

Dear Colleagues,

### **Paper 1/2016: Housing**

It is my great pleasure to send you this, the first CPF discussion paper since we secured a Conservative majority in the 2015 General Election. Since Hannah David was elected as CPF Voluntary Director, she has promised a discussion paper on housing. In order that questions and responses might be properly processed, however, the publication of this paper was held off until a full-time CPF Manager had been recruited. With my appointment, the Forum is now open again for business!

The CPF exists to allow members of the Party to have their voices heard on the challenges facing the UK. In the past, some have considered CPF meetings to be little more than a talking shop. Yet, ahead of the 2015 General Election, the CPF provided a number of contributions towards the manifesto that we were successfully elected on. Areas of policy promoted by the CPF which were directly reflected in the manifesto include:

- a UK Bill of Rights
- a national preventative health programme (focused on diabetes)
- raising the Inheritance Tax threshold
- seven day per week GP opening
- commitment to enhanced Zero Emissions infrastructure
- dealing with childhood obesity
- integration of health and social care
- rural broadband
- further improving national mobile phone coverage.

The work of our members also made a real difference to the outcome of the election, particularly in our target seats. Looking ahead to 2020, our aim is to be a truly national Forum, accessible to all regardless of age or location, that increasingly has a real influence on Party policy.

Please note that there will be no paper in April, as we would strongly encourage members to help campaign ahead of the May elections. As vital as long-term policy development is to the Party, our immediate focus must be on getting Conservative representatives elected at every level. The closing date for this brief is therefore 31 May. In addition, in recognition that many members will want to be involved in one of the two campaigns for the Referendum on 23<sup>rd</sup> June, our next policy paper will be sent out on 27<sup>th</sup> June. Thereafter, papers will be sent monthly on the 14<sup>th</sup> of each month (or the previous Friday, where this falls during the weekend). I look forward to receiving your responses to this paper via [CPF.Papers@conservatives.com](mailto:CPF.Papers@conservatives.com) in due course.

With best regards,

**Dr John Hayward**  
**Conservative Policy Forum Manager**  
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*P.S. If you have not yet registered your details and interests via the "Join" tab on our website, please do so to help us better serve and stay in contact with you.*

## **One-Page Summary**

### **Introduction**

The Conservative Party is the party of homeownership. It was Harold Macmillan who, as Housing Minister in Winston Churchill's post war government, oversaw 300,000 homes being built a year. It was Margaret Thatcher who implemented a Right to Buy policy that enabled millions, who had previously been denied the opportunity, to own their home. It is David Cameron who has introduced Help to Buy to help hundreds of thousands of people to get on the housing ladder.

### **1. Helping first time buyers**

86% of people say they want to own their own home, but over the last 25 years we have seen the number of under-40s who are home owners fall and house prices growing at a faster rate than average earnings.

#### **What Conservatives in Government have done so far**

- Help to Buy
  - Equity Loan
  - Equity Loan London
  - Mortgage Guarantee
  - ISA
  - Shared Ownership
- Starter Homes

### **2. Building more homes**

If our task in the last Parliament was to rescue the housing market, our task now is to renew it. Building even at the current rate is not enough. The lost years of housing deficit—building fewer homes than the rate at which new households are forming—has led to a chronic shortage of homes compared with what this country needs. The Government is working hard to address this – launching the biggest house building programme by any government since the 1970s.

#### **What Conservatives in Government have done so far**

- Delivered over 270,000 new affordable homes since 2010
- Expanding the definition of affordable housing
- Funding to build 200,000 new Starter Homes
- Building more homes for shared ownership
- Releasing public sector land
- Direct Commissioning
- Building more accessible homes

### **3. What next? Questions for discussion**

*"For me, there's one big piece of unfinished business in our economy: housing. A Greater Britain must mean more families owning a home of their own. It goes back to those Conservative beliefs: reward for hard work. If you've worked hard and saved, I don't want you just to have a roof over your head – I want you to have a roof of your own."*

**Prime Minister David Cameron, Conservative Party Conference, 7 October 2015**

*"Every Parliament that is elected has a responsibility to the future and to do all that it can to ensure that the lives of the next generation are better than those of past generations. Nowhere is that more important than in ensuring that the next generation have the homes they need. Indeed, it is not just about the next generation. The impact of much of the public policy that we debate is on the here and now or the next few years ahead. If we look around any city, town or village in Britain, it is obvious that housing endures for many decades and, in some cases, for hundreds of years. Every home that is built is much more than a pile of bricks and mortar or concrete and glass. The homes that we build shape the lives, for better or for worse, of generation after generation of people who live in them."*

**Communities Secretary Greg Clark, Housing Bill, 2 November 2015**

## **Introduction**

The Conservative Party is the party of homeownership. It was Harold Macmillan who, as Housing Minister in Winston Churchill's post war government, oversaw 300,000 homes being built a year. It was Margaret Thatcher who implemented a Right to Buy policy that enabled millions, who had previously been denied the opportunity, to own their home. It is David Cameron who has introduced Help to Buy to help hundreds of thousands of people to get on the housing ladder.

