

September 2023



# Housing the Nation

Why prioritising home building at the next General Election  
is vital for the futures of industry, voters and politicians.

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## Introduction

Housing policy is at a crossroads. While housing supply increased rapidly in the years after 2013, with output doubling in seven years, the historically high levels of delivery are no longer being sustained and government policy threatens to undo the good work of the past decade.

Planning permissions, once being granted at record highs, are now at record lows. Around 185,000 homes are on hold due to Natural England's mitigation measures on nutrient neutrality, water neutrality and Recreational Impact Zones. At least 60 Local Authorities have either withdrawn or paused work on their local plans. Early indicators of output point to further reductions in the number of new homes completed. One measure of recent completions, the number of new homes issued with an Energy Performance Certificate, showed a 13% year-on-year fall for the second quarter of 2023 which followed a 7% year-on-year fall for the first quarter of the year.

For developers that have managed to secure planning permission, many further hurdles to delivery remain. These include the time it takes for Local Authorities to discharge conditions, the rising costs of materials and labour and the ongoing economic uncertainty which is undermining the confidence of consumers and businesses alike.

Yet, at a time when building houses has arguably never been more difficult, they have also never been more needed. The number of properties available to rent has fallen dramatically, with supply down by a third and average rents for new tenants up by 11%<sup>1</sup>. Unsurprisingly, home ownership among young people is also in decline, particularly amongst those outside the upper income brackets and without access to support from the 'Bank of Mum and Dad' to fund a deposit.

*Early indicators of output point to further reductions in the number of new homes completed.*

<sup>1</sup> BBC News, *Renting: Number of UK homes available down by a third*, 29 March 2023

However, resolving these issues and progressing housing policy more generally, has not only been neglected by Government in recent years, but actively undermined. This is perhaps best demonstrated by the proposed reforms to the National Planning Policy Framework (NPPF), in particular the decision to abolish mandatory housing targets which our research with Lichfields has found could reduce supply in the medium-term by 77,000 homes each year<sup>2</sup>.

While the much-vaunted home building target of 300,000 homes per year nominally remains official Government policy, without a clear strategy in place for it to be achieved and in light of the challenges outlined above, the ambition remains little more than a soundbite.

It should not be considered hyperbolic to say that the home building industry is approaching a crisis point. However, the next General Election, likely to be held in autumn 2024, provides us with an opportunity to move forward by demonstrating to sceptical politicians and policymakers that beyond a noisy NIMBY lobby there is a quiet majority of voters who support efforts to tackle the housing affordability crisis.

As the remainder of this report will demonstrate, the public are not only supportive of new house building to tackle the housing crisis but also keen to hold politicians to account for their actions in this area.

And so, as parties across the political spectrum turn their attentions to manifesto commitments, we urge them all to consider the responsibility they have for housing the nation and the need for policies that encourage the delivery of new homes.

A failure to consider the future housing needs of the country will have severe socio-economic ramifications for years to come, decimating the vast supply chains responsible for the planning, design and construction of new homes and letting down a generation of aspiring homeowners.

*As the remainder of this report will demonstrate, the public are not only supportive of new house building to tackle the housing crisis but also keen to hold politicians to account for their actions in this area.*

<sup>2</sup> HBF, Government planning reforms could see housing supply fall to record low and cost 400,000 jobs, 1 March 2023

## Summary

In summary, the Housing the Nation report found:

1. This country is facing a significant housing crisis which is recognised by the public.

**78%** of respondents agree there is a housing crisis in the UK.
2. Building more homes is seen as vital for overcoming the housing crisis.

**68%** of respondents agree it was vital for overcoming the problem.
3. Support for home building at a local level is higher than is often portrayed.

**80%** 80% of respondents were supportive or not averse to more homes being built in their local area. Only 20% opposed it.
4. Overcoming the housing crisis is vital for tackling intergenerational unfairness and inequality.

**71%** of respondents felt the housing crisis was making the country less equal and more divided.
5. Politicians are seen as having the most responsibility for solving the housing crisis.

**3/4** Almost three quarters of respondents (72%) said responsibility sits most heavily with the Government.
6. But the public is yet to be convinced that it is a priority issue for politicians.

**ALMOST HALF** of respondents were unconvinced that the Government is focused on housing policy.
7. Housing will play an important part in determining who people vote for at the next election.

**28%** Only 28% of all respondents disagreed with the statement 'Housing will be an important factor in determining who I vote for at the next General Election'.
8. Resolving the housing crisis will require all parties to support policies that allow buyers to buy and builders to build.

 This should involve doing more to understand the challenges facing aspiring home owners and engaging productively and constructively with industry.

## Why should home building be prioritised at the next General Election?

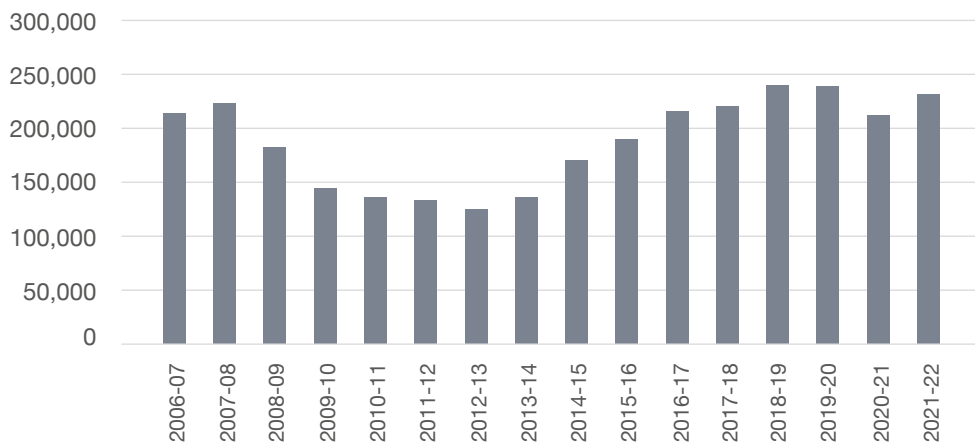
### This country is facing a worsening housing crisis.

While housing delivery has increased substantially with almost **1.2 million new homes built in the past five years**, the 1990s, 2000s and early part of the 2010s generally saw net supply at levels far below what was needed. In the years following the financial crisis, net additions to the housing stock fell to 124,000 new homes per annum, the lowest peacetime figure ever recorded.

