

Speech: RESI Conference 2018

Mark, thanks very much for making me sound like the political equivalent of a fruit fly, that is a great way to start.

“Minister, the conference is in New York” is what I heard, but obviously I am delighted to be here in Newport, with the property industry I know and love I would easily have taken the economy option.

Because for those of you who are furiously googling who the hell is this guy, I was for a while a commercial property developer back in the 1990s as the finance director of a small boutique development firm that built actually quote a lot of industrial space across the UK, JCT design and build, M&E options for tax, it is all familiar stuff to me.

So I guess I come to the job with a smattering of some experience on the development side.

I also had a career in City and local government in central London, and as those of you who operate in that market will know it's very hard for anybody to avoid the property industry while in local government in the capital.

As a backbencher since 2015 I spent quite a lot of time campaigning on planning issues. I represent the constituency of North West Hampshire, which is all the beautiful land to the west of Basingstoke, which should take something like 20 to 30 thousand houses over the next 30 to 40 years, which is a critical issue for me.

And finally the job I had before this one at the Department for Work and Pensions was the minister responsible for housing benefit, so the dynamics of social housing and affordable housing are very familiar to me as well.

So I come to this job with what politicians call convictions, and what everyone else calls prejudices, about the industry but also some of it born of experience, and the Prime Minister has set me a relatively simple task you'll think, or relatively a simple mission statement, which is more, better, faster.

Those are the 3 words by which I live. Now on that mission, as an industry, thanks to you we are doing pretty well.

And with net additions to the housing stock up 55% since 2010, we're hitting about 217,000 new net additions a year, up from about 134,000 back then.

EPC certificates, I don't know if you follow these leading indicators, but EPC certificates for the first quarter were very good, with about 60 odd thousand up from around 40 thousand as has been the average.

Everything is looking pretty good, and so words I wanted to pass to you, which you don't hear very often, is thank you.

You are increasing your output and obviously the numbers are moving in a good direction and both you and we in government are moving into a serious delivery mode, but there is still loads more to do.

We have to keep up the momentum to deal frankly with decades, and we all know, decades of under investment in housing, exacerbated by the crash back in 2007/8, and we have got to work together to get to those targets of 300,000 a year.

Now the title of this session is innovation and productivity, so I want to talk to you a bit about that because I think there is some critical aspects to it which will help us to reach the 300,000 target.

In particular I wanted to try and scotch 3 of the myths which for the first 6 weeks or so in the job I've heard from a number of quarters.

The first myth which seems to me is a false one is that disruption is not possible in housing, that somehow housebuilding, the housing market is impervious to changes in technology in the way that other industries have been.

From book keeping to banking you have seen the wave of innovation disrupt those markets amazingly. Now housing does have its own characteristics, it is not a fast moving consumer good in the same way as an iPhone or a book.

People are making all sorts of decisions around their housing which are important life decisions, where they want their kids to go to school, how long will I be on the waiting list for an allotment [political content removed], all these kinds of questions are on people's minds.

But nevertheless I think it would be a big mistake for people in this industry to think that the wind of change, innovation and disruption isn't coming.

I don't want any of you to make the mistake of becoming the Kodak of the house building industry.

And we don't have far to look to another industry which is quite similar which has seen this change: the finance industry,

You know a highly regulated industry like the housing industry, which has over the years conglomerated into a small number of players,

It was only 10 years ago that financial services was dominated by just 5 or 6 large players.

Over the years and decades since we have seen an incredible change in financial services.

People are paying with Monzo, buying currency on transfer wires, getting loans from peer-to-peer lenders, Apple Pay is now eating Visa's lunch on a regular basis. There is something Apple Pay and Google and that are projected having 60% of contactless transactions by 2030.

These are really enormous changes for the financial services industry and that industry is being shaken up by technology but also by talent,

And I think the same is going to be true in housing, and we certainly need it.

We are already seeing some big changes in technology which are going to have an impact on productivity, you go online and Google it, you can find construction robotics in their infancy, but they will accelerate fast.

There are lots of YouTube films of robot brick layers who can build a house 4 times faster than a human can.

Push fit plumbing is revolutionising that industry. Pretty soon we have got near-field electric charging now, we are going to have far-field connectivity which will change the life of electricians up and down the world and will make life easier and quicker from a building point of view.

That will change the landscape and lift some of the barriers to entry.

We also need to see a new wave, frankly, of talent come through in the industry.

The crash killed a number of small and growing developers and we haven't seen that talent pool emerge yet, but I'm pretty certain that they will and if we are going to improve innovation and productivity in the industry we are going to need to do that.

What will we do as a government to help?

Well we are trying hard to put your money where our mouth is, through the Home Building Fund, which we're targeting SMEs trying to give them the confidence to grow and build, to start even to get going, we are hoping that new wave of house builders will start to come through.

We have championed new modern methods of construction, putting funding behind that too, working with the finance industry to make things mortgageable that come from MMC (modern methods of construction).