Note: A Housing and Planning Bill is currently going through Parliament.<sup>1</sup> This has nine parts: New homes; Rogue landlords and property agents; Recovering abandoned premises; Social housing; Housing, estate agents and rent charges; Planning; Compulsory purchase; Public authority land; and General. It is obviously expected that this will help to improve many of the current housing challenges. This paper, therefore, will not consider these issues but will instead focus on first-time buyers and the building of new homes.

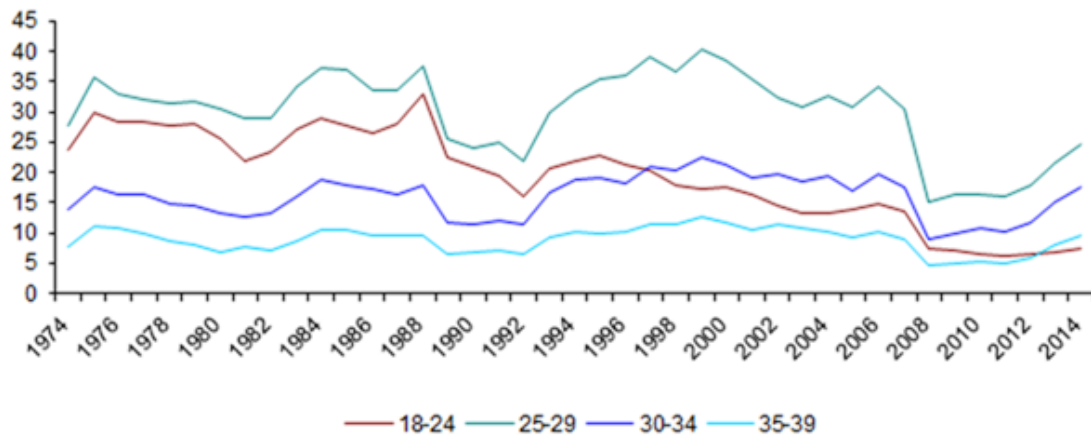
## **1. Helping first time buyers**

### **Context**

86% of people say they want to own their own home<sup>2</sup>, but over the last 25 years we have seen the number of under-40s who are home owners fall and house prices growing at a faster rate than average earnings.<sup>3</sup>

Under the last Labour Government, the rising level of home ownership went into reverse in 2003 for the first time since the 1960s. Since 1999, first-time buyer numbers have fallen more rapidly than the fall in population would have suggested.<sup>4</sup> In fact, the number of first-time buyers declined from a long-term average of around 500,000 a year<sup>5</sup> to 270,000 in 2006-2010 and a low of 194,000 in 2011, since which time numbers have recovered to just over 310,000.<sup>6</sup>

**Buyer propensities by age groups, per 1,000 adults<sup>6</sup>**



Although the average age of a first-time buyer has remained more or less constant since 1997 (fluctuating only slightly between 29 and 31), there has been a notable decline in the proportion of first-time buyers aged under 25 since 2006 and an increase in activity by those in their late-20s and early-30s. The proportion of first-time buyers taking out a mortgage with a term of more than 25 years has also increased from around 30% in 2006 to around 50%, although this may partly reflect the reality that today's first-time buyers expect to retire at an older age than their parents.<sup>7</sup>