Post-2010, the commitment of policymakers to address the long-term undersupply of housing and the willingness of ministers to challenge NIMBY interests brought significant results. In the years that followed, against a positive policy and economic landscape (including the introduction of the National Planning Policy Framework (NPPF) in 2012, the Help to Buy Equity Loan Scheme in 2013, and the general positive attitude towards development) housing output had almost doubled by 2019 and developers continued to demonstrate an appetite to invest and deliver more.

Last year (2021-2022), the industry produced more than 233,000 new homes with net housing supply levels in recent years currently exceeding the records achieved in the 1950s and 1960s.

### Net additional dwellings to the housing stock in England



However, supply remains considerably lower than the 300,000 new homes per year that it is broadly accepted that this country needs to tackle the housing crisis. Indeed, even if delivery was consistently sustained at this level, it is estimated that it would take 50 years for this country to overcome its backlog of 4.3 million homes. The Centre for Cities, a think tank, has estimated that to make faster progress would require 442,000 homes per year over the next 25 years or 654,000 per year over the next decade in England alone<sup>3</sup>, a rate of delivery that has never been achieved previously.

As such, and especially in the current climate, reaching housing delivery levels of those levels is little more than a pipe dream. Particularly as delivery is broadly expected to fall in the months and years ahead. This is due to a variety of factors, including:

- **185,000 homes blocked by various measures introduced by Natural England**

Around 145,000 homes are currently on hold as a result of Natural England's moratorium on house building in more than a quarter of local authority areas. The nutrient neutrality problem first arose four years ago, following Natural England's interpretation of an EU Court of Justice ruling relating to nitrogen levels in Dutch waterways.

While the vast majority of nitrate and phosphate pollution of waterways is caused by agricultural practices and the long-term failure of water companies to upgrade wastewater treatment facilities, Natural England's mitigation measures have focused exclusively on home building. This is despite the fact that the home building industry has paid an estimated £3bn to water companies in the past 30 years in the form of 'infrastructure charges'.

While we welcomed the Government's plans announced on 29 August 2023 to unblock more than 100,000 new homes currently held up by nutrient neutrality restrictions through amendments to the Levelling and Regeneration Bill (LURB), these amendments were defeated by Peers in a vote on 13 September.

As the Government tabled its amendments at such a late stage in the Bill's legislative journey (Report Stage), Parliamentary Procedure dictates it is unable to re-table the amendments when the Bill returns to the House of Commons later in the autumn. At the time of writing, the Government's next steps were unclear however HBF is committed to working with all parties to find a solution.

In addition, a further 40,000 new homes are also blocked by Natural England's restrictions around water neutrality and Recreational Impact Zones. The government quango is also consulting on plans to impose restrictions on development where new properties may lead to residents driving close to beauty spots and thus generating air pollution. This is despite all new homes built from 2022 having Electric Vehicle charging points as standard.

- **Abolition of housing targets**

In December 2022, the Housing Secretary, Michael Gove, in a move to placate opponents of home building within the Conservative Parliamentary Party, announced that mandatory house building targets would be abolished as part of a programme of proposed reforms to the NPPF.

*Research by Lichfields* for HBF and the LPDF shows that this decision could result in a drop of 77,000 homes a year. Indeed, the policy is already having a negative impact on housing delivery. Since the reforms were announced, at least 60 Local Authorities have either paused work on or withdrawn their local plans.

Planning permissions, a crucial indicator of future supply, are also declining to record lows. The Housing Pipeline Report reveals the [\*downward trend in planning permission approvals seen in 2022\*](#) has continued into the first quarter of 2023. The number of housing projects granted planning permission in Q1 2023 was the lowest quarterly figure on record, at 3,037. This is a 20% decline on figures from the previous year and 11% down from the final quarter of 2022, despite the number of projects approved over the course of 2022 already at the lowest level since the data set was started in 2006.

The number of units approved during Q1 2023 fell by 24% compared with the same quarter a year earlier and 17% less than the previous quarter. In England, the number of new homes approved was the lowest Q1 figure since 2014. Affordable Housing-led developments and small sites saw the greatest drop, with a 41% drop in permissions for Affordable-led schemes compared to the same quarter last year and the lowest number recorded for small sites permissioned since the data set began in 2006.

<sup>3</sup>Centre for Cities, *The housebuilding crisis: The UK's 4 million missing homes*, 22 February 2023

- **Planning delays**

Planning delays are a source of frustration for all developers but are particularly challenging for SME house builders. The main cause of these delays is a lack of staffing and resources in Local Planning Authorities (LPAs) which is slowing all aspects of the planning process as well as resulting in discrepancies and administrative errors for developers.

Inevitably, this has a severe impact on the delivery of new homes. Indeed, 92% of respondents our SME survey, run in conjunction with Close Brothers Property Finance and Travis Perkins, said a lack of resources in LPAs was a major barrier to growth (up from 90% in 2021).

HBF and the industry has long made the case to Government for better resourcing of LPAs and most developers are sympathetic towards authorities that have seen amounts spent on planning functions decline drastically since 2010.

As such, while the Government's announcement that it will provide a new fund of £24 million to scale up capacity, this is significantly lower than the £500m the Royal Town Planning Institute (RTPI) has called for.

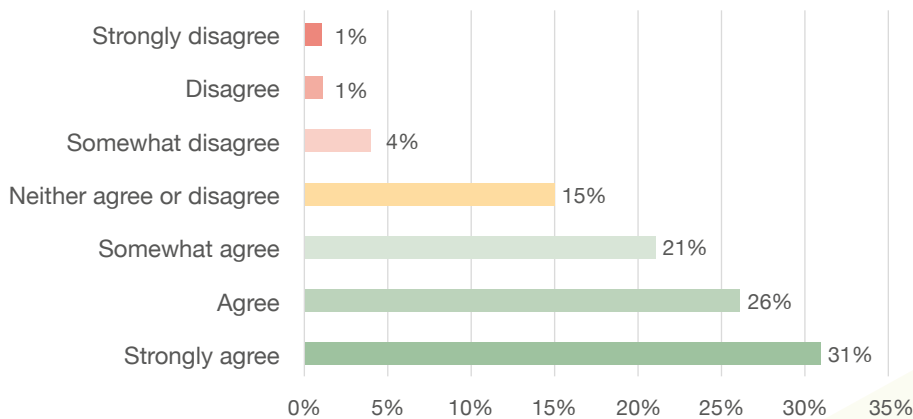
Until LPAs are meaningfully and sustainably funded for the long-term, it is hard to envisage a significant change to the status quo.

