planning application fee increase for local

authorities that commit to invest the additional fee income in their planning department.

All planning authorities have accepted, and we are bringing forward the necessary regulations in the autumn to apply the increase.

We are also minded to allow an increase of a further 20% for those authorities who are delivering the homes their communities need and we are going to be consulting further on the detail of this as part of the local needs consultation.

What I have heard from the developers that I have talked to, both small and large, is that they welcome this as a way of speeding up decision making.

In response, I expect authorities to step up to the challenge of delivering more homes in their areas. There are currently 34 local authorities without a plan. And only a third have adopted a plan since the NPPF came out in 2012. Frankly, this just isn't good enough.

The winds of change are blowing.

And local people need certainty. They don't want speculative applications being approved because local authorities haven't planned properly.

We must also make sure that new homes being built are well designed, good quality and respond positively to the local context. We want to create places, buildings and spaces that work well for everyone.

We have suggested changing the NPPF so that local and neighbourhood plans are expected to set out clear design expectations. And community engagement in early design stages must also improve.

So coming now to the future of the Help to Buy Equity Loan scheme. From its launch in Spring 2013 until March this year, Help to Buy: Equity Loan has helped over 120,000 people purchase a new-build home. It also assists builders to build more homes.

It is a huge success.

As we said in the Housing White Paper, the government has committed £8.6 billion for the scheme to 2021, ensuring it continues to support homebuyers and stimulate housing supply.

We also recognise the need to create certainty for prospective home owners and developers beyond 2021 and so we are committed to working with the sector to consider the future of the scheme.

And so, on to Brexit – I don't think any speech would be complete without Brexit. In my discussions with fellow Ministers, I am making the construction industry's case. There are many issues. Not least supply chains and investment. But one of our key interests is in respect of skills, training and modern methods of construction.

Once again the White Paper set out plans to change the way the Government supports training in the construction industry.

We want to have the best arrangements to ensure strong industry leadership to address the skills challenge, and to diversify the housing market.

And actually it's really good to see so many of these themes reflected at this conference.

And frankly it is absolutely in the sector's interest to play a part in resolving the long-standing manpower and skills shortages.

I'm very pleased that the sector has committed to bringing forward 45,000 new skilled workers by 2019/20. But we need to see progress. In the same way that you have quite legitimately asked of Government in this area, we are asking of you.

Something that has struck me in recent weeks is that yours is an incredibly fragmented sector. There are very many layers of sub-contractors.

And I do wonder whether developers in the sector needs to think harder about employing people direct. Helping to ensure quality and providing an incentive to ensure the workforce is trained properly. And I can tell you from discussions I have had with developers, I know that some of them are thinking along these lines already. One of the other things that will help to speed up building is modern methods of construction.

Countries like Germany and Sweden are far ahead of us in realising the benefits of this.

I am encouraged that many sectors of the market are starting to embrace new technology – from some of the new Build to Rent apartment buildings to housing associations and small builders.

I recently visited – last week in fact – the Graven Hill development in Bicester, where I saw for myself custom built homes delivering greater choice for consumers. And modern methods of construction delivering entire homes much more quickly and cheaply. For me, the benefits were pretty clear.

The last challenge Property Week gave me was to be bolder on the Green Belt.

As I said earlier, the Housing White Paper does allow for development on the Green Belt.

However, I think it is important to say here that there is an onus on the sector to also recognise the legitimate concerns that people have about development on Green Belt land.

Good design is something that people are very concerned about, and it really does make a difference. And overall, changing minds about what new development looks and feels like is what is needed to create real change. Development must be something that local people welcome.

I mentioned earlier that I want to go further than the White Paper. We don't just expect more, and faster build out. We also expect quality.

Over the past couple of months, one fact in particular has really stood out to me. The latest housing survey carried out by the Home Builders Federation found that 84% of new home buyers would recommend their builder to a friend. This figure has fallen steadily from 90% four years ago.

This means 16% of new home buyers would not recommend their builder to a friend.

In any other market, this would spell the end of the most poorly performing companies. We have seen this dynamic play out for some companies in the sector. But overall the sector has not really been impacted.

I want to see the quality of new homes, and levels of customer satisfaction, improve across the industry.

A new home is one of the largest financial commitments that people make. Home builders need to step up and make this a priority.

This includes making sure that, where something goes wrong, house builders and warranty providers fulfil their obligations to put this right.

There are mechanisms in place for redress – such as the Consumer Code for Home Builders – but these can be complex and don't always provide full coverage.

And those of you who follow what's happening in Parliament there is a growing number of calls for the Government to introduce a New Homes Ombudsman.

The HBF has commissioned an independent report to look at consumer protection in the new homes market. I will review all of the recommendations and suggestions that are coming forward through this report and from others with an interest in this area.

At the end of the day this is about providing fairness for new home owners. I know that many of you, as long term investors in rented housing, have a strong interest in the quality of what is being built.

You bear the long term consequences of how the properties you buy are built.

The Government also wants to see all tenants receiving a good, fair and affordable service from landlords and letting agents.

So we will publish a Bill to ban letting fees paid by tenants in England. I know many of you in the build to rent sector do not charge upfront fees to your customers.

But a ban will help to deliver a more competitive, more affordable and more transparent lettings market across the rest of the sector.

We are also committed to improving standards. In April we brought in tougher

measures targeting rogue landlords, including civil penalties of up to £30,000 and an extension of rent repayment orders.

These powers give authorities the tools to crack down on the minority of landlords who disregard the law and take advantage of tenants.

They will also help address any lingering reputational issues for you and those interested in investing in build-to-rent.

We will go further over this Parliament and we intend to introduce a database of rogue landlords and property agents convicted of certain offences. There will also be banning orders for serious and prolific offenders.

So in conclusion, my remarks today have I hope provided you with an insight into what we are doing. And our direction of travel.

As we all know, everyone is affected by the housing crisis. Everyone has an interest in solving this problem.

This must be a combined effort between Government and the Sector.

And we need to ensure that we are bringing people with us, through encouraging good quality, well designed development that changes how people feel about new development.

The Government set out in February our strategy for fixing the broken housing market. This has not changed. It is vital to see through the job of implementing the excellent reforms, some of them longer term, which were set out in the White Paper.

However, the tragic fire at Grenfell Tower has shown us that there is much more to be done in the short term. The backdrop upon which we carry out our work has fundamentally changed.

We are taking the steps necessary to ensure that something like this can never happen again.

As I said at the start of this speech, we want a housing market which works for everyone.

The Prime Minister is committed to this. The Secretary of State is committed to this. And I am committed to this.

As the Housing and Planning Minister, let me give you a categorical reassurance that I will not rest until we have not only turned the White Paper into action. But gone further. Improving fairness, safety, standards and redress for all home owners and tenants. And of course building more high quality homes.

I ask for your support on this shared journey.