**What Conservatives in Government have done so far**

- **Help to Buy: Equity Loan.** The Help to Buy Equity Loan scheme is available to both first time buyers and those that have bought a property before. If you have the minimum 5% deposit and want to buy a new build home, you'll be able to access the Help to Buy Equity Loan scheme. You will need to be able to take out a mortgage for 75% of the value of the property and the remaining 20% will be secured by the government.
  - By the end of September 2015 Help to Buy Equity Loan had seen over 62,500 sales; 81% of sales were to first-time buyers.
- **Help to Buy: Equity Loan London.** First-time buyers will be able to use the London Help to Buy scheme. With a 5% deposit, buyers will be able to get an interest-free loan worth up to 40% of the value of a newly-built home.
- **Help to Buy: Mortgage Guarantee.** The Help to Buy Mortgage Guarantee scheme is available to both first time buyers and those that have bought a property before. If a buyer has the minimum 5% deposit and wants to buy an existing or new build home, the scheme enables lenders to offer homebuyers 80% to 95% mortgages for new-build and existing homes. This scheme will run until the end of 2016.
  - By the end of September 2015 there were nearly 66,000 mortgage guarantee sales in UK; 79% of sales were to first-time buyers.
- **Help to Buy: ISA.** The scheme supports young first-time buyers who are working hard to save for a home of their own, offering a 25% bonus on savings.

For every £200 saved, the Government will add another £50, up to the value of £3,000.

- **Help to Buy: Shared Ownership.** Shared Ownership offers people the chance to buy a share of their home and to pay rent on the remaining share. Individuals can between 25% and 75% of the home's value and, later on, can buy a bigger share when they are able to afford to do so. The Government is lifting the limits so that anyone who has a household income of less than £80,000 outside London, and £90,000 inside London, can buy a home through Shared Ownership. Military personnel will be given priority over other groups.<sup>8</sup>
- **Starter Homes.** Starter Homes will give first-time buyers under the age of 40 a brand new, purpose-built home at a 20% discount off market price.

## **2. Building more homes**

### **Context**

In 2010 we not only inherited a broken economy, but a broken housing market. During the financial crash, house building in Britain suffered what might be called a cardiac arrest, because in the third quarter of 2008 we were fewer than 20,000 homes away from stopping building altogether—the lowest rate of peacetime house building since the 1920s. Yet, for many years now, we have not built enough homes in this country. New households have been forming in Britain at a rate of about 200,000 a year, but the last year in which we built 200,000 homes was 1988.

If our task in the last Parliament was to rescue the housing market, our task now is to renew it. Building even at the current rate is not enough. The lost years of housing deficit—building fewer homes than the rate at which new households are forming—has led to a chronic shortage of homes compared with what this country needs. The Government is working hard to address this – launching the biggest house building programme by any government since the 1970s.

Building homes means more than just building houses. It means thinking about public space, schools, playgrounds, provision for teenagers and young people, services for older people, healthcare, transport links, shared spaces that enable neighbours to meet, space that can be used by local groups, and whether a development can adapt to meet future resident needs and aspirations. Rather than just building community-less housing estates and commuter towns, developers need to consider the contribution their housing developments make to social sustainability. Given that 11 million of the country's 64 million population have a disability (including around 6% of children, 16% of working age adults and 45% of pensioners),<sup>9</sup> there have also been calls for all new housing to be built to what are currently voluntary standards for ensuring dwellings have the facility and flexibility to be accessible and adaptable for different family structures, lifestyles and needs.<sup>10</sup>

### **What Conservatives in Government have done so far**

- **Delivered over 270,000 new affordable homes since 2010.** The latest figures show 66,640 new affordable homes were delivered in the last year – the highest annual increase since 1993.<sup>11</sup> Also, more than 143,500 new build homes were started in 2015, the highest level since 2008.<sup>12</sup>

- **Expanding the definition of affordable housing.** We are changing the definition of affordable housing so that it includes affordable homes to buy as well as rent. This will mean that Starter Homes and Shared Ownership properties can be included within any affordable home obligations set out in Section 106 agreements.
- **Funding to build 200,000 new Starter Homes.** A £2.3 billion fund will be used to support the delivery of 60,000 Starter Homes<sup>13</sup> and £8 million will be invested in 27 Starter Home sites to help get construction started.<sup>14</sup> The government has also announced a £1.2bn starter home fund to prepare brownfield sites for new homes.<sup>15</sup> This will fast-track the creation of at least 30,000 new starter homes and up to 30,000 market homes on 500 new sites by 2020 – helping to deliver the commitment to create 200,000 starter homes over the next five years.
- **Building more homes for shared ownership.** We are investing £4.1 billion in 135,000 new shared ownership homes.<sup>8</sup>
- **Releasing public sector land.** We will identify and release public sector land with capacity for 160,000 homes to build.<sup>16</sup>
- **Direct Commissioning.** The government will directly commission the building of homes on publicly owned land. This will lead to quality homes built at a faster rate with smaller building firms – currently unable to take on big projects – able to get building on government sites where planning permission is already in place. The first wave of up to 13,000 will start on 4 sites outside of London in 2016 – up to 40% of which will be affordable ‘starter’ homes.<sup>15</sup>
- **Building more accessible homes.** In 2015 the Government introduced new building regulations for more accessible and adaptable dwellings.<sup>17</sup> The new standard makes dwellings usable by a wider range of householders, from families with young children to older, less agile people and anyone living with a mobility impairment, whether temporarily or on a longer term basis.<sup>18</sup> The London Plan<sup>19</sup> goes even further, requiring that all new housing is built to “Lifetime Homes” standards<sup>20</sup> and 10% of new housing is designed to be wheelchair accessible or easily adaptable for residents who are wheelchair users.