## 1) Public understanding of the housing crisis is strong.

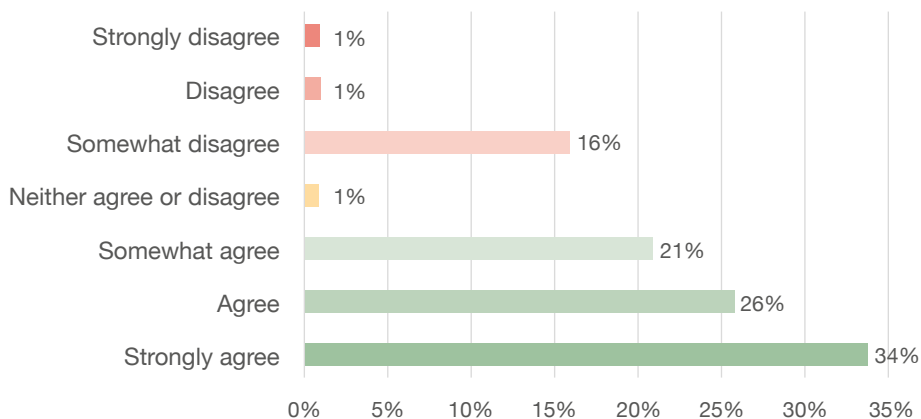
That we are facing a housing crisis is a concept that is understood and accepted by the public. Of the respondents to our recent survey, 78% agreed that there is housing crisis in the UK.

This rose to 80% of respondents among those aged 18-24 and 79% aged 25-34: The age ranges in which people traditionally looking to take their first steps into property ownership.

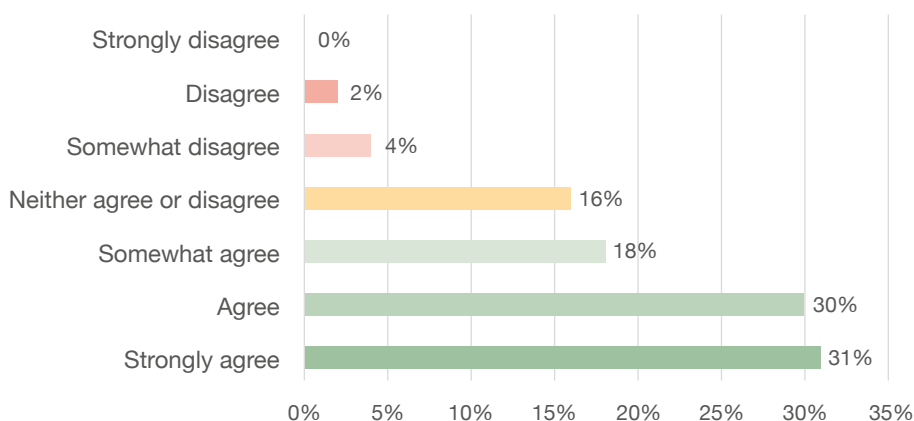
### There is a housing crisis in the UK (all respondents)



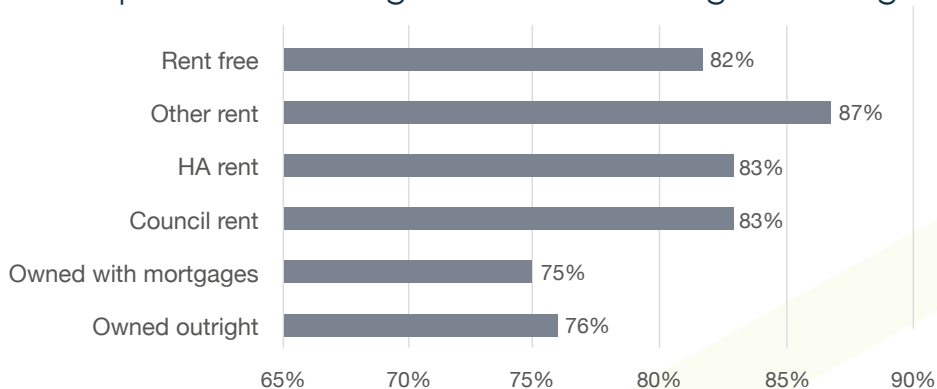
### There is a housing crisis in the UK (18-24)



### There is a housing crisis in the UK (25-34)



### % of respondents who agree the UK is facing a housing crisis by tenure



<sup>4</sup>DLUHC, English Housing Survey 2021 to 2022: headline report, 15 December 2022

<sup>5</sup>The Guardian, Soaring rents making life 'unaffordable' for private UK tenants, research shows, 1 December 2022

<sup>6</sup>DIUHC, Social housing lettings in England, tenants: April 2021 to March 2022, 27 June 2023



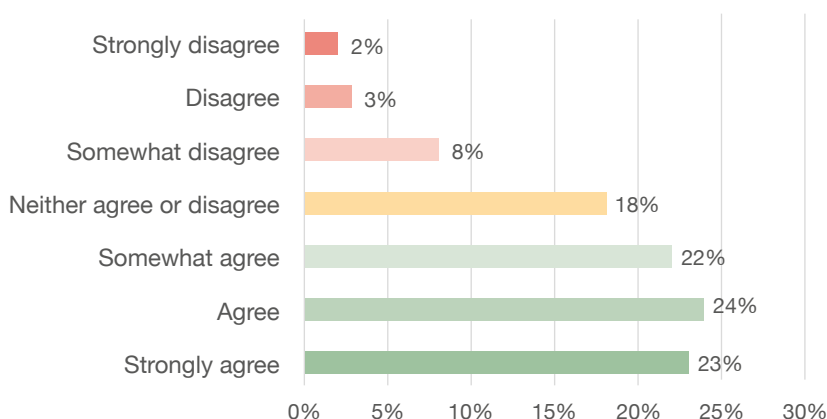
Consensus that the UK is facing a housing crisis is unsurprising in light of the challenges facing individuals and their housing needs. With regards to home ownership, the tenure has been in a long-term decline. While owner occupation remains the largest tenure in England (64% of households own their own home), this level is far below the 71% peak achieved in 2003<sup>4</sup>.

Difficulties are also being experienced by those in private rented housing. Indeed, some commentators have reported that demand for homes for private rent is up 46% compared to the five-year average, while the availability of such housing has fallen by almost 40%<sup>5</sup>, inevitably resulting in additional competition, increased prices and less choice for consumers.