We are pushing self and custom build, we think that has huge potential. I learnt just the other day that in Austria that 4 out of 5 houses are self or custom build. It does have potential to be big volume if we can get it right. Kevin McCleod is with us, right? from Grand Designs

It's not just about a financial investment, it's a decision people make about how they want to live, they invest much more in it than just their money.

So pushing some of those growing sea of innovations is great, and our right to build changes and the other bits and pieces, hopefully will help to boost this idea of innovation,

So myth number 1, get ready for change because, whether you like it or not, I think it's coming.

Myth number 2 is actually only the private sector can innovate.

We are trying quite hard as a government, and my predecessors, for all their short lifespan, have put together quite a lot of smart thinking in governmental terms about some of the clever things we can do.

Mostly some of that is what we can do with our money, some of you may have seen the launch yesterday of this Barclays house building fund,

We have gone for significant leverage, so we put in I think £125 million and they have topped it up to a billion, targeted directly at house building, with a tilt towards SMEs.

As I say, we stimulated new markets like the Build To Rent market, back in 2012 it hardly existed, now because of the guarantee structure we provided in a political incentive, we have got something like 125,000 homes delivered or in the pipeline.

In fact just today, we published new guidance from the [National Planning Policy Framework](#) (NPPF) encouraging local authorities to look at this market and plan for it in their housing allocations.

We have invented new tenures of affordable private rents for people who come between social housing and affordable housing, and then we are looking at changing, or we have changed the policy around employer-led housing, housing for over 55s.

We are open to ideas, we are trying to promote them, we want a thousand flowers to bloom, in terms of tenure, developers, innovation.

We need a big, vigorous, vibrant market to deliver the houses we need. We can innovate and I think you must as well.

And then finally the third myth that I just wanted to squash is this constant battle about quality over quantity.

Those of you who are scholars of Chinese literature will know there is an extremely famous poem in the Chinese canon that was written in the UK.

It was written by a guy called Xu Zhimo, who studied at Cambridge in the 1920s, and he was so awestruck by the beauty of Cambridge and heartbroken to leave

And he wrote this poem called "Leaving Cambridge Again" and it has become a seminal poem in Chinese society. Lots of people in China take their view of the UK from this poem.

And in fact the hotels and shops in Cambridge benefit from it still – they should erect a statue to him from the number of visitors that it still links to go there.

Now I'm not sure that there are many Chinese visitors in this country that will return to China and write poems about a lot of the stuff we have built

over the past few years.

I'm not sure everything needs to look like Cambridge, but how many people in this room believe they have built the conservation areas of the future. Probably not that many.

And this is a problem for us, because when we are building this number of houses, if we can get to 300,000, we are not really just building houses we are building neighbourhoods.

Developments of a thousand or 500 units are bigger than most villages,

and we need to think in those neighbourhood terms, we need to think about the place, the design and beauty, where it fits and what we are, frankly, leaving to posterity.

So when they look back on this hopefully golden age of house building, they do so not with a wrecking ball to flatten it all as we are already doing for quite a lot of housing built in the 60s and 70s, but look back at it and treasure it, preserve it and invest in it so that it lasts into the future.

Now in the NPPF, the new planning framework, we are trying to encourage that.

We are trying to get local authorities more confidence to turn things down on the basis of design, stuff that doesn't fit in the local neighbourhood, stuff that people don't like the look of frankly, so we get much more sense of vernacular.

When I was a London Assembly Member, there was a proposal, a plan developed for Chelsea Barracks, some of you may know a huge site in the centre of London.

There was no attempt to create any sense of neighbourhood in this vast site, this very big site in London,

And if you stood in the middle of it you would not know where you were. There was no attempt to link it, or relate it, to the locality.

It didn't look like London and never would.

And as a result, there was a big residents campaign which I played a small part to get it turned down.

We need to recognise that it is perfectly possible for modern, efficient, technology driven design to reflect the local area, and to reflect historical proportion without becoming pastiche.

Critically, from a marketing point of view, and in the end we are all interested in selling houses, as much as anything else, whether it is to invest or as owner-occupiers, design improves acceptability over terms of planning but also in terms of marketability.

How this is stated funnily enough, and as someone who represents a

constituency which is something like 60% Area of Outstanding National Beauty and with a large number of houses coming, councils will also tell you that you're much more likely to get permission, much more likely to get marketability, much more likely to get support from everybody around if it looks good, looks like the area, recognises the right materials and gets the design right.

So if we can get those 3 things together, harness innovation, work together to innovate and get design right, then I think we can meet that triple challenge of more, better and faster.

I will do what I can to help you over the time that I am allowed on this earth to do that.

Bring me your ideas. We are open to new thinking, whether it's on finance, whether it's on planning, whatever. As I said before, we want a thousand flowers to bloom.

If we can get to this big, vigorous, vibrant market in which you all compete, and you all allow your talent and your ambition to let rip.

Those of you particularly who are halfway down a huge organisation, have the courage to go out and do your own thing.

We do our best to support you and together we can hit that 300,000 target

Thank you very much.