### **3. What next? Questions for discussion**

- a. What more might the Government do to support first time buyers more effectively?
- b. To what extent do you think first time buyers predominantly face a supply problem?
- c. In your area, what are the particular challenges that first time buyers face when they want to get on to the housing ladder?
- d. To what extent should the Government intervene to improve the housing market?
- e. How, if at all, should Government help prepare young people for home ownership whilst they are in education?



- f. What does it mean in practice to promote sustainable development and what should be the respective role of developers, local government and public agencies in creating successful new communities?
- g. To what extent should developers be required to design a greater proportion of homes that are accessible or adaptable for a wider range of householders?

### Resources

- Help to Buy: [link](#)
- Starter Home website: [link](#)
- Creating Strong Communities – measuring social sustainability in new housing development, Tim Dixon and Saffron Woodcraft, *Town & Country Planning*, November 2013: [link](#)
- Lifetime Homes Principles: [link](#)
- Housing our Ageing Population: Panel for Innovation (HAPPI): [link](#) and Housing our Ageing Population: Plan for Implementation (HAPPI2) Report (2012): [link](#)

### People to seek opinions from

- Local Council Portfolio Holder for Housing
- Local MP

### Endnotes

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- <sup>1</sup> *Housing and Planning Bill*, [html link](#), [pdf link](#)
  - <sup>2</sup> *Public Attitudes to Housing in England*, Natcen, 2011, [link](#)
  - <sup>3</sup> *English Housing Survey: Headline Report 2014-15*, Department for Communities and Local Government, [link](#); *Live tables on housing market and house prices*, DCLG, [link](#)
  - <sup>4</sup> *Understanding first-time buyers*, Council of Mortgage Lenders, 2005, [link](#)
  - <sup>5</sup> *First-time buyers and affordability: a fresh perspective*, CML, 14 December 2011, [link](#)
  - <sup>6</sup> *The challenge facing first-time buyers*, CML, 23 April 2015, [link](#)
  - <sup>7</sup> *CML data sheds new light on lending into retirement*, Council of Mortgage Lenders, 1 April 2014, [link](#)
  - <sup>8</sup> *Shared ownership boost for budding homeowners*, DCLG, 7 January 2016, [link](#)
  - <sup>9</sup> *Disability facts and figures*, Office for National Statistics, 16 January 2014, [link](#)
  - <sup>10</sup> *7 points about the new Housing Standards 2015*, Habinteg, [link](#)
  - <sup>11</sup> *Highest increase in affordable housebuilding for 22 years*, DCLG, 2 December 2015, [link](#)
  - <sup>12</sup> *Housing starts and completions hit 7-year high*, DCLG, 25 February 2016, [link](#)
  - <sup>13</sup> *Spending review and autumn statement 2015*, HM Treasury, [link](#)
  - <sup>14</sup> *First wave of Starter Homes to begin with £8 million government funding*, DCLG, 7 December 2015, [link](#)
  - <sup>15</sup> *PM: the government will directly build affordable homes*, DCLG, 4 January 2016, [link](#)
  - <sup>16</sup> *Spending review and autumn statement 2015*, HM Treasury, [link](#)
  - <sup>17</sup> *Approved Document M (Access to and use of buildings) - Volume 1: Dwellings*, The Planning Portal, March 2015, [link](#)
  - <sup>18</sup> *Accessible Housing Standards 2015*, Habinteg, [link](#)
  - <sup>19</sup> *The London Plan: Policy 3.8 Housing choice*, London Assembly, [link](#)
  - <sup>20</sup> *Lifetime Homes and inclusive design*, Lifetime Homes, [link](#)