The situation for those in the social rented sector is also extremely challenging with Government statistics showing that 1.21 million households were languishing on local authority waiting lists as of 31 March 2022, a 2% increase compared to 31 March 2021<sup>6</sup>. With additional pressure on household finances and the government grants for Affordable Housing being squeezed it is likely that these numbers will rise. It is unsurprising that renters (both private and social) are the strongest believers that the UK is facing a housing crisis.

**It's broadly accepted that building more homes is needed for tackling the housing crisis.**

## Building more homes is vital for tackling the country's housing crisis (all respondents)



While there isn't a single silver bullet for tackling the housing crisis, building more homes is by far the most effective solution. Indeed, increasing the supply of homes for private market sale provides benefits for all tenures, with around half of all new Affordable Homes built in recent years provided via cross-subsidy in the form of Section 106 contributions from private developers<sup>7</sup>.

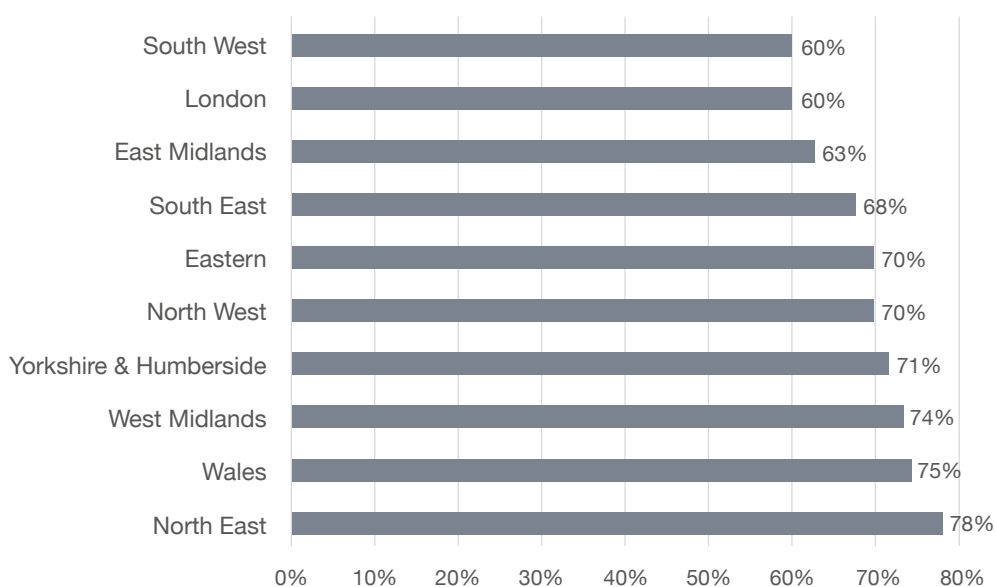
The results of HBF's survey also demonstrated an understanding amongst the public of the need to build more homes to tackle the housing crisis, with 68% of respondents agreeing it was vital for overcoming the problem.

<sup>7</sup>DLUHC, *Live tables on affordable housing supply*, 27 June 2023

Perhaps surprisingly, the strongest support for building more homes was actually concentrated among the older age groups with 74% of 55-64s and 71% of 65+ year olds agreeing it was vital to tackling the housing crisis.

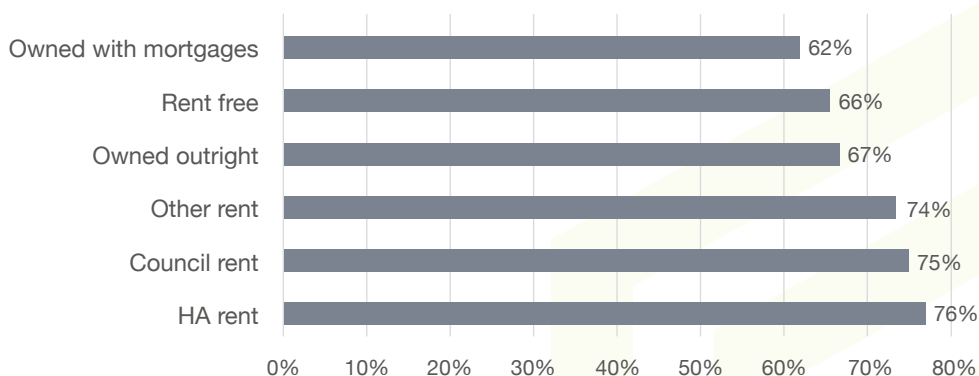
When compared regionally, support for greater housing delivery was highest in the North East (78%) and lowest in the South West (60%) but nonetheless, the survey results demonstrated a high level of support for house building across all parts of England and Wales.

### % of respondents by region who consider building more homes is vital for tackling the housing crisis



With regards to tenure, building more homes as a means to tackle the housing crisis generated significant support among all groups but, as expected, was strongest among those who were not currently property owners.

### % of respondents by tenure who agree building more homes is vital for tackling the country's housing crisis



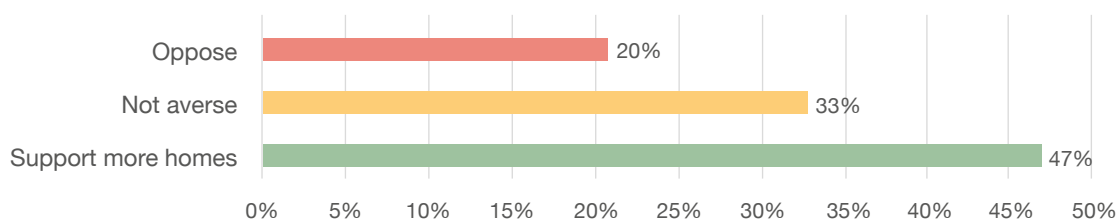
### Local support for house building is higher than is often portrayed.

Discussions around home building are often dominated by assertions of a (perceived) lack of support for development at a local level by residents. Given such perceptions can be critical in determining whether individual Members of Parliament adopt an active, passive or detrimental attitude to house building, it was important for our research to examine just how supportive the public is (or isn't) towards development not just nationally, but at a local level.

If the attitude to house building at a local level really is as negative as we are often led to believe, it would be reasonable to expect that while there may be strong support for building more homes in principle (as demonstrated above), the data would show a far weaker level of support for it locally.

However, the results of our survey show that support for building at a local level is higher than might be expected.

### Support for more homes being built in local area (all respondents)

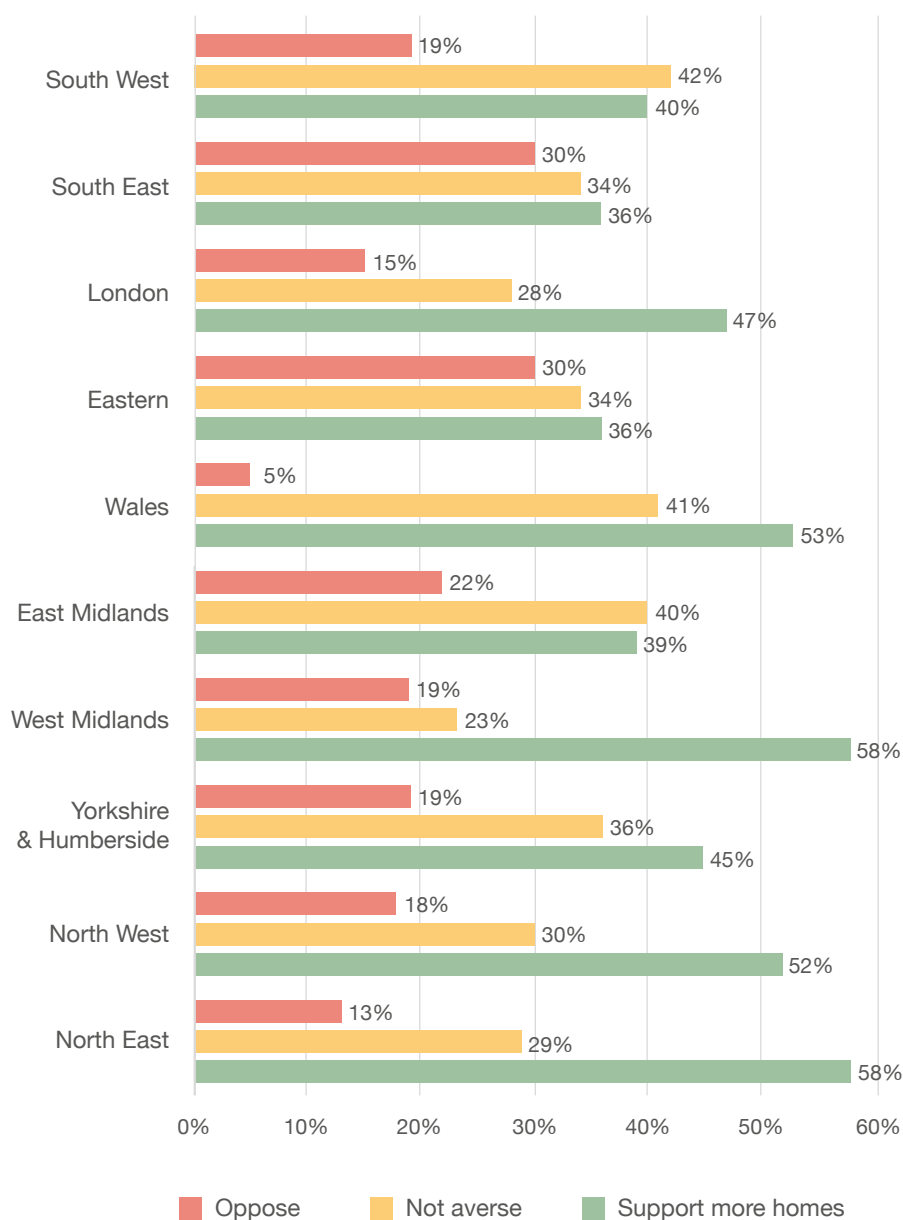


Overall, 80% of respondents were either supportive or not averse to more homes being built in their local area.

As can be seen from the chart above, 47% of respondents were supportive of more homes being built in their local area, more than double the percentage of respondents who said they would oppose it (20%). The remaining 33% were 'not averse'.

When broken down by region, it is also clear that substantially more people are either supportive or neutral about the prospect of more house building in their local area than there are those who are opposed.

## % of respondents who support more homes being built in local area (by region)



As can be seen from the above chart, the percentage of net supporters was higher than the percentage of net detractors in every region. Even in the South East, where home building is portrayed as attracting the strongest opposition from local residents, 70% of respondents were either supportive or not averse to more homes being built in their local area.

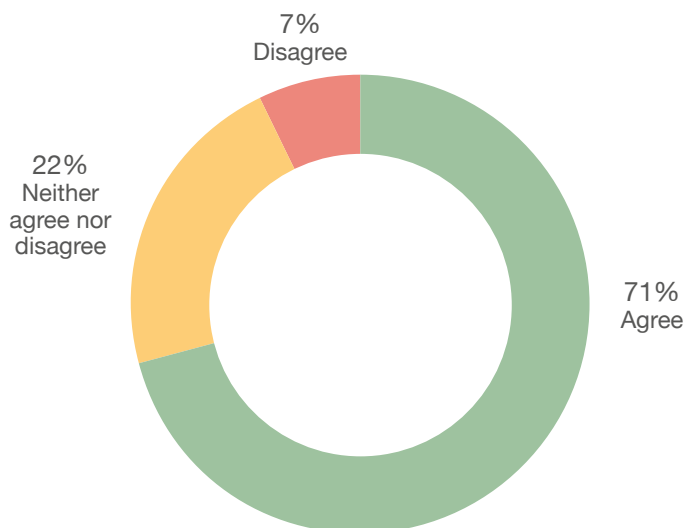
## 2) Overcoming the housing crisis is vital for tackling intergenerational unfairness and inequality

Prioritising home building is vital not only for tackling the housing crisis, but for overcoming issues of intergenerational unfairness and inequality. This is an issue that the public are not only aware of but are concerned about and therefore expect politicians to act on.

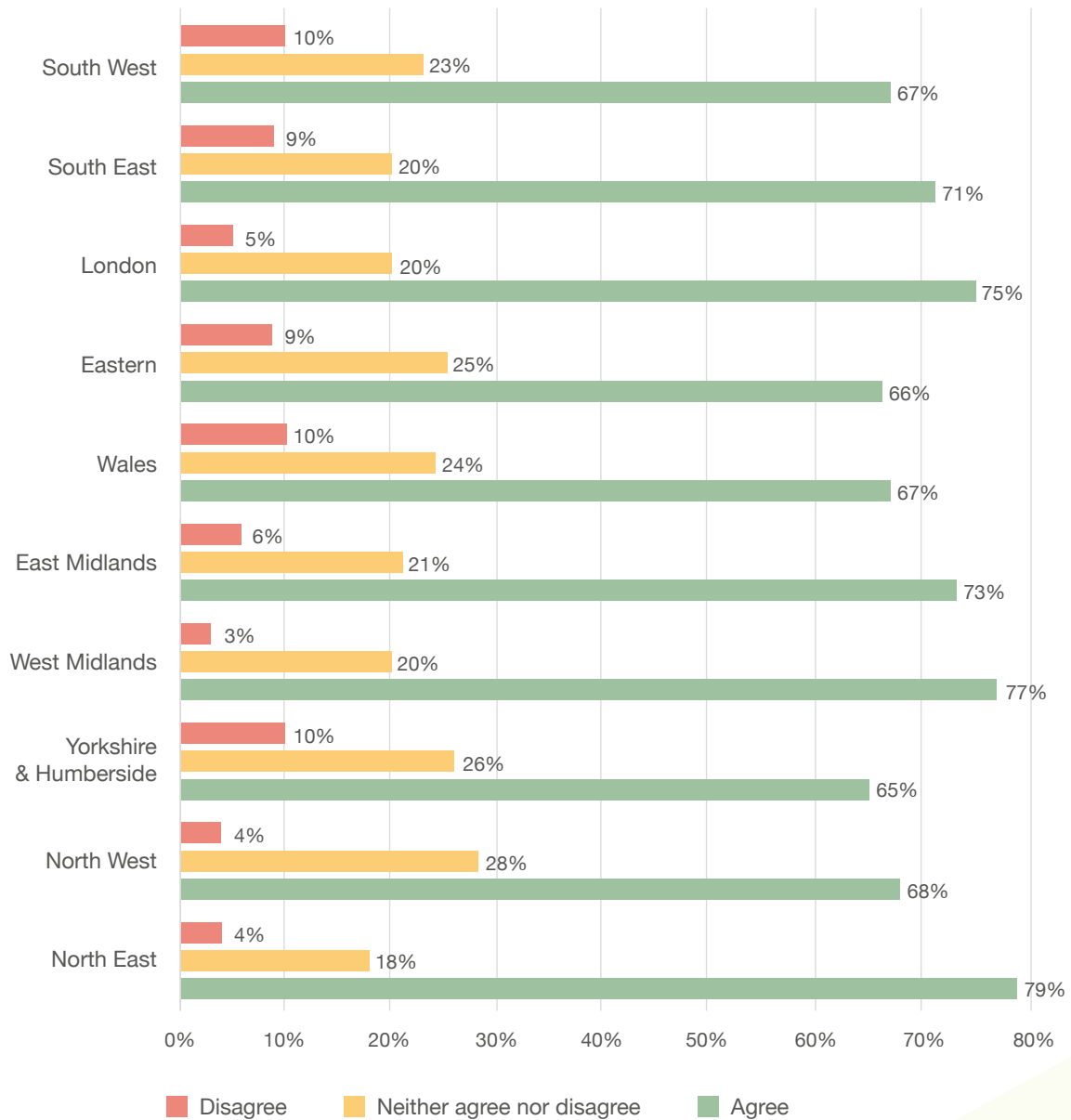
Our research found that 71% of respondents felt the housing crisis was making the country less equal and more divided.

While there were some differences in the strength of this view when exploring the data at a regional level, all areas were overwhelmingly of the view that the housing shortage is having a negative effect on social cohesion.

The housing crisis is making the country less equal and more divided (all respondents)



## The housing crisis is making the country less equal and more divided (by region)



### The ability to save for a deposit is out of reach for many.

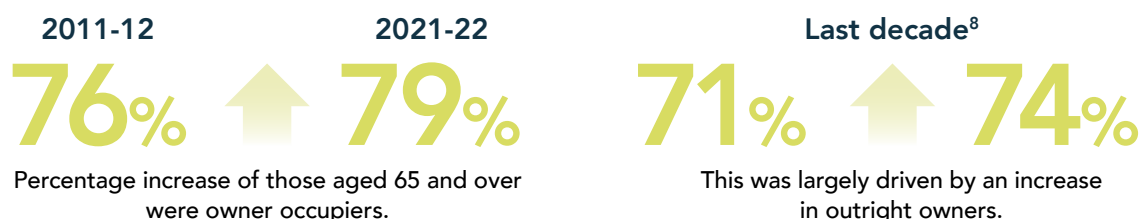
Such a result is hardly surprising. If we take home ownership as an example, the average (mean) deposit of a first-time buyer in 2021-22 was £43,693 (£30,000 median). Of those who had managed to buy, the majority (85%) funded the deposit with savings, 27% reported receiving help from family or friends, while 8% used an inheritance as a source of deposit.

However, saving for such a large deposit is out of reach for many people, especially those earning lower incomes (63% of first-time buyers in 2021-22 were in the top two income quintiles) or without access to the 'Bank of Mum and Dad', while subsequently paying high rental costs and trying to absorb the rising cost of living.

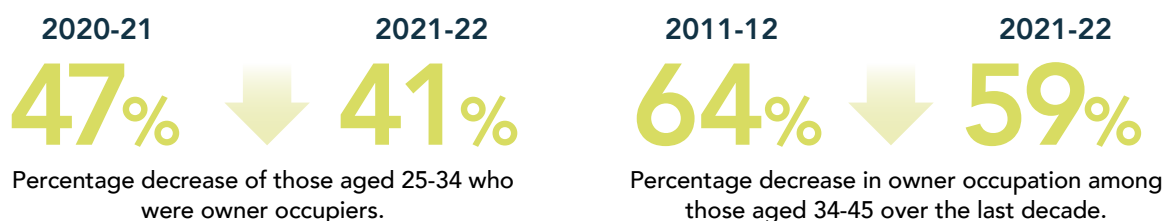
In the current environment of high inflation and interest rates, economic uncertainty and the closure of the Help to Buy: Equity Loan scheme in England, this situation is likely to worsen over the months and years ahead unless action is taken to resolve it.

**Home ownership is increasingly becoming the preserve of older people, at the expense of younger FTBs.**

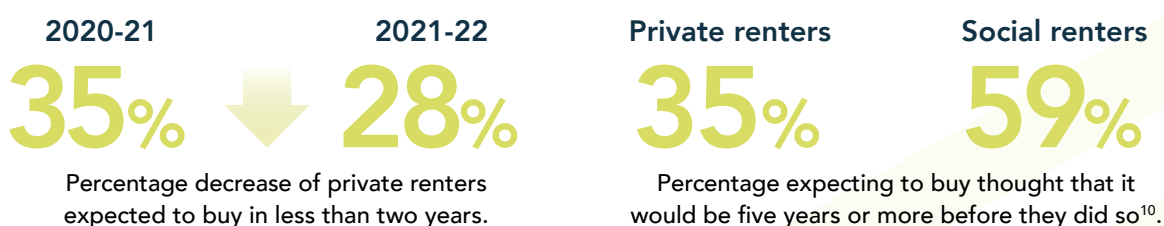
In addition, over the last 10 years, the rate of owner occupation has increased for those aged 65 and over.



The increase in the percentage of outright owners illustrates an ongoing consolidation of housing wealth. At the same time, there has been a reduction in the number of younger people getting their foot on the first rung of the housing ladder.



The difficulties in becoming a property owner are bearing out in the aspirations of those looking to join the property ladder:



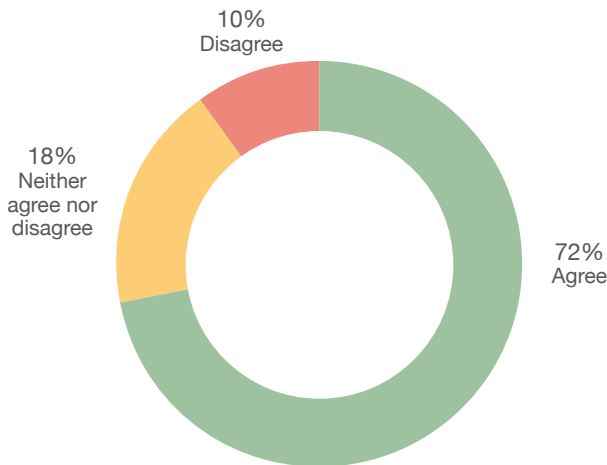
<sup>8</sup>DLUHC, English Housing Survey 2021 to 2022: headline report, 15 December 2022

<sup>9</sup>DLUHC, English Housing Survey 2021 to 2022: headline report, 15 December 2022

<sup>10</sup>DLUHC, English Housing Survey 2021 to 2022: headline report, 15 December 2022

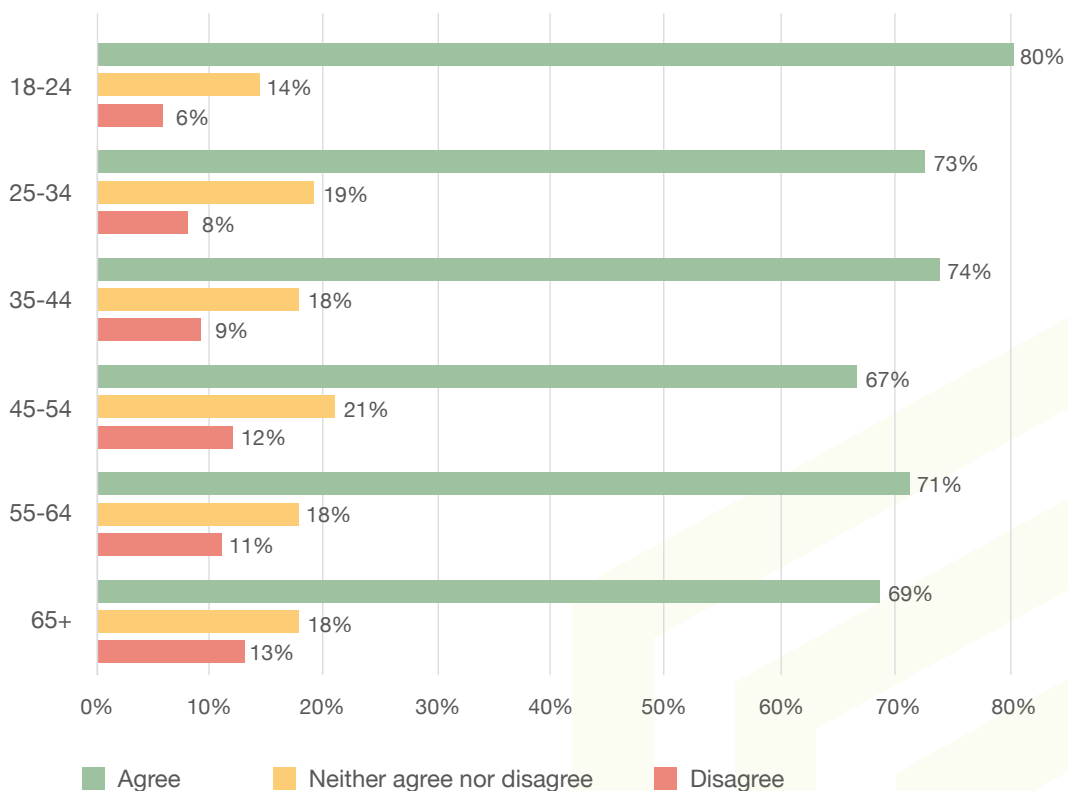
Most people, regardless of age or location, are understandably extremely concerned about the prospects of future generations in relation to the housing market. In fact, almost three quarters (72%) of respondents to our recent polling confirmed they were 'worried'.

### Worried about the prospects of future generations in relation to the housing market (all respondents)



It is a particularly prominent concern among younger cohorts, with 80% of 18-24 year olds stating they were worried about the prospects of future generations in relation to the housing market.

### % of respondents worried about the prospects of future generations in relation to the housing market by age



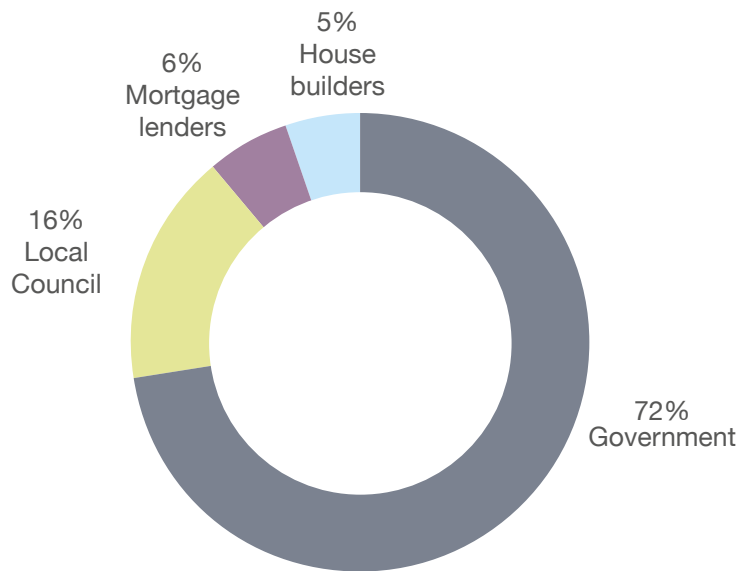


### 3) Politicians are seen as having the most responsibility for solving the housing crisis and it will also play an important part in determining who people vote for at the next election

If elected politicians are in need of any further justifications for why it is imperative that they tackle the housing crisis, they should consider the fact that overwhelmingly, the general public considers the government has the most responsibility solving it. As such, they can expect that voters will judge them on their response (or lack of) to overcoming the housing challenges this country faces.

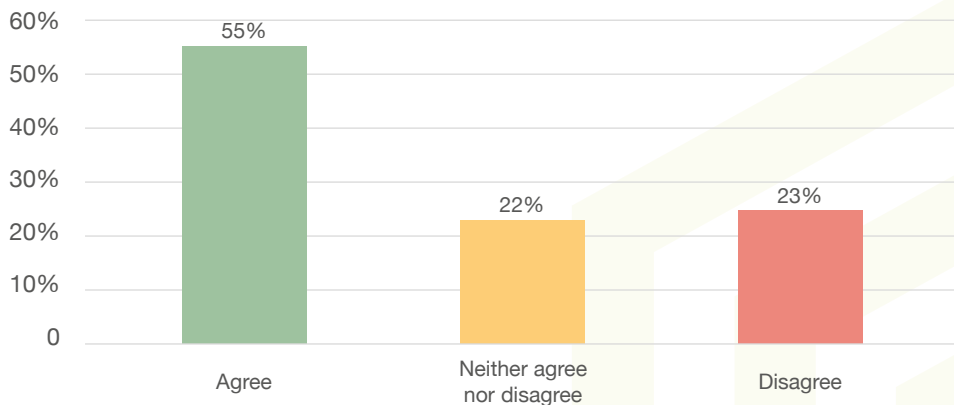
Indeed, almost three quarters of respondents (72%) said responsibility sits most heavily with the Government, followed by Local Councils, mortgage lenders and house builders.

#### Who has the most responsibility for fixing the housing crisis? (all respondents)



However, the public is yet to be convinced that it is a priority issue for politicians with only 55% of respondents agreeing that they were focused on solving it.

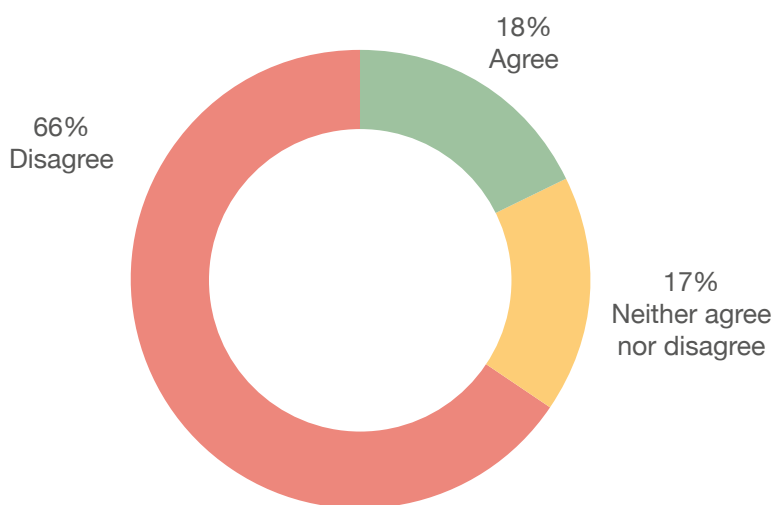
#### Solving the housing crisis is a priority for politicians (all respondents)



Perhaps of greater concern is the perception that politicians do not fully understand the housing challenges facing individuals, particularly young people. Only 18% of respondents considered that politicians truly understood the challenges that younger people face in trying to get a foot on the first rung of the housing ladder.

For those looking to be elected or re-elected in 2024/25, it is a concerning state of affairs, especially as only 28% of all respondents disagreed with the statement 'Housing will be an important factor in determining who I vote for at the next General Election'.

## Politicians truly understand the challenges young people face in getting on the housing ladder (all respondents)



62% of 18-24 year olds, 50% of 25-34 year olds and 43% of 35-44 year olds agreed that it would be an important factor in determining who they vote for. With millennials making up the largest cohort of voters in more than half of Parliamentary constituencies<sup>11</sup>, politicians across the political spectrum cannot afford to ignore housing as a policy issue.

<sup>11</sup>UK Onward, *Missing Millennials*, 30 May 2023

## Conclusions and recommendations

The evidence is clear that politicians can no longer ignore the housing crisis facing people across the country and with supply likely to fall in the months ahead, it is imperative that political parties of all colours think seriously about the actions they would take to resolve it should they have a role to play in the next Government.

Success will be dependent on the introduction of policy measures that support both the industry to build and buyers to buy. Therefore, we are asking the political parties to:



### 1. Do more to understand the challenges young households have in getting on the housing ladder

We urge all political parties to explore the barriers to home ownership such as the cost of deposits and a lack of high Loan to Value (LTV) mortgages and identify potential solutions.



### 2. Engage productively with industry

Tackling the housing crisis in a meaningful way will require politicians and industry working in partnership to overcome the barriers to development.



### 3. Take a constructive tone when discussing new build homes

Developers have a crucial role to play in tackling the housing crisis, helping FTBs on to the property ladder and delivering economic growth. Acknowledging this and the many benefits that new homes deliver both nationally and in local communities, is vital.

*Success will be dependent on the introduction of policy measures that support both the industry to build and buyers to buy.*



#### Methodology

The findings of the report were established through a GB-wide survey of 1,851 respondents, carried out by Yonder Data Solutions on behalf of the Home Builders Federation between the 12 and 13 of April 2023. Figures may not sum to total due to rounding.

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